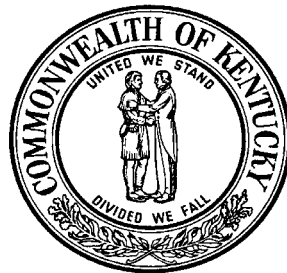


**CLAY COUNTY BOARD OF EDUCATION'S
ADMINISTRATION OF ADULT EDUCATION GRANTS
FROM THE COUNCIL ON POSTSECONDARY
EDUCATION AND KENTUCKY ADULT EDUCATION**

**For The Period
July 1, 2006 Through June 30, 2007**



**CRIT LUALLEN
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July 31, 2008

Sarah Hawker, Vice President
Kentucky Adult Education
Council on Postsecondary Education
1024 Capital Center Drive, Suite 250
Frankfort, KY 40601

Douglas Adams, Superintendent
Clay County Board of Education
128 Richmond Road
Manchester, KY 40962

Re: Adult Education Grants

Dear Ms. Hawker and Mr. Adams:

This report contains the results of the performance audit of Clay County Board of Education's administration of the adult education grant for the fiscal year (FY) ending June 30, 2007. The Council on Postsecondary Education and Kentucky Adult Education contracted with us to conduct performance audits of selected local adult education providers. This report represents our findings, recommendations, and the provider's responses.

The Auditor of Public Accounts conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We greatly appreciate the courtesies and cooperation extended to our staff during the audit.

Respectfully submitted,

A handwritten signature in cursive script that reads "Crit Luallen".

Crit Luallen
Auditor of Public Accounts



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**CLAY COUNTY BOARD OF EDUCATION'S ADMINISTRATION OF ADULT
EDUCATION GRANTS FROM THE COUNCIL ON POSTSECONDARY
EDUCATION AND KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2007**

EXECUTIVE SUMMARY

PURPOSE AND SCOPE

The Council on Postsecondary Education (CPE) and Kentucky Adult Education (KYAE) selected the Clay County Board of Education (local provider) for a limited scope performance audit of its administration of the adult education grants for Clay County. An on-site review was conducted May 14, 2008 through May 16, 2008, to address the following objectives:

- Reconcile student and faculty data electronically submitted to KYAE through the Adult Education Reporting Information Network (AERIN).
- Determine whether the local provider's professional development activities comply with the FY 06-07 professional development policies and procedures manual.
- Determine whether local providers' expenditures and costs comply with the terms of their grant agreement and reconcile to invoices submitted.
- Report internal control weaknesses identified during our audit that relate to the audit's objectives.

To accomplish these objectives, the performance audit team reviewed the Kentucky Adult Education Policy and Procedure Manual, as well as the provider's grant proposal and final agreement with KYAE. During the on-site review, the audit team reviewed the provider's accounting records (trial balance/general ledger), interviewed program administrators regarding internal controls related to the above grants, and tested samples of participant files, personnel files, and expenditure documentation for compliance with applicable requirements. Below is the summary of findings:

FINDINGS SUMMARY

FINDING	Disallowed Costs
Two participant files did not contain documentation to support the recorded attendance hours in AERIN.	N/A
Two Family Literacy participant files did not contain documentation to support their involvement in Parent Time and Parent and Child Time activities.	N/A
Three employee files did not have Individual Professional Development Plans (IPDP).	N/A
One employee file did not have documentation to support the required level of professional development training.	N/A

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RESULTS AND RECOMMENDATIONS

FINANCIAL REPORTING AND COMPLIANCE

Scope and Methodology

The KYAE-10 Expenditure Reports were compared to the line item budget approved in the final agreement modification. This comparison was used to determine whether the provider's reimbursements complied with the approved budget.

The KYAE-10 Expenditure Reports were then compared to the internally generated financial records maintained by the local provider. This comparison was used to determine whether the local provider's accounting records support the total amount requested for reimbursement on the KYAE-10 Expenditure Reports.

Findings

No exceptions were noted.

**CLAY COUNTY BOARD OF EDUCATION'S ADMINISTRATION OF ADULT
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PARTICIPANT ELIGIBILITY AND RECORD KEEPING

Scope and Methodology

A total of 60 participants were selected randomly from the electronic student data sent from KYAE and compared to the documentation maintained in the participant files. We examined the files for the following:

- Proper eligibility documentation.
- Proper assessment testing.
- Evidence to support the achievement of goals/objectives reported to KYAE.
- Proper separation from the program when applicable.
- Other requirements were tested based upon the applicable program requirements.

