

PERFORMANCE AUDIT

Bucks County Technical High School Bucks County, Pennsylvania

September 2014



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, PA 17120-0018
Facebook: Pennsylvania Auditor General
Twitter: @PAAuditorGen

EUGENE A. DePASQUALE
AUDITOR GENERAL

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

Mr. Gary Sanderson
Joint Operating Committee Chairperson
Bucks County Technical High School
610 Wistar Road
Fairless Hills, Pennsylvania 19030

Dear Governor Corbett and Mr. Sanderson:

We conducted a performance audit of the Bucks County Technical High 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 May 13, 2011 through March 21, 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, except as detailed in one (1) finding noted in this report. A summary of the results is presented in the Executive Summary section of the audit report.

Our audit finding and recommendations have been discussed with the Center's management, and their responses are included in the audit report. We believe the implementation of our recommendations will improve the Center's operations and facilitate compliance with legal and administrative requirements. We appreciate the Center's cooperation during the conduct of the audit and their willingness to implement our recommendations.

Sincerely,

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

Eugene A. DePasquale
Auditor General

September 18, 2014

cc: **BUCKS COUNTY TECHNICAL HIGH SCHOOL** Joint Operating Committee Members

Table of Contents

	Page
Executive Summary	1
Audit Scope, Objectives, and Methodology	2
Findings and Observations	5
Finding – The Center Lacks Sufficient Internal Controls Over Its Student Record Data	5
Status of Prior Audit Findings and Observations	9
Distribution List	10

Executive Summary

Audit Work

The Pennsylvania Department of the Auditor General conducted a performance audit of the Bucks County Technical High School (Center) in Bucks 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.

Our audit scope covered the period March 13, 2011 through March 21, 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 1,401 secondary pupils and 238 post-secondary pupils through the employment of 119 teachers, 82 full-time and part-time support personnel, and seven (7) administrators during the 2011-12 school year. The joint operating committee (JOC), which is comprised of fourteen (14) members from the following school districts, directs and operates the administration and management of the school:

Bensalem Township
Bristol Borough
Bristol Township
Morrisville
Neshaminy
Pennsbury

The JOC members are appointed by the individual school boards at the December meeting, each to serve a one-year term. The Center received \$1.8 million 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, except for one (1) compliance related matter reported as a finding.

Finding: The Center Lacks Sufficient Internal Controls Over Its Student

Record Data. Our review of the Bucks County Technical High School's controls over data integrity found numerous discrepancies and determined that internal controls need to be improved (see page 5).

Status of Prior Audit Findings and

Observations. There were no findings or observations included in our prior audit report.

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 May 13, 2011 through March 21, 2014, except for the verification of professional employee certification, which was performed for the period July 1, 2011 through February 14, 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?
- ✓ In areas where the Center receives state subsidies and reimbursements based on pupil membership (e.g., basic education, special education, and vocational education), did it follow applicable laws and procedures?

- ✓ 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?
- ✓ Were votes made by the Center’s Joint Operating Committee members free from apparent conflicts of interests?

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 School 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 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 policies and procedures and Joint Operating Committee meeting minutes.

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

Findings and Observations

Finding

The Center Lacks Sufficient Internal Controls Over Its Student Record Data

Criteria relevant to the finding:

Pupil membership classifications must be maintained and reported in Pennsylvania Department of Education's (PDE) guidelines and instructions, since membership is a major factor in determining state subsidies and reimbursements. Beginning in 2009-10, PDE required that child accounting data be collected in a database called the Pennsylvania Information Management System (PIMS).

According to PDE's *PIMS User Manual*, all Pennsylvania local education agencies must submit data templates in PIMS to report child accounting data. PIMS data templates define fields that must be reported. Four important data elements from the Child Accounting perspective are: District Code of Residence; Funding District Code; Residence Status Code; and Sending Charter School Code. In addition, other important fields used in calculating state education subsidies are: Student Status; Gender Code; Ethnic Code Short; Poverty Code; Special Education; Limited English Proficiency Participation; Migrant Status; and Location Code of Residence. Therefore, PDE requires that student records are complete with these data fields.

The Pennsylvania Department of Education (PDE) bases all local education agencies' (LEA) state subsidy calculations on the student record data it receives in the Pennsylvania Information Management System (PIMS). PIMS is a statewide longitudinal data system or "data warehouse," designed to manage individual student data for each student served by Pennsylvania's Pre-K through Grade Twelve (12) public education systems.

PDE began calculating the LEA's state subsidy using the data that LEAs enter into PIMS beginning in the 2009-10 school year. Therefore, it is vitally important that the student information entered into this system is accurate, complete, and valid. LEAs must have strong internal controls in place to ensure the integrity of this data and to mitigate the risk of erroneous reporting. Without such controls, the LEA cannot be assured it receives the proper state subsidy.

