

PERFORMANCE AUDIT

Bellwood-Antis School District Blair County, Pennsylvania

April 2015



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, PA 17120-0018
Facebook: Pennsylvania Auditor General
Twitter: @PAAuditorGen
www.PaAuditor.gov

EUGENE A. DePASQUALE
AUDITOR GENERAL

The Honorable Tom W. Wolf
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120

Mr. Steve Winterstein, Board President
Bellwood-Antis School District
300 Martin Street
Bellwood, Pennsylvania 16617

Dear Governor Wolf and Mr. Winterstein:

We conducted a performance audit of the Bellwood-Antis 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 August 14, 2012 through December 16, 2014, except as otherwise stated 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.

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

April 2, 2015

cc: **BELLWOOD-ANTIS 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 Bellwood-Antis School District (District) in Blair 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 and to determine the status of corrective action taken by the District in response to our prior audit recommendations.

Our audit scope covered the period August 14, 2012 through December 16, 2014, except as otherwise stated 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 62 square miles. According to 2010 federal census data, it serves a resident population of 8,327. According to District officials, the District provided basic educational services to 1,272 pupils through the employment of 93 teachers, 63 full-time and part-time support personnel, and 8 administrators during the 2011-12 school year. The District received \$9.79 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. Our audit resulted in no findings or observations.

Status of Prior Audit Findings and

Observations. With regard to the status of our prior audit recommendations to the Bellwood-Antis School District (District) from an audit released on March 13, 2013, we found that the District had taken appropriate corrective action in implementing our recommendations pertaining to errors in reporting pupil membership data, which resulted in a reimbursement underpayment totaling \$10,344 for children placed in private homes (foster children) (see page 8).

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 August 14, 2012 through December 16, 2014, except for the verification of professional employee certification which was performed for the period July 1, 2014 through November 21, 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?
 - To address this objective, auditors reviewed and evaluated certification documentation for all seventeen (17) teachers and administrators that did not have permanent certificates, were newly hired, or changed assignment at the time of our audit.

- ✓ In areas where the District received state subsidies and reimbursements based on non-resident pupil membership, did it follow applicable laws [24 P.S. § 13-1305] and procedures [22 *PA Code Chapter 11*]?
 - To address this objective, auditors reviewed placement information on all five (5) of the District's non-resident students for the 2010-11 school year and on all three (3) of the District's non-resident students for the 2011-12 school year.

- ✓ Did the District ensure that bus drivers transporting District children at the time of the audit have the necessary license, physicals, training, background checks, and clearances as outlined in 24 P.S. § 1-111, 24 P.S. § 2070, 67 P.S. § 71.1, 22 *PA Code Chapter 8*, and 23 *PA C.S. § 58-6354*, and did they have written policies and procedures governing the hiring of new bus drivers?
 - To address this objective the auditors initially selected the five (5) newest drivers out of the eight (8) "new drivers" from the current school year and worked backwards to the last time the Bureau of School Audits audited the District and reviewed bus driver compliance.

- ✓ Were votes made by the District's Board of School Directors free from apparent conflicts of interest?
 - To address this objective, auditors reviewed all twelve (12) of the sitting and recent board members' employment history, Statements of Financial Interest, board meeting minutes, and any known outside relationships with the District.

- ✓ Did the District take appropriate steps to ensure school safety?

To address this objective:

- The auditors reviewed a variety of documentation including safety plans, training schedules, anti-bullying policies, and after action reports to assess whether the District followed best practices in school safety and 24 P.S. Sect. 13-1302, 1302.1A, 13-1303.1, and 13-1303 A. Generally, the auditors evaluate the age of the plan, whether it is being practiced through training and whether the school has an after action process for trying to improve on the results of its training exercises.
- In addition, the auditors conducted on-site reviews at the District's two (2) school buildings (one from each education level elementary and middle/high school) to assess whether they had implemented basic physical safety practices based on national best practices.

