

PERFORMANCE AUDIT

Hempfield Area School District Westmoreland County, Pennsylvania

December 2014



Commonwealth of Pennsylvania
Department of the Auditor General
Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE
AUDITOR GENERAL

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

Ms. Sonya Brajdic, Board President
Hempfield Area School District
4347 Route 136
Greensburg, Pennsylvania 15601

Dear Governor Corbett and Ms. Brajdic:

We conducted a performance audit of the Hempfield Area School District (District) to determine its compliance with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures (relevant requirements). Our audit covered the period January 12, 2012 through June 23, 2014, except as otherwise indicated in the report. Additionally, compliance specific to state subsidies and reimbursements was determined for the school years ended June 30, 2011 and June 30, 2012. Our audit was conducted pursuant to Section 403 of The Fiscal Code, 72 P.S. § 403, and in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

Our audit found significant noncompliance with relevant requirements, as detailed in the three (3) audit findings and one (1) observation within this report. A summary of the results is presented in the Executive Summary section of the audit report. These findings and one (1) observation include recommendations aimed at the District and a number of different government entities, including the Pennsylvania Department of Education.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale".

Eugene A. DePasquale
Auditor General

December 4, 2014

cc: **HEMPFIELD AREA SCHOOL DISTRICT** Board of School Directors

Table of Contents

	Page
Executive Summary	1
Audit Scope, Objectives, and Methodology	3
Findings and Observations.....	6
Finding No. 1 – Errors in Reporting Student Data Resulted in \$21,915 State Subsidy Net Overpayments to the District	6
Finding No. 2 – Failure to Have All School Bus Drivers’ Qualifications on File	9
Finding No. 3 – Pupil Transportation Reporting Errors Resulted in Overpayments to the District of \$58,135	12
Observation – The District Lacks Sufficient Internal Controls Over Its Student Data	14
Status of Prior Audit Findings and Observations	17
Distribution List	18

Executive Summary

Audit Work

The Pennsylvania Department of the Auditor General conducted a performance audit of the Hempfield Area School District (District) in Westmoreland County. Our audit sought to answer certain questions regarding the District's compliance with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures.

Our audit scope covered the period January 12, 2012 through June 23, 2014, except as otherwise indicated in the audit scope, objectives, and methodology section of the report. Compliance specific to state subsidies and reimbursements was determined for the 2010-11 and 2011-12 school years.

District Background

The District encompasses approximately 80 square miles. According to 2010 federal census data, it serves a resident population of 41,000. According to District officials, the District provided basic educational services to 6,071 pupils through the employment of 463 teachers, 228 full-time and part-time support personnel, and nineteen (19) administrators during the 2011-12 school year. The District received \$27 million in state funding in the 2011-12 school year.

Audit Conclusion and Results

Our audit found significant noncompliance with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures, as detailed in the three (3) audit findings and one (1) observation within this report.

Finding No. 1: Errors in Reporting Student Data Resulted in \$21,915 State Subsidy Net Overpayments to the District. Our audit of the Hempfield Area School District's (District) non-resident pupil membership for the 2010-11 and 2011-12 school years found errors in the reports submitted by the District to the Pennsylvania Department of Education. These errors resulted in \$21,915 state subsidy net overpayments (see page 6).

Finding No. 2: Failure to Have All School Bus Drivers' Qualifications on File. Our audit of the Hempfield Area School District's (District) bus drivers' qualifications for the 2013-14 school year found that not all records were on file at the time of the audit. The failure to have complete bus driver records on file at the District was the result of weaknesses in internal controls (see page 9).

Finding No. 3: Pupil Transportation Reporting Errors Resulted in Overpayments of \$58,135. Our audit of the Hempfield Area School District's (District) transportation records for the 2010-11 and 2011-12 school years found that the nonpublic data that the District reported to the Pennsylvania Department of Education contained errors that resulted in a \$58,135 overpayment in the District's state transportation reimbursement (see page 12).

Observation: The District Lacks Sufficient Internal Controls Over Its Student Data. Our review of the 2011-12 school year student data reporting controls found the Hempfield Area School District's internal controls over data integrity need to be improved (see page 14).

Status of Prior Audit Findings and Observations. There were no findings or observations in our prior audit report.

Audit Scope, Objectives, and Methodology

Scope

What is a school performance audit?