The Bucks County Technical High School (Center) is a full time alternative vocational-technical school, which is operated by a Joint Operating Committee. Our review of the Center's controls over data integrity found that internal controls need to be improved.

The Center's personnel in charge of child accounting and PIMS reporting did not reconcile the PIMS final reports—specifically the Instructional Time and Membership Report and the Summary of Child Accounting Membership Reports—to their internal Student Information System (SIS) membership reports to ensure accuracy.

There were no policies or procedures in place to ensure that data submitted to PDE was retained for audit. Likewise, the Center did not have adequate policies or procedures in place to ensure continuity over its PIMS data submission in the event of a sudden change in personnel or child accounting vendors.

Additionally, according to the *Federal Information System Controls Audit Manual*, a business entity should implement procedures to reasonably assure that: (1) all data input is done in a controlled manner; (2) data input into the application is complete, accurate, and valid; (3) incorrect information is identified, rejected, and corrected for subsequent processing; and (4) the confidentiality of data is adequately protected.

The Center's personnel in charge of child accounting and PIMS reporting did not print out the required validation reports from their SIS vendor software after the data was uploaded to PIMS at the end of the 2009-10 school year. Consequently, the Center could not reconcile its SIS vendor membership reports with its PIMS report.

Our comparison of the Center's SIS and PIMS reports identified numerous discrepancies with reported student membership data. For example, for the 2009-10 school year, the Center's SIS showed 54 more students than were reported in PIMS, and the PIMS summary report showed 2,047 more aggregate days membership than the SIS. Additionally, in the 2011-12 school year, the Center's SIS showed four (4) students not reported in PIMS, and the PIMS summary report showed 772 aggregate days membership more than the SIS did. The Center changed their SIS vendor in the 2011-12 school year. Due to the lack of supporting documentation, the auditors were unable to determine which reports were accurate (SIS or PIMS).

The Center does not maintain adequate manual compensating controls (i.e. supporting documentation) to support child accounting membership.

It is the responsibility of the Center's management to have in place proper internal controls to ensure that necessary student record data is maintained to support child accounting membership reported in the PIMS.

Recommendations

The *Bucks County Technical High School* should:

1. Retain end-of-year reports generated by the child accounting software used for reporting student data to PIMS, and reconcile the data to PIMS.
2. Retain all documentation for audit purposes.
3. If corrections are made, re-print and review student calendar fact template detail for accuracy and to ensure that they reflect the correct data.
4. Develop documented procedures (e.g., procedure manuals, policies, or other written instructions) to

ensure continuity over PIMS data submission if Center personnel were to leave suddenly or otherwise be unable to upload PIMS data to PDE.

Management Response

Management stated the following:

“During the audit time frame, Bucks County Technical High School (BCTHS) transitioned to a new student information system while the Pennsylvania Department of Education transitioned to PIMS. In addition, while BCTHS is a full-time comprehensive technical high school, it is not an LEA and consequently, it does not receive all of the summary data documents that PIMS sends to school districts. This adds an additional layer to the reconciliation component. As a result, student data was not adequately reconciled.

Given these issues, BCTHS has developed administrative procedures to improve internal controls on student enrollment data reported through PIMS. Lastly, BCTHS has immediately implemented these new procedures with fidelity in order to reconcile student data with PIMS.”

Auditor Conclusion

While the Center is a full-time technical high school, the Center would still be considered under the umbrella of an LEA and therefore is required to upload certain information into the PIMS system. For example, the *2012-13 PIMS User Manual* indicates in part:

“All public LEAs must submit [upload] the following templates as part of the 2012-13 Child Accounting data collection:

- School Calendar.
- Student Calendar Fact.

This Domain applies to the following organizational types only:

- School Districts.
- Intermediate Units.
- Career and Technology Centers.
- Charter Schools.

- Private Residential Rehabilitation Institutions (PRRI).
- Approved Private Schools (APS).”

Further, the *2009-10 PIMS User Manual*, states in part:

“Public LEAs include: school districts, intermediate units, charter schools, **career and technical centers** [emphasis added], special program jointures, juvenile correction centers and state-owned schools.”

Our finding will stand as written. We will follow up to determine if the Center has implemented procedures to improve internal controls over student enrollment data reported through PIMS during our next cyclical audit of the Center.

Status of Prior Audit Findings and Observations

Our prior audit of the Bucks County Technical High School resulted in no findings or observations.

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
333 Market Street
Harrisburg, PA 17126

The Honorable Robert M. McCord
State Treasurer
Room 129 - Finance Building
Harrisburg, PA 17120

Ms. Lori Graham
Acting Director
Bureau of Budget and Fiscal Management
Pennsylvania Department of Education
4th Floor, 333 Market Street
Harrisburg, PA 17126

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

Mr. Lin Carpenter
Assistant Executive Director for Member Services
School Board and Management Services
Pennsylvania School Boards Association
P.O. Box 2042
Mechanicsburg, PA 17055

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.