

**JACKSON 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, 2007 Through June 30, 2008**



**CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS
www.auditor.ky.gov**

**209 ST. CLAIR ST.
FRANKFORT, KY 40601-1817
TELEPHONE (502) 564-5841
FACSIMILE (502) 564-2912**



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

July 30, 2009

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

Ralph Hoskins, Superintendent
Jackson County Board of Education
PO Box 217
McKee, KY 40447

Re: Adult Education Grants

Dear Mr. Stagnolia and Mr. Hoskins:

This report contains the results of the performance audit of Jackson County Board of Education's administration of the adult education grant for the fiscal year (FY) ending June 30, 2008. The Council on Postsecondary Education and Kentucky Adult Education contracted with us to conduct performance audits of selected local adult education programs. This report represents our findings, recommendations, and the program'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 black ink, appearing to read "Crit Luallen".

Crit Luallen
Auditor of Public Accounts



TABLE OF CONTENTS

	PAGE
EXECUTIVE SUMMARY	1
RESULTS AND RECOMMENDATIONS	2
FINANCIAL REPORTING AND COMPLIANCE.....	2
PARTICIPANT ELIGIBILITY AND RECORD KEEPING	3
PAYROLL AND STAFF REQUIREMENTS	5
PURCHASING/EXPENDITURE COMPLIANCE	6
PROFESSIONAL DEVELOPMENT REIMBURSEMENT COMPLIANCE.....	6
INTERNAL CONTROLS RELATING TO GRANT	7

**JACKSON COUNTY BOARD OF EDUCATION'S ADMINISTRATION OF
ADULT EDUCATION GRANTS FROM THE COUNCIL ON POSTSECONDARY
EDUCATION AND KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2008**

EXECUTIVE SUMMARY

PURPOSE AND SCOPE

The Council on Postsecondary Education (CPE) and Kentucky Adult Education (KYAE) selected the Jackson County adult education program for a limited scope performance audit of its adult education grant. The Jackson County Board of Education is responsible for the administration of this grant. An on-site review was conducted on May 14, 2009, to address the following objectives:

- Determine whether local programs' expenditures and costs comply with the terms of their grant agreement and reconcile to invoices submitted.
- Reconcile student and faculty data electronically submitted to KYAE through the Adult Education Reporting Information Network (AERIN).
- Determine whether the local program's professional development activities comply with the FY 2007-2008 professional development policies and procedures manual.
- 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 program's grant proposal and final agreement with KYAE. During the on-site review, the audit team reviewed the program's accounting records (trial balance/general ledger), interviewed program administrators regarding internal controls related to the above grants, and tested samples of expenditure documentation, participant files, and personnel files for compliance with applicable requirements. Below is the summary of findings:

FINDING	Disallowed Costs
Three applicable participant files did not contain a Post-Assessment Form.	N/A
One participant file did not contain evidence of an approved formal assessment.	N/A
One participant file did not contain evidence to support that goals were met as reported in AERIN.	N/A
One participant file did not contain documentation that a Steck-Vaughn Official Practice Test was given or that the scores averaged 450 prior to the participant taking the General Educational Development (GED).	N/A
Two employee files did not have Individual Professional Development Plans (IPDP).	N/A
One employee file did not have documentation to support the required level of professional development training.	N/A

**JACKSON COUNTY BOARD OF EDUCATION'S ADMINISTRATION OF
ADULT EDUCATION GRANTS FROM THE COUNCIL ON POSTSECONDARY
EDUCATION AND KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2008**

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 program's reimbursements complied with the approved budget.

The KYAE-10 Expenditure Reports were then compared to the program's internally generated financial records. This comparison was used to determine whether the program's accounting records support the total amount requested for reimbursement on the KYAE-10 Expenditure Reports.

Findings

No exceptions were noted.

**JACKSON COUNTY BOARD OF EDUCATION'S ADMINISTRATION OF
ADULT EDUCATION GRANTS FROM THE COUNCIL ON POSTSECONDARY
EDUCATION AND KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2008**

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 reported to KYAE.
- Other requirements were tested based upon the applicable program requirements.

