

LIMITED PROCEDURES ENGAGEMENT

Lehigh Career & Technical Institute Lehigh County, Pennsylvania

January 2019



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



Commonwealth of Pennsylvania
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EUGENE A. DePASQUALE
AUDITOR GENERAL

Dr. Thomas J. Rushton, Executive Director
Lehigh Career & Technical Institute
4500 Education Park Drive
Schnecksville, Pennsylvania 18078

Mr. Frank Frankenfield, Chairperson
Lehigh Career & Technical Institute
4500 Education Park Drive
Schnecksville, Pennsylvania 18078

Dear Dr. Rushton and Mr. Frankenfield:

We conducted a Limited Procedures Engagement (LPE) of the Lehigh Career & Technical Institute (Center) to determine its compliance with certain relevant state laws, regulations, policies, and administrative procedures (relevant requirements). The LPE covers the period July 1, 2013 through June 30, 2017, except for any areas of compliance that may have required an alternative to this period. 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. §§ 402 and 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 Act
- 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 Act?

- Did the Center take appropriate corrective action to address the finding and observation made in our prior audit?

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 also evaluated the application of best practices in the area of school safety. Due to the sensitive nature of this issue and the need for the results of this review to be confidential, we did not include the results in this report. However, we communicated the results of our review of school safety to District officials, the Pennsylvania Department of Education, and other appropriate officials as deemed necessary.

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

Sincerely,



Eugene A. DePasquale
Auditor General

January 23, 2019

cc: **LEHIGH CAREER & TECHNICAL INSTITUTE** Joint Operating Committee

Background Information

School Characteristics 2017-18 School Year ^A	
County	Lehigh
Full-Time or Part-Time School	Both, traditional half day with a full day option.
Secondary Pupils Enrolled	2,261
Post-Secondary Pupils Enrolled	819
Total Teachers	103
Total Full or Part-Time Support Staff	221
Total Administrators	17
Intermediate Unit Number	21

A - Source: Information provided by the Center administration and is unaudited.

Mission Statement^A

Mission – Our mission at LCTI is to prepare all students for successful career and lifelong learning.

We believe at LCTI that our purpose is to provide students with opportunities to pursue college and careers. We also believe it is important to serve our community therefore, our course offerings are a reflection of the identified employment needs in the Lehigh Valley.

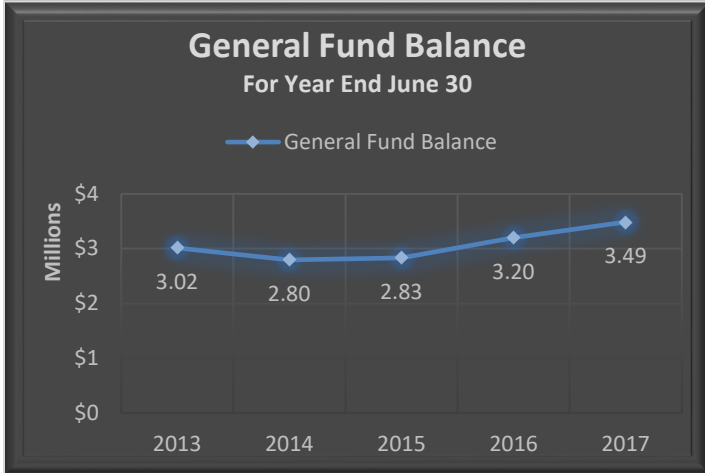
The operation, administration, and management of the Lehigh Career & Technical Institute (Center) are directed by a joint operating committee (JOC), which is comprised of 21 members from the following school districts:

Allentown	Catasauqua Area
East Penn	Northern Lehigh
Northwestern Lehigh	Parkland
Salisbury Township	Southern Lehigh
Whitehall-Coplay	

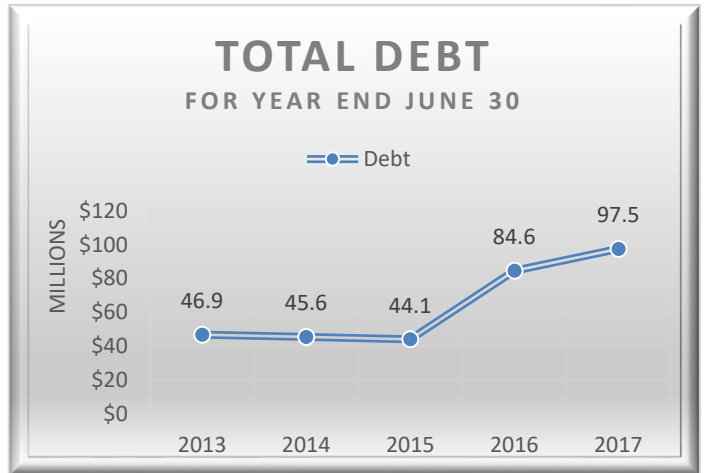
The JOC members are appointed by the individual school boards at the December meeting, each to serve a three-year term.

