

BERKS CAREER AND TECHNOLOGY CENTER

BERKS COUNTY, PENNSYLVANIA

PERFORMANCE AUDIT REPORT

DECEMBER 2010



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

Mr. Oscar Manbeck, Chairman  
Berks Career and Technology Center  
1057 County Road  
Leesport, Pennsylvania 19533

Dear Governor Rendell and Mr. Manbeck:

We conducted a performance audit of the Berks Career and Technology Center (BCTC) to determine its compliance with applicable state laws, regulations, contracts, grant requirements and administrative procedures. Our audit covered the period May 8, 2008 through June 9, 2010, except as otherwise indicated in the report. Additionally, the determination of compliance specific to state subsidy and reimbursement 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 BCTC complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures.

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

Sincerely,

/s/  
JACK WAGNER  
Auditor General

December 9, 2010

cc: **BERKS CAREER AND TECHNOLOGY CENTER** 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 Berks Career and Technology Center (BCTC). Our audit sought to answer certain questions regarding the BCTC's compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures; and to determine the status of corrective action taken by the BCTC in response to our prior audit recommendations.

Our audit scope covered the period May 8, 2008 through June 9, 2010, 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 BCTC officials, in school year 2007-08 the BCTC provided educational services to 1,848 secondary pupils and 114 post-secondary pupils through the employment of 75 teachers, 87 full-time and part-time support personnel, and 13 administrators. The operation, administration and management of the BCTC are directed by a joint operating committee (JOC) which comprises 16 members, one each from the following school districts:

Antietam  
Boyertown Area  
Brandywine Heights Area  
Conrad Weiser Area  
Daniel Boone Area

Exeter Township  
Fleetwood Area  
Governor Mifflin  
Hamburg Area  
Kutztown Area  
Oley Valley  
Schuylkill Valley  
Tulpehocken Area  
Twin Valley  
Wilson  
Wyomissing Area

The JOC members are appointed by the individual school boards at the December meeting, each to serve a three year term. Lastly, the BCTC received more than \$1.6 million in state funding in school year 2007-08.

### **Audit Conclusion and Results**

Our audit found that the BCTC 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 BCTC from an audit we conducted of the 2005-06 and 2004-05 school years, we found the BCTC had taken appropriate corrective action in implementing our recommendations pertaining to unmonitored vendor system access and logical access control weaknesses (see page 7).





## 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 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 8, 2008 through June 9, 2010, except for the verification of professional employee certification which was performed for the period April 16, 2008 through April 22, 2010.

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 BCTC'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?
- ✓ 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.

BCTC 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 pupil transportation, bus driver qualifications, professional employee certification, state ethics compliance, and financial stability.
- Items such as Board meeting minutes.

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

Lastly, to determine the status of our audit recommendations made in a prior audit report released on March 12, 2009, we reviewed the BCTC's response to DE dated May 27, 2009. 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 Berks Career and Technology Center resulted in no findings or observations.

## Status of Prior Audit Findings and Observations

Our prior audit of the Berks Career and Technology Center (BCTC) for the school years 2005-06 and 2004-05 resulted in one reported observation. The observation pertained to unmonitored vendor system access and logical access control weaknesses. As part of our current audit, we determined the status of corrective action taken by the BCTC to implement our prior recommendations. We analyzed the BCTC Joint Operating Committee's written response provided to the Department of Education, performed audit procedures, and questioned BCTC personnel regarding the prior observation. As shown below, we found that the BCTC implemented our 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><i>I. Observation:</i>  <u><i>Unmonitored Vendor System Access and Logical Access Control Weaknesses</i></u></p> <ol style="list-style-type: none"> <li>1. Implement a security policy and system parameter settings to require all users, including the vendor, to change their passwords on a regular basis (i.e., every 30 days).</li> <li>2. Change system parameter settings that lock out users after three unsuccessful access attempts.</li> <li>3. Store back-up tapes in a secure, off-site location.</li> </ol>	<p><b>Background:</b></p> <p>The BCTC uses software purchased from an outside vendor for its critical student accounting applications. The vendor has remote access into the BCTC's network servers. The vendor also provides the BCTC with system maintenance and support.</p> <p>During our prior audit we determined that a risk existed that unauthorized changes to the BCTC's data could occur and not be detected because the BCTC was unable to provide supporting evidence that it was adequately monitoring all activity in its system.</p>	<p><b>Current Status:</b></p> <p>Our current audit found that the BCTC implemented all of our recommendations.</p>



## **Distribution List**

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This report was initially distributed to the technology center superintendent of record, the joint operating committee, our website address at [www.auditorgen.state.pa.us](http://www.auditorgen.state.pa.us), and the following:

The Honorable Edward G. Rendell  
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