

KENTUCKY DEPARTMENT OF EDUCATION

STAFF NOTE

Review Item:

Audit Update and Review of Kentucky Board of Education's and Commissioner of Education's Expense Reports

Rationale:

To brief the Kentucky Board of Education (KBE) on the status of the most recent audit activities in the Kentucky Department of Education (KDE) and local school districts and provide an opportunity to review expense reports for the Commissioner and the KBE.

Applicable Statute or Regulation:

KRS 156.010

History/Background:

Existing Policy: KDE routinely has multiple audit processes throughout the year. Some of the audits are conducted by the Office of the Auditor of Public Accounts (APA) as part of their normal statutory functions. Other audits are conducted by federal program auditors reviewing federal grants. The Kentucky Board of Education's and the Commissioner's expense reports are reviewed at the April and October meetings (See attachments).

Summary:

Expense Reports for the Kentucky Board of Education and the Commissioner of Education

Review of Fiscal Year 2016 expenses for both the Kentucky Board of Education and the Commissioner of Education.

FY 2015 Statewide Single Audit of Kentucky (SSWAK) – Volume II

Volume II reviews elements required under the Office of Management and Budget (OMB) 2 CFR (formerly, Circular A-133). It includes the report on compliance with requirements applicable to all major programs, internal controls, and the schedule of findings and questioned costs. Fieldwork for Volume II is complete and no findings were submitted.

Historical Summary of the Number of Annual Published SSWAK Findings

Audit Year	2009	2010	2011	2012	2013	2014	2015
SSWAK Vol. I	13	9	8	4	2	2	4
SSWAK Vol. II	1	0	4	4	3	0	0

FY 2016 Statewide Single Audit of Kentucky (SSWAK) – Volume I

This volume contains financial reporting information based on the audit of the Consolidated Annual Financial Report (CAFR). It includes the APA's opinion on the Schedule of Expenditures of Federal Awards (SEFA) in relation to the financial statements. The Audit reviews internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Generally Accepted Government Auditing Standards (GAGAS), as well as financial statement findings related to internal control and compliance. Specifically for KDE, this volume covers financial reporting and IT security governing the controls of MUNIS (a financial software package used by all 173 school districts that allows for consistent reporting of school district financial information), Support Education Excellence in Kentucky (SEEK is a formula driven education funding program) and Nutrition and Health Services (NHS). Volume I fieldwork is in process.

FY15 A-133 School District Reviews

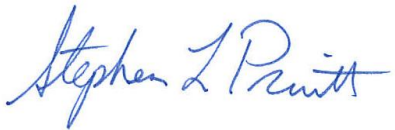
These reviews occur to assist KDE in ensuring that audit reports of school districts and other entities meet applicable reporting standards and the Single Audit requirements in 2 CFR (formerly, Circular A-133). The reviews have been conducted and are being analyzed for accuracy and completeness. Finalized information is expected to be available for the December KBE meeting.

Budget Impact: No known impact exists.

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Commissioner of Education

Date:

October 2016