- ✓ Did the District take appropriate corrective action to address recommendations made in our prior audit?

To address this objective:

- The auditors interviewed District administrators to determine whether they had taken corrective action.
- The auditors then reviewed documentation to verify that the administration had implemented the prior audit report's recommendations and/or observed these changes in person.

- As part of the normal audit process, auditors tested non-resident membership, as discussed above. Auditors reviewed placement information on all five (5) of the District’s non-resident students for the 2010-11 school year and on all three (3) of the District’s non-resident students for the 2011-12 school year.

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, and comparative financial information.

Our audit examined the following:

- Records pertaining to pupil membership, bus driver qualifications, professional employee certification, state ethics compliance, financial stability, reimbursement applications, 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.

To determine the status of our audit recommendations made in a prior audit report released on March 13, 2013, we reviewed the District's response to PDE dated May 14, 2013. We then performed additional audit procedures targeting the previously reported matters.

Findings and Observations

For the audited period, our audit of the Bellwood-Antis School District resulted in no findings or observations.

Status of Prior Audit Findings and Observations

Our prior audit of the Bellwood-Antis School District (District) released on March 13, 2013, resulted in one (1) finding. The finding pertained to errors in reporting pupil membership data. As part of our current audit, we determined the status of corrective action taken by the District to implement our prior audit recommendations. We analyzed the District's written response provided to the Pennsylvania Department of Education (PDE), performed audit procedures, and interviewed District personnel regarding the prior finding. As shown below, we found that the District did implement our recommendations related to errors in reporting pupil membership data.

Auditor General Performance Audit Report Released on March 13, 2013

Finding: **Errors in Reporting Pupil Membership Data Resulted in a Reimbursement Underpayment Totaling \$10,344 for Children Placed in Private Homes**

Finding Summary: The prior audit of the District's pupil membership reports submitted to PDE for the 2009-10 school year found reporting errors. These errors caused the District to be underpaid \$10,344 for tuition for children placed in private homes (foster children). The underpayment was the result of District personnel incorrectly reporting the district of residence of two (2) secondary non-resident foster children at the District, resulting in a 225-day understatement of non-resident secondary days.

Recommendations: Our audit finding recommended that the District should:

1. Strengthen internal controls over reporting the Pennsylvania Information Management System (PIMS) membership data to ensure accuracies.
2. Reference the PIMS manual for proper instructions in reporting non-resident student's residency and membership days.
3. Thoroughly review all child accounting data for accuracy prior to submission to PDE.
4. Review the accuracy of membership reports submitted to PDE for school years subsequent to the audit, and if reporting errors are found, contact the PIMS help desk for guidance in changing and coding and submitting revised reports to PDE.

We also recommended that PDE should:

5. Adjust future District allocations to correct the underpayment of \$10,344.

Current Status:

During our current audit, we found insignificant discrepancies. The District hired a new child accounting coordinator during the 2013-14 school year and assured us that corrective action has been taken for the current year. We will continue to review pupil membership in future engagements. As of December 17, 2014, PDE has not corrected the \$10,344 underpayment.

Distribution List

This report was initially distributed to the Superintendent of the District, the Board of School Directors, and the following stakeholders:

The Honorable Tom W. Wolf
Governor
Commonwealth of Pennsylvania
Harrisburg, PA 17120

The Honorable Pedro A. Rivera
Acting Secretary of Education
1010 Harristown Building #2
333 Market Street
Harrisburg, PA 17126

Christopher B. Craig, *Esq.*
Acting State Treasurer
Room 129 - Finance Building
Harrisburg, PA 17120

Ms. Lori Graham
Acting Director
Bureau of Budget and Fiscal Management
Pennsylvania Department of Education
4th 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

Mr. Lin Carpenter
Assistant Executive Director for Member Services
School Board and Management Services
Pennsylvania School Boards Association
P.O. Box 2042
Mechanicsburg, PA 17055

This report is a matter of public record and is available online at www.PaAuditor.gov. 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.