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CERTIFIED PUBLIC ACCOUNTANTS

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November 23, 2021

Board of Education
Canute Independent School District No. 11

We have audited the fund type and account group financial statements and the aggregate remaining fund information of Canute Independent School District No. 11, Oklahoma for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated February 3, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Canute Independent School District No. 11, Oklahoma are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2021. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no significant estimates affecting the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No corrected or uncorrected misstatements were detected as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 23, 2021.



MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF OKLAHOMA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS



Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention. Additionally, during the course of our audit, we identified several matters that are opportunities for strengthening the internal controls and operating efficiency of the School. Those matters were:

2021-01 During our audit of equipment and technology purchased, we noted that although an inventory tracking system had been put in place it has not yet been implemented sufficiently to allow all equipment to be placed into the inventory. A district wide inventory should be in place and utilized so that purchased equipment can be identified and located at all times. We recommend that the District continue to work toward making sure that all technology and equipment is tracked on the District inventory system.

2021-02 During our audit of the federal programs, we noted an instance where the District recorded expenses in the accounting system for federal projects that did not match what was claimed and reimbursed or paid by federal monies. Expenditures for IDEA-B Discretionary Special Ed were coded less by the amount of \$2,532.40 than the amount reimbursed by federal monies. Amounts reported in the Oklahoma Cost Accounting System for each federal project must match federal revenues. The District should put controls in place to ensure that OCAS expenditures match federal monies received. Expenditures were corrected in OCAS prior to final reports being submitted to the Oklahoma State Department of Education.

2021-03 During our audit, we noted instances where the District had not issued a 1099 to each person or business (excluding corporations) to whom at least \$600 was paid for rents or services in the course of business as required by the Internal Revenue Service or a form W-9 was not present to ensure the type of entity classification to determine if a 1099 should be issued. The District should monitor all payments, have all required tax forms and prepare 1099's as required by law.

2021-04 During our audit, we noted that collateral pledged by one of the District's financial institutions was insufficient to cover the District's cash balances as of June 30, 2021 in the amount of \$480,734.82. The District should obtain sufficient collateral from all financial institutions whom it maintains a cash balance over the FDIC coverage limit.

2021-05 During our audit of the payroll records, we noted some extra duty pay where remunerations for services exceeding \$500.00 did not have a written extra duty contract as required by Title 70 Section 5-123 of the Oklahoma statutes. No expenditure involving an amount greater than Five Hundred Dollars (\$500.00) shall be made by a board of education except in accordance with the provisions of a written contract.

Other Matters

We were engaged to report on supplementary information, which accompanies the financial statements. With respect to the supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the regulatory basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the board of education and administrative employees of Canute Independent School District No. 11, Oklahoma and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Britton, Kuykendall & Miller

Britton, Kuykendall & Miller
Certified Public Accountants