

LIMITED PROCEDURES ENGAGEMENT

Central Pennsylvania Institute of Science and Technology Centre County, Pennsylvania

July 2017



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE
AUDITOR GENERAL

Dr. Richard C. Makin, Director
Central Pennsylvania Institute of Science
and Technology
540 North Harrison Road
Pleasant Gap, Pennsylvania 16823

Mr. Henry Yeagley, Chairman
Central Pennsylvania Institute of Science
and Technology
540 North Harrison Road
Pleasant Gap, Pennsylvania 16823

Dear Dr. Makin and Mr. Yeagley:

We conducted a Limited Procedures Engagement (LPE) of the Central Pennsylvania Institute of Science and Technology (Center) to determine its compliance with certain relevant state laws, regulations, policies, and administrative procedures (relevant requirements). The LPE covers the period July 1, 2012, through June 30, 2016, except for any areas of compliance that may have required an alternative to this period. The engagement was conducted pursuant to authority derived from Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania and The Fiscal Code (72 P.S. §§ 402 and 403), but was not conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

As we conducted our LPE procedures, we sought to determine answers to the following questions, which serve as our LPE objectives:

- Did the Center have documented board policies and administrative procedures related to the following?
 - Internal controls
 - Budgeting practices
 - The Right-to-Know Law
 - The Sunshine Act
- Were the policies and procedures adequate and appropriate, and have they been properly implemented?
- Did the Center comply with the relevant requirements in the Right-to-Know Law and the Sunshine Act?
- Did the Center take appropriate corrective action to address the finding made in our prior audit?

Dr. Richard C. Makin
Mr. Henry Yeagley
Page 2

Our engagement found that the Center properly implemented policies and procedures for the areas mentioned above and complied, in all significant respects, with relevant requirements.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Eugene A. DePasquale
Auditor General

July 17, 2017

cc: **CENTRAL PENNSYLVANIA INSTITUTE OF SCIENCE AND TECHNOLOGY**
Joint Operating Committee

Background Information

School Characteristics 2015-16 School Year ^A		Mission Statement ^A
County	Centre	CPI's Mission is to offer exceptional education opportunities to all career oriented Central Pennsylvanians, and to provide our region's employers with skilled and motivated employees who are fully prepared for the highly paid technical jobs of the 21 st century.
Full-Time or Part-Time School	Part-Time	
Secondary Pupils Enrolled	510	
Post-Secondary Pupils Enrolled	500	
Total Teachers	43	
Total Full or Part-Time Support Staff	20	
Total Administrators	4	
Intermediate Unit Number	10	

A - Source: Information provided by the Center administration and is unaudited.

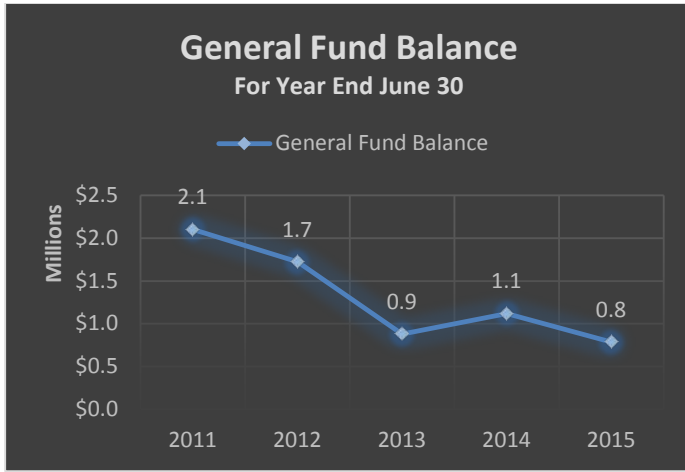
The operation, administration, and management of the Center are directed by a joint operating committee (JOC), which is comprised of five members from the following school districts:

