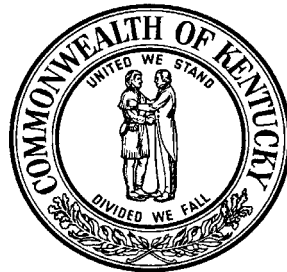


**METCALFE COUNTY BOARD OF EDUCATION'S  
ADMINISTRATION OF ADULT EDUCATION GRANTS  
FROM THE COUNCIL ON POSTSECONDARY  
EDUCATION AND KENTUCKY ADULT EDUCATION**

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



**CRIT LUALLEN  
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CRIT LUAllen  
AUDITOR OF PUBLIC ACCOUNTS

July 6, 2006

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

Patricia Hurt, Superintendent  
Metcalf County Board of Education  
1007 West Stockton Street  
Edmonton, KY 42129

Re: Adult Education Grants

Dear Mr. Stagnolia and Ms. Hurt:

This report contains the results of the performance audit of Metcalfe 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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**METCALFE COUNTY BOARD OF EDUCATION'S ADMINISTRATION OF  
ADULT EDUCATION GRANTS FROM THE COUNCIL ON POSTSECONDARY  
EDUCATION AND KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2005**

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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 Metcalfe County Board of Education (local provider) for a limited scope performance audit of its administration of the Adult Education Grant for Marshall County. An on-site review was conducted April 4-5, 2006 through April 11, 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>
Two (2) employee files did not have documentation to support the required level of professional development training.	N/A

**METCALFE COUNTY BOARD OF EDUCATION'S ADMINISTRATION OF  
ADULT EDUCATION GRANTS FROM THE COUNCIL ON POSTSECONDARY  
EDUCATION AND KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2005**

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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.



**METCALFE COUNTY BOARD OF EDUCATION'S ADMINISTRATION OF  
ADULT EDUCATION GRANTS FROM THE COUNCIL ON POSTSECONDARY  
EDUCATION AND KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2005**

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**PARTICIPANT ELIGIBILITY AND RECORD KEEPING**

**Scope and Methodology**

A total of forty-two (42) 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**

No exceptions noted.

**METCALFE COUNTY BOARD OF EDUCATION'S ADMINISTRATION OF  
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**PAYROLL AND STAFF REQUIREMENTS**

**Scope and Methodology**

A sample of eight (8) payroll disbursements, representing 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 full-time instructors to obtain eighteen hours of professional development training. There were two (2) employee files that did not have documentation to support the required level of professional development training.

**Recommendations**

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

**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.]**

Due to the illness of the Supervisor, the Supervisor and one assistant did not receive all of their professional development. This was not known until the end of the year; when it was discovered, KYAE and the county Superintendent were informed. This is the first time in twenty years that this has happened. If the Supervisor had not had heart surgery it would not have happened. With the new reporting system working, I will keep monthly checks on the PD units of all employees.

**METCALFE COUNTY BOARD OF EDUCATION'S ADMINISTRATION OF  
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**PURCHASING/EXPENDITURE COMPLIANCE**

**Scope and Methodology**

A sample of three (3) 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**

No exceptions noted.

**METCALFE COUNTY BOARD OF EDUCATION'S ADMINISTRATION OF  
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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 five (5) expenditures, representing over 20% of the total professional development expenditures, was selected judgmentally from the detailed general ledger.

**Findings**

No exceptions noted.

**METCALFE COUNTY BOARD OF EDUCATION'S ADMINISTRATION OF  
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**INTERNAL CONTROLS RELATING TO GRANT**

**Scope and Methodology**

Metcalf 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.