

CONNEAUT SCHOOL DISTRICT
CRAWFORD COUNTY, PENNSYLVANIA
PERFORMANCE AUDIT REPORT

JANUARY 2013



**Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, Pennsylvania 17120-0018**

**JACK WAGNER
AUDITOR GENERAL**

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

Dr. Walter Thomas, Board President
Conneaut School District
219 West School Drive
Linesville, Pennsylvania 16424

Dear Governor Corbett and Dr. Thomas:

We conducted a performance audit of the Conneaut School District (CSD) to determine its compliance with applicable state laws, contracts, grant requirements, and administrative procedures. Our audit covered the period July 29, 2009 through June 1, 2012, 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 CSD complied, in all significant respects, with applicable state laws, contracts, grant requirements, and administrative procedures, except as detailed in two findings noted in this report. In addition, we identified one matter unrelated to compliance that is reported as an observation. A summary of these results is presented in the Executive Summary section of the audit report.

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

Sincerely,

/s/

JACK WAGNER
Auditor General

January 14, 2013

cc: **CONNEAUT 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 Conneaut School District (CSD). Our audit sought to answer certain questions regarding the District's compliance with applicable state laws, contracts, grant requirements, and administrative procedures, and to determine the status of corrective action taken by the CSD in response to our prior audit recommendations.

Our audit scope covered the period July 29, 2009 through June 1, 2012, 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 CSD encompasses approximately 318 square miles. According to 2010 federal census data it serves a resident population of 18,617. According to District officials, in school year 2009-10 the CSD provided basic educational services to 2,697 pupils through the employment of 195 teachers, 84 full-time and part-time support personnel, and 15 administrators. Lastly, the CSD received more than \$17.3 million in state funding in school year 2009-10.

Audit Conclusion and Results

Our audit found that the CSD complied, in all significant respects, with applicable state laws, contracts, grant requirements, and administrative procedures, except for two compliance-related matters reported as findings. In addition, one matter unrelated to compliance is reported as an observation.

Finding No. 1: Internal Control Weaknesses and Lack of Adequate Documentation Supporting Pupil Transportation Reimbursement and the Use of Tax-Exempt Fuel. Our audit of the CSD's pupil transportation operations for the 2009-10 school year found internal control weaknesses and a lack of documentation to support pupil transportation reimbursements of \$2,015,468, and the proper use of 128,071 gallons of tax-exempt fuel (see page 6).

Finding No. 2: School Bus Drivers' Qualifications Deficiencies. Our audit of the CSD's school bus drivers' qualifications for the 2011-12 school year found that not all records were on file at the time of our audit (see page 11).

Observation: Membership Errors and Lack of Internal Controls Resulted in the District Not Receiving Its Entitled Reimbursement. Our review of the CSD's controls over data integrity found that internal controls need to be improved. Additionally, our audit of pupil membership for the 2009-10 school year found an error in the reporting of pupil membership days for children placed in private homes (see page 14).

Status of Prior Audit Findings and

Observations. With regard to the status of our prior audit recommendations to the CSD from an audit we conducted of the 2007-08 and 2006-07 school years, we found the CSD had not taken appropriate corrective action in implementing our recommendations pertaining to transportation (see page 17) or bus driver qualifications (see page 18).

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 July 29, 2009 through June 1, 2012, except for the verification of professional employee certification, which was performed for the period July 29, 2009 through April 19, 2012.

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 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

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 CSD's compliance with applicable state laws, 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?

- ✓ Does the District have sufficient internal controls to ensure that the membership data it reported to the Pennsylvania Information Management System is complete, accurate, valid and reliable?
- ✓ In areas where the District receives transportation subsidies, are the District and any contracted vendors in compliance with applicable state laws and procedures?
- ✓ Did the District, and any contracted vendors, ensure that their current bus drivers are properly qualified, and do they have written policies and procedures governing the hiring of new bus drivers?
- ✓ Are there any declining fund balances that may impose risk to the District's fiscal viability?
- ✓ Did the District pursue a contract buy-out with an administrator and if so, what was the total cost of the buy-out, what were the reasons for the termination/settlement, and does 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?
- ✓ Is the District taking appropriate steps to ensure school safety?
- ✓ Did the District have a properly executed and updated Memorandum of Understanding with local law enforcement?
- ✓ Were votes made by District's board members free from apparent conflicts of interest?
- ✓ 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, 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, observations and conclusions based on our audit objectives.

