

SHENANDOAH VALLEY SCHOOL DISTRICT  
SCHUYLKILL COUNTY, PENNSYLVANIA  
PERFORMANCE AUDIT REPORT

OCTOBER 2009

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

Mr. Christopher Knapp, Board President  
Shenandoah Valley School District  
805 West Centre Street  
Shenandoah, Pennsylvania 17976

Dear Governor Rendell and Mr. Knapp:

We conducted a performance audit of the Shenandoah Valley School District (SVSD) to determine its compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures. Our audit covered the period August 25, 2006 through February 18, 2009, 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, 2007, 2006, and 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 SVSD 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. 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 finding, observation and recommendations have been discussed with SVSD's management and their responses are included in the audit report. We believe the implementation of our recommendations will improve SVSD's operations and facilitate compliance with legal and administrative requirements. We appreciate the SVSD's cooperation during the conduct of the audit and their willingness to implement our recommendations.

Sincerely,

/s/

**JACK WAGNER**  
Auditor General

October 8, 2009

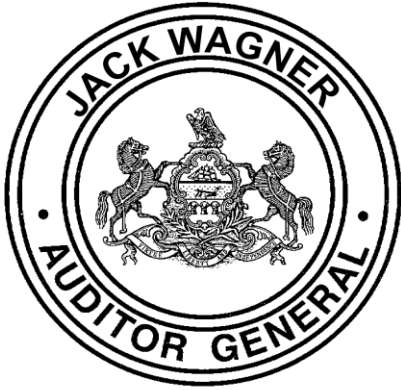
cc: **SHENANDOAH VALLEY SCHOOL DISTRICT** Board Members

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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 Shenandoah Valley School District (SVSD). 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 SVSD in response to our prior audit recommendations.

Our audit scope covered the period August 25, 2006 through February 18, 2009, 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, 2006-07, 2005-06, and 2004-05.

### **District Background**

The SVSD encompasses approximately 11 square miles. According to 2000 federal census data, it serves a resident population of 11,790. According to District officials, in school year 2007-08 the SVSD provided basic educational services to 1,160 pupils through the employment of 84 teachers, 50 full-time and part-time support personnel, and 5 administrators. Lastly, the SVSD received more than \$7.3 million in state funding in school year 2007-08.

### **Audit Conclusion and Results**

Our audit found that the SVSD 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 matters reported as a finding and one matter unrelated to compliance that is reported as an observation.

**Finding: Continued Inadequate Control of Student Activity Fund.** Our audit of school records for the 2007-08 school year found that SVSD personnel continued to fail to adhere to the policy established by the board. Also, SVSD personnel failed to provide adequate guidelines for ensuring proper internal controls over the student activity fund (SAF). Furthermore, the SAF advisors and student officers did not maintain adequate supporting documentation for the management of the student activity accounts (see page 6).

**Observation: Continued Internal Control Weaknesses in Administrative Policies Regarding Bus Drivers' Qualifications.** Our audit found that the SVSD continued to not have written policies or procedures in place to ensure that they are notified if current employees have been charged with or convicted of serious criminal offenses, which should be considered for the purpose of determining an individual's continued suitability to be in direct contact with children (see page 9).

**Status of Prior Audit Findings and**

**Observations.** With regard to the status of our prior audit recommendations to the SVSD from an audit we conducted of the 2003-04 and 2002-03 school years, we found the SVSD had taken appropriate corrective action in implementing our recommendations pertaining to pupil transportation, bus driver qualifications, expenditure contracts, certification, and catering. We found the SVSD had not taken appropriate corrective action in implementing our recommendations pertaining to student activities and bus driver qualification administrative policies (see page 11).

With regard to the status of the Office of Special Investigations (OSI) audit, we concluded that the SVSD has taken appropriate corrective action in implementing OSI's recommendations pertaining to membership for 1302 students (see page 17).

## 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 25, 2006 through February 18, 2009, except for the verification of professional employee certification which was performed for the period July 6, 2006 through December 31, 2008.

Regarding state subsidy and reimbursements, our audit covered school years 2007-08, 2006-07, 2005-06 and 2004-05.

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 SVSD'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?



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

SVSD 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 SVSD operations.

Lastly, we determined the status of our audit recommendations made in a prior audit report released on November 14, 2008. We then performed additional audit procedures targeting the previously reported matters.

