

STATE COMMITTEE FOR SCHOOL DISTRICT AUDITS

MINUTES OF THE SEPTEMBER 10th , 2026 MEETING

Members present:

Via Microsoft Teams: Auditor of Public Accounts Designee, Valerie Hamilton; Office of Education Accountability Designee, Sabrina Smith; Office of the Attorney General Designee, Stacy Woodrum, Commissioner of Education Designee, Jackie Chism, Office of the Governor Designee, John Hicks

Member not present: N/A

Also in attendance: APA Attendees: Alex Evans, Ella Morton, Jeremy Sylvester

I. Call to Order:

With a quorum present, Valerie Hamilton called the virtual meeting to order at 9:00 am. Valerie informed all present that this meeting is subject to the Kentucky Open Meetings Act. The meeting was made available to the public via a Media Advisory provided by Ella Morton. It was also noted that all members of a public agency attending via video teleconference must remain on camera at all times. A roll call was performed.

II. Approval of Minutes of the July 30th, 2026 Meeting:

Sabrina Smith made a motion to approve the July 30th, 2026 meeting minutes. John Hicks seconded this motion, and the Committee unanimously approved the motion.

III. Old Business:

Beginning with Estill County, Valerie turned it over to Jackie Chism for an update. She remarked that KDE had received the audit contract and report from Allen & Associates. She noted there are previous years discrepancies in the audit report. The finance officer is new to the district and is working to correct them. Estill County School District is using Allen & Associates for FY26 but will switch to a new CPA for FY27.

Moving to Fulton Independent, Jackie noted the audit contract to use Allen & Associates was rejected by the Committee prompting the school district to contract with another CPA. KDE reached out to the 24 current CPAs to see if any wished to pick up Fulton Independent. 2 responded in the affirmative. Both were presented to Fulton Independent as options with Denise Keene being selected. Jackie added their report from Allen & Associates was received on September 4th. Sabrina Smith made a motion to accept the Fulton Independent FY26 Contract listing Denise Keene, Stacy Woodrum seconded, and the Committee unanimously approved the motion.

IV. New Business:

Moving to the excel spreadsheet titled “FY2026 Audit Consideration Report Dated September 2026”, Valerie turned it over to Jackie once more.

- Summary Notes:
 - o FY2025 Peer Reviews. Two firms provided letters from the Peer Review Alliance completing their new peer reviews. Alford Nance & Jones, LLP with a new expiration date of June 30th, 2029 and Chris Gooch CPA with a new expiration date of November 30th, 2028. Additionally added is a new CPA Firm of Mauldin & Jenkins LLC with their Peer Review Report. Their peer review is due at the end of December 2026. Currently, they are doing 1 school district, Fayette County.
 - o On September 4th, KDE received from the APA a copy of their desk reviews: 81 Acceptable, 62 Acceptable with Deficiencies, and 28 Technically Deficient. FY24 had 26 Technically Deficient. KDE is working with the 28 districts. An update will be provided at the next SCSDA meeting.
- Contracts Received After May 31st: Allen Co, Bourbon Co, Frankfort Independent, Fulton Independent, Magoffin Co, McCracken Co, Paris Independent. Apart from Fulton Independent, the six other contracts did not make it to the Committee for their prior meeting. They arrived at KDE between May 29th (Frankfort Ind) and early June. These are being submitted for approval today.
 - o John Hicks made a motion to approve 2026 Audit Consideration Report and the Peer Reviews, Sabrina seconded, and the Committee unanimously approved.
- Jackie presented Allen Co, Bourbon Co, Frankfort Independent, Fulton Independent, Magoffin Co, McCracken Co, Paris Independent to be voted on. She noted McCracken County has Allen & Associates. The finance officer and superintendent want Allen & Associates because their fee is the lowest. Valerie remarked the late timeframe to reject McCracken would put undue hardship on the county this late in the year. Jackie added that Allen & Associates has 13 audits in FY26 versus 19 in FY25.
 - o Sabrina made a motion to approve these contracts, John Hicks seconded, and the Committee unanimously approved.

V. Miscellaneous:

Valerie opened the floor for brainstorming ideas linked to the previous discussion on Oversight Improvement for the Committee. She started by proposing the APA using SCSDA to determine which school districts audits they can do under HB 500 as random and targeted audits of school district finances to ensure compliance with Department of Education established policies, procedures, and Kentucky revised statutes. The expense of the audit should be borne by the district's board of education. At this time, there is no present scope or known how many the APA can do.

Sabrina proposed the following ideas:

- Recommends changing statute if the Committee determines that a district's financial situation poses a substantial risk of insolvent or deficit or for any other reason then recommend a special examination at the district. Maybe the General Assembly gives the funds to SCSDA, APA, or the district, etc. for the audit. She recommends making suggestions to the General Assembly.
- Due to the continuing problem with finding auditors for these audits, other states have their Auditor's Office do all the school district financial audits, so maybe the APA

becomes the default auditor of choice if absence of an option or the APA does so many a year or APA does feasibility studies for overall impact, cost to perform, etc.

- Under the APA, create a new division of school district oversight that is specifically tailored to do these audits regularly. 2-5 districts per year for these audits.
- If there is to be more oversight, there would need to be an increase in meetings beyond the current schedule to every 2 months or fewer to discuss new tasks, changes, oversight, etc.
- Maybe SCSDA statute changes to reflect that auditor has 5 days to report any discovered fraud, waste, abuse to the Committee. Example covered was Estill.

Jackie commented HB67 is enforcing more transparency on districts. KDE picked up on that and is keeping better track with districts regularly to hold them accountable proactively. She then asked Sabrina about reaching out to other states. Sabrina noted it was research done via reviewing their websites.

Valerie highlighted continued discussion will occur on this topic.

VI. Future Meeting Date:

The next regularly scheduled SCSDA meeting will be held via TEAMS on October 8th, 2026, at 9:00 AM.

Additional meeting dates for 2027 were outlined:

March 11, 2027 @ 9:00am (Teams)

March 18, 2027 @ 9:00am (Teams)

June 10, 2027 @ 9:00am (Teams)

VII. Adjournment:

Sabrina Smith made a motion for adjournment. Jackie Chism seconded the motion. Without objection, the meeting was adjourned.

VIII. Summary of Items for Future Discussion:

- Oversight Improvement Ideas

Full Video of the YouTube Livestream for September 10th, 2026:

[September 10 2026 - State Committee for School District Audits Meeting](#)