

FAYETTE COUNTY AREA VOCATIONAL-TECHNICAL SCHOOL

FAYETTE COUNTY, PENNSYLVANIA

PERFORMANCE AUDIT REPORT

DECEMBER 2010



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

Mr. Edward Andria, Joint Operating Committee President  
Fayette County Area Vocational-Technical School  
175 Georges Fairchance Road  
Uniontown, Pennsylvania 15401

Dear Governor Rendell and Mr. Andria:

We conducted a performance audit of the Fayette County Area Vocational-Technical School (FCAVTS) to determine its compliance with applicable state laws, regulations, contracts, grant requirements and administrative procedures. Our audit covered the period May 25, 2007 through September 18, 2009, except as otherwise indicated in the report. Additionally, compliance specific to state subsidy and reimbursements 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 FCAVTS complied, in all significant respects, with applicable state laws, regulations contracts, grant requirements, and administrative procedures.

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

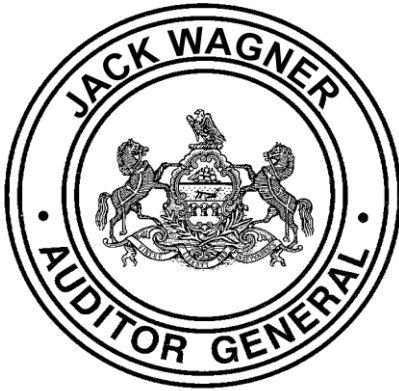
Sincerely,

/s/

JACK WAGNER  
Auditor General

June 9, 2010

cc: **FAYETTE COUNTY AREA VOCATIONAL-TECHNICAL SCHOOL** Joint Operating  
Committee Members



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## **Executive Summary**

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### **Audit Work**

The Pennsylvania Department of the Auditor General conducted a performance audit of the Fayette County Area Vocational-Technical School (FCAVTS). Our audit sought to answer certain questions regarding the FCAVTS's compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures; and to determine the status of corrective action taken by the FCAVTS in response to our prior audit recommendations.

Our audit scope covered the period May 25, 2007 through September 18, 2009, 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 FCAVTS provided educational services to 517 secondary pupils and 129 post-secondary pupils through the employment of 25 teachers, 32 full-time and part-time support personnel, and 3 administrators. The operation, administration and management of the school are directed by a joint operating committee (JOC) which is comprised of 12 members from the following school districts:

Albert Gallatin Area  
Brownsville Area  
Laurel Highlands  
Uniontown Area

The JOC members are appointed by the individual school boards at the December meeting, each to serve a three year term. Lastly, the FCAVTS received more than \$612,000 in state funding in school year 2007-08.

### **Audit Conclusion and Results**

Our audit found that the FCAVTS complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures. For our current audit period, we report no findings or observations.

**Status of Prior Audit Findings and Observations.** With regard to the status of our prior audit recommendations to the FCAVTS from an audit we conducted of the 2005-06 and 2004-05 school years, we found the FCAVTS had taken appropriate corrective action in implementing our recommendations pertaining to errors in membership computations (see page 7), a certification deficiency (see page 7), violations of the Public Official and Employee Ethics Act (see page 8), and failure to fully resolve improper billing procedures (see page 8).





## Audit Scope, Objectives, and Methodology

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### 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 May 25, 2007 through September 18, 2009, except for the verification of professional employee certification which was performed for the period March 1, 2007 through June 30, 2009.

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 (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

*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 FCAVTS'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?
- ✓ 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?

- ✓ 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?
- ✓ Does the School ensure that Joint Operating Committee members appropriately comply with the Public Official and Employee Ethics Act?
- ✓ 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.

FCAVTS 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.

Our audit examined the following:

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

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

Lastly, to determine the status of our audit recommendations made in a prior audit report released on July 31, 2008, we reviewed the FCAVTS's undated response to DE. We then performed additional audit procedures targeting the previously reported matters.

## **Findings and Observations**

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**F**or the audited period, our audit of the Fayette County Area Vocational-Technical School resulted in no findings or observations.

## Status of Prior Audit Findings and Observations

Our prior audit of the Fayette County Area Vocational-Technical School (FCAVTS) for the school years 2005-06 and 2004-05 resulted in three reported findings and one observation, as shown in the following table. As part of our current audit, we determined the status of corrective action taken by the FCAVTS to implement our prior recommendations. We analyzed the FCAVTS Joint Operating Committee's (JOC) written response provided to the Department of Education (DE), performed audit procedures, and questioned FCAVTS personnel regarding the prior findings and observation. As shown below, we found that the FCAVTS did implement recommendations related to the errors in membership computations, a certification deficiency, violations of the Public Official and Employee Ethics Act, and failure to fully resolve improper billing procedures.

