

**CHRISTIAN 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**



**CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS
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 8, 2005

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

Bob Lovingood, Superintendent
Christian County Board of Education
P.O. Box 609
Hopkinsville, KY 42241-0609

Re: Adult Education Grants

Dear Mr. Stagnolia and Mr. Lovingood:

This report contains the results of the performance audit of Christian 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



TABLE OF CONTENTS

	PAGE
EXECUTIVE SUMMARY	1
RESULTS AND RECOMMENDATIONS	2
FINANCIAL REPORTING AND COMPLIANCE.....	2
PARTICIPANT ELIGIBILITY AND RECORD KEEPING	4
PAYROLL AND STAFF REQUIREMENTS	5
PURCHASING/EXPENDITURE COMPLIANCE	6
PROFESSIONAL DEVELOPMENT REIMBURSEMENT COMPLIANCE.....	7
INTERNAL CONTROLS RELATING TO GRANT	8

EXECUTIVE SUMMARY

PURPOSE AND SCOPE

The Council on Postsecondary Education and Kentucky Adult Education (KYAE) selected the Christian County Board of Education's (local provider) for a limited scope performance audit of its administration of the Adult Education and Family Literacy Grant for Christian County. An on-site review was conducted on April 29 through May5, 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
There were two variances between the cost categories on the KAE-10 Expenditure Reports and the provider's Trial Balance that are considered questioned costs. Overall, the provider's Trial Balance agrees with the amounts requested for reimbursement on the KAE-10 Expenditure Reports.	N/A
One participant's file did not contain any documentation to verify their enrollment in the Virtual Learner program.	N/A
There were three (3) instances where reimbursement for lunch was requested at \$1 more than the acceptable per diem amount and breakfast was reimbursed at a requested rate of \$1 less than the acceptable per diem amount.	N/A

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

CPE and KYAE reimburse providers for reasonable, allowable, and actual costs incurred if costs are specified in the contract. Expenditures for providers shall not exceed the cost category limitations or total as specified in the contract. Written department approval must be obtained before a provider may reallocate funds among the line items.

There were two variances between the cost categories on the KAE-10 Expenditure Reports and the provider's Trial Balance that are considered questioned costs. The provider's Trial Balance recorded Instructional Personnel as \$469 more than the KAE-10 Expenditure Reports. However, Other Instructional Costs were recorded as \$469 less than the amount requested for reimbursement. Overall, the provider's Trial Balance agrees with the amounts requested for reimbursement on the KAE-10 Expenditure Reports.

Recommendations

We recommend the provider reconcile the KAE-10 Expenditure Report to the Trial Balance each month and request a budget amendment/realignment when necessary. To change a line item budget, providers should submit a Budget Amendment Request form to KYAE for approval (per the Policy and Procedure Manual for Kentucky Adult Education).

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EDUCATION AND KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2004**

Provider Response

Since our "instructional category" didn't exceed budget on the MUNIS report, I failed to catch that we were actually \$469 over in instructional salary and \$469 under in instructional supplies, due to an expense transfer that did not get posted. We realize the need to do a more careful check and the need to stay within the line items. This was a mistake that we failed to catch.

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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

CPE and KYAE require documentation to support that a participant is using one of the Virtual Education products when enrolled in Program Type 22, Virtual Learner. One participant's file did not contain any documentation to verify their enrollment in the Virtual Learner program.

Recommendations

We recommend that all documentation for participant enrollment in programs be maintained in participant files.

Provider Response

Our program was in compliance with all eligibility and recordkeeping requirements that were checked with the exception of only one virtual learner student, for whom we failed to keep the email notification that this student had enrolled in KYVAE. A checklist will be developed to ensure that there are no oversights in the participant documentation. (In 2003-04, enrolling "virtual learners" was new to our program staff. We did not realize we needed to save the emails from KYVU as documentation that a student was referred to our program.)

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PAYROLL AND STAFF REQUIREMENTS

Scope and Methodology

A sample of 15 payroll disbursements, representing 13% of payroll expenditures, 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

No exceptions noted.

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PURCHASING/EXPENDITURE COMPLIANCE

Scope and Methodology

A sample of 14 expenditures, representing 24% 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 4 expenditures representing 20% of the total professional development expenditures were selected judgmentally from the detailed general ledger.

Findings

CPE and KYAE require that all meal reimbursements not exceed the per diem amounts established by the Commonwealth of Kentucky. There were three (3) instances where reimbursement for lunch was requested \$1 more than the acceptable per diem amount and breakfast was reimbursed at a requested rate of \$1 less than the acceptable per diem amount.

Recommendations

We recommend the provider review and comply with the policies established by KYAE concerning meal reimbursements.

Provider Response

When claiming travel expenses, our staff used the Board of Education's "travel voucher," which lists its reimbursement schedule at the bottom. We failed to check it against the state travel policy in the 2003-2004 manual, and did not realize that the "\$10" lunch allowance for Louisville and Lexington was inconsistent with the state policy. Therefore, we claimed "\$10" rather than "\$9" for lunches when in these cities.

We were in compliance as far as the total allowed "per diem", just not in the amount claimed for lunches. All other professional development and staff records were in compliance. We thought our Board of Education's policy was the same as the state policy. We should have checked more closely.

In the future, we will check to ensure that claims for meals will follow state policy.

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INTERNAL CONTROLS RELATING TO GRANT

Scope and Methodology

Christian 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.

