

**BOURBON COUNTY BOARD OF EDUCATION'S
ADMINISTRATION OF NICHOLAS COUNTY'S 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

Lana Fryman, Superintendent
Bourbon County Board of Education
3343 Lexington Road
Paris, KY 40361

Re: Adult Education Grants

Dear Ms. Hawker and Ms. Fryman:

This report contains the results of the performance audit of Bourbon County Board of Education's administration of Nicholas County's 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, appearing to read "Crit Luallen".

Crit Luallen
Auditor of Public Accounts



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**BOURBON 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 Bourbon County Board of Education (local provider) for a limited scope performance audit of its administration of the adult education grant for Nicholas County. An on-site review was conducted May 19, 2008 through May 20, 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:

No exceptions were noted for this provider.

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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.

PARTICIPANT ELIGIBILITY AND RECORD KEEPING

Scope and Methodology

A total of 8 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

No exceptions were noted.

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PAYROLL AND STAFF REQUIREMENTS

Scope and Methodology

A sample of 10 payroll disbursements, representing 20% of the total payroll expenditures, 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

A sample of 8 expenditures, representing 20% 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.

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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 2 expenditures, representing 29% 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

Bourbon 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.

