



**CRAWFORD COUNTY CAREER AND
TECHNICAL CENTER**

CRAWFORD COUNTY, PENNSYLVANIA

PERFORMANCE AUDIT REPORT

APRIL 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. David Schaef, Chairperson
Crawford County Career and Technical Center
860 Thurston Road
Meadville, Pennsylvania 16335

Dear Governor Corbett and Mr. Schaef:

We conducted a performance audit of the Crawford County Career and Technical Center (CCCTC) to determine its compliance with applicable state laws, contracts, grant requirements and administrative procedures. Our audit covered the period January 20, 2011, through November 21, 2012, except as otherwise indicated in the report. Additionally, compliance specific to state subsidy and reimbursements was determined for the school years ended June 30, 2012, and June 30, 2011. 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.

Our audit found that the CCCTC complied, in all significant respects, with applicable state laws, contracts, grant requirements, and administrative procedures. However, we identified one matter unrelated to compliance that is reported as an observation. A summary of these results is presented in the Executive Summary section of the audit report.

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

Sincerely,

/s/

EUGENE A. DePASQUALE
Auditor General

April 24, 2013

cc: **CRAWFORD COUNTY CAREER AND TECHNICAL CENTER** 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 Crawford County Career and Technical Center (CCCTC). Our audit sought to answer certain questions regarding the CCCTC's compliance with applicable state laws, contracts, grant requirements, and administrative procedures, and to determine the status of corrective action taken by the CCCTC in response to our prior audit recommendations.

Our audit scope covered the period January 20, 2011, through November 21, 2012, except as otherwise indicated in the audit scope, objectives, and methodology section of the report. Compliance specific to state subsidy and reimbursements was determined for school years 2011-12 and 2010-11.

School Background

According to School officials, in school year 2011-12 the CCCTC provided educational services to 518 secondary pupils and 212 post-secondary pupils through the employment of 24 teachers, 14 full-time and part-time support personnel, and 5 administrators. The operation, administration, and management of the school are directed by a joint operating committee (JOC) which comprises 9 members from the Conneaut, Crawford Central, and Penncrest school districts.

The JOC members are appointed by the individual school boards at the December meeting, each to serve a three-year term. Lastly, the CCCTC received more than \$732,000 in state funding in school year 2011-12.

Audit Conclusion and Results

Our audit found that the CCCTC complied, in all significant respects, with applicable state laws, contracts, grant requirements, and administrative procedures, except for one matter unrelated to compliance that is reported as an observation.

Observation: The Crawford County Career and Technical Center Lacks Sufficient Internal Controls Over Its Student Record Data. Our review found that the CCCTC does not have adequate procedures in place to ensure continuity over its Pennsylvania Information Management System data, and does not maintain adequate evidence of manual compensating controls. In addition, enrollment procedures lack provisions for the identification of nonresident students (see page 6).

Status of Prior Audit Findings and Observations. With regard to the status of our prior audit recommendations to the CCCTC, we found the CCCTC had taken appropriate corrective action in implementing our recommendations pertaining to a certification deficiency (see page 8).



Audit Scope, Objectives, and Methodology

Scope

What is a school performance audit?

School performance audits allow the 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 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 January 20, 2011, through November 21, 2012, except for the verification of professional employee certification which was performed for the period December 17, 2010, through November 1, 2012.

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

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 CCCTC's compliance with applicable state laws, 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?
- ✓ Does the School have sufficient internal controls to ensure that the membership data it reported to PDE through the Pennsylvania Information Management System is complete, accurate, valid and reliable?

- ✓ Are there any declining fund balances that may impose risk to the School's fiscal viability?
- ✓ Did the School pursue a contract buy-out with an administrator and if so, what was the total cost of the buy-out, what were the reasons for the termination/settlement, and does the current employment contracts contain adequate termination provisions?
- ✓ Is the School taking appropriate steps to ensure school safety?
- ✓ Did the School have a properly executed and updated Memorandum of Understanding with local law enforcement?
- ✓ Were votes made by the School's board members free from apparent conflicts of interests?
- ✓ Did the School take appropriate corrective action to address recommendations made in prior audits?

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 applicable laws, 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 observation and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observation and conclusions based on our audit objectives.

