

BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT  
BERKS COUNTY, PENNSYLVANIA  
PERFORMANCE AUDIT REPORT

JANUARY 2012



The Honorable Tom Corbett  
Governor  
Commonwealth of Pennsylvania  
Harrisburg, Pennsylvania 17120

Ms. Rosemary Lamaestra, Board President  
Brandywine Heights Area School District  
200 West Weis Street  
Topton, Pennsylvania 19562

Dear Governor Corbett and Ms. Lamaestra:

We conducted a performance audit of the Brandywine Heights Area School District (BHASD) to determine its compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures. Our audit covered the period August 10, 2009 through August 12, 2011, except as otherwise indicated in the report. Additionally, compliance specific to state subsidy and reimbursements was determined for the school years ended June 30, 2010 and June 30, 2009. 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 BHASD complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures, except as detailed in one finding noted in this report. A summary of these results is presented in the Executive Summary section of the audit report.

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

Sincerely,

/s/

JACK WAGNER  
Auditor General

January 11, 2012

cc: **BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT** Board Members

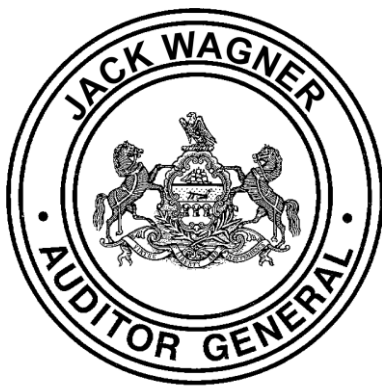


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## **Executive Summary**

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### **Audit Work**

The Pennsylvania Department of the Auditor General conducted a performance audit of the BHASD. 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 BHASD in response to our prior audit recommendations.

Our audit scope covered the period August 10, 2009 through August 12, 2011, 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 2009-10 and 2008-09.

### **District Background**

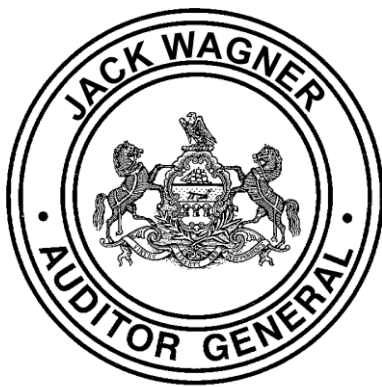
The BHASD encompasses approximately 59 square miles. According to 2000 federal census data, it serves a resident population of 12,804. According to District officials, in school year 2009-10 the BHASD provided basic educational services to 1,800 pupils through the employment of 149 teachers, 102 full-time and part-time support personnel, and 12 administrators. Lastly, the BHASD received more than \$8 million in state funding in school year 2009-10.

### **Audit Conclusion and Results**

Our audit found that the BHASD complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures; however, as noted below, we identified one compliance-related matter reported as a finding.

**Finding: Memorandum of Understanding with Local Law Enforcement Not Updated Timely.** Our audit of BHASD records shows that the Memorandum of Understanding between the BHASD and one law enforcement agency was previously signed and dated November 20, 2007, and was not updated again until June 15, 2011 (see page 6).

**Status of Prior Audit Findings and Observations.** With regard to the status of our prior audit recommendations to the BHASD from an audit we conducted of the 2007-08 and 2006-07 school years, we found the BHASD had taken appropriate corrective action in implementing our recommendations pertaining to its student accounting applications (see page 8).





## 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 August 10, 2009 through August 12, 2011.

Regarding state subsidy and reimbursements, our audit covered school years 2009-10 and 2008-09.

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 BHASD'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?
- ✓ In areas where the District receives state subsidy and reimbursements based on pupil membership (e.g. basic education, special education, and vocational education), did it follow applicable laws and procedures?
- ✓ In areas where the District receives state subsidy and reimbursements based on payroll (e.g. Social Security and retirement), did it follow applicable laws and procedures?

- ✓ 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 finding and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objectives.

BHASD’s 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, state ethics compliance, and financial stability.
- Items such as Board meeting minutes, pupil membership records, and reimbursement applications.

Additionally, we interviewed selected administrators and support personnel associated with BHASD's operations.

Lastly, to determine the status of our audit recommendations made in a prior audit report released on January 26, 2010, we reviewed the BHASD's response to DE dated August 3, 2010. We then performed additional audit procedures targeting the previously reported matters.

