

BETHEL PARK SCHOOL DISTRICT
ALLEGHENY COUNTY, PENNSYLVANIA
PERFORMANCE AUDIT REPORT

NOVEMBER 2010

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

Mrs. Donna M. Cook, Board President
Bethel Park School District
301 Church Road
Bethel Park, Pennsylvania 15102

Dear Governor Rendell and Mrs. Cook:

We conducted a performance audit of the Bethel Park School District (BPSD) to determine its compliance with applicable state laws, regulations, contracts, grant requirements and administrative procedures. Our audit covered the period February 29, 2008 through April 7, 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 BPSD complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures. However, we identified two matters unrelated to compliance that are reported as observations. A summary of these results is presented in the Executive Summary section of the audit report.

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

Sincerely,

/s/

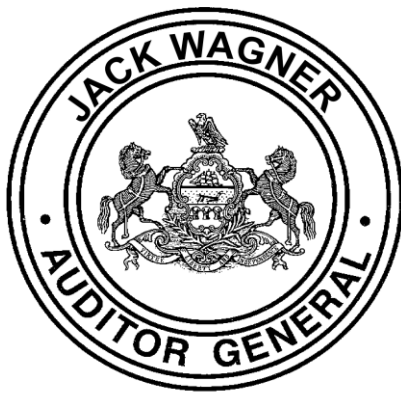
JACK WAGNER
Auditor General

November 24, 2010

cc: **BETHEL PARK SCHOOL DISTRICT** Board Members

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Executive Summary

Audit Work

The Pennsylvania Department of the Auditor General conducted a performance audit of the Bethel Park School District (BPSD). 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 BPSD in response to our prior audit recommendations.

Our audit scope covered the period February 29, 2008 through April 7, 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 BPSD encompasses approximately 12 square miles. According to 2000 federal census data, it serves a resident population of 33,556. According to District officials, in school year 2007-08 the BPSD provided basic educational services to 4,879 pupils through the employment of 396 teachers, 310 full-time and part-time support personnel, and 25 administrators. Lastly, the BPSD received more than \$15.7 million in state funding in school year 2007-08.

Audit Conclusion and Results

Our audit found that the BPSD complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures; however, as noted below, we identified two matters unrelated to compliance that are reported as observations.

Observation No. 1: Memorandum of Understanding Not Updated Timely.

The BPSD's Memorandum of Understanding with its local law enforcement agency has not been updated since 1997 (see page 6).

Observation No. 2: Internal Control Weaknesses in Administrative Policies Regarding Bus Drivers' Qualifications.

The BPSD does not yet have policies or procedures to ensure that the BPSD is notified if current or new bus drivers have been charged with or convicted of serious criminal offenses which should be considered for the purpose of determining an individual's continued suitability to be in direct contact with children (see page 8).

Status of Prior Audit Findings and Observations.

With regard to the status of our prior audit recommendations to the BPSD from an audit we conducted of the 2005-06 and 2004-05 school years, we found the BPSD had taken appropriate corrective action in implementing our recommendations pertaining to lack of documentation regarding bus drivers' qualifications (see page 10).

However, we found the BPSD had not taken appropriate corrective action in implementing our recommendations pertaining to internal control weaknesses regarding bus drivers' qualifications (see page 11).

Audit Scope, Objectives, and Methodology

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 February 29, 2008 through April 7, 2010, except for the verification of professional employee certification which was performed for the July 1, 2009 through March 31, 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 (DE) 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 BPSD'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.

BPSD 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 BPSD operations.

Lastly, to determine the status of our audit recommendations made in a prior audit report released on March 3, 2009, we reviewed the BPSD's response to DE dated March 27, 2009. We then performed additional audit procedures targeting the previously reported matters.

Findings and Observations

Observation No. 1

Criteria relevant to the observation:

Section 1303-A(c) of the Public School Code provides:

All school entities shall develop a memorandum of understanding with local law enforcement which sets forth procedures to be followed when an incident involving an act of violence or possession of a weapon by any person occurs on school property.

Additionally, the Basic Education Circular issued by the DE entitled Safe Schools and Possession of Weapons contains a draft MOU format to be used by school entities. Section VI, General Provisions, item B of this draft states:

This Memorandum may be amended, expanded or modified at any time upon the written consent of the parties, but in any event must be reviewed and re-executed within two years of the date of its original execution and every two years thereafter.

Memorandum of Understanding Not Updated Timely

Our audit of the District's records found that the current Memorandum of Understanding (MOU) between the District and its local law enforcement agency has not been updated since January 1, 1997.

The failure to update MOUs with local law enforcement agencies could result in a lack of cooperation, direction and guidance between District employees and the law enforcement agency if an incident occurs on school property, at any school-sponsored activity, or on any public conveyance providing transportation to or from a school-sponsored activity. This internal control weakness could have an impact on law enforcement notification and response, and ultimately the resolution of a problem situation

Recommendations

The *Bethel Park School District* should:

1. In consultation with the District's solicitor, review, update and re-execute the current MOU between the District and the local law enforcement agency.
2. Adopt a policy requiring the administration to review and re-execute the MOU every two years.

Management Response

Management stated the following:

The Bethel Park School District Administration will continue to work with the [local law enforcement agency] on a Memorandum of Understanding.

Observation No. 2 →

Internal Control Weaknesses in Administrative Policies Regarding Bus Drivers' Qualifications

Criteria relevant to the observation:

Section 111 of the Public School Code 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 of certain criminal offenses that, if indicated on the report to have occurred within the preceding five years, would prohibit the individual from being hired.

