

LENAPE TECHNICAL SCHOOL  
ARMSTRONG COUNTY, PENNSYLVANIA  
PERFORMANCE AUDIT REPORT

APRIL 2012



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

Mr. Joseph D. Close  
Joint Operating Committee Chairperson  
Lenape Technical School  
2215 Chaplin Avenue  
Ford City, Pennsylvania 16226

Dear Governor Corbett and Mr. Close:

We conducted a performance audit of the Lenape Technical School (LTS) to determine its compliance with applicable state laws, contracts, grant requirements and administrative procedures. Our audit covered the period July 30, 2009 through November 8, 2010, except as otherwise indicated in the report. Additionally, compliance specific to state subsidy and reimbursements was determined for the school years ended June 30, 2010 and June 30, 2009. 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 LTS complied, in all significant respects, with applicable state laws, contracts, grant requirements, and administrative procedures, except as detailed in two findings noted in this report. A summary of these results is presented in the Executive Summary section of the audit report.

Our audit findings and recommendations have been discussed with LTS's management and their responses are included in the audit report. We believe the implementation of our recommendations will improve LTS's operations and facilitate compliance with legal and administrative requirements.

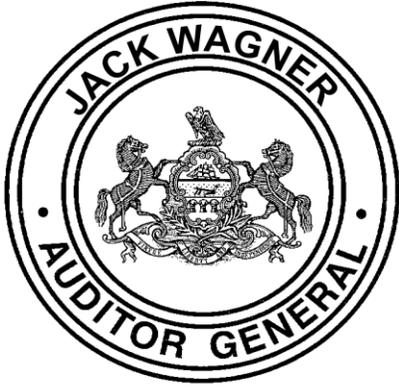
Sincerely,

/s/

JACK WAGNER  
Auditor General

April 25, 2012

cc: **LENAPE TECHNICAL SCHOOL** Joint Operating Committee Members

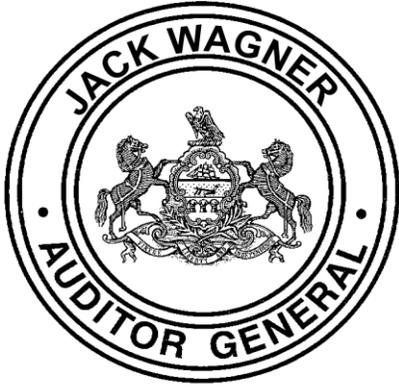


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## **Executive Summary**

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### **Audit Work**

The Pennsylvania Department of the Auditor General conducted a performance audit of the Lenape Technical School (LTS). Our audit sought to answer certain questions regarding the LTS's compliance with applicable state laws, contracts, grant requirements, and administrative procedures; and to determine the status of corrective action taken by the LTS in response to our prior audit recommendations.

Our audit scope covered the period July 30, 2009 through November 8, 2010, 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 2009-10 and 2008-09.

### **School Background**

According to School officials, in school year 2009-10 the LTS provided educational services to 460 secondary pupils and 817 post-secondary pupils through the employment of 39 teachers, 28 full-time and part-time support personnel, and 3 administrators. The operation, administration and management of the school are directed by a joint operating committee (JOC) which comprises nine members from the following school districts:

Apollo-Ridge  
Armstrong  
Freeport Area  
Leechburg Area

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

Lastly, the LTS received \$702,585 in state funding in school year 2009-10.

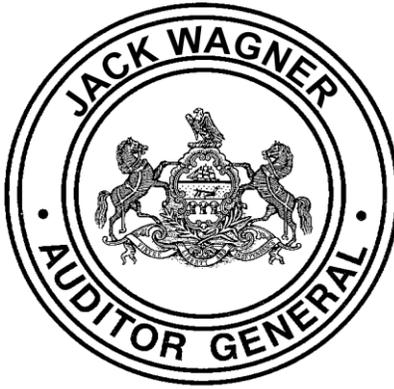
### **Audit Conclusion and Results**

Our audit found that the LTS complied, in all significant respects, with applicable state laws, contracts, grant requirements, and administrative procedures; except for two compliance-related matters reported as findings.

**Finding No. 1: Errors in Reporting Pupil Transportation Data Resulted in Overpayments of \$24,448.** Errors in reported pupil transportation data resulted in overpayments of \$24,448 (see page 6).

