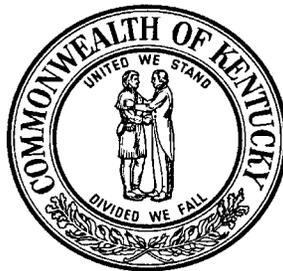


**JEFFERSON COMMUNITY AND TECHNICAL
COLLEGE'S ADMINISTRATION OF CARROLL
COUNTY'S ADULT EDUCATION GRANTS FROM THE
COUNCIL ON POSTSECONDARY EDUCATION AND
KENTUCKY ADULT EDUCATION**

**For The Period July 1, 2005
Through June 30, 2006**



**CRIT LUALLEN
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CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

June 27, 2007

Sarah Hawker, Vice President
Kentucky Adult Education
Council on Postsecondary Education
1024 Capital Center Drive, Suite 250
Frankfort, KY 40601

Anthony Newberry, President
Jefferson Community and Technical College
Broadway Building, Suite #303-C
109 East Broadway
Louisville, KY 40202

Re: Adult Education Grants for Carroll County

Dear Ms. Hawker and Dr. Newberry:

This report contains the results of the performance audit of Jefferson Community and Technical College's administration of Carroll County's Adult Education Grants for the fiscal year ending June 30, 2006. 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 cursive script, appearing to read "Crit Luallen".

Crit Luallen
Auditor of Public Accounts



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**JEFFERSON COMMUNITY AND TECHNICAL COLLEGE'S
ADMINISTRATION OF CARROLL COUNTY'S ADULT EDUCATION
GRANTS FROM THE COUNCIL ON POSTSECONDARY EDUCATION AND
KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2006**

EXECUTIVE SUMMARY

PURPOSE AND SCOPE

The Council on Postsecondary Education and Kentucky Adult Education (KYAE) selected the Jefferson Community and Technical College's (local provider) for a limited scope performance audit of its administration of Carroll County's Adult Education Grants. The audit included the Workplace Essential Skills (WES) Grant to provide training for North American Stainless employees. An on-site review was conducted on April 24, April 26, and April 30, 2007 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 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 FOR THE ADULT EDUCATION GRANT | Disallowed Costs |
|--|-------------------------|
| Eight (8) participant files did not contain documentation to support the recorded attendance hours. | N/A |
| Three (3) participants had zero (0) hours of attendance recorded in AERIN. These were Program Type 01 participants that are required to report attendance hours. | N/A |
| Five (5) participant files did not contain evidence of separation. | N/A |
| One (1) participant's file contained evidence of achieving a goal, but it was not recorded in AERIN. | N/A |

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| FINDINGS RELATED TO THE WES GRANT – North American Stainless | Disallowed Costs |
|--|-------------------------|
| One (1) participant's file did not contain documentation to support the recorded attendance hours. | N/A |
| None of the sampled participants (61) received the projected 40 hours of training. | N/A |
| Fifty-four (54) participants' recorded hours did not agree with the attendance documentation maintained by the provider. | 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 total amount requested for reimbursement on the KAE-10 Expenditure Reports.

Findings

No exceptions were noted in this area for the Adult Education Grant or the Workplace Essential Skills Grant. The above tests were conducted for both grants.

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PARTICIPANT ELIGIBILITY AND RECORD KEEPING

Scope and Methodology

For the Adult Education Grant, providers are required to submit participant data electronically using KYAE's management information system, AERIN. A total of 60 participants were selected randomly from AERIN. The electronic data was then 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.
- Evidence to support attendance.
- Proper separation from the program when applicable.
- Other requirements were tested based upon the applicable program requirements.

For the Workplace Essential Skills Grant, a total of 61 participants were randomly selected and compared to the documentation maintained in the participant files. We examined the files for the following:

- Documentation to support the participant's attendance.
- Total number of hours compared to the proposed hours per the Scope of Work.
- Procedure in place to track training hours.
- The participant was coded to Program 18 in the information reported to KYAE.

All participants tested received services during the period of July 1, 2005 and June 30, 2006.

Findings

For the Adult Education Grant, providers are required to retain records to support participant data submitted electronically, as dictated by the program type. All participants should be separated from the program either at the end of the fiscal year or after 90 days of inactivity. Information entered into AERIN should be supported by evidence maintained in the participant's file. The following exceptions were noted:

- Eight (8) participant files did not contain documentation to support the recorded attendance hours.
- Three (3) participants had zero (0) hours of attendance recorded in AERIN. These were Program Type 01 participants that are required to report attendance hours.
- Five (5) participant files did not contain evidence of separation.

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- One (1) participant's file contained evidence of achieving a goal, but it was not recorded in AERIN.

