



**BETHLEHEM AREA VOCATIONAL-
TECHNICAL SCHOOL**

NORTHAMPTON COUNTY, PENNSYLVANIA

PERFORMANCE AUDIT REPORT

JANUARY 2014

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 Gogel
Joint Operating Committee Chairperson
Bethlehem Area Vocational-Technical School
3300 Chester Avenue
Bethlehem, Pennsylvania 18020

Dear Governor Corbett and Mr. Gogel:

We conducted a performance audit of the Bethlehem Area Vocational-Technical School (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 12, 2011 through July 5, 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 and June 30, 2011. 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, except as detailed in one (1) finding noted in this report. A summary of the results is presented in the Executive Summary section of the audit report.

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

January 23, 2014

cc: **BETHLEHEM AREA VOCATIONAL-TECHNICAL SCHOOL** 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 Bethlehem Area Vocational-Technical School (Center) in Northampton 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.

Our audit scope covered the period April 12, 2011 through July 5, 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 and 2010-11 school years.

Center Background

According to Center officials, the Center provided educational services to 1,040 secondary pupils and 500 post-secondary pupils through the employment of 41 teachers, 38 full-time and part-time support personnel, and six (6) administrators during the 2011-12 school year. The operation, administration, and management of the school are directed by a joint operating committee (JOC), which comprises nine (9) members from the Bethlehem Area, Northampton Area, and Saucon Valley school districts.

The JOC members are appointed by the individual school boards at the December meeting, each to serve a four (4) year term. The Center received \$1,214,099 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, except for one (1) compliance related matter reported as a finding.

Finding: Certification Deficiencies. Our review of the Bethlehem Area Vocational-Technical School professional employees' certification for the period July 1, 2012 through April 2, 2013, found that three (3) professional employees were assigned to positions without holding proper certification (see page 5).

Status of Prior Audit Findings and Observations. There were no findings or observations in our prior audit report.

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 12, 2011 through July 5, 2013, except for the verification of professional employee certification which was performed for the period July 1, 2012 through April 2, 2013.

Regarding state subsidies and reimbursements, our audit covered the 2011-12 and 2010-11 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?

- ✓ In areas where the Center received state subsidies and reimbursements based on payroll (e.g. retirement), did it follow applicable laws and procedures?
- ✓ Were there any declining fund balances that may pose a risk to the Center's fiscal viability?
- ✓ Did the Center 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 did the current employment contract(s) contain adequate termination provisions?
- ✓ 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?
- ✓ Were votes made by the Center's Joint Operating Committee members free from apparent conflicts of interests?
- ✓ Were there any other areas of concern reported by independent auditors, citizens, or other interested parties?

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.

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.

Findings and Observations

Finding

Criteria relevant to the finding:

Section 1202 of the Public School Code (PSC) provides, in part:

“No teacher shall teach, in any public school, any branch which he has not been properly certificated to teach.”

24 P.S. § 12-1202 also requires that a public school entity must request an emergency permit for an uncertified person who is delivering educational services to a public school.

Section 2518 of the PSC provides, in part:

“[A]ny school district, intermediate unit, area vocational-technical school or other public school in this Commonwealth that has in its employ any person in a position that is subject to the certification requirements of the Pennsylvania Department of Education but who has not been certificated for his position by the Pennsylvania 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.”

Certification Deficiencies

Our audit of the Bethlehem Area Vocational-Technical School’s (Center) professional employees’ certificates and assignments was conducted to determine compliance with the Public School Code and Certification and Staffing Policy Guidelines issued by the Pennsylvania Department of Education’s Bureau of School Leadership and Teacher Quality (BSLTQ). Our audit of professional employees’ certifications for the period July 1, 2012 through April 2, 2013, found three (3) professional employees were assigned to positions without holding proper certification.

