



Auditor of Public Accounts  
Mike Harmon

**FOR IMMEDIATE RELEASE**

Contact: **Michael Goins**  
[Michael.Goins@ky.gov](mailto:Michael.Goins@ky.gov)  
**502.564.5841**  
**502.209.2867**

## **Auditor Harmon Releases Second Volume of Annual Statewide Single Audit of the Commonwealth of Kentucky**

*Audit identified two material weaknesses, 12 significant deficiencies*

**FRANKFORT, Ky. (March 25, 2019)** – Today, Auditor Mike Harmon released volume two of the annual Statewide Single Audit of the Commonwealth of Kentucky (SSWAK) for Fiscal Year 2018.

Kentucky spent over \$12.65 billion in cash and noncash awards received from the federal government in Fiscal Year 2018, which is an increase of \$273 million compared to federal funds spent by the Commonwealth during Fiscal Year 2017. The 2018 SSWAK Volume II identifies more than \$1.34 million in questioned costs.

Volume two of the SSWAK covers compliance with federal requirements for federal awards, and contains 14 findings. Two of the findings are repeats from the SSWAK Volume II audit for Fiscal Year 2017, and four findings are carryovers from the SSWAK Volume I audit for Fiscal Year 2018 released in February.

Among the findings in the SSWAK Volume II audit are two material weaknesses. The material weakness noted in the report are:

- The Kentucky Department of Military Affairs allowed salaries and operating expenses for FY18 to be charged to a Federal Emergency Management Agency (FEMA) grant tied to relief from an ice storm that hit the Commonwealth in 2009. Grant funds spent increased 17 percent between FY17 and FY18, primarily for employee salary charges. There was not sufficient evidence to determine that employees' actual time was for activities directly related to this grant. Other expenditures that did not appear to be directly related to the grant included purchases of computers and emergency kits. The questioned costs identified in the audit total \$31,979.

- More than \$1.3 million was overdrawn by the Kentucky Department of Education (KDE) in federal grant funds allotted toward 21<sup>st</sup> Century Community Learning Centers. Money for this program provides for the establishment or expansion of learning centers for students to utilize during non-school hours. The \$1.3 million was drawn down from the federal government, but was not utilized.

The material weakness identified on the compliance requirements for the KDE 21<sup>st</sup> Century Community Learning Centers grant resulted in a qualified opinion on the compliance requirements for this grant.

“It is crucial for the state to manage federal grants effectively and appropriately, especially in the case of 21<sup>st</sup> Century grant funds that could be used to provide much-needed after-school programs for Kentucky students,” Auditor Harmon said. “Additionally, considering the amount of federal dollars Kentucky receives, it is imperative the state be compliant with federal program requirements to ensure the Commonwealth continues to be able to participate and receive these types of funds.”

The report, along with the responses to the findings, can be found on the [auditor’s website](#).

###



*The Auditor of Public Accounts ensures that public resources are protected, accurately valued, properly accounted for, and effectively employed to raise the quality of life of Kentuckians.*

*Call 1-800-KY-ALERT or visit our website to report suspected waste and abuse.*