

WILLIAMS VALLEY SCHOOL DISTRICT
SCHUYLKILL COUNTY, PENNSYLVANIA
PERFORMANCE AUDIT REPORT

OCTOBER 2009

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

Mr. Richard Updegrove, Board President
Williams Valley School District
10330 State Route 209
Tower City, Pennsylvania 17980

Dear Governor Rendell and Mr. Updegrove:

We conducted a performance audit of the Williams Valley School District (WVSD) to determine its compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures. Our audit covered the period May 25, 2006 through April 7, 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 WVSD complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures, except as detailed in one 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 WVSD's management and their response is included in the audit report. We believe the implementation of our recommendations will improve WVSD's operations and facilitate compliance with legal and administrative requirements. We appreciate the WVSD'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: **WILLIAMS VALLEY 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 Williams Valley School District (WVSD). 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 WVSD in response to our prior audit recommendations.

Our audit scope covered the period May 25, 2006 through April 7, 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 WVSD encompasses approximately 62 square miles. According to 2000 federal census data, it serves a resident population of 7,355. According to District officials, in school year 2007-08 the WVSD provided basic educational services to 1,100 pupils through the employment of 88 teachers, 26 full-time and part-time support personnel, and 9 administrators. Lastly, the WVSD received more than \$9 million in state funding in school year 2007-08.

Audit Conclusion and Results

Our audit found that the WVSD 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 matter reported as a finding.

Finding: Continued Certification

Deficiencies. WVSD continued to employ administrators that are improperly certified. Our audit found one administrator was employed as dean of students during the 2006-07 and 2007-08 school years with a Secondary Guidance certificate. Another administrator was employed as high school vice principal during the 2007-08 and 2008-09 school years with a Special Education certificate. Finally, another administrator was employed as an assistant to the principal with an Elementary K-6 certificate during part of the 2008-09 school year. We made several recommendations to improve this (see page 6).

Status of Prior Audit Findings and

Observations. With regard to the status of our prior audit recommendations to the WVSD from an audit we conducted of the 2003-04 and 2002-03 school years, we found the WVSD had not taken appropriate corrective action in implementing our recommendations pertaining to certification (see page 8).



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 25, 2006 through April 7, 2009, except the verification of professional employee certification, which was performed for the period May 2, 2006 through March 18, 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 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 WVSD'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?

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 pupil membership (e.g. basic education, special education, and vocational education), did it follow applicable laws and procedures?
- ✓ 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 and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objectives.

WVSD 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 WVSD operations.

Lastly, to determine the status of our audit recommendations made in a prior audit report released on November 9, 2006, we performed additional audit procedures targeting the previously reported matters.

Findings and Observations

Finding

Public School Code (PSC) Sections relevant to this finding:

24 P.S. § 1212 provides in part:

Every district superintendent shall keep an accurate record of all valid certificates held by the teachers of the schools within his jurisdiction.

24 P.S. § 2518 mandates any school district that:

. . . has in its employ any person in a position that is subject to the certification requirements of the Department of Education but who has not been certificated for his position by the Department of Education . . . shall forfeit an amount equal to six thousand dollars (\$6,000) less the product of six thousand dollars (\$6,000) and the district's market value/income aid ratio . . .

Continued Certification Deficiencies

Our audit of the professional employees' certificates and assignments for the period May 2, 2006 through March 18, 2009, was conducted to determine compliance with the PSC, and the policies and guidelines of the Department of Education's Bureau of School Leadership and Teacher Quality (BSLTQ).

We found that the Williams Valley School District continued to employ one administrator as dean of students during the 2006-07 and 2007-08 school years with only a Secondary Guidance certificate. Another administrator was employed as high school vice principal during the 2007-08 and 2008-09 school years with only a Special Education certificate. Finally, another administrator was employed as assistant to the principal with an Elementary K-6 certificate for part of the 2008-09 school year.

Information pertaining to the questionable assignments was submitted to the BSLTQ, for its review. On May 8, 2009, BSLTQ confirmed the irregularities; therefore, the District is subject to a subsidy forfeiture of \$1,656 for the 2006-07 school year, and \$1,917 for the 2007-08 school year. The aid ratio was not available to calculate the subsidy forfeiture for the 2008-09 school year.

Recommendations

The Williams Valley School District superintendent should:

Assign employees to areas in which they have proper certification.

The Department of Education should:

Adjust the District's allocations to recover any subsidy forfeitures.

Management Response

Management stated the following:

Two persons had been employed at Williams Valley in positions titled “Dean of Students.” One left the district in June of 2007, and the other left in August of 2009. The people in these positions assisted a certified principal with non-administrative duties. A job description had not been developed for the position of Dean of Students. A new job description for the non-administrative position of Dean of Students has been developed, should there be a future need. It has been forwarded to the Bureau of Certification for their review and approval.

Another person had been initially hired as an “Assistant to the Principal” for a six month period from July 2008-January 2009 while she completed a final course to earn principal certification. She is now a certified principal.

Status of Prior Audit Findings and Observations

Our prior audit of the Williams Valley School District (WVSD) for the school years 2003-04 and 2002-03 resulted in one reported finding. The finding pertained to certification. 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 finding. As shown below, we found that the WVSD did not implement recommendations related to certification.

<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: Certification Deficiencies</i></u></p> <ol style="list-style-type: none"> 1. Assign employees to areas in which they have proper certification. 2. The Department of Education (DE) should adjust the District's allocations to recover any subsidy forfeitures, it deems necessary. 	<p>Background:</p> <p>Our audit found one teacher was employed as dean of students during the 2004-05 and 2005-06 school years with a Secondary Guidance certificate. Another teacher was employed as dean of students for the 2005-06 school year with a Special Education certificate. These duties listed on the job description would require Principal K-12 certification.</p>	<p>Current Status:</p> <p>We followed up on the WVSD certification and found that the WVSD <u>did not</u> take corrective action to address our prior audit recommendations. See the finding, page 6.</p> <p>DE adjusted the District's allocations to recover the subsidy forfeiture on June 1, 2007, in the amount of \$3,703 from the basic education funding payment.</p>

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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