School performance audits allow the Pennsylvania 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 Pennsylvania Department of Education, and other concerned entities.

Our audit, conducted under authority of Section 403 of The Fiscal Code, 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 January 12, 2012 through June 23, 2014, except for the verification of professional employee certification, which was performed for the period July 1, 2013 through March 31, 2014.

Regarding state subsidies and reimbursements, our audit covered the 2010-11 and 2011-12 school years.

While all districts 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 District's compliance with certain relevant 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 audit objectives:

- ✓ Were professional employees certified for the positions they held?
- ✓ In areas where the District received state subsidies and reimbursements based on pupil membership (e.g., basic education, special education, and vocational education), did it follow applicable laws and procedures?

- ✓ In areas where the District received transportation subsidies, was the District, and any contracted vendors, in compliance with applicable state laws and procedures?
- ✓ Did the District, and any contracted vendors, ensure that current bus drivers were properly qualified, and did they have written policies and procedures governing the hiring of new bus drivers?
- ✓ Were votes made by the District's Board of School Directors free from apparent conflicts of interest?
- ✓ Did the District have sufficient internal controls to ensure that the membership data it reported to PDE through the Pennsylvania Information Management System was complete, accurate, valid, and reliable?
- ✓ Were there any declining fund balances that may pose a risk to the District's fiscal viability?
- ✓ Did the District take appropriate steps to ensure school safety?
- ✓ Did the District have a properly executed and updated Memorandum of Understanding with local law enforcement?
- ✓ Were there any other areas of concern reported by independent auditors, citizens, or other interested parties?

Methodology

Government Auditing Standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our results and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our results and conclusions based on our audit objectives.

The District's management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the District is in compliance with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures (relevant requirements). In conducting our audit, we obtained an understanding of the District's internal controls, including

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 certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures.

any information technology controls, as they relate to the District's compliance with relevant requirements that we consider to be significant within the context of our audit objectives. We assessed whether those controls were properly designed and implemented. Any deficiencies in internal controls that were identified during the conduct of our audit and determined to be significant within the context of our audit objectives 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 and reimbursements, pupil transportation, pupil membership, and comparative financial information.

Our audit examined the following:

- Records pertaining to pupil transportation, pupil membership, bus driver qualifications, professional employee certification, state ethics compliance, financial stability, reimbursement applications, tuition receipts, and deposited state funds.
- Items such as board meeting minutes and policies and procedures.

Additionally, we interviewed select administrators and support personnel associated with the District's operations.

Findings and Observations

Finding No. 1 →

Errors in Reporting Student Data Resulted in \$21,915 State Subsidy Net Overpayments to the District

Criteria relevant to the finding:

The Public School Code, Section 2503, 24 P.S. § 25-2503, states, in part:

“Each school district, regardless of classification, which accepts any non-resident child in its school under the provisions of section one thousand three hundred five or section one thousand three hundred six . . . shall be paid by the Commonwealth and amount equal to the tuition charge per elementary student or the tuition charge per high school student . . .”

Section 1305, 24 P.S. § 13-1305, states, in part:

“When a non-resident child is placed in the home of a resident of any school district by order of the court or by arrangement with an association . . . any child shall be entitled to all free privileges accorded to resident children of the district . . .”

The Pennsylvania Information Management System manual of reporting provides guidelines for the reporting of all residency classifications. (See specific guidelines outlined in the observation.)

Our audit of the Hempfield Area School District’s (District) non-resident pupil membership for the 2010-11 and 2011-12 school years found errors in the reports submitted by the District to the Pennsylvania Department of Education (PDE). The reporting errors were the result of the District failing to have appropriately trained personnel and appropriate review procedures in place that would have allowed these errors to be corrected prior to the submission of the membership data to PDE. The errors resulted in a net overpayment of Commonwealth-paid tuition for children placed in private homes (foster children) totaling \$4,483 for the 2011-12 school year and \$17,432 for the 2012-13 school year.

The errors were caused by District personnel responsible for maintaining and uploading data into the Pennsylvania Information Management System (PIMS) not being aware of PDE requirements for the retention of records for our audit. As a result, the required reports were not printed out and subsequently, no review was performed after the upload to PIMS. When personnel responsible for the non-resident membership reporting were asked for these reports, they explained that the Student Information System manager, who has been employed by the District for less than one (1) year, felt that hard copies were not necessary since all the data was online.