CSD management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the District is in compliance with applicable laws, 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. Additionally, we gained a high-level understanding of the District's information technology (IT) environment and evaluated whether internal controls specific to IT were present.

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 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 and pupil membership records.

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

Lastly, to determine the status of our audit recommendations made in a prior audit report released on February 22, 2012, we reviewed the CSD's response to PDE dated May 9, 2012. We then performed additional audit procedures targeting the previously reported matters.

Findings and Observations

Finding No. 1

Internal Control Weaknesses and Lack of Adequate Documentation Supporting Pupil Transportation Reimbursement and the Use of Tax-Exempt Fuel

Criteria relevant to the finding:

Chapter 23 of the State Board of Education Regulations, Section 23.4, provides, in part:

“The board of directors of a school district shall be responsible for all aspects of pupil transportation programs, including the following: . . .

“(3) The establishment of the routes schedules and loading zones which comply with laws and regulations. . . .

“(6) The maintenance of a record of pupils transported to and from school, including determination of pupils’ distances from home to pertinent school bus loading zones.”

Section 518 of the Public School Code requires retention of these records for a period of not less than six years.

Instruction for completing PDE’s end-of-year pupil transportation reports state that the local education agency (LEA) must maintain records of miles with pupils (to the nearest tenth), miles without pupils (to the nearest tenth), and the greatest number of pupils assigned to each vehicle. Additionally, the instructions state that procedures, information and data used by the LEA should be retained for audit purposes.

Our audit of the District’s pupil transportation operations for the 2009-10 school year found internal control weaknesses and a lack of documentation to support pupil transportation reimbursements of \$2,015,468, and for verification of the proper use of 128,071 gallons of tax-exempt fuel.

The District pays its pupil transportation contractors based on contract formula. The contractors record the routing, mileage, and pupil roster information, and report the pupil transportation data to District personnel, who in turn submit it to the Pennsylvania Department of Education (PDE) for reimbursement purposes. The District does not, however, verify the contractors’ data, nor do they have support documentation on file. As a result, the District does not have a clear understanding if what they are paying the contractor is appropriate.

Pupil Counts

Our audit found that pupils were added to and deleted from pupil rosters, for both of the District’s contractors, after the pupil rosters were approved by the board. The District’s secretaries at the various school buildings contact the contractors directly to add or delete the students; however, they failed to retain the supporting documentation that identified students that were added or deleted during the school year.

Mileage Reports

The monthly mileage reports for one of the District’s contractors failed to identify odometer readings between all bus stops and the school. The monthly mileage reports identified odometer readings at the beginning of a run, first pick-up, last drop-off and end of the run.

For the 2009-10 school year, this contractor was reimbursed \$42,000 by the District to provide routing services through a bus transportation tracking program. These reports were provided to the board for approval. The reports track mileage between all stops and the school; however, the District did not use these reports when submitting mileage data to PDE.

It should be noted that the audit found that the mileage on the unused reports was lower than the mileage reports submitted on a monthly basis that are used to calculate the contractor's monthly payments. Consequently, not only did the District spend \$42,000 of taxpayer funds for a tracking program that is not being used, they may possibly be overpaying for the transportation services that the District is receiving.

For the District's other contractors the monthly mileage reports do show mileages between all bus stops and the school. However, the District did not have any actual odometer readings to support the mileage noted.

The lack of detailed bus routes, including odometer readings, resulted in the auditors not being able to confirm that all bus routes and mileages were accurately reported.