For the Workplace Essential Skills Grant, proper file maintenance and accurate data entry is important to maintain records that are sufficient to identify the results of the service provided to each individual and for use in evaluating the effectiveness of the total program. The Scope of Work stated that 40 hours of total training would be provided to each trainee.

It was difficult to verify the hours of training because the dates of the training attended were not recorded for each participant. The auditor was only able to scan the training class sign-in sheets in the time period most closely related to any test dates noted in the participant's file. The following exceptions were noted:

- One (1) participant's file did not contain attendance documentation to support the recorded hours.
- None of the sampled participants (61) received the projected 40 hours of training.
- Fifty-four (54) participants' recorded hours did not agree with the attendance documentation maintained by the provider.

Recommendations

For the Adult Education Grant, we recommend the provider maintain a sign in log for each participant to track the participant's time-in, time-out, total daily hours, and a signature. This information should be used to record the attendance information into AERIN. This would ensure that participant hours are accurately recorded with supporting documentation.

A standard separation form should be developed to provide supporting documentation of the participant's separation from the program.

Staff entering participant data should ensure that goal achievements are recorded properly in AERIN so that this information is accurately reported to KYAE.

For the Workplace Essential Skills Grant, we recommend the provider create a system to document each participant's attendance per class meeting to ensure that each participant receives the proposed number of total training hours. This documentation should be used to perform data entry of hours for each participant and ensure that all participants are reported to KYAE accurately. In addition, the number of training hours should be amended in the Scope of Work to accurately reflect the training provided.

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Provider Response – [Management provided this response 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 College is in the process of reviewing and revising administrative forms that will be used for all programs during the next fiscal year. The new forms were created based on what other Adult Ed programs were utilizing was and in keeping with the information required by the State and AERIN data system. Record keeping, data entry, and administrative functions require a lot of manpower. Any insight or ideas on how to streamline administrative functions would be most appreciated. The college is dedicated to following all applicable policies and procedures and is evidenced by the documentation and records reviewed during the recent audit.

Due to their limited time in the program participants who entered the program as work place Code 25 and then required work place remediation, Code 01, were not provided with the same enrollment forms as our Code 01 GED/ABE, Family Literacy. Class time was scheduled and a master attendance log was kept of actual time spent in the center.

Based on audit feedback, forms have been revamped to include a time card for each individual. The time card will be compared to the sign in sheet by staff to assure accuracy prior to entering information into the AERIN data system. A separation form existed, however was not used for all program codes. Going forward, the separation form will be in all folders and used for all programs.

The goal information will be added to the time card of each student so the data entry person will be less likely to overlook.

Time cards will be used in each folder for all programs and staff will double check accuracy of hours recorded against the sign-in sheet. The goals will also be recorded on the time sheet for data entry staff to easily view while entering hours of attendance.

A separation sheet has been used for the basic adult education programs and will now be used for Work Place Essential Skills grant or any workplace trainings going forward.

The number of training hours were changed in the scope of work to twelve for 2007 Workplace Essential Skills grant based on actual from the previous year. KYAE is aware of this discrepancy and addressed this issue.

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PAYROLL AND STAFF REQUIREMENTS

Scope and Methodology

For the Adult Education Grant, a sample of 15 payroll disbursements was judgmentally selected for payroll testing. Personnel files were examined to verify that staff had received the required professional development training hours. 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.

For the Workplace Essential Skills Grant, a sample of 10 payroll disbursements, representing 20% of the total payroll expenditures for this project was judgmentally selected for payroll testing. Personnel files were examined to determine that timesheets existed to support payroll costs, timesheet approval, the instructor was paid according to the hourly rate proposed in the Scope of Work, there was no duplication of hours charged to Adult Education Grants, and that instructors had evidence of a Bachelor's Degree.

Findings

No exceptions were noted for the Adult Education Grant or the Workplace Essential Skills Grant.

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PURCHASING/EXPENDITURE COMPLIANCE

Scope and Methodology

For the Adult Education Grant, a sample of 7 expenditures, representing 22% 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, 2005 and June 30, 2006.

For the Workplace Essential Skills Grant, a sample of 4 expenditures, representing 22% 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, 2005 and June 30, 2006.

Findings

No exceptions were noted for the Adult Education Grant or the Workplace Essential Skills Grant.

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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 5 expenditures, representing 35% of the total professional development expenditures, was selected judgmentally from the detailed general ledger. (This test was only applicable to the Adult Education Grant.)

Findings

No exceptions noted.

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INTERNAL CONTROLS RELATING TO GRANT

Scope and Methodology

Jefferson Community and Technical College's fiscal administrator of its Adult Education Grants was given an Internal Control Questionnaire regarding the controls in place for cash disbursements, bank reconciliation's, 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.

