Matthew G. Bevin
Governor

Derrick Ramsey, Secretary
Education and Workforce
Development Cabinet

Wayne D. Lewis, Jr., Ph.D.
Commissioner of Education

KENTUCKY DEPARTMENT OF EDUCATION

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October 23, 2019

Ruschelle Hamilton, Chair
Breathitt County Board of Education
420 Court Street
Jackson, KY 41339

RE: **Management Audit of Breathitt County Schools**

Dear Chair Hamilton:

The Kentucky Board of Education (KBE) approved that Breathitt County Schools be designated a state managed district on December 5, 2012. The KBE approved that Breathitt County Schools continue to be a state managed district in September of 2018. For the entirety of the management period, Breathitt County Schools has received ongoing support from the Kentucky Department of Education (KDE).

In August 2019, KDE sent a management audit team to the district to conduct a management audit pursuant to KRS 158.780, KRS 158.785, and 703 KAR 3:205. The management audit was conducted to determine if "there is a pattern of a significant lack of efficiency and effectiveness in the governance or administration" of the Breathitt County school district. This management audit is now complete, and the Management Audit Report is attached for your reference.

Based upon the findings outlined in the Management Audit Report, I have determined that a pattern of a significant lack of efficiency and effectiveness in the governance and administration of Breathitt County Schools continues to exist. The evidence collected during the management audit establishes that state assistance is necessary to correct the inefficiencies and ineffectiveness within Breathitt County Schools. Accordingly, in my official capacity as the chief state school officer, it is my recommendation to the KBE that Breathitt County Schools move from designation as a state managed school district and become a state assisted school district pursuant to KRS 158.780, KRS 158.785, and 703 KAR 3:205.

By copy of this letter, I have filed my recommendation of state assistance with the KBE. Pursuant to KRS 158.780, KRS 158.785 and 703 KAR 3:205, the Breathitt County Board of Education has the

right to a hearing on the matter before the KBE. In the event a hearing is requested, the hearing will be open to the public and the procedures established in KRS Chapter 13B will apply. In accordance

with KRS 13B.050(1), notice of the hearing will be provided to the parties not less than 20 days in advance of the date set for the hearing.
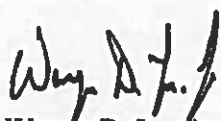
In the alternative and pursuant to 703 KAR 3:205, Section 3(4), the Breathitt County Board of Education may choose to accept my recommendation of state assistance and waive the right to participate in the hearing before the KBE. If that is the case, I will place my recommendation before the KBE at an upcoming special or regular meeting, and the KBE will vote whether to approve the recommendation of state assistance.

Please use the attached form to designate that a public hearing is requested or, alternatively, that the district is waiving a formal hearing on the recommendation of state assistance. Please respond on or before **November 21, 2019**. After receipt of the decision from the Breathitt County Board of Education, a scheduling order will be issued for the hearing or, if the hearing is waived, notice for the date of review by the KBE.

Thank you in advance for a prompt response. I look forward to continue working together to ensure that every child in Breathitt County Schools has the opportunity to receive a high quality education in a safe and nurturing school environment.

If you have any questions, please feel free to contact Dr. Kelly Foster, Associate Commissioner, by phone at (502) 564-5130 or by email at kelly.foster@educaiton.ky.gov.

Sincerely,

Wayne D. Lewis, Jr., Ph.D.
Commissioner of Education

WDL:KF:vb

Enclosures

c: Members of the Breathitt County Board of Education
    Members of the Kentucky Board of Education
    Members of the Kentucky Department of Education Leadership Team

Executive Summary: Management Audit of Breathitt County Schools

On December 5, 2012, the Kentucky Board of Education (KBE) designated Breathitt County Schools as a state-managed district. September 5, 2018, the KBE approved Breathitt County Schools continue to be designated a state-managed district.

In August 2019, an Audit Review Team conducted another management audit of Breathitt County Schools. The purpose of the audit was to provide information and make recommendations to the commissioner and, ultimately, the KBE on whether state management should be extended in accordance with KRS 158.785. The Audit Review Team was comprised of 22 staff from the Kentucky Department of Education and, over the course of five days, met with 212 interviewees, including but not limited to the State Manager, all advisory board members, central office staff, principals, and school-based decision making council members.

Management Audit Pursuant to KRS 158.780, 158.785, and 703 KAR 3:205

Pursuant to 703 KAR 3:205(2)(2), the comprehensive audit included an investigation of the district's compliance with state and federal statutes and administrative regulations as well as local board policies. The comprehensive management audit included an on-site review, investigation, and analysis of the governance and administration of Breathitt County Schools and determined that there is a pattern of a significant lack of efficiency and effectiveness in the following areas:

Regulation – 703 KAR 3:205, Section 2	Audit Findings
(a) Planning	Not all community members have a clear understanding of the role of the advisory board and the role of the superintendent. Not all SBDM Council members are able to discuss their role in developing school level policies, data analysis, hiring, and elections.
(b) Operational Support	Management of the bus inventory is lacking. Breathitt County has 44 buses in inventory but currently runs only 25 full time routes. Eight buses are currently out of the 14-year depreciation cycle. Three hybrid buses are out of service due to the expense to put them back in service. There are four buses that have been declared surplus by the board but are still in the district. It is good practice to have some spare buses but there is

	an excess in the district. There is not a definitive long-term bus replacement plan.
	Breathitt County High School did not offer any alternatives to the standard meal service for breakfast and therefore had 29% participation.
	There is little evidence of an attempt to provide students with an opportunity to taste test items or provide direct feedback on items served in the program. Most staff indicated that they relied heavily on immediate student anecdotal feedback during meal service. Improvements can be made to make the meals more appealing specifically at the high school level.
(c) Fiscal Management	Because training for compliance with the "Accounting Procedures for School Activity Funds" handbook (Redbook) is held during the day, coaches, athletic director, and several of the boosters aren't able to attend. This is a hindrance to a districtwide understanding of Redbook procedures.
	Areas of concern have appeared at the school level with lack of oversight and training by central office and school personnel in Redbook laws and regulations.
	A sampling of purchasing and payment documents revealed incomplete or missing data required for processing.
	The review of the SBDM minutes for the schools found that financial reports were not consistently attached to the agendas or minutes as documentary proof that the principal and advisory board members had

substantive finance discussions during the meetings. In addition, samples of SBDM minutes observed from two schools failed to have signatures recorded on the minutes.

Finance personnel at one school, did not have a working knowledge of two grants utilized by their school.

The teachers do not consistently receive formal Redbook trainings as evidenced by interview responses.

One school noted Redbook training is offered to the PTO, although there was no evidence that training for the PTO or other external entities, such as the booster clubs, was delivered consistently by any of the schools.

Several ticket requisition forms observed from schools contained clerical errors. One school failed to attach the last tickets per Redbook guidelines. Another school sampled, revealed the teacher in charge, failed to attach any proof of sales as evidence.

Multiple receipt forms were observed in all schools; however, one of the schools did not use the form as intended.

Routinely throughout Breathitt County Schools, one person was observed to administer the process of recording revenues and revenue reconciliation.

One observation revealed that school revenue in December was held until January 1st. This appeared to be due to absences of the bookkeeper.

During one school visit, the review of invoices and accompanying documents, didn't contain the necessary approvals or signatures. In a sample at the same school, the billing statement, invoice and check didn't match a purchase order. At another site, there were no

	errors observed in the sampling of documents, but they were not filed in check numerical order as required by Redbook. One school observation revealed the transfer orders were missing sponsor signature and/or the principal signature. There should be a procedure in place to identify these errors. Sebastian Elementary received funds from the Commonwealth of Kentucky for completing disability determinations for eligible students. These funds were not recorded in the correct account, nor disbursed for eligible expenses. During the review of bank statements and deposit slips at two school visits, there were principal signatures, but no accompanying dates. Per Redbook, the bank statements should always be signed and dated by the principal prior to the "bookkeeper" receiving it. During the same school visits, it was observed that one of the schools made untimely deposits, as much as two weeks after the initial check was dated.
(d) Personnel Administration	Although there is a checklist for the handoff of information between the personnel and payroll departments, there is no documented Standard Operating Procedure to ensure consistency in processing. The review of a sample of personnel files indicated that there was no standard content to provide a consistent employee profile. Furthermore, the review indicated that in many cases pertinent documents, such as the employment contract, high school diploma, or professional certification were not included in the file.

	The files for classified staff did not contain job descriptions to document employee responsibilities and the evaluations are very generic with no reference to a specific job
(e) Instructional Management	There is an incomplete standards deployment and curriculum alignment plan around the revised Kentucky academic standards. There is a lack of a consistent expectation around unit and lesson planning for submission, monitoring and feedback district-wide. Written processes are not in place that address CTE data collection and accuracy or student scheduling.

Career and Technical Education

Some concerns were discovered during the management audit with regard to Career and Technical Education (CTE), including:

- District and school leadership have not ensured that written processes are developed, implemented, and monitored that address data collection and accuracy.

- District and school leadership have not developed a professional development plan for CTE staff on developing Programs of Study and Pathways.

Conclusions

As a result of analysis of all reviewed Kentucky Department of Education data, Breathitt County Schools' data, and information gathered during the comprehensive management audit which

occurred August 19-23, 2019 and ongoing oversite of the district while under state management it is the recommendation of the Commissioner that Breathitt County Schools transition to state assistance, pursuant to KRS 158.780, 158.785, and 703 KAR 3:205.

Breathitt County Management Audit Report

Per KRS 158.785

Prepared for

Kentucky Commissioner Dr. Wayne Lewis Jr.

Kentucky Department of Education Staff

October 2019

Contents

September 2019	
Executive Summary	

School District	Breathitt County Schools	
Superintendent	Phillip Watts	
Board Chair	Ruschelle Hamilton	
Date of On Site Visit	August 19-23, 2019	Number of interviews: 212
Management Audit Team	Kelly Foster, Leesa Moman, Sam Watkins, Charlotte Jones, Jim Hamm, Felicia Bond, Susan Greer, Todd Tucker, Ben Fritz, Tim Godbey, Kay Kennedy, Katie Embree-Cleveland, Faith Corbin, Marcus Highland, James Bauman, Roger Kerns, Steve Lyles, Nicole Vanover, Jackie Chism, Karla Tipton, Tracy Osborne Clay, Crystal Whitaker	

Area of Review	Recommendation	Evidence
Planning	Develop and implement a 3-5 year plan that encompasses the academic, financial, and facility needs of the district. The superintendent and the advisory council members should include a variety of stakeholders (e.g., central office staff, principals, SBDM members, teachers, parents, students, community members) in the development and implementation of this plan to ensure that the needs of the district are met.	Persons Interviewed: Superintendent, All Advisory Board Members, Director of Pupil Personnel/Federal Programs, Director of Special Education/School Based Decision Making Coordinator/PreSchool Coordinator, School Based Decision Making Council Members (SBDM), All School Principals, Instructional Supervisor, State Manager, Parents

Documents Reviewed: District Policies, Advisory Board Meeting Minutes, Advisory Board Meeting Agendas, Comprehensive District Improvement Plan, Comprehensive School Improvement Plans, Job Descriptions, Organizational Chart, SBDM Agendas, Minutes, and Bylaws, Central Office Leadership Team (COLT) Agendas, Non-Resident Contract, 30-60-90 Day Plans, District and School Websites |
| Operational Support: Food Services, Transportation, Facilities | **Recommendations for improvement in Food Services:**

It is recommended that Breathitt County High School examine alternate methods of breakfast meal service. Options could be to offer a second | Persons Interviewed for Food Services: Food Service Director, All Cafeteria Managers, All Building Principals, and Finance Officer.

