

WEST SHORE SCHOOL DISTRICT
YORK COUNTY, PENNSYLVANIA
PERFORMANCE AUDIT REPORT

JANUARY 2010

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

Mr. M. Todd Ambrose, Board President
West Shore School District
507 Fishing Creek Road
P.O. Box 803
New Cumberland, Pennsylvania 17070

Dear Governor Rendell and Mr. Ambrose:

We conducted a performance audit of the West Shore School District (WSSD) to determine its compliance with applicable state laws, regulations, contracts, grant requirements and administrative procedures. Our audit covered the period May 6, 2005, through May 22, 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 WSSD complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures. However, 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 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 and their willingness to implement our recommendations.

Sincerely,

/s/

JACK WAGNER
Auditor General

January 15, 2010

cc: **WEST SHORE 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 West Shore School District (WSSD). 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 WSSD in response to our prior audit recommendations.

Our audit scope covered the period May 6, 2005 through May 22, 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 WSSD encompasses approximately 78 square miles. According to 2000 federal census data, it serves a resident population of 57,960. According to District officials, in school year 2007-08 the WSSD provided basic educational services to 8,016 pupils through the employment of 670 teachers, 451 full-time and part-time support personnel, and 43 administrators. Lastly, the WSSD received more than \$23.2 million in state funding in school year 2007-08.

Audit Conclusion and Results

Our audit found that the WSSD complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures; however, as noted below, we identified one matter unrelated to compliance that is reported as an observation.

Observation: Memoranda of Understanding Not Updated Timely. Our review of the WSSD's records found that the Memoranda of Understanding between the WSSD and local law enforcement agencies were signed in May 1998 and had not been updated (see page 6).

Status of Prior Audit Findings and Observations. With regard to the status of our prior audit recommendations to WSSD from an audit we conducted of the 2003-04, 2002-03, 2001-02, and 2000-01 school years, we found WSSD had taken appropriate corrective action in implementing our recommendations pertaining to certification irregularities (see page 9), insufficient membership documentation (see page 10), and internal control weaknesses in administrative policies regarding bus drivers' qualifications (see page 10).



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 May 6, 2005, through May 22, 2009, except for the verification of professional employee certification which was performed for the period April 16, 2005 through May 15, 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

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 WSSD'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 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.

- ✓ 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?
- ✓ 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.

WSSD 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, and comparative financial information.

Our audit examined the following:

- Records pertaining to professional employee certification, and financial stability.
- 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 September 28, 2005, we reviewed the WSSD's response to DE dated November 17, 2005. We then performed additional audit procedures targeting the previously reported matters.

Findings and Observations

Observation

Criteria relevant to the observation:

Section 1303-A(c) of the Public School Code states:

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.

Additionally, the Basic Education Circular issued by the Department of Education entitled Safe Schools and Possession of Weapons contains a sample MOU to be used by 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.

Memoranda of Understanding Not Updated Timely

Our audit of the District's records found that the Memoranda of Understanding (MOU) between the District and its five local law enforcement agencies were last signed in May 1998 and had not been updated in a timely manner. The District obtained updated MOUs from two of the local law enforcement agencies, but at the conclusion of our fieldwork on May 22, 2009, the MOUs with three of the primary agencies, the Fairview Township, Lower Allen Township and Newberry Township police departments, had not yet been updated.

The District was in the process of updating all of its MOUs with local law enforcement agencies when we began fieldwork. In addition to the five primary law enforcement agencies, the District had also requested two Pennsylvania State Police barracks, as secondary law enforcement agencies for the District, to sign MOUs as well; one signed prior to our start of fieldwork.

The District noted that the MOUs have taken a considerable amount of time to obtain because the District had to obtain them from all seven local law enforcement agencies, which required the approval of their respective solicitors. The District then had to make adjustments in order to satisfy all entities involved.

The failure to update the MOUs with 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 *West Shore School District* should:

1. Ensure that the MOUs between the District and the law enforcement agencies are fully executed by all parties in a timely manner.
2. Follow the general provisions of the District's current MOU which now require that the MOU be re-executed every two years.
3. Adopt a policy requiring the administration to review and re-execute the MOU every two years as stated in the current MOU.

Management Response

Management provided the following response:

Creation of MOU

Status

Having MOU approved by eight (8) local governments [i.e. the seven law enforcement agencies and the District itself] in a timely manner has been somewhat problematic. One state police barrack indicated through phone conversation that they saw no need to sign the MOU.

As of this writing, we are awaiting one signature and [we] intend to provide [the MOU] to the Board of School Directors for action in June 2009.

Timeline

August 20, 2008: First Draft of MOU presented to local police departments for consideration and feedback.

District Administration attended MOU training presented by Office of Safe Schools on November 17, 2008.

January 19, 2009: Completed MOU presented to local police departments for review by respective solicitors.

April 28, 2009: Reminder to complete and forward signed MOU given at police department meeting.