## Findings and Observations

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### Finding

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*Criteria relevant to this finding:*

Section 511 (a) and (d) provides, in part:

The board of school directors in every school district shall prescribe, adopt, and enforce such reasonable rules and regulations as it may deem proper, regarding (1) the management, supervision, control, or prohibition of exercises, athletics, or games of any kind, school publications, debating, forensic, dramatic, musical, and other activities related to the school program, including raising and disbursing funds for any or all such purposes and for scholarships, and (2) the organization, management, supervision, control, financing, or prohibition of organizations, clubs, societies and groups of the members of any class or school...

Pennsylvania Association of School Business Officials (PASBO) Activity Fund Guidelines state, in part:

Student accounts that are primarily controlled by the district (as opposed to the students) should be accounted for within the General Fund, rather than the SAF.

### Continued Inadequate Control of Student Activity Fund

Our audit of school records for the 2007-08 school year found that District personnel failed to adhere to the student activity fund (SAF) policy established by the board. Also, District personnel failed to provide adequate guidelines for ensuring proper internal controls over the SAF.

Furthermore, the SAF advisors and student officers did not maintain adequate supporting documentation for the management of the student activity accounts. The lack of guidelines resulted in:

- a lack of documentation supporting fund-raising activities;
- a lack of SAF by-laws and board meeting minutes;
- inclusion of inactive student activity accounts; and
- inclusion of non-student account and general fund purchases made through this fund.

### Lack of Documentation Supporting Fund-Raising Activities

Our review of the SAF fund-raising activities found a lack of information outlining the financial success or failure of particular fund-raisers. Moreover, our assessment found a lack of documentation for the reported revenue raised from the fund-raisers and how the money was expended to benefit the group, society or organization.

The practice of not documenting fund-raising revenues and expenditures could potentially lead to fraud and/or the theft or misuse of student activity monies.

The SAF should not be used to circumvent management or purchasing decisions made for the school district by the board or administration.

### Lack of SAF By-Laws and Board Meeting Minutes

Our review of the District's SAF found that the student organizations lacked by-laws, as well as, board meeting minutes. This lack of documentation prevented us from verifying whether the expenditures from each activity fund were appropriate. We were unable to verify if the expenditures from each activity account were proper due to the lack of by-laws and minutes.

### Inactive Student Activity Accounts

As of June 30, 2008, there were eight inactive student activity accounts that had accumulated unused balances. The eight inactive accounts had amassed a balance totaling \$8,854. Board policy states that after one year, any funds remaining from a disbanded organization may be transferred into the Junior-Senior High School Trust account.

Properly monitoring inactive account balances helps to ensure that the students who raised the money and participated in the activity used the revenue. Accumulated balances can also lead to the misuse of student activity monies.

### Inclusion of Non-student Account and General Fund Purchases made Through this Account

In addition, the District's SAF included a non-student account balance for a hospitality fund. The hospitality fund derives their funds from snack machines in the District. District policy states that the account may be used at the discretion of the administration. However, the policy also states that the individuals who provide the funds should benefit from this account. The snack machines are located in such an area that students would be, for the most part, the source of the monies collected.

## Recommendations

The *Shenandoah Valley School District* should:

1. Adopt detailed written policies and procedures for the administration and accountability of student activity accounts in accordance with the provisions of Section 511 of the Public School Code and the PASBO Activity Fund Guidelines.
2. Require the activities' organization advisors and students to maintain detailed records for fund-raising activities, i.e., total amounts raised, total amounts spent, sales per student, dates of any deposits made identifying which fund-raiser the deposit represents, and how the revenue raised as a result of the fund-raiser is spent to benefit a particular organization.
3. Require the SAF organizations to adopt by-laws to maintain accountability and require students and advisors to maintain meeting minutes that document student participation in fundraiser and disbursement decisions.
4. Ensure inactive accounts are transferred to the Junior-Senior High School Trust account according to board policy.
5. Ensure only student related accounts are included in the SAF and that non-student related accounts follow board policy. General fund transactions, such as the hospitality account should not be run through the SAF.

