

NORTH MONTCO TECHNICAL CAREER CENTER  
MONTGOMERY COUNTY, PENNSYLVANIA  
PERFORMANCE AUDIT REPORT

DECEMBER 2010



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

Mr. William Brong, Joint Operating Committee Chairperson  
North Montco Technical Career Center  
1265 Sumneytown Pike  
Lansdale, Pennsylvania 19446

Dear Governor Rendell and Mr. Brong:

We conducted a performance audit of the North Montco Technical Career Center (NMTCC) to determine its compliance with applicable state laws, regulations, contracts, grant requirements and administrative procedures. Our audit covered the period February 6, 2009 through April 16, 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 NMTCC complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures. However, we identified a matter unrelated to compliance that is reported as an observation. A summary of these results is presented in the Executive Summary section of the audit report.

Our audit observation and recommendations have been discussed with NMTCC's management and their responses are included in the audit report. We believe the implementation of our recommendations will improve NMTCC's operations and facilitate compliance with legal and administrative requirements. We appreciate the NMTCC's cooperation during the conduct of the audit.

Sincerely,

/s/

JACK WAGNER  
Auditor General

December 13, 2010

cc: **NORTH MONTCO TECHNICAL CAREER CENTER** Joint Operating Committee  
Members

## **Table of Contents**

---

---

	Page
Executive Summary .....	1
Audit Scope, Objectives, and Methodology .....	3
Findings and Observations .....	5
Observation – Memorandum of Understanding Not Updated Timely .....	5
Status of Prior Audit Findings and Observations .....	7
Distribution List .....	9



## **Executive Summary**

---

### **Audit Work**

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

Our audit scope covered the period February 6, 2009 through April 16, 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 NMTCC provided educational services to 1,199 secondary pupils and 686 post-secondary pupils through the employment of 51 teachers, 45 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 is comprised of eleven members from the following school districts:

North Penn  
Souderton Area  
Perkiomen Valley  
Wissahickon  
Methacton

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

Lastly, the NMTCC received more than \$1 million in state funding in school year 2007-08.

### **Audit Conclusion and Results**

Our audit found that the NMTCC complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures; however, as noted below, we identified an observation matter unrelated to compliance that is reported as an observation.

**Observation: Memorandum of Understanding Not Updated Timely.** Our audit of the NMTCC's records found that the current Memorandum of Understanding between the NMTCC and the local law enforcement agency was dated February 21, 2007, and was only updated on March 22, 2010, as a result of our audit (see page 5).

**Status of Prior Audit Findings and Observations.** With regard to the status of our prior audit recommendations to the NMTCC from an audit we conducted of the 2005-06 and 2004-05 school years, we found the NMTCC did not have any findings or observations.





## Audit Scope, Objectives, and Methodology

---

### 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 February 6, 2009 through April 16, 2010, except for the verification of professional employee certification which was for the period January 6, 2009 through March 17, 2010.

Regarding state subsidy and reimbursements, our audit covered school years 2007-08 and 2006-07.

While all technical schools 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 NMTCC'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?
- ✓ Are there any declining fund balances which may impose risk to the fiscal viability of the School?
- ✓ Is the School taking appropriate steps to ensure school safety?

- ✓ 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?
- ✓ 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.

NMTCC 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 professional employee certification and financial stability.
- Items such as meeting minutes.

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

## Findings and Observations

---

### Observation

*Criteria relevant to the observation:*

Section 1303-A(c) of the Public School Code provides, in part:

All school entities shall develop a memorandum of understanding with local law enforcement which sets forth procedures to be followed when an incident involving an act of violence or possession of a weapon by any person occurs on school property.

Additionally, the Basic Education Circular issued by the Department of Education entitled Safe Schools and Possession of Weapons, as well as the Complete All-Hazards School Safety Planning Toolkit disseminated by the Pennsylvania Emergency Management Association, contain a sample MOU to be used for school entities. Section VI, General Provisions item (B) of this sample states:

This Memorandum may be amended, expanded or modified at any time upon the written consent of the parties, but in any event must be reviewed and re-executed within two years of the date of its original execution and every two years thereafter.

### Memorandum of Understanding Not Updated Timely

Our audit of the North Montco Technical Career Center's records found that the current Memorandum of Understanding (MOU) between the School and the local law enforcement agency was last updated on February 21, 2007; however, as a result of our audit, it was updated on March 22, 2010.

The failure to update MOU with the local law enforcement agency could result in a lack of cooperation, direction, and guidance between School employees and law enforcement agencies if an incident occurs on school property, at any school-sponsored activity, or on any public conveyance providing transportation to or from a school or school-sponsored activity. This internal control weakness could have an impact on law enforcement notification and response, and ultimately the resolution of a problem situation.

### Recommendations

The *North Montco Technical Career Center* should:

1. In consultation with the School's solicitor, continue to review, update and re-execute the current MOU between the School and the local police department every two years.
2. Adopt a policy requiring the administration to review and re-execute the MOUs every two years.

**Management Response**

Management stated the following:

We disagree with this citing due to the specific instructions in the manual by the Center for Safe Schools, . . . which states that periodic reviews of the Memorandum of Understanding with the local authorities does not need to be updated if there has been no change of key persons involved (Superintendent, Police Chief, Business Owner, etc.). There have been no changes in key persons, however, because of this citation the Memorandum of Understanding was resigned and updated by key persons recently and subsequently approved by the Joint Operating Committee.

**Auditor Conclusion**

The manual cited by management is a participant manual handed out at a seminar by the Center of Safe Schools on Creating School Safety Memorandums of Understanding. This manual contains several suggestions as to how often the MOU should be updated; one of them is cited above by management. As stated in the criteria box, both the Department of Education and the Pennsylvania Emergency Management Association suggest through the sample MOU that the MOU be reviewed and re-executed every two years. Therefore, the observation will stand as written.

## **Status of Prior Audit Findings and Observations**

---

---

**O**ur prior audit of the North Montco Technical Career Center for the school years 2005-06 and 2004-05 resulted in no findings or observations.



## **Distribution List**

---

This report was initially distributed to the technical career 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:

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

The Honorable Thomas E. Gluck  
Acting Secretary of Education  
1010 Harristown Building #2  
333 Market Street  
Harrisburg, PA 17126

The Honorable Robert M. McCord  
State Treasurer  
Room 129 - Finance Building  
Harrisburg, PA 17120

Senator Jeffery Piccola  
Chair  
Senate Education Committee  
173 Main Capitol Building  
Harrisburg, PA 17120

Senator Andrew Dinniman  
Democratic Chair  
Senate Education Committee  
183 Main Capitol Building  
Harrisburg, PA 17120

Representative James Roebuck  
Chair  
House Education Committee  
208 Irvis Office Building  
Harrisburg, PA 17120

Representative Paul Clymer  
Republican Chair  
House Education Committee  
216 Ryan Office Building  
Harrisburg, PA 17120

Ms. Barbara Nelson  
Director, Bureau of Budget and Fiscal  
Management  
Department of Education  
4<sup>th</sup> Floor, 333 Market Street  
Harrisburg, PA 17126

Dr. David Wazeter  
Research Manager  
Pennsylvania State Education Association  
400 North Third Street - Box 1724  
Harrisburg, PA 17105

Dr. David Davare  
Director of Research Services  
Pennsylvania School Boards Association  
P.O. Box 2042  
Mechanicsburg, PA 17055

This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, PA 17120. If you have any questions regarding this report or any other matter, you may contact the Department of the Auditor General by accessing our website at [www.auditorgen.state.pa.us](http://www.auditorgen.state.pa.us).

