

**CLINTON COUNTY BOARD OF EDUCATION'S  
ADMINISTRATION OF ADULT EDUCATION GRANTS  
FROM THE COUNCIL ON POSTSECONDARY  
EDUCATION AND KENTUCKY ADULT EDUCATION**

**For The Period  
July 1, 2004 Through June 30, 2005**



**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

July 7, 2006

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

Mickey McFall, Superintendent  
Clinton County Board of Education  
Rt. 4 Box 100  
Albany, KY 42602

Re: Adult Education Grants

Dear Mr. Stagnolia and Mr. McFall:

This report contains the results of the performance audit of Clinton County Board of Education's administration of the Adult Education Grant for the fiscal year ending June 30, 2005. 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,

Crit Luallen  
Auditor of Public Accounts





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**CLINTON COUNTY BOARD OF EDUCATION'S ADMINISTRATION OF  
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**EXECUTIVE SUMMARY**

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**PURPOSE AND SCOPE**

The Council on Postsecondary Education and Kentucky Adult Education (KYAE) selected the Clinton County Board of Education (local provider) for a limited scope performance audit of its administration of the Adult Education Grant for Clinton County. An on-site review was conducted April 18, 2006 through April 20, 2006, 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 the local provider's 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>
Twelve (12) participant files showed evidence of goal(s) different than what was reported to AERIN.	N/A
Two (2) participant files did not include evidence of an approved formal assessment.	N/A
One (1) participant file had no evidence to support the hours recorded in AERIN.	N/A
One (1) of the timesheets sampled did not have evidence of supervisor approval.	N/A
Two (2) employees were not included on the electronic staff listing per AERIN for FY 2005.	N/A
Two desktop computers (total cost \$1210.00) were purchased but not recorded as inventory.	N/A

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**RESULTS AND RECOMMENDATIONS**

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**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 forty-four (44) 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, 2004 and June 30, 2005.

**Findings**

Proper file maintenance and accurate data entry are important to support and document the success of a provider in meeting eligibility requirements and goal achievement. The following exceptions were noted:

- Twelve (12) participant files showed evidence of goal(s) different than what was reported to AERIN.
- Two (2) participant files did not include evidence of an approved formal assessment.
- One (1) participant file had no evidence to support the hours recorded in AERIN.

**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. The Provider should ensure that this checklist contains the different requirements for the different program types. Any achievement of goals/objectives should be documented and maintained. 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.

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**Provider Response – [This is the response provided by management 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 the instances of goals inadvertently being coded incorrectly or not entered at all, the program had only one person entering data and this was an oversight because of the data person also being an instructor had no extra time to double check entries. It was difficult for her to double-check every entry and maintain her other job responsibilities.

Goal forms should have been revised to match the updated goals in AERIN. Currently, staff are working to update the goal form to add to new student folders. For FY07, the director will double-check data on a regular basis.

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**PAYROLL AND STAFF REQUIREMENTS**

**Scope and Methodology**

A sample of ten (10) payroll disbursements, representing over 20% 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 electronic staff listing per AERIN for fiscal year (FY) 2005.

**Findings**

CPE and KYAE require all grant personnel to maintain supervisor-approved timesheets to support the hours charged for reimbursement. One (1) of the timesheets sampled did not have evidence of supervisor approval.

CPE and KYAE rely on each provider to update its electronic staff listing to ensure complete and accurate information. Two (2) employees were not included on the electronic staff listing per AERIN for FY 2005.

**Recommendations**

All individuals being paid in part or whole by KYAE grant funds should have a timesheet or other form of documentation that includes the number of hours worked, the grant to which time was charged, and the signatures of both the employee and his/her supervisor. The use of timesheets would establish accountability and support the hours reported to KYAE.

We recommend that staff information be entered accurately and completely in KYAE's electronic information system (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."

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**Provider Response – [This is the response provided by management 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 regards to the timesheet having not been signed, the program makes certain that timesheets are signed by a supervisor before being turned in to the central office. This mishap was due to copies being made for our records before the supervisor signed the original timesheet. Copies signed by the supervisor are kept on file at the board of education central office. In FY '06, the program has ensured that copies are made after the supervisor signs the original.

One of the two instructors who had not been entered into AERIN did not enter data for Family Literacy, so the program was unaware that she had to be added into the data system. From now on, all staff will be entered into AERIN. The program was also unaware that she was not on the staff list because she is listed on the monthly TS1 that is submitted to CPE.

The Program Director was also unaware that the other part-time instructor not entered into AERIN had to be added to the staff list. She was also listed on the monthly TS1 that is submitted to CPE. We were unaware of adding her to the list because she was doing an additional instruction on a contractual basis.

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**PURCHASING/EXPENDITURE COMPLIANCE**

**Scope and Methodology**

A sample of two (2) expenditures, representing over 20% 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, 2004 and June 30, 2005.

**Findings**

CPE and KYAE require an annual Inventory Report listing non-consumable items with a useful life greater than one year. Two desktop computers (total cost \$1210.00) were purchased but not recorded as inventory. The auditor did observe staff adding the information to the inventory list.

**Recommendations**

We recommend that an accurate listing of inventory should be maintained and submitted to KYAE. The local provider should review inventory records periodically to verify agreement with the inventory reported to KYAE.

**Provider Response – [This is the response provided by management when their views and planned corrective actions were requested. The Provider was given a reasonable amount of time to adequately respond to this request.]**

As shown, the computers were added to the inventory list at a later date. In the future, all required inventory items will be added at the time of delivery and a new updated sheet will be forwarded to KYAE at the end of the month when added. Inventory sheets will be periodically checked by at least two staff members to ensure that no items are left off.

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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 two (2) expenditures, representing over 20% 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**

Clinton County Board of Education'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 noted.