

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

MAY 2012

The Honorable Tom Corbett
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120

Mr. Herb Yingling
Joint Operating Committee Chairperson
Northern Westmoreland Career
and Technology Center
705 Stevenson Boulevard
New Kensington, Pennsylvania 15068

Dear Governor Corbett and Mr. Yingling:

We conducted a performance audit of the Northern Westmoreland Career and Technology Center (NWCTC) to determine its compliance with applicable state laws, contracts, grant requirements and administrative procedures. Our audit covered the period June 26, 2007 through October 7, 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 NWCTC complied, in all significant respects, with applicable state laws, contracts, grant requirements, and administrative procedures, except as detailed in the finding noted in this report. A summary of these results is presented in the Executive Summary section of the audit report.

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

Sincerely,

/s/

JACK WAGNER
Auditor General

May 14, 2012

cc: **NORTHERN WESTMORELAND CAREER AND TECHNOLOGY CENTER** Joint
Operating Committee Members



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Executive Summary

Audit Work

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

Our audit scope covered the period June 26, 2007 through October 7, 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 NWCTC provided educational services to 474 secondary pupils through the employment of 12 teachers, 7 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 eight members from the following school districts:

Burrell
Franklin Regional
Kiski Area
New Kensington-Arnold

The JOC members are appointed by the individual school boards at the December meeting, each to serve a three-year term. Lastly, the NWCTC received more than \$1 million in state funding in school year 2007-08.

Audit Conclusion and Results

Our audit found that the NWCTC complied, in all significant respects, with applicable state laws, contracts, grant requirements, and administrative procedures, except for one compliance-related matter reported as a finding.

Finding: The Career and Technology Center Incurred Costs of \$28,673 for Paid Leave and Subsequent Termination of the Dean of Students. On April 14, 2008, the NWCTC entered into an agreement with the Dean of Students to end the employment relationship between the two, resulting in costs to the NWCTC of \$28,673 (see page 6).

Status of Prior Audit Findings and Observations. With regard to the status of our prior audit recommendations to the NWCTC from an audit we conducted of the 2005-06 and 2004-05 school years, we found the NWCTC had taken appropriate corrective action in implementing our recommendations pertaining to certification deficiencies (see page 9) and a Memorandum of Understanding that was not updated timely (see page 10).



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 June 26, 2007 through October 7, 2010, except for the verification of professional employee certification which was performed for the period July 1, 2009 through June 30, 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 Pennsylvania Department of Education (PDE) 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 statute, regulation, policy, 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 and defined business practices. Our audit focused on assessing the NWCTC's compliance with applicable state laws, 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 School?
- ✓ Did the School pursue a contract buy-out 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 contracts 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 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, 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.

NWCTC management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the School is in compliance with applicable laws, 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, pupil transportation, and comparative financial information.

Our audit examined the following:

- Records pertaining to professional employee certification, state ethics compliance, and financial stability.
- Items such as meeting minutes, pupil membership records, and reimbursement applications.

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

Lastly, to determine the status of our audit recommendations made in a prior audit report released on December 26, 2007, we reviewed the NWCTC's response to DE dated August 21, 2008. We then performed additional audit procedures targeting the previously reported matters.

Findings and Observations

Finding

The Career and Technology Center Incurred Costs of \$28,673 for Paid Leave and Subsequent Termination of the Dean of Students

During our previous audit, we received an allegation that an administrative employee of the Northern Westmoreland Career and Technology Center (NWCTC) was hired based on a fraudulent resume and assigned to a certificated position, Dean of Students (Dean), without possessing the proper professional certifications. Our audit determined that this individual's job duties may have required certification that he lacked. We submitted information to the Pennsylvania Department of Education's Bureau of School Leadership and Teacher Quality, which confirmed that his various duties required several certifications, including secondary school counselor, principal, and supervisor of special education (see page 9).

The information regarding a fraudulent resume and certificate documents was referred to the Department of the Auditor General's Office of Special Investigations (OSI). OSI issued a public report on December 2, 2009, affirming that the administrative employee provided resumes containing false and misleading information to the NWCTC and other prospective and actual former employees.

During our current audit, we found that on February 29, 2008, the joint operating committee (JOC) of the NWCTC placed the Dean on paid administrative leave of absence from February 29, 2008 until June 30, 2008. However, the NWCTC subsequently entered into a Settlement Agreement and General Release (Agreement) with the Dean, terminating his employment. The JOC approved the Agreement at its April 17, 2008 meeting, terminating the Dean as of that date. At the same meeting, the JOC approved the elimination of the position of Dean of Students altogether.

