

**OFFICE FOR THE BLIND'S ADMINISTRATION OF AN
ADULT EDUCATION GRANT IN JEFFERSON COUNTY
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

Jerry Roberts
Office for the Blind
209 St. Clair Street
PO Box 757
Frankfort, KY 40602

Re: Adult Education Grants

Dear Ms. Hawker and Mr. Roberts:

This report contains the results of the performance audit of Office for the Blind's administration of an adult education grant in Jefferson County 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 black ink, appearing to read "Crit Luallen".

Crit Luallen
Auditor of Public Accounts



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**OFFICE FOR THE BLIND'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 Office for the Blind (local provider) for a limited scope performance audit of its administration of an adult education grant in Jefferson County. An on-site review was conducted May 21, 2008 through May 23, 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
One participant file did not support the attendance hours recorded in AERIN.	N/A
One instructor did not have a required Individual Professional Development Plan (IPDP) on file.	N/A
No employees during the grant year had training in the following required areas: Kentucky Adult Educators Literacy Institute (KAELI); 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
KYAE-10 Expenditure Reports are reviewed for accuracy, but the reconciliation of those reports to the provider's financial records is not reviewed by someone other than the preparer. This control weakness resulted in improper coding within the provider's financial records.	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

While there were some verbal comments and recommendations communicated to the provider during fieldwork, no reportable exceptions were noted.

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PARTICIPANT ELIGIBILITY AND RECORD KEEPING

Scope and Methodology

A total of 3 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

Providers are required to retain records to support participant data submitted electronically, as dictated by the program type. Information entered into AERIN should be supported by evidence maintained in the participant's file. The following exception was noted:

- One participant file did not support the attendance hours recorded in AERIN. The participant was enrolled in program type 01, which is required to report attendance hours.

Recommendations

We recommend that the provider ensure all participant files contain the necessary documentation to support compliance with applicable policies and procedures. Attendance hours recorded in AERIN should be documented and maintained for all participants enrolled in program types 01, 07, 10, and 11. Staff entering participant data should require complete documentation for any data entry performed on a participant and any file deficiencies should be reported to the Program Director.

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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.]

There was a period of time when our instructor, who has since retired, was not entering information regarding participants in a timely manner in the AERIN database. Information was entered but this untimely entering of required information resulted in the discrepancy noted above. Our new instructor is entering the required information into the AERIN database before the 10th of each month for the previous month as required by Kentucky Adult Education policy and procedure.

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PAYROLL AND STAFF REQUIREMENTS

Scope and Methodology

A sample of 4 payroll disbursements, representing 24% 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

CPE and KYAE require that instructors, instructor's aides, and program directors complete an annual IPDP by October 1 of each year. One instructor did not have an IPDP on file to document compliance with this requirement.

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:

- Kentucky Adult Educators Literacy Institute (KAELI);
- Computer-based GED Official Practice Test (OPT);
- PDtrack; and
- KYAE Introduction to TABE.

Recommendations

To focus on planning for professional learning and growth, we recommend that an IPDP be completed and in "active" status in KYAE's PDtrack by October 1 of the grant year. Additionally, we recommend compliance with the professional development requirement that each program have personnel trained in specified areas.

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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.]

The former instructor did not take many of the required Adult Education training courses nor have a training/professional development plan in place. We are committed to our new instructor having a training/professional training plan in place within 30 days and participating in required Kentucky Adult Education training courses. Toward that end, our new instructor has participated in Part 1 of the New Program Directors Orientation in January 2008 and is ready to be scheduled for part 2 of this Orientation when it is offered. Additionally, she is currently completing the KYAE 200: Orientation to Adult Education online course.

PURCHASING/EXPENDITURE COMPLIANCE

Scope and Methodology

A sample of 2 expenditures, representing 87% 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

Testing was not applicable for this grant because it did not include funding for Professional Development.

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INTERNAL CONTROLS RELATING TO GRANT

Scope and Methodology

Kentucky's Office for the Blind's fiscal administrator 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

According to the provider's responses to the Internal Control Questionnaire, the KYAE-10 Expenditure Reports are reviewed for accuracy but the reconciliation of those reports to the provider's financial records is not reviewed by someone other than the preparer. This control weakness resulted in improper coding within the provider's financial records, which are maintained on the statewide accounting system (eMARS). Payroll for two pay periods was coded to the incorrect activity code in eMARS and expenditures for "other instructional" purposes were not located in eMARS. The provider was able to supply supporting documentation for these expenditures.

Recommendations

We recommend the reconciliation of the KYAE-10 Expenditure Reports to the provider's financial records be reviewed for accuracy by someone other than the preparer of the KYAE-10 Expenditure Report.

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.]

The problem with the activity code on the timesheets was discovered prior to the audit and an e-mail directing proper coding was sent to the employees involved.

Expenditures for "other instructional" purposes have been located and the eMARS documents that created the expenses have been scanned and provided to the auditor. These documents were created at the Education Cabinet's Office of Budget and Administration. The expenses were coded as E328 "classroom supplies" and E399 "other" instead of E351 and E355 as requested on the invoices. Also, the activity code charged was 7500 for the McDowell Center instead of 7526 for the Adult Education Grant as requested.

In addition to reminding the employees to use proper coding for expenses, the program activity budget will be reviewed monthly by the employee assigned to the program as well as management to ensure expenses were charged as requested. If there is a change to the requested coding at the cabinet level, the reason for such a change will be requested by management and documented in the file.