

JEFFERSON-MORGAN SCHOOL DISTRICT  
GREENE COUNTY, PENNSYLVANIA  
PERFORMANCE AUDIT REPORT

JANUARY 2011



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

Mr. Mark Pochron, Board President  
Jefferson-Morgan School District  
1351 Jefferson Road  
P.O. Box 158  
Jefferson, Pennsylvania 15344

Dear Governor Corbett and Mr. Pochron:

We conducted a performance audit of the Jefferson-Morgan School District (JMSD) to determine its compliance with applicable state laws, regulations, contracts, grant requirements and administrative procedures. Our audit covered the period December 18, 2008 through March 19, 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 JMSD complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures, except as detailed in the finding noted in this report. A summary of the results is presented in the Executive Summary section of the audit report.

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

Sincerely,

/s/

JACK WAGNER  
Auditor General

January 21, 2011

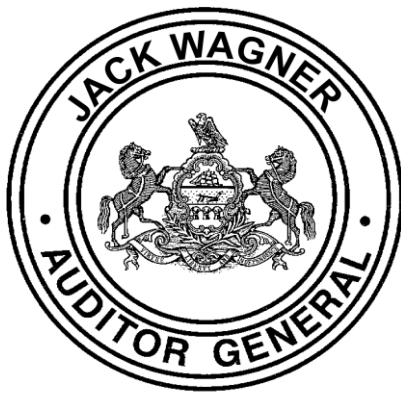
cc: **JEFFERSON-MORGAN SCHOOL DISTRICT** Board Members

## **Table of Contents**

---

---

	Page
Executive Summary .....	1
Audit Scope, Objectives, and Methodology .....	3
Findings and Observations .....	6
Finding - School Bus Drivers' Qualifications Deficiencies .....	6
Status of Prior Audit Findings and Observations .....	9
Distribution List .....	11



## **Executive Summary**

---

---

### **Audit Work**

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

Our audit scope covered the period December 18, 2008 through March 19, 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 JMSD encompasses approximately 47 square miles. According to 2000 federal census data, it serves a resident population of 6,142. According to District officials, in school year 2007-08, the JMSD provided basic educational services to 881 pupils through the employment of 79 teachers, 34 full-time and part-time support personnel, and 9 administrators. Lastly, the JMSD received more than \$7.4 million in state funding in school year 2007-08.

### **Audit Conclusion and Results**

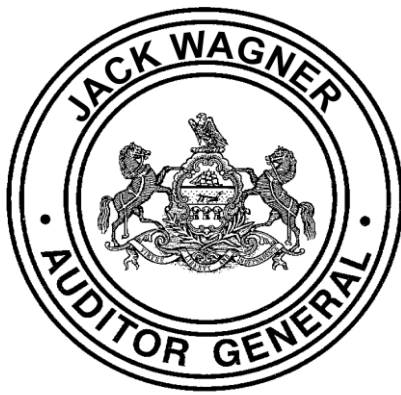
Our audit found that the JMSD complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures, except for one compliance-related matter reported as a finding.

#### **Finding: School Bus Drivers'**

**Qualifications Deficiencies.** Our audit of current bus drivers' qualifications found that certain records were missing such as drivers' licenses, physical exam certifications, criminal histories, and child abuse clearance certificates (see page 6).

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

**Observations.** Our audit of the JMSD for the 2005-06 and 2004-05 school years resulted in no findings or observations.





## 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 December 18, 2008 through March 19, 2010, except for the verification of professional employee certification which was performed for the period July 1, 2009 through December 31, 2009.

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 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 JMSD'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?

- ✓ 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?
- ✓ 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?
- ✓ Is the District taking appropriate steps to ensure school safety?

## 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.

JMSD 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 bus drivers' qualifications, professional employee certification, state ethics compliance, and financial stability.
- Items such as Board meeting minutes, and pupil membership records.