Under the terms of the Agreement, the Dean received his salary and benefits up to June 30, 2008, which, along with other payments, totaled \$21,322, as follows:

- \$12,251, representing the balance of salary payments as of April 25, 2008;
- \$6,396 representing his 2007-08 medical waiver (payment received in lieu of medical benefits);
- \$2,600 representing a special severance payment; and
- \$75 representing unused personal days.

In addition to these payments, the Dean had received salary of \$7,351 from February 29, 2008, the date he was first put on paid administrative leave, through the April 17, 2008 termination of his employment.

Our current audit also found that the Dean later admitted to falsifications in resumes submitted to NWCTC and other organizations, and in an August 2009 arrangement with the U.S. Attorney's office was accepted into a Pretrial Diversion Program in lieu of criminal prosecution. The Pretrial Diversion Program administered by the U.S. Probation Service requires a participant to complete a specific set of requirements, and upon successful completion, the participant will not be charged, or if previously charged will have the charges against them dismissed. Unsuccessful participants are prosecuted. The Dean successfully completed the program.

Our review determined there was no formal, written contract with the Dean. However, according to NWCTC personnel, the NWCTC's solicitor determined that since the JOC votes and approves the salaries of administrative personnel every year, the NWCTC is in essence entering into a contract with administrative personnel. The existence of this supposed contractual relationship with the Dean necessitated the negotiation of the Agreement.

However, in the absence of a formal contract and in light of the Dean's lack of certification for his position, it is questionable whether the payment of \$28,673 to the Dean was necessary or in the best interests of the taxpayers who support the NWCTC.

Recommendations

The Northern Westmoreland Career and Technology Center should:

Formalize contracts with administrative personnel, spelling out the terms of the contract and including what an individual is entitled to, if he/she is terminated from employment with the NWCTC. This will help ensure the NWCTC does not make unnecessary payments upon termination of employment.

Management Response

Management waived the opportunity to reply at the time of the audit.

Status of Prior Audit Findings and Observations

Our prior audit of the Northern Westmoreland Career and Technology Center (NWCTC) for the school years 2005-06 and 2004-05 resulted in one reported finding and one reported observation. The finding pertained to a certification deficiency, and the observation pertained to a Memorandum of Understanding that was not updated timely. As part of our current audit, we determined the status of corrective action taken by the NWCTC to implement our prior recommendations. We analyzed the NWCTC Board's written response provided to the Department of Education (DE), performed audit procedures, and questioned NWCTC personnel regarding the prior finding and observation. As shown below, we found that the NWCTC did implement recommendations related to the certification deficiency and the Memorandum of Understanding that was not updated timely.

School Years 2005-06 and 2004-05 Auditor General Performance Audit Report

Finding: **Certification Deficiency**

Finding Summary: Our prior audit of the professional employees' certificates and assignments for the period March 1, 2005 through June 5, 2007, found that one individual was assigned to a position without possessing proper certification throughout the audit period.

Recommendations: Our audit finding recommended that the NWCTC:

Put procedures in place to ensure that all professional employees hold valid certification in areas they are to be employed before they are assigned.

We also recommended that PDE:

Adjust the NWCTC's future allocations to recover the appropriate subsidy forfeitures.

Current Status: During our current audit procedures we found that the NWCTC did implement the recommendations. The position was eliminated and the individual holding the position was terminated on April 17, 2008. A deduction of \$6,456 was taken from the NWCTC's June 2009 vocational education subsidy payment to assess the subsidy forfeitures. However, additional concerns regarding the NWCTC's procedures are addressed in the observation in our report (see page 6).

Observation: Memorandum of Understanding Not Updated Timely

Observation

Summary:

Our prior audit of the NWCTC's records found that the Memorandum of Understanding (MOU) between the NWCTC and its local law enforcement agency was signed September 22, 1998, and was not updated again until May 18, 2007.

Recommendations:

Our audit observation recommended the NWCTC:

1. Review, update and re-execute the current MOU between the NWCTC and the local law enforcement agency.
2. Adopt a policy requiring the administration to review and re-execute the MOU every two years.

Current Status:

During our current audit procedures we found that the NWCTC did implement our recommendations. The NWCTC re-executed their current MOU on May 18, 2009.

Distribution List

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, and the following:

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