

**LOGAN 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, 2004 Through June 30, 2005**



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CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

July 7, 2006

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

Marshall Kemp, Superintendent
Logan County Board of Education
2222 Bowling Green Road
Russellville, KY 42276

Re: Adult Education Grants

Dear Mr. Stagnolia and Mr. Kemp:

This report contains the results of the performance audit of Logan County Board of Education's administration of the Adult Education Grant for the fiscal year ending June 30, 2005. 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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EXECUTIVE SUMMARY

PURPOSE AND SCOPE

The Council on Postsecondary Education and Kentucky Adult Education (KYAE) selected the Logan County Board of Education (local provider) for a limited scope performance audit of its administration of the Adult Education Grant for Logan County. An on-site review was conducted on April 10, 2006 through April 11, 2006 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 the local provider's 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 contain an applicable withdrawn statement.	N/A
Twenty (20) participant files did not contain evidence to support that goals were met as reported to KYAE.	N/A
Seven (7) participant files did not contain evidence of a formal assessment when applicable.	N/A
The goal/functioning level information in seven (7) participant files was not reported accurately to KYAE.	N/A
Three (3) participant files did not contain evidence to support the hours recorded in AERIN.	N/A
Eight (8) participants enrolled in Program Type 9, did not have evidence on file documenting an association with an employer or employment service.	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 amounts 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

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.
- Agreed the establishment and achievement of goals/objectives to the information 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, 2004 and June 30, 2005.

Findings

Proper file maintenance and accurate data entry are important to support and document the success of a provider in meeting eligibility requirements and goal achievement. CPE and KYAE require that providers administer the initial assessment at orientation, or within a short period thereafter, and shall use the lowest test score in a subject area to determine a learner's entry level and eligibility. Any achievement or completion of goals should be documented. Programs are to maintain assessment forms on file for three years.

The following exceptions were noted:

- One (1) participant's file did not contain an applicable withdrawn statement.
- Twenty (20) participant files did not contain evidence to support that goals were met as reported to KYAE.
- Seven (7) participant files did not contain evidence of a formal assessment when applicable.
- The goal/functioning level information in seven (7) participant files was not reported accurately to KYAE.
- Three (3) participant files did not contain evidence to support the hours recorded in AERIN.
- Eight (8) participants enrolled in Workbased Skills or ESL, Program Type 9, did not have evidence on file documenting an association with an employer or employment service.

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Recommendations

We recommend the Provider create a checklist for participant files to facilitate a periodic review of the contents to ensure that the required documentation is being maintained. This checklist should contain the different requirements for the different program types. 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. Appropriate goals should be established, documented, and accurately reported to KYAE. 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.

Provider Response – [This is the response provided by management when their views and planned corrective actions were requested. The Provider was given a reasonable amount of time to adequately respond to this request.]

Program will adapt the grant participant file suggested in audit results. A form will be implemented July 1 beginning July 1 2006. When a student has been enrolled, this form will be placed in their file. Due to a lack of funds and a centralized facility (services not under one roof) it is not feasible to have one data entry person. Family Literacy Coordinator, ABE/GED Coordinator, and Program Manager will continue to enter data while monitoring student progress. Data entry staff will meet quarterly and compare goals in student file to tracking system.

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PAYROLL AND STAFF REQUIREMENTS

Scope and Methodology

A sample of six (6) payroll disbursements, representing 20% 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 and had completed an Individual Professional Development Plan if applicable. 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 electronic staff listing per AERIN for fiscal year (FY) 2005.

Findings

No exceptions noted.

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PURCHASING/EXPENDITURE COMPLIANCE

Scope and Methodology

A sample of four (4) expenditures, representing over 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, 2004 and June 30, 2005.

Findings

No exceptions 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 four (4) expenditures, representing over 20% 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

Logan 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 noted.