In addition, if the District had in place appropriate review procedures to compare PDE’s preliminary Summary of Child Accounting Data, which is supplied to the local educating agencies in the Commonwealth in April of each year, for the District’s use in reconciling the child accounting data submitted into PIMS they would have noticed the errors and could have made appropriate corrections prior to the finalization of PDE’s Summary of Child Accounting at the end of the school year.

Additional internal control weaknesses are outlined in the observation in this report.

District management is ultimately responsible for the accuracy of the student data that PDE uses to calculate the District's state subsidies. The District did not have the proper policies and procedures in place to ensure that its staff submitted correct information to PIMS. Without these internal controls, the District cannot be sure that the information it sends to PDE is accurate, jeopardizing the District's state subsidy.

We have provided PDE with a report detailing the non-resident membership errors for use in recalculating the District's tuition for foster children.

Recommendations

The *Hempfield Area School District* should:

1. Review the PIMS manual of reporting for instructions in the proper reporting of non-resident students.
2. Provide training to allow the personnel responsible for data input the opportunity to become familiar with the requirements of PIMS reporting.
3. Put into place policies and procedures for verifying student data reported to PDE through PIMS.
4. Review membership reports submitted to PDE for years subsequent to the audit, and if similar errors are found, submit revised reports to PDE.

The *Pennsylvania Department of Education* should:

5. Adjust the District's allocations to correct the net overpayment of \$21,915.

Management Response

Management stated the following:

“Management agrees with the finding. This finding is related to the first [observation], where PIMS data should be verified and checks and balances need to be in place for this process. Further, the District agrees that it needs to better understand the reporting of nonresident students. Director of Pupil Services agrees to work with the IT

[Information Technology] Contractor to institute better policies and procedures to ensure correct information is submitted to PIMS. The District agrees to use the recommendations made by the AG [Auditor General] as a basis to preparing the better process and procedures going forward.”

Auditor Conclusion

We are encouraged that the District agrees with the finding and is taking steps to address this deficiency. We will follow up on the status of our recommendations during our next cyclical audit of the District.

Finding No. 2

Failure to Have All School Bus Drivers' Qualifications on File

Criteria relevant to the finding:

The Pennsylvania Department of Transportation's regulations require bus drivers to possess a valid driver's licenses, obtain certification of safety training, and pass a physical examination.

Section 111 of the Public School Code (24 P.S. § 1-111) requires prospective school employees who would have direct contact with children, including independent contractors and their employees, to submit a report of criminal history record information obtained from the Pennsylvania State Police, as well as, a federal criminal history record. Section 111 lists convictions for certain criminal offenses that would prohibit individuals from being hired and provides that convictions for other felonies and misdemeanors would disqualify individuals for employment if they occurred within ten or five years, respectively.

Amendments to Section 111 required all current school employees to submit an "Arrest/Conviction Report and Certification" form (PDE 6004) to local education agencies indicating whether or not they have ever been arrested or convicted of any Section 111 offense by December 27, 2011. Furthermore, all employees subsequently arrested or convicted of a Section 111 offense must complete the form within 72 hours of the arrest or conviction.

Our audit of the Hempfield Area School District's (District) bus drivers' qualifications for the 2013-14 school year found that not all records were on file at the time of the audit.

Several different state statutes and regulations establish the minimum required qualifications for school bus drivers. The ultimate purpose of these requirements is to ensure the protection of the safety and welfare of the students transported in school buses. We reviewed the following six (6) requirements:

1. Possession of a valid driver's license.
2. Completion of school bus driver skills and safety training.
3. Passing a physical examination.
4. Lack of convictions for certain criminal offenses.
5. Federal criminal history record.
6. Official child abuse clearance statement.

The first three (3) requirements were set by regulations issued by the Pennsylvania Department of Transportation. As explained further in the box to the left, the fourth and fifth requirements were set by the Public School Code of 1949, as amended, and the sixth requirement was set by the Child Protective Services Law.

We reviewed the personnel records of 24 newly hired bus drivers employed by the District's pupil transportation contractors. Our audit found that District records were incomplete with one (1) or more qualifications missing for eleven (11) drivers.

