



**STEEL CENTER AREA VOCATIONAL-
TECHNICAL SCHOOL**

ALLEGHENY COUNTY, PENNSYLVANIA

PERFORMANCE AUDIT REPORT

JUNE 2014

COMMONWEALTH OF PENNSYLVANIA

EUGENE A. DEPASQUALE - AUDITOR GENERAL

DEPARTMENT OF THE AUDITOR GENERAL





Commonwealth of Pennsylvania
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EUGENE A. DePASQUALE
AUDITOR GENERAL

The Honorable Tom Corbett
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120

Mr. Daniel McBride
Joint Operating Committee Chairperson
Steel Center Area Vocational-Technical School
565 Lewis Run Road
Jefferson Hills, Pennsylvania 15025

Dear Governor Corbett and Mr. McBride:

We conducted a performance audit of the Steel Center Area Vocational-Technical School (Center) to determine its compliance with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures (relevant requirements). Our audit covered the period March 11, 2011 through February 28, 2014, except as otherwise indicated in the report. Additionally, compliance specific to state subsidies and reimbursements was determined for the school years ended June 30, 2011 and June 30, 2012. Our audit was conducted pursuant to Section 403 of The Fiscal Code, 72 P.S. § 403, and in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

Our audit found that the Center complied, in all significant respects, with relevant requirements.

We appreciate the Center's cooperation during the conduct of the audit.

Sincerely,

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale".

EUGENE A. DEPASQUALE
Auditor General

June 24, 2014

cc: **STEEL CENTER AREA VOCATIONAL-TECHNICAL SCHOOL**
Joint Operating Committee Members

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Executive Summary

Audit Work

The Pennsylvania Department of the Auditor General conducted a performance audit of the Steel Center Area Vocational-Technical School (Center) in Allegheny County. Our audit sought to answer certain questions regarding the Center's compliance with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures and to determine the status of corrective action taken by the Center in response to our prior audit recommendations.

Our audit scope covered the period March 11, 2011 through February 28, 2014, except as otherwise indicated in the audit scope, objectives, and methodology section of the report. Compliance specific to state subsidies and reimbursements was determined for the 2010-11 and 2011-12 school years.

Center Background

According to Center officials, the Center provided educational services to 606 secondary pupils and 618 post-secondary pupils through the employment of 23 teachers, sixteen (16) full-time and part-time support personnel, and four (4) administrators. A joint operating committee (JOC), which is comprised of eleven (11) members from the following school districts, directs the operation, administration, and management of the Center:

Baldwin-Whitehall
Bethel Park
Brentwood Borough
Clairton City

Duquesne City
Elizabeth Forward
South Allegheny
South Park
Steel Valley
West Jefferson Hills
West Mifflin Area

The JOC members are appointed by the individual school boards at the December meeting, each to serve a one-year term. The Center received \$960,720 in state funding in the 2011-12 school year.

Audit Conclusion and Results

Our audit found that the Center complied, in all significant respects with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures. We report no findings or observations in this report.

Status of Prior Audit Findings and Observations. With regard to the status of our prior audit recommendations to the Steel Center Area Vocational-Technical School (Center) from an audit we released on November 9, 2011, we found the Center had taken appropriate corrective action in implementing our recommendations pertaining to unmonitored vendor system access and logical control weaknesses (see page 6).

Audit Scope, Objectives, and Methodology

Scope

What is a school performance audit?

School performance audits allow the Pennsylvania Department of the Auditor General to determine whether state funds, including school subsidies, are being used according to the purposes and guidelines that govern the use of those funds. Additionally, our audits examine the appropriateness of certain administrative and operational practices at each local education agency (LEA). The results of these audits are shared with LEA management, the Governor, the Pennsylvania Department of Education, and other concerned entities.

Our audit, conducted under authority of Section 403 of The Fiscal Code, 72 P.S. § 403, is not a substitute for the local annual audit required by the Public School Code of 1949, as amended. We conducted our audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

Our audit covered the period March 11, 2011 through February 28, 2014, except for the verification of professional employee certification, which was performed for the period July 1, 2013 through February 7, 2014.

Regarding state subsidies and reimbursements, our audit covered the 2010-11 and 2011-12 school years.

While all LEAs have the same school years, some have different fiscal years. Therefore, for the purposes of our audit work and to be consistent with Pennsylvania Department of Education (PDE) reporting guidelines, we use the term *school year* rather than fiscal year throughout this report. A school year covers the period July 1 to June 30.

Objectives

What is the difference between a finding and an observation?

