

# LIMITED PROCEDURES ENGAGEMENT

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## Career Technology Center of Lackawanna County Lackawanna County, Pennsylvania

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February 2016



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE  
AUDITOR GENERAL

Dr. Thomas Baileys, Ed.D.  
Administrative Director  
Career Technology Center of  
Lackawanna County  
3201 Rockwell Avenue  
Scranton, Pennsylvania 18508

Mr. Joseph Mondak  
Joint Operating Committee Chairperson  
Career Technology Center of  
Lackawanna County  
3201 Rockwell Avenue  
Scranton, Pennsylvania 18508

Dear Dr. Baileys and Mr. Mondak:

We conducted a Limited Procedures Engagement (LPE) of the Career Technology Center of Lackawanna County (Center) to determine its compliance with certain relevant state laws, regulations, policies, and administrative procedures (relevant requirements). The LPE covers the period July 1, 2012 through June 30, 2015. The engagement was conducted pursuant to authority derived from Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania and The Fiscal Code, 72 P.S. § 403, but was not conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

As we conducted our LPE procedures, we sought to determine answers to the following questions, which serve as our LPE objectives:

- Did the Center have documented board policies and administrative procedures related to the following?
  - Internal controls
  - Budgeting practices
  - The Right-to-Know Law
  - The Sunshine Law
- Were the policies and procedures adequate and appropriate, and have they been properly implemented?
- Did the Center comply with the relevant requirements in the Right-to-Know Law and the Sunshine Law?
- Did the Center take appropriate corrective action to address the observation made in our prior audit, and were the actions taken into effect?

Dr. Thomas Baileys  
Mr. Joseph Mondak  
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Our engagement found that the Center properly implemented policies and procedures for the areas mentioned above and complied, in all significant respects, with relevant requirements.

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

Sincerely,



Eugene A. DePasquale  
Auditor General

February 4, 2016

cc: **CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY**  
Joint Operating Committee Members

**Status of Prior Observation**

**Prior Observation**

**Administrator Contract Provisions Resulted in a Questionable Use of Taxpayer Funds**

Prior Observation Condition

Our prior review of the Center's former Chief Financial Officer (CFO) and former Administrative Director (Director) contracts found that the Joint Operating Committee approved contracts that allowed for excessive severance payments.

Both contracts allowed for retirement incentives equal to 90 percent of final salary, payable over four equal installments on January 1<sup>st</sup> of each subsequent year after retirement.

At the time of retirement, the former CFO's salary was \$87,118. His total incentive payments of 90 percent of that amount equaled \$78,406.20. As of the end of our prior fieldwork, he had received the first installment in January 2013.

As of our last day of prior fieldwork on June 27, 2013, the former Director had not yet retired. We determined that if his contract were extended with the same terms, the Director would also be eligible to receive a retirement incentive equal to 90 percent of his final salary, which was \$117,283 at the time of our audit.

Prior Recommendations

We recommended that the Center should:

1. Consider the taxpayers' expectations that their money will be used for the education of the Center's children when negotiating employee agreements.
2. Ensure all of the Center's employment agreements are as transparent as possible, so that the member districts and taxpayers can evaluate their appropriateness.
3. Only offer retirement incentives to reduce the cost of higher paid salaries and not as a bonus to employees planning to retire at their normal date.

Current Status

Our current review determined that the Center took corrective action and implemented all three of our recommendations. We reviewed the contracts provided to the current Director and CFO and found they did not include early retirement incentives or allow for excessive payments upon retirement from the Center.

The Director referred to in our prior audit retired on December 31, 2013, while working under an extension of the terms of his contract that had expired on June 30, 2013. As of the end of our current fieldwork, the Director had received the first two payments of his \$105,555 retirement incentive, or 90 percent of his \$117,283 salary, as provided for in that contract. The Director also received \$176,827 for unused vacation and sick days, again according to his board-approved contract as addressed in our prior audit observation.

## **Distribution List**

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This letter was initially distributed to the Administrative Director of the Center, the Joint Operating Committee, and the following stakeholders:

**The Honorable Tom W. Wolf**

Governor  
Commonwealth of Pennsylvania  
Harrisburg, PA 17120

**The Honorable Pedro A. Rivera**

Secretary of Education  
1010 Harristown Building #2  
333 Market Street  
Harrisburg, PA 17126

**The Honorable Timothy Reese**

State Treasurer  
Room 129 - Finance Building  
Harrisburg, PA 17120

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This letter is a matter of public record and is available online at [www.PaAuditor.gov](http://www.PaAuditor.gov). Media questions about the letter can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: [news@PaAuditor.gov](mailto:news@PaAuditor.gov).