

**Council on Postsecondary Education
November 5, 2007**

Fiscal Year 2006-07 Agency Audit

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| ACTION: The Executive Committee recommends that the Council accept the 2006-07 agency audit as submitted by the firm of Potter & Company, LLP. |
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The Council continued its contract with the firm of Potter & Company, LLP, to perform a financial and management audit of the Council's activities during fiscal year 2006-07.

The audit was conducted in accordance with U. S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

The Executive Committee received a draft of the Financial Statements and Independent Auditor's Report, the Memorandum of Comments and Suggestions, and the Matters to be Communicated to the Executive Committee. The Executive Committee reviewed these documents October 3, 2007, with Potter & Company, LLP, representatives and Council staff.

The Council received an unqualified opinion. The audit report contains no reportable conditions or material weakness related to internal control over financial reporting or major federal programs. The audit report contains no reportable findings of material noncompliance related to financial statements.

Council staff has acted upon suggestions by Potter & Company, LLP, involving the administrative expense limitation placed on Kentucky Adult Education local providers, monitoring of institutional note payments, and implementing a conflict of interest policy for all employees.