

**BOURBON 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, 2004 Through June 30, 2005**



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CRIT LUALLEN
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July 7, 2006

Reecie Stagnolia, Associate 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 Mr. Stagnolia and Ms. Fryman:

This report contains the results of the performance audit of Bourbon County Board of Education's administration of the Adult Education Grant for the fiscal year ending June 30, 2005. 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, appearing to read "Crit Luallen".

Crit Luallen
Auditor of Public Accounts



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**BOURBON COUNTY BOARD OF EDUCATION'S ADMINISTRATION OF
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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 Bourbon County. An on-site review was conducted April 17, 2006 through April 21, 2006 to address the following objectives:

- Reconcile student and faculty data electronically submitted to KYAE 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 the local provider's 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
Five (5) participant files did not contain evidence of separation due to no contact for 90 consecutive days. Rather they were separated at the end of the fiscal year, June 2005.	N/A
Timesheets do not support the hours worked and reported to KYAE for purposes of the grant.	N/A
Four (4) employees were not included on the electronic staff listing per AERIN for FY 2005.	N/A
Four (4) employees did not attend the required orientation training.	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, 2004 and June 30, 2005.

Findings

CPE and KYAE require that students shall be separated if the student has not participated in the adult education program for 90 consecutive days. Five (5) participant files did not contain evidence of separation due to no contact for 90 consecutive days. Rather they were separated at the end of the fiscal year, June 2005.

Recommendations

We recommend that the provider establish a local policy to separate learners from the information system (AERIN) who are not making progress as defined by measurable gains on assessment instruments or objectives outlined in the student education plan.

Provider Response – [This is the response provided by management when their views and planned corrective actions were requested. The Provider was given a reasonable amount of time to adequately respond to this request.]

The instructors did not separate the 5 students after 90 days because they had indications that they might come back to work more before the fiscal year ended. The coordinator will work closer with staff to make sure all inactive students are separated after 90 days.

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PAYROLL AND STAFF REQUIREMENTS

Scope and Methodology

A sample of 17 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 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 electronic staff listing per AERIN for fiscal year (FY) 2005.

Findings

CPE and KYAE require that all KYAE-funded employees maintain documentation of hours worked towards the grant. During our testing, we noted that timesheets do not support the hours worked and reported to KYAE for purposes of the grant.

CPE and KYAE rely on each provider to update its electronic staff listing to ensure complete and accurate information. Four (4) employees were not included on the electronic staff listing per AERIN for FY 2005.

CPE and KYAE require that all new instructors attend Orientation to Adult Education within one month of employment. Four (4) employees did not attend the required orientation training.

Recommendations

All individuals being paid in part or whole by KYAE grant funds should have a timesheet or other form of documentation that includes the number of hours worked and the grant to which time was charged. The use of timesheets would establish accountability and support the hours reported to KYAE.

We recommend that staff information be entered accurately and completely in KYAE's electronic information system (AERIN). The provider should ensure that the employee's status is listed as "active" in the information system. This should be done at the beginning of each year because during the close out period all staff are automatically coded as "inactive."

We recommend that all new adult educators complete the Orientation to Adult Education within one month of employment.

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Provider Response – [This is the response provided by management when their views and planned corrective actions were requested. The Provider was given a reasonable amount of time to adequately respond to this request.]

The coordinator worked with the Finance Officer this past year to set up a system that allows for monthly documentation from Central Office that shows the grant that the salary was taken out for each employee. This recommendation was implemented for the 2005-2006 school year. The Coordinator did not realize that part-time staff for Family Literacy had to attend KAE approved trainings for their professional development, but that has been taken care of this year with part-time Family Literacy staff attending KAE trainings.

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PURCHASING/EXPENDITURE COMPLIANCE

Scope and Methodology

A sample of 15 expenditures, representing 18% 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, 2004 and June 30, 2005.

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 five (5) expenditures, representing 19% 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

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 noted.