Nonreimbursable and Hazardous Pupils

In the 2009-10 school year, the District reported 89 nonreimbursable pupils, and as a result \$10,055 was deducted from the District's transportation reimbursement. Our auditors could not verify if the number of nonreimbursable pupils was accurately reported. District personnel only provided to the auditor a listing with student names and bus stops, and no mileage readings were available to verify if these students were appropriately identified for inclusion as nonreimbursable.

Nonreimbursable pupils are elementary pupils living within 1.5 miles of their school or secondary pupils living within two miles of their school who are transported by a district. Such pupils are not included in the calculations of transportation reimbursement unless they are classified as exceptional children, are being transported to area

vocational-technical schools, or are transported over certified hazardous walking routes.

Our audit found that the hazardous routes certified by the Pennsylvania Department of Transportation (PennDOT) were last updated in August of 1973. Since then the District has not investigated whether additional streets and roads should be classified as hazardous. Hazardous pupils are any pupils living in an area where the highway, road or traffic conditions are such that walking constitutes a hazard to the safety of the child, as certified by PennDOT. In the 39 years since the PennDOT review, some of the Districts' routes, due to increased traffic flow, may now fall into the hazardous classification, which would allow the District to receive funding for pupils previously identified as nonreimbursable pupils.

Nonpublic Pupils

For the 2009-10 school year, the District reported 245 nonpublic pupils. The auditors were unable to verify the accuracy of the number of nonpublic pupils reported to PDE.

Our prior audit finding recommended that District personnel retain the pupil transportation request lists received from the various nonpublic schools, which they did. However, the District does not have any internal control procedures to cross-check the lists received from the nonpublic schools to the lists provided by the contractors. The District receives the transportation request lists from the nonpublic schools at the beginning of the school year, and the contractor submits a list at the end of the school year. It is the contractor's list that the District uses for reporting purposes. Our auditors determined that students who enter or withdraw during the school year were not reported because the contractor's list only identifies students who were being transported as of the last day of school.

Districts that provide pupil transportation to nonpublic pupils receive \$385 per pupil. By not reporting students who withdrew during the year the District may have lost nonpublic pupil transportation reimbursement.

The number of pupils transported, daily mileage, hazardous pupil counts, nonreimbursable pupil counts, and the number of nonpublic pupils transported are all integral parts of the pupil transportation reimbursement formula and must be reported and maintained in accordance with State Board of Education regulations and PDE guidelines and instructions.

As a result of District personnel's failure to prepare and/or retain support documentation, we were unable to verify that the District received the correct reimbursement for pupil transportation services.

Chapter 23 of the State Board of Education regulations makes it clear that the responsibility for accurate submission of data to PDE lies solely with the District, not the contractor.

Fuel Use Control

The District purchased 128,071 gallons of tax-exempt fuel during the 2009-10 school year at a total cost of \$292,970.

Through amendments to the Liquid Fuels Tax Act and Fuel Use Tax Act, the Legislature of the Commonwealth of Pennsylvania made available to various entities, including political subdivisions, the right to purchase liquid fuels tax-exempt. A school district is considered a political subdivision and is therefore entitled to the purchase of tax-exempt fuel.

Our audit found records were not available at the District to verify that the tax-exempt fuel purchased was used for the exclusive purpose of transporting students. The lack of actual documentation to support the use of the tax-exempt fuel allows for the potential misuse of the fuel. Our prior audit finding recommended the District use fuel logs to record the date the fuel was dispensed, the amount of fuel dispensed, the vehicle number, the vehicle driver and the actual purpose of the fuel use, which they did. However, internal controls do not exist to separate the amount of fuel used for regular transportation (to-and-from school) from the amount used for extracurricular activities.

Criteria relevant to the finding:

Pennsylvania statutes (75 Pa C.S.A § 9004(e)) provide that fuel used by political subdivisions of the Commonwealth, which includes school districts, is exempt from the state's Liquid Fuels and Fuels Tax.

Fuel used for extra-curricular activities is not an allowable expense to be included for reimbursement. Again, without the support documentation clearly showing fuel expenses for to-and-from school transportation, the auditors could not determine the accuracy of the District's transportation reimbursement.

