



**LENAPE TECHNICAL SCHOOL
ARMSTRONG COUNTY, PENNSYLVANIA
PERFORMANCE AUDIT REPORT**

MARCH 2014

COMMONWEALTH OF PENNSYLVANIA
EUGENE A. DEPASQUALE - AUDITOR GENERAL
DEPARTMENT OF THE AUDITOR GENERAL



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EUGENE A. DePASQUALE
AUDITOR GENERAL

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

Mr. Joseph D. Close, Chairperson
Lenape Technical School
2215 Chaplin Avenue
Ford City, Pennsylvania 16226

Dear Governor Corbett and Mr. Close:

We conducted a performance audit of the Lenape Technical School (Center) to determine its compliance with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures (relevant requirements). Our audit covered the period November 8, 2010 through May 3, 2013, except as otherwise indicated in the report. Additionally, compliance specific to state subsidies and reimbursements was determined for the school years ended June 30, 2011 and June 30, 2012. Our audit was conducted pursuant to Section 403 of The Fiscal Code, 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 Center complied, in all significant respects, with relevant requirements, except as detailed in one (1) finding noted in this report. A summary of these results is presented in the Executive Summary section of this report.

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Eugene A. DePasquale".

EUGENE A. DEPASQUALE
Auditor General

March 27, 2014

cc: **LENAPE TECHNICAL SCHOOL** Joint Operating Committee Members

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Executive Summary

Audit Work

The Pennsylvania Department of the Auditor General conducted a performance audit of the Lenape Technical School (Center) in Armstrong County. Our audit sought to answer certain questions regarding the Center's compliance with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures and to determine the status of corrective action taken by the Center in response to our prior audit recommendations.

Our audit scope covered the period November 8, 2010 through May 3, 2013, except as otherwise indicated in the audit scope, objectives, and methodology section of the report. Compliance specific to state subsidies and reimbursements was determined for the 2010-11 and 2011-12 school years.

Center Background

According to Center officials, the Center provided educational services to 390 full-time, three (3) half-time secondary pupils, and 816 post-secondary pupils through the employment of 39 teachers, 25 full-time and part-time support personnel, and four (4) administrators during the 2011-12 school year. A joint operating committee (JOC), which is comprised of nine (9) members from the following school districts, directs the operation, administration, and management of the school:

Apollo-Ridge
Armstrong
Freeport Area
Leechburg Area

The JOC members are appointed by the individual school boards at the December meeting, each to serve a three-year term. The Center received \$730,420 in state funding in the 2011-12 school year.

Audit Conclusion and Result

Our audit found that the Center complied, in all significant respects, with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures, except for one (1) compliance related matter reported as a finding.

Finding: Failure to Have All School Bus Drivers' Qualifications on File. Our audit of the Lenape Technical School's bus drivers' qualifications for the 2012-13 school year found that one (1) driver did not have appropriate clearances on file at the time of our audit (see page 6).

Status of Prior Audit Findings and Observations. With regard to the status of our prior audit recommendations to the Lenape Technical School (Center) from an audit released on April 25, 2012, we found the Center had taken appropriate corrective action in implementing our recommendations pertaining to the certification finding. Our current review found that all professional employees have valid Pennsylvania certifications and are properly assigned within their fields (see page 9). With regard to the status of our prior audit recommendations pertaining to the transportation finding, our current audit found the Center has taken action to correct the reporting of the greatest number of pupils transported. The Center has not taken any action in implementing our

recommendations pertaining to the reporting of mileage data. After the end of our fieldwork, communication with the Pennsylvania Department of Education indicated that the points cited in the prior finding were no longer considered to be an issue. Therefore, no action on the Center's part is required (see page 8).

Audit Scope, Objectives, and Methodology

Scope

What is a school performance audit?

School performance audits allow the Pennsylvania 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 Pennsylvania Department of Education, and other concerned entities.

Our audit, conducted under authority of Section 403 of The Fiscal Code, 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 November 8, 2010 through May 3, 2013, except for the verification of professional employee certification, which was performed for the period July 1, 2012 through April 22, 2013.

Regarding state subsidies and reimbursements, our audit covered school years 2010-11 and 2011-12.