**Finding No. 2: Certification Deficiency.** One teacher was not properly certified in the 2009-10 school year (see page 11).

**Status of Prior Audit Findings and Observations.** With regard to the status of our prior audit recommendations to the LTS from an audit we conducted of the 2007-08 and 2006-07 school years, we found the LTS had not taken appropriate corrective action in implementing our recommendations pertaining to certification deficiencies (see page 14).



## Audit Scope, Objectives, and Methodology

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### 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 PA 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 July 30, 2009 through November 8, 2010, except for the verification of professional employee certification, which was performed for the period July 10, 2009 through October 8, 2010.

Regarding state subsidy and reimbursements, our audit covered school years 2009-10 and 2008-09.

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 Department of Education 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 LTS'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?
- ✓ Is the School's pupil transportation department, including any contracted vendors, in compliance with applicable state laws and procedures?
- ✓ Are there any declining fund balances which may impose risk to the fiscal viability of the School?

- ✓ Did the School pursue a contract buy-out with an administrator and if so, what was the total cost of the buy-out, reasons for the termination/settlement, and do the current employment contract(s) contain adequate termination provisions?
- ✓ Were there any other areas of concern reported by local auditors, citizens, or other interested parties which warrant further attention during our audit?
- ✓ Is the School taking appropriate steps to ensure school safety?
- ✓ Did the School use an outside vendor to maintain its membership data and if so, are there internal controls in place related to vendor access?
- ✓ Did the School take appropriate corrective action to address recommendations made in our 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 findings, observations and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

LTS 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. Within the context of our audit objectives, we obtained an understanding of internal controls and assessed whether those controls were properly designed and implemented.

Any significant deficiencies found during the audit 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/reimbursement, pupil membership, pupil transportation, and comparative financial information.

Our audit examined the following:

- Records pertaining to pupil transportation, bus driver qualifications, and professional employee certification.
- Meeting minutes.

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

Lastly, to determine the status of our audit recommendations made in a prior audit released on January 13, 2010, we performed additional audit procedures targeting the previously reported matters.

## Findings and Observations

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### Finding No. 1

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*Criteria relevant to the finding:*

Section 1850.1(b)(13) of the Public School Code provides, in part, that technical schools have the authority “when authorized by the participating school districts in the attendance area, to provide for free mandated transportation of district pupils to and from the area vocational-technical school in which they have been accepted, and to apply and receive on behalf of the school districts in the attendance area reimbursements on account of such transportation provided. . . .”

### Errors in Reporting Pupil Transportation Data Resulted in Overpayments of \$24,448

Our audit of the Lenape Technical School (LTS) pupil transportation data for the 2008-09 school year found errors in pupil transportation data reported to the Department of Education (DE). These errors resulted in overpayments of \$24,448 to participating school districts.

Technical schools’ transportation subsidies are passed through to participating school districts. Therefore, the total overpayment is divided as follows:

Armstrong	\$20,341
Apollo-Ridge	3,178
Freeport Area	<u>929</u>
Total	<u>\$24,448</u>

Final transportation data for the 2009-10 school year was not available at the time of audit. Therefore, we could make no determination on the accuracy of the 2009-10 transportation reimbursement.

### Background

On an annual basis local education agencies can use either the sample average method or the weighted average method to report the miles with and without pupils and the greatest number of pupils assigned to a vehicle at any one time.

The sample average method is based on drivers recording odometer readings on a stop-by-stop basis to a tenth of a mile. This reading is to be done once a month from October through May, for to-and-from school transportation. In addition to mileage, the drivers record the greatest number of pupils assigned to the vehicle at any one time. At the end of the school year an average of the eight monthly measurements for each of the three variables (miles with pupils, miles without pupils, and the greatest number of pupils assigned to a vehicle) are calculated to the nearest tenth.

The weighted average method is based on drivers recording daily odometer readings, again on a stop-by-stop, tenth of a mile basis. Mileage is then multiplied by the number of days in the period and divided by the total number of days in the school year.

LTS personnel used the sample average method for reporting mileage.

#### Mileage Errors

LTS personnel incorrectly reported mileage with and without pupils for 15 of the 23 buses that were used to provide pupil transportation service in the 2008-09 school year.

Our audit found the total annual miles that were reported to DE for 12 of the buses were greater than the actual annual miles recorded on the annual bus inspection report. When completing the sample average worksheet, school personnel recorded miles on a day that the bus was also taken to get fuel. This mileage inflated the mileage reported for reimbursement.