The participants tested received services during the period of July 1, 2006 and June 30, 2007.

Findings

Providers are required to retain records to support participant data submitted electronically in AERIN. Two participant files did not contain documentation to support the recorded attendance hours in AERIN. The participants were enrolled in program type 01, which is required to report attendance hours.

Providers are required to document Parent Time and Parent Child Time for participants of the Family Literacy program. Two Family Literacy participant files did not contain documentation to support their involvement in Parent Time and Parent and Child Time activities.

Recommendations

We recommend that the provider ensure all participant files contain the necessary documentation to support compliance with applicable policies and procedures. Attendance hours should be accurately recorded in AERIN for all participants enrolled in program types 01, 07, 10, and 11. Family Literacy participants should be provided a component for Parent Time and Parent Child Time and these services should be documented. Staff entering participant data should require documentation for any data entry performed on a participant and any file deficiencies should be reported to the Program Director.

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Provider Response – [Management provided this response when their views and planned corrective actions were requested. The Provider was given a reasonable amount of time to adequately respond to this request.]

- 1) The student attendance sheet was not found in the folder because students have access to their folders and it's possible that they could have misplaced or taken their sign-in sheet. In the future we will photocopy weekly, active student files and store in a secure location with their permanent folders.
- 2) Staff will inspect each Family Literacy file for the needed documentation and staff will also be retrained each fiscal year concerning the needed documentation for each student folder.

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PAYROLL AND STAFF REQUIREMENTS

Scope and Methodology

A sample of 15 payroll disbursements was judgmentally selected for payroll testing. Personnel files were examined to verify that staff had received the required professional development training hours. Documentation of hours worked was examined for existence and approval. Personnel files were examined to verify evidence of the instructor's bachelor's degree. A determination was made as to whether the employee was included in the staff listing information reported to KYAE.

Findings

CPE and KYAE require that instructors, instructor's aides, and program directors complete an annual IPDP by October 1 of each year. An IPDP was not on file for three applicable employees.

CPE and KYAE require full-time instructors obtain eight hours of professional development training. One employee file did not have documentation to support the required level of professional development training.

Recommendations

To focus on planning for professional learning and growth, we recommend that an IPDP be completed and in "active" status in KYAE's professional development tracking system (PDtrack) by October 1 of the grant year. We also recommend that instructors receive at least the required hours of professional development training and that this information is documented in the employee's file.

Provider Response – [Management provided this response when their views and planned corrective actions were requested. The Provider was given a reasonable amount of time to adequately respond to this request.]

- 1) The PD Plan was not printed for FY 06-07. A checklist will be developed for all information needed in each individual PD Plan and each staff member will be responsible for printing the PD Plan as soon as they develop their plan and the plan has been accepted by the Director.
- 2) All employees, part-time or full-time, will begin the New Teacher Training Track which is a 2-year PD Plan immediately upon being hired.

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PURCHASING/EXPENDITURE COMPLIANCE

Scope and Methodology

A sample of 9 expenditures, representing 40% of the total purchases, was selected judgmentally from the detailed general ledger. These expenditures were tested for authorization/approval, supporting documentation, proper recording, and that it was an actual expense during the grant period of July 1, 2006 and June 30, 2007.

Findings

No exceptions were noted.

PROFESSIONAL DEVELOPMENT REIMBURSEMENT COMPLIANCE

Scope and Methodology

Professional Development expenditures were tested for proper authorization, supporting documentation, and adherence to approved rates and reimbursement policies. A sample of 3 expenditures, representing 43% of the total professional development expenditures, was selected judgmentally from the detailed general ledger.

Findings

No exceptions were noted.

INTERNAL CONTROLS RELATING TO GRANT

Scope and Methodology

Clay County Board of Education's fiscal administrator was given an Internal Control Questionnaire regarding the controls in place for cash disbursements, bank reconciliations, revenue, expenditures, and payroll. The questionnaire was completed by the fiscal administrator and reviewed for any significant control deficiencies.

Findings

No significant control deficiencies were noted.

