



**EASTERN WESTMORELAND
CAREER AND TECHNOLOGY CENTER**

WESTMORELAND COUNTY, PENNSYLVANIA

PERFORMANCE AUDIT REPORT

MAY 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

Ms. Irma Hutchinson
Joint Operating Committee Chairperson
Eastern Westmoreland Career and
Technology Center
4904 Route 982
Latrobe, Pennsylvania 15650

Dear Governor Corbett and Ms. Hutchinson:

We conducted a performance audit of the Eastern 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 April 13, 2012 through January 17, 2014, except as otherwise indicated in the report. Additionally, compliance specific to state subsidies and reimbursements was determined for the school years ended June 30, 2011 and June 30, 2012. 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.

Sincerely,

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale".

EUGENE A. DEPASQUALE
Auditor General

May 15, 2014

cc: **EASTERN 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 Eastern 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 April 13, 2012 through January 17, 2014, 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 2010-11 and 2011-12 school years.

Center Background

According to Center officials, the Center provided educational services to 529 secondary pupils and 60 post-secondary pupils through the employment of 20 teachers, five (5) full-time and part-time support personnel, and four (4) administrators. A joint operating committee (JOC), which is comprised of nine (9) members from the following school districts, directs the operation, administration, and management of the Center:

Derry Area
Greater Latrobe
Ligonier Valley

The JOC members are appointed by the individual school boards at the December meeting, each to serve a three-year term. The Center received \$539,004 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 Eastern Westmoreland Career and Technology Center (Center) from an audit we released on April 3, 2013, we found the Center had taken appropriate corrective action in implementing our recommendations pertaining to unmonitored system access and logical access control weaknesses (see page 6), lack of sufficient internal controls over its student record data (see page 7), and lack of sufficient internal controls over its substitute teachers record data (see page 8).

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 April 13, 2012 through January 17, 2014, except for the verification of professional employee certification, which was performed for the period July 1, 2013 through December 12, 2013.

Regarding state subsidies and reimbursements, our audit covered the 2010-11 and 2011-12 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?
- ✓ Were there any declining fund balances that may pose a risk to the Center's fiscal viability?

- ✓ Did the Center take appropriate steps to ensure school safety?
- ✓ Did the Center have a properly executed and updated Memorandum of Understanding with local law enforcement?
- ✓ Did the Center take appropriate corrective action to address recommendations made in our 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). 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 reimbursement, 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.

To determine the status of our audit recommendations made in a prior audit report released on April 3, 2013, we reviewed the Center's response to PDE dated May 29, 2013. We then performed additional audit procedures targeting the previously reported matters.

Findings and Observations

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

Status of Prior Audit Findings and Observation

Our prior audit of the Eastern Westmoreland Career and Technology Center (Center) released on April 3, 2013, resulted in three (3) reported observations. The observations pertained to unmonitored system access and logical access control weaknesses, lack of sufficient internal controls over its student record data, and lack of sufficient internal controls over its substitute teachers' record data. As part of our current audit, we determined the status of corrective action taken by the Center to implement our prior audit recommendations. We analyzed the Center's written response provided to the Pennsylvania Department of Education (PDE), performed audit procedures, and interviewed Center personnel regarding the prior observations. As shown below, we found that the Center did implement our recommendations related to the three (3) observations.

Auditor General Performance Audit Report Released on April 3, 2013

Observation No. 1 Unmonitored System Access and Logical Access Control Weaknesses

Observation Summary: The Center uses software purchased from an outside vendor for its critical student accounting applications (membership and attendance). The Center's entire computer system, including all of its data and the vendor's software, are maintained on the Westmoreland Intermediate Unit's (Intermediate Unit) servers, which are physically located at the Intermediate Unit. The Center has remote access into the Intermediate Unit's network servers. The Intermediate Unit provides the Center with system maintenance and support. The Intermediate Unit has access to the Center's data.

Recommendations: Our audit observation recommended that the Center:

1. Establish information technology (IT) policies and procedures for controlling the activities of vendors/consultants, to address password security and syntax requirements.
2. Require the vendor to assign unique userIDs and passwords to vendor employees authorized to access the Center's system.
3. Generate monitoring reports (including firewall logs) of vendor and employee access and activity on its system. Monitoring reports should include the date, time, and reason for access, change(s) made and who made the change(s). The Center should review these reports to determine that the access was appropriate and that data was not improperly altered. The Center should also

ensure it is maintaining evidence to support this monitoring and review.

4. Consider implementing additional environmental controls around the network server sufficient to satisfy the requirements of the manufacturer of the server and to ensure warranty coverage. Specifically, the Center should install fire detectors and fire extinguishers in the server room.
5. Obtain a contract which covers the operations/technical support arrangement between the Center and Westmoreland Intermediate Unit 7 regarding the Center's network support services, technical support issues, and operating the outside vendor software.
6. The Center should have its own contingency plan in place to handle a major IT failure.

Current Status: During our current audit, we found that the Center did implement our recommendations.

Observation No. 2 The Career and Technology Center Lacks Sufficient Internal Controls Over Its Student Record Data

Observation Summary: Our review of the Center's controls over data integrity found that the Center's internal controls were weak and needed improved.

Recommendations: Our audit observation recommended that the Center:

1. Implement procedures to verify that students whose names are on the active membership roll, who are at anytime in the school term absent from school for ten (10) consecutive school days, shall thereafter be removed from the active membership roll unless one (1) of the following occurs:
 - (a) The district has been provided with evidence that absence may be legally excused.
 - (b) Compulsory attendance prosecution has been or is being pursued.
2. Maintain the forms and relevant support documentation related to its student registrations and entry/withdrawal transactions.

Current Status: During our current audit, we found that the Center did implement our recommendations.

Observation No. 3 The Career and Technology Center Lacks Sufficient Internal Controls Over Its Substitute Teachers Record Data

Observation Summary: The Center is not issuing or obtaining the necessary substitute permits as required by *22 Pa Code 49.153* State Board of Education (SBE) regulations.

Recommendations: Our audit observation recommended that the Center:

1. Follow SBE regulations as they relate to vocational Day-to-Day Substitute Permits.
2. Monitor the cumulative days of substitutes' assignments and apply for vocational emergency permits when necessary.
3. Follow PDE guidelines and instructions concerning the maintenance and retention of adequate documentation as it relates to the proper issuing or obtaining of substitute teacher permits.

Current Status: During our current audit, we found that the Center did implement our recommendations.

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 stakeholders:

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

The Honorable Carolyn Dumaesq
Acting Secretary of Education
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This report is a matter of public record and is available online at www.auditorgen.state.pa.us. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 231 Finance Building, Harrisburg, PA 17120; via email to: news@auditorgen.state.pa.us.