

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
LACKAWANNA COUNTY, PENNSYLVANIA
PERFORMANCE AUDIT REPORT

DECEMBER 2011

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

Mr. Nathan Barrett, Chairman
Career Technology Center of Lackawanna County
3201 Rockwell Avenue
Scranton, Pennsylvania 18508

Dear Governor Corbett and Mr. Barrett:

We conducted a performance audit of the Career Technology Center of Lackawanna County (CTCLC) to determine its compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures. Our audit covered the period April 24, 2009 through September 15, 2011, 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 CTCLC complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures.

We appreciate the CTCLC's cooperation during the conduct of the audit.

Sincerely,

/s/

JACK WAGNER
Auditor General

December 22, 2011

cc: **CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY** 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 Career Technology Center of Lackawanna County (CTCLC). Our audit sought to answer certain questions regarding the CTCLC's compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures; and to determine the status of corrective action taken by the CTCLC in response to our prior audit recommendations.

Our audit scope covered the period April 24, 2009 through September 15, 2011, 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.

District Background

According to School officials, in school year 2009-10 the CTCLC provided educational services to 739 secondary pupils and 675 post-secondary pupils through the employment of 30 teachers, 37 full-time and part-time support personnel, and 8 administrators. The operation, administration and management of the school are directed by a joint operating committee (JOC) which is comprised of 9 members from the following school districts:

Carbondale Area	North Pocono
Dunmore	Riverside
Forest City Regional	Scranton City
Lakeland	Valley View

Mid Valley

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

Audit Conclusion and Results

Our audit found that the CTCLC complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures. For the audited period, our audit of the CTCLC resulted in no findings or observations.

Status of Prior Audit Findings and

Observations. With regard to the status of our prior audit recommendations to the CTCLC from an audit we conducted of the 2007-08 and 2006-07 school years, we found the CTCLC had taken appropriate corrective action in implementing our recommendations pertaining to their unmonitored intermediate unit system access and logical access control weaknesses (see page 7).



Audit Scope, Objectives, and Methodology

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 April 24, 2009 through September 15, 2011.

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 law, regulation, 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, regulations, and defined business practices. Our audit focused on assessing the CTCLC's compliance with applicable 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 audit objectives:

- ✓ Were professional employees certified for the positions they held?
- ✓ In areas where the School receives state subsidy and reimbursements based on pupil membership (e.g. basic education, special education, and vocational education), did it follow applicable laws and procedures?
- ✓ Is 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 buyout 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, 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 conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

CTCLC management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the School is in compliance with applicable laws, regulations, 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 professional employee certification, state ethics compliance, and financial stability.
- Items such as Board meeting minutes and pupil membership records

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

Lastly, to determine the status of our audit recommendations made in a prior audit report released on October 8, 2009, we performed audit procedures targeting the reported matters.

Findings and Observations

For the audited period, our audit of the Career Technology Center of Lackawanna County resulted in no findings or observations.

Status of Prior Audit Findings and Observations

Our prior audit of the Career Technology Center of Lackawanna County (CTCLC) for the school years 2007-08 and 2006-07 resulted in one reported observation. As part of our current audit, we determined the status of corrective action taken by the CTCLC to implement our prior recommendations. We performed audit procedures and questioned CTCLC personnel regarding the prior observation. As shown below, we found that the CTCLC did implement recommendations related to unmonitored intermediate unit access and logical access control weaknesses.

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

Observation: **Unmonitored IU System Access and Logical Access Control Weaknesses**

Observation Summary: Our prior audit found that the CTCLC uses software purchased from the Central Susquehanna Intermediate Unit #16 (CSIU) for its critical student accounting applications (membership and attendance). Additionally, the CTCLC's entire computer system, including all its data and the CSIU's software are maintained on CSIU servers which are physically located at CSIU. The CTCLC has remote access into CSIU's network servers. CSIU also provides the CTCLC with system maintenance and support.

Recommendations: Our audit observation recommended that the CTCLC:

1. Keep a copy of the fully executed, signed by both parties, maintenance agreement on file.
2. Ensure the Acceptable Use Policy includes provisions for authentication (password security and syntax requirements).
3. Implement a security policy and system parameter settings to lock out users after three unsuccessful attempts.
4. Only allow access to their system when the CSIU needs access to make pre-approved changes/updates or requested assistance. This access should be removed when the CSIU has completed its work. This procedure would also enable the monitoring of CSIU changes.
5. Generate monitoring reports (including firewall logs) of CSIU and employee access and activity on their system. Monitoring reports should include the date, time and reason for access, changes made and who made the changes. The CTCLC should review these

reports to determine that the access was appropriate and that data was not improperly altered. The CTCLC should also ensure it is maintaining evidence to support this monitoring and review.

Current Status:

During our current audit procedures, we found that the CTCLC did implement all five of our recommendations.

Distribution List

This report was initially distributed to the career technology center superintendent of record, the joint operating committee, our website address at www.auditorgen.state.pa.us, and the following:

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