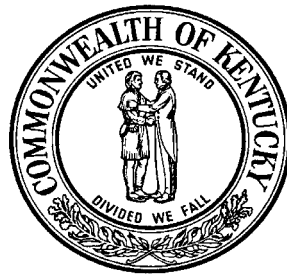


**NEWPORT INDEPENDENT BOARD OF EDUCATION'S
ADMINISTRATION OF CAMPBELL COUNTY'S ADULT
EDUCATION GRANTS FROM THE COUNCIL ON
POSTSECONDARY EDUCATION AND KENTUCKY
ADULT EDUCATION**

**For The Period
July 1, 2006 Through June 30, 2007**



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July 31, 2008

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

Michael Brandt, Superintendent
Newport Independent Board of Education
301 East Eighth Street
Newport, KY 41071

Re: Adult Education Grants

Dear Ms. Hawker and Mr. Brandt:

This report contains the results of the performance audit of administration of Newport Independent Board of Education's administration of Campbell County's adult education grant for the fiscal year (FY) ending June 30, 2007. 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.

The Auditor of Public Accounts conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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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**NEWPORT INDEPENDENT BOARD OF EDUCATION'S ADMINISTRATION
OF ADULT EDUCATION GRANTS FROM THE COUNCIL ON
POSTSECONDARY EDUCATION AND KENTUCKY ADULT EDUCATION AS
OF JUNE 30, 2007**

EXECUTIVE SUMMARY

PURPOSE AND SCOPE

The Council on Postsecondary Education (CPE) and Kentucky Adult Education (KYAE) selected the Newport Independent Board of Education (local provider) for a limited scope performance audit of its administration of the adult education grant for Campbell County. An on-site review was conducted May 1, 2008 through May 2, 2008, to address the following objectives:

- Reconcile student and faculty data electronically submitted to KYAE through the Adult Education Reporting Information Network (AERIN).
- Determine whether the local provider's professional development activities comply with the FY 06-07 professional development policies and procedures manual.
- 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 Kentucky Adult Education Policy and Procedure Manual, 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
Three participant files did not contain evidence of an approved formal assessment.	N/A
Three participant files did not contain evidence to support that goals were met as reported in AERIN.	N/A
Two participant files could not be located.	N/A
Three participant files did not contain an applicable withdrawal statement.	N/A

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One participant's file did not contain evidence of separation due to no activity for 90 consecutive days.	N/A
One Family Literacy participant's file did not contain documentation to support their involvement in Parent Time and Parent and Child Time activities, or evidence concerning the child's educational progress.	N/A
No employees during the grant year had training in the following required areas: Computer-based GED Official Practice Test (OPT); KYAE's professional development tracking system (PDtrack); and KYAE Introduction to Tests of Adult Basic Education (TABE).	N/A

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RESULTS AND RECOMMENDATIONS

FINANCIAL REPORTING AND COMPLIANCE

Scope and Methodology

The KYAE-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 KYAE-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 KYAE-10 Expenditure Reports.

Findings

No exceptions were 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 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, 2006 and June 30, 2007.

Findings

Proper file maintenance and accurate data entry is important to support and document the success of a provider in meeting eligibility requirements. Programs are to maintain assessment forms on file for three years. Any achievement or completion of goals should be documented. Providers are required to retain records to support participant data submitted electronically in AERIN. The following exceptions were noted for the Adult Education Grant:

- Three participant files did not contain evidence of an approved formal assessment.
- Three participant files did not contain evidence to support that goals were met as reported in AERIN.
- Two participant files could not be located.

Participants aged 16 to 18 years must provide official documentation of withdrawal from school in order to be eligible. Three participant files did not contain an applicable withdrawal statement.

All participants should be separated from the program if there has not been activity in the adult education program for 90 consecutive days. One participant's file did not contain evidence of separation due to no activity for 90 consecutive days.

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For Family Literacy participants, the provider should document Parent Time and Parent and Child Time activities. In addition, KYAE requires that Family Literacy services contain a child education component and the provider should document the child's education progress on a form that is signed by parent/guardian, teacher, medical or social work professional and maintain this form in the participant's file. One Family Literacy participant's file did not contain documentation to support their involvement in Parent Time and Parent and Child Time activities, or evidence concerning the child's educational progress.

Recommendations

We recommend that the provider ensure all participant files contain the necessary documentation to support compliance with applicable policies and procedures. All assessments and any achievement of goals/objectives should be documented and maintained. If the participant is between 16 and 18 years of age, official documentation of their withdrawal from school should be included in their file. A standard separation form should be used to document the separation of participants that have not participated in the adult education program for 90 consecutive days. 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.

For Family Literacy, we recommend that a participant's file contain evidence to document that instruction in parenting skills and planned interaction between parents and their children have been provided. The children's educational progress should be documented to facilitate developmentally appropriate educational activities.

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.]

An over zealous volunteer shredded records or files "A up to "CL" before she was stopped. Therefore the exceptions that fall into that part of the alphabet are not available. In the family literacy program, one student attended parenting classes only and did not want to participate in the Family Literacy program. Another student left the program before her child was old enough to follow-up at 48 months. One student did not have custody of her children so was not qualified to request or receive this information.

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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. Documentation of hours worked was 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 that each program have personnel trained in specific areas. However, no employees during the grant year had training in the following required areas:

- Computer-based GED Official Practice Test (OPT);
- PDtrack; and
- KYAE Introduction to TABE.

Recommendations

We recommend compliance with the professional development requirement that each program have personnel trained in specified areas.

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.]

In the time since the audit two staff members attended the TABE Administration and OPT administration trainings. These were on May 9, 2008 and on June 9, 2008 in Mount Sterling, KY.

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PURCHASING/EXPENDITURE COMPLIANCE

Scope and Methodology

A sample of 8 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, 2006 and June 30, 2007.

Findings

No exceptions were noted.

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 25% of the total professional development expenditures, was selected judgmentally from the detailed general ledger.

Findings

No exceptions were noted.

INTERNAL CONTROLS RELATING TO GRANT

Scope and Methodology

Newport Independent 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 were noted.