

DELAWARE COUNTY TECHNICAL SCHOOLS
DELAWARE COUNTY, PENNSYLVANIA
PERFORMANCE AUDIT REPORT

OCTOBER 2009

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

Mr. John C. McMeekin II, Joint Operating Committee Chairperson
Delaware County Technical Schools
200 Yale Avenue
Morton, Pennsylvania 19070

Dear Governor Rendell and Mr. McMeekin:

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 July 28, 2005 through August 15, 2005, except as otherwise indicated in the report. Additionally, compliance specific to state subsidy and reimbursements was determined for the school years ended June 30, 2006, and June 30, 2005, as they were the most recent reimbursements subject to audit. 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. However, we identified one matter unrelated to compliance that is reported as an observation. A summary of these results is presented in the Executive Summary section of the audit report.

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

Sincerely,

/s/

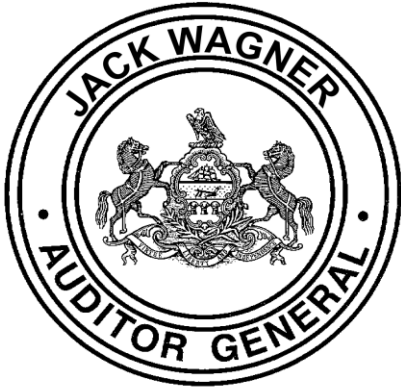
JACK WAGNER
Auditor General

October 8, 2009

cc: **DELAWARE COUNTY TECHNICAL SCHOOLS** Joint Operating Committee

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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 July 28, 2005 through August 15, 2008, 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 2005-06 and 2004-05 as they were the most recent reimbursements subject to audit. The audit evidence necessary to determine compliance specific to reimbursements is not available for audit until 16 months, or more, after the close of a school year.

School Background

According to school officials, in school year 2005-06 the DCTS provided educational services to 1,110 pupils through the employment of 47 teachers, 31 full-time and part-time support personnel, and 5 administrators. The operation, administration and management of the school are directed by a joint operating committee (JOC) which is comprised of 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 \$1.1 million in state funding in school year 2005-06.

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; however, as noted below, we identified one matter unrelated to compliance that is reported as an observation.

Observation: Memoranda of Understanding Not Updated Timely. Our audit of DCTS's current Memoranda of Understanding (MOU) with the Aston Township and the Folcroft police departments found that the MOUs have not been reviewed and re-executed every two years (see page 6).

Status of Prior Audit Findings and Observations. Our prior audit of DCTS for the 2002-03 and 2003-04 school years did not result in any findings or observations (see page 8).

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 July 28, 2005 through August 15, 2008, except for the verification of professional employee certification which was performed for the period April 28, 2005 through June 3, 2008.

Regarding state subsidy and reimbursements, our audit covered school years 2005-06 and 2005-06 because the audit evidence necessary to determine compliance, including payment verification from the Commonwealth's Comptroller Operations and other supporting documentation from the Department of Education (DE), is not available for audit until 16 months, or more, after the close of a school year.

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 DE 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

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'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 objectives:

- ✓ Were professional employees certified for the positions they held?

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.

- ✓ In areas where the School receives state subsidy and reimbursements based on pupil membership (e.g. vocational education), did it follow applicable laws and procedures?
- ✓ In areas where the School receives state subsidy and reimbursements based on payroll (e.g. Social Security and retirement), did it follow applicable laws and procedures?
- ✓ Did the School follow applicable laws and procedures in areas dealing with pupil membership and ensure that adequate provisions were taken to protect the data?
- ✓ Is the School's pupil transportation department, including any contracted vendors, in compliance with applicable state laws and procedures?
- ✓ 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 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, 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 Joint Operating Committee meeting minutes, pupil membership records, and reimbursement applications.
- Deposited state funds.

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

Findings and Observations

Observation →

Criteria relevant to this observation:

Section 1303-A(c) of the Public School Code provides:

All school entities shall develop a memorandum of understanding with local law enforcement which sets forth procedures to be followed when an incident involving an act of violence or possession of a weapon by any person occurs on school property. Law enforcement protocols shall be developed in cooperation with local law enforcement and the Pennsylvania State Police.

Additionally, the Basic Education Circular issued by the Department of Education entitled Safe Schools and Possession Weapons contains a sample MOU to be used by school entities. Section VI, General Provisions, item B of this sample states:

This Memorandum may be amended, expanded or modified at any time upon the written consent of the parties, but in any event must be reviewed and re-executed within two years of the date of its original execution and every two years thereafter.

Memoranda of Understanding Not Updated Timely

Our audit of the Delaware County Technical Schools' (DCTS) records found that the current Memoranda of Understanding (MOU) between the DCTS and the Aston Township and Folcroft police departments were signed on April 12, 1999 and February 10, 1999, respectively and have not been updated.

The failure to update the MOUs with local law enforcement could result in a lack of cooperation, direction, and guidance between District employees and law enforcement agencies if an incident occurs on school property, at any school-sponsored activity, or any public conveyance providing transportation to or from a school or school-sponsored activity. This internal control weakness could have an impact on law enforcement notification and response, and ultimately the resolution of a problem situation.

Subsequent to the start of our fieldwork, the DCTS reviewed and re-executed the MOUs with the local police departments, dated July 14, 2008.

Recommendations

The *Delaware County Technical Schools* should:

1. Continue to review, update and re-execute the MOUs between the DCTS and the Aston Township and Folcroft police departments every two years.
2. Adopt a policy requiring the administration to review and re-execute the MOUs every two years.

Management Response

Management stated the following:

Delaware County Vocational-Technical Education agrees there has been an internal control weakness regarding the School Violence Memorandum of Understanding between our schools and the local police entity. The responsibility for the maintenance of the Memorandum of Understandings has been assigned to the Director of Facilities, who will process the agreements annually to create a standard routine.

Status of Prior Audit Findings and Observations

Our prior audit of the Delaware County Technical Schools for the school years 2003-04 and 2002-03 resulted in no findings or observations.

Distribution List

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

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Senate Education Committee
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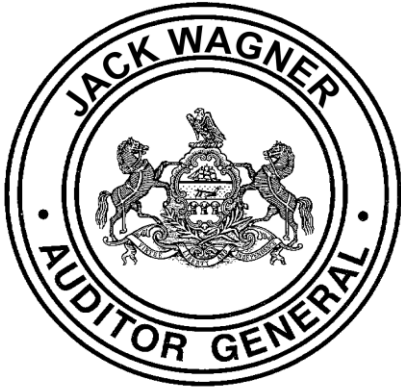
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