

**MAYSVILLE COMMUNITY AND TECHNICAL COLLEGE'S
ADMINISTRATION OF ROBERTSON COUNTY'S
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
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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

Augusta Julian, President and CEO
Maysville Community and Technical College
1755 U.S. 68
Maysville, KY 41056

Re: Adult Education Grants

Dear Mr. Stagnolia and Dr. Julian:

This report contains the results of the performance audit of Maysville Community and Technical College's administration of Robertson County's 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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**MAYSVILLE COMMUNITY AND TECHNICAL COLLEGE'S
ADMINISTRATION OF ADULT EDUCATION GRANTS FROM THE COUNCIL
ON POSTSECONDARY 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 Maysville Community and Technical College (local provider) for a limited scope performance audit of its administration of the Adult Education and Family Literacy Grant for Robertson County. An on-site review was conducted on May 4 through May 5, 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
Two (2) participant files did not contain an applicable withdrawn statement.	N/A
One (1) participant's file did not agree with the electronic information reported to KYAE.	N/A
One (1) participant enrolled in Workplace Assessment, Program Type 25, did not have evidence on file documenting an association with an employer or employment service.	N/A
One instructor did not document their hours worked to support the hours reported to KYAE.	N/A
An annual Inventory Report had not been completed at the time of the audit.	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 14 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. The following exceptions were noted:

- Two (2) participant files did not contain an applicable withdrawn statement.
- One (1) participant's file did not agree with the electronic information reported to KYAE.
- One (1) participant enrolled in Workplace Assessment, Program Type 25, did not have evidence on file documenting an association with an employer or employment service.

Recommendations

We recommend the Provider create a checklist for participant files to facilitate a periodic review of the contents to ensure that the required documentation is being maintained for all participants. If the participant is between 16 and 18 years of age, official documentation of their withdrawal from school should be included in their file. 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.

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Provider Response

All students have a form to fill out as they enter the program, even the workplace TABE students.

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PAYROLL AND STAFF REQUIREMENTS

Scope and Methodology

A sample of 7 payroll disbursements, representing 26% 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 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 that all KAE-funded employees maintain documentation of hours worked. During our testing, we noted that one instructor did not document their hours worked to support the hours reported to KYAE.

Recommendations

We recommend that all employees, even those working on salary, document their time worked that is attributable to this grant.

Provider Response

A response that addressed this issue was not submitted for the report.

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PURCHASING/EXPENDITURE COMPLIANCE

Scope and Methodology

A sample of 4 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, 2003 and June 30, 2004.

Findings

CPE and KYAE require an annual Inventory Report listing non-consumable items with a useful life greater than one year. At the time of our testing, an inventory report had not been completed.

Recommendations

We recommend that an Inventory Report be compiled annually to include purchases of non-consumable items with a useful life greater than one year.

Provider Response

The accounts person has records of purchased as needed for the inventory sheet. KCTCS requires that equipment and furniture over \$500 is included in inventory whereas KYAE has a different form. This form will be sent to the accounts person with instructions to complete.

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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 51% 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

Maysville Community and Technical College'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.

