

KENTUCKY DEPARTMENT OF EDUCATION STAFF NOTE

Topic: Audit Report and Expense Reports for the Kentucky Board of Education and Commissioner of Education

Date: June 2025

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

Held In: ☒ Full Board ☐ State Schools ☐ United We Learn

SUMMARY OF ISSUE BEFORE THE BOARD:

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

APPLICABLE STATUTE OR REGULATION:

KRS 156.010

BACKGROUND:

Existing Policy:

The KDE performs routine audits over each fiscal year. Some audits are conducted by the Office of the Auditor of Public Accounts (APA) as part of their normal statutory functions. Other audits are conducted by federal program auditors reviewing federal grants.

The expense reports for the KBE and Commissioner's Office are routinely reviewed by the KBE. The reports for July 2024 to December 2024 are included in the board packets for review and discussion at the meeting (see attachments).

Summary:

FY23 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, 2023," can be seen below.

- For our 171 school districts; 54 reports were categorized as "Acceptable", 88 were categorized as "Acceptable with Deficiencies" and 29 received a rating of "Technically Deficient".
- For our 13 sub-recipients; 10 were categorized as "Acceptable", 2 were categorized as "Acceptable with Deficiencies" and 1 was categorized as "Technically Deficient". Of

the thirteen, 7 were educational cooperatives, 2 were agencies under the umbrella of the Commonwealth, 1 was a community college and 3 were universities (one out of state university).

- As of October 7, 2024, all 30 Technically Deficient audits were corrected and resubmitted to the District Financial Management Branch in accordance with KDE expectations.

FY 2024 Statewide Single Audit of Kentucky (SSWAK) – Volume I

SSWAK - Volume I contains financial reporting information based on the audit of the Consolidated Annual Financial Report (CAFR). It includes the APA’s opinion on the Schedule of Expenditures of Federal Awards (SEFA) in relation to the financial statements. The audit reviews internal control over financial reporting and 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 171 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). The SSWAK-Volume I was released on March 11, 2025, and the Kentucky Department of Education had no audit findings.

SSWAK - Volume II presents elements required under the Office of Management and Budget (OMB) Uniform Guidance, 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. The SSWAK-Volume II was released on March 25, 2025, and the Kentucky Department of Education had no audit findings.

Audit Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
SSWAK Vol I	2	42	3	2	1	0	1	0	0	2	0
SSWAK Vol II	0	0	0	4	3	1	1	1	0	0	0

Budget Impact:

There is no budgetary impact on the KDE.

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Commissioner of Education

Category: ☐ Educator Workforce Diversity ☐ Portrait of a Graduate Partnerships ☐ Racial Equity
Commitment ☐ Student-Centered Accountability System ☐ Early Childhood ☒ District Support