Section 6355 of the Child Protective Services Law (CPSL) requires prospective school employees to provide 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.

Our current audit found that the District had not implemented our prior audit recommendations regarding bus drivers' qualifications (see page 11). We made our recommendations in the interest of the protection of students, and here reiterate those recommendations.

The ultimate purpose of the requirements of the Public School Code and the CPSL is to ensure the protection of the safety and welfare of the students transported in school buses. To that end, there are other serious crimes that school districts should consider, on a case-by-case basis, in determining a prospective employee's suitability to have direct contact with children. Such crimes would include those listed in Section 111 but which were committed beyond the five-year look-back period, as well as other crimes of a serious nature that are not on the list at all. School districts should also consider reviewing the criminal history and child abuse reports for current bus drivers on a periodic basis in order to learn of incidents that may have occurred after the commencement of employment.

Our review of the documentation available found that there were no other serious crimes, as referred to in the previous paragraph, that called into question the applicant's suitability to have direct contact with children. However, the District still does not have written policy or procedures in place to ensure that it is notified if current employees have been charged with or convicted of serious criminal offenses which should be considered for purpose of determining an individual's continued suitability to be in direct contact with children. This lack of written policies and procedures, which was also the subject of an observation in the prior two audits, is an internal control weakness that could result in the continued employment of individuals who may pose a risk if allowed to continue to have direct contact with children.

Recommendations

The *Bethel Park School District* should:

1. Develop a process to determine, on a case-by-case basis, whether prospective and current employees of the District have been charged with or convicted of crimes

that, even though not disqualifying under state law, affect their suitability to have direct contact with children.

2. Implement written policies and procedures to ensure that 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 and to ensure that the District considers on a case-by-case basis whether any conviction of a current employee should lead to an employment action.

Management Response

Management stated the following:

The District has implemented an internal control procedure to insure that all required bus driver qualifications are in place in the drivers' personnel file. The internal controls consist of a checklist of required items of checks and balances between the Transportation Department and the Human Resources Department. No new bus driver will receive approval until all documents are received and approved.

Auditor Conclusion

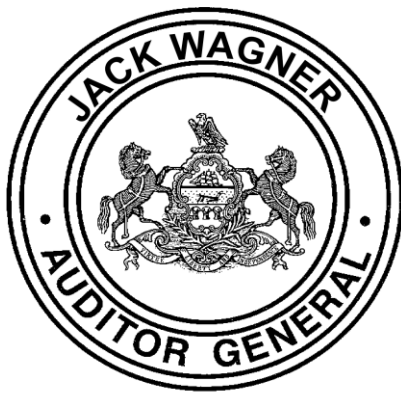
As previously stated, all District drivers had proper qualifications upon hiring. However, the District still does not have policies and procedures in place to ensure that the District is notified when a current driver is charged with or convicted of a crime that calls into question their suitability to have direct contact with children.

Status of Prior Audit Findings and Observations

Our prior audit of the Bethel Park School District (BPSD) for the school years 2005-06 and 2004-05 resulted in one reported finding and one reported observation. The finding pertained to lack of documentation regarding bus drivers' qualifications. The observation pertained to policies regarding bus drivers' qualifications. As part of our current audit, we determined the status of corrective action taken by the District to implement our prior recommendations. We analyzed the BPSD Board's written response provided to the Department of Education, performed audit procedures, and questioned District personnel regarding the prior finding and observation. As shown below, we found that the BPSD did implement recommendations related to the lack of documentation of bus drivers' qualifications, but did not implement our recommendations related to the internal control weaknesses in policies regarding those qualifications.

<i>School Years 2005-06 and 2004-05 Auditor General Performance Audit Report</i>		
<i>Prior Recommendations</i>	<i>Implementation Status</i>	
<p><u><i>I. Finding: Lack of Documentation Regarding Bus Drivers' Qualifications</i></u></p> <ol style="list-style-type: none"> 1. Immediately obtain 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 coordinator reviews each driver's qualifications prior to that person transporting students 3. Maintain files for all District drivers to ensure that the district's files are up-to-date and complete. 	<p>Background:</p> <p>Our prior audit of the 2007-08 bus driver qualifications found the BPSD did not have all appropriate documentation on file to verify that bus drivers had the necessary qualifications.</p>	<p>Current Status:</p> <p>For our current audit, we reviewed qualifications for 25 bus drivers. Of the drivers randomly selected, all had the minimum required qualifications on file. Driver's personnel files and files kept at the bus garage showed that the District's files were up-to-date and complete.</p> <p>Based on the current audit, we determined the District had taken corrective action.</p>

<p><u>II. Observation: Internal Control Weaknesses in Administrative Policies Regarding Bus Drivers' Qualifications</u></p> <ol style="list-style-type: none">1. Develop a process to determine, on a case-by-case basis, whether prospective and current employees of the District have been charged with or convicted of crimes that, even though not disqualifying under state law, affect their suitability to have direct contact with children.2. Implement written policies and procedures to ensure that 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 and to ensure that the District considers on a case-by-case basis whether any conviction of a current employee should lead to an employment action.	<p>Background:</p> <p>Our prior audit found that the District did not have written policy or procedures in place to ensure that it was notified if current employees were charged with or convicted of serious criminal offenses which should be considered for the purpose of determining an individual's continued suitability to be in direct contact with children.</p>	<p>Current Status:</p> <p>Based on our current audit we determined the District did not take appropriate corrective action on this observation. (See Observation No. 2 on page 8).</p>
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Distribution List

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

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