Additionally, it was noted during the review of the official board minutes that the District's Board of School Directors (Board) failed to approve the list of contracted

*Criteria relevant to the finding
(continued):*

Similarly, Section 6355 of the Child Protective Services Law (CPSL) 23 Pa C. S. § 6355 requires prospective school employees to submit an official child abuse clearance statement obtained from the Pennsylvania Department of Public Welfare. The CPSL prohibits the hiring of an individual named as a perpetrator of a founded report of child abuse or is named as the individual responsible for injury or abuse in a founded report for school employee.

Additionally, Chapter 23 of the State Board of Education Regulations indicates the Board of School Directors is responsible for the selection and approval of eligible operators who qualify under the law and regulations.

recommended bus drivers as required by Chapter 23 of the State Board of Education regulations.

The failure to have complete bus driver records on file at the District was the result of weaknesses in internal controls.

For example, the Human Resources Department did not review the drivers' qualifications credentials when the information was received from the contractors. Also, the failure of the Human Resources Department not retrieving the federal criminal history records (FBI clearance) from the approved website at the time of hire would have been noticed had the Districts review procedures been in place.

During conversations with District personnel, we learned that the Board was unaware of the requirement for Board approval of drivers prior to driving for the District.

It is the responsibility of District management to have internal policies and procedures in place to ensure that all employees or contracted employees who have contact with children have the proper qualification documents. By not having a thorough process for reviewing and maintaining the required bus drivers' qualifications, the District was not able to review the documents to determine whether all drivers were qualified to transport students. If unqualified drivers transport students, there is an increased risk to the safety and welfare of students.

On April 29, 2014, we informed District management of the missing documentation and instructed them to obtain the necessary documents, so that they can prove that the drivers were still properly qualified to have direct contact with children. As of the end of our audit fieldwork, June 23, 2014, management had not provided us with the information, and we therefore could not verify that the drivers were properly qualified.

Recommendations

The *Hempfield Area School District* should:

1. Ensure that the Human Resources Department reviews each driver's qualifications prior to that person transporting students.

2. Ensure the bus drivers' personnel files are kept up-to-date and the proper clearances are obtained.
3. Establish procedures to ensure that contractor recommended drivers' are approved by the Board.
4. Establish policies and procedures to ensure that the contractor does not allow any bus driver to transport students prior to obtaining all required credentials and providing a copy to the District for review and Board approval.

Management Response

Management stated the following:

“Management agrees with the [finding]. District agrees that it needs to bolster internal controls to ensure the Districts' personnel files are kept up to date, specifically through a revised reporting chain of command. The Human Resources Department and Transportation/Access Secretary will work with the Transportation Contractor to ensure all bus driver files are up to date and proper clearances are obtained and reviewed. The Human Resources Department will contact the Transportation Contractor prior to the beginning of each new school year, to obtain a current listing of drivers for the year to be approved by the School Board. In addition, Transportation Contractor will advise and supply required clearances for review of any new hires throughout the year for board approval.”

Auditor Conclusion

We are encouraged that the District is taking steps to ensure that the files of contracted employees are complete and up-to-date. We will follow up on the status of our recommendations during our next cyclical audit of the District.

Finding No. 3

Pupil Transportation Reporting Errors Resulted in Overpayments to the District of \$58,135

Criteria relevant to the finding:

The Pennsylvania Department of Education (PDE) instructions for completing the end-of-year summary report require any changes in the miles with and miles without pupils, total mileage, number of days the vehicle provided to and from school transportation and pupils transported to and from school be based on actual data using the district's daily records and weighted averaging of mileage and pupils.

PDE instructions for entering the number of nonpublic school pupils transported note:

“Any child your district is financially responsible to educate is a PUBLIC pupil.”

Additionally, PDE instructions state:

“Documentation identifying the names of these pupils should be retained for review by the Auditor General's staff.”

According to the federal Government Accountability Office's (GAO) (formerly the General Accounting Office) Standards for Internal Control in the Federal Government, internal controls are key factors in an agency's ability to meet its mission, improve performance, and “minimize operational problems.”

Our audit of the Hempfield Area School District's (District) transportation records for the 2010-11 and 2011-12 school years found that District personnel erroneously added special needs students to the number of nonpublic pupils transported by the District and reported to the Pennsylvania Department of Education (PDE) for reimbursement. The inclusion of these students resulted in a \$58,135 overpayment in the District's state transportation reimbursement.

We found that the District overstated the number of nonpublic school pupils by eighteen (18) for the 2010-11 school year and by 130 for the 2011-12 school year. Additionally, for the 2010-11 school year, the District overstated its charter school pupils by three (3).

