

EASTERN WESTMORELAND CAREER AND TECHNOLOGY CENTER  
WESTMORELAND COUNTY, PENNSYLVANIA  
PERFORMANCE AUDIT REPORT

NOVEMBER 2010



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

Ms. Heidi Kozar, Joint Operating Committee Chairperson  
Eastern Westmoreland Career and Technology Center  
4904 Route 982  
Latrobe, Pennsylvania 15650

Dear Governor Rendell and Ms. Kozar:

We conducted a performance audit of the Eastern Westmoreland Career and Technology Center (EWCTC) to determine its compliance with applicable state laws, regulations, contracts, grant requirements and administrative procedures. Our audit covered the period April 13, 2007 through June 10, 2010, 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 EWCTC complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures.

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

Sincerely,

/s/  
JACK WAGNER  
Auditor General

November 4, 2010

cc: **EASTERN WESTMORELAND 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 Eastern Westmoreland Career and Technology Center (EWCTC). Our audit sought to answer certain questions regarding the EWCTC's compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures; and to determine the status of corrective action taken by the EWCTC in response to our prior audit recommendations.

Our audit scope covered the period April 13, 2007 through June 10, 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 School officials, in school year 2007-08 the EWCTC provided educational services to 556 secondary pupils through the employment of 20 teachers, 11 full-time and part-time support personnel, and 4 administrators. The operation, administration and management of the school are directed by a joint operating committee (JOC) which comprises nine members from the following school districts:

Derry Area  
Greater Latrobe  
Ligonier Valley

The JOC members are appointed by the individual school boards at the December meeting, each to serve a three year term. Lastly, the EWCTC received more than \$392 thousand in state funding in school year 2007-08.

### **Audit Conclusion and Results**

Our audit found that the EWCTC complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures. For the audited period, our audit of EWCTC 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 EWCTC from an audit we conducted of the 2005-06 and 2004-05 school years, we found the EWCTC had taken appropriate corrective action in implementing our recommendations pertaining to Statements of Financial Interests (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 April 13, 2007 through June 10, 2010, except for the verification of professional employee certification which was performed for the period July 1, 2009 through May 14, 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 EWCTC'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.

EWCTC 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, pupil membership, and comparative financial information.

Our audit examined the following:

- Items such as meeting minutes, pupil membership records, and reimbursement applications.
- Tuition receipts.

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

Lastly, to determine the status of our audit recommendations made in a prior audit report released on November 5, 2007, we reviewed the EWCTC's response to DE dated February 25, 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 Eastern Westmoreland Career and Technology Center resulted in no findings or observations.

## Status of Prior Audit Findings and Observations

Our prior audit of the Eastern Westmoreland Career and Technology Center (EWCTC) for the school years 2005-06 and 2004-05 resulted in one reported finding. The finding pertained to Statements of Financial Interests. As part of our current audit, we determined the status of corrective action taken by the EWCTC to implement our prior recommendations. We analyzed the EWCTC Joint Operating Committee's (JOC) written response provided to the Department of Education, performed audit procedures, and questioned EWCTC personnel regarding the prior finding. As shown below, we found that the EWCTC did implement recommendations related to Statements of Financial Interests.

<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. Finding: Joint Operating Committee Member Failed to File Statement of Financial Interests in Violation of the Public Official and Employees Ethics Act</i></u></p> <ol style="list-style-type: none"> <li>1. Seek the advice of the School's solicitor in regard to the JOC's responsibility when a JOC member fails to file a Statement of Financial Interests.</li> <li>2. Develop procedures to ensure that all individuals required to file Statements of Financial Interests do so in compliance with the Ethics Act.</li> </ol>	<p><b>Background:</b></p> <p>Our prior audit of the EWCTC's records found that one JOC member failed to file a Statement of Financial Interests for calendar year 2005.</p> <p>Although the JOC member in question was no longer on the JOC when the Statement of Financial Interests was due, he/she was still obligated to file one because they cover the preceding calendar year.</p>	<p><b>Current Status:</b></p> <p>Our current audit found that the EWCTC's new business manager developed a checklist with all the JOC members' names, positions, and school districts, and indicating if they provided their Statements of Financial Interests for the calendar year. All statements were on file for our current audit.</p> <p>The Statement of Financial Interests that was not filed by the JOC member for the calendar year 2005 was subsequently received by EWCTC.</p> <p>Based upon our current audit we determined the EWCTC did take appropriate corrective action.</p>



## **Distribution List**

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This report was initially distributed to the career and technology center's 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:

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