The participants tested received services during the period of July 1, 2007 and June 30, 2008.

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. Three applicable participant files did not contain a Post-Assessment Exception Form.

Proper file maintenance and accurate data entry is important to support and document participant data submitted electronically in AERIN. Programs are to maintain assessment forms on file for three years. Any achievement or completion of goals should be documented. The following exceptions were noted for one participant:

- File did not contain evidence of an approved formal assessment.
- File did not contain evidence to support that goals were met as reported in AERIN.
- File did not contain documentation that a Steck-Vaughn Official Practice Test was given or that the scores averaged 450 prior to the participant taking the General Educational Development (GED).

Recommendations

We recommend that the program 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.

**JACKSON COUNTY BOARD OF EDUCATION'S ADMINISTRATION OF
ADULT EDUCATION GRANTS FROM THE COUNCIL ON POSTSECONDARY
EDUCATION AND KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2008**

We recommend the program create a checklist for participant files to facilitate a periodic review of the contents to ensure that the required documentation is being maintained. The program should ensure that this checklist contains the different requirements for the different program types. 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.

Program Response – [A draft report was provided to program management to request their comments and any planned corrective actions related to the finding. Program management was given a reasonable amount of time to adequately respond to this request.]

Our program uses a student folder checklist to insure everything is in the folder that is required. We will add the testing exception form to our checklist and this will help to alleviate this problem. The person missing the pre test and post test was worked with by Christian Appalachian Project and they shredded the forms as soon as she received her G.E.D. Since this organization no longer provides this service in our county this will not be a problem in the future.

**JACKSON COUNTY BOARD OF EDUCATION'S ADMINISTRATION OF
ADULT EDUCATION GRANTS FROM THE COUNCIL ON POSTSECONDARY
EDUCATION AND KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2008**

PAYROLL AND STAFF REQUIREMENTS

Scope and Methodology

A sample of payroll disbursements was judgmentally selected for 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 submitted to KYAE through AERIN.

Findings

CPE and KYAE require that instructors, instructors' aides, and program directors complete an annual IPDP by October 1 of each year. An IPDP was not on file for two applicable employees.

CPE and KYAE require part-time instructors obtain 2 hours of professional development training. One employee file did not have documentation to support the required level of professional development training.

Recommendations

To focus on planning for professional learning and growth, we recommend that an IPDP be completed and in "active" status in KYAE's professional development tracking system (PDtrack) by October 1 of the grant year.

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

Program Response – [A draft report was provided to program management to request their comments and any planned corrective actions related to the finding. Program management was given a reasonable amount of time to adequately respond to this request.]

In the future all personnel will be required to have a PD plan. We were under the assumption only full time people had to have a plan. This plan will be submitted by September 1st or 30 days after hiring.

**JACKSON COUNTY BOARD OF EDUCATION'S ADMINISTRATION OF
ADULT EDUCATION GRANTS FROM THE COUNCIL ON POSTSECONDARY
EDUCATION AND KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2008**

PURCHASING/EXPENDITURE COMPLIANCE

Scope and Methodology

A sample of 1 expenditure, representing at least 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, 2007 and June 30, 2008.

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 1 expenditure, representing at least 20% of the total professional development expenditures, was selected judgmentally from the detailed general ledger.

Findings

No exceptions were noted.

**JACKSON COUNTY BOARD OF EDUCATION'S ADMINISTRATION OF
ADULT EDUCATION GRANTS FROM THE COUNCIL ON POSTSECONDARY
EDUCATION AND KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2008**

INTERNAL CONTROLS RELATING TO GRANT

Scope and Methodology

Jackson County Board of Education's fiscal administrator was given an Internal Control Questionnaire regarding the controls in place for expenditures, bank reconciliations, revenue, and payroll. The questionnaire was completed by the fiscal administrator and reviewed for any significant control deficiencies.

Findings

No significant control deficiencies were noted.