

CENTRAL BUCKS SCHOOL DISTRICT
BUCKS COUNTY, PENNSYLVANIA
PERFORMANCE AUDIT REPORT

JANUARY 2010

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

Mr. Stephen A. Carr, Board President
Central Bucks School District
20 Welden Drive
Doylestown, Pennsylvania 18901

Dear Governor Rendell and Mr. Carr:

We conducted a performance audit of the Central Bucks School District (CBSD) to determine its compliance with applicable state laws, regulations, contracts, grant requirements and administrative procedures. Our audit covered the period August 8, 2006 through November 26, 2008, except as otherwise indicated in the report. Additionally, compliance specific to state subsidy and reimbursements was determined for the school years ended June 30, 2006, and June 30, 2005, as they were the most recent reimbursements subject to audit. 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 CBSD complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures.

Sincerely,

/s/

JACK WAGNER
Auditor General

January 29, 2010

cc: **CENTRAL BUCKS 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 Central Bucks School District (CBSD). 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 CBSD in response to our prior audit recommendations.

Our audit scope covered the period August 8, 2006 through November 26, 2008, 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 2005-06 and 2004-05 as they were the most recent reimbursements subject to audit. The audit evidence necessary to determine compliance specific to reimbursements is not available for audit until 16 months, or more, after the close of a school year.

District Background

The CBSD encompasses approximately 122 square miles. According to 2000 federal census data, it serves a resident population of 100,977. According to District officials, in school year 2005-06, the CBSD provided basic educational services to 19,586 pupils through the employment of 1,432 teachers, 1,147 full-time and part-time support personnel, and 97 administrators. Lastly, the CBSD received more than \$35 million in state funding in school year 2005-06.

Audit Conclusion and Results

Our audit found that the CBSD complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures. We report no findings or observations.

Status of Prior Audit Findings and

Observations. With regard to the status of our prior audit recommendations to the CBSD from an audit we conducted of the 2003-04 and 2002-03 school years, we found the CBSD had taken appropriate corrective action in implementing our recommendations pertaining to a certification finding (see page 7), and partially implemented our recommendations for our bus drivers' qualifications observation (see page 8).



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 August 8, 2006 through November 26, 2008, except for the verification of professional employee certification which was performed for the period August 12, 2006 to September 24, 2008.

Regarding state subsidy and reimbursements, our audit covered school years 2005-06 and 2004-05 because the audit evidence necessary to determine compliance, including payment verification from the Commonwealth's Comptroller Operations and other supporting documentation from the Department of Education (DE), is not available for audit until 16 months, or more, after the close of a school year.

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 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

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 CBSD'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?

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.

- ✓ 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?
- ✓ Did the District follow applicable laws and procedures in areas dealing with pupil membership and ensure that adequate provisions were taken to protect the data?
- ✓ Is the District's pupil transportation department, including any contracted vendors, in compliance with applicable state laws and procedures?
- ✓ Does the District ensure that Board members appropriately comply with the Public Official and Employee Ethics Act?
- ✓ 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 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.

CBSD 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.
- Board meeting minutes.

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

Lastly, to determine the status of our audit recommendations made in a prior audit report released on December 18, 2006, we reviewed the CBSD's response to DE dated February 13, 2007. We then performed additional audit procedures targeting the previously reported matters.

Findings and Observations

For the audited period, our audit of the Central Bucks School District resulted in no findings or observations.

Status of Prior Audit Findings and Observations

Our prior audit of the Central Bucks School District (CBSD) for the school years 2003-04 and 2002-03 resulted in one reported finding and one observation. The finding pertained to certification, and the observation pertained to 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 CBSD Board's written response provided to the Department of Education (DE), performed audit procedures, and questioned District personnel regarding the prior findings. As shown below, we found that the CBSD did implement recommendations related to certification, and partially implemented our recommendations regarding bus drivers' 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: Certification Irregularity</i></u></p> <ol style="list-style-type: none"> 1. Assign positions to professional personnel who hold appropriate certification to qualify for the assignment. 2. Implement a system of control that would evidence lapsed certificates. 3. DE should adjust the District's allocations to assess the subsidy forfeiture of \$4,404. 	<p>Background:</p> <p>Our prior audit found that one special education teacher served on an expired emergency certificate for the 2004-05 school year.</p>	<p>Current Status:</p> <p>Our current audit found that the teacher resigned effective June 17, 2005. Our current audit did not find any additional certification irregularities.</p> <p>DE withheld the \$4,404 subsidy forfeiture in June of 2007.</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 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 have direct contact with children. 2. Implement written policies and procedures to ensure the District is notified when contractors' drivers are charged with or convicted of crimes that call into question their suitability to continue to have direct contact with children. 	<p>Background:</p> <p>Our prior audit found that while the District had procedures in place for the drivers it employs, the transportation contractors did not have procedures in place to inform them when a bus driver was 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>Current Status:</p> <p>Our current audit found that the District took action during the 2005-06 school year by implementing a procedure that will update the background checks every four years, when the bus drivers' licenses are renewed.</p> <p>We again recommend that the District implement policies and procedures to ensure the District is immediately notified whenever drivers are charged with or convicted of serious criminal offenses.</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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