

**OWENSBORO COMMUNITY AND TECHNICAL
COLLEGE'S ADMINISTRATION OF DAVIESS COUNTY'S
ADULT EDUCATION GRANTS FROM THE COUNCIL ON
POSTSECONDARY EDUCATION AND KENTUCKY
ADULT EDUCATION**

**For The Period
July 1, 2006 Through June 30, 2007**



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July 31, 2008

Sarah Hawker, Vice President
Kentucky Adult Education
Council on Postsecondary Education
1024 Capital Center Drive, Suite 250
Frankfort, KY 40601

Dr. Paula Gastenveld, President
Owensboro Community and Technical College
4800 New Hartford Road
Owensboro, KY 42303

Re: Adult Education Grants

Dear Ms. Hawker and Dr. Gastenveld:

This report contains the results of the performance audit of Owensboro Community and Technical College's administration of Daviess County's adult education grants for the fiscal year (FY) ending June 30, 2007. 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.

The Auditor of Public Accounts conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We greatly appreciate the courtesies and cooperation extended to our staff during the audit.

Respectfully submitted,

A handwritten signature in cursive script, reading "Crit Luallen".

Crit Luallen
Auditor of Public Accounts



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**OWENSBORO COMMUNITY AND TECHNICAL COLLEGE'S
ADMINISTRATION OF ADULT EDUCATION GRANTS FROM THE COUNCIL
ON POSTSECONDARY EDUCATION AND KENTUCKY ADULT EDUCATION
AS OF JUNE 30, 2007**

EXECUTIVE SUMMARY

PURPOSE AND SCOPE

The Council on Postsecondary Education (CPE) and Kentucky Adult Education (KYAE) selected the Owensboro Community and Technical College (local provider) for a limited scope performance audit of its administration of the Adult Education Grant for Daviess County. The audit scope also included the provider's English Literacy/Civics (EL/Civics) Grant with KYAE. An on-site review was conducted May 20, 2008 through May 21, 2008, to address the following objectives:

- Reconcile student and faculty data electronically submitted to KYAE through the Adult Education Reporting Information Network (AERIN).
- Determine whether the local provider's professional development activities comply with the FY 06-07 professional development policies and procedures manual.
- 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 Kentucky Adult Education Policy and Procedure Manual, 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:

ADULT EDUCATION GRANT	Disallowed Costs
Five applicable participant files did not contain a Post-Assessment Exception Form.	N/A
One instructor did not have evidence of a bachelor's degree on file.	N/A
EL/CIVICS GRANT	
None	N/A

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RESULTS AND RECOMMENDATIONS

FINANCIAL REPORTING AND COMPLIANCE

Scope and Methodology

The KYAE-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 KYAE-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 total amount requested for reimbursement on the KYAE-10 Expenditure Reports.

Findings

No exceptions were noted.

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PARTICIPANT ELIGIBILITY AND RECORD KEEPING

Scope and Methodology

A total of 75 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 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, 2006 and June 30, 2007.

Findings

Effective October 1, 2006, exceptions to the recommended timeframes for pre- and post-testing must be documented with a Post-Assessment Exception Form that should be filed in the participant's folder. Five applicable participant files did not contain a Post-Assessment Exception Form.

Recommendations

We recommend that the provider ensure all participant files contain the necessary documentation to support compliance with applicable policies and procedures. If a post-test has been administered, but the recommended instructional hours had not been met, the basis for the exception should be documented on a Post-Assessment Exception Form and filed in the participants folder.

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

These five instances slipped through our processes during the first year of the implementation of Exemption Forms. The new 2007-8 process with the Aerins prompt screen has been incredibly helpful in ensuring that the paperwork is indeed completed for each instance of testing before 60 hours of instruction.

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PAYROLL AND STAFF REQUIREMENTS

Scope and Methodology

A sample of 17 payroll disbursements was judgmentally selected for payroll testing. Personnel files were examined to verify that staff had received the required professional development training hours. Documentation of hours worked was 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 instructors hired after July 1998 to have a bachelor's degree. One instructor did not have evidence of a bachelor's degree on file.

Recommendations

We recommend that the provider ensure that all instructors have the required credentials prior to hiring and that this information is obtained and maintained in the employee's file.

Provider Response – [Management provided this response 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 was a data entry error. This employee should not have been entered as Instructor. She should have been entered as Instructional Aide. She is no longer with our program so the problem is not an ongoing issue.

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PURCHASING/EXPENDITURE COMPLIANCE

Scope and Methodology

Expenditures were tested for authorization/approval, supporting documentation, proper recording, and that it was an actual expense during the grant period of July 1, 2006 and June 30, 2007. A sample of participant was selected from the detailed ledger for each of the Adult Education Grants as follows:

- For the Adult Education Grant, a sample of 6 expenditures, representing 20% of the grant purchases.
- For the English Literacy/Civics Grant, a sample of 1 expenditure, representing 30% of the grant purchases.

Findings

No exceptions were noted.

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 7 expenditures, representing 20% of the total professional development expenditures, was selected judgmentally from the detailed general ledger. (This test was only applicable to the Adult Education Grant.)

Findings

No exceptions were noted.

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INTERNAL CONTROLS RELATING TO GRANT

Scope and Methodology

Owensboro Community and Technical College'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 were noted.