Documents Reviewed: Production Records, Policies and Procedures Manual, Menus and Recipes, Meal Claiming and Consolidation |

	chance breakfast, breakfast grab and go stations or serving breakfast in the classroom. Allowing additional access to the breakfast meal service would not only benefit students in terms of providing nutrition, but it would also provide increased revenue due to the program's Community Eligibility Program (CEP) meal claiming rate of 100%. It is recommended that a system for evaluation of menu items be implemented. Such a system would allow for the food service director and staff to be able to evaluate food items that students and staff enjoy and will eat versus those they do not. It is important for program meals to be of high food quality and items that program participants enjoy consuming. An evaluation system could consist of taste testing potential items, a feedback system for current items, and also rotating menu items to increase variety.	Records, Financial Reporting, CEP Claiming Percentages, District Website for Food Service
	Recommendations for improvement in Transportation: It is recommended that the district develop and implement a bus replacement policy to effectively manage buses needed for daily transportation, older buses needed for substitute usage, and efficient depreciation of bus assets.	Persons Interviewed for Transportation: Director of Transportation; All School Principals, 3 bus drivers. Documents Reviewed: Transportation Procedures, Training Manual, Positive Behavior Intervention System (PBIS) manual, Infinite Campus and District Matrix

	Recommendations for improvement in Facilities: Findings reported in the 2017 Audit have been addressed and processes are in place to ensure continued efficient functioning. Experience gained in these processes will help the District derive maximum benefit from the recently passed "nickel" tax dedicated to Facilities. .	Persons Interviewed for Facilities: Facility Director; all School Principals; Head Custodian at the High School; One elementary school custodian Documents Reviewed: District facility Plan as Amended February 2019
Operational Support: Financial Management	**Recommendations for improvement at the district level:** It is recommended that the district develop and implement procedures to ensure all accounts payable transactions have the proper supporting documentation - PO, dates, approvals, etc. It is recommended that the district develop and implement a plan to ensure all necessary school personnel and booster organizations receive training with the "Accounting Procedures for School Activity Funds" handbook (Redbook). It is recommended that the district develop and implement a process to internally audit schools for compliance with Redbook.	Persons Interviewed at District Level: Superintendent, Finance Officer, Payroll Clerk, Director of Pupil Personnel. Documents Reviewed: Advisory Board Minutes; Bank Reconciliations; Investment Policy; Signed Warrant Proof Report; Travel Expense Procedure and Forms; Expense Reimbursement Policy; April 2019 Treasurer's Report package to the Board; FYE 2016, 2017, & 2018 Financial Audits; FYE 2016, 2017, & 2018 AFR & Balance Sheet; A sample of purchase orders (POs), checks, invoices, travel vouchers, other relevant back-up documentation; A sample of grant documentation; Insurance policies; Superintendent's Annual Attendance Report (SAAR)
	Recommendations for improvement at the school level:	Persons Interviewed at School Level: Principals, Secretaries(Bookkeepers)

	It is recommended that annual training on pertinent Redbook activities be mandatory for the assistant principals, teachers, and external entities, as it is not sufficient to educate just finance staff and principals in this area. It is recommended the finance officer look at this particular instance and immediately make changes in the policies and procedures. Segregation of duties is a critical implementation for sustaining risk management and internal control. Without this separation in accounting duties, the risk of fraud and error increases. It is recommended -the person performing bookkeeper duties in each school, does not solely perform the recordation of receipts and revenues, together with the final reconciliation of the report log. Additional staff members must assist in the process to mitigate risk. It is recommended to have an alternate person assigned to make deposits on a weekly basis in the event the bookkeeper is out due to illness or personal leave. It is recommended that the district develop and implement Standard Operating Procedures for the bookkeepers at the school level, to ensure school level financial activities and procedures mandated by Redbook, are accurate and reliable; contain all necessary approvals or dates; are filed	Documents reviewed: Purchase Orders with accompanying invoices, receipts, check copies, or stubs; General Ledger; Bank Statements with accompanying deposit slips, voided and outstanding checks; Requisition and Report of Ticket Sales; SBDM Minutes; School Activity Reports; Transfer Forms; Principal Combining Budget; Inventory Forms if available; Multiple Receipt Forms; Fundraiser Documentation

	according to Redbook guidelines; are occurring timely; and contain any documentation, if required by Redbook, together with consistent oversight by the finance officer. It is recommended the finance officer have a plan in place to distribute new, required Redbook changes, such as those relating to outstanding checks, to school personnel. It is recommended that the finance officer review expenditures made from staff accounts, etc. Per Redbook, the bank statement shall be e-mailed directly (if electronically) or opened (if mailed or picked up) by the principal prior to the treasurer having access. It is recommended that all principals implement this requirement.	
Operational Support: Personnel Administration	**Recommendations for improvement:** It is recommended that the district develop a formal procedural task list to ensure consistency and accuracy in the setup of new employees. It is recommended that the district develop a standard inventory of documents to be included for each employee. It is recommended that the classified employee evaluations include the specific job duties corresponding to the	Persons Interviewed: Superintendent, Finance Officer/Personnel Manager, Secretary to the Superintendent Documents Reviewed: Breathitt County Policies/Procedures-Chapter 3 Advisory board meeting minutes (2017-18) Select sample of personnel folders District Organization Chart Job Descriptions New Employee Packet

	job description of the position for which the employee was hired.	
Instructional Management	**Recommendations for Improvement:** District leadership must create a plan to adequately train all certified teaching staff in the revised Kentucky Academic Standards. Additionally, this plan should include processes to ensure alignment of the adopted district curriculum and programs to the revised standards. District leadership must develop non-negotiables and expectations for unit and lesson planning for all classroom instruction. Processes and procedures should be developed for district and school leaders to monitor such plans, provide feedback and hold staff accountable for implementation and adjustment of instruction.	Persons Interviewed: Director of Curriculum and Instruction, All School Principals, All School Assistant Principal, Curriculum Coordinator, Curriculum Specialist, Director of Special Education, Superintendent, Special Education Liaison, Literacy Coach, Guidance Counselor, Media Specialists, Educational Recovery Staff, Certified Teaching Staff, Classified Staff Documents Reviewed: Breathitt County Schools District Management Overview power point, Breathitt Interview Schedule, List of Items Requested by KDE, 5 year Academic Strategic Goals, Systems Check for District Leadership Team, 2019-20 District PD Process and Plan, BCSD Elements of Effective Classroom Systems, Big Rocks, Breathitt Co Working MTSS Document, Communication Non Negotiables, Curriculum Continuous Improvement Process, District Non Negotiables, FY SBDM Staff Allocation, 2019-20 Elementary Curriculum K-6 all subjects, 2019-20 Middle High School Curriculum 9-12 all subjects, Alternate Education Admission policy, Alternate Education Intake and Orientation policy, CDIP documents including planning and meetings, Central Office Leadership Team Agendas, Certified Evaluation Plan document and agendas, Monthly Data Analysis Reports, School level Feedback and Monitoring forms, Curriculum Feedback and Professional Learning Needs Survey, Curriculum and Instruction Policy, July 29-31 Curriculum workshop agendas and materials, School Level PLC agendas and minutes, ABRI Agendas (High School), PDSA PLC Agendas, Monthly Principals' Meeting Agendas, BHS MAP Support Plus/Delta, Copy of AdvanED Diagnostic Review Results for Breathitt County Schools, eWalk Plus/Delta, Opportunity Myth Reflections, 30-60-90 PDSA Breathitt Management, BCS KDE Plus/Delta, BCS KDE Action Plan Update, Communication Plan, Nickel Tax Flyer, Strategic

		Plan Update 2018 Board of Education Goals, G Lawyer Litigation District No Findings, Internal External Communication Plan, BCS Newsletter, LPI Leadership Practices Inventory, Policy and Procedures Review Acknowledgment, Superintendent Evaluation Presentation 2019, Policies and Procedures Checklists, Turnaround Team Agendas, 703 KAR 5:280 School Improvement Procedures, KRS 160.346 Definitions, School Improvement Fund Notification, KVEC Planning Meeting, LBJ Elementary School 17/18 Gap Analysis Report, PLC Agenda and Notes 1-10-19 KVEC Staff CoTeaching Models
	CTE District and school leadership must ensure that written processes are developed, implemented, and monitored that address data collection and accuracy. District and school leadership must develop a professional development plan for CTE staff on developing Programs of Study and Pathways.	Persons Interviewed: High School Principal, Counselors, CTE Teachers, Finance Officer, Superintendent Documents Reviewed: Perkins Invoices, advisory Committee Members List, Pathways, Master Schedules, Transcripts, Industry Certifications

Conclusions: As a result of analysis of all reviewed Kentucky Department of Education data, Breathitt County Schools' data, information gathered during the onsite management audit which occurred August 19-23, 2019, and ongoing oversight of the district while under state management, it is the recommendation of the Commissioner that Breathitt County School transition into state assistance, pursuant to KRS 158.780, 158.785 and KAR 3:205.

Pursuant to 703 KAR 3:205(2) (2), the comprehensive audit included an investigation of the district's compliance with state and federal statutes and administrative regulations and local advisory board policies. Deficiencies identified and established constitute a pattern of a significant lack of effectiveness and efficiency in the governance and administration of the school district.

Summary of Findings

Regulation 703 KAR 3:205, Section 2 (a)	Findings
(a) Planning – failure to develop, adopt and implement planning processes that allow for public review and timely action by the advisory board and administration regarding management of the administrative and business activities of the school district and of the management of the instructional program	Structures have not been fully developed to ensure that community members have a clear understanding of the role of the advisory board and the role of the superintendent. Not all SBDM Council members are able to discuss their role in developing school level policies, data analysis, hiring, and elections.

(b) Operational support - failure to provide the operational support services required to operate an efficient and effective school system including:

1. Maintenance and operation of the physical plants - failure of the district to maintain school building cleanliness and safety including:

Regulation 703 KAR 3:205, Section 2 (b)	Findings
Failure to develop and maintain an accurate record of the maintenance needs and expenditures	No Finding
Failure to budget and expend funds necessary to maintain the physical plant	No Finding
Failure to employ maintenance and operation staff who provide clean and safe school buildings.	No Finding
Failure to make efficient use of personnel as indicated by excessive staffing when compared to school districts of similar size and funding.	No Finding
Failure to ensure that existing facilities are adequately insured	Not Finding

2. Facility construction - failure to manage a school facility construction program that is in compliance with 702 KAR Chapter 4 and is planned, executed, and completed to ensure that public funds are expended in a responsible manner including a failure to:

Regulation 703 KAR 3:205, Section 2 (b)	Findings
Develop and implement a planning process for identifying the need for new or improved facilities	No Finding
Maintain an up-to-date facility survey or ensure that regulatory approvals are secured.	No Finding
Develop and implement plans to receive the allowable benefit from School Facilities Construction Commission.	No Finding
Follow proper bidding requirements and develop and maintain accurate records of expenditures and authorization of expenditures on school construction projects	No Finding
Institute an administrative oversight process to ensure that facility construction activities are efficient and accountable for both local and state funds.	No Finding

3. Maintenance and operation of the transportation system to provide and maintain an efficient transportation system, including a failure to:

Regulation 703 KAR 3:205, Section 2 (b)	Findings
Provide training for personnel responsible for the safe transportation of children in accordance with Kentucky Advisory Board of Education administrative regulations	No Finding
Develop and implement policies and procedures regarding the use of district-owned vehicles	No Finding
Purchase and maintain equipment to safely and efficiently transport children to school	Management of the bus inventory is lacking. Breathitt County has 44 buses in inventory but currently runs only 25 full time routes. Eight buses are currently out of the 14-year depreciation cycle. Three hybrid buses are out of service due to the expense to put them back in service. There are four buses that have been declared surplus by the board but are still in the district. It is good practice to have some spare buses but there is an excess in the district. There is not a definitive long-term bus replacement plan.

Establish transportation routes that minimize public expenditure and time children spend in route to school.	No Finding
Follow bidding requirements for the purchase of equipment and materials necessary to conduct the school's transportation program.	No Finding

4.School food services - failure to develop an efficient system of school food services including a failure to:

Regulation 703 KAR 3:205, Section 2 (b)	Findings
Develop and maintain an accurate record of school expenditures.	No Finding
Utilize federal and local resources to operate a nutritious program in a cost effective manner.	Breathitt County High School did not offer any alternatives to the standard meal service for breakfast and therefore had 29% participation.
Employ school food service staff who provide meals in accordance With federal and state guidelines.	There is little evidence of an attempt to provide students with an opportunity to taste test items or provide direct feedback on items served in the program. Most staff indicated that they relied heavily on immediate student anecdotal feedback during meal service. Improvements can be made to make the meals more appealing specifically at the high school level.
Make efficient use of personnel as indicate by excessive staffing when compared to school districts of similar size and funding	No Finding

(c) Fiscal Management – District Level failure to perform the appropriate planning, budgeting, fund management, and accounting responsibilities required for the fiscal management of the school district including a failure to:

Regulation 703 KAR 3:205, Section 2 (c)	Findings
Assess the need for expenditures. Recommend use of available funds according to an established set of priorities.	No Finding.
Maintain accurate records of expenditures and authorization of expenditures as required for auditing purposes	Because training for compliance with the "Accounting Procedures for School Activity Funds" handbook (Redbook) is held during the day, coaches, athletic director, and several of the boosters aren't able to

| | attend. This is a hindrance to a districtwide understanding of Redbook procedures.