Recommendations

The *Conneaut School District* should:

1. Prepare and retain complete daily mileage and pupil rosters identifying miles with and without pupils for each bus run, including odometer readings between all bus stops, and retain supporting documentation for all changes.
2. Ensure the accurate reporting of the nonpublic pupils, the nonreimbursable pupils, and approved hazardous route pupils transported.
3. Update District routes with PennDOT to ensure that all hazardous routes are properly identified for reimbursement purposes.
4. Review transportation reports submitted to PDE for years subsequent to our audit and ensure the reported information is accurate, and that supporting documentation is on file to support mileage for each bus. Submit any revisions to PDE.
5. Establish procedures to monitor the fuel use to ensure all tax-exempt fuel purchased is used for transportation to and from school only.

Management Response

Management stated the following:

“Conneaut will continue working with bus contractors to establish procedures for adequate fuel usage controls. The District will go back and review reports for non-public students as well as require comprehensive lists from contractors. Any additions/deletions to routes will flow through BO [Business Office] and odometer readings will be provided on a regular basis. The District will also review and update hazardous routes with PennDOT.”

Finding No. 2

School Bus Drivers' Qualifications Deficiencies

Criteria relevant to the finding:

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 for certain criminal offenses, that in certain circumstances, would prohibit the individual from being hired.

In addition, Section 111 requires an FBI fingerprint record check for all employees hired on or after April 1, 2007, and further states:

“Administrators shall maintain on file with the application for employment a copy of the Federal criminal history record in a manner prescribed by the Pennsylvania Department of Education.”

Chapter 23 of the State Board of Education Regulations indicates the board of directors of a school district is responsible for the selection and approval of eligible operators who qualify under the law and regulations.

Our audit of the Conneaut School District's school bus drivers' qualifications for the 2011-12 school year found that not all records were on file at the time of audit.

Several different state statutes and regulations establish the minimum required qualifications for school bus drivers. The purpose of these requirements is to ensure the safety and welfare of the students transported in school buses.

We reviewed the personnel records of 56 of 116 contracted bus drivers currently employed by the CSD. Of the 56 drivers, 39 from one contractor were chosen when the auditor noted possible concerns with the federal criminal history forms. The remaining drivers were selected at random.

Our audit found that the District did not have on file at the time of the audit the Pennsylvania criminal history record for one driver and the federal criminal history records for three drivers. In addition, the District had invalid federal criminal history records for 14 additional drivers.

Effective December 1, 2008, the Pennsylvania Department of Education (PDE) began using new procedures for obtaining federal criminal history background checks of prospective public school and private school employees and their contractors. Under the new system, PDE will provide access to federal criminal history record information records online to approved hiring entities (public and private schools) via a secure website.

District personnel were aware of the change in procedures but failed to have all valid federal criminal history records on file for one contractor.

The deficiencies identified by our audit included 17 drivers, as follows:

- For seven drivers, the District had on file the “unofficial copy” provided to the applicant, which cannot be used as the “official copy” that is to be reviewed by the District.

- Four drivers had clearances from a neighboring district where the contractor maintains a hub.
- Three drivers did not have federal criminal history records on file.
- One driver did not have the correct federal criminal history record on file. This driver had a fingerprint clearance done by the Federal Bureau of Investigation through the Pennsylvania Department of Public Welfare (PDPW). The PDPW's clearance only looks for abuse violations and not criminal violations.
- Two drivers' federal history records on file were missing pages, and their criminal conviction information could not be confirmed.

By not having required bus drivers' qualification documents on file at the District, the District was not able to review the documents to determine whether all drivers were qualified to transport students. If unqualified drivers transport students, there is an increased risk to the safety and welfare of students.

The failure to obtain the qualification documents could result in a driver whose suitability to have direct contact with children is questionable.

On May 24, 2012, we informed District management of the missing documentation and instructed them to immediately obtain the necessary documents, so they could ensure the drivers are properly qualified to have direct contact with children.