## Findings and Observations

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### Finding

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### Memorandum of Understanding with Local Law Enforcement Not Updated Timely

*Public School Code and criteria relevant to the finding:*

Section 13-1303-A(c) of the Public School Code, as amended November 17, 2010, provides, in part:

“ . . . each chief school administrator shall enter into a memorandum of understanding with police departments having jurisdiction over school property of the school entity. Each chief school administrator shall submit a copy of the memorandum of understanding to the office by June 30, 2011, and biennially update and re-execute a memorandum of understanding with local law enforcement and file such memorandum with the office on a biennial basis. . . . ”

The effective date of this amended provision was **February 15, 2011**. The “office” refers to the Office for Safe Schools within the Department of Education. The term “biennially” means “an event that occurs every two years.”

Our audit found that the Memorandum of Understanding (MOU) between the District and one police department with jurisdiction over school property setting forth agreed upon procedures to be followed should an incident involving an act of violence or possession of a weapon occur on school property was not updated until June 15, 2011. This MOU was previously signed and dated November 20, 2007. The Public School Code requires public schools to update and re-execute MOUs with local law enforcement every two years.

The failure to update MOUs with all pertinent police departments could result in a lack of cooperation, direction, and guidance between District employees and the police departments if an incident occurs on school grounds, at any school-sponsored activity, or on any public conveyance providing transportation to or from a school or school-sponsored activity. Non-compliance with the statutory requirement to biennially update and re-execute a MOU could have an impact on police department notification and response, and ultimately, the resolution of a problem situation.

### Recommendations

The *Brandywine Heights Area School District* should:

1. In consultation with the District’s solicitor, review, update and re-execute the current MOUs between the District and all the police departments having jurisdiction over school property.
2. In consultation with the District’s solicitor, review new requirements for MOUs and other school safety areas under the Public School Code to ensure compliance with amended Safe Schools provisions enacted November 17, 2010.

3. Adopt an official board policy requiring District administration to biennially update and re-execute all MOUs with police departments having jurisdiction over school property and file a copy with the Department of Education's Office of Safe Schools on a biennial basis as required by law.

**Management Response**

Management stated the following:

The cause of the problem was an oversight by our former school safety administrator to renew the MOU with the local police department. The superintendent's office is aware of when the MOUs expire and will work with the current school safety administrator to monitor those dates.

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

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Our prior audit of the Brandywine Heights Area School District (BHASD) for the school years 2007-08 and 2006-07 resulted in one reported observation. The observation pertained to vendor access to their student accounting applications. 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 BHASD Board's written response provided to the Department of Education (DE), performed audit procedures, and questioned District personnel regarding the prior observation. As shown below, we found that the BHASD did implement recommendations related to their student accounting applications.

### **School Years 2007-08 and 2006-07 Auditor General Performance Audit Report**

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**Observation:** **Unmonitored Vendor System Access and Logical Access Control Weaknesses**

Observation Summary: The BHASD uses software purchased from an outside vendor for its critical student accounting applications (membership and attendance). The software vendor has remote access into the District's software servers.

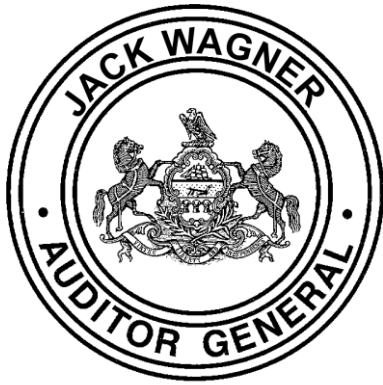
Recommendations: Our audit observation recommended that the BHASD:

1. Ensure that the contract with the vendor contains a non-disclosure agreement for the District's proprietary information.
2. Require the District's Acceptable Use Policy to include provisions for authentication (password security and syntax requirements).
3. Develop policies and procedures to require written authorization when adding, deleting, or changing a userID.
4. Maintain documentation to evidence that terminated employees are properly removed from the system in a timely manner.
5. Implement a security policy and system parameter settings to require all users, including the vendor, to change their passwords on a regular basis (i.e., every 30 days). Passwords should be a minimum length of eight characters.

6. Allow access only to their system when the outside vendor needs access to make pre-approved changes/updates or requested assistance. This access should be removed when the outside vendor has completed its work. This procedure would also enable the monitoring of the outside vendor changes.

Current Status:

During our current audit procedures we found that the BHASD did implement the recommendations.





## **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:

The Honorable Tom Corbett  
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Harrisburg, PA 17120

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Secretary of Education  
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