

**BEDFORD COUNTY PUBLIC SCHOOLS  
SCHOOL ACTIVITY FUNDS**

**COMMENTS ON INTERNAL CONTROL  
AND OTHER SUGGESTIONS FOR YOUR  
CONSIDERATION**

**June 30, 2023**

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**INDEPENDENT AUDITOR'S REPORT ON  
COMMENTS ON INTERNAL CONTROL AND OTHER SUGGESTIONS**

Honorable Members of the  
Bedford County School Board  
Bedford, Virginia

In planning and performing our audit of the combined statement of cash receipts and disbursements of the Bedford County Public Schools School Activity Funds (the "Activity Funds") for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Activity Funds' internal control. Accordingly, we do not express an opinion on the effectiveness of the Activity Funds' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. The material weaknesses are included in the attached report and are appropriately designated.

*A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Additionally, during our audit we became aware of certain matters that provide opportunities for improving your accounting system and/or operating efficiency. Our comments and suggestions regarding these matters are included in the attached report. Since our audit is not designed to include a detailed review of all systems and procedures, these comments should not be considered as being all inclusive of areas where improvements might be achieved. It is our hope that these suggestions will be taken in the constructive light in which they are offered.

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*Your Success is Our Focus*

We have already discussed many of these comments and suggestions with management, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of the School Board, management, and others within Bedford County Public Schools, and is not intended to be, and should not be, used by anyone other than those specified parties.

*Brown, Edwards & Company, L.L.P.*

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia  
September 7, 2023

**COMMENTS ON INTERNAL CONTROL AND OTHER  
SUGGESTIONS FOR YOUR CONSIDERATION**

**GENERAL COMMENTS**

**Cash Receipts (Material Weakness)**

Due to the decentralized nature of cash collections, it is not practical or cost beneficial to establish adequate internal accounting controls to ensure that all cash receipts are recorded. This is a common situation among school activity funds and similar organizations.

**Segregation of Duties (Material Weakness)**

In general, internal controls are designed to safeguard assets and help prevent losses from employee dishonesty or error. A fundamental concept of internal control is the separation of duties. The basic premise of this concept is that no one employee should have access to both collecting cash receipts and making cash disbursements, or to all phases of a transaction. Due to the limited size of the staff at the Schools, a proper separation cannot be established and maintained.

**Payments to Authorized Signers (Material Weakness)**

Current policies do not forbid authorized signers from endorsing checks written to themselves. To further safeguard cash, we recommend adopting a policy to disallow the payee of a check from also being one of the two authorized signers on that check.

**SUMMARY OF CURRENT YEAR COMMENTS AND SUGGESTIONS**

<p>Schools with no findings noted:</p>	<ul style="list-style-type: none"> <li>• Bedford Elementary School</li> <li>• Bedford Primary School</li> <li>• Big Island Elementary School</li> <li>• Forest Elementary School</li> <li>• Goodview Elementary School</li> <li>• Huddleston Elementary School</li> <li>• Moneta Elementary School</li> <li>• Montvale Elementary School</li> <li>• New London Academy</li> <li>• Otter River Elementary School</li> <li>• Stewartsville Elementary School</li> <li>• Liberty Middle School</li> <li>• Forest Middle School</li> <li>• Staunton River Middle School</li> <li>• Susie G Gibson Science and Technology Center</li> </ul>
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**COMMENTS ON INTERNAL CONTROL AND OTHER  
SUGGESTIONS FOR YOUR CONSIDERATION  
(Continued)**

**CONTROL DEFICIENCIES**

**Cash Disbursement**

<p>During our review of disbursements, we noted the School's tax-exempt status was not utilized. We recommend vendors be informed of the School's exemption from sales tax on future purchases.</p>	<ul style="list-style-type: none"> <li>• Boonsboro Elementary School - 1 instance</li> <li>• Jefferson Forest High School - 1 instance</li> <li>• Liberty High School - 1 instance</li> </ul>
<p>During our review of disbursements, we noted certain disbursements did not contain a supporting purchase order. We recommend all purchase orders be maintained for support of disbursement approval.</p>	<ul style="list-style-type: none"> <li>• Staunton River High School - 1 instance</li> </ul>

**Cash Receipts**

<p>During our review of receipts, we noted funds were received and held overnight by a bookkeeper. We recommend all money over \$100 received by the bookkeeper be remitted to the bank on a daily basis. Timeliness of remittance to the bank minimizes the exposure of these receipts to misappropriation or theft.</p>	<ul style="list-style-type: none"> <li>• Thomas Jefferson Elementary School - 1 instance</li> <li>• Jefferson Forest High School - 3 instances</li> <li>• Staunton River High School - 1 instance</li> </ul>
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