<i>School Years 2005-06 and 2004-05 Auditor General Performance Audit Report</i>		
<i>Prior Recommendations</i>	<i>Implementation Status</i>	
<p><u><i>I. Finding No. 1: Errors in Membership Computations Led to Inaccurate Charges to Member Districts</i></u></p> <ol style="list-style-type: none"> <li>1. Thoroughly review all calculations of membership for its member Districts so that accurate operating costs are charged.</li> <li>2. Adjust future billings to the member districts to correct the inaccurate charges caused by the aforementioned errors.</li> </ol>	<p><b>Background:</b></p> <p>Our prior audit of FCAVTS records for the 2005-06 school year found that FCAVTS personnel incorrectly calculated the average daily membership (ADM) of the member districts. As a result, the member districts were inaccurately billed for the 2005-06 FCAVTS operating charges.</p>	<p><b>Current Status:</b></p> <p>Our audit of FCAVTS records for the 2007-08 school year found that the FCAVTS correctly calculated the ADM of the member districts, and the districts were correctly billed for the 2007-08 FCAVTS operating charges. Therefore, we concluded that FCAVTS did take corrective action.</p> <p>In August 2007, the billings were adjusted to correct for the inaccurate charges.</p>
<p><u><i>II. Finding No. 2: Certification Deficiency</i></u></p> <ol style="list-style-type: none"> <li>1. Put procedures in place to ensure all professional employees have the required certification to perform their duties.</li> <li>2. DE should adjust the schools future allocations to recover the subsidy forfeiture of \$938.</li> </ol>	<p><b>Background:</b></p> <p>Our prior audit of the professional employees' certification for the period April 1, 2005 through February 28, 2007, found that one professional employee was assigned to a teaching position without holding proper certification from January through June of 2006.</p>	<p><b>Current Status:</b></p> <p>Our audit of professional employees' certification for the period March 1, 2007 through June 30, 2009 found that all professional staff held valid certificates and were properly assigned.</p> <p>Therefore, we concluded that FCAVTS did take corrective action.</p> <p>DE withheld the subsidy forfeiture of \$938 from the</p>

		FCAVTS's June 2009 vocational education payment.
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<p><b><u>III. Finding No. 3:</u></b>  <b><u>Violations of the Public Official and Employee Ethics Act</u></b></p> <ol style="list-style-type: none"> <li>1. Management should continue in its efforts to obtain Statements of Financial Interests timely.</li> <li>2. The State Ethics Commission should review the information and take whatever action it deems appropriate.</li> </ol>	<p><b>Background:</b></p> <p>Our prior audit found that for the 2006 and 2005 calendar years one member and two members of the JOC, respectively, did not have Statements of Financial Interests on file by May 1<sup>st</sup> of the following years, as required. Additionally, we found that of the 11 unfiled statements cited previously in our audit for the 2003-04 and 2002-03 school years, four were still not on file.</p>	<p><b>Current Status:</b></p> <p>Our current audit found that for the 2009, 2008 and 2007 calendar years all JOC members' Statements of Financial Interests were on file and submitted in a timely manner.</p> <p>Therefore, we concluded that FCAVTS did take corrective action.</p>
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<p><b><u>IV. Observation: Failure to Fully Resolve Improper Billing Procedures.</u></b></p> <ol style="list-style-type: none"> <li>1. We made no recommendations since the FCAVTS stated it was in the process of disbursing the excess funds.</li> </ol>	<p><b>Background:</b></p> <p>Our prior audit of FCAVTS' records found that the four member school Districts of the FCAVTS had failed to fully resolve improper billing procedures that have existed since the 1994-95 school year. As a result, \$3,173,640 in excess revenues collected from member districts had not been refunded to them districts.</p>	<p><b>Current Status:</b></p> <p>Our current audit found that, while the member districts had yet to officially agree to uniform billing procedures, the FCAVTS is now distributing excess revenues to the member districts in accordance with instructions from the Fayette County Court of Common Pleas.</p>
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## **Distribution List**

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This report was initially distributed to the area vocational-technical school superintendent of record, the joint operating committee, our website address at [www.auditorgen.state.pa.us](http://www.auditorgen.state.pa.us), and the following:

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The Honorable Thomas E. Gluck  
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State Treasurer  
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Senate Education Committee  
173 Main Capitol Building  
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