

LAWRENCE COUNTY CAREER & TECHNICAL CENTER

LAWRENCE COUNTY, PENNSYLVANIA

PERFORMANCE AUDIT REPORT

AUGUST 2009

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

Mr. Alan Carlson, Joint Operating Committee Chairperson
Lawrence County Career & Technical Center
750 Phelps Way
New Castle, Pennsylvania 16101

Dear Governor Rendell and Mr. Carlson:

We conducted a performance audit of the Lawrence County Career & Technical Center (LCCTC) to determine its compliance with applicable state laws, regulations, contracts, grant requirements and administrative procedures. Our audit covered the period July 31, 2007 through April 21, 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, 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 LCCTC complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures. We appreciate the LCCTC's cooperation during the conduct of the audit and their willingness to implement our recommendations.

Sincerely,

/s/

JACK WAGNER
Auditor General

August 13, 2009

cc: **LAWRENCE COUNTY CAREER AND TECHNICAL 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 Lawrence County Career & Technical Center (LCCTC). Our audit sought to answer certain questions regarding the LCCTC's compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures; and to determine the status of corrective action taken by the LCCTC in response to our prior audit recommendations.

Our audit scope covered the period July 31, 2007 through April 21, 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 2006-07 and 2007-08 as they were the most recent reimbursements subject to audit.

School Background

According to School officials, in school year 2007-08 the LCCTC provided educational services to 404 pupils through the employment of 42 teachers, 28 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 is comprised of 12 members from the following school districts:

Ellwood City Area
Laurel
Mohawk Area

Neshannock Township
New Castle Area
Shenango Area
Union Area
Wilmington Area

The JOC members are appointed by the individual school boards at the December meeting, each to serve a year term. Lastly, the LCCTC received more than \$1.4 million in state funding in school years 2007-08.

Audit Conclusion and Results

Our audit found that the LCCTC complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures, and 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 LCCTC from an audit we conducted of the 2004-05 and 2005-06 school years, we found the LCCTC had no prior findings or observations (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 July 31, 2007 through April 21, 2009, except for the verification of professional employee certification which was performed for the period May 1, 2007 through February 28, 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 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 LCCTC'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 in pupil membership (e.g. vocational education), did it follow applicable laws?

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.

- ✓ 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 procedure?
- ✓ 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 Technology 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 School taking appropriate steps to ensure school safety?
- ✓ Did the School take appropriate corrective action to address recommendations made in our prior audits?
- ✓ In areas where the School receives state subsidy reimbursements based on payroll (e.g. social security and retirement), did it follow applicable laws and procedures?

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.

LCCTC 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 meeting minutes, pupil membership records.

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

Findings and Observations

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

Status of Prior Audit Findings and Observations

Our prior audit of the Lawrence County Career and Technical Center for the school years 2004-05 and 2005-06 resulted in no findings or observations.



Distribution List

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

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