

**WEST KENTUCKY EDUCATIONAL COOPERATIVE'S  
ADMINISTRATION OF CALLOWAY COUNTY'S ADULT  
EDUCATION GRANTS FROM THE COUNCIL ON  
POSTSECONDARY EDUCATION AND KENTUCKY  
ADULT EDUCATION**

**For The Period  
July 1, 2007 Through June 30, 2008**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
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CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS

July 30, 2009

Reecie Stagnolia, Interim Vice President  
Kentucky Adult Education  
Council on Postsecondary Education  
1024 Capital Center Drive, Suite 250  
Frankfort, KY 40601

John Settle, Executive Director  
West Kentucky Educational Cooperative  
420 Wells Hall  
Murray, KY 42071

Re: Adult Education Grants

Dear Mr. Stagnolia and Mr. Settle:

This report contains the results of the performance audit of West Kentucky Educational Cooperative's administration of the Calloway County adult education grant for the fiscal year (FY) ending June 30, 2008. The Council on Postsecondary Education and Kentucky Adult Education contracted with us to conduct performance audits of selected local adult education programs. This report represents our findings, recommendations, and the program'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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**EXECUTIVE SUMMARY**

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**PURPOSE AND SCOPE**

The Council on Postsecondary Education (CPE) and Kentucky Adult Education (KYAE) selected the Calloway County adult education program for a limited scope performance audit of its adult education grant. The West Kentucky Educational Cooperative is responsible for the administration of this grant. An on-site review was conducted May 5, 2009 through May 8, 2009, to address the following objectives:

- Determine whether local programs' expenditures and costs comply with the terms of their grant agreement and reconcile to invoices submitted.
- Reconcile student and faculty data electronically submitted to KYAE through the Adult Education Reporting Information Network (AERIN).
- Determine whether the local program's professional development activities comply with the FY 2007-2008 professional development policies and procedures manual.
- 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 program's grant proposal and final agreement with KYAE. During the on-site review, the audit team reviewed the program's accounting records (trial balance/general ledger), interviewed program administrators regarding internal controls related to the above grants, and tested samples of expenditure documentation, participant files, and personnel files for compliance with applicable requirements.

Below is the summary of findings:

**FINDINGS SUMMARY**

<b>FINDING</b>	<b>Disallowed Costs</b>
One participant file did not contain an applicable withdrawal statement.	N/A
One participant file did not contain evidence of an approved formal assessment.	N/A
Two participant files did not have evidence to fully support the attendance hours recorded in AERIN.	N/A

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**RESULTS AND RECOMMENDATIONS**

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**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 program's reimbursements complied with the approved budget.

The KYAE-10 Expenditure Reports were then compared to the program's internally generated financial records. This comparison was used to determine whether the program'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 53 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.
- Other requirements were tested based upon the applicable program requirements.

The participants tested received services during the period of July 1, 2007 and June 30, 2008.

**Findings**

Proper file maintenance and accurate data entry is important to support and document participant data submitted electronically in AERIN. Programs are to maintain assessment forms on file for three years. The following exceptions were noted:

- One participant file did not contain an applicable withdrawal statement.
- One participant file did not contain evidence of an approved formal assessment.
- Two participant files did not have evidence to fully support the attendance hours recorded in AERIN.

**Recommendations**

We recommend the program 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. The person entering participant data should require documentation for any data entry performed on a participant and any deficiencies should be reported to the program director.

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**Program Response – [A draft report was provided to program management to request their comments and any planned corrective actions related to the finding. Program management was given a reasonable amount of time to adequately respond to this request.]**

This student was from another county and retested in one GED subject only. His withdrawal form would have to be on file with the original GED testing center per KY testing regulations. There was a copy of his previous GED test scores and the OPT for the one subject area only in his student file. (This addresses the first two bullets.)

(For the second bullets:) The first participant had an Attendance Tracker printout in the front of her file. The hours match what is in AERIN. The second participant did not have an Attendance Tracker printout, but the hours were reflected on her student activity log and they do match AERIN. Attendance Tracker is our private software that we developed to track attendance. There is no KYAE regulation stating we must use this program. We do have hours also tracked on student activity logs and this should also suffice as evidence supporting hours reported in AERIN.

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**PAYROLL AND STAFF REQUIREMENTS**

**Scope and Methodology**

A sample of payroll disbursements was judgmentally selected for 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 submitted to KYAE through AERIN.

**Findings**

No exceptions were noted.

**PURCHASING/EXPENDITURE COMPLIANCE**

**Scope and Methodology**

A sample of 15 expenditures, representing approximately 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, 2007 and June 30, 2008.

**Findings**

No exceptions were noted.

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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 8 expenditures, representing over 20% 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**

West Kentucky Educational Cooperative's fiscal administrator was given an Internal Control Questionnaire regarding the controls in place for expenditures, bank reconciliations, revenue, and payroll. The questionnaire was completed by the fiscal administrator and reviewed for any significant control deficiencies.

**Findings**

No significant control deficiencies were noted.