

WALLINGFORD-SWARTHMORE SCHOOL DISTRICT
DELAWARE COUNTY, PENNSYLVANIA
PERFORMANCE AUDIT REPORT

NOVEMBER 2012

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

Mr. Vincent Marriott III, Board President
Wallingford-Swarthmore School District
200 South Providence Road
Wallingford, Pennsylvania 19086

Dear Governor Corbett and Mr. Marriott:

We conducted a performance audit of the Wallingford-Swarthmore School District (WSSD) to determine its compliance with applicable state laws, contracts, grant requirements, and administrative procedures. Our audit covered the period July 10, 2009 through February 2, 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 WSSD complied, in all significant respects, with applicable state laws, contracts, grant requirements, and administrative procedures, except as detailed in the one finding 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 finding, observation and recommendations have been discussed with WSSD's management and their responses are included in the audit report. We believe the implementation of our recommendations will improve WSSD's operations and facilitate compliance with legal and administrative requirements. We appreciate the WSSD's cooperation during the conduct of the audit.

Sincerely,

/s/

JACK WAGNER
Auditor General

November 1, 2012

cc: **WALLINGFORD-SWARTHMORE 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 Wallingford-Swarthmore School District (WSSD). 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 WSSD in response to our prior audit recommendations.

Our audit scope covered the period July 10, 2009 through February 2, 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 WSSD encompasses approximately 7 square miles. According to 2010 federal census data, it serves a resident population of 21,597. According to District officials, in school year 2009-10 the WSSD provided basic educational services to 3,505 pupils through the employment of 305 teachers, 204 full-time and part-time support personnel, and 21 administrators. Lastly, the WSSD received more than \$10.1 million in state funding in school year 2009-10.

Audit Conclusion and Results

Our audit found that the WSSD 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 and one matter unrelated to compliance that is reported as an observation.

Finding: Lack of Documentation Necessary to Verify Bus Drivers' Qualifications.

Our audit found that one contracted bus driver was transporting students without the required documentation on file (see page 6).

Observation: Internal Control Weaknesses in Administrative Policies Regarding Bus Drivers' Qualifications.

Our audit found that the transportation coordinator did 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 that should be considered for the purpose of determining an individual's continued suitability to be in direct contact with children (see page 8).

Status of Prior Audit Findings and Observations.

With regard to the status of our prior audit recommendations to the WSSD from an audit we conducted of the 2007-08 and 2005-06 school years, we found the WSSD had taken appropriate corrective action in implementing our recommendations pertaining to the Memoranda of Understanding not being updated timely (see page 9).



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 10, 2009 through February 2, 2012, except for the verification of professional employee certification which was performed for the period February 9, 2007 through December 27, 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 (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 criteria.

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 WSSD'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?
- ✓ 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?

- ✓ Did the District, and any contracted vendors, ensure that its current bus drivers are properly qualified, and does it 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?
- ✓ 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.

WSSD 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 bus driver qualifications and professional employee certification.
- Items such as Board meeting minutes and pupil membership records.

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

Lastly, to determine the status of our audit recommendations made in a prior audit report released on January 25, 2010, we reviewed the WSSD's response to PDE dated June 8, 2010. We then performed additional audit procedures targeting the previously reported matters.

Findings and Observations

Finding

Lack of Documentation Necessary to Verify Bus Drivers' Qualifications

Criteria relevant to the finding:

Section 111 of the Public School Code, 24 P.S. § 1-111 (Act 34 of 1985, as amended) requires prospective school employees who 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.

Additionally, as of April 1, 2007, under Act 114 of 2006 as amended, (see 24 P.S. §1-111(c.1), public and private schools have been required to review federal criminal history record information (CHRI) records for all prospective employees and independent contractors who will have contact with children, and make a determination regarding the fitness of the individual to have contact with children. The Act requires the report to be reviewed in a manner prescribed by PDE. The review of CHRI reports is required prior to employment, and includes school bus drivers and other employees hired by independent contractors who have contact with children.

Our audit of the personnel files of 30 of the 49 bus drivers who were Wallingford-Swarthmore School District (WSSD) employees and employees of the District's transportation contractors found that one contracted bus driver was transporting students without the Federal Criminal History Record information as required by Public School Code, Section 111.

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 protection of the safety and welfare of the students transported in school buses. We reviewed the following six 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;
5. Federal Criminal History Record; and
6. Official child abuse clearance statement.

