

# PERFORMANCE AUDIT

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## Central Montco Technical High School Montgomery County, Pennsylvania

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February 2015



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



Commonwealth of Pennsylvania  
Department of the Auditor General  
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**EUGENE A. DePASQUALE**  
AUDITOR GENERAL

The Honorable Tom W. Wolf  
Governor  
Commonwealth of Pennsylvania  
Harrisburg, Pennsylvania 17120

Mr. Mel Brodsky  
Joint Operating Committee Chairperson  
Central Montco Technical High School  
821 Plymouth Road  
Plymouth Meeting, Pennsylvania 19462

Dear Governor Wolf and Mr. Brodsky:

We conducted a performance audit of the Central Montco Technical High School (Center) to determine its compliance with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures (relevant requirement). Our audit covered the period May 10, 2011 through October 29, 2014, except as otherwise stated in the report. Additionally, compliance specific to state subsidies and reimbursements was determined for the school years ended June 30, 2011 and June 30, 2012. Our audit was conducted pursuant to Section 403 of The Fiscal Code, 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 Center complied, in all significant respects, with relevant requirements.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale".

Eugene A. DePasquale  
Auditor General

February 27, 2015

cc: **CENTRAL MONTCO TECHNICAL HIGH SCHOOL**  
Joint Operating Committee Members

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## **Executive Summary**

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### **Audit Work**

The Pennsylvania Department of the Auditor General conducted a performance audit of the Central Montco Technical High School (Center) in Montgomery County. Our audit sought to answer certain questions regarding the Center's compliance with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures and to determine the status of corrective action taken by the Center in response to our prior audit recommendations.

Our audit scope covered the period May 10, 2011 through October 29, 2014, except as otherwise stated in the audit scope, objectives, and methodology section of the report. Compliance specific to state subsidies and reimbursements was determined for the 2010-11 and 2011-12 school years.

### **Center Background**

According to Center officials, the Center provided educational services to 495 secondary pupils and zero post-secondary pupils through the employment of twenty-six (26) teachers, nineteen (19) full-time and part time support personnel, and five (5) administrators during the 2011-12 school year. A joint operating committee (JOC), which is comprised of nine (9) members from the following school districts, directs the operation, administration, and management of the Center:

Colonial  
Norristown Area  
Upper Merion Area

The JOC members are appointed by the individual school boards at the December meeting, each to serve a two-year term. The Center received \$573,341 in state funding in the 2011-12 school year.

### **Audit Conclusion and Results**

Our audit found that the Center complied, in all significant respects, with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures. Our audit 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 Central Montco Technical High School (Center) from an audit released on August 29, 2011, we found the Center had taken appropriate corrective action in implementing recommendations pertaining to the Memorandum of Understanding not updated timely (see page 6).

## Audit Scope, Objectives, and Methodology

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### 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 Pennsylvania Department of Education, and other concerned entities.

Our audit, conducted under authority of Section 403 of The Fiscal Code, 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 10, 2011 through October 29, 2014, except for the verification of professional employee certification which was performed for the period July 1, 2011 through April 24, 2014.

Regarding state subsidies and reimbursements, our audit covered the 2010-11 and 2011-12 school years.

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 Pennsylvania Department of Education (PDE) 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 statute, regulation, policy, 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 and defined business practices. Our audit focused on assessing the Center's compliance with certain relevant 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?
- ✓ Did the Center have sufficient internal controls to ensure that the membership data it reported to PDE through the Pennsylvania Information Management System was complete, accurate, valid, and reliable?
- ✓ Were there any declining fund balances that may pose a risk to the Center's fiscal viability?

- ✓ Did the Center pursue a contract buy-out with an administrator and if so, what was the total cost of the buy-out, what were the reasons for the termination/settlement, and did the current employment contract(s) contain adequate termination provisions?
- ✓ Did the Center take appropriate steps to ensure school safety?
- ✓ Did the Center have a properly executed and updated Memorandum of Understanding with local law enforcement?
- ✓ Were votes made by the Joint Operating Committee members free from apparent conflicts of interests?
- ✓ Were there any other areas of concern reported by local auditors, citizens, or other interested parties?
- ✓ Did the Center take appropriate corrective action to address recommendations made in 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 certain relevant state 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 results and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our results and conclusions based on our audit objectives.

The Center's management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the Center is in compliance with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures (relevant requirements). In conducting our audit, we obtained an understanding of the Center's internal controls, including any information technology controls, as they relate to the Center's compliance with relevant requirements that we consider to be significant within the context of our audit objectives. We assessed whether those controls were properly designed and implemented. Any deficiencies in internal control that were identified during the conduct of our audit and determined to be significant within the context of our audit objectives are included in this report.

Our audit examined the following:

- Records pertaining to professional employee certification, pupil membership records, state ethics compliance, and financial stability.
- Items such as Joint Operating Committee meeting minutes and policies and procedures

Additionally, we interviewed select administrators and support personnel associated with the Center's operations.

To determine the status of our audit recommendations made in a prior audit report released on August 29, 2011, we reviewed the Center's response to PDE dated March 29, 2012. We then performed additional audit procedures targeting the previously reported matters.

## **Findings and Observations**

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**F**or the audited period, our audit of the Central Montco Technical High School resulted in no findings or observations.



## Status of Prior Audit Findings and Observation

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Our prior audit of the Central Montco Technical High School (Center) released on August 29, 2011, resulted in one (1) observation. The observation pertained to a Memorandum of Understanding not updated timely. As part of our current audit, we determined the status of corrective action taken by the Center to implement our prior recommendations. We analyzed the Center's written response provided to the Pennsylvania Department of Education (PDE), performed audit procedures, and interviewed District personnel regarding the prior observation. As shown below, we found that the Center did implement recommendations related to a Memorandum of Understanding not updated timely.

### Auditor General Audit Report Released on August 29, 2011

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#### **Observation**

#### **Memorandum of Understanding Not Updated Timely**

#### Observation

#### Summary:

Our prior audit found that the Center had not updated its Memorandum of Understanding (MOU) with a local law enforcement agency since April 15, 2008.

#### Recommendations:

Our audit observation recommended that the Center should:

1. In consultation with the solicitor, review, update, and re-execute the current MOU between the Center and the local law enforcement agency.
2. Adopt a policy requiring the administration to review and re-execute the MOU every two (2) years.

#### Current Status:

During our current audit procedures, we found that the Center did take appropriate corrective action.

## **Distribution List**

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This report was initially distributed to the Center's Superintendent of Record, the Joint Operating Committee, our website at [www.auditorgen.state.pa.us](http://www.auditorgen.state.pa.us), and the following stakeholders:

The Honorable Tom W. Wolf  
Governor  
Commonwealth of Pennsylvania  
Harrisburg, PA 17120

The Honorable Pedro A. Rivera  
Acting Secretary of Education  
1010 Harristown Building #2  
333 Market Street  
Harrisburg, PA 17126

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This report is a matter of public record and is available online at [www.auditorgen.state.pa.us](http://www.auditorgen.state.pa.us). Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 231 Finance Building, Harrisburg, PA 17120; via email to: [news@auditorgen.state.pa.us](mailto:news@auditorgen.state.pa.us).