

KENTUCKY DEPARTMENT OF EDUCATION STAFF NOTE

Topic: Audit Update and Kentucky Board of Education and Commissioner of Education Expense Reports

Date: June 2020

Action Requested: ☐ Review ☒ Action/Consent ☐ Action/Discussion

Held In: ☒ Full Board ☐ Curriculum, Instruction and Assessment ☐ Operations

SUMMARY OF ISSUE BEFORE THE BOARD:

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

APPLICABLE STATUTE OR REGULATION:

KRS 156.010

BACKGROUND:

Existing Policy:

The KDE performs routine audits over the course of each fiscal year. Some of the audits are conducted by the Office of the Auditor of Public Accounts (APA) as part of its normal statutory functions. Other audits are conducted by federal program auditors reviewing federal grants. The expense reports for the KBE and Commissioner's Office are reviewed semi-annually by the KBE. These reports are included in the board packets for review at the meeting (see attachments).

Summary of Issue:

Fiscal Year 2019 Statewide Single Audit of Kentucky (SSWAK) – Volume I

This volume contains financial reporting information based on the audit of the Consolidated Annual Financial Report (CAFR) and includes the APA's opinion on the Schedule of Expenditures of Federal Awards (SEFA) in relation to the financial statements. The audit reviews internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Generally Accepted Government Auditing Standards (GAGAS), and financial statement findings related to internal control and compliance. Specifically for the KDE, this volume covers financial reporting and Information Technology (IT) security governing the controls of MUNIS (a financial software package used by all 172 school districts that allows for consistent reporting of school district financial information), Support Education Excellence in Kentucky (SEEK), a formula driven education funding program, and Nutrition and Health Services (NHS). Volume I fieldwork is complete and there were no findings.

FY19 Statewide Single Audit of Kentucky (SSWAK) – Volume II

This volume reviews elements required under the Office of Management and Budget (OMB) Circular A-133, including the report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with OBM Circular A-133, and the schedule of findings and questioned costs. Volume II fieldwork is complete and one finding was published.

Finding 2019-010: The KDE Overdrew Twenty-First Century Community Learning Centers Federal Grant Funds. This finding relates to the timing of the draw-down of federal funds. Ultimately, all funds were reimbursed to districts appropriately. We are awaiting the United States Department of Education to review the finding. We anticipate that no repayment of funds will be required.

Historical Summary of the Number of Annual Published SSWAK Findings

Audit Year	2012	2013	2014	2015	2016	2017	2018	2019
SSWAK Vol. I	4	2	2	4	3	2	1	0
SSWAK Vol. II	4	3	0	0	0	4	3	1

Budget Impact:

There is no budgetary impact on the KDE as a result of this audit.

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Interim Commissioner of Education

Category: <input type="checkbox"/> District Innovation <input type="checkbox"/> Strengthening Educators <input type="checkbox"/> Family/Community Involvement <input checked="" type="checkbox"/> Student/Family Supports <input type="checkbox"/> Student Interventions <input type="checkbox"/> Coursework Completion <input type="checkbox"/> Accountability Reporting
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