## Management Response

Management stated the following:

Management plans on incorporating auditor recommendations to strengthen student activity fund procedures including (but not limited to) the following:

- better documentation;
- bylaws and minutes for each student activity fund;
- student officers for each student activity fund;
- more student involvement in each student activity fund;
- hospitality fund to be transferred to student council or general fund; and
- fidelity coverage to include custodians of accounts.

**Observation** →

**Continued Internal Control Weaknesses in Administrative Policies Regarding Bus Drivers' Qualifications**

*Criteria relevant to this observation:*

Section 111 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, if indicated on the report to have occurred within the preceding five years, would prohibit the individual from being hired.

Similarly, Section 6355 of the CPSL requires prospective school employees to provide an official child abuse clearance statement obtained from the Pennsylvania Department of Public Welfare. The CPSL prohibits the hiring of an individual determined by a court to have committed child abuse.

The ultimate purpose of Section 111 of the Public School Code and Section 6355 of the Child Protective Services Law requirements is to ensure the protection of the safety and welfare of the students transported in school buses. To that end, there are other serious crimes that school districts should consider, on a case-by-case basis, in determining a prospective employee's suitability to have direct contact with children. Such crimes would include those listed in Section 111 but which were committed beyond the five-year look-back period, as well as other crimes of a serious nature that are not on the list at all. School districts should also consider reviewing the criminal history and child abuse reports for current bus drivers on a periodic basis in order to learn of incidents that may have occurred after the commencement of employment.

Our audit of the 2008-09 school year found that there were no other serious crimes, as referred to in the previous paragraph that called into question the applicants' suitability to have direct contact with children.

However, our audit found that the District does not have written policies or procedures in place to ensure that they are notified if current employees have been charged with or convicted of serious criminal offenses, which should be considered for the purpose of determining an individual's continued suitability to be in direct contact with children. This lack of written policies and procedures is an internal control weakness that could result in the continued employment of individuals who may pose a risk if allowed to continue to have direct contact with children.

**Recommendations**

The *Shenandoah Valley School District* should:

1. Develop a process to determine, on a case-by-case basis, whether prospective and current employees of the District have been charged with or convicted of crimes that, even though not barred by state law, affect their inability to have direct contact with children.
2. Implement written policies and procedures to ensure that the District is notified when drivers are charged with or convicted of crimes that call into question their suitability to continue to have direct contact with children.

**Management Response**

Management stated the following:

Management plans on discussing with school solicitor and school board to incorporate Driver Agreement (or facsimile of) as suggested by auditors.

## Status of Prior Audit Findings and Observations

Our prior audit of the Shenandoah Valley School District (SVSD) for the school years 2003-04 and 2002-03 resulted in six reported findings and one observation. Additionally, the Office of Special Investigations' (OSI) report for the 2006-07 school year resulted in one reported finding. The findings and observation are as shown in the following table. As part of our current audit, we determined the status of corrective action taken by the District to implement our prior recommendations. We performed audit procedures, and questioned District personnel regarding the prior findings and observation. As shown below, we found that the SVSD did implement recommendations related to pupil transportation, bus driver qualifications, catering, expenditure contracts and certification. We found the SVSD did not implement our recommendations pertaining to student activities and bus driver qualification administrative policies.

<i>School Years 2003-04 and 2002-03 Auditor General Performance Audit Report</i>		
<i>Prior Recommendations</i>	<i>Implementation Status</i>	
<p><u><i>I. Finding 1: Pupil Transportation Reporting Errors Resulted in a Net Reimbursement Underpayment</i></u></p> <ol style="list-style-type: none"> <li>1. Strengthen system of review to help ensure more accurate reporting of transportation data to the Department of Education (DE).</li> <li>2. Review transportation reports submitted for subsequent years and submit revisions if necessary.</li> <li>3. Institute a system to reconcile reports sent from DE and verify that they are accurate.</li> <li>4. DE should make our recommended data adjustments and reimburse the District an additional \$2,564 to resolve the finding.</li> </ol>	<p><b>Background:</b></p> <p>Our prior audit of the District's pupil transportation data and reports submitted to DE for the 2003-04 and 2002-03 school years found errors that resulted in a net reimbursement underpayment of \$2,564.</p>	<p><b>Current Status:</b></p> <p>We followed up on the SVSD transportation reports for the 2007-08, 2006-07, 2005-06 and 2004-05 school years and found that the SVSD <u>did</u> take appropriate corrective action to improve transportation reporting.</p> <p>As of our fieldwork completion date of February 18, 2009, DE had not made the necessary adjustments to correct the underpayment of state subsidy.</p>



