

LENAPE AREA VOCATIONAL-TECHNICAL SCHOOL
ARMSTRONG COUNTY, PENNSYLVANIA
PERFORMANCE AUDIT REPORT

JANUARY 2010

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

Mr. Meredith Christy, Joint Operating Committee Chairperson
Lenape Area Vocational-Technical School
2215 Chaplin Avenue
Ford City, Pennsylvania 16226

Dear Governor Rendell and Mr. Christy:

We conducted a performance audit of the Lenape Area Vocational-Technical School (LAVTS) to determine its compliance with applicable state laws, regulations, contracts, grant requirements and administrative procedures. Our audit covered the period May 1, 2007 through July 30, 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 LAVTS complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures, except as detailed in one finding noted in this report. A summary of this result is presented in the Executive Summary section of the audit report.

Our audit finding and recommendations have been discussed with LAVTS's management and their responses are included in the audit report. We believe the implementation of our recommendations will improve LAVTS's operations and facilitate compliance with legal and administrative requirements. We appreciate the LAVTS's cooperation during the conduct of the audit and their willingness to implement our recommendations.

Sincerely,

/s/

JACK WAGNER
Auditor General

January 13, 2010

cc: **LENAPE AREA VOCATIONAL-TECHNICAL SCHOOL** 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 Lenape Area Vocational-Technical School (LAVTS). Our audit sought to answer certain questions regarding the LAVTS's compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures; and to determine the status of corrective action taken by the LAVTS in response to our prior audit recommendations.

Our audit scope covered the period May 1, 2007 through July 30, 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 LAVTS provided educational services to 456 secondary pupils and 873 post-secondary pupils through the employment of 34 teachers, 26 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 nine members from the following school districts:

Apollo-Ridge
Armstrong
Freeport Area
Leechburg Area

The JOC members are appointed by the individual school boards at the December meeting, each to serve a two or three year term.

Lastly, the LAVTS received more than \$700,000 in state funding in school year 2007-08.

Audit Conclusion and Results

Our audit found that the LAVTS complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures; however, as noted below, we identified one compliance-related matter reported as a finding.

Finding: Certification Deficiencies. Our audit found three teachers who were not properly certified for their positions during the 2008-09 school year and two teachers who were not certified for their positions during the 2007-08 school year (see page 6).

Status of Prior Audit Findings and Observations. With regard to the status of our prior audit recommendations to the LAVTS from an audit we conducted of the 2005-06 and 2004-05 school years, we found the LAVTS had taken appropriate corrective action in implementing our recommendations pertaining to the internal control weaknesses in administrative polices regarding bus drivers' qualifications (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 May 1, 2007 through July 30, 2009, except for the verification of professional employee certification which was performed for the period March 1, 2007 to July 9, 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 LAVTS'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?
- ✓ Is the School's pupil transportation department, including any contracted vendors, in compliance with applicable state laws and procedures?
- ✓ 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?
- ✓ 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?
- ✓ Did the school pursue a contract buyout with an administrator and if so, what was the total cost of the buyout, 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 attention during our audit?

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.

LAVTS 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 and pupil transportation.

Our audit examined the records pertaining to pupil transportation, bus driver qualifications, professional employee certification and meeting minutes.

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

Lastly, to determine the status of our audit recommendations made in a prior audit report released on May 1, 2007, we reviewed the LAVTS's response to DE dated October 30, 2008. We then performed additional audit procedures targeting the previously reported matters.

Findings and Observations

Finding

Criteria relevant to the finding:

Section 1202 of the Public School Code states no teacher shall teach, in any public school, any branch which he has not been properly certificated to teach.

Section 2518 of the Public School Code mandates any school district that . . . has in its employ any person in a position that is subject to the certification requirements of the Department of Education but who has not been certificated for his position by the Department of Education . . . shall forfeit an amount equal to six thousand dollars (\$6,000) less the product of six thousand dollars (\$6,000) and the district's market value/income aid ratio. . . .

Certification Deficiencies

Our audit of the Lenape Area Vocational-Technical School's (LAVTS) professional employee's certificates and assignments for the period March 1, 2007 to July 9, 2009, found three teachers had been assigned to areas they were not certified to teach during the 2008-09 school year and two teachers had been assigned to areas they were not certified to teach during the 2007-08 school year.

Certification deficiencies are not determined by this department. Information pertaining to the assignments in question was submitted to the Bureau of School Leadership and Teacher Quality (BSLTQ), Department of Education for its review. On September 3, 2009, BSLTQ determined that the employees were assigned outside their areas of certification. Therefore, the LAVTS is subject to subsidy forfeitures of \$2,356 for the 2007-08 school year and \$2,368 for the 2008-09 school year.

Recommendations

The *Lenape Area Vocational-Technical School* should require the executive director to:

1. Strengthen controls to ensure that professional personnel possess valid certification for position they are assigned.
2. Reassign personnel, if necessary, to ensure employees are assigned to areas for which they hold proper certification.

The *Department of Education* should:

3. Adjust the LAVTS's future allocations to recover the subsidy forfeitures levied.

Management Response

Management waived the opportunity to reply.

Status of Prior Audit Findings and Observations

Our prior audit of the Lenape Area Vocational Technical School (LAVTS) for the school years 2005-06 and 2004-05 resulted in one reported observation. The observation pertained to administrative policies regarding bus driver's qualifications. As part of our current audit, we determined the status of corrective action taken by the LAVTS to implement our prior recommendations. As shown below, we found that the LAVTS did implement recommendations related to the observation.

<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. Observation: Internal Control Weaknesses in Administrative Policies Regarding Bus Driver's Qualifications</i></u></p> <ol style="list-style-type: none"> 1. Develop a process to determine, on a case-by-case basis, whether prospective and current employees of the school or the LAVTS's transportation contractor have been charged with or convicted of crimes that, even though not barred by state law, affect the suitability to have direct contact with children. 2. Implement written policies and procedure to ensure the LAVTS is notified when drivers are charged with or convicted of crimes that call into question their suitability to continue to have direct contact with children. 	<p>Background:</p> <p>Our prior audit found neither the LAVTS nor the transportation contractor have written policies or procedures in place to ensure that they are notified if current employees have been charged with or convicted of serious criminal offenses which should be considered for the purpose of determining an individual's continued suitability to be in direct contact with children.</p>	<p>Current Status:</p> <p>Our current audit found that the LAVTS had revised their contract with the bus contractor to include the bus contractors having to notify the LAVTS of a bus driver being charged or convicted of a crime. Based on our current audit, we concluded the LAVTS <u>did</u> take appropriate corrective action.</p>



Distribution List

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, and the following:

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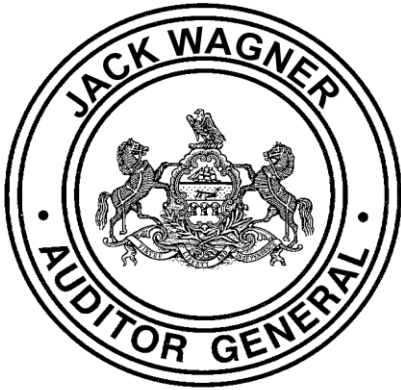
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