

MINUTES
Council on Postsecondary Education
Executive Committee
September 30, 2005

The Executive Committee of the Council on Postsecondary Education met by conference call September 30, 2005, at 8:30 a.m. (ET). Chair Greenberg presided.

ROLL CALL

The following members participated: Peggy Bertelsman, Ron Greenberg, Joan Taylor, John Turner, and Mark Wattier.

Others participating: Council staff members Sandy Woodley, Dennis Taulbee, Diann Donaldson, Ed Sergent, Terry Pruitt, and Phyllis Bailey. Allen Norvell and Todd Hamilton with the accounting firm of Moore, Stephens, Potter, LLP, also joined the conference call.

2005-06
AGENCY
AUDIT

The purpose of the meeting was to review the 2005-06 agency audit.

Mr. Norvell reviewed the audit report noting no cases of material weaknesses related to internal control.

The management letter was shared with the committee members. Mr. Norvell noted that during the audit the team became aware of several matters that are opportunities for strengthening operating efficiency. The letter summarized the comments and suggestions concerning:

- (1) Implementation of additional procedures to ensure that all programs are monitored properly to provide reasonable assurance that the subrecipient administers awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
- (2) Development of a tickler system to track programs required to submit reports to the Council along with any deadlines. All reports should be stored in a central location with the memoranda of agreement for more efficient record management.

Mr. Norvell reviewed the two findings of the audit:

- (1) Subrecipients of federal awards are required to submit an annual audit report to the Council. Only 14 of 104 of these reports due to the Council for the fiscal year ended June 30, 2004, were received. Failure to collect the required reporting packages compromises the Council's ability to properly monitor the subrecipient's administration of the federal funds.

- (2) The Council expended funds under the Technology Initiative Trust Fund's Kentucky Postsecondary Education Network program above MOA authorizations or without MOA authorization.

Regarding the first finding, the Council staff said that the majority of these reports are associated with adult education programs. Some adult education providers submit reports to the local boards of education and these reports are available online. Other programs did not submit reports. The staff said that receiving the reports has been an ongoing problem. In accordance with the auditor's recommendation, the staff will develop a tickler system to ensure the receipt of all reports by the required deadline.

Regarding the second finding, Mr. Norvell said that the MOA has been amended to accurately represent the maximum amount payable under the agreement. The Council staff agrees that no payment should be made except where an agreement between the parties has been executed.

Mr. Greenberg asked the Council staff to provide the following information:

- (1) Resources available to ensure adequate oversight for a financial review of all programs.
- (2) Resources needed to evaluate the programs.
- (3) Clarification of responsibilities of each program.

Mr. Greenberg asked the staff to develop a process for monitoring and evaluating the pass-through programs.

Mr. Norvell thanked the Council for the opportunity to serve as auditor and thanked the Council staff for their assistance during the audit.

All of the Council members will have the opportunity to discuss the audit findings with Mr. Norvell prior to the approval of the audit at an upcoming Council meeting.

ADJOURNMENT

The meeting adjourned at 9:20 a.m.

Thomas D. Layzell
President

Phyllis L. Bailey
Senior Associate, Executive Relations