Areas of concern have appeared at the school level with lack of oversight and training by central office and school personnel in Redbook laws and regulations.

A sampling of purchasing and payment documents revealed incomplete or missing data required for processing. |
|---|---|
| Comply with purchasing requirements applicable to school districts. | No Finding. |
| Implement investment policies to ensure that all public funds are invested safely and productively. | No Finding. |

(c) Fiscal Management –School Level- failure to perform the appropriate planning, budgeting, fund management, and accounting responsibilities required for the fiscal management of the school including a failure to:

Regulation 703 KAR 3:205, Section 2 (c)	Findings
Assess the need for expenditures.	No Finding
Recommend use of available funds according to an established set of priorities.	The review of the SBDM minutes for the schools found that financial reports were not consistently attached to the agendas or minutes as documentary proof that the principal and advisory board members had substantive finance discussions during the meetings. In addition, samples of SBDM minutes observed from two schools failed to have signatures recorded on the minutes.

Finance personnel at one school, did not have a working knowledge of two grants utilized by their school. |
| Maintain accurate records of expenditures and authorization of expenditures as required for auditing purposes | The teachers do not consistently receive formal Redbook trainings as evidenced by interview responses.

One school noted Redbook training is offered to the PTO, although there was no evidence that training for |

the PTO or other external entities, such as the booster clubs, was delivered consistently by any of the schools.

Several ticket requisition forms observed from schools contained clerical errors. One school failed to attach the last tickets per Redbook guidelines. Another school sampled, revealed the teacher in charge, failed to attach any proof of sales as evidence.

Multiple receipt forms were observed in all schools; however, one of the schools did not use the form as intended.

Routinely throughout Breathitt County Schools, one person was observed to administer the process of recording revenues and revenue reconciliation.

One observation revealed that school revenue in December was held until January 1st. This appeared to be due to absences of the bookkeeper.

During one school visit, the review of invoices and accompanying documents, didn't contain the necessary approvals or signatures. In a sample at the same school, the billing statement, invoice and check didn't match a purchase order. At another site, there were no errors observed in the sampling of documents, but they were not filed in check numerical order as required by Redbook. One school observation revealed the transfer orders were missing sponsor signature and/or the principal signature. There should be a procedure in place to identify these errors.

Sebastian Elementary received funds from the Commonwealth of Kentucky for completing disability determinations for eligible students. These funds were not recorded in the correct account, nor disbursed for eligible expenses.

	During the review of bank statements and deposit slips at two school visits, there were principal signatures, but no accompanying dates. Per Redbook, the bank statements should always be signed and dated by the principal prior to the "bookkeeper" receiving it. During the same school visits, it was observed that one of the schools made untimely deposits, as much as two weeks after the initial check was dated.
Comply with purchasing requirements applicable to school districts.	No Finding
Implement investment policies to ensure that all public funds are invested safely and productively.	No Finding

(d) Personnel administration - failure to ensure school district staff are prepared to perform the required professional and staff responsibilities in an effective and efficient manner, including a failure to:

Regulation 703 KAR 3:205, Section 2 (d)	Findings
Develop and implement employment practices and procedures that ensure the selection and placement of the most qualified personnel.	Although there is a checklist for the handoff of information between the personnel and payroll departments, there is no documented Standard Operating Procedure to ensure consistency in processing. The review of a sample of personnel files indicated that there was no standard content to provide a consistent employee profile. Furthermore, the review indicated that in many cases pertinent documents, such as the employment contract, high school diploma, or professional certification were not included in the file. The files for classified staff did not contain job descriptions to document employee responsibilities and the evaluations are very generic with no reference to a specific job.
Train and evaluate the professional staff of the district as required by applicable laws.	No Finding.

(e) Instructional management - failure to develop and maintain district-level instructional policy including a failure to:

Regulation 703 KAR 3:205, Section 2 (e)	Findings
Maintain a curriculum consistent with 703 KAR 4:060 and applicable laws.	There is an incomplete standards deployment and curriculum alignment plan around the revised Kentucky academic standards.
Provide the resources necessary to support the instructional program.	There is a lack of a consistent expectation around unit and lesson planning for submission, monitoring and feedback district-wide. Written processes are not in place that address CTE data collection and accuracy or student scheduling.

Management Audit Methodology

The management audit team utilizes both qualitative and quantitative data collected from the district both onsite and offsite in the analysis of district and school planning, governance, operations (e.g. financial, transportation, facilities, personnel) and instructional management. The audit team uses the following guideposts in review of the data:

- **APPROACH**: addresses the methods the organization uses to accomplish the work; the appropriateness of the methods to intended outcomes; effectiveness of the methods, the degree to which the activity is repeatable and based on reliable data and information
- **DEPLOYMENT**: how the approach is applied in addressing values relevant and important to the organization (performance goals); if the approach is applied consistently and is it executed by all the appropriate work units (offices, departments)
- **LEARNING**: how the organization refines the approach through cycles of evaluation and improvement (over time and several data points); encourages breakthrough change to approach through innovation; shares refinements and innovations with other work units and processes in the organization
- **INTEGRATION**: The approach is aligned with the organizational needs identified in the CDIP or CSIP or KBE goals and other departments; the measures, information and improvement systems are complementary across processes and work units; the plans processes, results, analyses, learning and actions are harmonized across processes and work units to support organization-wide goals

Audit Report

I. PLANNING
a. **Team Members:** Kelly Foster, Leesa Moman
b. **Persons Interviewed:** Phillip Watts, Ruschelle Hamilton, John Hollan, Albert Little, Susan Watts, Wayne Sizemore, Anna Morris, Rebecca Watkins, Stacey Davidson, All Principals, SBDM Members, Parents, State Manager

APPROACH:

Who is the leader of the governance and management system?
The advisory board is made up of 5 members. The range of membership at the time of the audit spans from 8 months to 7 years. The superintendent served as interim from June 2017 until May 2018 when he was named superintendent of the district. There is a clear understanding among the advisory board members as to who is the leader of the governance and management system. Interviews indicate the advisory board members understand their roles (e.g., develop and approve policies, manage the budget, hire and evaluate the job performance of the superintendent and hire a board attorney).

What documents, policies, procedures indicate how the schools are governed?
The advisory board has adopted polices for administration and school governance. The Central Office Leadership Team (COLT) meets at least monthly but sometimes bi-weekly. There has been an intentional focus to gear the agenda towards curriculum and instruction (e.g., district non-negotiables, high expectations for academics). The district has a mission and vision statement in place. The superintendent plans to revisit the mission and vision with community members, teachers, students, and parents and take any recommended changes to the advisory board in January. The district has developed three big rocks (e.g., communication, ABRI/PBIS, curriculum) as part of the improvement process. The district submits and updates 30-60-90 day plans to the Kentucky Department of Education (KDE) before each state board meeting.

What are the organizational structure and job descriptions of the central office?
The district has developed an organizational chart that includes all employees of the district (e.g.,superintendent, teachers, bus drivers, trainers, aides, health assistant, etc..). Job descriptions are in place.

What are the communication structures in the school district?
Interviews indicate that there is a district wide internal and external communication plan. Advisory board members could clearly articulate how information is communicated to schools, parents, and the community (e.g., radio, webpage, flyers, district app, newsletters, social media). Interviews indicate that the principals receive information from the superintendent and the central office staff in principal meetings, emails, and google classroom.

What is the relationship between the central office and the Board of Education?
Interviews indicate there is a positive relationship between the advisory board and the superintendent as well as the central office staff. Advisory board members compliment central office staff for providing them the necessary information and materials they need to be prepared for advisory board meetings. Advisory board members appreciate that central office staff are available to answer any questions they may have before or during a board meeting.

DEPLOYMENT:

How far into the organization is the understanding of how the district is governed?
Interviews indicate that the advisory board and the employees of the school district have a clear and consistent understanding on how the district is governed. However, structures have not been fully developed to ensure that community members have a clear understanding of the role of the advisory board and the role of the superintendent. Interviews indicate that School Based Decision Making (SBDM) Council members have an understanding of their role and its relationship to the advisory board.

How do you know?
Interviews with central office staff demonstrate there is a clear understanding as to who is responsible for each initiative at central office. Interviews with principals indicate that the superintendent and central office staff support the work that is occuring in each school. Most SBDM Council members are able to discuss their role in developing school level policies, data analysis, hiring, and elections.

LEARNING:

How are changes in policy and administrative tasks communicated in the organization?
Interviews indicate that principals attend advisory board meetings and share policy changes with school staff. Interviews also indicate that policy changes are discussed in principal meetings. SBDM minutes are posted on each school's website and in eMeetings.

How do they know that the policies and procedures are working?
Interviews indicate that various types of data are being reviewed during meetings (e.g., Professional Learning Communities (PLC), District PLCs, SBDM Council meetings, COLT meetings) to determine if current policies and procedures are working.

What are the processes in place to change the policies and procedures?
Advisory board members indicate that they review and adopt Kentucky School Board Association (KSBA) policy updates. Interviews indicate that potential policy changes are shared at principal meetings for feedback before going to the advisory board. There is a process in place to ensure that all policy changes have a 1st and 2nd reading at the advisory board meetings before they are approved. .

INTEGRATION:

What evidence is there that the policies and procedures work together for the goals of the school district/student achievement?
There is some evidence that policies and procedures have been aligned to meet the individual needs of the schools and district. Interviews with the advisory board members, central office staff, principals, and SBDM members indicate there is an ongoing effort to use data to ensure resources align with the district improvement plan. Additionally, a 4 person district instructional team has been established to support the continuous improvement work at each building.

Planning Recommendation:

- Develop and implement a 3-5 year plan that encompasses the academic, financial, and facility needs of the district. The superintendent and the advisory council members should include a variety of stakeholders (e.g., central office staff, principals, SBDM members, teachers, parents, students, community members) in the development and implementation of this plan to ensure that the needs of the district are met.

II. OPERATIONAL SUPPORT- Food Services
a. **Team Members:** Kay Kennedy, Katie Embree-Cleveland, Faith Corbin
b. **Persons Interviewed:** Food Service Director Tabitha Napier, All Cafeteria Managers, All Building Principals, and Finance Officer.

APPROACH

Who is the leader of the operational systems in the district?
Tabitha Napier is the Food Service Director for Breathitt County Schools. She is responsible for the direct oversight of all food service program operations. As noted in the Management Audit of 2017, it was recommended that the food service director have assistance with program operational duties. The food service

program has since employed a food service administrative assistant position that serves as support to the food service director. The creation and staffing of this position has alleviated previous concerns of excessive workload for the director position.

The district has four schools that participate in food service programs. Each school has a food service manager who is responsible for day to day operations and recordkeeping requirements. Each manager reports to the food service director and school cafeteria staff report to the manager. Food service has direct oversight of all staffing and hiring.

What processes are in place to ensure they operate appropriately?
The food service department has strong internal processes and procedures in place to ensure that the program operates efficiently and effectively. During the Management Audit in 2017, it was noted that the program policies and procedures manual was out of date. Now, the program has a current policy and procedure manual that clearly defines department procedures for all areas of operation. The manual is electronic and is updated on a regular and as needed basis. The communication plan includes sharing of and training on all food service policies and procedures. They are shared with food service staff during monthly manager and staff meetings. There was strong evidence during interviews that all staff understood and followed procedures in a consistent manner.

What documents and policies are in place to support operations?
In prior management audits in 2014 and 2017, it was noted that a deficiency existed with production records being completed properly or even being available. There is evidence now of a production record procedure that all staff follow. Also, cross training on how to complete production records has occurred at all schools. During school visits, production records were readily available, in use during meal service and completed accurately.

DEPLOYMENT

How are operational processes deployed and how do you know they are working.
Operational processes are created by the food service director and when necessary also in collaboration with appropriate district leadership. There is evidence of open communication between the food service director and district leadership. The food service director attends district leadership meetings. The food service director also communicates any relevant changes in procedures or policies to principals and other school officials who have a need to know. Furthermore, managers in each school are included in communication and planning at the school level with building administration. At Sebastian Elementary, a best practice was demonstrated as the building principal leads a weekly Professional Learning Community (PLC) for support staff in which the cafeteria manager participates.