<p><u>II. Finding 2: Lack of Documentation Needed to Verify Bus Drivers' Qualifications</u></p> <ol style="list-style-type: none"><li>1. Immediately obtain the Act 34 clearances to ensure that drivers transporting students in the District possess proper qualifications.</li><li>2. Contact its solicitor to determine if these drivers are suitable for continued employment.</li><li>3. Ensure that the District's transportation coordinator reviews each driver's qualifications prior to that person transporting students.</li><li>4. Maintain files for all District drivers to ensure that the District's files are up-to-date and complete.</li></ol>	<p><b>Background:</b></p> <p>Our prior audit of the District's ten bus drivers' personnel files found that two drivers' files lacked the required child abuse clearance statements. They did not have Act 34 Background Check documentation on file with the District office. Consequently, we could not determine if the two drivers were qualified to transport pupils.</p>	<p><b>Current Status:</b></p> <p>We followed up on the SVSD bus driver records for the 2008-09 school year and found that the SVSD <u>did</u> take appropriate corrective action to ensure all current bus drivers had proper qualifications.</p>
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<p><u>III. Finding 3: Catering Services in Violation of Pennsylvania Labor, Education and Community Services Guidelines</u></p> <ol style="list-style-type: none"> <li>1. Break out all non-school related catering services to ensure that the fees charged for such services will enable the food service operation to at a minimum, breakeven on the event catered.</li> <li>2. Develop a policy governing the operation of the catering service that adheres to Labor, Education and Community Services guidelines.</li> <li>3. Revise the salaries that are not eligible for reimbursement from the Commonwealth for Social Security and retirement purposes.</li> <li>4. Discontinue the use of government commodities if being used for non-school related catering services.</li> </ol>	<p><b>Background:</b></p> <p>Our prior audit of the District’s board meeting minutes and the food service operations for the 2005-06 school year found the District performed catering to the public as a community service. Consequently, the food service department charged fees for catering for non-school related events.</p> <p>The District did not separate the catering function from the everyday operation of the cafeteria; therefore, we were unable to determine if there was an operating profit/loss for the catering business.</p> <p>Our prior audit of the 2005-06 school year annual financial report, salaries and invoices found that the District was not following proper accounting procedures and incorrectly reported catering salaries for individuals who worked the non-school related functions for reimbursement purposes.</p> <p>Furthermore, the District may have used federally provided food supplies for their catering business.</p>	<p><b>Current Status:</b></p> <p>We followed up on the SVSD board minutes and catering for non-school related events for the 2007-08 school year and found that the SVSD <u>did</u> take appropriate corrective action and discontinued catering services.</p>
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<p><u>IV. Finding 4: Inadequate Student Activity Fund Procedures</u></p> <ol style="list-style-type: none"> <li>1. Require the activities' organization advisors and students to maintain detailed records for fund-raising activities, i.e., total amounts raised, total amounts spent, sales per student, dates of any deposits made identifying which fund-raiser the deposit represents, and how the revenue raised as a result of the fund-raiser is spent to benefit a particular organization.</li> <li>2. Require the student activity fund (SAF) organizations to adopt by-laws to maintain accountability and require students and advisors to maintain meeting minutes that document student participation in fundraiser and disbursement decisions.</li> <li>3. Ensure inactive accounts are transferred to the Junior-Senior High School Trust account according to board policy.</li> <li>4. Ensure the District properly bonds the custodians of all student activity accounts.</li> <li>5. Ensure only student related accounts are included in the student activity fund and that non-student related accounts follow board policy.</li> </ol>	<p><b>Background:</b></p> <p>Our prior audit of school records for the 2005-06 school year found that District personnel failed to adhere to the policy established by the board. Also, District personnel failed to provide adequate guidelines for ensuring proper internal controls over the SAF. Furthermore, the SAF advisors and student officers did not maintain adequate supporting documentation for the management of the student activity accounts.</p>	<p><b>Current Status:</b></p> <p>We followed up on the SVSD SAF operations for the 2007-08 school year and found that the SVSD <u>did</u> take appropriate corrective action to ensure SAF custodians had adequate liability insurance. However, SVSD <u>did not</u> take appropriate corrective action to improve SAF policies and procedures (See finding page 6).</p>