As of June 1, 2012, District personnel provided a copy of the federal criminal history clearance for only 2 of the 17 drivers noted previously. These two clearances indicated that neither driver had a record.

In reviewing the qualifications of school bus drivers, the Auditor General (AG) looks for serious crimes not included in Section 111 of the Public School Code, as well as Section 111 crimes where the convictions are beyond the five-year look back period.

Three of the District's current drivers have criminal convictions defined by the AG as serious crimes that occurred beyond the five-year look back period. The District is aware of these convictions and places high reliance on the contractors' hiring process before the drivers are brought to the board for final approval.

While these crimes do not disqualify individuals absolutely from employment, we believe they clearly relate to an applicant's suitability to work closely with children and should therefore at least be considered on a case-by case basis in evaluating on applicant's overall qualifications.

Recommendations

The *Conneaut School District* should:

1. Ensure all bus driver's qualifications documents are on file prior to hiring them to transport students.
2. Ensure that all the bus driver's personnel files are kept up-to-date.
3. Ensure that all future federal criminal record checks are done in accordance with the prescribed method of PDE.

Management Response

Management stated the following:

“A procedure has been put in place to obtain all necessary documentation. However, due to clerical errors the original documents may have been misplaced in some instances. There will be a review of all files to make sure every driver has the required documents. Further, it has been discussed with contractors what the expectations are as well as obtaining original FBI clearances [federal criminal history records] directly rather than secondary.”

Observation

Membership Reporting Errors and Lack of Internal Controls Resulted in the District Not Receiving Its Entitled Reimbursement

Criteria relevant to the observation:

According to PDE's 2009-10 *PIMS User Manual*, all Pennsylvania LEAs must submit data templates as part of the 2009-10 child accounting data collection. PIMS data templates define fields that must be reported. Four important data elements from the Child Accounting perspective are: District Code of Residence; Funding District Code; Residence Status Code; and Sending Charter School Code.

In addition, other important fields used in calculating state education subsidies are: Student Status; Gender Code; Ethnic Code Short; Poverty Code; Special Education; Level of English Proficiency Participation; Migrant Status; and Location Code of Residence. Therefore, PDE requires that student records are complete with these data fields.

Additionally, according to the *Federal Information Systems Control Manual (FISCAM)*, a business entity should implement procedures to reasonably assure that: (1) all data input is done in a controlled manner; (2) data input into the application is complete, accurate, and valid; (3) incorrect information is identified, rejected, and corrected for subsequent processing; and (4) the confidentiality of data is adequately protected.

Beginning with the 2009-10 school year, the Pennsylvania Department of Education (PDE) now bases all local education agencies' (LEA) state subsidy calculations on the student record data it receives in the Pennsylvania Information Management System (PIMS). PIMS is a statewide longitudinal data system or "data warehouse," designed to manage and analyze individual student data for each student served by Pennsylvania's Pre-K through Grade 12 public education systems. PIMS replaces PDE's previous reporting system, the Child Accounting Database (CAD), which PDE ran concurrently until it brought PIMS completely online. PDE no longer accepts child accounting data through the CAD system.

Because PDE now uses the data in PIMS to determine each LEA's state subsidy, it is vitally important that the student information entered into this system is accurate, complete, and valid. Moreover, anytime an entity implements a computer system of this magnitude, there is an increased risk that significant reporting errors could be made. LEA's must ensure that they have strong internal controls to mitigate these risks to their data's integrity. Without such controls, errors could go undetected and subsequently cause the LEA to receive the improper amount of state reimbursement.

Our review of the LEA's controls over data integrity found that internal controls need to be improved. Specifically, our review found that the District does not have adequate procedures in place to ensure continuity over its PIMS data submission in the event of a sudden change in personnel or child accounting vendors.

Additionally, our review of pupil membership for the 2009-10 school year found an error in the reporting of pupil membership days for children placed in private homes. The error resulted in an underpayment of \$8,749. The District misclassified one student as an out-of-state student instead of a child placed in a private home.