Our audit testwork found:

- A long-term substitute was assigned to teach culinary arts from August 2012 through June 2013 without the required emergency permit.
- A teacher was assigned to teach graphic arts from September 2012 through January 2013 without certification.
- A teacher was assigned to teach health careers from July 2012 through March 2013 without certification.

A position description for intended professional assignments must be created, and planned work duties must be evaluated to ascertain whether they are already within an existing certificated area. If the duties are within an existing certificated area, then that certification is required for the position.

It is the responsibility of the Center’s management to have in place appropriate internal policies and procedures to ensure that its employees are properly certified and that those certifications are current. Without such internal controls, the Center cannot be assured that it is in compliance with the Public School Code, which can put a portion of its state subsidy at risk.

Information pertaining to the assignments was submitted to BSLTQ for determination. BSLTQ subsequently

determined that the teachers were not properly certified. The Center is therefore subject to a subsidy forfeiture of \$6,762 for the 2012-13 school year.

Recommendations

The *Bethlehem Area Vocational-Technical School* should:

Establish procedures to compare teachers' certifications to the certification requirements of the assignment the Center intends to give the teacher.

The *Pennsylvania Department of Education* should:

Adjust the Center's allocations to recover the subsidy forfeiture of \$6,762.

Management Response

Management stated the following:

“[Teacher A] was hired as permanent employee at start of 2011-2012 school year (effective date September 7, 2011). Emergency permit was issued effective September 1, 2011, with expiration date of July 31, 2012. Communication was made consistently to this teacher and the other two instructors who were on Emergency Permits at the same time regarding the need to follow through with the next steps in the certification process to be sure that they were properly certified at all times. Contact was also made to PDE and Temple University to follow up on status. She did not follow through with submitting required documentation associated with applying for vocational intern certificate or submit proof of registration for classes. She was suspended at the start of the 2012-2013 school year and not allowed to return to the classroom until sufficient proof was submitted that she had registered for courses and applied for the intern certificate. Once she has applied for the intern certificate, [the AVTS] was in contact with PDE approximately every two-three weeks via phone/TIMS system to check status. [The AVTS] was informed by PDE that they sent letters to her in November and January regarding . . . the need for further documentation. We terminated her . . . in March [2013].

[Teacher B] -- Due to a mid-summer reassignment, this teacher was hired in late summer for the start of the 2012-2013 school year (effective date September 17, 2012). [The AVTS] was in contact with PDE regarding this instructor on a frequent basis and also facilitated in the copying/sending of required documentation. He did not follow through with payment for emergency permit application. He resigned from the position effective January 2, 2013.

[Teacher C] -- Was hired as LTS [long term substitute] . . . at the start of the 2012-2013 school year (effective date August 23, 2012). Emergency permit process was begun immediately and [the AVTS] stayed in contact with PDE and applicant on a regular basis and assisted in copying/sending the requested documentation. School considered the teacher eligible under Act 24 requirements but the emergency permit application was denied at PDE When the school was notified of the denial from PDE in June, 2013, we did not renew the LTS application.

Corrective Action - Going forward, [AVTS personnel] will continue to educate themselves through PDE webinars and direct contact with PDE staff regarding the proper procedures associated with the certification process. Applicants will be required to check the status of their application on a weekly basis and report the status to this office. Additionally, upon the advice from PDE, [the AVTS] will handle the mailing of application packets and related materials to PDE to ensure timeliness, accuracy and completeness.”

Auditor Conclusion

We are encouraged that the Center is taking action to address the deficiencies in its employee certification. We will follow up on our recommendations during our next cyclical audit of the Center.

Status of Prior Audit Findings and Observation

Our prior audit of the Bethlehem Area Vocational-Technical School resulted in no findings or observations.

Distribution List

This report was initially distributed to the Center's Superintendent of Record, the Joint Operating Committee members, our website at www.auditorgen.state.pa.us, and the following stakeholders:

The Honorable Tom Corbett
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Harrisburg, PA 17120

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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.