

CENTER FOR TECHNICAL STUDIES
MONTGOMERY COUNTY, PENNSYLVANIA
PERFORMANCE AUDIT REPORT

FOR THE YEARS ENDED JUNE 30, 2004 AND 2003,
AND IN CERTAIN AREAS EXTENDING BEYOND JUNE 30, 2004

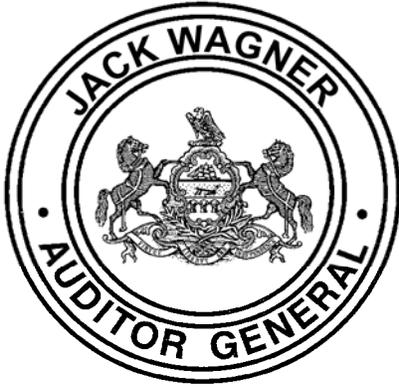


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CENTER FOR TECHNICAL STUDIES
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The Honorable Edward G. Rendell
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120

We have conducted a performance audit of the Center for Technical Studies for the years ended June 30, 2004 and 2003, and in certain areas extending beyond June 30, 2004. Our audit was conducted pursuant to 72 P.S. § 403 and in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

The objective of our audit was to determine if the Center for Technical Studies complied with applicable state laws, regulations, contracts, grants, and administrative procedures falling within the scope of our audit.

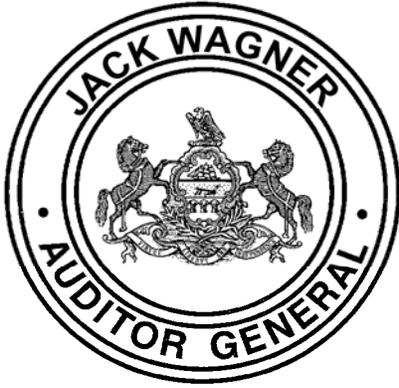
Solely to assist us in planning and performing our audit, we made a study and evaluation of the internal controls of the Center for Technical Studies to determine if internal controls were adequate to help ensure the school's compliance with state laws, regulations, contracts, grants, and administrative procedures falling within the scope of our audit. Accordingly, we do not express any assurance on the internal controls.

The results of our tests indicated that, in all significant respects, the Center for Technical Studies complied with applicable state laws, regulations, contracts, grants, and administrative procedures falling within the scope of our audit.

The accompanying supplementary information is presented for purposes of additional analysis. We did not audit the information and, accordingly, express no form of assurance on it.

May 12, 2005

JACK WAGNER
Auditor General



CENTER FOR TECHNICAL STUDIES
PERFORMANCE AUDIT REPORT
BACKGROUND

Background

The school's administrative offices are located at 821 Plymouth Road, Plymouth Meeting, Pennsylvania.

According to school administrative officials, during 2003-04, the school provided basic educational services to 809 secondary pupils in various vocational and technical fields through the employment of 5 administrators, 23 teachers, and 8 full-time and part-time support personnel.

The operation, administration and management of the school are directed by a joint operating committee (JOC) which is comprised of nine members from the following school districts:

Colonial
Norristown Area
Upper Merion Area

The JOC members are appointed by the individual school boards at the December meeting, each to serve a one-year term.

Generally, state subsidies and reimbursements are paid in the year subsequent to the year the school incurs the cost that qualifies it for the applicable subsidy or reimbursement. While the Pennsylvania Department of Education (DE) makes partial payments to the school throughout the year, final payments are normally made in June. Refer to the Supplementary Information on pages 7 and 8 of this report for a listing of the State Revenue the district received during the 2003-04 and 2002-03 school years and for descriptions of the state revenue received by category.

In July, the Comptroller's Office confirms the payments that were made by DE throughout the prior fiscal year. The Center's annual financial reports and the related certified audits of the payments are generally not available before October 31st of the following fiscal year.

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OBJECTIVE, SCOPE AND METHODOLOGY

OBJECTIVE AND SCOPE

Our audit objective was to determine if the AVTS complied with state laws, regulations, contracts, grants, and administrative procedures falling within the scope of our audit.

The scope of our audit covered the years ended June 30, 2004 and 2003, and in certain areas extending beyond June 30, 2004.

METHODOLOGY

Our audit was conducted under authority of 72 P.S. § 403, and does not supplant the local annual audit as required by the Public School Code of 1949, as amended.

