

**BULLITT COUNTY PUBLIC SCHOOL'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**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
[www.auditor.ky.gov](http://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 6, 2006

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

Dr. Michael M. Eberbaugh, Superintendent  
Bullitt County Public Schools  
1040 Hwy 44E  
Shepherdsville, KY 40165

Re: Adult Education Grants

Dear Mr. Stagnolia and Dr. Eberbaugh:

This report contains the results of the performance audit of Bullitt County Public School'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,

Crit Luallen  
Auditor of Public Accounts





## TABLE OF CONTENTS

	PAGE
<b>EXECUTIVE SUMMARY</b> .....	<b>1</b>
<b>RESULTS AND RECOMMENDATIONS</b> .....	<b>2</b>
<b>FINANCIAL REPORTING AND COMPLIANCE</b> .....	<b>2</b>
<b>PARTICIPANT ELIGIBILITY AND RECORD KEEPING</b> .....	<b>3</b>
<b>PAYROLL AND STAFF REQUIREMENTS</b> .....	<b>5</b>
<b>PURCHASING/EXPENDITURE COMPLIANCE</b> .....	<b>6</b>
<b>PROFESSIONAL DEVELOPMENT REIMBURSEMENT COMPLIANCE</b> .....	<b>7</b>
<b>INTERNAL CONTROLS RELATING TO GRANT</b> .....	<b>8</b>



**BULLITT COUNTY PUBLIC SCHOOLS' ADMINISTRATION OF ADULT  
EDUCATION GRANTS FROM THE COUNCIL ON POSTSECONDARY  
EDUCATION AND KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2005**

---

**EXECUTIVE SUMMARY**

---

**PURPOSE AND SCOPE**

The Council on Postsecondary Education and Kentucky Adult Education (KYAE) selected the Bullitt County Public Schools (local provider) for a limited scope performance audit of its administration of the Adult Education Grant for Bullitt County. An on-site review was conducted on March 27, 2006 through March 28, 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.

**FINDINGS SUMMARY**

<b>FINDING</b>	<b>Disallowed Costs</b>
The goals-related information in one (1) participant's file was not reported accurately to KYAE.	N/A

**BULLITT COUNTY PUBLIC SCHOOLS' ADMINISTRATION OF ADULT  
EDUCATION GRANTS FROM THE COUNCIL ON POSTSECONDARY  
EDUCATION AND KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2005**

---

**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.

**BULLITT COUNTY PUBLIC SCHOOLS' ADMINISTRATION OF ADULT  
EDUCATION GRANTS FROM THE COUNCIL ON POSTSECONDARY  
EDUCATION AND KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2005**

---

**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. The participants tested received services during the period of July 1, 2004 and June 30, 2005.

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.

**Findings**

Proper file maintenance and accurate data entry are important to support and document the success of a provider in meeting eligibility requirements and goal achievement. Any achievement or completion of goals should be documented. The following exception was noted:

- The goals-related information in one (1) participant's file was not reported accurately to KYAE.

**Recommendations**

We recommend that data entry of participant information should be reviewed for accuracy and appropriateness.

**Provider Response**

A thorough review of AErin records as well as our local records reveals that we did not provide any erroneous information to KYAE. The student in question was a student under the Corrections Grant. He enrolled with a reading enrollment test score of 528 on 9-13-04. This was accurately reported to KYAE. On 9-20-04 the student took a progressing test and received a score of 619. This was accurately reported to KYAE.

**BULLITT COUNTY PUBLIC SCHOOLS' ADMINISTRATION OF ADULT  
EDUCATION GRANTS FROM THE COUNCIL ON POSTSECONDARY  
EDUCATION AND KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2005**

---

We accurately advised KYAE that the student had an educational level goal of 33. (At that time, AErin was set up to set 33 as a performance measure automatically, but this internal performance measure would not show up on the "Objectives Screen". At that time, the AErin Objectives Screen was useful to local providers, but was not being used by KYAE to track local providers performance.)

We did make one small mistake. We forgot to type in "09-20-04" on the goal reached section of the "Objectives Screen". We never provided any erroneous information to KYAE. In this case the only thing that we did was forgot to tell KYAE what a good job we were doing on one specific screen in the AErin system, a screen that KYAE was not, itself, using to track goal completions of code 33's. KYAE was not misled and gave us internal credit for meeting the 33 goal. If you doubt that, look at the final 2004-2005 KYAE records for Bullitt County Corrections.

The above scenario would not occur today, because KYAE has changed the AErin system to do what it should have done in 2004-2005. Specifically, now AErin and not the local provider, sets visible educational level gain goals on the "Objectives screen" and KYAE, and not the local provider, records the completion of those goals. KYAE now prohibits the local provider from taking the very action that the auditor claims that the local provider failed to take in 2004-2005.

Therefore, even assuming that there was an error on the local provider's part, KYAE has prevented the local provider from taking any corrective action.

In truth, this case demonstrates that KYAE's AErin system contained a design flaw, a flaw that KYAE, and not the local provider has since corrected.

Accordingly, although we are not infallible, we are very proud of our record-keeping, we are extremely good at record-keeping, and this exception is without merit.

**BULLITT COUNTY PUBLIC SCHOOLS' ADMINISTRATION OF ADULT  
EDUCATION GRANTS FROM THE COUNCIL ON POSTSECONDARY  
EDUCATION AND KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2005**

---

**PAYROLL AND STAFF REQUIREMENTS**

**Scope and Methodology**

A sample of 15 payroll disbursements, representing 9% 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**

No exceptions noted.

**BULLITT COUNTY PUBLIC SCHOOLS' ADMINISTRATION OF ADULT  
EDUCATION GRANTS FROM THE COUNCIL ON POSTSECONDARY  
EDUCATION AND KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2005**

---

**PURCHASING/EXPENDITURE COMPLIANCE**

**Scope and Methodology**

A sample of 15 expenditures, representing 3% 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.

**BULLITT COUNTY PUBLIC SCHOOLS' ADMINISTRATION OF ADULT  
EDUCATION GRANTS FROM THE COUNCIL ON POSTSECONDARY  
EDUCATION AND KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2005**

---

**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 one (1) expenditure, representing 80% of the total professional development expenditures, was selected judgmentally from the detailed general ledger.

**Findings**

No exceptions noted.

**BULLITT COUNTY PUBLIC SCHOOLS' ADMINISTRATION OF ADULT  
EDUCATION GRANTS FROM THE COUNCIL ON POSTSECONDARY  
EDUCATION AND KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2005**

---

**INTERNAL CONTROLS RELATING TO GRANT**

**Scope and Methodology**

Bullitt County Public Schools' 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.