While all LEAs 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 Center's compliance with certain relevant 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 objectives:

- ✓ Were professional employees certified for the positions they held?
- ✓ Did the Center have sufficient internal controls to ensure that the membership data it reported to PDE through the Pennsylvania Information Management System was complete, accurate, valid, and reliable?

- ✓ In areas where the Center received transportation subsidies, was the Center, and any contracted vendors, in compliance with applicable state laws and procedures?
- ✓ Did the Center, and any contracted vendors, ensure that current bus drivers were properly qualified, and did they have written policies and procedures governing the hiring of new bus drivers?
- ✓ Were there any declining fund balances that may pose a risk to the Center's fiscal viability?
- ✓ Did the Center take appropriate steps to ensure school safety?
- ✓ Did the Center have a properly executed and updated Memorandum of Understanding with local law enforcement?
- ✓ Were there any other areas of concern reported by independent auditors, citizens, or other interested parties?
- ✓ Did the Center take appropriate corrective action to address recommendations made in prior audit?

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 certain relevant state 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 results and conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our results and conclusions based on our audit objectives.

The Center's management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the Center is in compliance with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures (relevant requirements). In conducting our audit, we obtained an understanding of the Center's internal controls, including any information technology controls, as they relate to the Center's compliance with relevant requirements that we consider to be significant within the context of our audit objectives. We assessed whether those controls were properly designed and implemented. Any deficiencies in

internal controls that were identified during the conduct of our audit and determined to be significant within the context of our audit objectives 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 and reimbursements, pupil transportation, pupil membership, and comparative financial information.

Our audit examined the following:

- Records pertaining to pupil transportation, pupil membership, bus driver qualifications, professional employee certification, state ethics compliance, financial stability, reimbursement applications, tuition receipts, and deposited state funds.
- Items such as board meeting minutes and policies and procedures.

Additionally, we interviewed select administrators and support personnel associated with the Center's operations.

To determine the status of our audit recommendations made in a prior audit report released on April 25, 2012, we reviewed the Center's response to PDE dated October 16, 2012. We then performed additional audit procedures targeting the previously reported matters.

Findings and Observations

Finding

Failure to Have All School Bus Drivers' Qualifications on File

Criteria relevant to the finding:

Section 111 of the Public School Code (PSC), 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 the Pennsylvania Department of Education. 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 Lenape Technical School's (Center) bus drivers' qualifications for the 2012-13 school year found that not all records were on file at the time of the audit.

Several different state statutes and regulations establish the minimum required qualifications for school bus drivers. The purpose of these requirements is to ensure the safety and welfare of the students transported in school vehicles.

We reviewed the personnel records of five (5) drivers hired since our last audit. Our review found that the Center failed to have on file current appropriate clearances for one (1) driver.

School entities are responsible to require newly hired bus drivers to have current criminal history record (Act 34), child abuse clearance statement (Act 151), and the federal criminal history record (Act 114) on file prior to the commencement of the driver having direct contact with the students.

The administration was not aware that all new clearances needed to be obtained when the driver began to drive full-time in August 2012. The driver has been an employee of the bus contractor since 2005 but did not start full-time with the Center until August 2012.

During our audit, the administration obtained the current Act 34 and Act 114 clearances. The updated Act 151 clearance was applied for but had not come back to the Center by the completion of our audit on May 3, 2013.

Recommendation

The *Lenape Technical School* should:

Obtain a copy of the required documentation when new drivers are hired and not allow bus drivers to drive their students until all clearances are in place.

*Criteria relevant to the finding
(continued):*

Similarly, Section 6355 of the Child Protective Services Law (CPSL), 23 Pa.C.S. § 6355, known as Act 151, requires prospective school employees to submit an official child abuse clearance statement obtained from the Pennsylvania Department of Public Welfare. The CPSL prohibits the hiring of an individual named as the perpetrator of a founded report of child abuse or is named as the individual responsible for injury or abuse in a founded report of child abuse or is named as the individual responsible for injury or abuse in a founded report for school employee.

Regarding the maintenance of documentation, Section 111(7)(b) of the PSC, 24 P.S. § 1-111(7)(b), provides, in part:

“Administrators shall maintain a copy of the required information and shall require each applicant to produce the original document prior to employment. . . .”

