

**SCOTT 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 13, 2006

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

Dallas Blankenship, Superintendent  
Scott County Board of Education  
2168 Frankfort Pike  
Georgetown, KY 40324

Re: Adult Education Grants

Dear Mr. Stagnolia and Dr. Blankenship:

This report contains the results of the performance audit of Scott 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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**EXECUTIVE SUMMARY**

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**PURPOSE AND SCOPE**

The Council on Postsecondary Education and Kentucky Adult Education (KYAE) selected the Scott County Board of Education (local provider) for a limited scope performance audit of its administration of the Adult Education Grant for Scott County. An on-site review was conducted April 12 through April 14, 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>
The goals-related information in seven (7) participant files was not reported accurately to KYAE.	N/A
Four (4) participant files did not contain evidence to support that goals were met as reported to KYAE.	N/A
Two (2) employee files did not have documentation to support the required level of professional development training.	N/A
One (1) employee's file did not have documentation to support the required orientation training.	N/A
One (1) employee's timesheets did not document which grant/program should be charged.	N/A

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Four (4) employees were not included on the electronic staff listing per AERINs for FY 2005.	N/A
A copier and a MiniTower Pentium computer were left off the inventory list provided to the auditors.	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 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, 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. 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. Any achievement or completion of goals should be documented. Programs are to maintain assessment forms on file for three years.

The following exceptions were noted:

- The goals-related information in seven (7) participant files was not reported accurately to KYAE.
- Four (4) participant files did not contain evidence to support that goals were met as reported to KYAE.

**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

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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.

**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.]**

A new data entry process was started this year (September 2005) using only one data entry clerk. The program will continue to utilize this clerk and support the position with update training and any professional development activities associated with the AERIN system.

During monthly staff meetings, staff and director will pull random samples of folders for review. Focus will be on discrepancies or omissions in student folders. In addition, the director will sample folders and speak to individual instructors if the documentation does not match the data system.

In response to the first exceptions, goals were automatically set by AERINS based upon TABE testing and their function level, not on student goals.

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**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 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. Two (2) employee files did not have documentation to support the required level of professional development training.

CPE and KYAE require that all new instructors attend Orientation to Instruction and Curriculum within one year of employment. One (1) employee's file did not have documentation to support the required orientation training.

CPE and KYAE require that all KYAE-funded employees maintain documentation of hours worked. One (1) employee's timesheets did not document which grant/program should be charged.

CPE and KYAE rely on each provider to update its electronic staff listing to ensure complete and accurate information. Four (4) employees were not included on the electronic staff listing per AERINs for FY 2005.

**Recommendations**

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

We recommend that all new adult educators complete the Orientation to Instruction and Curriculum within one year of employment and that this information is documented in the employee's file.

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 and the grant

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to which time was charged. The use of timesheets should 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.

**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.]**

This year Scott County along with programs statewide implemented PD Track as a way to monitor all staff, their PD planning and to document activities as they are completed. This system will allow the director to track all staff and their PD plans. The director will edit and review PD Track entries bi-monthly.

Director will make appropriate changes on AERINS when staff changes occur. Bookkeeper will monitor staff updates during the end of month reporting and report changes to the director.

Timecards will be monitored by bookkeeper and checked by director to insure all employees are documenting time appropriately. Any discrepancies will be noted and timecard will be returned to employee for changes.

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**PURCHASING/EXPENDITURE COMPLIANCE**

**Scope and Methodology**

A sample of eight (8) 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. A copier and a MiniTower Pentium computer were left off the inventory list provided to the auditors. We were informed that documentation on the copier was sent to CPE/KYAE in June 2005.

**Recommendations**

We recommend that an accurate listing of inventory 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.]**

Review of program expenditures will be conducted monthly to determine new purchases or items for inventory. The bookkeeper will include this in her duties as part of month-end activities and report to CPE.

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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 four (4) 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**

Scott 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.

