



**BEAVER COUNTY CAREER AND TECHNOLOGY  
CENTER**

**BEAVER COUNTY, PENNSYLVANIA**

**PERFORMANCE AUDIT REPORT**

**OCTOBER 2013**

**COMMONWEALTH OF PENNSYLVANIA**

**EUGENE A. DEPASQUALE - AUDITOR GENERAL**

**DEPARTMENT OF THE AUDITOR GENERAL**



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**EUGENE A. DePASQUALE**  
**AUDITOR GENERAL**

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

Mr. Dennis Bloom  
Joint Operation Committee Chairperson  
Beaver County Career and Technology Center  
145 Poplar Avenue  
Monaca, Pennsylvania 15061

Dear Governor Corbett and Mr. Bloom:

We conducted a performance audit of the Beaver County Career and Technology Center (Center) to determine its compliance with certain relevant state laws, regulations, contracts, grant requirements and administrative procedures (relevant requirements). Our audit covered the period May 28, 2010 through March 8, 2013, except as otherwise indicated in the report. Additionally, compliance specific to state subsidies and reimbursements was determined for the school years ended June 30, 2012, 2011, 2010, and 2009. 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

October 21, 2013

cc: **BEAVER COUNTY CAREER AND TECHNOLOGY CENTER** Joint Operating  
Committee Members

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## **Executive Summary**

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### **Audit Work**

The Pennsylvania Department of the Auditor General conducted a performance audit of the Beaver County Career and Technology Center (Center). 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 May 28, 2010 through March 8, 2013, 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 2011-12, 2010-11, 2009-10, and 2008-09 school years.

### **Center Background**

According to Center officials, the Center provided educational services to 581 secondary pupils through the employment of 26 teachers, 22 full-time and part-time support personnel, and 3 administrators during the 2011-12 school year. The operation, administration and management of the Center are directed by a joint operating committee (JOC) which is comprised of 14 members from the following school districts:

Aliquippa  
Ambridge Area  
Beaver Area  
Big Beaver Falls Area

Blackhawk  
Central Valley  
Freedom Area  
Hopewell Area  
Midland Borough  
New Brighton Area  
Riverside Beaver County  
Rochester Area  
South Side Area  
Western Beaver County

The JOC members are appointed by the individual school boards at the December meeting, each to serve a three year term. Lastly, the Center received \$776,282 in state funding in the 2011-12 school year.

### **Audit Conclusion and Results**

Our audit found that the Beaver County Career and Technology 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 Beaver County Career and Technology Center (Center) from an audit we released on November 24, 2010, 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

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### 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 May 28, 2010 through March 8, 2013, except for the verification of professional employee certification which was performed for the period July 1, 2010 through December 31, 2012.

Regarding state subsidies and reimbursements, our audit covered 2011-12, 2010-11, 2009-10, and 2008-09 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 audit 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?

- ✓ Were there any declining fund balances that may pose a risk to the Center’s fiscal viability?
- ✓ 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?
- ✓ Were there any other areas of concern reported by independent auditors, citizens, or other interested parties?
- ✓ Did the Center take appropriate corrective action to address recommendations made in our 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 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 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 informational technology controls, as they relate to the School’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 control 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 reimbursements, 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.

Lastly, to determine in the status of our audit recommendations made in a prior audit report released on November 24, 2010, we performed additional audit procedures targeting the previously reported matters.

## **Findings and Observations**

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**F**or the audited period, our audit of the Beaver County Career and Technology Center resulted in no findings or observations.



## Status of Prior Audit Findings and Observation

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Our prior audit of the Beaver County Career and Technology Center (Center) released on November 24, 2010, resulted in one 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 recommendations. We 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 unmonitored vendor system access and logical control weaknesses.

### Auditor General Performance Audit Report Released on November 24, 2010

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#### Observation

#### Unmonitored Vendor System Access and Logical Control Weaknesses

#### Observation Summary:

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

#### Recommendations:

Our audit observation recommended that the Center:

1. Document its review of the monitoring reports to determine that the access was appropriate and that data was not improperly altered. The Center should also ensure it is maintaining evidence to support this monitoring and review.
2. Maintain documentation to evidence that terminated employees are properly removed from the system in a timely manner.
3. Upgrades/updates to the Center's system should be made only after receipt of written authorization from appropriate Center officials.
4. Establish separate information technology policies and procedures for controlling the activities of vendors/consultants and have the vendor sign this policy, or require the vendor to sign the Center's Acceptable Use Policy.
5. Implement a security policy and system parameter settings to require all users, including the vendor, to use passwords that are a minimum length of eight characters.

Current Status:

During our current audit, we found that the Center did implement our prior recommendations. In January 2013, the software company provided a written outline describing the security enhancements that were incorporated into the Center's child accounting software.

## **Distribution List**

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This report was initially distributed to the Center Superintendent of Record, the Joint Operating Committee, our website at [www.auditorgen.state.pa.us](http://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  
333 Market Street  
Harrisburg, PA 17126

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](http://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](mailto:news@auditorgen.state.pa.us).