

# **KENTUCKY DEPARTMENT OF EDUCATION**

## **STAFF NOTE**

### **Review Item:**

April 2018 Audit Update and Kentucky Board of Education (KBE) / Commissioner of Education's Expense Reports

### **Rationale:**

This item is designed to brief the KBE on the status of the most recent audit activities in the Kentucky Department of Education (KDE) and local school districts, as well as to provide expense reports for the Commissioner and the KBE.

### **Applicable Statute or Regulation:**

KRS 156.010

### **History/Background:**

*Existing Policy:* KDE routinely conducts 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, while other audits are conducted by federal program auditors reviewing the state's federal grants.

The expense reports for the KBE and the Commissioner's Office are reviewed at the April and October meetings annually. These reports are included in the board materials and they will be reviewed in detail at the meeting.

### **Summary:**

### **FY 2017 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, compliance and other matters, based on an audit of financial statements performed in accordance with Generally Accepted Government Auditing Standards (GAGAS) and 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, SEEK and NHS. Volume I fieldwork is complete.

There were two findings for KDE:

- **KDE 2017-010** - Relates to distribution process of SEEK funds to local school districts.
- **KDE 2017-011** – Relates to security procedures for the Child Nutrition Information Payment System (CNIPS).

### **Historical Summary of the Number of Annual Published SSWAK Findings**

<b>Audit Year</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
SSWAK Vol. I	13	9	8	4	2	2	4	3	2
SSWAK Vol. II	1	0	4	4	3	0	0	0	

### **FY 2017 Statewide Single Audit of Kentucky (SSWAK) – Volume II**

This Volume reviews elements required under Office of Management and Budget (OMB) Circular A-133, including the report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Circular A-133, and the schedule of findings and questioned costs. Fieldwork for Volume II is complete and we are awaiting notification of any findings.

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### **FY17 A-133 School District Reviews**

Desk reviews occur to assist KDE with ensuring that audit reports of school districts and other entities meet applicable reporting standards and Office of Management and Budget (OMB) Circular A-133 reporting requirement. Work is in process and will be reported at a later time.

***Budget Impact:*** No known impact exists.

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**Commissioner of Education**

**Date:**

April 2018