

1           A CONCURRENT RESOLUTION directing the staff of the Legislative Research  
2 Commission to study the performance and policies of Kentucky's fifteen area  
3 development districts.

4           WHEREAS, the fifteen area development districts were created by statute pursuant  
5 to KRS 147A.050;

6           WHEREAS, the area development districts handle millions of dollars in federal and  
7 state funds used for things such as aging services, workforce investment, transportation as  
8 well many other services;

9           WHEREAS, in 2014, the Bluegrass Area Development District was audited by the  
10 Auditor of Public Accounts who identified serious concerns with regards to lack of  
11 appropriate policies and procedures including possible noncompliance with federal grant  
12 requirements and a lack of proper oversight;

13           WHEREAS, in 2016, the Office of Employment and Training questioned more than  
14 \$100,000 of expenses paid to workforce clients under the supervision of the Barren River  
15 Area Development District;

16           WHEREAS, while the area development districts send certain financial reports to  
17 the Department for Local Governments, those reports are not consistently performed or  
18 consistently reported for every area development district;

19           WHEREAS, all of the fifteen area development districts have not been thoroughly  
20 studied, reviewed or evaluated for financial activities, performance measures; accounting  
21 procedures, nor policies for internal controls since the creation of the area development  
22 districts in 1972;

23           WHEREAS, it is imperative for the state of Kentucky to avoid the misuse of federal  
24 and state funds and ensure that the funds are being used appropriately and in the most  
25 efficient and productive manner so that all Kentuckians will receive the best available  
26 benefits from the funds that are being provided to the area development districts;

27           NOW, THEREFORE,

1 *Be it resolved by the House of Representatives of the General Assembly of the*  
2 *Commonwealth of Kentucky, the Senate concurring therein:*

3       ➔Section 1. (1) Beginning no later than July 1, 2017, the Legislative  
4 Research Commission shall perform a study of each of the fifteen (15) area development  
5 districts that includes but is not limited to the following:

6       (a) An evaluation of policies, procedures, internal controls, and the accounting  
7 system;

8       (b) An analysis of financial activities including but not limited to travel  
9 reimbursement and payroll expenditures;

10       (c) The administration of questionnaires to or the conducting of interviews with  
11 the board of directors, executive director, and other select employees; and

12       (d) Other pertinent evaluation procedures if necessary to complete the study.

13       (2) The Legislative Research Commission shall have the authority to contract  
14 with an independent professional consultant to perform the study established by this  
15 section and shall transmit the results of the study and recommendations to the Legislative  
16 Research Commission for distribution to the appropriate interim joint committees.

17       (3) The Legislative Research Commission or its authorized agent of the  
18 Commission shall have access to examine all books, accounts, reports, vouchers,  
19 correspondence, files, records, money, and property of each area development district.  
20 The Legislative Research Commission or its authorized agent shall have the authority to  
21 consult with the Auditor of Public Accounts and the Department of Local Government.

22       (4) The board of directors for each area development district shall permit access  
23 to and examination of all of the above upon request of the Legislative Research  
24 Commission or its authorized agent.

25       ➔Section 2. The staff or its authorized agent shall transmit the results of the study  
26 to the Legislative Research Commission for distribution to the appropriate interim joint  
27 committee by December 1, 2019.

1           ➔Section 3. The provisions of this Resolution to the contrary notwithstanding, the  
2 Legislative Research Commission shall the have the authority to alternatively assign the  
3 issues identified herein to an interim joint committee or subcommittee thereof, or to a  
4 statutory committee, and to designate an alternative study completion date.