

GOVERNOR MIFFLIN SCHOOL DISTRICT  
BERKS COUNTY, PENNSYLVANIA  
PERFORMANCE AUDIT REPORT

JULY 2012



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

Mr. James Ulrich, Board President  
Governor Mifflin School District  
10 South Waverly Street  
Shillington, Pennsylvania 19607

Dear Governor Corbett and Mr. Ulrich:

We conducted a performance audit of the Governor Mifflin School District (GMSD) to determine its compliance with applicable state laws, contracts, grant requirements, and administrative procedures. Our audit covered the period August 7, 2009 through November 4, 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 GMSD complied, in all significant respects, with applicable state laws, contracts, grant requirements, and administrative procedures, except as detailed in the 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 GMSD's management and their responses are included in the audit report. We believe the implementation of our recommendations will improve GMSD's operations and facilitate compliance with legal and administrative requirements. We appreciate the GMSD's cooperation during the conduct of the audit.

Sincerely,

/s/

JACK WAGNER  
Auditor General

July 10, 2012

cc: **GOVERNOR MIFFLIN SCHOOL DISTRICT** Board Members



## **Table of Contents**

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	Page
Executive Summary .....	1
Audit Scope, Objectives, and Methodology .....	3
Findings and Observations .....	6
Finding – Possible Certification Deficiencies .....	6
Status of Prior Audit Findings and Observations .....	8
Distribution List .....	9



## **Executive Summary**

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### **Audit Work**

The Pennsylvania Department of the Auditor General conducted a performance audit of the Governor Mifflin School District (GMSD). Our audit sought to answer certain questions regarding the District's compliance with applicable state laws, contracts, grant requirements, and administrative procedures.

Our audit scope covered the period August 7, 2009 through November 4, 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 GMSD encompasses approximately 40 square miles. According to 2011 local census data, it serves a resident population of 28,628. According to District officials, in school year 2009-10 the GMSD provided basic educational services to 4,285 pupils through the employment of 322 teachers, 264 full-time and part-time support personnel, and 23 administrators. Lastly, the GMSD received more than \$11.9 million in state funding in school year 2009-10.

### **Audit Conclusion and Results**

Our audit found that the GMSD complied, in all significant respects, with applicable state laws, contracts, grant requirements, and administrative procedures, except for one compliance-related matter reported as a finding.

#### **Finding: Possible Certification**

**Deficiencies.** Our audit of professional employees' certification for the period August 6, 2009 through October 21, 2011, found two professional employees may be teaching without the proper certificates (see page 6).

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

**Observations.** There were no findings and observations included in our prior audit report.





## 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 7, 2009 through November 4, 2011, except for the verification of professional employee certification which was performed for the period August 6, 2009 through October 21, 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 Pennsylvania 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 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 GMSD'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?

- ✓ 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 buy-out 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, 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.

GMSD 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.

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 bus driver qualifications, professional employee certification, 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 GMSD operations.

## Findings and Observations

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### Finding

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*Criteria relevant to the finding:*

Section 1202 of the Public School Code (PSC) provides, in part:

No teacher shall teach, in any public school, any branch which he has not been properly certificated to teach.

Section 2518 of the PSC provides, in part:

[A]ny school district, intermediate unit, area vocational-technical school or other public school in this Commonwealth that has in its employ any person in a position that is subject to the certification requirements of the Department of Education but who has not been certificated for his position by the Department of Education . . . shall forfeit an amount equal to six thousand dollars (\$6,000) less the product of six thousand dollars (\$6,000) and the district's market value/income aid ratio.

### Possible Certification Deficiencies

Our audit of professional employees' certification for the period August 6, 2009 through October 21, 2011, found two professional employees may be teaching with lapsed certificates. One served as an elementary teacher and the other as a secondary guidance counselor.

The elementary certified teacher may have served with a lapsed certificate from January 2011 through our fieldwork completion date. The secondary guidance certified counselor may have served with a lapsed certified from January 2011 through June 2011. The possible deficiencies were caused by a lack of procedures to track years of service for all individuals who are not permanently certified.

Information pertaining to the possible deficiencies was submitted to the Bureau of School Leadership and Teacher Quality (BSLTQ), Pennsylvania Department of Education (PDE), for their review. If BSLTQ confirms the deficiencies, the District would be subject to a subsidy forfeiture of \$3,172 for the 2010-11 school year. The subsidy forfeiture attributable to the 2011-12 school year cannot be computed at this time because necessary information is not yet available from PDE.

### Recommendations

The *Governor Mifflin School District* should:

1. Upon receipt of BSLTQ's response regarding determination of the possible deficiencies, take the necessary action required to ensure compliance with certification regulations.
2. Implement procedures to track years of service for all individuals who are not permanently certified.

The *Pennsylvania Department of Education* should:

3. Adjust the District's allocations to resolve any subsidy forfeiture which may be levied.

**Management Response**

Management stated the following:

Inactive Certificate – An employee was hired based on the information provided which included a copy of the teaching certificate. In review of records, it was discovered the employee was actually working on an inactive certificate. The district immediately removed the employee as the primary classroom contact until the certificate was valid.

Specialist Level I – The district awarded an employee a transfer from a school nurse to a guidance counselor. In doing so, the Level I specialist certificate was being utilized. However, the employee was not aware of the need to obtain a Level II Specialist certificate and the district inadvertently did not put the employee on the list of staff needing to acquire Level II certification.

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

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**O**ur prior audit of the Governor Mifflin School District resulted in no findings or observations.

## **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.auditor.gen.state.pa.us](http://www.auditor.gen.state.pa.us), and the following:

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

The Honorable Ronald J. Tomalis  
Secretary of Education  
1010 Harristown Building #2  
333 Market Street  
Harrisburg, PA 17126

The Honorable Robert M. McCord  
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This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, PA 17120. If you have any questions regarding this report or any other matter, you may contact the Department of the Auditor General by accessing our website at [www.auditorgen.state.pa.us](http://www.auditorgen.state.pa.us).

