

**KENTUCKY DEPARTMENT OF EDUCATION STAFF NOTE**

**Topic:** Audit Update and Kentucky Board of Education and Commissioner of Education Expense Reports  
**Date:** December 2022  
**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 expense reports for the Commissioner and the KBE.

**APPLICABLE STATUTE OR REGULATION:**

KRS 156.010

**BACKGROUND:**

*Existing Policy:*

The KDE performs routine audits over the course of each fiscal year. The Auditor of Public Accounts (APA) is contracted annually by KDE to perform desk reviews of annual financial audits of local boards of education, as well as KDE sub-recipients, and universities. Other audits are conducted by the APA as part of their normal statutory functions. In addition to these, audits are routinely conducted by federal program auditors who are responsible for overseeing 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 and discussion at the meeting (see attachments).

*Summary of Issue:*

**FY 2021 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 2021-038: The Kentucky Department Of Education and Education & Workforce Development Cabinet Did Not Have Adequate Documentation Related To Submission Of The Education Stabilization Fund Annual Reports.**

The Education & Workforce Development Cabinet (EWDC) received the above finding. The EWDC is responsible for submitting the Governor’s Emergency Education Relief (GEER) Fund report and KDE is responsible for submitting the Elementary and Secondary School Emergency Relief (ESSER) Fund report. The KDE received confirmation on May 16, 2022, from the Education Stabilization Fund (ESF) Reporting Helpdesk, that the ESSER Year 1 CARES Act Annual Report was submitted by the deadline of February 1, 2021.

Corrective Action Plan: In August 2022, additional staff was assigned to assist with the ESSER/GEER data collection due to the complexity of the reporting.

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

<b>Audit Year</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
SSWAK Vol. I	4	2	2	4	3	2	1	0	1	0
SSWAK Vol. II	4	3	0	0	0	4	3	1	1	1

**FY21 Uniform Guidance Desk Reviews**

Desk reviews are designed to assist the KDE in ensuring that audit reports of school districts and other entities meet applicable reporting standards and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* reporting requirements, as applicable. Under contract with the KDE, the Auditor of Public Accounts (APA) reviewed the audit reports for technical compliance and adherence to reporting standards with the *Guide for Review of Financial Audit Engagements*, approved by the KDE. The results from the review, Independent Accountant’s Report on Applying Agreed-Upon Procedures to the KDE, “Uniform Guidance Desk Reviews for the Fiscal Year Ending June 30, 2021,” can be seen below.

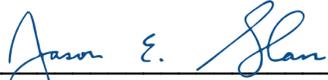
- For our 171 school districts; 88 reports were categorized as “Acceptable”, 46 were categorized as “Acceptable with Deficiencies” and 37 received a rating of “Technically Deficient”.
- For our 7 sub-recipients; 5 were categorized as “Acceptable”, and 2 were categorized as “Acceptable with Deficiencies”. Of the seven, 3 were non-profits, 1 was a community college and 3 were universities.
- As of September 14, 2021, all 37 TD audits were corrected and resubmitted to the District Financial Management Branch in accordance with KDE expectations.

*Budget Impact:*

There is no budgetary impact to the KDE.

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**Commissioner of Education**

Category: <input type="checkbox"/> Educator Workforce Diversity <input type="checkbox"/> Portrait of a Graduate Partnerships <input type="checkbox"/> Racial Equity Commitment <input type="checkbox"/> Student-Centered Accountability System <input type="checkbox"/> Early Childhood <input checked="" type="checkbox"/> District Support
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