

**ALLEN 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, 2003 Through June 30, 2004**



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July 8, 2005

Reecie Stagnolia, Associate Vice President
Kentucky Adult Education
Council on Postsecondary Education
1024 Capital Center Drive, Suite 250
Frankfort, KY 40601

Larry W. Williams, Superintendent
Allen County Board of Education
238 Bowling Green Rd.
Scottsville, KY 42164

Re: Adult Education Grants

Dear Mr. Stagnolia and Mr. Williams:

This report contains the results of the performance audit of Allen County Board of Education's administration of the Adult Education Grant for the fiscal year ending June 30, 2004. 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.

We conducted this performance audit in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

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

Respectfully submitted,

Crit Luallen
Auditor of Public Accounts



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**ALLEN COUNTY BOARD OF EDUCATION'S ADMINISTRATION OF ADULT
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EDUCATION AND KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2004**

EXECUTIVE SUMMARY

PURPOSE AND SCOPE

The Council on Postsecondary Education and Kentucky Adult Education (KYAE) selected the Allen County Board of Education (local provider) for a limited scope performance audit of its administration of the Adult Education and Family Literacy Grant for Allen County. An on-site review was conducted on April 27 through April 29, 2005 to address the following objectives:

- Reconcile student and faculty data electronically submitted to Adult Education with the information retained by the local provider.
- Determine whether the local provider's professional development activities comply with applicable professional development policies and procedures.
- 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 Policy and Procedure Manual for Kentucky Adult Education, 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
Seven (7) participants did not appear eligible per their initial assessment (score>11.9). The participant would be eligible if they have not obtained a high school diploma or GED.	N/A
Two (2) participant files did not agree with the electronic information reported to KYAE.	N/A
Three (3) employee files did not have documentation to support the required level of professional development training.	N/A
Four (4) employees were not included in KYAE's electronic information system.	N/A

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RESULTS AND RECOMMENDATIONS

FINANCIAL REPORTING AND COMPLIANCE

Scope and Methodology

The KAE-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 KAE-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 amounts requested for reimbursement on the KAE-10 Expenditure Reports.

Findings

No exceptions noted.

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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.
- Agreed the establishment and achievement of goals/objectives to the information 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, 2003 and June 30, 2004.

Findings

Proper file maintenance and accurate data entry is important to support and document the success of a provider in meeting eligibility requirements and goal achievement. CPE and KYAE require that providers administer the initial assessment at orientation, or within a short period thereafter, and shall use the lowest test score in a subject area to determine a learner's entry level and eligibility. Any achievement or completion of goals should be documented. Programs are to maintain assessment forms on file for three years.

The following exceptions were noted:

- Seven (7) participants did not appear eligible per their initial assessment (score > 11.9). The participant would be eligible if they have not obtained a high school diploma or GED.
- Two (2) participant files did not agree with the electronic information reported to KYAE.

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Recommendations

We recommend the Provider create a checklist that contains the different requirements for the different program types. Eligibility should be evaluated based upon the requirements of the applicable program. The person entering participant data should require documentation for any data entry performed on a participant and any deficiencies should be reported to the Program Director.

Provider Response

Clear coding guidelines have been provided by KYAE for 2004-05. Periodic reviews have already been implemented for FY 2004-05 to ensure proper program code and goal information is correct with the file documentation.

New forms are being designed for year 2005-06 which will address some of the information that is needed for file documentation and electronic data entry. A periodic review of electronic data compared to file documentation was already implemented for FY 2004-05.

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PAYROLL AND STAFF REQUIREMENTS

Scope and Methodology

A sample of one payroll disbursement for all seven employees was judgmentally selected for payroll testing. Personnel files were examined to verify that staff had received the required professional development training hours and had completed an Individual Professional Development Plan if applicable. Timesheets were 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 full-time instructors to obtain eighteen hours of professional development training. There were two (2) employee files that did not have documentation to support the required level of professional development training.

CPE and KYAE require all part-time instructors to obtain six hours of professional development training. There was one (1) employee that did not have documentation to support the required level of professional development training.

CPE and KYAE rely on each provider to update its electronic staff listing to ensure complete and accurate information. We noted four (4) employees that were not included in KYAE's electronic information system.

Recommendations

We recommend that instructors receive at least the required number hours of professional development training and that this information is documented in the employee's file.

We also recommend that staff information be entered accurately and completely in KYAE's electronic information system.

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Provider Response

With staff data being entered in the electronic data system and professional development information also being entered in the coming year (new technology being made available), this will be easier to track for both KYAE and local programs. We are making every effort to keep IPDP's and completion information (certificates) up to date and in staff files. Also, all local training information is being documented. The on-line PD calendar is being checked on a regular basis and all staff members are keeping abreast of PD opportunities and the number of training hours required.

According to the personnel sheet in the grant all staff were listed. Does KYAE include only instructors when supplying information to the auditors? Our list included instructional assistants along with instructors, totaling seven.

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PURCHASING/EXPENDITURE COMPLIANCE

Scope and Methodology

A sample of 10 expenditures, representing 17% 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, 2003 and June 30, 2004.

Findings

No exceptions 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 1 expenditure, representing 45% of the total professional development expenditures, was selected judgmentally from the detailed general ledger.

Findings

No exceptions noted.

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INTERNAL CONTROLS RELATING TO GRANT

Scope and Methodology

Allen 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 noted.