

WESTERN MONTGOMERY CAREER AND TECHNOLOGY CENTER
MONTGOMERY COUNTY, PENNSYLVANIA
PERFORMANCE AUDIT REPORT

JANUARY 2012

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

Mr. William G. Scott
Joint Operating Committee Chairperson
Western Montgomery Career and
Technology Center
77 Gratersford Road
Limerick, Pennsylvania 19468

Dear Governor Corbett and Mr. Scott:

We conducted a performance audit of the Western Montgomery Career and Technology Center (WMCTC) to determine its compliance with applicable state laws, contracts, grant requirements and administrative procedures. Our audit covered the period August 20, 2008 through February 4, 2011, except as otherwise indicated in the report. Additionally, compliance specific to state subsidy and reimbursements was determined for the school years ended June 30, 2010, 2009, 2008 and 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.

On March 22, 2010, the WMCTC suffered from the effects of a major fire in the garage area of the WMCTC's building. Due to renovations of the administrative offices, administrative records were being stored in the garage area. Because of the fire, 2008-09, 2007-08 and 2006-07 membership records, extra grant applications and supporting documentation were destroyed, resulting in our inability to audit vocational education subsidies, Social Security, Medicare and retirement contribution reimbursements, and other subsidies and grants for the years ended June 30, 2009, 2008, and 2007.

With respect to the items not available for audit, we could not determine whether the WMCTC complied in all significant respects, with applicable state laws, contracts, grant requirements, and administrative procedures.

For areas unaffected by this scope limitation, our audit found that the WMCTC complied, in all significant respects, with applicable state laws, contracts, grant requirements, and administrative procedures.

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

Sincerely,

/s/

JACK WAGNER
Auditor General

January 20, 2012

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

Our audit scope covered the period August 20, 2008 through February 4, 2011, except as otherwise indicated in the audit scope, objectives, and methodology section of the report. Except as noted in the scope limitation, compliance specific to state subsidy and reimbursements was determined for school years 2009-10, 2008-09, 2007-08 and 2006-07.

School Background

According to School officials, in school year 2009-10 the WMCTC provided educational services to 388 secondary pupils through the employment of 27 teachers, 13 full-time and part-time support personnel, and 3 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:

Pottsgrove
Spring-Ford Area
Upper Perkiomen

The JOC members are appointed by the individual school boards at the December meeting, members serve one, two or three year terms. Lastly, the WMCTC received more than \$305,000 in state funding in school year 2009-10.

Audit Conclusion and Results

For areas unaffected by the scope limitation, our audit found that the WMCTC complied, in all significant respects, with applicable state laws, 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 WMCTC from an audit we conducted of the 2005-06 and 2004-05 school years, we found the WMCTC had taken appropriate corrective action in implementing our recommendations pertaining to the certification deficiencies (see page 7) and the failure to obtain a Memorandum of Understanding with their local police department (see page 8).



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 August 20, 2008 through February 4, 2011, except for the verification of professional employee certification which was performed for the period July 17, 2008 through December 14, 2010.

Regarding state subsidy and reimbursements, except as noted in the scope limitation, our audit covered school years 2009-10, 2008-09, 2007-08 and 2006-07.

While all local education agencies 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 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 WMCTC'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?
- ✓ Does the Center 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 Center 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 Center taking appropriate steps to ensure school safety?
- ✓ Did the Center use an outside vendor to maintain its membership data and if so, are there internal controls in place related to vendor access?
- ✓ Did the Center 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.

WMCTC management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the Center 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 and comparative financial information.

Our audit examined the following:

- Records pertaining to professional employee certification, state ethics compliance, and financial stability.
- Items such as Joint Operating Committee meeting minutes.

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

Lastly, to determine the status of our audit recommendations made in a prior audit report released on June 17, 2010, we reviewed the WMCTC's response to DE dated January 3, 2011. We then performed additional audit procedures targeting the previously reported matters.

Findings and Observations

For the audited period, our audit of the Western Montgomery Career and Technology Center resulted in no findings or observations.

Status of Prior Audit Findings and Observations

Our prior audit of the Western Montgomery Career and Technology Center (WMCTC) for the school years 2005-06 and 2004-05 resulted in two reported findings. The first finding pertained to certification deficiencies and the second finding pertained to the failure to obtain a Memorandum of Understanding. As part of our current audit, we determined the status of corrective action taken by the WMCTC to implement our prior recommendations. We analyzed the WMCTC Joint Operating Committee's written response provided to the Department of Education (DE), performed audit procedures, and questioned WMCTC personnel regarding the prior findings. As shown below, we found that the WMCTC did implement recommendations related to the certification deficiencies and the failure to obtain a Memorandum of Understanding.

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

Finding No. 1: Certification Deficiencies

Finding Summary: Our audit of professional employees' certification and assignments for the period June 18, 2005 through July 17, 2008, was performed to determine compliance with the Public School Code and the Bureau of School Leadership and Teacher Quality, DE's Certification and Staffing Policies and Guidelines. We found that two individuals did not hold the correct certification for the positions to which they were assigned, one during the 2007-08 school year and the other during the 2005-06 school year, resulting in a subsidy forfeiture of \$6,870.

Recommendations: Our audit finding recommended that WMCTC:

Ensure that all positions requiring certification are staffed with persons holding proper certification.

We also recommended that the *Department of Education*:

Recover the subsidy forfeitures of \$6,870.

Current Status: Our current audit found that the WMCTC implemented our recommendations. As of fieldwork completion date, February 4, 2011, DE had not adjusted the Center's allocations to resolve the subsidy forfeiture of \$6,870. Therefore, the Department again recommends that DE adjust the Center's allocations to resolve this finding.

Finding No. 2: Failure to Obtain Memorandum of Understanding

Finding Summary: Our audit found that a Memorandum of Understanding (MOU) between the Center and their local police department does not exist.

Recommendations: Our audit finding recommended that the WMCTC:

1. In consultation with its solicitor, execute a MOU between the Center and the local police department.
2. Adopt a policy requiring the administration to review and re-execute the MOU every two years.

Current Status: Our current audit found that the WMCTC implemented our recommendations.

Distribution List

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

The Honorable Tom Corbett
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