Bald Eagle Area	Bellefonte Area
Penns Valley Area	

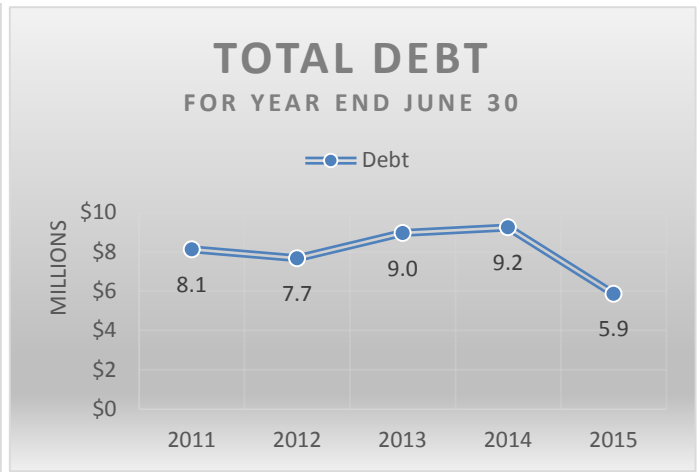
The JOC members are appointed by the individual school boards at the December meeting, each to serve a term as appointed by home school board.

Financial Information

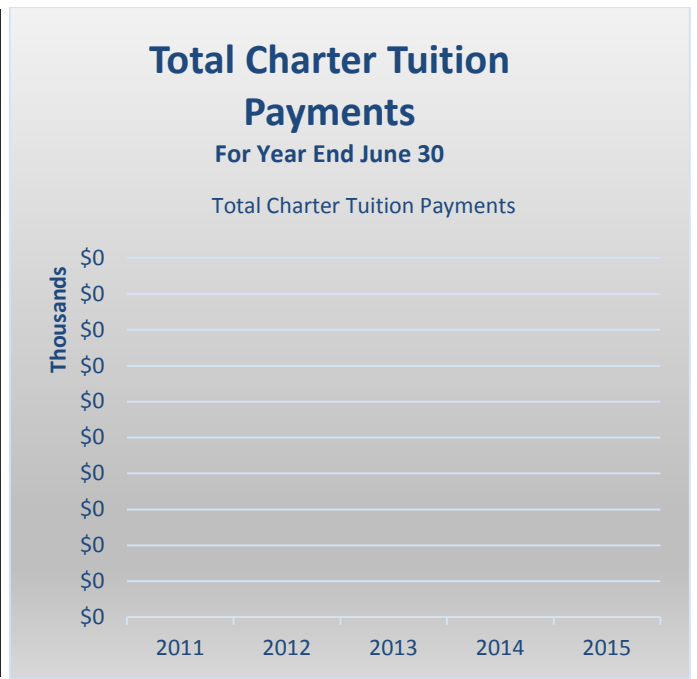
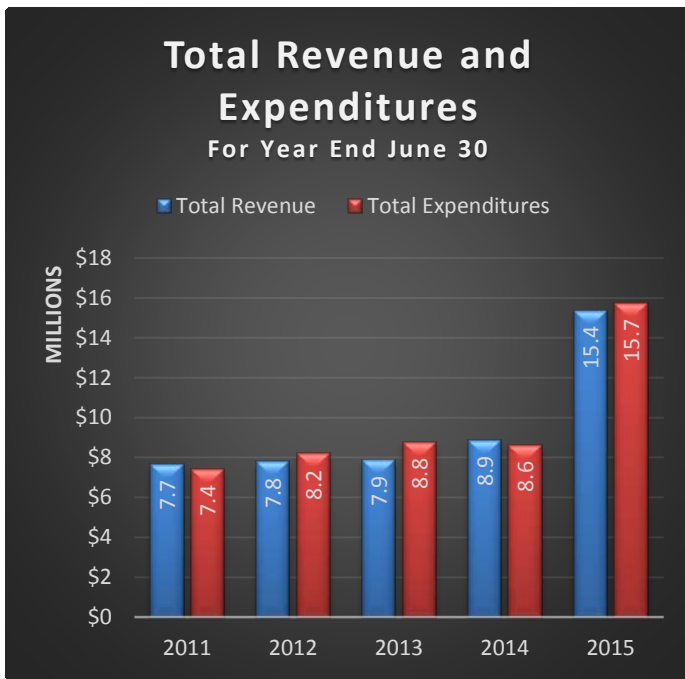
The following pages contain financial information about the Center obtained from annual financial data reported to the Pennsylvania Department of Education (PDE) and available on PDE's public website. This information was not audited and is presented for **informational purposes only**.



