

MIFFLIN-JUNIATA CAREER AND TECHNOLOGY CENTER

MIFFLIN COUNTY, PENNSYLVANIA

PERFORMANCE AUDIT REPORT

NOVEMBER 2011

The Honorable Tom Corbett
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120

Mr. Walter Harpster
Joint Operating Committee Chairperson
Mifflin-Juniata Career and Technology Center
700 Pitt Street
Lewistown, Pennsylvania 17044

Dear Governor Corbett and Mr. Harpster:

We conducted a performance audit of the Mifflin-Juniata Career and Technology Center (MJCTC) to determine its compliance with applicable state laws, regulations, contracts, grant requirements and administrative procedures. Our audit covered the period December 4, 2009 through June 8, 2011, except as otherwise indicated in the report. Additionally, compliance specific to state subsidy and reimbursements was determined for the school years ended June 30, 2010 and June 30, 2009. 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 MJCTC complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures.

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

Sincerely,

/s/

JACK WAGNER
Auditor General

November 10, 2011

cc: **MIFFLIN-JUNIATA CAREER AND TECHNOLOGY CENTER** Joint Operating
Committee Members

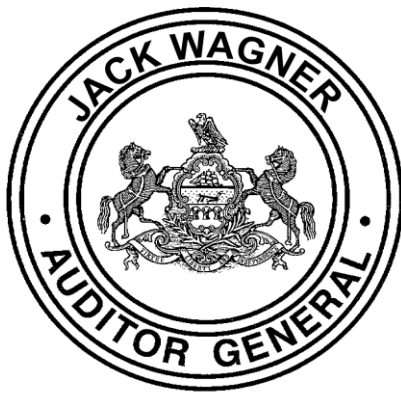


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Executive Summary

Audit Work

The Pennsylvania Department of the Auditor General conducted a performance audit of the Mifflin-Juniata Career and Technology Center (MJCTC). Our audit sought to answer certain questions regarding the MJCTC's compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures; and to determine the status of corrective action taken by the MJCTC in response to our prior audit recommendations.

Our audit scope covered the period December 4, 2009 through June 8, 2011, 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 2009-10 and 2008-09.

School Background

According to School officials, in school year 2009-10 the MJCTC provided educational services to 345 secondary pupils and 116 post-secondary pupils through the employment of 14 teachers, 10 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 comprises 6 members from Mifflin County and Juniata County school districts.

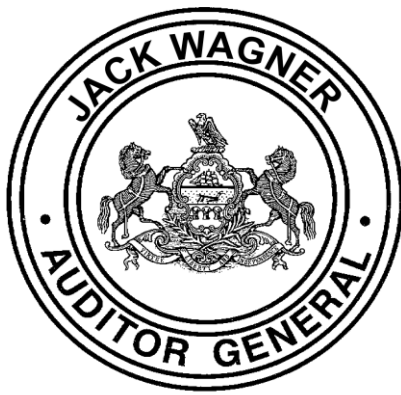
The JOC members, four from Mifflin County School District and two from Juniata County School District, are appointed by the individual school boards at the December meeting, each to serve a one year term.

Lastly, the MJCTC received more than \$538,000 in state funding in school year 2009-10.

Audit Conclusion and Results

Our audit found that the MJCTC 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 MJCTC from an audit we conducted of the 2007-08 and 2006-07 school years, we found the MJCTC had taken appropriate corrective action in implementing our recommendations pertaining to the Memorandum of Understanding finding (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 December 4, 2009 through June 8, 2011, except for the verification of professional employee certification which was performed for the period November 17, 2009 through May 9, 2011.

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 MJCTC'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?
- ✓ 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.

MJCTC 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.
- Meeting minutes

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

Lastly, to determine the status of our audit recommendations made in a prior audit report released on September 20, 2010, we performed additional audit procedures targeting the previously reported matters.

Findings and Observations

For the audited period, our audit of the Mifflin-Juniata Career and Technology Center resulted in no findings or observations.

Status of Prior Audit Findings and Observations

Our prior audit of the Mifflin-Juniata Career and Technology Center (MJCTC) for the school years 2007-08 and 2006-07 resulted in one reported finding. The finding pertained to the MJCTC's Memorandum of Understanding (MOU) with local law enforcement. As part of our current audit, we determined the status of corrective action taken by the CTC to implement our prior recommendations. We performed audit procedures and questioned MJCTC personnel regarding the prior finding. As shown below, we found that the MJCTC did implement all recommendations related to the MOU finding.

School Years 2007-08 and 2006-07 Auditor General Performance Audit Report

Finding:	Internal Control Weaknesses Regarding Memorandum of Understanding
<u>Finding Summary:</u>	The MOU between MJCTC and its local law enforcement agency was not re-executed within the two year timeframe required by the MOU.
<u>Recommendations:</u>	Our audit finding recommended that the MJCTC: <ol style="list-style-type: none">1. Follow the General Provisions of the MJCTC's MOU (Section VI, item B) and review and re-execute the MOU every two years.2. Adopt a policy requiring the administration to review and re-execute the MOU every two years as stated in the current MOU.
<u>Current Status:</u>	Our current audit found that the MJCTC implemented our recommendations.



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:

The Honorable Tom Corbett
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The Honorable Ronald J. Tomalis
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