

WASHINGTON COUNTY ALTERNATIVE EDUCATION SCHOOL

WASHINGTON COUNTY, PENNSYLVANIA

PERFORMANCE AUDIT REPORT

FOR THE YEARS ENDED JUNE 30, 2005, 2004 and 2003



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The Honorable Edward G. Rendell
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120

Dear Governor Rendell:

We have conducted a performance audit of the Washington County Alternative Education School for the years ended June 30, 2005, 2004 and 2003. 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.

The objective of our audit was to determine if the Washington County Alternative Education School complied with applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit.

To plan and perform our audit of the Washington County Alternative Education School, we considered the school's internal controls pertinent to our audit objectives. Based on our consideration of these internal controls we determined audit procedures for the purpose of reporting on our audit objectives, but not to provide assurance on the effectiveness of the school's internal controls. However, any significant internal control deficiencies found during our audit were included in our report.

The results of our tests indicated that, in all significant respects, the Washington County Alternative Education School complied with applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit.

Independent Auditor's Report (Continued)

The accompanying supplementary information is presented for purposes of additional analysis. We did not audit the information and, accordingly, express no form of assurance on it.

Sincerely,

July 12, 2007

/s/
JACK WAGNER
Auditor General

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BACKGROUND

Background

The Washington County Alternative Education School was located at 1099 Allison Avenue, Washington, Pennsylvania.

During the 2004-05 school year, the school provided alternative education service to 60 pupils through the employment of 1 administrator, 7 teachers, and 2 full and part-time support personnel.

The school's joint operating committee (JOC) was comprised of one board member from the following participating districts:

Avella Area	Peters Township
Chartiers-Houston	Washington
McGuffey	Bethlehem-Center
*Canon-McMillan	

*Canon-McMillan was a member of the alternative education school until the 2004-05 year.

Starting with the 2005-06 school year, the jointure of the Washington County Alternative Education School dissolved and the Intermediate Unit #1 entered into a three year contract to provide alternative education for its at-risk students.

Generally, state subsidies and reimbursements are paid in the year subsequent to the year in which the school incurs the cost that qualifies it for the applicable subsidy or reimbursement. While the Pennsylvania Department of Education (DE) makes partial payments to the school throughout the year, final payments are normally made in June. Refer to the Supplementary Information on pages 7 and 8 of this report for a listing of the state revenue the school received during the 2004-05, 2003-04 and 2002-03 school years and for descriptions of the state revenue received by category.

In July of each year, the Commonwealth's Labor, Education and Community Services, Comptroller's Office confirms the payments that were made by DE throughout the prior fiscal year. School annual financial reports and the related certified audits of the payments are not available before October 31st of the following fiscal year.

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OBJECTIVE, SCOPE AND METHODOLOGY

OBJECTIVE AND SCOPE

Our audit objective was to determine if the Washington County Alternative Education School complied with applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit.

The scope of our audit covered the years ended June 30, 2005, 2004 and 2003.

METHODOLOGY

Our audit was conducted under authority of 72 P.S. § 403, and does not supplant the local annual audit as required by the Public School Code of 1949, as amended (Public School Code).

The proper administration of a school requires the joint operating committee to establish and maintain internal controls to provide reasonable assurance that specific school objectives will be achieved. Joint operating members are responsible for the adoption and use of policies and procedures that promote the economical and efficient conduct of assigned duties and responsibilities. In completing our audit, we obtained an understanding of the school's internal controls as they relate to the school's compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit. We evaluated and tested documents, files, reports, agreements, and systems, and performed analytical procedures to the extent necessary to satisfy our audit objectives. Additionally, we interviewed selected administrators and operations personnel.

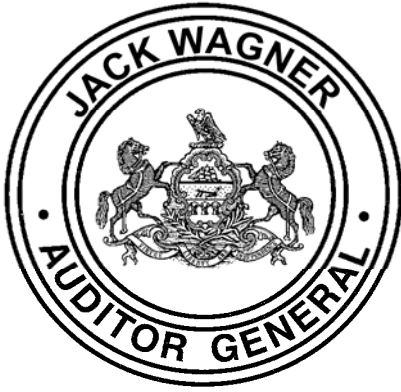
As noted in the Background section of this report, the Department of Education generally pays state subsidies and reimbursements in the fiscal year subsequent to the fiscal year in which the school incurs the qualifying cost. Because we use the payment confirmations, annual financial reports and certified audit data as supporting documentation of actual payments received in the performance of our audit, we cannot begin the field work of a school's operations for a given year until after this information becomes available.

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CONCLUSION

The objective of our audit was to determine if the Washington County Alternative Education School complied with applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit.

The results of our tests indicate that with respect to the items tested, the Washington County Alternative Education School complied with applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit.



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SUPPLEMENTARY INFORMATION
[UNAUDITED]

Schedule of State Revenue Received

The district reported it received state revenue of \$485,434, \$612,222, and \$635,155, respectively, for the years ended June 30, 2005, 2004 and 2003, as detailed in the following schedule:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
STATE REVENUE			
Alternative Education	\$473,623	\$597,845	\$485,433
Social Security and Medicare Taxes	11,811	14,377	13,992
Other Program Subsidies/Grants	<u>-</u>	<u>-</u>	<u>135,730</u>
<u>TOTAL STATE REVENUE</u>	<u>\$485,434</u>	<u>\$612,222</u>	<u>\$635,155</u>

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SUPPLEMENTARY INFORMATION
[UNAUDITED]

Description of State Revenue Received (Source: Pennsylvania Accounting Manual)

Alternative Education

Revenue received from the Commonwealth as subsidy for alternative education. Alternative education is specialized educational instruction and support services to students that must be removed from regular classrooms because of disruptive behavior.

Social Security and Medicare Taxes

Revenue received from the Commonwealth as subsidy designated as the Commonwealth's matching share of the employer's contribution of the Social Security and Medicare taxes for covered employees who are not federally funded.

Other Program Subsidies/Grants

Revenue received from the Commonwealth not specified elsewhere.

BUREAU OF SCHOOL AUDITS

AUDIT REPORT DISTRIBUTION LIST

This report was initially distributed to the director of the Intermediate Unit #1, our website address at www.auditorgen.state.pa.us, and the following:

The Honorable Edward G. Rendell
Governor
Commonwealth of Pennsylvania
Harrisburg, PA 17120

The Honorable Gerald Zahorchak, D.Ed.
Secretary of Education
1010 Harristown Building #2
333 Market Street
Harrisburg, PA 17126

The Honorable Robin L. Wiessmann
State Treasurer
Room 129 - Finance Building
Harrisburg, PA 17120

Mr. John Godlewski
Director, Bureau of Budget and Fiscal Management
Department of Education
4th Floor, 333 Market Street
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Harrisburg, PA 17105

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Mechanicsburg, PA 17055

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, 318 Finance Building, Harrisburg, Pennsylvania 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.