Note: General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.

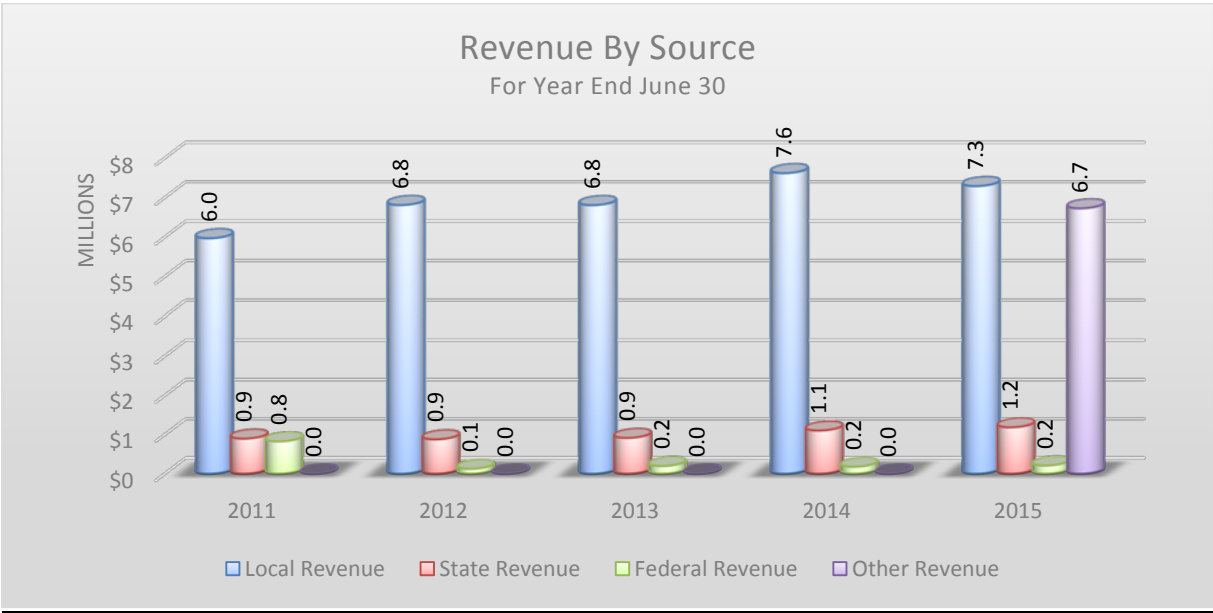


Note: Total Debt is comprised of Short-Term Borrowing, General Obligation Bonds, Authority Building Obligations, Other Long-Term Debt, Other Post-Employment Benefits and Compensated Absences.



Note: Career and technical centers do not make payments to charter schools for tuition. These payments are made by the home district of each student.

Financial Information Continued



Local revenues were primarily obtained from direct payments by the member districts based on the approved budget. Each district’s proportionate share of the operating expenditures was determined by a formula involving average daily membership as specified in the Articles of Agreement.

Academic Information

SPP benchmarks represent the statewide average of all district school buildings in the Commonwealth.¹ PSSA benchmarks and goals are determined by PDE each school year and apply to all public school entities.²

Part-time career and technical centers, such as the Center, do not receive academic scores. Academic instruction in the core content areas occurs in the students' home district and are therefore reported within the scores of the students' home district.³ Full-time comprehensive career and technical centers providing core content receive academic scores.

