

KENTUCKY DEPARTMENT OF EDUCATION STAFF NOTE

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

Date: December 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 (KBE).

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 January 2025 to June 2025 are included in the board packets for review and discussion at the meeting (see attachments).

Summary of Issue:

FY24 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, 2024," can be seen below.

- For our 171 school districts, 94 reports were categorized as "Acceptable", 54 were categorized as "Acceptable with Deficiencies" and 23 received a rating of "Technically Deficient".
- For our 16 sub-recipients, 16 were categorized as "Acceptable", 0 were categorized as "Acceptable with Deficiencies" and 0 were categorized as "Technically Deficient". Of the sixteen, 12 were non-profits, and 4 were universities.


- As of October 20, 2025, 18 Technically Deficient audits were corrected and resubmitted to the KDE District and Financial Management Branch in accordance with KDE expectations. Five remain outstanding and awaiting final revised documentation from the auditor as requested by KDE.

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