CCCTC management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the School is in compliance with applicable laws, contracts, grant requirements, and administrative procedures. In conducting our audit, we obtained an understanding of the School's internal controls, including any IT controls as they relate to the School's compliance with applicable state laws, regulations, contracts, grant agreements and administrative procedures that we consider to be significant within the context of our audit objective. 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 area of state subsidies/reimbursement.

Our audit examined the following:

- Records pertaining to professional employee certification, state ethics compliance, and financial stability.
- Items such as meeting minutes and pupil membership records.

Additionally, we interviewed selected administrators and support personnel associated with CCCTC operations.

Lastly, to determine the status of our audit recommendations made in a prior audit report released on July 7, 2011, we performed additional audit procedures targeting the previously reported matters.

Findings and Observations

Observation

The Crawford County Career and Technical Center Lacks Sufficient Internal Controls Over Its Student Record Data

Criteria relevant to the observation:

According to the Pennsylvania Department of Education's (PDE) *2009-10 PIMS User Manual*, all Pennsylvania local education agencies must submit data templates as part of the 2009-10 child accounting data collection. Pennsylvania Information Management System 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.

Additionally, according to the *Federal Information Systems Control 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.

Beginning with the 2009-10 school year, 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 and analyze individual student data for each student served by Pennsylvania's Pre-K through Grade 12 public education systems. PIMS replaces PDE's previous reporting system, the Child Accounting Database (CAD), which PDE ran concurrently until it brought PIMS completely online. PDE no longer accepts child accounting data through the CAD system.

Because PDE now uses the data in PIMS to determine each LEA's state subsidy, it is vitally important that the student information entered into this system is accurate, complete, and valid. Moreover, anytime an entity implements a computer system of this magnitude, there is an increased risk that significant reporting errors could be made. LEAs must ensure that they have strong internal controls to mitigate these risks to their data's integrity. Without such controls, errors could go undetected and subsequently cause the LEA to receive the improper amount of state reimbursement.

Our review of the Crawford County Career and Technical Center's (CCCTC) 2011-12 school year controls over data integrity found that internal controls need to be improved. Specifically, our review found that:

1. The CCCTC does not have adequate procedures in place to ensure continuity over its PIMS data submission in the event of a sudden change in personnel or child accounting vendors.

2. The CCCTC does not maintain adequate evidence of manual compensating controls (i.e. supporting documentation) to support its student registrations and to show that data input is reviewed for consistency and accuracy.
3. The CCCTC enrollment procedures lack provisions for identification of the students' resident or nonresident status.

Recommendations

The *Crawford County Career and Technology Center* should:

1. Prepare documented procedures (e.g. procedure manuals, policies, written instructions, etc.) to ensure continuity over its PIMS data submission in the event of a sudden change in personnel or child accounting vendors.
2. Maintain adequate evidence of manual compensating controls (i.e. supporting documentation) to support its student registrations and to show that data input is reviewed for consistency and accuracy.
3. Revise enrollment procedures to ensure documentation is obtained and retained to support the reporting of each student as a resident or nonresident pupil, including the nonresident classification as reported by the LEA responsible for providing the students' education.

Management Response

Management provided a written response agreeing with the observation and providing no further comment.

Status of Prior Audit Findings and Observation

Our prior audit of the Crawford County Career and Technical Center (CCCTC) for the school years 2009-10 and 2008-09 resulted in one reported finding. The finding pertained to teacher certification. As part of our current audit, we determined the status of corrective action taken by the CCCTC to implement our prior recommendations. We performed audit procedures and questioned school personnel regarding the prior finding. As shown below, we found that the CCCTC did implement recommendations related to teacher certification.

School Years 2009-10 and 2008-09 Auditor General Performance Audit Report

Finding: **Certification Deficiency**

Finding Summary: Our prior audit found that one individual was assigned to a teaching position without possessing the proper certification from September 1, 2009, through May 11, 2010. The CCCTC was therefore subject to a subsidy forfeiture of \$1,749 for the 2009-10 school year.

Recommendations: Our prior audit finding recommended that the CCCTC:

Implement internal controls to ensure appropriate tracking of all employees who are employed on a provisional certificate.

We also recommended that the *Pennsylvania Department of Education* (PDE):

Recover the appropriate subsidy forfeiture.

Current Status: During our current audit procedures we found that the CCCTC did implement the recommendation. PDE withheld the subsidy forfeiture of \$1,749 from the CCCTC's June 1, 2012, vocational education subsidy.

Distribution List

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

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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, 231 Finance Building, Harrisburg, PA 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.

