

BENTWORTH SCHOOL DISTRICT  
WASHINGTON COUNTY, PENNSYLVANIA  
PERFORMANCE AUDIT REPORT

NOVEMBER 2010



The Honorable Edward G. Rendell  
Governor  
Commonwealth of Pennsylvania  
Harrisburg, Pennsylvania 17120

Mr. John Petriscek, Board President  
Bentworth School District  
150 Bearcat Drive  
Bentleyville, Pennsylvania 15314

Dear Governor Rendell and Mr. Petriscek:

We conducted a performance audit of the Bentworth School District (BSD) to determine its compliance with applicable state laws, regulations, contracts, grant requirements and administrative procedures. Our audit covered the period October 24, 2008 through April 16, 2010, except as otherwise indicated in the report. Additionally, compliance specific to state subsidy and reimbursements was determined for the school years ended June 30, 2008 and June 30, 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.

Our audit found that the BSD complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures.

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

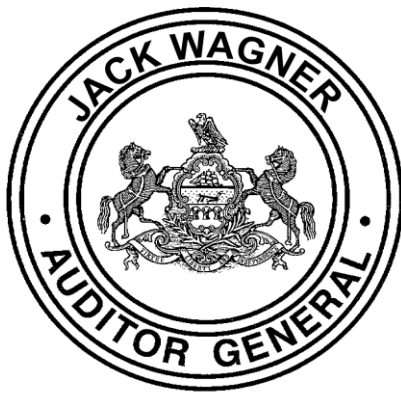
Sincerely,

/s/

JACK WAGNER  
Auditor General

November 24, 2010

cc: **BENTWORTH SCHOOL DISTRICT** Board Members



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## **Executive Summary**

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### **Audit Work**

The Pennsylvania Department of the Auditor General conducted a performance audit of the Bentworth School District (BSD). Our audit sought to answer certain questions regarding the District's compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures; and to determine the status of corrective action taken by the BSD in response to our prior audit recommendations.

Our audit scope covered the period October 24, 2008 through April 16, 2010, except as otherwise indicated in the audit scope, objectives, and methodology section of the report. Compliance specific to state subsidy and reimbursements was determined for school years 2007-08 and 2006-07.

### **District Background**

The BSD encompasses approximately 54 square miles. According to 2000 federal census data, it serves a resident population of 8,837. According to District officials, in school year 2007-08 the BSD provided basic educational services to 1,166 pupils through the employment of 91 teachers, 53 full-time and part-time support personnel, and 10 administrators. Lastly, the BSD received more than \$8.6 million in state funding in school year.

### **Audit Conclusion and Results**

Our audit found that the BSD complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures. For the audited period, our audit of the BSD resulted in no findings or observations.

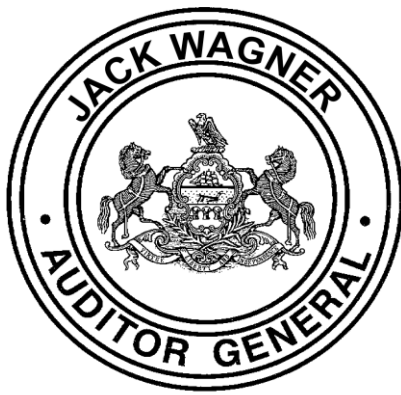
### **Status of Prior Audit Findings and**

**Observations.** With regard to the status of our prior audit recommendations to the BSD from an audit we conducted of the 2005-06 and 2004-05 school years, we found the BSD had taken appropriate corrective action in implementing our recommendations pertaining to lack of documentation to support transportation reimbursement (see page 7).

We found the BSD had taken appropriate corrective action in implementing our recommendations pertaining to the lack of a Memorandum of Understanding (see page 7).

We found the BSD had taken appropriate corrective action in implementing our recommendations pertaining to unmonitored system access and logical access control weaknesses (see page 8).

Finally, we found the BSD had taken appropriate corrective action in implementing our recommendations pertaining to bus drivers' qualifications (see page 10).





## Audit Scope, Objectives, and Methodology

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### 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 October 24, 2008 through April 16, 2010, except for the verification of professional employee certification which was performed for the period March 17, 2008 through April 9, 2010.

Regarding state subsidy and reimbursements, our audit covered school years 2007-08 and 2006-07.

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 Department of Education 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 law, regulation, 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, regulations, and defined business practices. Our audit focused on assessing the BSD's compliance with applicable 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?
- ✓ Is the District's pupil transportation department, including any contracted vendors, in compliance with applicable state laws and procedures?
- ✓ Are there any declining fund balances which may impose risk to the fiscal viability of the District?

- ✓ Did the District 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 District taking appropriate steps to ensure school safety?
- ✓ Did the District use an outside vendor to maintain its membership data and if so, are there internal controls in place related to vendor access?
- ✓ Did the District 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, 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 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.

BSD management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the District is in compliance with applicable laws, regulations, 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, pupil membership, pupil transportation, and comparative financial information.

Our audit examined the following:

- Records pertaining to pupil transportation, bus driver qualifications, professional employee certification, and financial stability.
- Items such as Board meeting minutes.

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

Lastly, to determine the status of our audit recommendations made in a prior audit report released on August 6, 2009, we performed audit procedures targeting the previously reported matters.

## **Findings and Observations**

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**F**or the audited period, our audit of the Bentworth School District resulted in no findings or observations.

## Status of Prior Audit Findings and Observations

Our prior audit of the Bentworth School District (BSD) for the school years 2005-06 and 2004-05 resulted in two reported findings and two observations, as shown in the following tables. As part of our current audit, we determined the status of corrective action taken by the District to implement our prior recommendations. We performed audit procedures, and questioned District personnel regarding the prior findings and observations. As shown below, we found that the BSD did implement recommendations related to the findings and observations.