In the process of developing MOU, discussion was held between building administration and local law enforcement representatives to protocol and procedures for establishing and refining Law Enforcement Priorities, School Priorities, Incidents Requiring Law Enforcement Notification and Response, Assistance of School Entities and Media Relations.

Relationship with Local Police Departments

The District conducts regular meetings with local police departments, provides building facilities and staff for training purposes and is participating in the application for COPS [Community Oriented Policing Services] grant with two townships to provide School Resource Officers in the two District high schools.

Auditor's Conclusion

Management's response was provided subsequent to the conclusion of fieldwork for our audit. We will confirm that the District re-executed the outstanding MOUs as stated in its response during our next audit of the District. At that time we will also determine if the disagreement with the state police barrack regarding the necessity of the MOU as referred to in management's response has been resolved. We will also determine if the District established procedures to ensure that all MOU's are re-executed and updated at least every two years.

Status of Prior Audit Findings and Observation

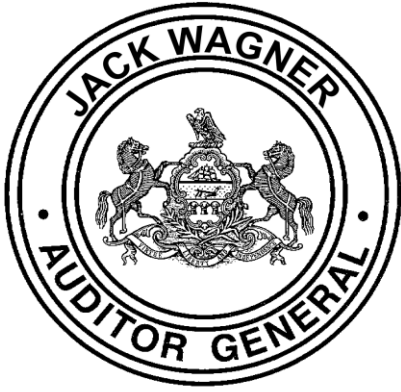
Our prior audit of the West Shore School District (WSSD) for the school years 2003-04, 2002-03 2001-02, and 2000-01 resulted in two reported findings and one observation. The first finding pertained to certification irregularities, the second finding pertained to insufficient membership documentation, and the observation pertained to internal control weaknesses 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 WSSD Board's written response provided to the Department of Education (DE), performed audit procedures, and questioned District personnel regarding the prior findings and observation. As shown below, we found that the WSSD did implement our recommendations related to the certification finding, the insufficient membership documentation finding, and the bus drivers' qualifications observation.

<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><i>I. Finding No. 1: Certification Irregularities</i></p> <ol style="list-style-type: none"> 1. Require the individuals cited in this finding to obtain proper certification or reassign them to positions for which they are properly certified. 2. DE should take action to recover the appropriate subsidy forfeiture. 	<p>Background:</p> <p>Our prior audit of the professional employees' certification for the period of February 15, 2002 through April 15, 2005, found 16 individuals with certification irregularities.</p>	<p>Current Status:</p> <p>Our current audit found 13 of the 16 individuals' irregularities had been resolved during the prior audit period, either through obtaining the required certification or leaving the District's employ.</p> <p>The original review by the Bureau of School Leadership and Teacher Quality, dated June 13, 2005, upheld these irregularities. However, the District appealed the decision. One of the results of the appeal was that DE withdrew the citations of the remaining three individuals. No additional certification irregularities were found during our current audit.</p> <p>Total subsidy forfeitures of \$12,708 were withheld from the District's June 1, 2006 basic education funding payment to resolve the finding.</p>

<p><u>II. Finding No. 2:</u> <u>District's Entitlement to \$40,816,929 of Subsidies and Reimbursements is Questionable as a Result of Insufficient Documentation to Support Reported Membership</u></p> <ol style="list-style-type: none"> 1. Strengthen internal controls for obtaining, recording, and reviewing data prior to submission of reports to DE. 2. Develop and implement procedures to ensure supporting documentation for data reported to DE is available for audit. 3. DE should require the District to maintain sufficient and relevant evidence to ensure proper justification for the receipt of state funds. Moreover, in view of the lack of documentation, DE should review the propriety of the \$40,816,929 in subsidies received. 	<p>Background:</p> <p>Our prior audit of the District's child accounting data for the 2003-04, 2002-03, 2001-02 and 2000-01 school years found internal control weaknesses resulting in our inability to verify the districts entitlement to subsidies totaling \$40,816,929.</p>	<p>Current Status:</p> <p>Our current audit found that District personnel:</p> <ol style="list-style-type: none"> 1. Strengthened internal controls for obtaining, recording, and reviewing data prior to submission of reports to DE. 2. Developed and implemented procedures to ensure supporting documentation for data reported to DE is available for audit. 3. Were able to provide adequate documentation to support the data reported to DE beginning with the 2004-05 school year. <p>DE did not withhold any subsidy; however, they are requiring the District to maintain sufficient and relevant evidence to ensure proper justification for the receipt of state funds.</p>
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<p><u>III. Observation: Internal Control Weaknesses in Administrative Policies Regarding Bus Drivers' Qualifications</u></p> <ol style="list-style-type: none"> 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 disqualifying under state law, affect their suitability to have direct 	<p>Background:</p> <p>Our prior audit review found that the District did not have written policies or procedures in place to ensure that it was notified if current employees were 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>Current Status:</p> <p>Our current audit found that District personnel implemented written policies and procedures during the 2005-06 school year to address our recommendations.</p>
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<p>contact with children.</p> <p>2. Implement written policies and procedures to ensure 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.</p>		
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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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