

TWIN VALLEY SCHOOL DISTRICT  
BERKS COUNTY, PENNSYLVANIA  
PERFORMANCE AUDIT REPORT

DECEMBER 2009



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

Ms. Marita Sullivan, Board President  
Twin Valley School District  
4851 North Twin Valley Road  
Elverson, Pennsylvania 19520

Dear Governor Rendell and Ms. Sullivan:

We conducted a performance audit of the Twin Valley School District (TVSD) to determine its compliance with applicable state laws, regulations, contracts, grant requirements and administrative procedures. Our audit covered the period May 6, 2005 through April 15, 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. 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 TVSD 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 these results is presented in the Executive Summary section of the audit report.

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

Sincerely,

/s/

JACK WAGNER  
Auditor General

December 11, 2009

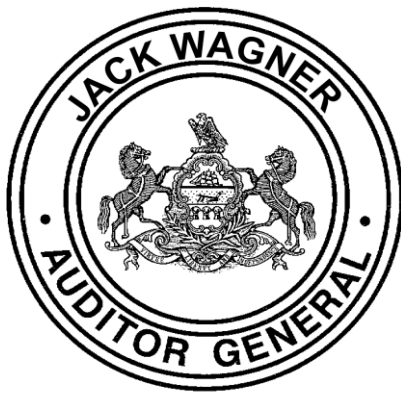
cc: **TWIN VALLEY SCHOOL DISTRICT** Board Members

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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 Twin Valley School District (TVSD). 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 TVSD in response to our prior audit recommendations.

Our audit scope covered the period May 6, 2005 through April 15, 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**

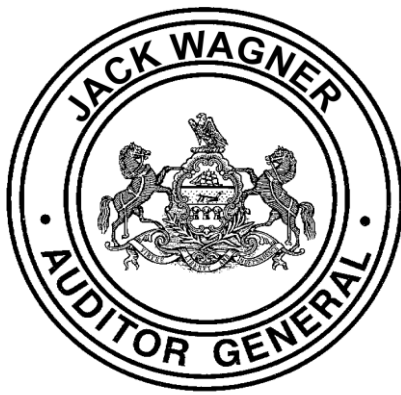
The TVSD encompasses approximately 89 square miles. According to 2000 federal census data, it serves a resident population of 19,771. According to District officials, in school year 2007-08 the TVSD provided basic educational services to 3,496 pupils through the employment of 284 teachers, 159 full-time and part-time support personnel, and 27 administrators. Lastly, the TVSD received more than \$10.6 million in state funding in school year 2007-08.

### **Audit Conclusion and Results**

Our audit found that the TVSD 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: Lack of Memorandum of Understanding and Memorandum Not Updated Timely.** The TVSD does not have a signed Memorandum of Understanding (MOU) with the Robeson Township Police Department. Furthermore, we found that the current MOU with the Caernarvon Police Department was signed March 16, 2001 and has not been updated (see page 6).

**Status of Prior Audit Observation.** With regard to the status of our prior audit recommendations to the TVSD from an audit we conducted of the 2003-04, 2002-03, 2001-02 and 2000-01 school years, we found the TVSD had taken appropriate corrective action in implementing our recommendations pertaining to internal control weaknesses in administrative policies regarding bus drivers' qualifications (see page 8).





## 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 May 6, 2005 through April 15, 2009, except for the verification of professional employee certification which was performed for the period April 2, 2005 through March 24, 2009.

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 Department of Education (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 TVSD'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**

*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.

*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.

TVSD 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 TVSD operations.

Lastly, to determine the status of our audit recommendations made in a prior audit report released on November 9, 2005, we reviewed the TVSD's response to DE dated January 23, 2006. We then performed additional audit procedures targeting the previously reported matters.

## Findings and Observations

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### Finding

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### Lack of Memorandum of Understanding and Memorandum Not Updated Timely

*Criteria relevant to this finding:*

Public School Code Section 13-1303-A(c) provides:

All school entities shall develop a memorandum of understanding with local law enforcement which sets forth procedures to be followed when an incident involving an act of violence or possession of a weapon by any person occurs on school property. Law enforcement protocols shall be developed in cooperation with local law enforcement and the Pennsylvania State Police.