Section 1305 of the Public School Code provides for Commonwealth payment of tuition for children placed in private homes.

Section 2503(c) of the Public School Code provides, in part:

“Each school district, regardless of classification, which accepts any nonresident child in its school under the provisions of section one thousand three hundred five . . . shall be paid by the Commonwealth an amount equal to the tuition charge per elementary pupil or the tuition charge per secondary pupil as the case may be. . . .”

The error resulted in a discrepancy on the PIMS Instructional Time and Membership Report, an understatement of 179 non-resident secondary membership days.

Nonresident pupil membership data must be maintained and reported in accordance with PDE guidelines and instructions, since this is a major factor in determining the Commonwealth’s payments of tuition for children placed in private homes.

We have provided PDE with a report detailing the error for use in recalculating the District’s tuition for children placed in private homes.

Recommendations

The *Conneaut School District* should:

1. Prepare documented procedures (e.g. procedure manuals, policies, written instructions, etc.) to ensure continuity over PIMS data submission.
2. Cross-train individual(s) to familiarize them with PDE’s child accounting reporting requirements and PIMS reporting procedures in the event of a sudden change in personnel.
3. Carefully perform an internal audit prior to submission of pupil membership reports to PDE to ensure all students are classified correctly.
4. Review reports for school years subsequent to our audit years for pupil classification accuracy, and revise them if necessary.

The *Pennsylvania Department of Education* should:

5. Adjust the District’s allocations to resolve the underpayment of \$8,749.

Management Response

Management stated the following:

“Cross training and procedure manuals will be implemented in fiscal year 2012-13.”

Status of Prior Audit Findings and Observations

Our prior audit of the Conneaut School District (CSD) for the school years 2007-08 and 2006-07 resulted in two reported findings. The first finding pertained to transportation and the second finding pertained to bus driver 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 CSD Board's written response provided to the Pennsylvania Department of Education (PDE), performed audit procedures, and questioned District personnel regarding the prior findings. As shown below, we found that the CSD did not implement recommendations related to either finding.

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

Finding No. 1: Internal Control Weaknesses and Lack of Adequate Documentation Supporting Pupil Transportation Reimbursement and Use of Tax-Exempt Fuel

Finding Summary: Our prior audit of the District's pupil transportation operations for the 2007-08 school year found internal control weaknesses and a lack of documentation to support pupil transportation reimbursements of \$1,945,475, and the use of 131,728 gallons of tax-exempt fuel.

Recommendations: Our audit finding recommended that the CSD:

1. Prepare and retain complete daily mileage and pupil rosters identifying miles with and without pupils for each bus run, including odometer readings between all bus stops, and retain supporting documentation for all changes.
2. Ensure the accurate reporting of the non-reimbursable and approved hazardous route pupils transported.
3. Prepare and retain supporting documentation to support the nonpublic pupils transported.
4. Review transportation reports submitted to PDE for the school years subsequent to our audit and ensure the reported information is accurate, and that supporting documentation is on file to support mileage reported for each bus.
5. Establish procedures to monitor the fuel use to ensure all tax-exempt fuel purchased is used for school-related purposes only.

Current Status: During our current audit procedures we found that the CSD did not implement the recommendations. (Please refer to finding one in the current report.)

Finding No. 2: Failure to Have All School Bus Drivers' Qualifications On File

Finding Summary: Our prior audit of the District's school bus drivers' qualifications for the 2008-09 school year found not all records were on file at the District at the time of our audit.

Recommendations: Our audit finding recommended that the CSD:

1. Ensure that the District's transportation coordinator reviews each driver's qualifications prior to that person transporting students.
2. Maintain files, separate from the transportation contractors, for all District drivers, and work with the contractors to ensure that the District's files are up-to-date and complete.
3. Obtain criminal history checks through the Pennsylvania State Police for each driver whose records were obtained through the third party company.

Current Status: During our current audit procedures we found that the CSD did not implement the recommendations. (Please refer to finding two in the current report.)

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:

The Honorable Tom Corbett
Governor
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