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<p><u>V. Finding 5: Board of School Directors Authorized Expenditures Without a Written Contract and Violated Certain Provisions of the Public School Code</u></p> <p>1. In the future, the Board must not proceed with a project of this nature without a signed formal written contract.</p>	<p><b>Background:</b></p> <p>Our prior audit released on June 14, 2004, found several internal control weaknesses with regard to the development of a new building project for the SVSD. These weaknesses included a lack of a signed contract for the purchase of modular classrooms and lack of compliance with Section 731.1 of the Public School Code (PSC) which required DE approval for the use of leased classroom facilities.</p> <p>Our prior audit released on November 14, 2008, found the Board adhered to Section 731.1 for the purchase of modular classrooms. However, we found that the Board failed to adhere to Section 751 of the PSC. The District purchased six modular classrooms for \$244,581 prior to signing the “Proposal and Agreement of Sale.”</p>	<p><b>Current Status:</b></p> <p>We followed up on SVSD’s purchases and found that the SVSD <u>did</u> take appropriate corrective action and entered into a signed contract for the purchase of the modular classrooms on August 23, 2006. No additional building projects have be implemented.</p>
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<p><u>VI. Finding 6: Possible Certification Deficiencies</u></p> <ol style="list-style-type: none"> <li>1. Assign employees to areas for which they have proper certification.</li> <li>2. Ensure all teachers' certificates are current.</li> <li>3. DE should adjust the District's allocations to recover any subsidy forfeiture it deems necessary.</li> </ol>	<p><b>Background:</b></p> <p>Our prior audit released on June 14, 2004, of the professional employees' certificates and assignments for the period December 1, 1999 through May 14, 2004, found that one principal and one elementary teacher may have been working with a lapsed certificate. Additionally, two individuals were employed with no certificates, one was a mathematics teacher and another one was a health and physical education teacher.</p> <p>Our prior audit released on November 14, 2008, of the professional employees' certificates and assignments for the period May 15, 2004 through July 5, 2006, again found that one teacher did not hold certification for the area of assignment as dean of students for the entire school year of 2005-06 and four months in the 2004-05 school year. Also, one employee received emergency certification for secondary mathematics two months after the start of teaching in the 2004-05 school year.</p>	<p><b>Current Status:</b></p> <p>We followed up on the SVSD teachers' certifications for the period July 6, 2006 through December 31, 2008, and found that the SVSD <u>did</u> take appropriate corrective action to ensure all teachers have valid certification for their assignments.</p> <p>On August 28, 2004, Bureau of School Leadership and Teacher Quality, DE cited the District for the individuals in question. DE deducted the subsidy forfeiture in December of 2004.</p> <p>On December 12, 2008, DE determined that the District employees were improperly assigned, and the District would be subject to subsidy forfeitures of \$757 for the 2005-06 school year and \$713 for the 2004-05 school year for a total of \$1,470.</p> <p>DE has scheduled resolution of this finding for June 1, 2009.</p>
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<p><u>VII. OSI Finding : During the first semester of the 2006-07 school year, at least 31 students attended Shenandoah Valley School District under false Verification of Residence/Guardianship forms while not actually residing with or being supported by the purported guardian as required by Section 1302 of the Public School Code of 1949, as amended, and during the second semester, even after corrective measures were instituted by the SVSD administration, at least 23 of those 31 students were still attending SVSD schools in violation of Section 1302.</u></p> <ol style="list-style-type: none"> <li>1. Consult with SVSD’s solicitor regarding SVSD’s legal right and obligation to collect the tuition that is due and owing to it and to pursue the penalties set forth in Section 1302 of the PSC and pertinent provisions of the Crimes Code relative to those persons who provided false information on the Verification of Residence/Guardianship (VRG) forms.</li> <li>2. Enhance SVSD’s policies and procedures by adopting additional methods that may be used to verify compliance with Section 1302, including: a requirement that the student’s guardian provide additional supporting documentation to show that the student is residing with and being supported by the</li> </ol>	<p><b>Background:</b></p> <p>Based on a review of the Permanent Student Record folders for the 2007-08 and 2006-07 school years, the Office of Special Investigations (OSI) found the following:</p> <p>During the first semester of the 2006-07 school year, at least 31 students attended SVSD under false VRG forms while not actually residing with or being supported by the purported guardian as required by Section 1302 of the PSC.