There is evidence through interviews with school building principals and cafeteria managers that the food service director is readily available when needed and is frequently in each school building. The food service director completes program onsite monitoring reviews as required and issues corrective actions when necessary.

Also, program participation rates are calculated for both breakfast and lunch on a daily basis by cafeteria managers and monitored by the food service director. The participation information is shared on a weekly basis with building principals and other district administration. When drops in participation are detected, the food service director evaluates the situation to determine the cause and propose solutions. As a best practice, both Marie Roberts-Caney Elementary and Highland Turner Elementary allowed time in the daily schedule for all classes to participate in the School Breakfast Program (SBP) after the start of the school day. Due to this, each school averages between 85% and 90% student daily participation in SBP. In contrast, Breathitt County High did not offer any alternatives to the standard meal service for breakfast and therefore had 29% participation. During the Management Audit in 2017, addressing low participation was a recommendation. During interviews, both the building principal and food service director were very open and willing to discuss possible opportunities to increase access to the program.

LEARNING

How do operational systems use data and information to improve?
The food service director has internal monitoring procedures in place to monitor for the accurate counting and claiming of program meals. All managers as well as the director conduct daily edit checks to ensure that an over claiming of meals does not occur. The food service director has strong internal controls as well as open communication with the finance officer to monitor the financial health of program funds. The food service director also manages the direct certification process for the program and has an understanding of the process. Breathitt County Schools participates in the Community Eligibility Program (CEP) and claims all meals at the maximum free reimbursement rate. The program currently has an excess balance of program funds and an approved reduction plan in place.

There is little evidence of an attempt to provide students with an opportunity to taste test items or provide direct feedback on items served in the program. Most staff indicated that they relied heavily on immediate student anecdotal feedback during meal service. Standardized menus do exist across the district, however improvements can be made to make the meals more appealing specifically at the high school level.

INTEGRATION

What evidence is there that learning is shared throughout the organization?
Documentation reviewed shows that the food service program has policies and procedures in place to effectively manage the program. The food service director is knowledgeable regarding program requirements and meets United States Department of Agriculture (USDA) Professional Standards annual requirements for training. There is evidence that the food service director operates as part of the district administration team and is supported by district administration. There is also evidence that the food service director communicates

effectively and on a regular basis with school cafeteria managers to disseminate all necessary program information.

The use of the electronic document sharing system allows updates in procedures to be timely and openly communicated. All staff communicate via email. Staff trainings and meetings occur on a regular basis and are evidenced by sign-in sheets and agendas. Cross training is conducted in several areas to ensure required program operations occur when primary staff are absent.

Operational Support Recommendation:

- It is recommended that Breathitt County High School examine alternate methods of breakfast meal service. Options could be to offer a second chance breakfast, breakfast grab and go stations or serving breakfast in the classroom. Allowing additional access to the breakfast meal service would not only benefit students in terms of providing nutrition, but it would also provide increased revenue due to the program's CEP meal claiming rate of 100%.
- It is recommended that a system for evaluation of menu items be implemented. Such a system would allow for the food service director and staff to be able to evaluate food items that students and staff enjoy and will eat versus those they do not. It is important for program meals to be of high food quality and items that program participants enjoy consuming. An evaluation system could consist of taste testing potential items, a feedback system for current items and also rotating menu items to increase variety.

II. OPERATIONAL SUPPORT- Facilities
a. **Team Members:** Marcus Highland, James Bauman
b. **Persons Interviewed:** Jason Fugate, Principal, Daisy Spicer, Custodian, MRC ES; Charles Davidson, Principal, Clay Fugate, Head Custodian, BCHS; Jeremy Hall, Principal, Sebastian ES; Sabrina McElroy, Principal, Highland-Turner ES; William Noble, BCPS Facility Director

APPROACH

Who is the leader of the operational systems in the district?
William Noble, Facility Director. This position was vacant at the time of the last Audit.

What processes are in place to ensure they operate appropriately?
Maintenance requests are created and submitted, using the SchoolDude application, for review by the Facility Director. Purchase Order requests are created at the school level in MUNIS and reviewed by Central Office and

approved by the advisory board. A custodial budget of $25/Student has been developed and is tracked weekly at the school and reported to the Central Office monthly; this is a new system.

What documents and policies are in place to support operations?
The district utilizes equipment inventory logs to track equipment. A 30-60-90 maintenance plan has been developed to guide the maintenance projects for 2019-20 school year. The district uses the SchoolDude application, emails, and MUNIS to track maintenance requests and expenditures. Cleaning standards have been documented and schedules are in place for the upcoming school year. Custodians have specific assigned areas and are responsible for maintaining them. The district Facility Manager follows up on results.

Breathitt County Schools has engaged an architectural consultant to audit their school facilities according to the requirements of the KDE Kentucky Facilities Inventory and Classification System (KFICS) program. At this time all school centers including the Area Technology Centers have been audited for facility condition and are under KDE review. With the exception of Breathitt County High School, all space audits, including site and school safety surveys, are under KDE review for accuracy and facility suitability. The district is to be commended for this progress in completing the audits for KFICS.

DEPLOYMENT

How are operational processes deployed and how do you know they are working.
Facilities are clean and well ordered. Policies are posted for staff reference. Completion of custodial duties and maintenance projects is tracked weekly. The Facilities Director monitors the work through scheduled reviews at the building level and Office.

LEARNING

How do operational systems use data and information to improve?
Record keeping and tracking in various systems (SchoolDude, MUNIS, etc.) provide assessment tools for District evaluation. Newly implemented policies and procedures are being reviewed monthly and will be evaluated and adjusted at the end of the 2019-20 school year.

INTEGRATION

What evidence is there that learning is shared throughout the organization?
All interviewed staff exhibited a clear understanding of their role and responsibility in District student first policies.

Operational Support Recommendation:
Findings reported in the 2017 Audit have been addressed and processes are in place to ensure continued efficient functioning. Experience gained in these processes will help the District derive maximum benefit from the recently passed "nickel" tax dedicated to Facilities.

II. OPERATIONAL SUPPORT- Transportation
a. **Team Members: Roger Kerns**
b. **Persons Interviewed: Steve Banks, Director of Transportation, Sabrina McElry, Principal, Jason Fugate, Principal, Charles Davidson, Principal, Jeremy Hall, Principal, 3 bus drivers**

APPROACH

Who is the leader of the operational systems in the district?

 The Transportation Director oversees the everyday operation of the transportation department.

The Principal is the "leader" of the operational system in the school. The Principal and/or Assistant Principals are responsible for the disciplining of students that is submitted through bus discipline referrals from school bus drivers or from the bus garage.

What processes are in place to ensure they operate appropriately?
Positive Behavior Interventions and Supports (PBIS) is being used along with Infinite Campus for tracking student discipline. The schools utilize the district's behavior matrix for referrals that are received from bus drivers.

Bus drivers adhere to the Transportation Procedures and Training Manual.

What documents and policies are in place to support operations?

Pupil Transportation Management Manual, Transportation Procedures, School Bus Driver Manual, PBIS, Infinite Campus and District Matrix

DEPLOYMENT

How are operational processes deployed and how do you know they are working?
Principals believe that the drivers do intervention with student behavior on the buses before a referral becomes necessary. When a referral is submitted by the driver, the principal and/or assistant principal will take appropriate measures according the the district behavior matrix.

The Transportation Director believes the drivers take a lot of pride in their roles in transportation which makes a difference in discipline issues.

LEARNING

How do operational systems use data and information to improve?
By implementing PBIS and using Infinite Campus to record behavior data, school staff can track and monitor behavior patterns and how to address them.

The annual 8 hour update training provided by the driver trainer and transportation director is based upon the needs of the drivers relative to the core curriculum for school bus drivers.

The safety concern reported in the last audit regarding adequate supervision at schools during bus loading and unloading has been addressed. All school staff wear a safety vest which helps identify them and where they are located. The location of the staff and number of staff appear to be adequate. Staff appears to be more attentive to their role of providing supervision. There are minor adjustments that may need to be addressed but overall it is working well.

This past year Breathitt County cut 5 more bus routes due to the driver shortage. Breathitt County now has 25 full time bus routes.

Breathitt County has a total of 44 buses in inventory. Three are out of service due to the expense to put those back in service. However, those 3 could be repaired and put back in service if absolutely necessary. 2 of these 3 buses are hybrids which are 2012 model buses.

8 buses currently are out of the 14-year depreciation cycle but remain as substitute buses. Breathitt County did receive one new bus for 2019 and 2 are in the budget for 2020.

It is recommended the district have 30-32 buses available to use to cover routes and substitute buses when needed. Under this recommendation, Breathitt County would need to budget to purchase 2 buses each year. Due to Breathitt County having concerns regarding the dependability of the remaining 10 hybrid buses that are currently on routes, it is recommended that the older buses be kept in reserve.

Breathitt County has four buses that have been declared surplus and has been approved by the board to sell. However these four buses still remain at the bus lot located near Sebastian Elementary.

INTEGRATION

What evidence is there that learning is shared throughout the organization?
The willingness of staff members working together toward the safety of the students as they arrive and leave the school grounds appears greatly improved.

The staff at the bus garage continues to keep the garage clean and well organized.

Operational Support Recommendation:
- It is recommended that the district develop and implement a bus replacement policy to effectively manage buses needed for daily transportation, older buses needed for substitute usage, and efficient depreciation of bus assets.

III. FINANCIAL MANAGEMENT- Central Office
a. **Team Members:** Steve Lyles, Kay Kennedy
b. **Persons Interviewed:** Finance Officer (Stacy McKnight), Payroll Clerk (Lisa Lamb)

APPROACH

Who is the leader of the financial management system in the district?

Stacy McKnight is the finance officer for Breathitt County Schools, serving since September 1, 2018. She has been with the district for several years prior to that in other roles. She described her transition from the Superintendent's office to finance as a smooth one. She completed and was certified by the School Financial Management Institute (SFMI) program in the spring of 2019. She is currently finishing up her mentor/intern process as required by 702 KAR 3:320.

What internal controls are in place to ensure the fidelity, efficiency, and accuracy of the financial records of the district?

Budgets

Breathitt County Schools has a Finance Committee which meets when there is a need to discuss the district budget. The committee consists of one to two board members, school principals, and central office staff.

Policies/Procedures

Breathitt County Schools subscribe to the Kentucky School Boards Association (KSBA) Online Policy & Procedure Manuals. It contains the policies and procedures the board has adopted.

Planning

The school board follows KDE's recommendations when it comes to staffing level guidelines. In dividing each school's actual dollar allocation, Breathitt County uses $100 per Average Daily Attendance (ADA).

What is the relationship between the Central Office finance staff, the Board of Education, other Central Office staff, and the schools?

Based on interviews, the flow of communication between Central Office and the schools seems timely and effective. Strong communication between the two is necessary for a good working relationship and for a positive flow of information when it comes to finances. Based on conversation with the audit team school level finance, additional training on management of school activity funds needs to be provided at the teacher level. There was a similar recommendation in the previous management audit.

DEPLOYMENT

How are the finance internal controls deployed throughout the district?

Internal Controls

Breathitt County Schools subscribes to the KSBA Policy/Procedure Service. Sheretta Haddix (Superintendent's Secretary) is the district liaison who manages the maintenance of the policies. BCS updates their policies annually to address statutory changes or other policy issues that may come about at the state level. However, policies are regularly discussed and reviewed at Admin/Principals' Meetings so that as new matters arise at the district or school level, revisions can be made to policies as needed throughout the year.

Grants

The 2017/2018 financial audit and in particular Breathitt County's Schedule of Federal Awards (SEFA) was examined. From the schedule, three grants (Title I, 21st Century, and Idea B) were randomly selected for review. Grant awards, employee timesheets/activity reports, and random disbursements from each grant were chosen and reviewed. All paperwork reviewed was in proper order. The paperwork is housed either in filing cabinets in central office or in digital form in Munis (see purchasing/payables below).

Purchasing/Payables

The accounts payable clerk has been with the district approximately nine years. The district scans payment documentation into Munis so paperwork will be easier to locate. This also minimizes storage requirements for purchasing related paperwork. Several checks, invoices, and Purchase Orders (PO) were randomly selected for review for proper signatures, dates, and coding and mostly found to be in order with a few exceptions. PO #92000395 to Great Minds was for $3,500. When traced to the general ledger, it had doubled to $7,000. When

a PO differs from an actual invoice by this amount, it is recommended that additional workflow approvals for that transaction take place in Munis or the PO be cancelled and a new PO created. In looking at the documentation in Munis for check #58670 for $2,320 to Music Theatre, only an invoice was attached. An approved PO#92000482 was not attached as expected. All accounts payable transactions should have an attached and approved PO unless supported by a standard invoice.

