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Contact: **Michael Goins**
Michael.Goins@ky.gov
502.564.5841
502.209.2867

Auditor Mike Harmon's Office Releases Special Examination of Kentucky Community and Technical College System

Special Examination of KCTCS contains five findings and two observations

FRANKFORT, Ky. (*December 7, 2023*) – Today, Kentucky Auditor of Public Accounts Mike Harmon released the results of a special examination of the Kentucky Community and Technical College System (KCTCS). The special examination, which focuses primarily on activities by KCTCS's System Office between July 1, 2020, and April 30, 2023, contains five findings and two observations.

Auditor Harmon's office began its special examination of KCTCS in May 2023 after the system's acting president sent a request to the Office of the Auditor of Public Accounts (APA) on behalf of KCTCS's Board of Regents who had given the acting president the authority to make the request.

"We appreciate the cooperation of KCTCS, and their leadership provided to our office which allowed auditors to complete their work in a timely fashion," said Auditor Harmon. "As the system prepares to welcome a new president, it is our hope this examination provides insight into some of their operations and gives them a road map to address the issues identified by our office."

"KCTCS takes seriously our state-mandated mission to empower the next generation of Kentucky students and workforce leaders. That is why the Board of Regents moved quickly and voted unanimously – following a March 2023 internal audit – to request a thorough examination by the State Auditor's office of actions taken by past administrators. In response to the report's findings, the Board of Regents and current administration will work closely with the General Assembly, regulatory agencies and Council on Postsecondary Education to make necessary reforms. We have already begun that process, implementing new policies and procedures in advance of the State Auditor's final recommendations. It is readily apparent that we can and must do more to ensure accountability and transparency, and everyone at KCTCS is committed to doing just that," said Barry K. Martin, Chair of the KCTCS Board of Regents.

The findings and observations detailed in the examination include:

- KCTCS System Office's unrestricted carryforward balance is not accurately or transparently reported to the Board;

- KCTCS overcharged community colleges $24 million and retained the proceeds from the overcharges as part of the System Office's unrestricted carryforward balance;

- KCTCS System Office fund balances do not agree to fund balance amounts reported to individual community colleges;

- KCTCS did not use its accounting system to track accumulated spending and did not maintain all relevant procurement and bid documentation;

- KCTCS failed to collect feedback from companies involved in TRAINS projects and $10,778 in duplicate payments were identified;

- Misunderstanding regarding workforce training funding led to concerns about a transfer to the KCTCS general fund; and

- KCTCS nepotism disclosures were not completed as required by policy.

"Our auditors also provided KCTCS with numerous recommendations to address the findings in the report," said Auditor Harmon. "KCTCS serves thousands of students throughout all regions of the Commonwealth, and it is my hope that KCTCS can use this report to address necessary issues and continue to be a leader in post-secondary education for all of Kentucky."

You can review the complete report, "*Examination of Certain Financial Operations and Internal Policies and Controls of Kentucky Community and Technical College System,*" along with the timely responses of the KCTCS Board of Regents at this link.

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