

**WOODFORD 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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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

Mr. Paul Stahler, Superintendent
Woodford County Board of Education
330 Pisgah Pike
Versailles, KY 40383

Re: Adult Education Grants

Dear Mr. Stagnolia and Mr. Stahler:

This report contains the results of the performance audit of Woodford 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,

A handwritten signature in black ink that reads "Crit Luallen".

Crit Luallen
Auditor of Public Accounts



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**WOODFORD COUNTY BOARD OF EDUCATION'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 Woodford County Board of Education (local provider) for a limited scope performance audit of its administration of the Adult Education, Corrections, and Family Literacy Grant for Woodford County. An on-site review was conducted on April 28 through May 2, 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 local 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) participants did not have evidence on file to support that goals were met.	N/A
Fourteen (14) participant files did not agree with the electronic information reported to KYAE.	N/A
One (1) participant enrolled in Assessment Activity (in the Learning Center), Program Type 15, did not have evidence on file documenting an initial formal assessment.	N/A
Two (2) administrative employees were not included in KYAE's electronic information system.	N/A
The Program Director did not complete a timesheet or provide a breakdown between the different programs.	N/A
KYAE was not informed in writing of a site closing.	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 local 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 sixty (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:

- Two (2) participants did not have evidence on file to support that goals were met.
- Fourteen (14) participant files did not agree with the electronic information reported to KYAE.
- One (1) participant enrolled in Assessment Activity (in the Learning Center), Program Type 15, did not have evidence on file documenting an initial formal assessment.

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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. The provider should ensure that this checklist contains the different requirements for the different program types. Any achievement of goals/objectives should be documented and maintained. 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. In addition, the Program Director should re-verify a sample of participant information on a weekly basis to ensure the information was entered into the computer system correctly.

Provider Response

- Program Type 14: Workplace Computer Class. The goals were marked on the enrollment as was the date set and met.
- Program Type 20: Three students had the wrong goal marked.
- Computer Skills Course: Complete enrollment and separation information was in each student's file, however the course work was retained on diskette.
- Program Type 15: Woodford County Schools has an Alternative Program in our building. These students are officially withdrawn from High School. Adult Education administers TABE testing for this program.

Adult will maintain copies of testing for all participants.

Adult Education provides ABE/GED service to eligible participants on site at the Methodist Home. These students are wards of the state and do not always have withdrawals from the last school attended.

On a weekly basis, Adult Education will take a sample of participants' files and re-verify the information that was entered into AERIN computer system.

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PAYROLL AND STAFF REQUIREMENTS

Scope and Methodology

A sample of fifteen (15) payroll disbursements, representing 13% 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 rely on each provider to update its electronic staff listing to ensure complete and accurate information. We noted that two (2) administrative employees were not included in KYAE's electronic information system.

CPE and KYAE require that all KAE-funded employees maintain documentation of hours worked. During our testing, we noted that the Program Director did not complete a timesheet or provide a breakdown between the different programs.

Recommendations

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

We recommend that all employees, even those working on salary, document time worked that is attributable to this grant and provide a breakdown between the different programs.

Provider Response

The Program Director was a "certified" paid employee. Woodford County Schools does not require "certified" employees to maintain timesheets. All WCAE staff will maintain timesheets and document time charged to individual programs.

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PURCHASING/EXPENDITURE COMPLIANCE

Scope and Methodology

A sample of seven (7) expenditures, representing approximately 21% 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 three (3) expenditures, representing 20% 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

Woodford 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.

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MISCELLANEOUS FINDINGS

Findings:

The provider did not update the number of sites that were operational throughout the year. One site planned per the original Grant Proposal was cancelled. This information was not reported to KYAE within the required ten (10) days.

Recommendations

We recommend that any site openings and/or closings be reported to KYAE in writing within ten (10) days of the event to ensure that KYAE is aware of the provider's operation sites.

Provider Response:

A response was not submitted for the report.