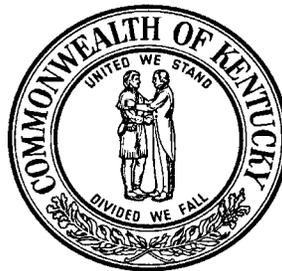


**JEFFERSON COMMUNITY AND TECHNICAL
COLLEGE'S ADMINISTRATION OF TRIMBLE
COUNTY'S ADULT EDUCATION GRANTS FROM THE
COUNCIL ON POSTSECONDARY EDUCATION AND
KENTUCKY ADULT EDUCATION**

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



**CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS
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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 Trimble 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 Trimble 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 that reads "Crit Luallen".

Crit Luallen
Auditor of Public Accounts



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**JEFFERSON COMMUNITY AND TECHNICAL COLLEGE'S
ADMINISTRATION OF TRIMBLE 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 (local provider) for a limited scope performance audit of its administration of Trimble County's Adult Education Grant. An on-site review was conducted on April 23, 2007 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 SUMMARY

FINDING	Disallowed Costs
Thirteen (13) participants' attendance documentation did not support the recorded attendance hours in AERIN.	N/A
Three (3) participant files did not contain the proper withdrawal forms from their school before entering this program.	N/A
One (1) participant's file did not document their age. Unable to verify if the participant files needed to 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
One (1) participant enrolled in Workplace Assessment, Program Type 25, did not have evidence on file documenting an association with an employer or employment service.	N/A
Four (4) file cabinets were purchased for \$379.96 on November 22, 2005 but not recorded as inventory.	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 noted.

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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 51 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. 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:

- Thirteen (13) participants' attendance documentation did not support the recorded attendance hours in AERIN.
- Three (3) participant files did not contain the proper withdrawal forms from their school before entering this program.
- One (1) participant's file did not document their age. Unable to verify if the participant files needed to contain an applicable withdrawn statement.
- One (1) participant's file did not contain evidence to support the achievement of goals as recorded in AERIN.
- One (1) participant enrolled in Workplace Assessment, Program Type 25, did not have evidence on file documenting an association with an employer or employment service.

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Recommendations

We recommend that the provider ensure all participant files contain the necessary documentation to support compliance with applicable policies and procedures. Attendance hours should be accurately recorded in AERIN for all participants enrolled in program types 01, 07, 10, and 11. If the participant is between 16 and 18 years of age, official documentation of their withdrawal from school should be included in their file. Any achievement of goals/objectives should be documented and maintained. 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.]

Trimble County Adult Education will establish daily procedures to ensure that (1) a master sign-in is accurately maintained; (2) that Aerin hours are accurately recorded; (3) that program 25 participants are referenced to their particular service or company; (4) that student goals are accurately documented with starting and completion dates noted; (5) that all supporting documentation is on file and duly recorded. All instructors will be required to sign-off on a daily form attesting that they have performed these tasks.

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PAYROLL AND STAFF REQUIREMENTS

Scope and Methodology

A sample of 14 payroll disbursements, representing 22% 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. 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

No exceptions noted.

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PURCHASING/EXPENDITURE COMPLIANCE

Scope and Methodology

A sample of 10 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

CPE and KYAE require that an annual Inventory Report listing non-consumable items with a useful life greater than one year. Four (4) file cabinets were purchased for \$379.96 on November 22, 2005 but not recorded as inventory.

Recommendations

We recommend that an accurate listing of inventory be maintained and submitted to KYAE. The local provider should review inventory records periodically to verify agreement with the inventory reported to KYAE.

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.]

Trimble County Adult Education will record all inventory on the KYAE-INV1 form. Any added inventory will be recorded when purchased.

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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 3 expenditures, representing 34% 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

Jefferson Community and Technical College's fiscal administrator of Trimble County's 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.