Our performance audits may contain findings and/or observations related to our audit objectives. Findings describe noncompliance with a statute, regulation, policy, contract, grant requirement, or administrative procedure. Observations are reported when we believe corrective action should be taken to remedy a potential problem not rising to the level of noncompliance with specific criteria.

Performance audits draw conclusions based on an evaluation of sufficient, appropriate evidence. Evidence is measured against criteria, such as laws and defined business practices. Our audit focused on assessing the Center's compliance with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures. However, as we conducted our audit procedures, we sought to determine answers to the following questions, which serve as our objectives:

- ✓ Were professional employees certified for the positions they held?
- ✓ Did the Center have sufficient internal controls to ensure that the membership data it reported to PDE through the Pennsylvania Information Management System was complete, accurate, valid, and reliable?
- ✓ Did the Center take appropriate steps to ensure school safety?

- ✓ Did the Center have a properly executed and updated Memorandum of Understanding with local law enforcement?
- ✓ Did the Center take appropriate corrective action to address recommendations made in prior audit?

Methodology

What are internal controls?

Internal controls are processes designed by management to provide reasonable assurance of achieving objectives in areas such as:

- Effectiveness and efficiency of operations.
- Relevance and reliability of operational and financial information.
- Compliance with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures.

Government Auditing Standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our results and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our results and conclusions based on our audit objectives.

The Center's management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the Center is in compliance with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures (relevant requirements). In conducting our audit, we obtained an understanding of the Center's internal controls, including any information technology controls, as they relate to the Center's compliance with relevant requirements that we consider to be significant within the context of our audit objectives. We assessed whether those controls were properly designed and implemented. Any deficiencies in internal controls that were identified during the conduct of our audit and determined to be significant within the context of our audit objectives are included in this report.

In order to properly plan our audit and to guide us in possible audit areas, we performed analytical procedures in the areas of state subsidies and reimbursement, pupil transportation, pupil membership, and comparative financial information.

Our audit examined the following:

- Records pertaining to pupil transportation, pupil membership, bus driver qualifications, professional employee certification, state ethics compliance, financial stability, reimbursement applications, tuition receipts, and deposited state funds.
- Items such as board meeting minutes and policies and procedures.

Additionally, we interviewed select administrators and support personnel associated with the Center's operations.

To determine the status of our audit recommendations made in a prior audit report released on November 9, 2011, we reviewed the Center's response to PDE dated December 10, 2013. We then performed additional audit procedures targeting the previously reported matters.

Findings and Observations

For the audited period, our audit of the Steel Center Area Vocational-Technical School resulted in no findings or observations.

Status of Prior Audit Findings and Observation

Our prior audit of the Steel Center Area Vocational-Technical School (Center) released on November 9, 2011, resulted in one (1) reported observation. The observation pertained to unmonitored vendor system access and logical control weaknesses. As part of our current audit, we determined the status of corrective action taken by the Center to implement our prior audit recommendations. We analyzed the Center's written response provided to the Pennsylvania Department of Education, performed audit procedures, and interviewed Center personnel regarding the prior observation. As shown below, we found that the Center did implement our recommendations related to the observation.

Auditor General Performance Audit Report Released on November 9, 2011

Observation

Unmonitored Vendor System Access and Logical Control Weaknesses

Observation

Summary:

Our prior audit found the Center uses software purchased from an outside vendor for its critical student accounting applications (membership and accounting). The software vendor has remote access into the Center's network servers.

Recommendations:

Our audit observation recommended that the Center should:

1. Maintain proper documentation to evidence that terminated employees were removed from the system in a timely manner.
2. Generate monitoring reports (including firewall logs) of vendor and employee access and activity on its system.
3. Develop and maintain a list of authorized individuals with access to the hardware (servers) that contains the membership/attendance data.
4. Install fire detectors and fire extinguishers in the computer room.

Current Status:

During our current audit, we found that the Center did implement our recommendations.

Distribution List

This report was initially distributed to the Center's Superintendent of Record, the Joint Operating Committee, our website at www.auditorgen.state.pa.us, and the following stakeholders:

The Honorable Tom Corbett
Governor
Commonwealth of Pennsylvania
Harrisburg, PA 17120

The Honorable Carolyn Dumaesq
Acting Secretary of Education
1010 Harristown Building #2
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The Honorable Robert M. McCord
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This report is a matter of public record and is available online at www.auditorgen.state.pa.us. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 231 Finance Building, Harrisburg, PA 17120; via email to: news@auditorgen.state.pa.us.