



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

May 15, 2023

Larry Ferguson, Ph. D., Acting President
KCTCS
300 North Main Street
Versailles, Kentucky 40383
Via Email: larry.ferguson@kctcs.edu

RE: Special Examination

Dear President Ferguson:

We have considered your request to conduct an examination of the Kentucky Community & Technical College System (KCTCS). Please accept this letter as notification that the Auditor of Public Accounts (APA) will open an engagement to conduct a special examination to review certain financial activity, policies, and procedures of the KCTCS' System Office. The special examination will primarily focus on the time period of July 1, 2020 through April 30, 2023 but may vary depending upon documentation and data available to review the concern. Additionally, at its discretion, the APA may expand the subject areas or duration of this examination to address high risk areas identified during our work.

Upon completion of the special examination, APA will issue a report describing any weaknesses or deficiencies identified and will offer recommendations to strengthen and improve KCTCS financial controls. KCTCS will have an opportunity to provide an initial response to the report and will be required by KRS 43.090 to provide a corrective action plan to the APA and the state legislature with sixty days of the report's release. The estimated period for completion of this engagement is dependent upon multiple factors, including timely receipt of requested information and cooperation from KCTCS management and staff.

Per KRS 43.050, the APA is required to bill for any expenses incurred for this type of engagement to the entity that is the subject of the examination. APA's current billing rate is \$84/hour, with charges based on actual hours worked and expenses incurred. A preliminary estimate of the cost based upon an initial workplan projection of the special examination will be \$67,200. This preliminary estimate is based on the expectation of complete and timely cooperation from KCTCS. If circumstances warrant a change in this estimate, we will notify you of the revised estimate and the basis for it.



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KRS 43.080 mandates that the APA has access to and may examine all KCTCS, “books, accounts, reports, vouchers, correspondence files, records, money and property” and that every KCTCS officer or employee having such records or property in his or her possession or under his or her control permit access to and examination of such upon the APA’s request. In that regard, our engagement will be conducted with the understanding that KCTCS management has a responsibility to provide the APA with:

- a. Access to all information that the APA may request for the purpose of the special examination.
- b. Unrestricted access to current and former KCTCS personnel from whom the APA determines it is necessary to obtain audit evidence.
- c. An audit liaison at KCTCS who can promptly provide requested documentation to the APA and answer questions.
- d. Suitable workspace and parking at KCTCS for APA auditors, as needed to conduct interviews of KCTCS staff, review documents, or perform other examination-related work.

The APA would like to conduct an entrance conference at the KCTCS System Office. Please contact me at your earliest convenience to discuss a mutually agreeable date and time. We appreciate your time and attention to this matter as well as the assistance you and your staff will provide during the course of our work. If you have any questions or concerns, please contact me, or Tiffany Welch, Executive Director, at 502-564-5841.

Sincerely,



Farrah Petter, CPA

Assistant Auditor of Public Accounts

- c: Pam Duncan, KCTCS General Counsel
Hannah Rivera, KCTCS Chief of Staff