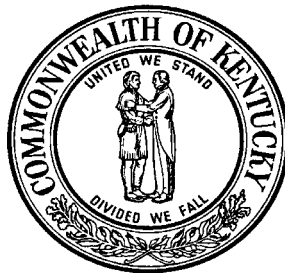


**BLUEGRASS COMMUNITY AND TECHNICAL  
COLLEGE'S ADMINISTRATION OF FAYETTE  
COUNTY'S ADULT EDUCATION GRANTS FROM THE  
COUNCIL ON POSTSECONDARY EDUCATION AND  
KENTUCKY ADULT EDUCATION**

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



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
[www.auditor.ky.gov](http://www.auditor.ky.gov)**

**105 SEA HERO ROAD, SUITE 2  
FRANKFORT, KY 40601-5404  
TELEPHONE (502) 573-0050  
FACSIMILE (502) 573-0067**





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

Jim Kerley, President  
Bluegrass Community and Technical College  
470 Cooper Drive  
Lexington, KY 40506-0235

Re: Adult Education Grants

Dear Ms. Hawker and Mr. Kerley:

This report contains the results of the performance audit of Bluegrass Community and Technical College's administration of Fayette 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, appearing to read "Crit Luallen".

Crit Luallen  
Auditor of Public Accounts





## TABLE OF CONTENTS

	PAGE
<b>EXECUTIVE SUMMARY.....</b>	<b>1</b>
<b>RESULTS AND RECOMMENDATIONS .....</b>	<b>3</b>
<b>FINANCIAL REPORTING AND COMPLIANCE .....</b>	<b>3</b>
<b>PARTICIPANT ELIGIBILITY AND RECORD KEEPING.....</b>	<b>4</b>
<b>PAYROLL AND STAFF REQUIREMENTS.....</b>	<b>6</b>
<b>PURCHASING/EXPENDITURE COMPLIANCE.....</b>	<b>7</b>
<b>PROFESSIONAL DEVELOPMENT REIMBURSEMENT COMPLIANCE .....</b>	<b>8</b>
<b>INTERNAL CONTROLS RELATING TO GRANT .....</b>	<b>9</b>



**BLUEGRASS COMMUNITY AND TECHNICAL COLLEGE'S  
ADMINISTRATION OF FAYETTE 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 Bluegrass Community and Technical College (local provider) for a limited scope performance audit of its administration of the Adult Education Grant for Fayette County. The audit scope also included the provider's English Literacy/Civics Grant with KYAE. An on-site review was conducted on March 21, 2007 through March 23, 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**

<b>FINDING</b>	<b>Disallowed Costs</b>
Six (6) participants had zero (0) hours of attendance recorded in AERIN. These were participants within program types required to report attendance hours.	N/A
Five (5) participants' attendance documentation did not support the recorded attendance hours in AERIN.	N/A
Two (2) participant files did not contain evidence to support the achievement of goals as recorded in AERIN.	N/A
Two (2) participant files did not document their age. Unable to verify if the participant files needed to contain an applicable withdrawn statement.	N/A

**BLUEGRASS COMMUNITY AND TECHNICAL COLLEGE'S  
ADMINISTRATION OF FAYETTE COUNTY'S ADULT EDUCATION GRANTS  
FROM THE COUNCIL ON POSTSECONDARY EDUCATION AND  
KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2006**

Two (2) participant files could not be located.	N/A
Three (3) participant files did not contain evidence of separation due to no contact for 90 consecutive days.	N/A
One (1) participant's file did not contain evidence of an approved formal assessment.	N/A
One (1) Family Literacy participant's file did not contain documentation to support their involvement in Parent Time and Parent and Child Time activities.	N/A
Two (2) employees did not have documentation to support the required level of professional development training.	N/A
Four (4) instructors did not have evidence of a bachelor's degree on file.	N/A



**BLUEGRASS COMMUNITY AND TECHNICAL COLLEGE'S  
ADMINISTRATION OF FAYETTE COUNTY'S ADULT EDUCATION GRANTS  
FROM THE COUNCIL ON POSTSECONDARY EDUCATION AND  
KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2006**

