



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

*Audit identified two material weaknesses, nine significant deficiencies*

**FRANKFORT, Ky. (March 24, 2020)** – Today, Auditor Mike Harmon released volume two of the annual Statewide Single Audit of the Commonwealth of Kentucky (SSWAK) for Fiscal Year 2019.

Kentucky spent over \$12.6 billion in cash and noncash awards received from the federal government in Fiscal Year 2019, which is an increase of \$152 million compared to federal funds spent by the Commonwealth during Fiscal Year 2018. The 2019 SSWAK Volume II identifies \$201,452 in questioned costs.

Volume two of the SSWAK covers compliance with federal requirements for federal awards, and contains 11 findings. Four of the findings are repeats from the SSWAK Volume II audit for Fiscal Year 2018.

“Given the amount of federal funds our Commonwealth receives, it is imperative that state government manage those dollars with great attention to detail in a way that strives toward good government to those we serve,” Auditor Harmon said. “I urge those agencies that have findings in this year’s SSWAK report to read and follow the recommendations put forth by our auditors.”

Among the findings in the SSWAK Volume II audit are:

- **The Kentucky Department Of Education Overdrew Twenty-First Century Community Learning Centers Federal Grant Funds:** A review of receipts pertaining to the Federal Fiscal Year (FFY) 2016 CCLC federal grant, which closed during our fiscal year under audit, identified KDE completed a manual drawdown of funds in December 2018 for \$3,314,398. This drawdown was based on the remaining federal funds for the grant which were still available. KDE made \$1,489,042 in payments to subrecipients more

than 30 days after the funds had been drawn down. As of June 30, 2019, KDE had a cash balance for the FFY 2016 grant of \$201,452 which had not been remitted to subrecipients. As of January 2020, KDE has made an additional \$178,545 in payments to subrecipients, leaving a cash balance for the FFY 2016 grant of \$22,907 which has not been remitted to subrecipients. This finding is a repeat finding from the SSWAK Volume II audit for Fiscal Year 2018.

- **The Department Of Military Affairs Failed To Ensure Payroll Costs Were Equitably Charged To The Appropriate Grant:** This is also a repeat finding from the Fiscal Year 2018 SSWAK Volume II report. Review of payroll activity indicated the Department of Military Affairs' (DMA) failed to have an appropriate methodology to ensure salaries and wages for employees working on multiple grants were charged to the correct federal grant based on the actual work performed. For one employee reviewed, salary and wages were charged to both Public Assistance grants and Hazard Mitigation grants even though the employee's time-tracker reflected work only on Hazard Mitigation grants.

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

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