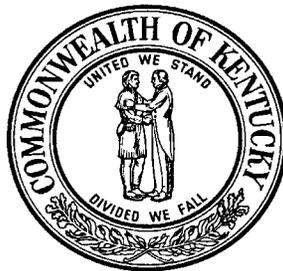


**TODD COUNTY BOARD OF EDUCATION'S
ADMINISTRATION OF ADULT EDUCATION GRANTS
FROM THE COUNCIL ON POSTSECONDARY
EDUCATION AND KENTUCKY ADULT EDUCATION**

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



**CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS
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

June 27, 2007

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

Bruce Gray, Interim Superintendent
Todd County Board of Education
205 Airport Road
Elkton, KY 42220

Re: Adult Education Grants

Dear Ms. Hawker and Mr. Gray:

This report contains the results of the performance audit of Todd County Board of Education's administration of its 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



TABLE OF CONTENTS

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

**TODD COUNTY BOARD OF EDUCATION'S ADMINISTRATION OF 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 Todd County Board of Education (local provider) for a limited scope performance audit of its administration of the Adult Education Grant for Todd County. An on-site review was conducted on April 11, 2007 through April 12, 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 SUMMARY

| FINDING | Disallowed Costs |
|---|-----------------------------|
| One (1) participant's file did not document their age. Unable to verify if the participant's file should contain an applicable withdrawn statement. | N/A |
| One (1) participant's file did not contain evidence to support the achievement of goals as recorded in AERIN. | N/A |
| Five (5) participants enrolled in Workplace Assessment, Program Type 25, did not have evidence on file documenting an association with an employer or employment service. | N/A |
| For twenty-five (25) participants it was difficult to verify the attendance hours because no individual records were maintained and the dates of attendance were not known. These were participants within program types required to report attendance hours. | N/A |
| Three (3) employees that did not have documentation to support the required level of professional development training. | N/A |

**TODD COUNTY BOARD OF EDUCATION'S ADMINISTRATION OF ADULT
EDUCATION GRANTS FROM THE COUNCIL ON POSTSECONDARY
EDUCATION AND KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2006**

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 noted.

**TODD COUNTY BOARD OF EDUCATION'S ADMINISTRATION OF ADULT
EDUCATION GRANTS FROM THE COUNCIL ON POSTSECONDARY
EDUCATION AND KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2006**

PARTICIPANT ELIGIBILITY AND RECORD KEEPING

Scope and Methodology

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.

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

Findings

Providers are required to retain records to support participant data submitted electronically, as dictated by the program type. Information entered into AERIN should be supported by evidence maintained in the participant's file.

The following exceptions were noted:

- One (1) participant's file did not document their age. Unable to verify if the participant's file should contain an applicable withdrawn statement.
- One (1) participant's file did not contain evidence to support the achievement of goals as recorded in AERIN.
- Five (5) participants enrolled in Workplace Assessment, Program Type 25, did not have evidence on file documenting an association with an employer or employment service.
- For twenty-five (25) participants it was difficult to verify the attendance hours because no individual records were maintained and the dates of attendance were not known. These were participants within program types required to report attendance hours.

Recommendations

We recommend that the provider ensure all participant files contain the necessary documentation to support compliance with applicable policies and procedures. Any

**TODD COUNTY BOARD OF EDUCATION'S ADMINISTRATION OF ADULT
EDUCATION GRANTS FROM THE COUNCIL ON POSTSECONDARY
EDUCATION AND KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2006**

achievement of goals/objectives should be documented and maintained. Attendance hours should be accurately recorded in AERIN for all participants enrolled in program types 01, 07, 10, and 11. Staff entering participant data should require documentation for any data entry performed on a participant and any file deficiencies should be reported to the Program Director.

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.]

As for the goal not being documented, a staff member was notified through a conversation that the participant had been employed (goal 06); however, it was not noted in the file. A new enrollment sheet was implemented mid- year, which incorporates the requested information. Sign in sheets were kept, and the information was entered at least monthly into the AERIN system. An individualized system of keeping attendance records will be started. As for the age not being documented, the participant was middle-aged and did not have a birth date on her enrollment form. This was an oversight, and due to her not returning to class was not corrected.

**TODD COUNTY BOARD OF EDUCATION'S ADMINISTRATION OF ADULT
EDUCATION GRANTS FROM THE COUNCIL ON POSTSECONDARY
EDUCATION AND KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2006**

PAYROLL AND STAFF REQUIREMENTS

Scope and Methodology

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.

Findings

CPE and KYAE require all part-time instructors to obtain two (2) hours of professional development training. There were three (3) employees that did not have documentation to support the required level of professional development training.

Recommendations

We recommend that staff receive at least the required number hours of professional development training and that this information is documented in the employee's file.

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.]

One [employee] is no longer employed with Todd County Adult Ed. Two of these [employees] are employed as high school teachers and did PD with their school. One [employee] had a certificate of completion in her file. In the future Todd County Adult Ed will insure that these PD trainings are approved by KYAE PD department.

**TODD COUNTY BOARD OF EDUCATION'S ADMINISTRATION OF ADULT
EDUCATION GRANTS FROM THE COUNCIL ON POSTSECONDARY
EDUCATION AND KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2006**

PURCHASING/EXPENDITURE COMPLIANCE

Scope and Methodology

A sample of 5 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, 2005 and June 30, 2006.

Findings

No exceptions noted.

**TODD COUNTY BOARD OF EDUCATION'S ADMINISTRATION OF ADULT
EDUCATION GRANTS FROM THE COUNCIL ON POSTSECONDARY
EDUCATION AND KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2006**

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 2 expenditures, representing 29% of the total professional development expenditures, was selected judgmentally from the detailed general ledger.

Findings

No exceptions noted.

**TODD COUNTY BOARD OF EDUCATION'S ADMINISTRATION OF ADULT
EDUCATION GRANTS FROM THE COUNCIL ON POSTSECONDARY
EDUCATION AND KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2006**

INTERNAL CONTROLS RELATING TO GRANT

Scope and Methodology

Todd County Board of Education's fiscal administrator for the Adult Education Grant 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.