The inaccurate reporting of nonpublic pupils was due to District personnel including students who attended special needs schools in its nonpublic pupil counts. The District pays for the education of the students who attend these special needs schools. Therefore, those students should not have been included in the District's nonpublic pupil counts.

The overstatement of the nonpublic/charter school pupils transported in 2010-11 and 2011-12 was caused by District personnel being unfamiliar with the reporting instructions provided by PDE.

It is the District's responsibility to appropriately train personnel in the reporting requirements of PDE. If the District had these training procedures in place, the reporting errors could have been prevented.

Recommendations

The *Hempfield Area School District* should:

1. Develop and maintain internal policies and procedures to ensure that student transportation data is collected and reported accurately. For example, once the District's transportation data has been collected, a

different member of the District's staff should review it for accuracy before it is reported to PDE.

2. Develop training procedures to ensure personnel that are responsible for reporting transportation are fully aware of PDE's instructions.
3. Ensure summaries are prepared and reviewed to identify all nonpublic and charter school pupils that are reported for reimbursement.
4. Retain documentation identifying charter school pupils transported.
5. Review transportation reports submitted to PDE for years subsequent to the audit, and if similar errors are found, submit revised reports to PDE.

The *Pennsylvania Department of Education* should:

6. Adjust the District's subsidy to recover the \$58,135 overpayment.

Management Response

Management stated the following:

“Management agrees with the finding. District agrees that it needs to bolster internal control around reporting of Transportation data. Transportation/Access Secretary should receive yearly updates on reporting needed for PDE Form 2576 [End of Year transportation reports] from the Business Manager or their designee. Once summaries are prepared to identify all nonpublic and charter school pupils, they should be verified for accuracy by the Transportation/Access Secretary, Pupil Services and Business Manager. In addition, Transportation/Access Secretary and Business Manager will review the reports submitted for the 2012-13 and 2013-14 fiscal years, and revise if necessary.”

Auditor Conclusion

We are encouraged that the District is taking action to address the deficiencies in the pupil transportation reporting. We will follow up on the status of our recommendations during our next cyclical audit of the District.

Observation

The District Lacks Sufficient Internal Controls Over Its Student Data

Criteria relevant to the finding:

Pupil membership classifications must be maintained and reported in accordance with the Pennsylvania Department of Education's (PDE) guidelines and instructions, since membership is a major factor in determining state subsidies and reimbursements. Beginning in 2009-10, PDE required that child accounting data be collected in a database called the Pennsylvania Information Management System (PIMS).

According to PDE's *PIMS User Manual*, all Pennsylvania local education agencies must submit data templates in PIMS to report child accounting data. PIMS data templates define fields that must be reported. Four important data elements from the Child Accounting perspective are: District Code of Residence; Funding District Code; Residence Status Code; and Sending Charter School Code. In addition, other important fields used in calculating state education subsidies are: Student Status; Gender Code; Ethnic Code Short; Poverty Code; Special Education; Limited English Proficiency Participation; Migrant Status; and Location Code of Residence. Therefore, PDE requires that student records are complete with these data fields.

The Pennsylvania Department of Education (PDE) bases all local education agencies' (LEA) state subsidy calculations on the student record data it receives in the Pennsylvania Information Management System (PIMS). PIMS is a statewide longitudinal data system or "data warehouse," designed to manage individual student data for each student served by Pennsylvania's Pre-K through Grade Twelve (12) public education systems.

PDE began calculating the LEA's state subsidy using the data that LEAs enter into PIMS beginning in the 2009-10 school year. Therefore, it is vitally important that the student information entered into this system is accurate, complete, and valid. LEAs must have strong internal controls in place to ensure the integrity of this data and to mitigate the risk of erroneous reporting. Without such controls, the LEA cannot be assured it receives the proper state subsidy.