The sample average should be recorded on a routine day and not on a day that the bus travels additional miles to obtain fuel.

Errors for the three other buses were caused by LTS personnel making clerical errors when compiling the end-of-year mileage and not performing an internal review that could have caught the errors.

For the 12 buses with inflated miles, the auditors were not given the mileage logs necessary to recalculate the routes without the inflated miles. As a result, the auditors recalculated the miles using the miles provided on the annual inspection reports completed at the end of the school year, and the Pennsylvania State Police vehicle examination report completed at the beginning of the school year.

The revisions to miles with and without pupils resulted in miles with pupils being overstated by 169.5 miles and miles without pupils being understated by 84.6 miles for the 15 buses.

#### Pupil Errors

The greatest number of pupils transported was incorrectly reported for 8 out of 23 vehicles. The errors were caused by reporting the morning run pupil count as the greatest number transported, when in fact the afternoon runs were greater. This resulted in an understatement of 22.7 pupils.

Daily miles traveled and the greatest number of pupils transported are integral parts of the transportation calculation. These factors must be reported accurately to DE in order to receive correct reimbursement.

We have provided DE with reports detailing the errors to be used in the recalculation of the LTS's pupil transportation reimbursement and its distribution to the affected participating school districts.

#### **Recommendations**

The *Lenape Technical School* should:

1. Use a routine run when recording monthly mileage for the sample average worksheet.
2. Ensure the run with the greatest number of pupils assigned is reported.
3. Perform an internal review of pupil transportation data before submission to DE.
4. Retain for audit all necessary support documentation.
5. Review subsequent school years' transportation reports submitted to DE for accuracy and resubmit if necessary.

The *Department of Education* should:

6. Review the revised transportation data and adjust future LTS allocations to correct the net overpayment of \$24,448.

## Management Response

Management stated the following:

Clerical errors resulted in Lenape not reporting the greatest numbers of students on the bus for the day.

Lenape uses the “sample average” method of reporting transportation information to the PA Department of Education. The system requires monthly snapshots of mileage and pupil count, averaged at the conclusion of the school year.

This finding is based on assumptions that can be questioned, because the method does not require the data necessary to make a determination such as:

- It cannot be proven that the vehicles did not need gasoline.
- It is a mechanical and safety issue to run a school bus during the fall/winter months.
- It is not required that snapshots be taken on the same day for each vehicle.
- It is not required that a count of everyday a bus is being maintained routinely or for a major repair, and a spare used, be documented.
- Consideration is not given for the size of the service area. Lenape may be required to transport student in a geographic area of almost 600 square miles. A bus may be out of service or substituted for a short time, but constitute a loss of thousands of miles.
- The PA State inspection and the annual bus inspection completed by the PA State Police are two different processes.
- It is possible that someone in the system transposed a number somewhere in the process, between the contractor, the driver, the school, the state Police, etc.

These are but a few considerations; however, the system is what it is. This finding is speculation.

**Auditor Conclusion**

The auditor used mileage information provided by the LTS and bus contractor to determine the annual mileages for the buses in question. If the LTS or bus contractor had other information it should have been presented at the time of the audit. The finding will stand as presented.

**Finding No. 2** →

**Certification Deficiency**

*Criteria relevant to the finding:*

Section 1202 of the Public School Code provides, in part, “No teacher shall teach, in any public school, any branch which he has not been properly certificated to teach.”

Section 2518 of the Public School Code provides, in part, that an area vocational-technical school “that has in its employ any person in a position that is subject to the certification requirements of the Department of Education but who has not been certificated for his position by the Department of Education . . . shall forfeit an amount equal to six thousand dollars (\$6,000) less the product of six thousand dollars (\$6,000) and the district's market value/income aid ratio.”

Our audit of the Lenape Technical School (LTS) professional employee’s certificates and assignments for the period July 10, 2009 to October 8, 2010, found one professional employee was assigned to an area for which he was not certified during the 2009-10 school year.

This finding is a partial continuation of a finding in our prior audit report (see page 14).

Information pertaining to the assignment in question was submitted to the Department of Education’s Bureau of School Leadership and Teacher Quality (BSLTQ) for its review. On November 22, 2010, BSLTQ determined the employee was assigned outside his area of certification. As a result, the LTS will be subject to a subsidy forfeiture of \$1,345 for the 2009-10 school year.

