GATEWAY COMMUNITY AND TECHNICAL COLLEGE'S ADMINISTRATION OF KENTON COUNTY'S ADULT EDUCATION GRANTS FROM THE COUNCIL ON POSTSECONDARY EDUCATION AND KENTUCKY ADULT EDUCATION

For The Period
July 1, 2006 Through June 30, 2007

July 31, 2008

Sarah Hawker, Vice President
Kentucky Adult Education
Council on Postsecondary Education
1024 Capital Center Drive, Suite 250
Frankfort, KY 40601

Dr. G. Edward Hughes, President and CEO
Gateway Community and Technical College
300 Buttermilk Pike, Suite 334
Ft. Mitchell, KY 41017

Re: Adult Education Grants

Dear Ms. Hawker and Dr. Hughes:

This report contains the results of the performance audit of Gateway Community and Technical College's administration of Kenton County's 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,

Crit Luallen
Auditor of Public Accounts

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AS OF JUNE 30, 2007**

EXECUTIVE SUMMARY

PURPOSE AND SCOPE

The Council on Postsecondary Education (CPE) and Kentucky Adult Education (KYAE) selected the Gateway Community and Technical College (local provider) for a limited scope performance audit of its administration of the Adult Education Grant for Kenton County. The audit scope also included the provider's English Literacy/Civics (EL/Civics) Grant with KYAE. An on-site review was conducted May 13, 2008 through May 14, 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
Six participant files did not support the attendance hours recorded in AERIN. The participants were enrolled in program type 01, which is required to report attendance hours.	N/A
One Family Literacy participant file did not contain documentation to verify responsibility of a child, support their involvement in Parent Time and Parent and Child Time activities, or evidence concerning the child's educational progress.	N/A
Two employees were not included on the electronic staff listing per AERIN for FY 2007.	N/A
One part-time employee's file did not have documentation to support the required level of professional development training.	N/A
One instructor did not have evidence of a bachelor's degree on file.	N/A
EL/CIVICS GRANT	
None	N/A

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

No exceptions were noted.

PARTICIPANT ELIGIBILITY AND RECORD KEEPING

Scope and Methodology

A total of 75 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 for the Adult Education Grant

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 exceptions were noted:

- Six participant files did not support the attendance hours recorded in AERIN. The participants were enrolled in program type 01, which is required to report attendance hours.

Family Literacy participants are required to have at least one child between the ages of birth and 18 years. For participants of the Family Literacy program, the program should document Parent Time and Parent and Child Time activities. In addition, KYAE requires that Family Literacy services contain a child education component and the provider should document the child's education progress on a form that is signed by parent/guardian, teacher, medical or social work professional and maintain this form in the participant's file. One Family Literacy participant file did not contain documentation to verify responsibility of a child, support their involvement in Parent Time and Parent and Child Time activities, or evidence concerning the child's educational progress.

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 documentation for any data entry performed on a participant and any file deficiencies should be reported to the Program Director.

For Family Literacy, we recommend that a participant's file contain evidence that supports their responsibility for a child. The file should document that instruction in parenting skills and planned interaction between parents and their children have been provided. The children's educational progress should be documented to facilitate developmentally appropriate educational activities.

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.]**

Data entry into AERIN is not always done at the site where students are actually being served. Therefore, some lapse in communication regarding hours may have occurred between the instructor and the data entry person. Although this error rate is very low, every effort will be made to input the correct data into AERIN.

Kenton County Adult Education did not operate a Family Literacy component during the 06-07 fiscal year. This participant was coded incorrectly in AERIN. The participant's file did include a confidential psychological report indicating that the participant did have a child that would have been eligible for services if Family Literacy was a component of the program. Every effort will be made to ensure that all participants are coded correctly.

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. 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 for the Adult Education Grant

CPE and KYAE rely on each provider to update its electronic staff listing to ensure complete and accurate information. Two employees were not included on the electronic staff listing per AERIN for FY 2007.

CPE and KYAE require part-time instructors obtain two hours of professional development training. One employee's file 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. One instructor did not have evidence of a bachelor's degree on file.

Recommendations

We recommend that staff information be entered accurately and completely in AERIN. The provider should ensure that the employee's status is listed as "active" in the information system. This should be done at the beginning of each year because during the close out period all staff are automatically coded as "inactive."

We recommend that instructors receive at least the required hours of professional development training and that this information is documented in the employee's file.

We recommend that the provider ensure that all instructors have the required credentials prior to hiring and that this information is obtained and maintained in the employee's file.

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.**]

1. Electronic Staff Listing:

Each year the part time data base employee at the direction of the program director electronically sends out the up-dated form for all staff to complete so that the program is in compliance with AERIN. While we recognize the fact that 2 employees did not complete the required form, we also note that they were extremely part time and did not have any responsibilities that required them to use the AERIN system. Every effort will be made in the future to ensure that all staff completes the required form and that our electronic staffing list will be up to date at all times.

2. Lack of professional development documentation:

We recognize that professional development documentation must be in every employee's file. This employee was very part time with our program and was also an adjunct instructor at Gateway Community and Technical College delivering developmental education classes. She did attend many of the symposiums and professional development opportunities provided by Gateway Community and Technical College. She did not enter these in PD Track as Self Directed Activities as required. Every effort will be made to ensure that all professional development training is documented in the file and in PD Track.

3. Lack of documentation concerning required credentials:

This individual was hired by a previous program director. We are making every attempt to obtain the proper documentation required. The individual has been out of the country for several months. Upon his return we will obtain the necessary documentation and forward it to you. In the future, all individuals will be hired according to the guidelines set forth by Gateway Community and Technical College and SACS. Each personnel folder will contain a resume, application for employment, and certified original college transcripts.

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, 2006 and June 30, 2007.

Findings

No exceptions were noted.

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 4 expenditures, representing 26% 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

Gateway Community and Technical College'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.