Payroll

The payroll process is soon to change with the introduction of Frontline, an electronic timekeeping software. All district staff (excluding bus drivers and bus monitors) will utilize the fingerprinting process to time-in each day. The payroll clerk utilizes an app for reviewing time off and looking at individual timesheets. They are currently in test mode and still receive paper timesheets from employees to track professional development and accrual hours. If there is extra time to be entered, certified staff use the "Non-Contract TimeSheet" and classified staff use the "Additional Timesheet-Classified" to submit the time worked.

Paper timesheets, once entered and payroll is complete, are filed in the payroll office. The district is using PSST to facilitate the data transfer from Frontline software to Munis.

Investments/Cash Management

Monthly bank statements are reconciled to the Munis financial system. A sample of the bank statements and Munis reports were reviewed and found to be in order.

Breathitt County Schools also has an investment policy that is housed in the KSBA Policy Manual under Investments 04.6. Based on discussion with the finance officer, the district does not currently have excess funds to invest.

Bank Bid

Breathitt County Schools received one bank bid for the 2017/2018 school year. The sole bidder was a local bank and contained two one-year renewable periods. The district is in the second year of the contract. The bid contained many favorable conditions for the district.

School Activity Funds/Other

For the past several years, the district has had an external resource provide annual training for compliance with the "Accounting Procedures for School Activity Funds" handbook (Redbook). Those who attend are school secretaries, principals, and some boosters. The athletic director, coaches, and all booster organizations are also invited to attend. However, because it is held during the day, coaches, athletic director, and several of the boosters aren't able to attend. This is a hindrance to a districtwide understanding of Redbook procedures. An

additional step needs to be taken to offer an alternative training to those not able to attend during the daytime (during school hours) training. It is recommended that teachers also be a part of the training as they need to have an understanding of fundraisers, how to receive money from students, as well as how to properly turn money in to the school bookkeeper.

How do you know?

We reviewed several random documents while on-site as well as looked up files and reports within Munis. During that review a few irregularities were noted as cited above. During the interview sessions, the finance officer and payroll clerk described their processes for maintaining internal controls.

LEARNING

What data and information are used to improve the financial standing of the district?

The annual School Report Card published by KDE and the Annual Financial Audit which contains a descriptive MD&A (Management's Discussion and Analysis) are good measures of how the district is doing from year to year in comparison to surrounding districts and to like "sized" districts. According to the finance officer, Breathitt County is expecting to show a contingency of approximately 19% FYE 2018/2019.

How do they know that the internal controls and other policies/procedures are working?

Each year an annual independent audit is performed for the school district. The 2017/2018 report was classified as an unmodified opinion. No findings were found in the audit pertaining to the district financials and that was the same conclusion as in 2016/2017 as well. Minor irregularities were found in a couple of the schools due to Redbook issues. A couple of those were repeat findings and are discussed further above under "School Activity Funds/Other".

How is the board informed of the financial status of the district and the impact of the budget on student performance?

Each month the board is provided a financial summary of the district. The financial summary includes the bank reconciliation, cash flow projections, balance sheet (by fund), budget report for the general fund, and financial statement by fund. The finance officer reviews the data with board members and answers questions the board members may have.

INTEGRATION

What evidence is there that the policies and procedures work together for the goals of the school district/student achievement?

Items noted in the 2017 Management Audit have been corrected. The finance officer has visited schools that had deficiencies in 2017 to ensure those issues were corrected. No other issues were reviewed in those schools. During review in 2019, new areas of concern have appeared at the school level with lack of oversight and training by central office and school personnel in Redbook laws and regulations. It is recommended that all schools receive periodic reviews from central office each year to ensure compliance with basic tenants of the Redbook. Simply spot checking for prior year audit findings doesn't guarantee issues haven't arisen in other areas or schools.

A review of the Superintendent's Annual Attendance Report for years 2016-2019 show a steadily declining enrollment from 2183 in 2016 down to 1839 in 2019. Also, even though the attendance percentage improved 0.75% this past year, there has been a net decline of 0.29% during the four year period from 2016-2019. Attendance is a key component of SEEK funding. It is a challenge for the district to maintain a dependable, steady revenue stream when faced with declining enrollment and the inability to improve attendance percentage consistently. An interview with the Director of Pupil Personnel (DPP) did indicate that the local judiciary is supportive of efforts to pursue truancy cases when warranted. The DPP also holds weekly attendance PLC meetings at the schools with the principal, attendance clerks, and the Family Resources and Youth Services Coordinator (FRYSC) to analyze attendance data.

Financial Recommendations:
- It is recommended that the district develop and implement procedures to ensure all accounts payable transactions have the proper supporting documentation - PO, dates, approvals, etc.
- It is the responsibility of the district finance officer to ensure all necessary school personnel are receiving proper Redbook training. Athletic director, teachers, coaches, and booster organizations should receive training. An evening or after school training can be offered to those not able to attend training during the workday.
- It is recommended that the district develop and implement a process to internally audit schools for Redbook compliance.

III. FINANCIAL MANAGEMENT- School
a. **Team members:** Nicole Vanover, Jackie Chism
b. **Persons Interviewed:** Principals, Secretaries(Bookkeepers)

APPROACH

Who is the leader of the financial management system in the schools?
The financial management system at the school level is primarily led by the principal and school finance staff. In addition, each elementary school has a School-Based Decision Making (SBDM) Council, with the exception of the high school. Upon CSI identification, school council authority granted under KRS 160.345 will be suspended and transferred to the superintendent. As required, the high school maintains an advisory leadership team. The SBDM involvement in school finance is evidenced by the SBDM minutes and principal interviews.

Many SBDM minutes are maintained on the district's newly created 'KSBA Public Portal' and the link for those agendas and meeting notes can be found on each school's individual website. All school principals stated school allocations were largely made at the district level with the SBDM.

What internal controls are in place to ensure the fidelity, efficiency, and accuracy of the financial records of the schools?
School finance is administered in compliance with 702 KAR 3:130 School Activity Funds using the "Accounting Procedures for School Activity Funds" handbook (Redbook). In addition to Redbook, there are advisory board policies and procedures in place to ensure monies are received and spent as intended.

SBDM councils or advisory councils are functioning in each school with the exception of the high school as noted previously. Throughout the interviews, all principals indicated they cover the budget during monthly meetings and it was noted in both the agendas and minutes. Highland Turner Elementary School's April 2019 minutes, indicated the finance officer at the central office shared the current SBDM budget with explanations on how to read and interpret it to the members. However, in the review of the SBDM minutes for the schools, financial reports were not consistently attached to the agendas or minutes as documentary proof that the principal and advisory board members had substantive finance discussions during the meetings. Samples of SBDM minutes observed from two schools, failed to have signatures recorded on the minutes.

What is the relationship between the Central Office finance staff, the Board of Education, other Central Office staff, and the schools?
Interviews indicate there is a positive relationship between principals and central office staff. Internally, at the school level, all principals seemed to work well with their finance staff. All school finance staff mentioned they work together with central office through open discussions, and can obtain answers for any questions they have, or problems they encounter. It was also expressed by a principal, the relationship between the central office and the board has become progressively better than what it had been a few years ago. From a school finance perspective, no communication barriers seemed to exist.

DEPLOYMENT

How are the finance internal controls deployed throughout the schools?
Principals and finance staff are provided Redbook training annually at the central office at the beginning of every school year by an external resource. Additional training in the schools, or a nearby district, is sometimes utilized when deemed necessary in the case of new finance staff starting after the beginning of the school year. The teachers do not consistently receive formal Redbook trainings as evidenced by interview responses; although multiple staff stated they instructed the teachers on Redbook procedures regarding the completion of the Multiple Receipts form. When there are updates on Redbook topics, the finance staff will either physically meet with teachers, or send updates via email. One school noted Redbook training is offered to the Parent Teacher Organization (PTO), although there was no evidence that training for the PTO or other external entities, such as the booster clubs, was delivered consistently by any of the schools. It is important to note from the date

of the previous management audit, Breathitt County School District has hired a new bookkeeper and principal at the high school, and a new principal at Sebastian Elementary. When there is turnover in the leadership and finance role of a school, adherence to policies and procedures is crucial to the school's success. There was an increased number of findings observed this year at the high school and those findings may be correlated to the addition of the new principal and new bookkeeper.

All school finance staff confirmed there is a new automated system, "Frontline", which has replaced the manual timesheet process for recording certified and classified staff working hours. Frontline works through fingerprint censoring. The finance staff is responsible for any corrections needed to be made in the system, in addition to monitoring the system for accuracy. A few of the school finance staff commented on the 'touchiness' of the system and the non-acceptance of fingerprints on the timeclock.

All schools observed had a designated staff member who performed the "bookkeeper" duties. Their job titles were either secretary or finance clerk. Two of the schools noted the attendance clerk opened the general mail and the other two noted the principal opened the mail, (one of them noting the custodian retrieved the mail). All principals were opening bank statements with the exception of the high school. The person performing financial duties, whether the secretary or the clerk, is given incoming checks, etc., and is responsible for recording the checks in chronological order. Most persons in this role did not photocopy checks which is an optional step, but encouraged. The person records receipts on a deposit ticket and records revenue in the school accounting system to agree with the deposit tickets, and performs reconciliations. Suggested segregation of duties includes having three separate personnel to handle receipts and pay bills to protect school activity fund money from loss and limit the liability of persons handling the money. Routinely throughout Breathitt County Schools, one person was observed to administer the process of recording revenues and revenue reconciliation.

All school finance staff confirmed deposits are made daily, or when funds collected totaled $100. One observation revealed that school revenue in December was held until January 1st. This appeared to be due to absences of the bookkeeper. It is best practice to have an alternate person making deposits in these instances. Per Redbook, deposits shall be made on a weekly basis even if the deposit amount is less than $100, and in this instance, it was not less than $100. All schools maintain safes that are available to safeguard funds received.

No schools maintain a petty cash fund. None of the schools maintain a credit card at the school level. There is a Walmart card maintained at the Central Office. All schools confirmed they maintain one bank account for school activity funds.

All schools finance staff confirmed that if a transfer took place between activity funds, the transfers were completed properly with a transfer form. One school observation revealed the transfer orders were missing sponsor signature and/or the principal signature. There should be a procedure in place to mitigate these errors.

The staff at two schools acknowledged they had PTOs, who maintained their own Federal Employer Identification Number (FEIN) and bank account. The school's PTOs are required to submit names of the club

officers and submit an annual financial statement itemizing revenues, expenditures, and beginning and ending balances. Both schools confirmed their PTOs were adhering to this requirement.

Invoices, with accompanying purchase orders, receipts, check copies or stubs, and packing slips, should agree to one another, and contain all necessary approvals. Furthermore, check number and date paid should be on invoices, and all documents filed by month in check numerical order. During one school visit, the review of invoices and accompanying documents, didn't contain the necessary approvals or signatures. In a sample at the same school, the billing statement, invoice and check didn't match a purchase order. At another site, there were no errors observed in the sampling of documents, but they were not filed in check numerical order as required by Redbook.

During the review of bank statements and deposit slips at two school visits, there were principal signatures, but no accompanying dates. Per Redbook, the bank statements should always be signed and dated by the principal prior to the "bookkeeper" receiving it. During the same school visits, it was observed that one of the schools made untimely deposits, as much as two weeks after the initial check was dated.

KDE observed questionable expenditures made from the staff account at Sebastian Elementary, formerly LBJ. After a thorough review by KDE, it was discovered that Sebastian Elementary was taking funds received from the Commonwealth of Kentucky for completing disability determinations for eligible students and placing these funds into the staff account. The revenue was used to buy donuts, ice cream, and meals-for staff, and not students. The high school was placing these funds in the guidance account simply because the guidance counselor completed the forms. After reviewing the ledger for the guidance account at the high school, it appears that the monies received still remained in that account and had not been spent as of the date of the KDE visit. The remaining schools placed these funds into the general fund and the money was used for the students. Another questionable expenditure was observed at the high school where the food was purchased at the end of the year in the amount of $350 to Sam's Club. This was paid out of concessions and is not allowable per Redbook.

