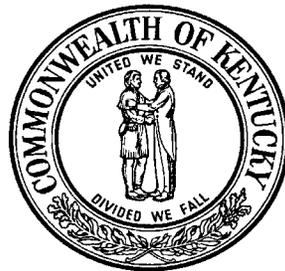


**CHRISTIAN COUNTY BOARD OF EDUCATION'S
ADMINISTRATION OF ADULT EDUCATION GRANTS
FROM THE COUNCIL ON POSTSECONDARY
EDUCATION AND KENTUCKY ADULT EDUCATION**

**For The Period
July 1, 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

Dr. Bob Lovingood, Superintendent
Christian County Board of Education
200 Glass Avenue
Hopkinsville, KY 42240

Re: Adult Education Grants

Dear Ms. Hawker and Dr. Lovingood:

This report contains the results of the performance audit of Christian County Board of Education's administration of the adult education grants 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, appearing to read "Crit Luallen".

Crit Luallen
Auditor of Public Accounts



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**CHRISTIAN COUNTY 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 and Kentucky Adult Education (KYAE) selected the Christian County Board of Education (local provider) for a limited scope performance audit of its administration of the Adult Education Grant for Christian County. The audit scope also included the provider's English Literacy/Civics (EL/Civics) Grant and the Workplace Essential Skills (WES) Grant to provide training for Fort Campbell. An on-site review was conducted May 14, 2008 through May 15, 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:

ADULT EDUCATION GRANT	Disallowed Costs
The financial records were \$472.41 less than the amount requested for reimbursement on the KYAE-10 Expenditure Reports because one expenditure was not entered into the accounting system until July 09, 2007. This is not a disallowed cost but an accounting error that could inflate the expenditures for the grant year ending June 30, 2008.	N/A
Four participant files did not contain evidence of an approved formal assessment.	N/A

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Two participant files did not contain an applicable withdrawal statement.	N/A
One of the expenditures reviewed was for meal reimbursements of \$11.22 that lacked evidence of an overnight stay.	\$11.22
EL/CIVICS GRANT	
Five participant files did not contain evidence of an approved formal assessment.	N/A
One participant file did not contain evidence to support that goals were met as reported in AERIN.	N/A
WES GRANT	
None	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

For the Adult Education Grant, the Provider's financial records were \$472.41 less than the amount requested for reimbursement on the KYAE-10 Expenditure Reports. This was due to an expenditure that was not entered into the accounting system until July 09, 2007, even though the items had been received and the provider had incurred the expense. Therefore, this is not a disallowed cost but an accounting error that could inflate the expenditures for the grant year ending June 30, 2008.

Recommendations

We recommend that expenditures be recorded in the accounting system during the grant period in which it was incurred. Adjustments should be made to ensure that this amount is not reimbursed twice by KYAE. The financial records for the grant year ending June 30, 2008, should not include this expenditure.

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.]

Since this expense was for an order that arrived prior to June 30th, and the PO documented that, it was our understanding that KYAE policy allowed for the bill being paid in July, which was done. A copy of this document, including the final July trial balance summary, was given to the auditors while they were here and should be in our file. Therefore, this correction was supplied on the July 2007 print out.

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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 68 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 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. Any achievement or completion of goals should be documented. Programs are to maintain assessment forms on file for three years. Providers are required to retain records to support participant data submitted electronically in AERIN. The following exceptions were noted for the Adult Education Grant:

- Four participant files did not contain evidence of an approved formal assessment.
- Two participant files did not contain an applicable withdrawal statement.

The following exceptions were noted for the EL/Civics Grant:

- Five participant files did not contain evidence of an approved formal assessment.
- One participant file did not contain evidence to support that goals were met as reported in AERIN.

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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. 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. 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.]

For the Adult Education Grant:

- One participant was originally tested on 6/29/06, and the original test instrument was in his 2005-06 folder. Only his scantron diagnostic score sheet was included when the FY 06-07 program year folder was established. It is policy that students can be enrolled from a last quarter test from the prior year, and his enrollment date for 06-07 was 7/26/06, with the June test being used as his entry-level test. The other 3 students were all in the corrections class (code 10). They were originally TABE tested by the part-time teacher at the jail who does TABE assessment and remediation only. When they started the GED class, the GED teacher failed to secure the original answer sheets and only included the diagnostic score sheets in their program 10 folders.
- Two participants were tested in the Christian County Jail and were enrolled in program code #26, which was corrections assessment only. They were brought into the testing situation by the jail trustees, and the teacher did not realize they were just 18 until after they had tested. They were not served any after this initial assessment, since they were told that we would have to secure their withdrawal from school information before being able to serve them. Had this situation occurred at our main learning center site, we would have been able to fax the schools involved and get the documentation. Our teacher at the jail got a little lax on this, as they were obviously not enrolled in school since they were in jail. This was an oversight, which we do try carefully to avoid.
- Plan of correction: All FY 2007-08 folders have been double-checked to ensure that all original answer sheets and withdrawal information are in the folders. This is the last year that Christian County Board of Education will be the fiscal agent.

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For the EL/Civics Grant:

- The EL/Civics classes were mainly off-site at the local St. John's and Sts. Peter & Paul churches. The part-time teacher submitted her roster of students with their pre-test (CASAS) results on it and another roster at the end of the year with her post-test (CASAS) results. These lists were in the student folders with that individual student's name and score highlighted. I failed to check to see if the EL/Civics teachers had submitted the original student test answer sheets at the end of the program year. When I realized they were missing, the teachers could not find all of their test sheets from the various locations. I failed to follow up on this in a timely manner.
- One participant's pre-test score on the CASAS was handwritten by the teacher on his Student Information Sheet. His post-test score was listed on the roster mentioned above. The reason he was not on the original pre-test roster was that he was not tested with the rest of the group. His original answer sheets were among those that were misplaced. Again, I should have been more conscientious in double-checking the EL/Civics students folders to ensure that the teachers had submitted all of the proper documentation.
- Now that this has been brought to my attention, we have double-checked the 2007-08 EL/Civics folders to ensure that they do have the proper documentation. This is the last year that the Christian County Board of Education will be the fiscal agent.

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PAYROLL AND STAFF REQUIREMENTS

Scope and Methodology

A sample of 17 payroll disbursements, representing 8% 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. 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

No exceptions were noted in this area for any of the reviewed grants.

PURCHASING/EXPENDITURE COMPLIANCE

Scope and Methodology

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. A sample of participant was selected from the detailed ledger for each of the Adult Education Grants as follows:

- For the Adult Education Grant, a sample of 14 expenditures, representing 23% of the total purchases.
- For the English Literacy/Civics Grant, a sample of 1 expenditure, representing 23% of the total purchases.
- For the Workplace Essential Skills Grant, a sample of 1 expenditure, representing 23% of the total purchases.

Findings

No exceptions were noted in this area for any of the reviewed grants.

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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 6 expenditures, representing 20% 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

According to the Christian County Board of Education's travel policy, meal reimbursements require an overnight stay. One of the expenditures sampled was for meal reimbursements of \$11.22 that lacked evidence of an overnight stay.

Recommendations

We recommend the Provider review and comply with the policies established by KYAE and the Christian County Board of Education concerning meal reimbursements.

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.]

This was an oversight. The amount that was improperly reimbursed was \$11.22. We will repay.

Plan of Correction: All reimbursements for FY 2007-2008 have been double-checked to ensure that there are no discrepancies for this year. This is the last year that the Christian County Board of Education will serve as fiscal agent for the KYAE grants.

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INTERNAL CONTROLS RELATING TO GRANT

Scope and Methodology

Christian County 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.