

DELAWARE COUNTY TECHNICAL SCHOOLS
DELAWARE COUNTY, PENNSYLVANIA
PERFORMANCE AUDIT REPORT

OCTOBER 2011

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

Mr. Edward J. Cardow
Joint Operating Committee Chairperson
Delaware County Technical Schools
200 Yale Avenue
Morton, Pennsylvania 19032

Dear Governor Corbett and Mr. Cardow:

We conducted a performance audit of the Delaware County Technical Schools (DCTS) to determine its compliance with applicable state laws, regulations, contracts, grant requirements and administrative procedures. Our audit covered the period August 15, 2008 through October 5, 2010, except as otherwise indicated in the report. Additionally, compliance specific to state subsidy and reimbursement was determined for the school years ended June 30, 2008 and June 30, 2007. 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 DCTS complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures.

Sincerely,

/s/

JACK WAGNER
Auditor General

October 11, 2011

cc: **DELAWARE COUNTY TECHNICAL SCHOOLS** 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 Delaware County Technical Schools (DCTS). Our audit sought to answer certain questions regarding the DCTS's compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures; and to determine the status of corrective action taken by the DCTS in response to our prior audit recommendations.

Our audit scope covered the period August 15, 2008 through October 5, 2010, 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 2007-08 and 2006-07.

School Background

According to School officials, in school year 2007-08 the DCTS provided educational services to 932 secondary pupils and 110 post-secondary pupils through the employment of 50 teachers, 54 full-time and part-time support personnel, and 6 administrators. The operation, administration and management of the school are directed by a joint operating committee (JOC) which comprises 15 members from the following school districts:

Chester-Upland	Ridley
Chichester	Rose Tree Media
Garnet Valley	Southeast Delco
Haverford Township	Springfield

Interboro	Upper Darby
Marple Newtown	Wallingford-Swarthmore
Penn-Delco	William Penn
Radnor Township	

The JOC members are appointed by the individual school boards at the December meeting, each to serve a three year term. Lastly, the DCTS received more than \$1 million in state funding in school year 2007-08.

Audit Conclusion and Results

Our audit found that the DCTS complied, in all significant respects, with applicable 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 DCTS from an audit we conducted of the 2005-06 and 2004-05 school years, we found the DCTS had taken appropriate corrective action in implementing our recommendations pertaining to the Memoranda of Understanding not being updated timely (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 August 15, 2008 through October 5, 2010, except for the verification of professional employee certification which was performed for the period June 4, 2008 through June 30, 2010.

Regarding state subsidy and reimbursements, our audit covered school years 2007-08 and 2006-07.

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 DCTS 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 objectives:

- ✓ Were professional employees certified for the positions they held?
- ✓ Does the School ensure that Joint Operating Committee members appropriately comply with the Public Official and Employee Ethics Act?
- ✓ 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 findings, observations and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

DCTS 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.

Our audit examined the following:

- Records pertaining to professional employee certification, state ethics compliance, and financial stability.
- Items such as meeting minutes

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

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

Findings and Observations

For the audited period, our audit of the Delaware County Technical Schools resulted in no findings or observations.

Status of Prior Audit Findings and Observations

Our prior audit of the Delaware County Technical Schools (DCTS) for the school years 2005-06 and 2004-05 resulted in one observation. The observation pertained to the Memoranda of Understanding not being updated timely. As part of our current audit, we determined the status of corrective action taken by the DCTS to implement our prior recommendations. We performed audit procedures and questioned DCTS personnel regarding the observation. As shown below, we found that the DCTS did implement recommendations related to the Memoranda of Understanding not being updated timely.

School Years 2005-06 and 2004-05 Auditor General Performance Audit Report

Observation: **Memoranda of Understanding Not Updated Timely**

Observation Summary: Our prior audit of the DCTS' records found that the current Memoranda of Understanding (MOU) between the DCTS and its two local law enforcement agencies were signed on April 12, 1999 and February 10, 1999, and had not been updated.

Subsequent to the start of our fieldwork, the DCTS reviewed and re-executed the MOUs with its two local law enforcement agencies, dated July 14, 2008.

Recommendations: Our audit observation recommended that the DCTS:

1. Continue to review, update and re-execute the MOUs between the DCTS and its two local law enforcement agencies every two years.
2. Adopt a policy requiring the administration to review and re-execute the MOUs every two years.

Current Status: Our current audit found that the DCTS had taken appropriate corrective action in implementing our recommendations.



Distribution List

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

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