At all schools visited, finance staff stated they followed the district procurement policy regarding bidding and purchasing activities. No evidence was found that suggested otherwise.

All school finance staff confirmed ticket sales were closely monitored according to internal control safeguards; however, several ticket requisition forms observed from schools contained clerical errors. One school failed to attach the last tickets per Redbook guidelines. Another school sampled, revealed the teacher in charge, failed to attach any proof of sales as evidence.

Two of the four schools observed had outstanding checks. New Redbook guidelines will require outstanding checks be carried not longer than twelve months. For this management audit, the outstanding checks are not considered a finding, but procedures should be in place to avoid this in future periods since the new Redbook has explicitly outlined a period of twelve months or less.

Payments for services to persons who are district employees such as coaches and sponsors, are paid through MUNIS payroll and not directly from school activity funds. Payments for services to persons who are not district employees, such as officials for athletic events, are paid by check from the school activity fund with a standard invoice, signed by the payee. One of the schools did not have totals that reconciled, and entries not made in the proper columns of the requisition form.

Inventory forms could not be located for three of the four schools. The one school where inventory forms were reviewed, showed total inventories not matching the list of attached receipts, and forms not completed monthly.

Multiple receipt forms were observed in all schools; however, one of the schools did not use the form as intended. There were no receipt numbers located at the top of the form, allowing the tracking of the receipt without the attached yellow carbon copies, indicating the party who gave the money, may have not received a copy. It is recommended that the form be used as intended with the carbon copy, receipt numbers placed on the form, and stored with all accompanying proper documentation. The forms appeared to be copied with documentation, such as the deposit ticket, in a binder, or a manner easy for audit tracking. One school observed had several forms completed incorrectly and/or lacked the deposit tickets.

Fundraiser forms contained at the high school had inconsistencies. Many were missing data from the worksheets and several forms contained white out that were submitted on behalf of the basketball team. Based on observations and interviews, a fundraiser held at Marie Roberts Caney Elementary did not comply to Redbook. During this particular fundraiser, a group of parents/teachers portrayed themselves with the school's assistance as a PTO with good intentions, but committed various violations in the process. The group of parents/teachers wanted to reward students, 3rd-6th grade for KPREP scores, with a trip to Kentucky Kingdom. Since the trip was non-instructional, it should have been funded by an external group such as a PTO or PTA; however, this group was not a legal separate entity. Per Redbook guidelines, non-instructional field trips shall be funded by non-tax, non-board controlled funds. The school permitted the parents to fundraise on the district's website and allowed district buses to be used on the trip. The fundraiser activity was in the form of a silent auction. Parents and/or businesses made donations under the assumptions the fundraiser was a school sponsored event. Because the school didn't adhere to Redbook, the following findings were noted:

- The fundraiser form (F-SA-2A) was not completed at the school with the principal signature after the advisory board approved. It is not permissible for fundraisers to cover admission for staff, fundraisers are to benefit students. In this particular fundraiser, the funds received paid admissions for all students and 15 support staff, this is a disallowed expenditure.
- Income from a fundraiser must be used for the purpose indicated on the form. While the parents and/or teachers had good intentions, they didn't use all of the raised funds for the purpose in which they were generated. Based on interviews, excess funds were used to buy t-shirts for all staff and students, and $1,800 remains. Redbook doesn't allow purchases for staff members.

- Contributions and collections derived from school sponsored fundraising activities shall be deposited in the schools activity account. Based on interview responses, cash was paid for the expenditures, and the remaining funds are currently being maintained at a teacher's home in their private safe.
- Fundraisers where items are sold, whether donated or purchased, require the use of a fundraiser worksheet (Form F-SA-2B). This is used to recap profitability of a fundraiser sales cycle. This report should have been reviewed and signed by the principal. Any fundraising activity that involves donations, must have safeguards in place to reduce or eliminate misuse of those donations.
- A multiple receipt form should have been used to track and record revenues.

Grants, if applicable, are administered, processed, and maintained at the central office. The documentation surrounding grants may be maintained and controlled at the central office level; however, a basic understanding of the processes involved in grant management should exist at the school level. Finance personnel at one school, did not have a working knowledge of two grants utilized by their school.

How do you know?
Reviewers conducted interviews with all school principals and bookkeepers to learn about processes such as segregation of duties, Redbook training, procurement policies, etc.. Reviewers examined a sample of receipts and expenditures which included purchase orders with accompanying invoices, receipts, check copies, or stubs from finance staff. Reviewers examined the findings noted in the last external audit conducted at the school level for each school visited, and inquired with the finance staff about all findings noted within the audit. Reviewers examined the general ledger for various accounts to confirm expenditures complied with Redbook. Reviewers examined bank statements, deposit slips, voided and outstanding checks. Reviewers inquired about grants, but all grant documentation was maintained at the central office. Reviewers also inquired about travel reimbursements, and were told all travel forms were maintained at the central office. Reviewers examined a sample of the requisition and report of ticket sales to confirm the first and last tickets were attached, and money reconciled per event. Reviewers examined a sample of SBDM Council minutes for all schools visited to ensure these were signed and appropriate financial discussions took place. Reviewers examined transfer forms, principal combining budget, inventory forms when available, multiple receipt forms, fundraiser documentation, etc.

LEARNING

What data and information are used to improve the financial standing of the district?
Based upon interviews with principals, the communication between the principals and finance staff initiates the discussion of budget considerations, with one school requesting input from the activity account leaders and the review of the previous two year budgets. At this time, the SBDM Council initially meets to recommend the staffing allocations. They review the district's allocation of discretionary funds and assist in customizing the budget to meet the needs of the students in their particular school. SBDM Council meeting minutes indicate the SBDM Councils meet monthly to discuss the ongoing needs of the school.

How do they know that the internal controls and other policies/procedures are working?

Each year, an independent annual audit is performed at the school level to examine school activity funds. The FY 2017/2018 audit was the most current audit available for inspection. In reviewing the last annual audit report and the auditor's notes pertaining to schools visited, there were only minor instances of irregularities noted, and management responses were obtained for those findings. These findings however, were repeated in the previous two fiscal years, and observed by KDE while examining FY18-19 records. KDE observed that the district had two new principals and a new bookkeeper since the last Management Audit, validating the concerns for additional and continuous Redbook training.

How is the SBDM Council informed of the financial status of the school and the impact of the budget on student performance?

Principals indicated that there is a financial component included in the SBDM Council meeting agendas. There is no evidence the SBDM councils regularly include measures of success when deciding how to spend discretionary funds.

INTEGRATION

What evidence is there that the policies and procedures work together for the goals of the school district/student achievement?

During the interviews, it was noted that communication with the central office regarding finance related activities, was favorable in all schools interviewed. Despite the favorable communication noted, there is a lack of oversight by the central office finance officer to the schools' adherence to Redbook regulations. Redbook is the corporate governance structure along with policies and procedures designed to eliminate and/or reduce fraud risk. Although there is Redbook training provided to school finance staff, there is no evidence of district-wide Standard Operating Procedures documentation to ensure consistent business practices across the district. Furthermore, many findings were noted in this KDE management audit in this area.

Financial Recommendation:

- It is recommended that all monthly SBDM Council minutes posted to the KSBA Portal, contain any supporting documentation that is presented, and always be signed by those attending the meeting.
- It is recommended that the district develop and implement Standard Operating Procedures for the bookkeepers at the school level, to ensure school level financial activities and procedures mandated by Redbook, are accurate and reliable; contain all necessary approvals or dates; are filed according to Redbook guidelines; are occurring timely; and contain any documentation, if required by Redbook, together with consistent oversight by the finance officer. It is recommended that annual training on pertinent Redbook activities be mandatory for the assistant principals, teachers, and external entities, as it is not sufficient to educate just finance staff and principals in this area. Providing others with

knowledge in this area, will also help matters in the event school finance staff has to take leave unexpectedly, or during a replacement period if one leaves their place of employment. It is recommended the finance officer implement changes in the policies and procedures to address any Redbook findings.

- It is recommended that the finance officer review expenditures made from staff accounts, etc.
- Segregation of duties is a critical implementation for sustaining risk management and internal control. Without this separation in accounting duties, the risk of fraud and error increases. It is recommended the person performing bookkeeper duties in each school, does not solely perform the recordation of receipts and revenues, together with the final reconciliation of the report log. Additional staff members must assist in the process to mitigate risk.
- Per Redbook, deposits shall be made on a weekly basis even if the deposit amount is less than $100. It is recommended to have an alternate person assigned to make deposits in the event the bookkeeper is out due to illness or personal leave.
- Per Redbook, the bank statement shall be e-mailed directly (if electronically) or opened (if mailed or picked up) by the principal prior to the treasurer having access. It is recommended that all principals implement of this requirement.
- It is recommended the finance officer have a plan in place to distribute new, required Redbook changes, such as those relating to outstanding checks, to school personnel.
- For schools receiving funding through grants, it is recommended that someone at the school level have an in-depth understanding of grant management, and be able to provide any supporting documentation upon request during an external audit. At least one member of the school finance staff should be able to explain the procedures and policies that are in place to ensure grants are being properly accounted for, and allocated.

IV. PERSONNEL ADMINISTRATION

a. **Team Members:** Kay Kennedy

b. **Persons Interviewed:** Superintendent, Finance Officer/Personnel Manager, Secretary to the Superintendent

APPROACH

Who is the leader in hiring and staffing for the district?

The superintendent is the leader in hiring and staffing for the district. The staffing formula approved by the advisory board determines the number of positions at each location in the district. Interviews with advisory board members indicated that they understood the role of the advisory board is to establish positions without involvement in the hiring process.

The Personnel Manager is the leader in the day-to-day administrative tasks that ensure compliance with state and local policies related to the hiring and continued employment of both certified and classified employees.

The superintendent and the Personnel Manager, indicated in interviews that advisory board members do not interfere in the operational aspects of personnel administration.

At the regular monthly meetings, the advisory board is notified of new hires, transfers, resignations, retirements, terminations, non-renewals, suspensions, reductions, and leave.

What processes are in place to hire, train, and provide support for certified and classified staff?
Personnel administration is governed by the policies and procedures in Chapter 3 of the Policy Manual provided by the KSBA policy service.

Principals and department heads utilize the Job Vacancy Form to request that an open position be filled. When a Job Vacancy Form is submitted, it is given to the Superintendent for approval. The form has been modified since the last audit to include a designated place for the superintendent's signature and date of approval. Then the Superintendent's secretary posts all vacant positions on the district Frontline system as well as in the local paper. Additionally, certified positions are posted on the Kentucky Educator Placement System (KEPS).

Breathitt County Schools uses the "Frontline" program to manage the employment process. The link is easily accessible on the BCS website. Also, other pertinent Personnel Administration documents such as the Employee Handbook, the Work Safety Plan, the Certified Evaluation Plan, and others are on the website as well.

When a new employee is hired, the superintendent's secretary provides the new employee with a packet containing informational documents and required employment forms. The employee returns the forms to the superintendent's secretary for processing. A personnel file for each employee is prepared and contains personnel related documents such as the application information, contract information, benefits forms, withholding forms, immigration status, etc. A review of a sample of active employee personnel files indicated that the contents of the files were not organized in a systematic manner and numerous files had missing documents. Appropriate information is forwarded to the Payroll Clerk to establish the employee in the MUNIS system.

On the Breathitt County Schools website, under "Links" there is an option to select "Forms/Links". On this page, there is a link to on-line FERPA training from the U.S. Department of Education Although there are district wide generic training opportunities, job specific training is provided at the operational unit level. For example, the Transportation Department ensures that bus drivers are properly trained and licensed to drive a school bus. In the Food Service Department, employees receive regular training in first aid, CPR, Food Handling, Food Born Illness, and Civil Rights. In the Finance Department, staff are cross-trained to execute critical business functions. The district provides professional development opportunities to meet statutory requirements.

Employee files, both active and inactive, are maintained in a secure location on the main floor of the central office that is easily accessible to the Personnel Manager and the Administrative Secretary. The personnel file room was neat and orderly.

What processes are in place to ensure fairness in staffing?

All applications for open positions must be entered through the Frontline program. Operational department heads and principals have access to the online applications and can see only the applications for the positions under their control. The department heads and principals can review the applications and schedule interviews for job candidates. Principals utilize the SBDM Councils and operational department heads to interview and make hiring recommendations.

Advisory board members all indicated they have no role in the hiring process. Interviews with staff at central office and schools indicate the board does not influence hiring.