Additionally, Chapter 23 of the State Board of Education Regulations indicates the board of directors of a school district is responsible for the selection and approval of eligible operators who qualify under the law and regulations.

Management Response

Management stated the following:

“The bus driver has worked for the contractor prior to the fingerprinting/FBI background check becoming mandatory. Although not a “regular” Lenape driver, she has subbed our bus runs on many occasions. As such, I thought she was grandfathered and did not need to expend time and money to get this clearance. The audit supervisor explained that her assignment to a daily bus run for our school necessitated that new clearance be submitted. The contractor facilitated this process immediately and proper documentation is on file.”

Auditor Conclusion

We are encouraged that the Center has taken action to address this deficiency. We will follow up on our recommendation during our next cyclical audit of the Center.

Status of Prior Audit Findings and Observation

Our prior audit of the Lenape Technical School (Center) released on April 25, 2012, resulted in two (2) reported findings. The first finding pertained to pupil transportation, and the second finding pertained to professional teacher certification. As part of our current audit, we determined the status of corrective action taken by the Center to implement our prior recommendations. We analyzed the Center's written response provided to the Pennsylvania Department of Education (PDE), performed audit procedures, and interviewed the Center's personnel regarding the prior findings. As shown below, we found that for the pupil transportation finding the Center did implement corrective action and required no further action. The Center did implement recommendations related to professional teacher certification.

Auditor General Performance Audit Report Released on April 25, 2012

Finding No. 1: Errors in Reporting Pupil Transportation Data Resulted in a Net Overpayment of \$24,448

Finding Summary: Our audit of the Center's pupil transportation data for the 2008-09 school year found that the Center used the eight (8) month sample average option when reporting the miles with and miles without pupils. We noted that when completing the report, the Center selected a day that the buses were used to get fuel. This additional mileage inflated the mileage reported for reimbursement. In addition, we found that the greatest number of pupils was incorrectly reported.

Recommendations: Our audit finding recommended that the Center:

1. Use a routine run when recording monthly mileage for the sample average worksheet.
2. Ensure the run with the greatest number of pupils assigned is reported.
3. Perform an internal review of pupil transportation data before submission to PDE.
4. Retain for audit all necessary support documentation.
5. Review subsequent school year's transportation reports submitted to PDE for accuracy and resubmit, if necessary.

We also recommended that PDE:

6. Review the revised transportation data and adjust future the Center's allocations to correct the net overpayment of \$24,448.

Current Status:

After the end of our prior fieldwork, communication with PDE indicated that the instructions regarding the completion of the eight (8)-month sample average form does not specify what day the local education agencies should select when reporting the miles with pupils and miles without pupils. As a result, even though common business practice would guide that the mileage reported reflects a true image of the Center's regular run, it is not a requirement of PDE.

During our current audit, we found that the Center did implement the recommendation to ensure the run with the greatest number of pupils assigned is reported.

As of the conclusion of our audit, no deduction has been made to the Center's transportation reimbursement.

Finding No. 2: Certification Deficiency

Finding Summary:

Our review of certificates and assignments for the 2009-10 school year found one (1) professional employee was assigned to an area for which they were not certified. On November 22, 2010, PDE's Bureau of School Leadership and Teacher Quality determined that the employee was assigned outside of their area of certification and that the Center was subject to a subsidy forfeiture of \$1,345 for the 2009-10 school year. The improper assignment occurred because the Center did not obtain the correct occupational competency area for the approved program.

Recommendations:

Our audit finding recommended that the Center:

1. Strengthen controls to ensure that professional personnel possess valid certification for the position they are assigned.
2. Reassign personnel, if necessary, to ensure employees are assigned to areas for which they hold proper certification.

We also recommended that PDE:

3. Adjust the Center's future allocations to recover the subsidy forfeiture of \$1,345.

Current Status:

During our current audit, we found that the Center did implement the recommendations. On May 31, 2013, PDE deducted a subsidy forfeiture totaling \$1,345.

Distribution List

This report was initially distributed to the Center's Superintendent of Record, the Joint Operating Committee, our website at www.auditorgen.state.pa.us, and the following stakeholders:

The Honorable Tom Corbett
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The Honorable Carolyn Dumaesq
Acting Secretary of Education
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