

PERFORMANCE AUDIT

Council Rock School District Bucks County, Pennsylvania

July 2015



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE
AUDITOR GENERAL

Dr. Robert Fraser, Superintendent
Council Rock School District
30 North Chancellor Street
Newtown, Pennsylvania 18940

Mr. Andrew G. Block, Board President
Council Rock School District
30 North Chancellor Street
Newtown, Pennsylvania 18940

Dear Dr. Fraser and Mr. Block:

We conducted a performance audit of the Council Rock 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 April 13, 2012 through April 23, 2015, 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 material respects, with relevant requirements, except as detailed in the 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 that reads "Eugene A. DePasquale".

Eugene A. DePasquale
Auditor General

July 23, 2015

cc: **COUNCIL ROCK SCHOOL DISTRICT** Board of School Directors

Table of Contents

	Page
Executive Summary	1
Audit Scope, Objectives, and Methodology	2
Findings and Observations	6
Finding – Certification Deficiencies	6
Status of Prior Audit Findings and Observations	9
Distribution List	10

Executive Summary

Audit Work

The Pennsylvania Department of the Auditor General conducted a performance audit of the District. 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 April 13, 2012 through April 23, 2015, 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 71 square miles. According to 2010 federal census data, it serves a resident population of 72,458. According to District officials, the District provided basic educational services to 11,643 pupils through the employment of 927 teachers, 522 full-time and part-time support personnel, and 46 administrators during the 2011-12 school year. The District received \$40,199,238 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 compliance related matter reported as a finding.

Finding: Certification Deficiencies. Our review of the District's professional certification for the 2013-14 school year found two individuals who were working with lapsed certificates (see page 6).

Status of Prior Audit Findings and Observations. There were no findings or observation 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 April 13, 2012 through April 23, 2015. In addition, the scope of each individual audit objective is detailed below.

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:

- ü Were professional employees certified for the positions they held?
 - o To address this objective, the auditors reviewed and evaluated certification documentation for all 960 teachers and administrators employed for the period July 1, 2013 through August 21, 2014.

- ü 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 selected all eight drivers hired since the last time the Pennsylvania Department of the Auditor General audited the District and determined whether the drivers had the necessary license, physicals, training, background checks, and clearances.
- The auditors also requested copies of the written policies and procedures governing the hiring of bus drivers to determine that these processes included requesting background checks and clearances.

- ü Did the District ensure that the membership data it reported to PDE through the Pennsylvania Information Management System (PIMS) was complete, accurate, valid, and reliable for the most current year available?

To address this objective:

- The auditors randomly selected 17 out of 11,643 registered students (5 resident, 5 non-resident, 2 intermediate unit students, and 5 area vocational-technical school students) from the vendor software listing and verified that each child was appropriately reported to PDE through PIMS by the District.
- In addition, the auditors randomly selected 2 out of 68 school terms reported on the Summary of Child Accounting and verified that the school days reported on the Instructional Time Membership Report

agreed to the School Calendar Fact Template.

ü 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 the Public School Code (24 P.S. Sect. 13-1302, 1302.1A, 13-1303.1, and 13-1303 A). Generally, the auditors evaluated 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.

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, and financial stability.
- 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:

Section 1202 of the Public School Code (PSC), 24 P.S. § 12-1202, provides, in part:

“No teacher shall teach, in any public school, any branch which he has not been properly certificated to teach.”

Section 2518 of the PSC, 24 P.S. § 25-2518, provides, in part:

“[A]ny school district, intermediate unit, area vocational-technical school or other public school in this Commonwealth that has in its employ any person in a position that is subject to the certification requirements of PDE but who has not been certificated for his position by PDE . . . shall forfeit an amount equal to six thousand dollars (\$6,000) less the product of six thousand dollars (\$6,000) and the district’s market value/income aid ratio.”

Certification Deficiencies

Our audit of the District’s professional employees’ certificates and assignments for the period July 1, 2013 to August 21, 2014, was conducted to determine compliance with the PSC and PDE’s Certification Staffing Policies and Guidelines. We found two professional employees, a health and physical education teacher and an elementary school counselor, whose temporary certificates had lapsed.