DEPLOYMENT

What evidence is there that the evidences mentioned in the approach are deployed in all staffing and hiring situations of the district?

The district does not utilize any formal task oriented Standard Operating Procedure documentation to execute the tasks related to personnel administration.

Access to employment opportunities on the website is clear and easy to navigate.

There is evidence of a separation of duty between the Personnel Manager and the Payroll Clerk in setting up new employees. Although there is a checklist for the handoff of information between the personnel and payroll departments, there is no documented Standard Operating Procedure to ensure consistency in processing. Additionally, there is no inventory of the documents in each personnel file to show that the data is complete. It is recommended that the district develop a formal procedural task list and a file inventory system to ensure consistency and accuracy in the setup of new employees.

Professional development and job-related training is tracked and monitored at the departmental level through Excel spreadsheets and is not consistently reflected in personnel files.

LEARNING

What measures of effectiveness are gathered to improve the hiring and staffing system especially in gap areas?

The review of a sample of personnel files indicated that there was no standard content to provide a consistent employee profile. Furthermore, the review indicated that in many cases pertinent documents, such as the employment contract, high school diploma, or professional certification were not included in the file. It is recommended that the district develop a standard inventory of documents to be included for each employee.

For certified employees, the employee evaluations are maintained at the school level and are not in the employees' personnel file. It is recommended that a copy of the evaluation be kept at the school location (secured) but the original should be maintained in the employee's official personnel file at the central office. Furthermore, forwarding the original evaluations to central office in a timely manner would provide the interim superintendent means to hold principals accountable to complete the evaluations in a timely manner.

With respect to classified employee files reviewed, there was evidence that evaluations had been included in the personnel file in the past. Consistently, the files did not contain job descriptions to document employee responsibilities and the evaluations are very generic with no reference to a specific job. It is recommended that the classified employee evaluations include the specific job duties corresponding to the job description of the position for which the employee was hired.

INTEGRATION

What evidence is there that employees understand the hiring practices and that it is systematic?

There is no documented procedure checklist that provides verification that the hiring practices of the district are consistently executed in compliance with the approved policies and procedures in Chapter 3 of the Policy and Procedures Manual. It is recommended that the district implement Standard Operating Procedures that identify all steps and associated forms that support the hiring process.

The Personnel Manager indicated that the principals and operational department heads have a good understanding of the hiring process and the role of the SBDM Council in the process. There is no formal checklist or workflow document to ensure that the practices are systematic.

What evidence is there that the staffing works with the goals of the school district /student achievement?

The staffing formula determines the number of positions at each location in the district in compliance with state requirements. Principals, in consultation with their respective SBDM Councils, can lobby for additional positions. Within budgetary constraints, the advisory board has the discretion to establish additional positions it deems necessary to support the instructional and extra-curricular programs in the district. The Finance Officer maintains an Excel spreadsheet to manage position control within the district.

Personnel Management Recommendation:

- It is recommended that the district develop a formal procedural task list to ensure consistency and accuracy in the setup of new employees.
- It is recommended that the district develop a standard inventory of documents to be included in the personnel file for each employee.
- It is recommended that the classified employee evaluations include the specific job duties corresponding to the job description of the position for which the employee was hired.

V. INSTRUCTIONAL MANAGEMENT

a. Team Members: Susan Greer, Todd Tucker, Tim Godbey, Charlotte Jones, Felicia Bond, Jim Hamm, Ben Fritz, Sam Watkins

b. Persons Interviewed: Director of Curriculum and Instruction (1), School Principal (4), School Assistant Principal (3), Curriculum Coordinator (1), Curriculum Specialist (1), Director of Special Education (1), Superintendent (1), Special Education Liaison (1), Literacy Coach (1), Guidance Counselor (3), Media Specialists (2), Educational Recovery Staff (4), Certified Teaching Staff (74), Classified Staff (21)

Document Reviewed: Breathitt County Schools District Management Overview power point, Breathitt Interview Schedule, List of Items Requested by KDE, 5 year Academic Strategic Goals, Systems Check for District Leadership Team, 2019-20 District PD Process and Plan, BCSD Elements of Effective Classroom Systems, Big Rocks, Breathitt Co Working MTSS Document, Communication Non Negotiables, Curriculum Continuous Improvement Process, District Non Negotiables, FY SBDM Staff Allocation, 2019-20 Elementary Curriculum K-6 all subjects, 2019-20 Middle High School Curriculum 9-12 all subjects, Alternate Education Admission policy, Alternate Education Intake and Orientation policy, CDIP documents including planning and meetings, Central Office Leadership Team Agendas, Certified Evaluation Plan document and agendas, Monthly Data Analysis Reports, School level Feedback and Monitoring forms, Curriculum Feedback and Professional Learning Needs Survey, Curriculum and Instruction Policy, July 29-31 Curriculum workshop agendas and materials, School Level PLC agendas and minutes, ABRI Agendas (High School), PDSA PLC Agendas, Monthly Principals' Meeting Agendas, BHS MAP Support Plus/Delta, Copy of AdvanED Diagnostic Review Results for Breathitt County Schools, eWalk Plus/Delta, Opportunity Myth Reflections, 30-60-90 PDSA Breathitt Management, BCS KDE Plus/Delta, BCS KDE Action Plan Update, Communication Plan, Nickel Tax Flyer, Strategic Plan Update 2018 Board of Education Goals, G Lawyer Litigation District No Findings, Internal External Communication Plan, BCS Newsletter, LPI Leadership Practices Inventory, Policy and Procedures Review Acknowledgment, Superintendent Evaluation Presentation 2019, Policies and Procedures Checklists, Turnaround Team Agendas, 703 KAR 5:280 School Improvement Procedures, KRS 160.346 Definitions, School Improvement Fund Notification, KVEC Planning Meeting, LBJ Elementary School 17/18 Gap Analysis Report, PLC Agenda and Notes 1-10-19 KVEC Staff CoTeaching Models

APPROACH

Who is the leader of the curriculum and instructional processes in the district?
Based on interviews and documents provided for the team, the leader of curriculum and instruction is the Director of Curriculum, Instruction and Assessment and her team of curriculum specialists. Many interviewees added the principals and teacher leaders to the list of key players who work collaboratively with the district team to provide expectations for work and to support the work of teachers around curriculum and instruction.

What processes are in place to ensure that core curriculum is aligned with state standards processes and horizontally aligned within the district?
Curriculum documents and artifacts were provided for the team to review and many interviewees discussed standards alignment and rollout as recent work completed in the district, especially during the Curriculum Workshop days prior to the opening of school. However, district and school-level expectations for pieces completed at the end of the work session remain unclear. While professional development activities during the workshop included mini-sessions and departmental work, the degree to which this work extended beyond becoming familiar with or exploring standards was not clearly defined. District staff shared that any curricular adjustments during the sessions would be added to existing curriculum documents in a separate color. The team was unable to locate changes.

When questions were asked of interviewees around ensuring the alignment of core curriculum and state standards, answers included school-level professional learning communities, district-level PLCs, coaching sessions and monthly feedback and support meetings. While these events are evidenced in documents, the manner in which they ensure systematic alignment is unclear. Additionally, some referred to purchased programs (i.e., Wit and Wisdom, Fundations, Eureka) as their aligned curriculum rather than as resources to support their aligned curriculum.

The Feedback and Support Monthly Meetings (formerly the Progress Monitoring Visits) have been implemented as the vehicle for monitoring many initiatives and student growth and achievement. This practice has been extended to encompass a variety of components (e.g., principal look-fors, behavior data, walkthroughs, 30-60-90 Day Plans) to be assessed. Artifacts indicate some principals request the team look for curriculum aligned to standards demonstrating that this is a priority for district and school-level leadership.

The district has made significant progress with identification and implementation of specific curricular program usage in all schools. There is evidence of consistency of implementation along with frequent formal and informal discussions about curriculum implementation. Furthermore, the district has developed a continuous improvement process focused on curriculum indicating the district's core beliefs about curriculum along with a defined rubric to rate purpose, essential questions, tasks, and products. However, there is limited evidence to

show the district has systematically used this formalized approach to ensure the alignment of their curriculum with Kentucky Academic Standards.

How do you measure effectiveness of these processes?
Teachers reported that student data is analyzed during weekly PLC meetings and coaching sessions to make adjustments in teacher practice. However, the degree to which this analysis is used to inform curricular decisions remains unclear. Additionally, teachers meet both formally and informally to discuss standards, curriculum and instruction but there is little evidence to indicate the district uses a systematic process for determining the effectiveness of curriculum alignment processes being deployed in schools. The most recent Comprehensive District Improvement Plan (CDIP) (Goal 1, Objective 1, Strategy 1, Activity 1) indicates that the district leadership team will create a monitoring tool to ensure curriculum alignment as well as appropriate levels of instructional rigor. Upon review of artifacts, it is unclear as to whether the current district monitoring tool is being used to actually monitor effectiveness of the curriculum alignment process.

What processes are in place to ensure that rigorous, engaging instructional strategies are used in classrooms?
There is some evidence the district provides opportunities for staff to discuss rigor and student engagement. Walkthroughs are conducted by school leadership using the eleot™ document. Additionally, the District Leadership Team conducts eWalks to monitor and provide feedback to principals during the monthly feedback and support visits. However, this process has just been implemented, therefore, the degree to which these walkthroughs and feedback impact instructional practice and/or student achievement is not yet evident. There is some evidence that feedback from district walkthroughs is not immediately shared with teachers by principals. The CDIP (Goal 1, Objective 1, Strategy 1) also states, "Monitor the fidelity of the deployment of standards as designed in the school-approved/district-supported curriculum to ensure that all students are being taught standards at appropriate levels of rigor." Staff indicate, however, when walkthroughs are conducted, feedback and coaching are limited. Interviews indicate inconsistencies in the feedback process. Additionally, the district, supported by Education Recovery Staff, provided three days of professional development experiences related to instructional strategies for all teachers in the district. Some teachers were assigned sessions by their principal and other teachers could choose from multiple one hour sessions (i.e., literacy strategies, ACT strategies, Tier II interventions, Tier III interventions.) Some interviewees indicate that the district expects cooperative learning strategies be used by all teachers.

The current district non-negotiables are grade appropriate assignments, high expectations, deep engagement and strong instruction. Based on the CDIP, an activity under (Goal 1, Objective 1, Strategy 2, Activity 6) states, "District leadership will monitor, evaluate, and provide feedback on the quality and fidelity of the system and its impact on student learning." Documents and artifacts indicate this will occur through the eWalks during the monthly feedback and support visits.

What evidences are there of alternative programming for students?

Evidence of alternative programming includes a range of documented interventions based on practices at each particular school, special education services, 504 plans, credit recovery based on the use of the Edgenuity online curriculum and a Day Treatment Program following the Department of Juvenile Justice guidelines. Interviews also indicate Moderate/Severe Disability (MSD) units exist for elementary, middle and high school age students. A Next Generation Academy exists at the middle/high school where currently ten students are enrolled and have the opportunity to graduate with an associate's degree. Students outside the Next Generation Academy are permitted to complete dual credit courses as well. Counseling services are offered to students, although a full-time counselor is not provided at all schools.

What documents, policies, procedures are being used to ensure curriculum/ special education requirements are being met?

Required policies are housed online via the district webpage. More specifically, policies and procedures that are used to ensure these requirements included relevant Kentucky Revised Statutes and Breathitt County Schools policies and procedures for special education. District leadership conducts monthly special education data meetings in each building to review student data, give feedback and monitor special education requirements for compliance. Interviews reveal inconsistencies around the implementation of the co-teaching model. Teacher training around co-teaching models has been offered; however, not all staff has been part of this professional learning initiative. Interviews reveal some teachers and special education teachers collaborate together in both planning and delivering instruction in the classroom.

The district has established a process for teachers to engage in conversations about curriculum in an effort to bring more consistency to what is being taught, how it is being taught and the results from common assessments through district PLCs, grade level PLCs and special education PLCs. While the district has made efforts to increase communication to bring a more intentional focus on student data, it is yet to be determined that these initiatives will yield an increase in student achievement. There is a lack of curriculum documents to show that curriculum has been modified and documented to meet the needs of special education students.

How do you measure effectiveness of these processes?

The Director of Special Education has developed and implemented monthly special education data meetings for the purpose of discussion of student data. While there are some processes and procedures being developed and implemented to address special education data, there is little evidence that curriculum is modified and adjusted to ensure effectiveness in addressing student needs.

