

GREENE COUNTY CAREER AND TECHNOLOGY CENTER

GREENE COUNTY, PENNSYLVANIA

PERFORMANCE AUDIT REPORT

AUGUST 2010

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

Dr. Thomas Howard
Joint Operating Committee Chairperson
Greene County Career and Technology Center
60 Zimmerman Drive
Waynesburg, Pennsylvania 15370

Dear Governor Rendell and Dr. Howard:

We conducted a performance audit of the Greene County Career and Technology Center (GCCTC) to determine its compliance with applicable state laws, regulations, contracts, grant requirements and administrative procedures. Our audit covered the period August 30, 2007 through December 22, 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 GCCTC complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures.

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

Sincerely,

August 25, 2010

/s/
JACK WAGNER
Auditor General

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

Our audit scope covered the period August 30, 2007 through December 22, 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 GCCTC provided educational services to 365 secondary pupils and 35 post-secondary pupils through the employment of 18 teachers, 12 full-time and part-time support personnel, and 2 administrators. The operation, administration and management of the school are directed by a joint operating committee (JOC) which comprises five members from the following school districts:

Carmichaels Area
Central Greene
Jefferson-Morgan
Southeastern Greene

West Greene

The JOC members are appointed by the individual school boards at the December meeting, each to serve a three year term. Lastly, the GCCTC received \$522,366 in state funding in school year 2007-08.

Audit Conclusion and Results

Our audit found that the GCCTC complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures. For the audited period, our audit of the GCCTC 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 GCCTC from an audit we conducted of the 2005-06 and 2004-05 school years, we found the GCCTC did not take appropriate corrective action in implementing our recommendations pertaining to violations of the Public Official and Employee Ethics Act (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 30, 2007 through December 22, 2009, except for the verification of professional employee certification which was performed for the period July 1, 2009 through November 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 GCCTC'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?

- ✓ 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?
- ✓ 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.

GCCTC 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, and comparative financial information.

Our audit examined the following:

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

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

Lastly, to determine the status of our audit recommendations made in a prior audit report released on January 28, 2008, we reviewed the GCCTC's response to DE dated May 20, 2009. We then performed additional audit procedures targeting the previously reported matters.

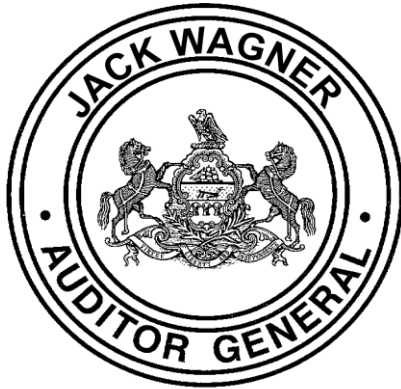
Findings and Observations

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

Status of Prior Audit Findings and Observations

Our prior audit of the Greene County Career and Technology Center (GCCTC) for the school years 2005-06 and 2004-05 resulted in one reported finding. The finding pertained to violations of the Public Official and Employee Ethics Act (Ethics Act). As part of our current audit, we determined the status of corrective action taken by the CTC to implement our prior recommendations. We analyzed the GCCTC Joint Operating Committee's (JOC) written response provided to the Department of Education, performed audit procedures, and questioned GCCTC personnel regarding the prior finding. As shown below, we found that the GCCTC did not implement recommendations related to violations of the Ethics Act.

<i>School Years 2005-06 and 2004-05 Auditor General Performance Audit Report</i>		
<i>Prior Recommendations</i>	Implementation Status	
<p><u><i>I. Finding: Violations of the Public Official and Employee Ethics Act</i></u></p> <ol style="list-style-type: none"> 1. Seek the advice of the GCCTC's solicitor in regard to the board's responsibility when a board member fails to file a Statement of Financial Interests. 2. Develop procedures to ensure that all individuals required to file Statements of Financial Interests do so in compliance with the Ethics Act. 	<p>Background:</p> <p>Our prior audit of the GCCTC records found that for the 2005 and 2006 calendar years five and one members, respectively, of the JOC failed to file required Statements of Financial Interests.</p>	<p>Current Status:</p> <p>Based on the results of our current audit, we concluded that the GCCTC did not take corrective action to satisfy this finding.</p> <p>We found that for 2007, three alternative board members filed late, and for 2008, one alternative board member filed late. The forms were dated November 17 through November 24, 2009.</p> <p>We have forwarded the results of our audit to the State Ethics Commission for additional review and investigation as it deems necessary.</p>



Distribution List

This report was initially distributed to the career and 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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