<i>School Years 2005-06 and 2004-05 Auditor General Performance Audit Report</i>		
<i>Prior Recommendations</i>	<b>Implementation Status</b>	
<p><u><i>I. Finding No. 1: Lack of Documentation to Support Pupil Transportation Reimbursement</i></u></p> <p>1. Develop procedures to ensure that all documentation supporting reimbursements claimed is retained for audit purposes.</p>	<p><b>Background:</b></p> <p>Our prior audit of District records for the 2005-06 and 2004-05 school years found that the District was not always able to provide documentation to support the reported miles driven by vehicles providing pupil transportation.</p>	<p><b>Current Status:</b></p> <p>Our current audit found that for the 2007-08 school year, the District had all required supporting documentation available for review.</p> <p>Based on the results of our current audit, we determined the District did take appropriate corrective action.</p>
<p><u><i>II. Finding No. 2: District Has No Memorandum of Understanding With a Local Law Enforcement Agency</i></u></p> <p>1. Develop a Memorandum of Understanding (MOU) that sets forth procedures to be followed when acts of violence or possession of weapons occurs on District property.</p> <p>2. Adopt a policy requiring the administration to review and re-execute the MOU every two years.</p>	<p><b>Background:</b></p> <p>Our prior audit found that the District did not have an executed MOU with a local law enforcement agency.</p>	<p><b>Current Status:</b></p> <p>Our current audit found that the District has on file a signed MOU dated May 18, 2009, with the local law enforcement agency.</p> <p>Based on the results of our current audit, we determined the District did take appropriate corrective action.</p>

<p><b><u>III. Observation 1:</u></b> <b><u>Unmonitored System Access and Logical Access Control Weaknesses</u></b></p> <ol style="list-style-type: none"> <li>1. Establish separate information technology (IT) policies and procedures for controlling the activities of Central Susquehanna Intermediate Unit #16 (CSIU) and have CSIU sign this policy, or the District should require CSIU to sign the District's Acceptable Use Policy.</li> <li>2. Maintain documentation to evidence that terminated employees are properly removed from the system in a timely manner.</li> <li>3. Implement a security policy and system parameter settings to require all users, including the vendor, to have passwords be a minimum length of eight characters. Also, the District should have the system log out users after a period of inactivity (i.e., 60 minutes maximum).</li> <li>4. Require CSIU to assign unique userIDs and passwords to vendor employees authorized to access the District's system. Further, the District should obtain a list of CSIU employees with remote access to its data and ensure that changes to the data are made only by authorized representatives</li> </ol>	<p><b>Background:</b></p> <p>Our prior audit found the District uses software purchased from the CSIU for its critical student accounting applications (membership and attendance). CSIU has remote access into the District's network servers.</p> <p>We determined that a risk existed that unauthorized changes to the District's data could occur and not be detected because the District was unable to provide supporting evidence that it was monitoring all remote activity on its system.</p>	<p><b>Current Status:</b></p> <p>Our current audit found:</p> <ol style="list-style-type: none"> <li>1. The District has separate IT policies and procedures in place.</li> <li>2. Letters of resignation, retirement or termination are sent to the IT department for removal.</li> <li>3. Passwords are now a minimum of eight characters and must include alpha, numeric and special characters.</li> <li>4. The District now requires CSIU to have a unique userID and password.</li> <li>5. The District now requires to have written permission from the District before any updates are made.</li> <li>6. The District now generates monitoring reports.</li> <li>7. Backup tapes are now stored in an off-site location.</li> </ol> <p>Based on the results of our current audit, we determined the District did take appropriate corrective action.</p>
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<p>5. Allow access to its system only when CSIU needs access to make pre-approved changes/updates or requested assistance. The access should be removed when CSIU has completed its work. The procedure would also enable the monitoring of CSIU changes.</p> <p>6. Generate monitoring reports (including firewall logs) of CSIU and employee access and activity on the system. Monitoring reports should include the date, time and reason for access, change(s) made and who made the change(s). The District should review these reports to determine that the access was appropriate and that data was not improperly altered. The District should also ensure it is maintaining evidence to support this monitoring and review.</p> <p>7. Store back-up tapes in a secure, off-site location.</p>		
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<p><u>IV. Observation 2:</u>  <u>Internal Control</u>  <u>Weaknesses in</u>  <u>Administrative Policies</u>  <u>Regarding Bus Driver</u>  <u>Qualifications</u></p> <ol style="list-style-type: none"> <li>1. Develop a process to determine, on a case-by-case basis, whether prospective and current employees of the District or the District's transportation contractors have been charged with or convicted of crimes that, even though not disqualifying under state law, affect their suitability to continue to have direct contact with children.</li> <li>2. Implement written policies and procedures to ensure the District is notified when drivers are charged with or convicted of crimes that call into question their suitability to continue to have direct contact with children.</li> </ol>	<p><b>Background:</b></p> <p>During our prior audit we found that neither the District nor its transportation contractors had yet implemented written procedures to ensure that they were notified if current employees were charged with or convicted of serious criminal offenses that should be considered for the purpose of determining an individual's continued suitability to be in direct contact with children.</p>	<p><b>Current Status:</b></p> <p>Our current audit found that the transportation director checks the qualifications of all bus drivers and substitutes every three months for any criminal activity.</p> <p>Based on the results of our current audit, we determined the District did take appropriate corrective action.</p>
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## **Distribution List**

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This report was initially distributed to the superintendent of the school district, the board members, our website address at [www.auditorgen.state.pa.us](http://www.auditorgen.state.pa.us), and the following:

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Senator Andrew Dinniman  
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