



**NORTHERN WESTMORELAND CAREER
AND TECHNOLOGY CENTER**

WESTMORELAND COUNTY, PENNSYLVANIA

PERFORMANCE AUDIT REPORT

JANUARY 2014

COMMONWEALTH OF PENNSYLVANIA

EUGENE A. DEPASQUALE - AUDITOR GENERAL

DEPARTMENT OF THE AUDITOR GENERAL





Commonwealth of Pennsylvania
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EUGENE A. DePASQUALE
AUDITOR GENERAL

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

Mr. Herbert Yingling
Joint Operating Committee Chairperson
Northern Westmoreland Career and
Technology Center
705 Stevenson Boulevard
New Kensington, Pennsylvania 15068

Dear Governor Corbett and Mr. Yingling:

We conducted a performance audit of the Northern Westmoreland Career and Technology Center (Center) to determine its compliance with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures (relevant requirements). Our audit covered the period October 7, 2010 through August 8, 2013, except as otherwise indicated in the report. Additionally, compliance specific to state subsidies and reimbursements was determined for the school years ended June 30, 2012, 2011, 2010, and 2009. 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.

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

January 22, 2014

cc: **NORTHERN WESTMORELAND CAREER AND TECHNOLOGY 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 Northern Westmoreland Career and Technology Center (Center) in Westmoreland 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 and to determine the status of corrective action taken by the Center in response to our prior audit recommendations.

Our audit scope covered the period October 7, 2010 through August 8, 2013, 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 2011-12, 2010-11, 2009-10, and 2008-09 school years.

Center Background

According to Center officials, the Center provided educational services to 329 secondary pupils through the employment of twelve (12) teachers, eleven (11) full-time and part-time support personnel, and two (2) administrators during the 2011-12 school year. A joint operating committee (JOC), which is comprised of eight (8) members from the following school districts, directs the operation, administration, and management of the school:

Burrell
Franklin Regional
Kiski Area
New Kensington-Arnold

The JOC members are appointed by the individual school boards at the December meeting, each to serve a one-year term. The Center received \$424,890 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. We report no findings or observations in this report.

Status of Prior Audit Findings and Observations. With regard to the status of our prior audit recommendations to the Northern Westmoreland Career and Technology Center (Center) from an audit we released on May 14, 2012, we found the Center had taken appropriate corrective action in implementing our recommendations pertaining to the use of funds in regard to the Settlement and General Release Agreement of the Dean of Students, after being terminated, because of falsifying his resume and certification documentation (see page 6).

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 October 7, 2010 through August 8, 2013, except for the verification of professional employee certification which was performed for the period July 1, 2010 through June 30, 2013.

Regarding state subsidies and reimbursements, our audit covered the 2011-12, 2010-11, 2009-10, and 2008-09 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?
- ✓ 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?

- ✓ Is the Center taking 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?
- ✓ Did the Center take appropriate corrective action to address recommendations made in prior audit?

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 Center is in compliance with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures (relevant requirements). Within the context of our audit objectives, we obtained an understanding of internal controls and assessed whether those controls were properly designed and implemented. 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 board meeting minutes and policies and procedures.

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

Lastly, to determine the status of our audit recommendations made in a prior audit report released on May 12, 2012, we reviewed the Center's response to PDE dated August 17, 2012. We then performed additional audit procedures targeting the previously reported matters.

Findings and Observations

For the audited period, our audit of the Northern Westmoreland Career and Technology Center resulted in no findings or observations.

Status of Prior Audit Findings and Observation

Our prior audit of the Northern Westmoreland Career and Technology Center (Center) released on May 12, 2012, resulted in one (1) reported finding. The finding pertained to the Center incurring costs of \$28,673 for paid leave and subsequent termination of the Dean of Students. As part of our current audit, we determined the status of corrective action taken by the Center to implement our prior recommendations. We analyzed the Joint Operating Committee's written response provided to the Pennsylvania Department of Education (PDE), performed audit procedures, and interviewed Center personnel regarding the prior finding. As shown below, we found that the Center did implement our recommendations related to the termination of the Dean of Students.

Auditor General Performance Audit Report Released on May 12, 2012

Finding: **The Career and Technology Center Incurred Costs of \$28,673 for Paid Leave and Subsequent Termination of the Dean of Students**

Finding Summary: On April 14, 2008, the Center honored the contractual agreement made with the Dean of Students after terminating employment between the two (2) parties, resulting in costs to the Center of \$28,673.

Recommendations: Our audit finding recommended that the Center:

Formalize contracts with administrative personnel, spelling out the terms of the contract including what an individual is entitled to, if he/she is terminated from employment with the Center. This will help ensure the Center does not make unnecessary payments upon termination of employment.

Current Status: During our current audit, we found that the Center did implement the recommendations. The Center eliminated the Dean of Students position completely and, at their August 15, 2013 meeting, approved a draft copy of a pre-employment form to be signed by future administrative employees which states: "This position and its related salary and benefits will be pro-rated over the fiscal year." As a result, the Center believes this will not be an issue in the future.

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:

The Honorable Tom Corbett
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The Honorable Carolyn Dumaesq
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