Financial Information

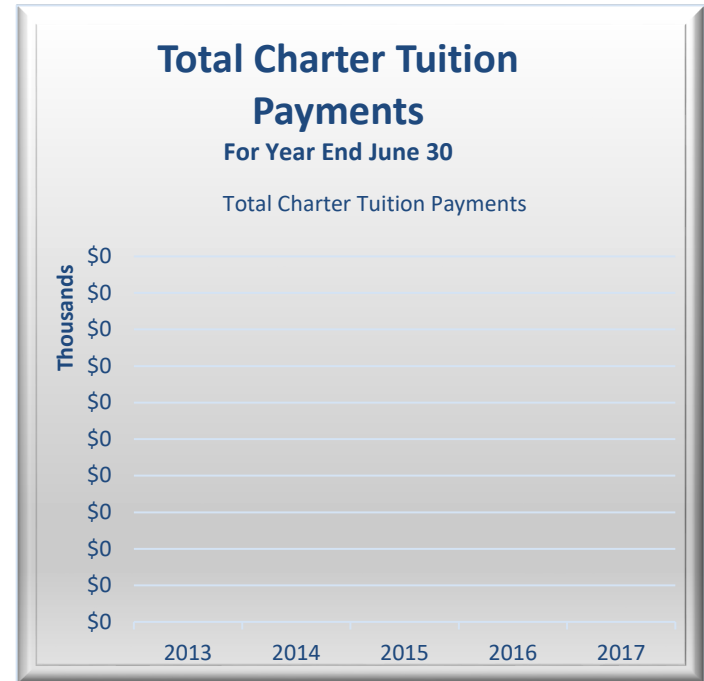
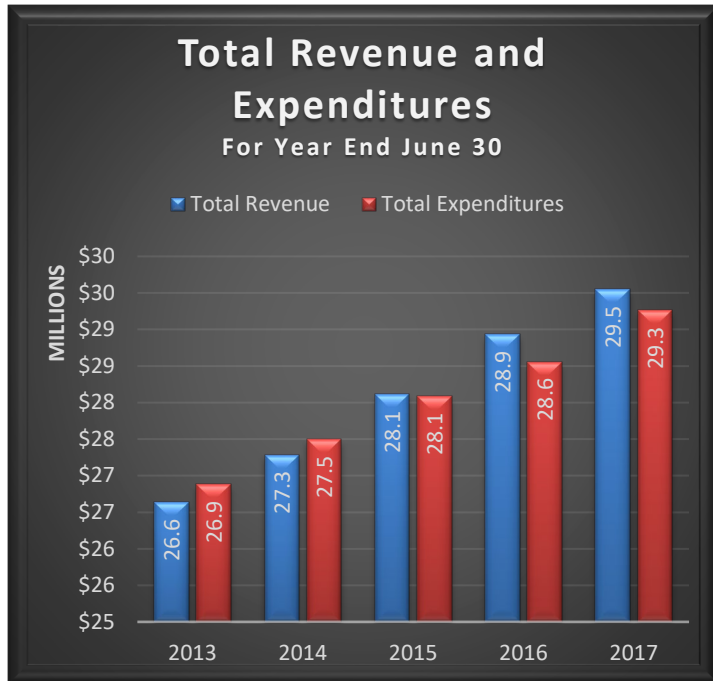
The following pages contain financial information about the Center obtained from annual financial data reported to the Pennsylvania Department of Education (PDE) and available on the PDE’s public website. This information was not audited and is presented for **informational purposes only**.



Note: General Fund Balance is comprised of the District’s Committed, Assigned and Unassigned Fund Balances.