4 Year Cohort Graduation Rates

Part-time career and technical centers do not report a graduation rate. Each students' graduation rate is reported through the home district for that student. Full-time comprehensive career and technical centers report graduation rates to PDE.

¹ Statewide averages for SPP scores were calculated based on all district school buildings throughout the Commonwealth, excluding charter and cyber charter schools.

² PSSA benchmarks apply to all district school buildings, charters, and cyber charters. In the 2011-12 school year, the state benchmarks reflect the Adequate Yearly Progress targets established under No Child Left Behind. In the 2012-13 and 2013-14 school years, the state benchmarks reflect the statewide goals based on annual measurable objectives established by PDE.

³ <http://paschoolperformance.org/FAQ>.

Status of Prior Audit Findings and Observations

Our prior audit of the Center released on April 15, 2014, resulted in one finding, as shown below. As part of our current engagement, we determined the status of corrective action taken by the Center to implement our prior audit recommendations. We reviewed the Center's written response provided to PDE, interviewed Center personnel, and performed audit procedures as detailed in each status section below.

Auditor General Performance Audit Report Released on April 15, 2014

Prior Finding: Errors Noted in the Reporting of State Revenues

Prior Finding Summary: During our prior audit of the Center, we found errors in state revenues reported on the annual financial report (AFR) to PDE. The errors were noted in reporting of vocational education, Social Security, and retirement funding for the 2009-10, 2010-11, and 2011-12 school years. The incorrect reported revenue was found when we compared the Center's state subsidy revenues on its AFRs to the *Audit Confirmation of Subsidy Payments* reports generated by PDE's Office of Comptroller Operations. It is important to note that the *Audit Confirmation of Subsidy Payments* report details actual state revenues paid to education agencies and is available several months prior to the AFR reporting deadline. The comparison of the two documents yielded the following variances:

Errors in Reported State Revenues <i>(Vocational Education, Social Security, Retirement Funding)</i>			
School Year	Actual Reported to Center	Reported by Center in AFR	Difference
2009-10	\$775,900	\$852,573	\$76,673
2010-11	844,648	893,051	48,403
2011-12	869,344	874,577	5,233

Prior Recommendations: We recommended that the Center should:

1. Provide accounting training for staff responsible for data entry coding into the Center's accounting system.
2. Review the AFRs for the years subsequent to our audit and, if necessary, resubmit revised reports to PDE.
3. Adopt internal policies and procedures to ensure the accuracy of data reported on the AFR.

Current Status:

Our current review noted that the Center took corrective action and implemented our recommendations. The Center employees were required to take an online basic accounting class and a webinar on handling accounts receivable. The Center completed a thorough review and did not have to revise any of the subsequent years' AFRs. The business office now receives all automated clearing house notices when money is deposited into the bank account, goes to PDE's website to determine the source of the funding, and this entry is then recorded on a log sheet. Finally, the log sheet is given to the person responsible for recording accounts receivable and posting the entry to the proper account.

We obtained PDE's *Audit Confirmation of Subsidy Payments* reports for the 2013-14, 2014-15, and 2015-16 school years and compared the payments received to the amounts reported on the AFRs. Though some immaterial differences were noted, our review found no issues of concern.

Distribution List

This letter was initially distributed to the Director of the Center, the Joint Operating Committee, and the following stakeholders:

The Honorable Tom W. Wolf

Governor
Commonwealth of Pennsylvania
Harrisburg, PA 17120

The Honorable Pedro A. Rivera

Secretary of Education
1010 Harristown Building #2
333 Market Street
Harrisburg, PA 17126

The Honorable Joe Torsella

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This letter is a matter of public record and is available online at www.PaAuditor.gov. Media questions about the letter can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: News@PaAuditor.gov.