*The Lenape Technical School* should:

1. Strengthen controls to ensure that professional personnel possess valid certification for positions they are assigned.
2. Reassign personnel, if necessary, to ensure employees are assigned to areas for which they hold proper certification.

*The Department of Education* should:

3. Adjust the LTS’s future allocations to recover the subsidy forfeiture of \$1,345.

**Management Response**

Management stated the following:

Lenape Tech has offered a CTE [career and technical education] program with the CIP [classification of instructional program] Code 51.0899 (Health, Medical Assisting, other) since the building was expanded in 1974. The scope of the program is updated from time to time, based on labor market needs in the health care sector and input from our Occupational Advisory Committee.

This process ensures that the skill sets with which our students enter the workforce are consistent with the needs of employers. Therefore, in 2003-2004 the scope of the program was expanded to include physical therapy/sports medicine, medical assistant and medical office skills with nurse aide training. This, aligning training with the High Priority/STEM [science, technology, engineering and mathematics] Occupations as identified by the PA Department of Labor and Industry in the Health Care Sector.

Our business education instructor dedicates a portion of her day to the program, integrating the skills associated with medical assisting and medical office. [The individual cited] was brought on board as a licensed physical therapy assistant and a certified athletic trainer, with a master's degree in education to team-teach with nurse instructor. Appropriate certification was pursued through the Department beginning September 2003. I [the Director of LTS] consistently applied for emergency certification while insisting that the "other" in the CIP code may not be an area where a nurse has expertise. For example: In September of 2007, the application was put on hold and Lenape received no further communication. Both Lenape and [the individual] were trying to address the situation the best that we could, he pursued and received certification in both general science and health, both of which related to the planned courses he covered in the Allied Health/Sports Medicine program. Again, I continued conversations with PDE. Finally, in October 2009, changes were made to the certification standards for CIP 51.0899, that expanded professional preparation and work experience beyond that of an RN. Again, there was a lapse in time between the new standards being established and the universities and PDE establishing a process for credential review and certification. In June of 2010 Vocational Instruction was added to [the individual's] certification. Attached are Mr. Henry's Occupational Competency and Certification documents [attachments not reproduced have]. This is an instance where it took educational governance too much time to catch up with the needs of industry. Please consider our vision, our persistence, and criteria for certification eventually being amended while considering the finding.

**Auditor Conclusion**

As stated in the finding, BSLTQ reviewed the information submitted and made the final determination to cite the individual, as it did in the previous audit. The finding will stand as presented. Any further disagreement must be addressed to DE.

## **Status of Prior Audit Findings and Observations**

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Our prior audit of the Lenape Technical School (LTS) for the school years 2007-08 and 2006-07 resulted in one reported finding. The finding pertained to certification deficiencies. As part of our current audit, we determined the status of corrective action taken by the LTS to implement our prior recommendations. We performed audit procedures and questioned LTS personnel regarding the prior finding. As shown below, we found that the LTS did not implement our recommendations related to the certification finding.

### **School Years 2007-08 and 2006-07 Auditor General Performance Audit Report**

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**Finding:**                      **Certification Deficiencies**

Finding Summary:        Our audit of the LTS professional employee's certificates and assignments for the period March 1, 2007 to July 9, 2009, found three teachers had been assigned to areas they were not certified to teach during the 2008-09 school year and two teachers had been assigned to areas they were not certified to teach during the 2007-08 school year.

Recommendations:      Our audit finding recommended that the LTS:

1. Strengthen controls to ensure that professional personnel possess valid certification for positions they are assigned.
2. Reassign personnel, if necessary, to ensure employees are assigned to areas for which they hold proper certification.

We also recommend that the Department of Education:

3. Adjust LTS's future allocation to recover the subsidy forfeitures levied.

Current Status:        During our current audit procedures we found that the LTS had not implemented our recommendations. Two of the prior individuals cited are now assigned to areas within their scope of certification. However, one individual continues to be assigned outside his area of certification (see Finding No. 2).

DE assessed the subsidy forfeiture of \$4,725 on June 1, 2010.

## **Distribution List**

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This report was initially distributed to the technical school superintendent of record, the joint operating committee, our website address at [www.auditorgen.state.pa.us](http://www.auditorgen.state.pa.us), and the following:

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