Information pertaining to the lapses in certification was submitted to PDE’s Bureau of School Leadership and Teacher Quality for its review. PDE subsequently confirmed that the certificates had lapsed. The District is therefore subject to subsidy forfeitures as follows:

<u>School Year</u>	<u>Subsidy Forfeitures</u>
2010-11	\$ 5,100
2011-12	7,650
2012-13	10,200
2013-14	5,100
2014-15	<u>3,060</u>
Total Subsidy Forfeitures	<u>\$31,110</u>

Recommendations

The *Council Rock School District* should:

Ensure all professional employees maintain valid Pennsylvania certification throughout their terms of employment.

The *Pennsylvania Department of Education* should:

Adjust the District’s allocations to recover the subsidy forfeitures.

Management Response

Management stated the following:

“[One individual] was hired in CRSD [Council Rock School District] on 8/29/2006. Prior to working in CRSD, he was employed by the School District of Philadelphia for one year. [His] Educational Specialist certification was issued on 12/1/2005. That certification expired on 12/1/2011. While reminders are sent to our staff on a minimum twice per year and information is posted on our intranet site regarding their professional obligation to convert their level I certifications to level II certifications, [this individual] did not meet this requirement. While we understand and take responsibility that we should have found this lapse in [his] credential, there were some organizational changes and systemic challenges that led to this error. In 2008, our Business and HR [human resource] offices adopted a new HRIS system. The conversion to that system presented challenges primarily in our ability to extrapolate information from the system such as certification expiry dates. In 2012 a new HR team came together and also a new data management technology support team was formed. The HR team and the Data Management team came together to address how to better utilize the system to maintain and track critical data such as certification data. Since that time, many improvements have been made that should insure that we do not have this issue again in the future. Our certification module within this system has been cleaned up extensively. When we began this work in 2012, professional staff members had duplicate and inaccurate records. Many records displayed both Instructional I and Instructional II data making it impossible to generate reports or to isolate who held which level of certification. Our certification areas were inconsistent and many subjects were listed in different variations (for example, Health & PE and PE, or HPE). The duplicate records have been removed and there is now one subject area list that mirrors the subjects found in the PIMS reporting manual. We have also made all certifications visible to our professional staff members on our Employee Self Service online system. Employees are asked periodically to review their information and verify the accuracy. We are now also able to run reports from our system that identify all of those who hold Level I [temporary] certifications so that we may communicate

directly with them regarding their upcoming conversion deadline. We are confident the measures now in place will prevent any future issues.

[The second individual] was hired with CR as a Health/PE Teacher at Richboro Middle School on 8/26/2008. At the time of his hiring, he held a PA intern Health & PE Educ[ation] PK-12 Certification which was issued on 6/1/2007 and scheduled to expire on 5/31/2010. [He] also held an Instructional I certification in Elem Ed[ucation] K-6 which was issued on 3/2007. [He] was awarded is MA of education in Health & PE on 5/31/2010. . . . His personnel file shows that he met all of the requirements of his intern certification program. [He] states that he submitted all of his necessary paperwork to his university and that he believed that his certification paperwork was complete. Because [he] was designated in our system as holding an Instructional I certification in another subject area, it was not noticed that his Intern certification in Health & PE had lapsed. His record was not included in the reports of those near expiry or at expiration because he was classified as holding an Instructional I certification.

As soon as the issue was found, he rectified the situation. We have since created systems to avoid this problem happening again the future. Working in partnership with our Data Management Information Technology team, we now have the reporting capacity to identify and compare against the PIMS system our educators holding Instructional I level certifications. We are now communicating directly with that cadre of professionals to ensure that there are no further instances of missed deadlines for applying for level II certifications.”

Auditor Conclusion

As previously stated, PDE confirmed that the employees’ certificates had lapsed. PDE’s determination was made subsequent to the preparation of management’s response. Any further concerns on the part of the District should be directed to PDE.

Status of Prior Audit Findings and Observations

Our prior audit of the District did not include any findings or observations.

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
Secretary of Education
1010 Harristown Building #2
333 Market Street
Harrisburg, PA 17126

The Honorable Timothy Reese
State Treasurer
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Mrs. Danielle Mariano
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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@PaAuditor.gov.