# Financial Statement Audit for June 30, 2020

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Jim Tencza, CPA, CIA, CGMA Director of Assurance Services

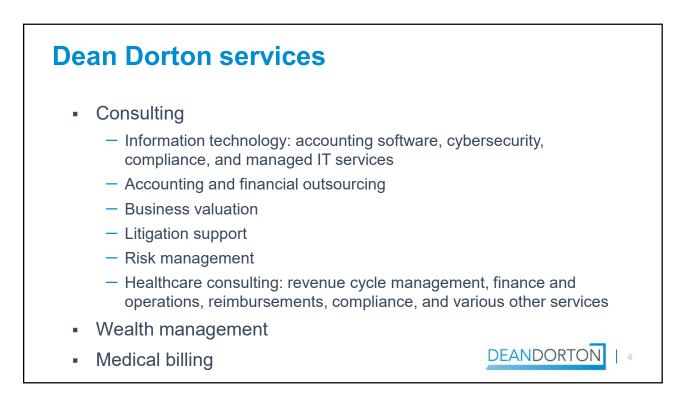
Simon Keemer, CPA, ACA, CGMA Director of Assurance Services

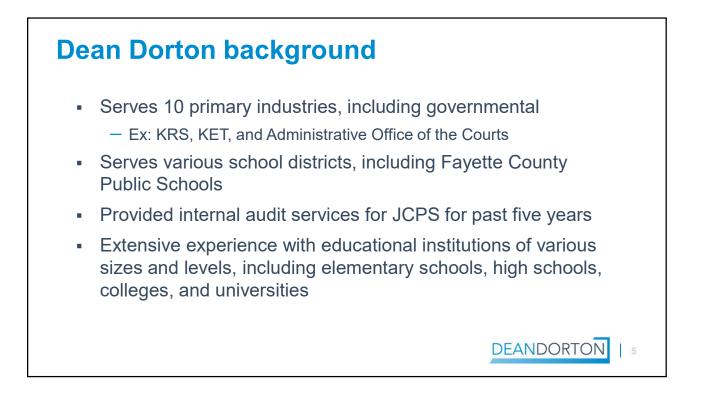
#### **Dean Dorton background**

- Established in 1921
- One of the largest accounting firms in Kentucky
  - 260 employees
  - Offices in Louisville and Lexington, Kentucky as well as Raleigh, North Carolina
  - Member of RSM International Alliance



#### **Dean Dorton services** Tax Assurance Audits, reviews and compilations - Tax return preparation: individual, corporation, - IT audit partnerships, estates, trusts, Internal audit and risk advisory non-profits services - Tax planning, consulting Fraud and forensic accounting and minimization Advisory and assistance with State and local tax new accounting pronouncements IRS audit assistance DEANDORTON







# **JCPS** audit team



#### Megan Crane, CPA

Manager of Assurance Services

Office 859.425.7643 Cell 502.693.7305 mcrane@deandorton.com

- Leads Dean Dorton Higher Education industry team
- Extensive experience with single audits under the Uniform Grant Guidance
- Manager of the CAFR audit and the Single Audit



#### Philip Blakely, CPA, CIA

Manager of Assurance Services

Office 502.566.1065 • Cell 502.271.8502 • pblakely@deandorton.com

- Significant internal audit and governmental experience
  - Provided internal audit services to JCPS for past 5 years
  - Manager of the School Activity Fund audits

## **JCPS** audit team



#### Tori Montgomery, CPA

Supervisor of Assurance Services

Office 502.566.1084 • Cell 270.234.3937 • tmontgomery@deandorton.com

- Member of Dean Dorton Governmental industry team
- Extensive experience with school districts including Fayette County, Bowling Green, Butler County, Logan County, and Muhlenberg County
- Supervisor for CAFR audit



#### Andrew Harris, CPA

Supervisor of Assurance Services

Office 502.566.1074 Cell 502.991.1937 Aharris@deandorton.com

- Member of Dean Dorton Higher Education industry team
- Extensive experience with single audits under the Uniform Grant Guidance
- Supervisor for Single Audit



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# **JCPS** audit team



#### Kevin Cornwell, CPA, CISA, CITP

Associate Director of Technology Consulting

Office 502.566.1011 • Cell 502.338.7546 • kcornwell@ddaftech.com

- Manages and performs audits of IT internal controls in order to assess their
- strengths and weaknesses as well as compliance with regulatory requirements
- Provided IT-related internal audit services to JCPS for past 5 years
- Will perform or oversee all IT-related internal control testing for JCPS audits

