

FRANKLIN LEARNING CENTER
FRANKLIN COUNTY, PENNSYLVANIA
PERFORMANCE AUDIT REPORT

NOVEMBER 2010

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

Ms. Anne Boryan, Joint School Committee Chairperson
Franklin Learning Center
2463 Loop Road
Chambersburg, Pennsylvania 17233

Dear Governor Rendell and Ms. Boryan:

We conducted a performance audit of the Franklin Learning Center (FLC) to determine its compliance with applicable state laws, regulations, contracts, grant requirements and administrative procedures. Our audit covered the period September 30, 2008 through February 16, 2010, except as otherwise indicated in the report. 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 FLC complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures.

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

Sincerely,

/s/

JACK WAGNER
Auditor General

November 4, 2010

cc: **FRANKLIN LEARNING CENTER** Joint School Committee Members

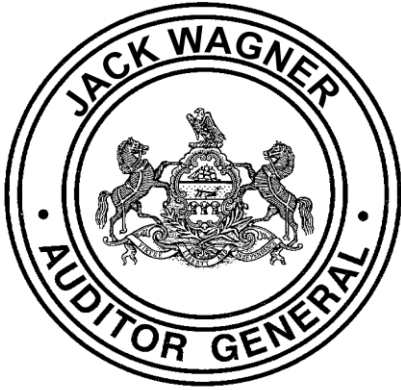
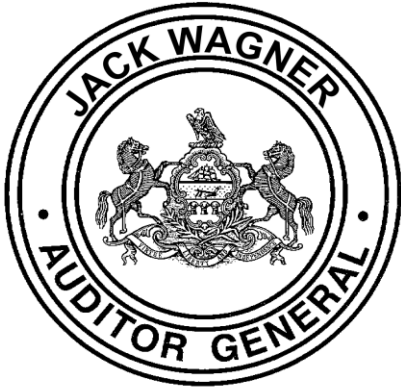


Table of Contents

	Page
Executive Summary	1
Audit Scope, Objectives, and Methodology	3
Findings and Observations	6
Status of Prior Audit Findings and Observations	7
Distribution List	9



Executive Summary

Audit Work

The Pennsylvania Department of the Auditor General conducted a performance audit of the Franklin Learning Center (FLC). Our audit sought to answer certain questions regarding the FLC's compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures.

Our audit scope covered the period September 30, 2008 through February 16, 2010, except as otherwise indicated in the audit scope, objectives, and methodology section of the report.

Center Background

The FLC contracts with the Lincoln Intermediate Unit #12 (LIU) for the services of 5 full-time teachers who provide education in the areas of art, music, physical education, swimming, home economics, and industrial arts. Additionally, LIU provides one administrator and 21 special education teachers from its budget to staff the FLC.

The operation, administration and management of the school are directed by a joint school committee (JSC) which comprises nine members from the Chambersburg Area, Fannett-Metal, Greencastle-Antrim, Tuscarora and Waynesboro Area school districts.

The nine members of the JSC are determined according to the average daily membership of pupils enrolled in each district, computed at the end of the previous year. Each district is guaranteed at least one member.

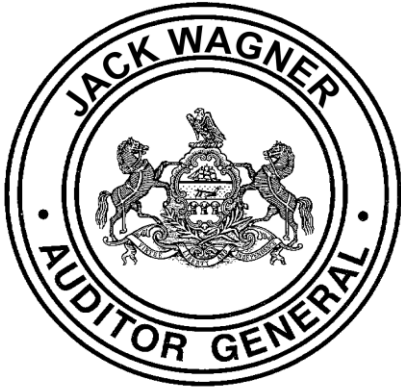
The FLC offers classes for life skills support, autistic support, multi-disabilities support, and emotional support. Other programs include physical education, swimming, art, music, industrial arts, and home economics. The FLC also rents space to the LIU.

FLC's expenses are paid by the participating districts based on each district's enrollment for the current year. Each district is also responsible for transportation of its pupils attending classes at the center. Lastly, the FLC did not receive any state funding in school years 2007-08 or 2006-07.

Audit Conclusion and Results

Our audit found that the FLC 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 FLC from an audit we conducted of the 2005-06 and 2004-05 school years, we found the FLC did not have any prior findings or observations.



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 September 30, 2008 through February 16, 2010.

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 FLC'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:

- ✓ Does the Center ensure that Joint School 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 Center?

- ✓ Did the Center 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 Center taking appropriate steps to ensure school safety?

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.

FLC 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 state ethics compliance, and financial stability.
- Items such as joint school committee meeting minutes.

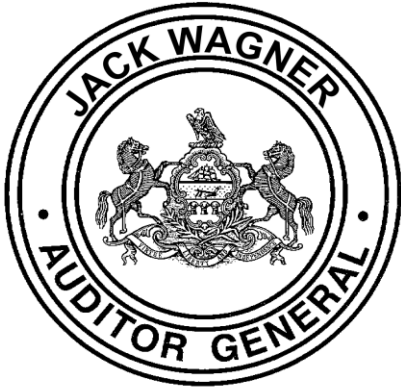
Additionally, we interviewed selected administrators and support personnel associated with FLC operations.

Findings and Observations

For the audited period, our audit of the Franklin Learning Center resulted in no findings or observations.

Status of Prior Audit Findings and Observations

Our prior audit of the Franklin Learning Center for the school years 2005-06 and 2004-05 resulted in no findings or observations.



Distribution List

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

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