---

**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.

**BLUEGRASS COMMUNITY AND TECHNICAL COLLEGE'S  
ADMINISTRATION OF FAYETTE COUNTY'S ADULT EDUCATION GRANTS  
FROM THE COUNCIL ON POSTSECONDARY EDUCATION AND  
KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2006**

---

## **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 60 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:

- Six (6) participants had zero (0) hours of attendance recorded in AERIN. These were participants within program types required to report attendance hours.
- Five (5) participants' attendance documentation did not support the recorded attendance hours in AERIN.
- Two (2) participant files did not contain evidence to support the achievement of goals as recorded in AERIN.
- Two (2) participant files did not document their age. Unable to verify if the participant files needed to contain an applicable withdrawn statement.
- Two (2) participant files could not be located.
- Three (3) participant files did not contain evidence of separation due to no contact for 90 consecutive days.
- One (1) participant's file did not contain evidence of an approved formal assessment.
- One (1) Family Literacy participant's file did not contain documentation to support their involvement in Parent Time and Parent and Child Time activities.

**BLUEGRASS COMMUNITY AND TECHNICAL COLLEGE'S  
ADMINISTRATION OF FAYETTE COUNTY'S ADULT EDUCATION GRANTS  
FROM THE COUNCIL ON POSTSECONDARY EDUCATION AND  
KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2006**

---

**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. 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. Attendance hours should be accurately recorded in AERIN for all participants enrolled in program types 01, 07, 10, and 11.

**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 order to ensure that all new and existing AE faculty and staff are aware of the paperwork process and keep required documentation in each student's folder, the BCTC AE program is designing an AE training which will focus on assessment, paperwork, and KYAE policies. This orientation is being developed by veteran AE faculty and all new employees will be required to attend prior to entering the classroom. A shorter version will be given to existing employees. These same veteran employees will make regular site visits to do spot checks on student folders.

**BLUEGRASS COMMUNITY AND TECHNICAL COLLEGE'S  
ADMINISTRATION OF FAYETTE COUNTY'S ADULT EDUCATION GRANTS  
FROM THE COUNCIL ON POSTSECONDARY EDUCATION AND  
KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2006**

---

## **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. 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**

Two (2) employees did not have documentation to support the required level of professional development training.

CPE and KYAE require all instructors hired after July 1998 to have a bachelor's degree. There were four (4) instructors that did not have evidence of bachelor's degree on file.

### **Recommendations**

We recommend that staff receive at least the required number hours of professional development training and that this information is documented in the employee's file. The Program Director should obtain/maintain documentation of required credentials for all instructors.

**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.]**

Transcripts have been requested from all AE faculty that do not have one on file and a new policy has been put into place that no contracts will be forwarded to Human Resources without verification of a Bachelors degree.

A policy has been initiated and put into use during FY 2006-2007 that states if a PT AE instructor does not complete their required number of PDU's they will not have their contract renewed and if a FT AE instructor does not complete their required number of PDU's they will receive a written reprimand.

**BLUEGRASS COMMUNITY AND TECHNICAL COLLEGE'S  
ADMINISTRATION OF FAYETTE COUNTY'S ADULT EDUCATION GRANTS  
FROM THE COUNCIL ON POSTSECONDARY EDUCATION AND  
KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2006**

---

**PURCHASING/EXPENDITURE COMPLIANCE**

**Scope and Methodology**

A sample of 15 expenditures 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**

Preliminary exceptions have been resolved.

**BLUEGRASS COMMUNITY AND TECHNICAL COLLEGE'S  
ADMINISTRATION OF FAYETTE COUNTY'S ADULT EDUCATION GRANTS  
FROM THE COUNCIL ON POSTSECONDARY EDUCATION AND  
KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2006**

---

**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 11 expenditures, representing 22% of the total professional development expenditures, was selected judgmentally from the detailed general ledger.

**Findings**

No exceptions noted.

**BLUEGRASS COMMUNITY AND TECHNICAL COLLEGE'S  
ADMINISTRATION OF FAYETTE COUNTY'S ADULT EDUCATION GRANTS  
FROM THE COUNCIL ON POSTSECONDARY EDUCATION AND  
KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2006**

---

**INTERNAL CONTROLS RELATING TO GRANT**

**Scope and Methodology**

Bluegrass Community and Technical College's fiscal administrator for Fayette County's Adult Education Grants 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.