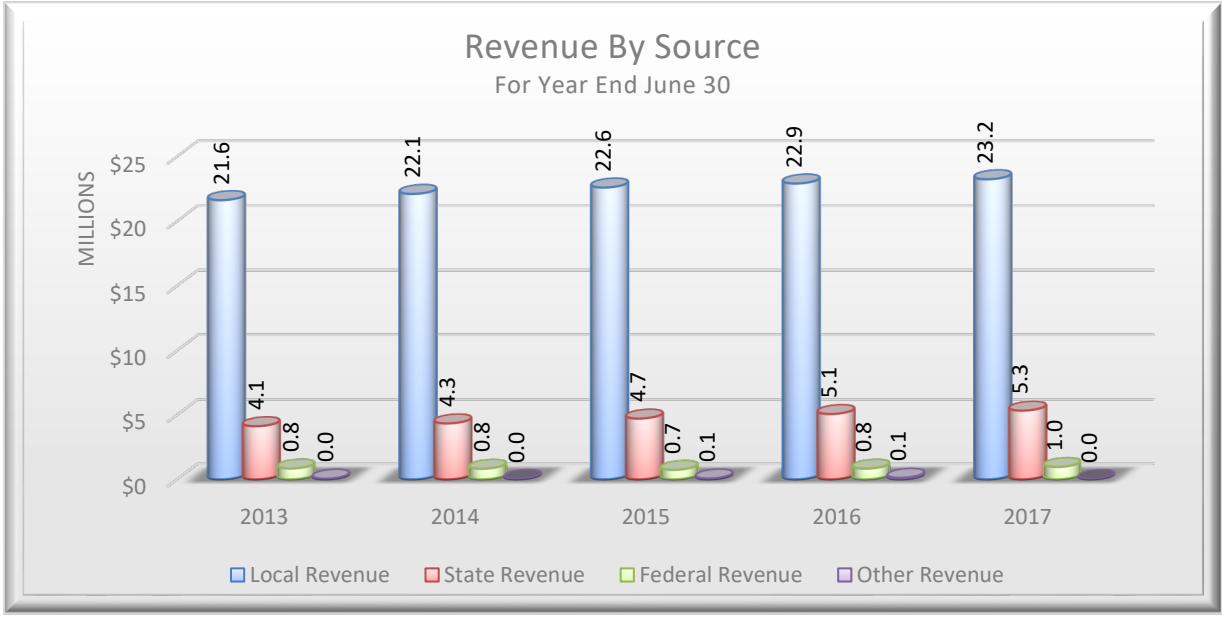


Note: Total Debt is comprised of Short-Term Borrowing, General Obligation Bonds, Authority Building Obligations, Other Long-Term Debt, Other Post-Employment Benefits, Compensated Absences and Net Pension Liability.



Note: Career and technical centers do not make payments to charter schools for tuition. These payments are made by the home district of each student.

Financial Information Continued



Local revenues were primarily obtained from direct payments by the member districts based on the approved budget. Each district’s proportionate share of the operating expenditures was determined by a formula involving average daily membership as specified in the Articles of Agreement.

Academic Information

SPP benchmarks represent the statewide average of all district school buildings in the Commonwealth.¹ PSSA benchmarks and goals are determined by the PDE each school year and apply to all public school entities.²

Part-time career and technical centers, such as the Lehigh Career & Technical Institute, do not receive academic scores. Academic instruction in the core content areas occurs in the students' home district and are therefore reported within the scores of the students' home district.³ Full-time comprehensive career and technical centers providing core content receive academic scores.

4 Year Cohort Graduation Rates

Part-time career and technical centers do not report a graduation rate. Each students' graduation rate is reported through the home district for that student. Full-time comprehensive career and technical centers report graduation rates to the PDE.

¹ Statewide averages for SPP scores were calculated based on all district school buildings throughout the Commonwealth, excluding charter and cyber charter schools.

² PSSA benchmarks apply to all district school buildings, charters, and cyber charters. In the 2011-12 school year, the state benchmarks reflect the Adequate Yearly Progress targets established under No Child Left Behind. In the 2012-13 and 2013-14 school years, the state benchmarks reflect the statewide goals based on annual measurable objectives established by the PDE.

³ <http://paschoolperformance.org/FAQ>.

Status of Prior Audit Findings and Observations

Our prior audit of the Lehigh Career & Technical Institute (Center) released on November 13, 2014, resulted in one finding and one observation, as shown below. As part of our current engagement, we determined the status of corrective action taken by the Center to implement our prior audit recommendations. We reviewed the Center's written response provided to the Pennsylvania Department of Education, interviewed Center personnel, and performed audit procedures as detailed in each status section below.

Auditor General Performance Audit Report Released on November 13, 2014

Prior Finding: **Overpayments into Former Executive Director's Retirement Savings Account Violated Contract**

Prior Finding Summary: During our prior audit, we found that the Center's former Executive Director directed Center staff to convert 41 unused vacation days into payments made into his retirement savings account during the 2011-12 school year. This violated his contract by exceeding the allowable number of 20 unused days eligible to be converted. This resulted in an overpayment of \$15,543 into the former Executive Director's retirement savings account.

Prior Recommendations: We recommended that the Center should:

1. Ensure all joint operating committee-approved employment agreements be as transparent as possible, so that the Center's taxpayers and member districts can evaluate their appropriateness.
2. Observe the terms of its administrator's contracts.

Current Status: The Center implemented our recommendations. The Center added language to all its employment contracts that limits the payment of unused vacation day for administrators. Employment contracts are also discussed in joint operating committee meetings and documented in the minutes of these meetings.

Prior Observation: Payments for Unused Vacation Days Were Unnecessarily Inflated

Prior Observation Summary: During our prior audit, we found that the Center inaccurately calculated the daily rates used to determine payments for unused vacation days. The Center used 240 workdays instead of 260 or 261, which inflated the payments for unused vacation days.

Prior Recommendations: We recommended that the Center should:

1. Ensure that all of the Center’s employment agreements be as transparent as possible, so that the Center’s taxpayers can evaluate their appropriateness.
2. Divide the yearly salary by 260 or 261 calendar days to determine the daily rate for payment of unused days.

Current Status: The Center implemented our recommendations. The Center currently uses 260 days as to determine the daily rate for payment of unused vacation days for the current Executive Director.

Distribution List

This letter was initially distributed to the 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 Joe Torsella

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