

PERFORMANCE AUDIT

Brentwood Borough School District Allegheny County, Pennsylvania

November 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

Mr. Robert F. Kircher Jr., Board President
Brentwood Borough School District
3601 Brownsville Road
Pittsburgh, Pennsylvania 15227

Dear Governor Corbett and Mr. Kircher:

We conducted a performance audit of the Brentwood Borough 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 September 21, 2011 through May 16, 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 that the District complied, in all significant respects, with relevant requirements, except as detailed in one (1) finding noted in this report. A summary of the results is presented in the Executive Summary section of the audit report.

Our audit finding 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

November 13, 2014

cc: **BRENTWOOD BOROUGH SCHOOL DISTRICT** Board of School Directors

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Executive Summary

Audit Work

The Pennsylvania Department of the Auditor General conducted a performance audit of the Brentwood Borough School District (District) in Allegheny 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 September 21, 2011 through May 16, 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 one (1) square mile. According to 2010 federal census data, it serves a resident population of 9,643. According to District officials, the District provided basic educational services to 1,204 pupils through the employment of 98 teachers, 56 full-time and part-time support personnel, and six (6) administrators during the 2011-12 school year. The District received \$8 million in state funding in the 2011-12 school year.

Audit Conclusion and Results

Our audit found that the District complied, in all significant respects, with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures, except for one (1) compliance related matter reported as a finding.

Finding: Failure to Have All School Bus Drivers' Qualifications on File and Internal Control Weaknesses.

Our audit of the Brentwood Borough School District's (District) school bus drivers' qualifications for the 2013-14 school year found that not all records were on file at the time of audit. In addition, the auditors have concerns regarding one (1) of the District's transportation companies. Specifically, the contractor took a month to provide current bus driver qualification data to the District. The failure of the contractor to provide the information in a timely manner raises questions as to whether the contractor had the credentials at the time of hire and whether appropriate analysis was made regarding the suitability of the drivers to transport District students (see page 5).

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 September 21, 2011 through May 16, 2014, except for the verification of professional employee certification, which was performed for the period July 1, 2013 through April 1, 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 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?
- ✓ 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

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.

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 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 →

Criteria relevant to the finding:

Pennsylvania Department of Transportation's regulations require bus drivers to possess a valid driver's license, 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. 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 (10) or five (5) years, respectively . . .

Section 111 also requires a Federal Bureau of Investigations fingerprint record check for all employees hired on or after April 1, 2007.

Section 6355 of the Child Protective Services Law (CPSL) 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 determined by a court to have committed child abuse.

Failure to Have All School Bus Drivers' Qualifications on File and Internal Control Weaknesses

Our audit of the Brentwood Borough School District's (District) school bus drivers' qualifications for the 2013-14 school year found that, in addition to the District not having all necessary records on file at the time of audit, the District does not perform an annual review of the drivers' credentials. Failure to perform a review of the drivers' credentials could result in drivers with questionable backgrounds having direct contact with the students. We also have concerns regarding one (1) of the District's transportation bus companies and whether the contractor performs a review prior to employing the bus drivers.

Several different state statutes and regulations established the minimum required qualifications for school bus drivers (see criteria box to left). The ultimate purpose of those requirements is to ensure the safety and welfare of the students transported in school buses.

The District contracts with four (4) bus companies to provide transportation services for special education, charter school, and vocational education students.

Based on the information available, we could not determine how many drivers in total had transported the District's students during the 2013-14 school year. However, we reviewed the personnel records of nine (9) bus drivers whose names were provided by the District's business manager, but who were not approved by the District's Board of School Directors (Board) prior to employment.

Our audit found that there were no records on file at the District for any of the nine (9) drivers under review. Documentation missing included: current valid bus drivers' license and valid 'S' endorsement card, current physical examination form, necessary criminal history reports, and official child abuse clearances.

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

Board Policy No. 810 states, in part:

“The Superintendent or designee shall be responsible to maintain records and make required reports regarding school transportation.

This responsibility is in addition to the requirement for clearances that must be presented to the district when an individual is initially hired by the contract carriers.

The District and contract carriers shall have procedures in place to ensure they are notified by their employees when the employees are charged with crimes or child abuse”

The District contacted the contractors, and three (3) out of the four (4) were able to provide the information requested in a timely manner. However, one (1) bus company took more than a month to provide the drivers’ credentials. The contractor provided a verbal explanation of wanting to provide the District with the most up-to-date information, which took time to obtain.

The failure of this contractor to provide the necessary documentation in a timely manner causes a concern as to whether or not the contractor did in fact have the information on file, and whether or not any analysis was made of the bus drivers’ criminal history clearances prior to being hired by the contractor to transport the District’s students.

It should be noted that the District’s board policy states that the contract carriers shall be responsible to inform the District, in writing at the beginning of each school year, whether or not they or any of their employees have been charged with a criminal offense before and/or during employment with the District. It also states that the District and contract carriers shall have procedures in place to ensure they are notified by the employees of a criminal offense. However, the implementation of these procedures could not be confirmed.

While we commend the District for requiring the contractors to notify the District in the case of employees who are charged with/convicted of a criminal offense, by not having required bus drivers’ qualification documents on file at the District and not having a clearly defined review process of this documentation, the District was not able to determine whether all the drivers were qualified to transport students. If unqualified drivers transport students, there is an increased risk to the safety and welfare of students.

As of May 16, 2014, the District still has three (3) bus drivers who had no federal criminal history reports provided. Therefore, we were unable to verify that the drivers were properly qualified to have direct contact with children.

Recommendations

The *Brentwood Borough School District* should:

1. Immediately obtain from the transportation contractor the missing documentation referred to in our finding in order to ensure that drivers transporting students in the District possess proper qualifications.
2. Ensure that the District's transportation manager reviews each driver's qualifications prior to that person transporting students.
3. Maintain files, separate from the transportation contractors, for all District drivers and work with the contractors to ensure that the District's files are up-to-date.
4. Obtain the Board's approval of bus routes and bus drivers prior to transporting students.
5. Create procedures/policy to address the periodic review of bus drivers' clearances upon hiring and while in service within the District.

Management Response

Management stated the following:

"We understand the finding and already have begun taking steps to correct deficiencies in this area."

Auditor Conclusion

We are encouraged that the District is taking action to correct these deficiencies. We will follow up on the status of our recommendations during our next cyclical audit of the District.

Status of Prior Audit Findings and Observations

Our prior audit of the Brentwood Borough 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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The Honorable Carolyn Dumaesq
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This report is a matter of public record and is available online at www.auditorgen.state.pa.us. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 231 Finance Building, Harrisburg, PA 17120; via email to: news@auditorgen.state.pa.us.