#### Other resources available include:



Director of

Assurance Services



Elizabeth Woodward Director of Forensic Accounting and Litigation Support



Gui Cozzi Cybersecurity Practice Leader

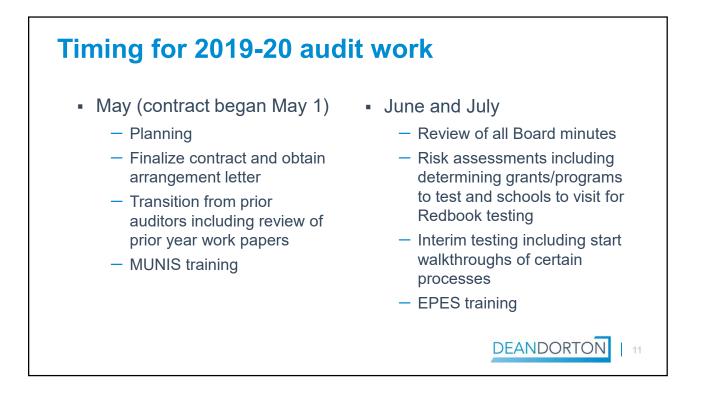


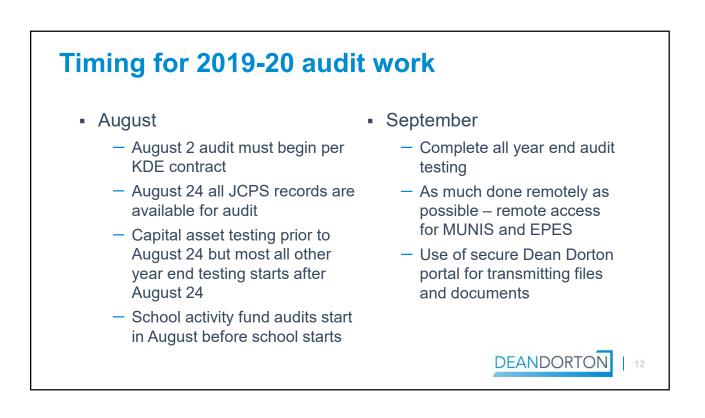
Nick Lynch Associate Director of Business Consulting



Lance Mann Director of Assurance Services

# Scope of audits for 2019-20 Audit of CAFR Audit of the Elementary, Middle and High School Activity Funds - three separate audit reports Audit required under the Single Audit Act All conducted in accordance with Government Auditing Standards Data collection form submitted to federal clearinghouse website Schedule of findings submitted to KDE





## Timing for 2019-20 audit work

- October through December
  - October 9: audit substantially complete
  - October 23: School activity fund audit reports completed
  - October 29: present draft to ARMAC
  - November 10: present CAFR to Board
  - November 13: CAFR due to KDE
  - December 10: Single Audit completed and data collection form submitted

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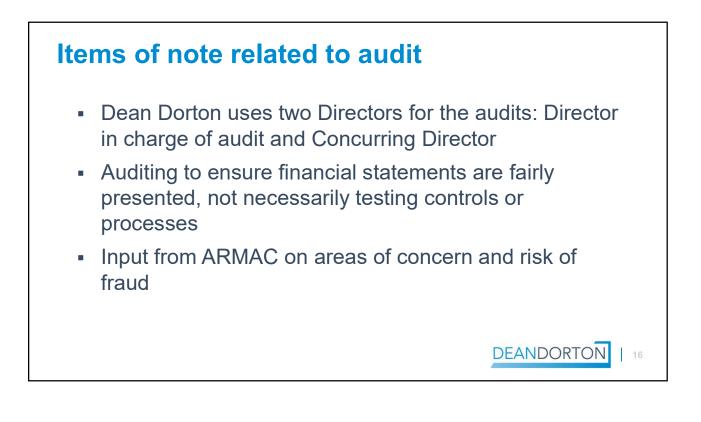
13

# Key audit areas and procedures

Area	Notes/risks	Testing approach
Cash	Always considered higher risk due risk of fraud	Confirm directly with banks and test bank reconciliations
Investment	Carried at fair value	Confirm directly with brokers/bank and test sample of fair value amounts
Capital assets	Represents half of total assets	Testing sample of additions, disposals, depreciation and useful lives
Pension and OPEB balances	Represents half of total liabilities	Verify certain amounts with the State and test information provided to State
Accruals	Significant judgement may be required	Testing of assumptions and details
Revenue bonds	For funding of building additions and renovations of schools	Confirm all new bonds and test changes in existing bonds
Grant revenue and AR	Risk of lost of money if not in compliance with grant requirements	Test sample of transactions and reporting for major programs and other programs
Revenues and AR	Significant amount of revenue from taxes and state resources	Confirm directly with providers
Payroll expenses	Largest expense of JCPS	Analytically test and testing of controls

# Key audit areas and procedures

Area	Notes/risks	Testing approach
IT	Focus on those systems that have impact on financial statements and financial reporting	Testing of general controls
Legal matters	High level of judgment required as to amounts to accrue and/or disclose	Gain understanding of key matters and confirm directly with legal counsel
Subsequent events	Events subsequent to year end provide insights into various accounts at June 30 and may require disclosure	Review of Board minutes, inquiries of management, and review of financial information subsequent to yearend
School activity funds	Decentralized processes at schools are higher risk, as well as Redbook requirements for handling of funds from students	Confirm all cash, analytical procedures, detail testing of certain schools
New accounting pronouncements	Certain new accounting pronouncements may be adopted in the current year	Review of all new accounting standards and disclosures
Risk of fraud	Auditing standards require auditors to consider the risk of fraud when developing audit procedures	Main procedures relate to testing of manual journal entries, inquiries, and element of unpredictability



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