

LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

LANCASTER COUNTY, PENNSYLVANIA

PERFORMANCE AUDIT REPORT

JANUARY 2011



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

Mr. Michael Rowen  
Joint Operating Committee Chairperson  
Lancaster County Career and Technology Center  
1730 Hans Herr Drive  
P.O. Box 527  
Willow Street, Pennsylvania 17584

Dear Governor Rendell and Mr. Rowen:

We conducted a performance audit of the Lancaster County Career and Technology Center (LCCTC) to determine its compliance with applicable state laws, regulations, contracts, grant requirements and administrative procedures. Our audit covered the period September 25, 2008 through August 20, 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 LCCTC complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures.

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

Sincerely,

/s/

JACK WAGNER  
Auditor General

January 4, 2011

cc: **LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER** Joint Operating  
Committee Members



## **Table of Contents**

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	Page
Executive Summary .....	1
Audit Scope, Objectives, and Methodology .....	3
Findings and Observations .....	6
Status of Prior Audit Findings and Observations .....	7
Distribution List .....	9



## **Executive Summary**

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### **Audit Work**

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

Our audit scope covered the period September 25, 2008 through August 20, 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.

### **Background**

According to Center officials, in school year 2007-08 the LCCTC provided educational services to 1,309 secondary pupils through the employment of 110 teachers, 58 full-time and part-time support personnel, and 17 administrators. The operation, administration and management of the Center are directed by a joint operating committee (JOC) which comprises 16 members from the following school districts:

Cocalico	Lampeter-Strasburg
Columbia Borough	School District of
Conestoga Valley	Lancaster
Donegal	Manheim Central

Eastern Lancaster	Manheim Township
County	Penn Manor
Elizabethtown Area	Pequea Valley
Ephrata Area	Solanco
Hempfield	Warwick

The JOC members are appointed by the individual school boards at the December meeting, each to serve a two-year term. Lastly, the LCCTC received more than \$4.3 million in state funding in school year 2007-08.

### **Audit Conclusion and Results**

Our audit found that the LCCTC 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 LCCTC from an audit we conducted of the 2005-06 and 2004-05 school years, we found the LCCTC had taken appropriate corrective action in implementing our recommendations pertaining to the incorrect method of calculating instructional hours for practical nursing students (see page 7) and unmonitored vendor system access and logical access control weaknesses (see page 8).





## 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 September 25, 2008 through August 20, 2010, except for the verification of professional employee certification which was performed for the period June 18, 2008 through July 2, 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 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 LCCTC'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?
- ✓ 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 Center?
- ✓ 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.

LCCTC 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 area of pupil transportation.

Our audit examined the following:

- Records pertaining to bus driver qualifications, professional employee certification, state ethics compliance, and financial stability.
- Items such as Board meeting minutes and reimbursement applications.

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

Lastly, to determine the status of our audit recommendations made in a prior audit report released on July 23, 2009, we performed audit procedures targeting the previously reported matters.

## **Findings and Observations**

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**F**or the audited period, our audit of the Lancaster County Career and Technology Center resulted in no findings or observations.

## Status of Prior Audit Findings and Observations

Our prior audit of the Lancaster County Career and Technology Center (LCCTC) for the school years 2005-06 and 2004-05 resulted in one reported finding and one observation. The finding pertained to an incorrect method of calculating instructional hours for practical nursing students, and the observation pertained to unmonitored vendor system access and logical control weaknesses. As part of our current audit, we determined the status of corrective action taken by the LCCTC to implement our prior recommendations. We performed audit procedures, and questioned LCCTC personnel regarding the prior finding and observation. As shown below, we found that the LCCTC did implement recommendations related to the incorrect method of calculating instructional hours for practical nursing students and largely complied with our recommendations pertaining to the unmonitored vendor system access and logical access control weaknesses.

<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: Incorrect Method of Calculating Instructional Hours for Practical Nursing Students Resulted in Questionable Reimbursements of \$850,402</i></u></p> <ol style="list-style-type: none"> <li>1. Implement a child accounting system to accurately account for each student's membership and attendance data.</li> <li>2. Once implemented, the child accounting system should be used as the basis for determining the actual student hours to be reported to the Department of Education (DE) for reimbursement.</li> <li>3. Review the hours reported for years subsequent to the audit period and, if errors are noted, submit revised reports to DE.</li> </ol>	<p><b>Background:</b></p> <p>Our prior audit of the licensed practical nursing reimbursement for the years ended June 30, 2006 and 2005 found that the LCCTC used an incorrect method of calculating actual student hours supporting reimbursements of \$407,541 and \$442,861, for the respective school years.</p> <p>The LCCTC administrative personnel incorrectly used a formula to determine the hours reported to DE, rather than maintaining membership and attendance records that would have provided the actual hours for the students. Without these records, the auditors could not determine what effect, if any, the error had on the reimbursement. Therefore, no recommendation was made that DE adjust the funding for the prior audit years.</p>	<p><b>Current Status:</b></p> <p>Our current audit found that the LCCTC implemented a new child accounting system in July 2008 for the 2008-09 school year, which accounts for all actual practical nursing student instructional hours reported to DE. The LCCTC determined that the 2006-07 and 2007-08 practical nursing student instructional reports were incorrectly calculated. In July 2010, the LCCTC submitted revised reports to DE for the 2007-08 and 2006-07 school years based on actual practical nursing student instructional hours.</p> <p>Based on our current audit procedures, we determined that the District complied with all of our recommendations.</p>

<p><u>II. Observation:</u>  <u>Unmonitored Vendor</u>  <u>System Access and Logical</u>  <u>Access Control Weaknesses</u></p> <ol style="list-style-type: none"> <li>1. Have the solicitor review the contract with the vendor.</li> <li>2. 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) and maintain a password history that will prevent the use of a repetitive password (i.e., last ten passwords).</li> <li>3. Upgrade the remote access software to the most current version.</li> <li>4. Establish a process for defining, raising, testing, documenting, assessing and authorizing emergency changes to systems or programs that do not follow the established change process.</li> <li>5. Install fire suppression equipment in the computer room.</li> </ol>	<p><b>Background:</b></p> <p>Our prior audit found the LCCTC uses software purchased from an outside vendor for its critical student accounting applications. The software vendor has remote access into the LCCTC’s network servers.</p> <p>We determined that a risk existed that unauthorized changes to the LCCTC’s data could occur and not be detected because the LCCTC was unable to provide supporting evidence that it was adequately monitoring all vendor activity in its system.</p>	<p><b>Current Status:</b></p> <p>Our current audit found that the LCCTC complied with all of our recommendations with the exception of recommendation number 4.</p> <p>However, the LCCTC is currently developing procedures to address emergency changes that align with the new systems and access policies.</p> <p>We will follow-up on the LCCTC’s implementation of these procedures in our next audit.</p>
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## **Distribution List**

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

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