DEPLOYMENT

What evidence is there that the processes identified are deployed with fidelity throughout the organization?

Artifacts (e.g., agendas, minutes, planning, monitoring tools) indicate the district deploys specific initiatives around teaching and learning. District and school-level administrators, teachers and support staff meet routinely to analyze student performance and discuss teaching and learning strategies.

Central office leadership team (COLT) meets twice monthly to discuss district priority work in each department and to look for opportunities to collaborate across the district. The COLT meetings also guide and inform the agenda for the monthly principal meetings. Artifacts and interviews reveal communication is consistent from the central office level as well as the building level. Interviewees shared that two way communication has become common practice. These district structures illustrate the fact that the district has implemented both internal and external communication plans (a district non-negotiable) that inform stakeholders and guide the deployment of initiatives and processes.

While the district has experienced some success in deploying specific processes and initiatives (e.g., programs, school-level PLCs, district-level PLCs) other processes and initiatives (e.g., alignment to state revised standards, co-teaching, modifying curricular and instructional strategies to meet individual student needs) have not been fully deployed. For example, concerning the deployment of co-teaching strategies, interviews indicate varied levels of training and understanding of such strategies. Few teachers expressed they have been fully trained in co-teaching strategies while other teachers indicate they had little or no training in this regard. Interviews and artifacts indicate the district has provided opportunities for teachers to explore revised state standards. Teachers indicate the programs (e.g., Wit & Wisdom, Fundations, Eureka Math) do address state standards but there is little evidence to indicate a formalized process and/or products demonstrating congruency of these programs to the revised standards.

LEARNING

What processes are in place to use data and information to improve learning processes?
There is evidence of processes for using data and information to improve learning processes (e.g., school and district-level PLCs, progress monitoring, eleot™ observations, peer to peer observations). School-level PLCs review multiple data sources (e.g., Measure of Academic Progress data, common summative assessment data, behavior data, eleot™ data) on a regular basis and interviews reference phases and processes to guide these data and information discussions.

According to interviews, some teachers conduct item analysis of assessments during PLCs and common planning times. Additionally, artifacts reveal specific agendas, along with minutes, indicating discussions and self-reflections occurring during PLC meetings. Teacher interviews indicate commonality among PLC groups and the usage of the plus/delta tool as a method to capture new learning and points of emphasis resulting from data analysis.

Teacher interviews indicated the presence of both school and district leadership presence in classrooms. Walkthroughs are conducted frequently in all schools by various stakeholders using a variety of tools. Some classroom visits are informal and conclude with the classroom visitor leaving short notes of positive feedback to more formalized approaches resulting in the collection of school-wide instructional practice data collected through the eleot™ tool and then shared collectively with faculty. Many teachers indicated a preference for individual classroom feedback instead of school-wide practice feedback. While some principals hold coaching

sessions with teachers and teachers can clearly articulate instructional expectations, there is limited evidence to support these discussions impact the instructional practices.

While the CDIP (Goal 3, Objective 1, Strategy 1, Activity 1) states, "The Director of Special Education, along with central office staff and building principals, will create a district-wide behavioral support system that aligns with the Code of Conduct as well as student action plans for self-monitoring and immediate feedback," the progress of this activity is color coded as yellow (meaning in progress) in the 30-60-90 Day Plan. Additionally, the District Professional Learning Plan references Multi Tiered System of Supports (MTSS) work to occur beginning in September. During the July 31st Curriculum Workshop, a MTSS overview and Positive Behavior Intervention System (PBIS) overview were shared with all teachers based on workshop agendas. However, it was stated in interviews some schools are currently "rebooting" PBIS/MTSS, and therefore, in the beginning stages of implementation.

What evidence is there that these are working?

Artifacts and interviews indicate a consistent message regarding expectations and the implementation of processes for using data and information to improve. In fact, statements such as, "We are now a data-driven school and have built a data-driven culture," were made during numerous teacher and leader interviews. While it is evident processes and protocols have been developed and implemented in all schools, it is unclear how these processes are resulting in consistent improvement of instructional practice and student learning at all levels. For example, some schools are in different places with implementation of PBIS and have little data to determine impact upon the learning environment.

What data and information are used?

Based on interviews and documents reviewed, classroom assessment data is used during weekly PLCs and coaching sessions. MAP is given three times per year for both reading and math. This assessment data is used to progress monitor individual students and identify intervention groups in varying degrees across the district. Response to Intervention (RtI) data from Lexia, Reading Plus, ALEKS and ACT are used to place and move students within tiered intervention groups. The district has also discussed student behavior data during monthly feedback and support visits to schools and uses this data to inform the decision making process.

INTEGRATION

How is the learning from each of the levels used to improve the overall system?

The district has made progress in developing a more coherent and collaborative approach to improve curriculum and instructional processes. Interviews and artifacts reveal improved internal and external communication between the district and its schools as well as with other stakeholders. There is some evidence of common instructional expectations among teachers and levels of teacher collaboration vary. Teachers have indicated a feeling of support from district level leadership along with a more clearly defined mission and vision.

While the district has experienced improvements in systems creation and efficiency, there are still areas to be addressed, including but not limited to, a more unified process for all schools to improve the district as an organization. Inconsistencies remain in how schools go about improvement and there is limited evidence to suggest schools are aligned and working in a unified, sustainable manner.

Instructional Management Recommendation:

- District leadership must create a plan to adequately train all certified teaching staff in the revised Kentucky Academic Standards. Additionally, this plan should include processes to ensure alignment of the adopted district curriculum and programs to the revised standards.

- District leadership must develop non-negotiables and expectations for unit and lesson planning for all classroom instruction. Processes and procedures should be developed for district and school leaders to monitor such plans, provide feedback and hold staff accountable for implementation and adjustment of instruction.

V. INSTRUCTIONAL MANAGEMENT- Career and Technical Education
a. **Team Members:** Karla Tipton, Tracy Osborne Clay and Crystal Whitaker
b. **Interviewed:** Charles Davidson, Principal; Kere Howard and Michelle Johnson, Counselors; Kenneth Combs, Taylor Masters, Ken Spicer, and John Collins, Teachers; Stacy McKnight, Finance Officer; Phillip Watts, Superintendent

APPROACH

Who is the leader of the curriculum and instructional processes in the district?

The high school principal is the leader of Career and Technical Education (CTE) department . The CTE Department staff indicated that the administrative leadership team is supportive of the CTE programs.

What processes are in place to ensure that core curriculum is aligned with state standards processes and horizontally aligned within the district?

Breathitt County High School Transition Readiness (TR) accountability saw significant growth during the 2018-19 school year. However, during a review of student records, it was discovered that most students did not have the correct number of CTE credits based on the pathway. Of the 10 records which were reviewed, only two students had the proper credits. Most of the students had less credits than reported.

We did see evidence to support the course sequences for the pathways are being followed. Interviews revealed that scheduling for students in CTE courses is expected to continue to improve. The school recently hired an additional counselor, who has expressed interest in improving CTE programs. Staff indicated that school leadership is working to prioritize scheduling for students taking CTE courses. We have seen a great deal of improvement in course sequencing.

How do you measure effectiveness of these processes?

The school is measuring effectiveness through improvements made in the Breathitt County High School TR accountability. The TR data is used to determine if the school is meeting the TR goals set by the district. This process may ensure that the district is aware of the progress made by the high school and the area of growth. During interviews with CTE staff it was stated that the school is beginning to analyze CTE data, but there is still a great deal of work needed in this area.

What processes are in place to ensure that rigorous, engaging instructional strategies are used in classrooms?

Interviews indicate the curriculum is researched based and formative assessments are used to determine students understanding. Breathitt County High School's report card data also indicate that the high school has seen an increase in TR. Interviews indicate that the school is becoming more focused on CTE data.

During the visit the OCTE team reviewed a sampling of student transcripts and school schedules. The transcripts show that many students are now taking the accurate sequence of courses for the assigned pathway.

What evidences are there of alternative programming for students?

Interviews indicate CTE is becoming a bigger part of the curriculum than just a class to fill a spot on a student's schedule. Observations indicate course of sequence for several pathways are now being followed.

A review of the master schedules and student records for the past two years revealed that there are several students participating in CTE cooperative education, unfortunately many of these students do not meet the requirements to be eligible for co-op.

What documents, policies, procedures are being used to ensure curriculum/ special education requirements are being met?

Currently all CTE purchases are being approved through Kentucky Department of Education/Office of Career and Technical Education. This process ensures that only allowable purchases are made for the programs. It was determined that this process will go back to being handled by the district CTE staff.

Perkins accountability requires that CTE pathways have an advisory council for each program of study. The advisory councils should include parents, students, administrators, teachers in that program and business and industry. Interviews indicate each of the complete programs have an advisory council that meets twice annually, and the new programs still being developed are working on completing their advisory councils.

How do you measure effectiveness of these processes?

Improvement in Transition Readiness data supports processes implemented by the high school has resulted in some measure of effectiveness. There is some evidence that verification of effectiveness of processes around CTE is taking place. Course sequencing is being followed; however, reviews of schedules and student records indicates that there are inaccuracies of student CTE credits.

DEPLOYMENT

What evidence is there that the processes identified are deployed with fidelity throughout the organization?

There are few processes in place for the deployment of various required activities relative to CTE. Evidence revealed that these processes are not completely being followed to ensure fidelity. An example, the student transcripts which were reviewed classified students as preparatory based on the number of credits attained, but many of the credits do not count for the pathway. There is little understanding of the requirements to implement an effective CTE program. This lack of understanding has resulted in not producing accurate results.

LEARNING

What processes are in place to use data and information to improve learning processes?

Interviews indicate that the school has made progress in the use of data to improve learning with fidelity. The evidence presented still suggests somewhat that these processes are not effective in providing the data necessary to inform the improvement of learning processes in CTE. There is some evidence that this attention is given to CTE assessments.

What evidence is there that these are working?

Breathitt County has begun to make progress. There were significant gains made in College and Career Ready students. Breathitt County High School went from 50.88 % in 2015-16 to 73.44% in 2016-17 to 88% in

2017-18 based on the TR. We applaud the gains made by Breathitt County, however, based on the review of data during the monitoring, it leaves the question if some of the students were eligible to test.

What data and information are used?

School-level interviews indicate that formative and state assessment data is used. These include the use of Transition Readiness (TR) data. During the visit the team reviewed a sample of senior students' transcripts, only 30% of the data for student credit hours were correct. This indicates the need for additional training in the Technical Education Data System (TEDS).

INTEGRATION

How is the learning from each of the levels used to improve the overall system?

There is some evidence to support an understanding for implementing of an effective CTE Program. Interviews with school leadership and CTE staff did indicate improved directions for program improvement.

There is some evidence that the school has a process to ensure student, community, business and industry needs are being met with the use of advisory councils. Additionally, there some evidence that the school CTE leadership is utilizing the interest of students and the needs identified in the Labor Market Information (LMI) to ensure that the needed pathways are being developed.

Career and Technical Education Recommendations:

- District and school leadership must ensure that written processes are developed, implemented, and monitored that address data collection and accuracy.

- District and school leadership must develop a professional development plan for CTE staff on developing Programs of Study and Pathways.

August 29, 2019

Superintendent Michael Watts
Breathitt County School District
P.O. Box 750
Jackson, Kentucky 41339

Dear Superintendent Watts,

This letter comes in response to the Management Audit conducted by the Division of IDEA Monitoring and Results (DIMR). Breathitt County was issued a citation of noncompliance on September 5, 2018.

Breathitt County has complied with the Kentucky Department of Education (KDE) requirements of the Corrective Action Plan (CAP). All findings of noncompliance have been corrected. The KDE verified CAP completion and all records submitted have been verified as 100% compliant in the areas identified.

The KDE can state that the district is currently in compliance with requirements in accordance with prongs identified in OSEP Memorandum 09-02. No further action is required of the district.

Thank you for your continued efforts on the part of the children in your district.

Sincerely,

Sylvia Starkey, Director
Division of IDEA Monitoring and Results

cc: Wayne Sizemore, Director of Special Education
        Gretta Hylton, Associate Commissioner, Office of Special Education and Early Learning
        Kelly Foster, Associate Commissioner, Office of Continuous Improvement and Support
        Carol Ann Morrison, Branch Manager, Individual Programming Branch
        Melissa Reynolds, Southeast/Southcentral Education Cooperative