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

## Findings and Observations

---

---

### Finding

---

*Criteria relevant to the finding:*

Section 111 of the Public School Code (PSC) 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 111(c.1) also requires an FBI fingerprint criminal history record check for all employees hired on or after April 1, 2007.

Similarly, Section 6355 of the Child Protective Services Law (CPSL) requires prospective school employees to submit an official child abuse clearance statement obtained from the Pennsylvania Department of Public Welfare. This CPSL prohibits the hiring of an individual determined by a court to have committed child abuse.

### School Bus Drivers' Qualifications Deficiencies

Our review of 2009-10 bus drivers' qualifications found a lack of documentation.

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

1. Possession of a valid driver's license;
2. Completion of school bus driver skills and safety training;
3. Passing a physical examination;
4. Lack of convictions for certain criminal offenses; and
5. Official child abuse clearance statement.

The first three requirements were set by regulations issued by the Pennsylvania Department of Transportation. The fourth and fifth requirements were set by the PSC and the CPSL, respectively.

We reviewed the personnel records of all 26 drivers currently employed by the Jefferson-Morgan School District (JMSD) transportation contractor. Our initial review of records obtained from the District found the following irregularities:

1. Nine drivers did not have a valid driver's license;
2. Nine drivers did not have a valid physical examination certificate;
3. Eight drivers did not have a state criminal history record;

4. Five drivers did not have a child abuse clearance statement; and
5. Three drivers did not have federal criminal history records.

On January 26, 2010, we informed JMDS management of the missing documentation and instructed them to obtain the necessary documents. On February 2, 2010, District personnel provided us with the necessary documentation. We verified that the drivers' did have proper qualifications to continue to have direct contact with children.

### **Recommendations**

The *Jefferson-Morgan School District* should:

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.

### **Management Response**

Management stated the following:

It was disclosed that full and current documentation for some of the [contractor's] bus drivers, including those hired during the course of the school year, had not been forwarded to the Jefferson-Morgan School District business office for approval per the district procedure.

Current procedure is as follows:

- [The contractor] compiles a list of employees to drive bus for the upcoming school year in August of each year and sends a copy of all documentation (licenses, certifications, physicals, and clearances) for each of the drivers for the school district file.
- Jefferson-Morgan School District obtains approval of the list of drivers at the August School Board of Directors meeting.

- Jefferson-Morgan business office notifies [the contractor] that the drivers were approved to drive for the coming year.

Corrective Action:

- Continue to follow the current procedure with the following steps added:
- [The contractor] will be notified in writing that no driver, substitute or otherwise, may begin driving until notification, documentation, and school board approval is obtained for all drivers, including those hired after the initial approval in August.
- To insure ongoing communication, the business manager will request a written update of all employees, including substitutes, be submitted to the business office by the fifth day of each month. Any changes to the list will be noted and copies of documentation will be obtained for the district file. Any new hire will be board approved at the next meeting of the month that the request was submitted.
- [The contractor] will be notified in writing that the amended list of drivers was approved and as such are eligible to transport our students.

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

---

---

**O**ur prior audit of the Jefferson-Morgan School District resulted in no findings or observations.





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

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

The Honorable Thomas E. Gluck  
Acting Secretary of Education  
1010 Harristown Building #2  
333 Market Street  
Harrisburg, PA 17126

The Honorable Robert M. McCord  
State Treasurer  
Room 129 - Finance Building  
Harrisburg, PA 17120

Ms. Barbara Nelson  
Director, Bureau of Budget and  
Fiscal Management  
Department of Education  
4th Floor, 333 Market Street  
Harrisburg, PA 17126

Dr. David Wazeter  
Research Manager  
Pennsylvania State Education Association  
400 North Third Street - Box 1724  
Harrisburg, PA 17105

Dr. David Davare  
Director of Research Services  
Pennsylvania School Boards Association  
P.O. Box 2042  
Mechanicsburg, PA 17055

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).

