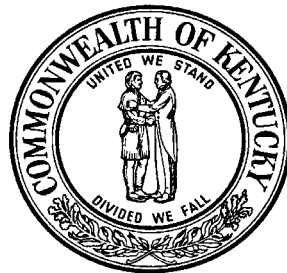


**JEFFERSON COUNTY BOARD OF EDUCATION'S  
ADMINISTRATION OF ADULT EDUCATION GRANTS  
FROM THE COUNCIL ON POSTSECONDARY  
EDUCATION AND KENTUCKY ADULT EDUCATION**

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



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
[www.auditor.ky.gov](http://www.auditor.ky.gov)**

**105 SEA HERO ROAD, SUITE 2  
FRANKFORT, KY 40601-5404  
TELEPHONE (502) 573-0050  
FACSIMILE (502) 573-0067**





CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS

July 31, 2008

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

Dr. Sheldon Berman, Superintendent  
Jefferson County Board of Education  
546 South First Street  
Louisville, KY 40202

Re: Adult Education Grants

Dear Ms. Hawker and Dr. Berman:

This report contains the results of the performance audit of Jefferson County Board of Education's administration of the adult education grants 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





## TABLE OF CONTENTS

	<b>PAGE</b>
EXECUTIVE SUMMARY .....	1
RESULTS AND RECOMMENDATIONS .....	2
FINANCIAL REPORTING AND COMPLIANCE .....	2
PARTICIPANT ELIGIBILITY AND RECORD KEEPING .....	3
PAYROLL AND STAFF REQUIREMENTS .....	5
PURCHASING/EXPENDITURE COMPLIANCE .....	5
PROFESSIONAL DEVELOPMENT REIMBURSEMENT COMPLIANCE .....	6
INTERNAL CONTROLS RELATING TO GRANT .....	6



**JEFFERSON 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 and Kentucky Adult Education (KYAE) selected the Jefferson County Board of Education (local provider) for a limited scope performance audit of its administration of the Adult Education Grant for Jefferson County. The audit scope also included the provider's English Literacy/Civics (EL/Civics) Grant with KYAE. An on-site review was conducted May 5, 2008 through May 15, 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:

	<b>Disallowed Costs</b>
<b>ADULT EDUCATION GRANT</b>	
Fifteen participant files did not support the attendance hours recorded in AERIN.	N/A
Two participant files did not contain evidence to support that goals were met as reported in AERIN.	N/A
<b>EL/CIVICS GRANT</b>	
None	N/A

**JEFFERSON 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**

---

**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.



**JEFFERSON 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**

---

**PARTICIPANT ELIGIBILITY AND RECORD KEEPING**

**Scope and Methodology**

A total of 75 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 for the Adult Education Grant**

Providers are required to retain records to support participant data submitted electronically, as dictated by the program type. Information entered into AERIN should be supported by evidence maintained in the participant's file. The following exceptions were noted:

- Fifteen participant files did not support the attendance hours recorded in AERIN. The participants were program types 01, 07, 10 and 11, which are required to report attendance hours.
- Two participant files did not contain evidence to support that goals were met as reported in AERIN.

**Recommendations**

We recommend that the provider ensure all participant files contain the necessary documentation to support compliance with applicable policies and procedures. Attendance hours recorded in AERIN should be documented and maintained for all participants enrolled in program types 01, 07, 10, and 11. The achievement of any goals/objectives must be documented and maintained in the participant's file. Staff entering participant data should require complete documentation for any data entry performed on a participant and any file deficiencies should be reported to the Program Director.

**JEFFERSON 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**

---

**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.]**

The following procedures will be implemented July 1, 2008: 1) The attendance form will be redesigned consistent with the format used in AERIN. 2) Pre-service staff trainings will emphasize reporting of attendance and goals. 3) The staff handbook will be revised to support this training. 4) Student folders will be reconciled during site visits with focus on attendance and student goals.

**JEFFERSON 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**

---

**PAYROLL AND STAFF REQUIREMENTS**

**Scope and Methodology**

A sample of 30 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**

No exceptions were noted.

**PURCHASING/EXPENDITURE COMPLIANCE**

**Scope and Methodology**

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. A sample of participant was selected from the detailed ledger for each of the Adult Education Grants as follows:

- For the Adult Education Grant, a sample of 15 expenditures, representing 8% of the grant purchases.
- For the English Literacy/Civics Grant, a sample of 1 expenditure, representing 39% of the grant purchases.

**Findings**

While there were some verbal comments and recommendations communicated to the provider during fieldwork, no reportable exceptions were noted.

**JEFFERSON 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**

---

**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 9 expenditures, representing 21% of the total professional development expenditures, was selected judgmentally from the detailed general ledger. (This test was only applicable to the Adult Education Grant.)

**Findings**

No exceptions were noted.

**INTERNAL CONTROLS RELATING TO GRANT**

**Scope and Methodology**

The Jefferson 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.