</p> <p>During the second semester, even after corrective measures were instituted by the SVSD administration, at least 23 of those 31 students were still attending SVSD schools in violation of Section 1302.</p>	<p><b>Current Status:</b></p> <p>We followed up on the SVSD membership reports for the 2007-08 school year. The SVSD <u>did</u> take appropriate corrective actions to address OSI’s recommendations. SVSD consulted their solicitor to determine if their policies were adequate and if substantial proof of residency was obtained without legal ramification. SVSD implemented additional methods to verify guardianship of 1302 students.</p> <p>The SVSD <u>did not</u> revise or enhance 1302 policies since they believe state guidelines and policies sufficed.</p> <p>Additionally, SVSD was not able to follow up on OSI’s recommendations to collect tuition and revise membership reports to adjust the district’s subsidies. The District believes they complied with the requirements by DE to determine residency. SVSD maintained documentation proving resident status for the remaining students. In addition, they also believe that the new procedures that they have implemented have had a positive impact reducing the 2007-08 school year guardian students down to nine, verified by tax returns and/or other residency documents.</p>
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<p>guardian. SVSD should reference the attachments section of our prior report to determine DE's guidelines and suggestions for the reasonable additional information necessary to substantiate information stated on the VRG forms, and a requirement that the student's guardian file, in addition to the VRG form, contain a more detailed questionnaire that would supplement information contained on the VRG form. SVSD should reference the attachments section of our prior report to determine DE's guidelines and suggestions for more detailed information.</p> <p>3. Add a new section to its Policy and Procedure Manual, titled <i>Enforcement of Residential Status and Due Process Rights</i>, which would include the following statements: SVSD has the responsibility and right to use legal means available to ensure the students enrolled within SVSD schools are legal residents meeting the standards of residency as defined by the PSC and the DE. SVSD and/or other entities will utilize standard investigation procedures and methods, including home visits, surveillance of students, and verification of information with third parties, social agencies, schools and governmental organizations and</p>		
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<p>agencies, when deemed appropriate and necessary, as a means to substantiate actual residency status of students. SVSD recognizes that access to public education is a basic property right and cannot be denied without due process.</p> <p>4. Work with DE to determine and repay the amount of state subsidy that had been overpaid to SVSD for the 2006-07 school year and any other school years.</p> <p>5. Take whatever additional steps it deems appropriate and necessary to ensure compliance with the requirements of the PSC.</p>		
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<p><u>VIII. Observation: Internal Control Weaknesses in Administrative Policies Regarding Bus Drivers' Qualifications</u></p> <ol style="list-style-type: none"> <li>1. Develop a process to determine, on a case-by-case basis, whether prospective and current employees of the District have been charged with or convicted of crimes that, even though not barred by state law, affect their inability to have direct contact with children.</li> <li>2. Implement written policies and procedures to ensure that the District is notified when drivers are charged with or convicted of crimes that call into question their suitability to continue to have direct contact with children.</li> </ol>	<p><b>Background:</b></p> <p>Our prior audit found that the District does not have written policies or procedures in place to ensure that they are notified if current employees have been charged with or convicted of serious criminal offenses, which should be considered for the purpose of determining an individual's continued suitability to be in direct contact with children.</p>	<p><b>Current Status:</b></p> <p>We followed up on the SVSD bus driver policies and procedures for the 2008-09 school year and found that the SVSD <u>did not</u> take appropriate corrective action to ensure that they are notified if current employees have been charged with or convicted of serious criminal offenses, which should be considered for the purpose of determining an individual's continued suitability to be in direct contact with children. (See observation page 9).</p>
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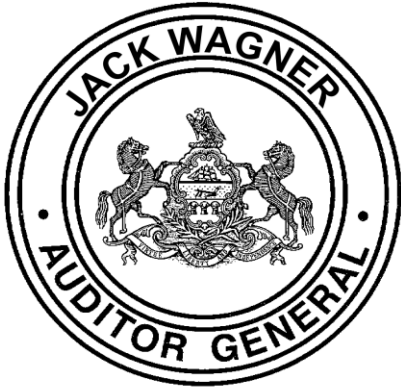
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