The proper administration of an AVTS requires the joint operating committee (JOC) members to establish and maintain internal controls to provide reasonable assurance that specific AVTS objectives will be achieved. JOC members are responsible for the adoption and use of policies and procedures that promote the economic and efficient conduct of assigned duties and responsibilities. In completing our audit, we obtained an understanding of the AVTS's internal controls as they relate to the school's compliance with state laws, regulations, contracts, grants, and administrative procedures. We evaluated and tested documents, files, reports, agreements, and systems, and performed analytical procedures to the extent necessary to satisfy our audit objectives. Additionally, we interviewed selected administrators and operations personnel.

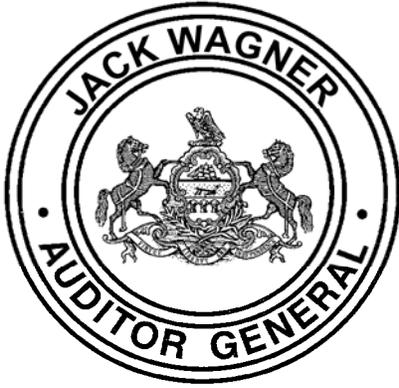
As noted in the Background section of this report, the Department of Education generally pays state subsidies and reimbursements in the fiscal year subsequent to the fiscal year the school incurs the qualifying cost. Since we use the payment confirmations, annual financial reports and certified audit data as supporting documentation of actual payments received in the performance of our audit, we cannot begin the field work of a AVTS's operations for a given year until after this information becomes available.

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CONCLUSION

The objective of our audit was to determine if the Center for Technical Studies complied with applicable state laws, regulations, contracts, grants, and administrative procedures falling within the scope of our audit.

The results of our tests indicate that with respect to the items tested, the Center for Technical Studies complied with state laws, regulations, contracts, grants, and administrative procedures falling within the scope of our audit.



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SUPPLEMENTARY INFORMATION
[UNAUDITED]

Schedule of State Revenue Received

The school reported it received state revenue of \$492,781 and \$328,919, respectively, for the years ended June 30, 2004 and 2003, as detailed in the following schedule:

	<u>2004</u>	<u>2003</u>
STATE REVENUE		
Vocational Education	\$335,787	\$207,788
Social Security and Medicare Taxes	102,741	100,682
Retirement	54,253	15,449
Technical Initiative Grant	<u>-</u>	<u>5,000</u>
<u>TOTAL STATE REVENUE</u>	<u>\$492,781</u>	<u>\$328,919</u>

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SUPPLEMENTARY INFORMATION
[UNAUDITED]

Description of State Revenue Received per the Pennsylvania Accounting Manual

Vocational Education

Revenue received from the Commonwealth as subsidy for vocational education expenditures which are classified as current operating expenditures and also for preliminary expenses in establishing an area vocational education school. Payments are made in accordance with Sections 2504, 2506 and 2507 of the Public School Code.

Social Security and Medicare Taxes

Revenue received from the Commonwealth as subsidy designated as the Commonwealth's matching share of the employer's contribution of the Social Security and Medicare taxes for covered employees who are not federally funded.

Retirement

Revenue received from the Commonwealth as subsidy designated as the Commonwealth's matching share of the employer's contribution of retirement contributions for active members of the Public School Employees' Retirement System.

Other Program Subsidies/Grants

Revenue received from the Commonwealth not specified elsewhere.

BUREAU OF SCHOOL AUDITS

AUDIT REPORT DISTRIBUTION LIST

This report was initially distributed to the superintendent of the record of the area vocational-technical school, the joint operating committee members, our website address at www.auditorgen.state.pa.us, and the following:

The Honorable Francis Barnes, Ph.D.
Secretary of Education
1010 Harristown Building #2
333 Market Street
Harrisburg, PA 17126

Mr. John Godlewski, Director
Department of Education
Bureau of Budget and Fiscal Management
4th Floor, 333 Market Street
Harrisburg, PA 17126

The Honorable Robert P. Casey, Jr.
State Treasurer
Room 129 - Finance Building
Harrisburg, PA 17120

Mr. David Helfman, Research Manager
Pennsylvania State Education Association
400 North Third Street - Box 1724
Harrisburg, PA 17105

Ms. Ann Boyko, School Personnel Services Administrator
Pennsylvania School Boards Association
400 Bent Creek Boulevard
Mechanicsburg, PA 17050

This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, Pennsylvania 17120. If you have any questions regarding this report or any other matter, you may contact the Department of the Auditor General by accessing our website at www.auditorgen.state.pa.us.