

# *D. McMillen, Chartered*

## *Certified Public Accountants*

2200 Lakin, Suite A  
Great Bend, KS 67530

Tele: 620-792-2588

Fax: 620-792-6728

### MANAGEMENT LETTER

September 30, 2015

Board of Directors  
Western Kansas Community Virtual Education Consortium  
1105 Main Street, Suite C  
Great Bend, Kansas 67530

In planning and performing our audit of the financial statements of Western Kansas Community Virtual Education Consortium (eduKan) as of and for the year ended June 30, 2015, we considered the internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we do not express an opinion on the effectiveness of the internal control.

Our consideration of internal control was for the purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be or significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be *significant deficiencies*. A deficiency in internal control exists when the design or operation of 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, detected and corrected on a timely basis. 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.

- During the course of performing our audit fieldwork we encountered several instances of "abuse of authority" by management. After the June arrival of the new Chief Executive Officer, the areas of abuse were identified and corrective measures were initiated. Subsequent to the fiscal year end of June 30, 2015, there has been significant improvement in this arena and all identified situations of abuse have been corrected or are in the process of being corrected. We recommend there be a specific policy and procedure for any employee to follow to bring suspected fraud or abuse to the attention of the governing body without concern for retribution from management or the governing body.

During our audit we also noted other items that are not significant deficiencies or material weaknesses, but instead are items we wish to communicate to management as recommendations for operational or administrative efficiency and for improving internal control.

- There is an absence of appropriate segregation of duties consistent with the appropriate control objectives of the Organization. The size of the Organization's accounting and administrative staff precludes to certain internal controls that would be preferred if the office staff was large enough to provide optimum segregation of duties. This situation dictates that the Chief Executive Office and the accounting/financial consultant remain adequately involved in the financial affairs of the Organization to provide oversight and independent review functions.

To be in compliance with S.A.S No. 99, Auditor Responsibility for Fraud, we were required to perform additional procedures incorporating an element of unpredictability. We performed these procedures as well as inquired with management and other individuals. Our procedures identified no instances requiring attention of communication.

This letter is intended solely for the information and use of management, and is not intended to be and should not be used by anyone other than these specified parties.

Western Kansas Community Virtual Education Consortium

Respectfully Submitted,

*D. McMillen, Chartered*

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Certified Public Accountants

September 30, 2015

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### GOVERNANCE LETTER

November 2, 2015

Board of Directors  
Western Kansas Community College Virtual Education Consortium  
1105 Main Street, Suite C  
Great Bend, Kansas 67530

We have audited the financial statements of Western Kansas Community College Virtual Education Consortium ("Consortium") for the year ended June 30, 2015, and have issued our report thereon dated September 30, 2015. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Governmental Auditing Standards issued by the Comptroller General of the United States*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our Engagement Letter dated July 1, 2015. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Accounting Policies

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Consortium 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 2015. We noted no transactions entered into by the Consortium 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 were no sensitive 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 misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

*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 September 30, 2015.

*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 Organization'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 Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

*Other Matters*

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information compiles with 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.

The information is intended solely for the use of the Board of Directors, management and others within the Consortium and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

*D. McMillen, Chartered*