

**BOWLING GREEN TECHNICAL COLLEGE'S ADMINISTRATION
OF WARREN COUNTY'S ADULT EDUCATION GRANTS
FROM THE COUNCIL ON POSTSECONDARY EDUCATION
AND KENTUCKY ADULT EDUCATION**

**For The Period
July 1, 2003 Through June 30, 2004**



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CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

July 8, 2005

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

Nathan L. Hodges, President
Bowling Green Technical College
1845 Loop Drive
Bowling Green, KY 42101

Re: Adult Education Grants

Dear Mr. Stagnolia and Dr. Hodges:

This report contains the results of the performance audit of Bowling Green Technical College's administration of Warren County's Adult Education Grant for the fiscal year ending June 30, 2004. 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



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BOWLING GREEN TECHNICAL COLLEGE'S ADMINISTRATION OF ADULT EDUCATION GRANTS FROM THE COUNCIL ON POSTSECONDARY EDUCATION AND KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2004

EXECUTIVE SUMMARY

PURPOSE AND SCOPE

The Council on Postsecondary Education and Kentucky Adult Education (KYAE) selected the Bowling Green Technical College (local provider) for a limited scope performance audit of its administration of the Adult Education and Family Literacy Grant for Warren County. An on-site review was conducted on April 11 through April 14, 2005 to address the following objectives:

- Reconcile student and faculty data electronically submitted to Adult Education 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

FINDING	Disallowed Costs
Two (2) participant files did not contain an applicable withdrawn statement.	N/A
Six (6) participant files contained goal-related information that did not agree with the electronic information reported to KYAE.	N/A
One (1) participant's file did not contain evidence of an initial formal assessment.	N/A
One (1) participant's file did not contain evidence that a goal was set, when applicable.	N/A
One (1) participant's file did not contain evidence to support that goals were met.	N/A

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Two (2) participants met the goal of post-secondary education/training but there was no evidence of follow-up correspondence.	N/A
Six (6) employees did not have documentation to support the required level of professional development training.	N/A
KYAE was not informed in writing of site openings and/or closings.	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, 2003 and June 30, 2004.

Findings

Proper file maintenance and accurate data entry is 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. Programs are to maintain assessment forms on file for three years. The following exceptions were noted:

- Two (2) participant files did not contain an applicable withdrawn statement.
- Six (6) participant files contained goal-related information that did not agree with the electronic information reported to KYAE.
- One (1) participant's file did not contain evidence of an initial formal assessment.
- One (1) participant's file did not contain evidence that a goal was set, when applicable.
- One (1) participant's file did not contain evidence to support that goals were met.
- Two (2) participants met the goal of post-secondary education/training but there was no evidence of follow-up correspondence.

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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 for all participants. All initial 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. 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

Each instructor establishes goals, set by the students, during the initial orientation. Each time the student reaches a goal; the instructor will document it in the student's folder.

We will hire a full time clerk. Their primary responsibility will be data-entry; which will provide consistency with the information reported to AERIN.

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PAYROLL AND STAFF REQUIREMENTS

Scope and Methodology

A sample of 15 payroll disbursements, representing 9% 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 staff listing information reported to KYAE.

Findings

CPE and KYAE require all part-time instructors to obtain six hours of professional development training. There were six (6) employees that did not have documentation to support the required level of professional development training.

Recommendations

We recommend that all part-time employees receive at least 6 hours of professional development training and that this information is documented in the employee's file.

Provider Response

Each part time employee will fill out an Individual Professional Development Plan. All new part time employees hired in the future will be given an IPDP to fill out. Each employee's file will be reviewed for compliance semi-annually.

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PURCHASING/EXPENDITURE COMPLIANCE

Scope and Methodology

A sample of 8 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, 2003 and June 30, 2004.

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 2 expenditures, representing 21% 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

Bowling Green Technical College's 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.

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MISCELLANEOUS FINDINGS

Findings

The provider did not update the number of sites that were operational throughout the year. The provider's grant proposal included seven sites in operation; however, an additional site was opened during the fiscal year. This information was not reported to KYAE within the required ten (10) days.

Recommendations

We recommend that any site openings and/or closings are reported to KYAE in writing within ten (10) days of the event to ensure that KYAE is aware of the provider's operation sites.

Provider Response

A list of sites that we presently provide services for will be sent to Frankfort for approval and in the future when a request to provide Adult Education and Family Literacy services at a new location; the new request will be forwarded to Frankfort for approval.

