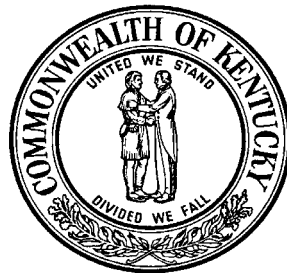


**LARUE COUNTY BOARD OF EDUCATION'S  
ADMINISTRATION OF ADULT EDUCATION GRANTS  
FROM THE COUNCIL ON POSTSECONDARY  
EDUCATION AND KENTUCKY ADULT EDUCATION**

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



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
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CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS

July 31, 2008

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

Sam Sanders, Superintendent  
LaRue County Board of Education  
208 College Street  
Hodgenville, KY 42748

Re: Adult Education Grants

Dear Ms. Hawker and Mr. Sanders:

This report contains the results of the performance audit of LaRue County Board of Education's administration of the adult education grant 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, appearing to read "Crit Luallen".

Crit Luallen  
Auditor of Public Accounts





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**LARUE COUNTY BOARD OF EDUCATION'S ADMINISTRATION OF ADULT  
EDUCATION GRANTS FROM THE COUNCIL ON POSTSECONDARY  
EDUCATION AND KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2007**

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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 LaRue County Board of Education (local provider) for a limited scope performance audit of its administration of the adult education grant for LaRue County. An on-site review was conducted May 6, 2008 through May 7, 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:

**FINDINGS SUMMARY**

<b>FINDING</b>	<b>Disallowed Costs</b>
Three participant files did not contain documentation to support the recorded attendance hours in AERIN.	N/A
Three participant files did not contain evidence of separation due to no activity for 90 consecutive days.	N/A
Three Family Literacy participant files did not contain documentation showing the child's education progress.	N/A

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**RESULTS AND RECOMMENDATIONS**

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**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 13 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**

Providers are required to retain records to support participant data submitted electronically in AERIN. Three participant files did not contain documentation to support the recorded attendance hours in AERIN. The participants were enrolled in program type 01, which is required to report attendance hours.

All participants should be separated from the program if there has not been activity in the adult education program for 90 consecutive days. Three participant files did not contain evidence of separation due to no activity for 90 consecutive days.

KYAE requires that Family Literacy services contain a child education component and the provider should document the child's education progress on a form that is signed by parent/guardian, teacher, medical or social work professional and maintain this form in the participant's file. Three Family Literacy participant files did not contain documentation showing the child's education progress.

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**Recommendations**

We recommend that the provider ensure all participant files contain the necessary documentation to support compliance with applicable policies and procedures. Attendance hours should be accurately recorded in AERIN for all participants enrolled in program types 01, 07, 10, and 11. A standard separation form should be used to document the separation of participants that have not participated in the adult education program for 90 consecutive days. A local policy should also be established to separate participants who are not making progress as defined in the student education plan. For Family Literacy participants, the children's educational progress should be documented to facilitate developmentally appropriate educational activities. Staff entering participant data should require documentation for any data entry performed on a participant and any file deficiencies should be reported to the Program Director.

**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.]**

1. **Attendance** - The three participants are also Even Start students and the clerk may have included parent time hours in their totals. (Parent time includes reading, writing, budgeting, etc. so is actually adult education in a parenting context). We did not print out a summary attendance report from AERINS so we cannot determine where the error was made. In the future, monthly attendance entered in AERINS will be printed out and checked for accuracy against the instructor's sign-in sheet by the clerk before students are separated.
2. **No separation date** – Clerk failed to note separation date on three student folders but will print out separation date from AERINS from now on and include it in the student folder
3. **No progress sheet** – Although documentation signed by a child's teacher and parent is no longer required by KYAE, LaRue County Adult and Family Education will double check that documentation exists in each family literacy folder to document family literacy goal completion if a family successfully completes goals.

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**PAYROLL AND STAFF REQUIREMENTS**

**Scope and Methodology**

A sample of 14 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. 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**

No exceptions were noted.

**PURCHASING/EXPENDITURE COMPLIANCE**

**Scope and Methodology**

A sample of 3 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, 2006 and June 30, 2007.

**Findings**

No exceptions were 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 3 expenditures was selected judgmentally from the detailed general ledger.

**Findings**

No exceptions were noted.

**INTERNAL CONTROLS RELATING TO GRANT**

**Scope and Methodology**

LaRue 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 were noted.