Additionally, the Basic Education Circular (BEC) issued by the Department of Education entitled Safe Schools and Possession of Weapons contains a sample MOU to be used for school entities. Section VI, General Provisions, item (B) of this sample states:

This Memorandum may be amended, expanded or modified at any time upon the written consent of the parties, but in any event must be reviewed and re-executed within two years of the date of its original execution and every two years thereafter.

Our review of the District's records found that the District did not have a signed Memorandum of Understanding (MOU) with the Robeson Township Police Department available for audit.

Furthermore, we found that the current MOU between the District and the Caernarvon Township Police Department was signed March 16, 2001, and has not since been updated.

The failure to obtain and update a signed MOU with all local law enforcement agencies could result in a lack of cooperation, direction, and guidance between District employees and law enforcement agencies if an incident occurs on school property, at any school sponsored activity, or on any public conveyance providing transportation to or from a school or school sponsored activity. This internal control weakness could have an impact on law enforcement notification and response, and ultimately the resolution of a problem situation.

### Recommendations

The *Twin Valley School District* should:

1. In consultation with the solicitor, develop and implement a MOU between the District and the Robeson Township Police Department.

2. Review, update and re-execute the current MOU between the District and the Caernarvon Township Police Department.
3. Adopt a policy requiring the administration to review and re-execute all MOUs every two years.

**Management Response**

Management stated the following:

Due to personnel changes in both the Superintendent and Superintendent's Secretary positions, the district was unable to locate current Memorandum of Understanding with the local law enforcement agencies. The agreement with the State Police is current and we are currently awaiting action from Robeson Township regarding their agreement. Caernarvon Township's agreement will be updated to complete the requirement of the BEC.

## Status of Prior Audit Findings and Observations

Our prior audit of the Twin Valley School District (TVSD) for the school years 2003-04, 2002-03, 2001-02 and 2000-01 resulted in one reported observation. The observation pertained to internal control weaknesses in administrative policies regarding bus drivers' qualifications. As part of our current audit, we determined the status of corrective action taken by the District to implement our prior recommendations. We analyzed the TVSD Board's written response provided to the Department of Education, performed audit procedures, and questioned District personnel regarding the prior observation. As shown below, we found that the TVSD did implement our recommendations related to bus drivers' qualifications.

<i>School Years 2003-04, 2002-03, 2001-02 and 2000-01 Auditor General Performance Audit Report</i>		
<i>Prior Recommendations</i>	<i>Implementation Status</i>	
<p><u><i>I. Observation: Internal Control Weaknesses in Administrative Policies Regarding Bus Drivers' Qualifications</i></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 have been charged with or convicted of crimes that, even though not disqualifying under state law, affect their suitability to have direct contact with children.</li> <li>2. Implement written policies and procedures to notify the District 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 neither the District nor the transportation contractor had written policies or procedures in place to ensure that they were notified if current employees were charged with or convicted of serious criminal offenses which should be considered for the purposes of determining an individual's continued suitability to be in direct contact with children. We considered this lack of written policies and procedures to be 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.</p>	<p><b>Current Status:</b></p> <p>Our current audit found the District complied with our recommendations through their Child Abuse/Student Abuse policy, which was revised March 20, 2006. The District has obtained Transportation Service Agreements dated January 23, 2006, which indicates criminal background checks and child abuse history checks will be done on each driver and/or aide when hired by the contractor and then every four years to coincide with, in the driver's case, his/her four year recertification and, in the case of aides, every four years to coincide with hire date.</p>

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

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Harrisburg, PA 17120

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Harrisburg, PA 17126

The Honorable Robert M. McCord  
State Treasurer  
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Harrisburg, PA 17120

Senator Jeffrey Piccola  
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Senator Andrew Dinniman  
Democratic Chair  
Senate Education Committee  
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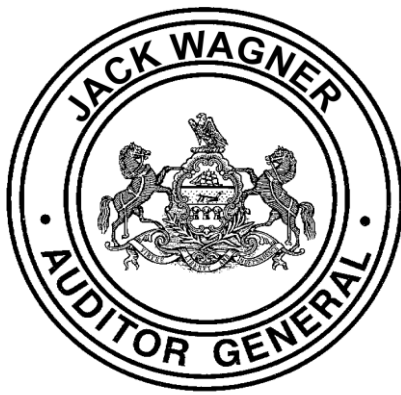
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