Our review of the Hempfield Area School District's (District) data integrity found that its internal controls need to be improved. Specifically, our review found that:

1. District personnel in charge of child accounting and PIMS reporting did not print out the required validation reports from the District's Student Information System (SIS) software after the data was uploaded to PIMS at the end of the 2011-12 school year. District personnel attempted to print the 2011-12 reports from their SIS vendor membership software at the time of our audit. However, the data was not accurate, since the information had already been rolled over into the next school year.
2. We reviewed pupil membership data for elementary students in the first and fourth grades in all of the District's elementary buildings, as well as secondary students in grades seven (7) and eight (8) for all of the middle school buildings, and grades ten (10) and twelve (12) at the high school for a total review of 20 grades. Of the 20 grades tested, errors were noted in eighteen (18) of the grades reviewed. When we compared the

Additionally, according to the *Federal Information System Controls Audit Manual*, a business entity should implement procedures to reasonably assure that: (1) all data input is done in a controlled manner; (2) data input into the application is complete, accurate, and valid; (3) incorrect information is identified, rejected, and corrected for subsequent processing; and (4) the confidentiality of data is adequately protected.

According to the federal Government Accountability Office's (GAO) (formerly the General Accounting Office) *Standards for Internal Control in the Federal Government*, internal controls are key factors in an agency's ability to meet its mission, improve performance, and "minimize operational problems."

In addition, this guidebook states that an "Internal control is not an event, but a series of actions and activities that occur throughout an entity's operations and on an ongoing basis . . . In this sense, internal control is management control that is built into the entity as a part of its infrastructure to help managers run the entity and achieve their aims on an ongoing basis." U.S. General Accounting Office. *Standards for Internal Control in the Federal Government*. (November 1999), pg 1.

membership reported in the SIS we noted that the data did not agree with data submitted to PIMS.

3. We attempted to verify non-resident membership for all ten (10) buildings. However, SIS documentation provided by District personnel was not accurate. The data included names of students who were not identified as non-resident students during our review of non-resident membership. Six (6) of the buildings reports showed non-resident students that were reported in the SIS that did not agree with data submitted to PIMS.
4. Our test of student registrations found that data for one (1) of the fifteen (15) students tested was not uploaded to the PIMS student calendar fact template.
5. The District does not have adequately documented procedures in place to ensure continuity over its PIMS data submission in the event of a sudden change in personnel or child accounting vendors.

As previously mentioned in Finding No. 1, the pupil membership reporting errors occurred because District personnel responsible for maintaining and uploading data into PIMS were not aware of PDE requirements for the retention of records for our audit. As a result, they did not print out the required reports and reconcile their SIS membership reports with PIMS reports, which would have identified inconsistencies. Additionally, the District did not ensure that the vendor's SIS software has the capability of backing up school year specific data when the District contracted with the company.

It is the responsibility of District management to have in place proper internal controls to ensure that the membership data it maintains in the SIS, and uploads into PIMS, is complete, valid and accurate.

Recommendations

The *Hempfield Area School District* should:

1. Print out the SIS membership reports and PIMS reports after the PIMS upload is completed for that school year and perform reconciliations between the District's child

accounting software data and the PIMS reports, and retain them for our audit purposes.

2. Contact the SIS software vendor to determine whether the vendor's SIS software has the capability of backing up school year specific data.
3. Work in conjunction with the software vendor to determine why one (1) student listed in the SIS was not uploaded to the PIMS student calendar fact template.
4. Develop documented procedures (e.g., procedure manuals, policies or other written instructions) to ensure continuity over PIMS data submission if those involved persons were to leave the LEA suddenly or otherwise be unable to upload PIMS data to PDE.
5. Review membership reports submitted to PDE for years subsequent to the audit, and if errors are found, submit reviewed reports to PDE.

Management Response

Management stated the following:

“Management agrees with the observation. District agrees that it needs to bolster internal controls around Student Data. Specifically through a revised reporting chain of command, the Pupil Services department will work with the IT contractor to make sure information in the SIS is accurate. A system of verification is currently being worked on between the two departments. The department heads of Pupil Services and IT [Information Technology] respectively, are using the Auditor General recommendations as the basis for establishing the on-going process and procedures to address the finding.”

Auditor Conclusion

We are encouraged that the District agrees with our observation. We will follow up on the status of our recommendations, along with those included in Finding No. 1 of this report, during our next cyclical audit of the District.

Status of Prior Audit Findings and Observations

Our prior audit of the Hempfield Area School District resulted in no findings or observations.

Distribution List

This report was initially distributed to the Superintendent of the District, the Board of School Directors, our website at www.auditorgen.state.pa.us, and the following stakeholders:

The Honorable Tom Corbett
Governor
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Harrisburg, PA 17120

The Honorable Carolyn Dumaesq
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