The first three requirements were set by regulations issued by the Pennsylvania Department of Transportation. As explained further in the box to the left, the fourth and fifth requirements were set by the Public School Code of 1949, as amended. The sixth requirement was set by the Child Protective Services Law.

District personnel stated that because of employee turnover, there was an oversight in ensuring all drivers had the proper clearances.

On November 22, 2011, we informed WSSD management of the missing documentation and instructed them to immediately obtain the necessary documents for current drivers so that they could ensure the drivers are properly qualified to continue to have direct contact with children. On January 6, 2012, WSSD presented the Federal Criminal History Record information to us for the individual cited and it denoted no prior arrests.

Recommendations

The *Wallingford-Swarthmore 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:

A driver who works for a Bus Contractor did not have a FBI Clearance. The District contacted the Bus Contractor and requested the FBI Clearance. This matter is resolved.

Auditor Conclusion

As stated in the body of the finding, on January 6, 2012, WSSD presented the Federal Criminal History Record information to us for this individual denoting no prior arrests.

Observation

Internal Control Weaknesses in Administrative Policies Regarding Bus Drivers' Qualifications

Criteria relevant to the observation:

Public School Code (PSC) Section 111 (24 P.S. § 1-111) 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 of certain criminal offenses that, if indicated on the report would permanently exclude the individual from school employment. This section of the PSC goes on to say:

. . . administrators shall require the applicant to submit with the application for employment a copy of the Federal criminal history record in a manner prescribed by the Pennsylvania Department of Education . . .

Similarly, Section 6355 of the CPSL, 23 Pa. C.S. § 6355, 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 to have committed child abuse.

Effective September 28, 2011, Act 24 of 2011 amended Section 111 of the Public School Code. The new law includes an important mechanism to help ensure that current school employees, who may not have been subject to a previous background check, are now required to provide assurances that they have not been previously arrested or convicted of a Section 111(e) offense. Accordingly, under Act 24, all current school employees are required to complete and return to their school administrator, a form (PDE-6004) developed by Pennsylvania Department of Education (PDE) to report prior arrests or convictions for any offense listed in Section 111(e).

Section 111 also applies to independent contractors and their employees who have direct contact with children. In addition, school employees will be required to report to the school administrator within 72 hours of any arrest or conviction of an offense listed in Section 111(e) that occurs after September 28, 2011. PDE-6004 should be used to report these arrests or convictions to the school administrator.

Our review found that the transportation contractor did 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 that 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 *Wallingford-Swarthmore School District* should:

1. 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.

2. Ensure that contractor requires employees to complete PDE-6004 and provides copies to District.

Management Response

Management stated the following:

The Bus Contractor did not have a policy requiring its drivers to report if they have been convicted of or charged with a crime.

The Bus Contractor has been notified and agrees to include the policy in its handbook.

The District will verify the policy if this vendor is used in the future. The matter has been resolved.

Auditor Conclusion

We will review compliance with our recommendations during our next regularly scheduled audit.

Status of Prior Audit Findings and Observations

Our prior audit of the Wallingford-Swarthmore School District (WSSD) for the school years 2007-08 and 2006-07 resulted in one reported observation. The observation pertained to Memoranda of Understanding not being updated timely. 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 WSSD's written response provided to the Pennsylvania Department of Education, performed audit procedures, and questioned District personnel regarding the prior observation. As shown below, we found that the WSSD did implement recommendations related to our observation.

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

Observation:	Memoranda of Understanding Not Updated Timely
<u>Observation Summary:</u>	Our prior audit of the WSSD found that the Memoranda of Understanding (MOU) between the District and its two local law enforcement agencies had not been updated in over two years. The MOUs were dated September 30, 1998 and October 26, 1998.
<u>Recommendations:</u>	Our audit observation recommended that the WSSD: <ol style="list-style-type: none">1. In consultation with the solicitor, review, update and re-execute the current MOU between the District and the police departments.2. Adopt a policy requiring the administration to review and re-execute the MOUs every two years.
<u>Current Status:</u>	Our current audit found that the WSSD did review, update and re-execute the current MOUs between the District and the police departments on May 27, 2010. While the WSSD did not adopt a policy requiring the administration to review and re-execute the MOUs every two years, the MOUs contain language that the MOUs must be reviewed and re-executed within two years of the date of the original execution and every two years thereafter.

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:

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