



**BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT  
BERKS COUNTY, PENNSYLVANIA  
PERFORMANCE AUDIT REPORT**

**APRIL 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. Kenneth Heffner, President  
Brandywine Heights Area School District  
200 West Weis Street  
Topton, Pennsylvania 19562

Dear Governor Corbett and Mr. Heffner:

We conducted a performance audit of the Brandywine Heights Area School District (District) to determine its compliance with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures (relevant requirements). Our audit covered the period August 12, 2011 through September 12, 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 District complied, in all significant respects, with relevant requirements, except as detailed in one (1) finding noted in this report. A summary of the results is presented in the Executive Summary section of the audit report.

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

Sincerely,

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

EUGENE A. DEPASQUALE  
Auditor General

April 3, 2014

cc: **BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT** Board of School Directors

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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 Brandywine Heights Area School District (District) in Berks County. Our audit sought to answer certain questions regarding the District'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 District in response to our prior audit recommendations.

Our audit scope covered the period August 12, 2011 through September 12, 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.

### **District Background**

The District encompasses approximately 59 square miles. According to 2010 federal census data, it serves a resident population of 12,863. According to District officials, the District provided basic educational services to 1,650 pupils through the employment of 137 teachers, 68 full-time and part-time support personnel, and eleven (11) administrators during the 2011-12 school year. The District received \$7,951,552 in state funding in the 2011-12 school year.

### **Audit Conclusion and Results**

Our audit found that the District 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: Certification Deficiency.** Our audit of the Brandywine Heights Area School District's (District) professional employees' certification and assignments found that a professional employee was employed on a lapsed certificate. As a result, the District is subject to a subsidy forfeiture totaling \$1,600 for the 2012-13 school year (see page 5).

**Status of Prior Audit Findings and Observations.** With regard to the status of our prior audit recommendations to the Brandywine Heights Area School District (District) from an audit released on January 11, 2012, we found that the District had taken appropriate corrective action in implementing our recommendations pertaining to its Memorandum of Understanding with local law enforcement (see page 7).

## Audit Scope, Objectives, and Methodology

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### 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 August 12, 2011 through September 12, 2013, except for the verification of professional employee certification, which was performed for the period July 1, 2012 through June 24, 2013.

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

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 District'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 audit objectives:

- ✓ Were professional employees certified for the positions they held?
- ✓ Did the District, 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?

- ✓ 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 did the current employment contract(s) contain adequate termination provisions?
- ✓ Were votes made by the District's Board of School Directors free from apparent conflicts of interest?
- ✓ Did the District 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?
- ✓ Were there any declining fund balances that may pose a risk to the District's fiscal viability?
- ✓ Did the District take appropriate steps to ensure school safety?
- ✓ Did the District 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 District take appropriate corrective action to address recommendations made in our prior audit?

## **Methodology**

*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 conclusions 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.

*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.

The District's management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the District 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 District's internal controls, including any information technology controls, as they relate to the District'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 District's operations.

To determine the status of our audit recommendations made in a prior audit report released on January 11, 2012, we performed additional audit procedures targeting the previously reported matters.

## Findings and Observations

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### Finding

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*Criteria relevant to the finding:*

Section 1202 of the Public School Code (PSC), 24 P.S. § 12-1202, provides, in part:

“No teacher shall teach, in any public school, any branch which he has not been properly certificated to teach.”

Section 2518 of the PSC, 24 P.S. § 25-2518, provides, in part:

“[A]ny school district, intermediate unit, area vocational-technical school or other public school in this Commonwealth 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 Pennsylvania 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.”

The Pennsylvania Department of Education’s Certification and Staffing Policy Guidelines No. 7 states:

“An Educational Specialist certificate will lapse if an educator does not complete all educational requirements and convert to a Level II certificate within six years of service time. “

### Certification Deficiency

Our audit of the Brandywine Heights School District (District) professional employees’ certification and assignments was performed to determine compliance with the Public School Code and the Pennsylvania Department of Education’s (PDE) Certification and Staffing Policies and Guidelines.

Our audit found a guidance counselor was employed on a certificate that had lapsed at the end of the first semester of the 2012-13 school year. The employee served in this position beginning in February 2007 while holding a Level I Provisional certificate. A Level II Permanent certificate was not received until September 2013.

It is the responsibility of District management to have in place internal policies and procedures to ensure that employees are properly certified and that certification is current. Without appropriate internal controls, the District is at risk of subsidy forfeiture.

Information regarding the individual in question was submitted to the Bureau of School Leadership and Teacher Quality (BSLTQ) for review. BSLTQ subsequently determined that the guidance counselor was not properly certified for the second semester of the 2012-13 school year. The District is therefore subject to a subsidy forfeiture of \$1,600.

### Recommendations

The *Brandywine Heights Area School District* should:

1. Strengthen controls to help ensure that individuals’ certificates are kept current.
2. Monitor years of service for all provisionally certified employees.
3. Develop procedures to determine that applications for permanent certificates have been received by BSLTQ.

The *Pennsylvania Department of Education* should:

4. Adjust the District's allocations to recover the subsidy forfeiture of \$1,600.

### **Management Response**

Management stated the following:

“The Brandywine Heights Area School District agrees with the finding that [the employee]’s Guidance Certification lapsed beginning 1 February 2013. As of 10 September 2013 all certification documentation was submitted in the [Pennsylvania Information Management System], and the [District] has verified work experience via [the Teacher Information Management System. The employee] met all certification requirements prior to certification lapse. Final approval by the Pennsylvania Department of Education will finalize the Level II certification of Educational Specialist Elementary School Counselor K-6.”

### **Auditor Conclusion**

We are encouraged that the District recognizes the deficiency and is taking steps to address it. We will follow up on the issue during our next cyclical audit of the District.

## **Status of Prior Audit Findings and Observations**

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**O**ur prior audit of the Brandywine Heights Area School District (District) released on January 11, 2012, resulted in one (1) finding. The finding pertained to the District's Memorandum of Understanding with local law enforcement. As part of our current audit, we determined the status of corrective action taken by the District to implement our prior audit recommendations. We performed audit procedures and interviewed District personnel regarding the prior finding. As shown below, we found that the District did implement our recommendations related to its Memorandum of Understanding with local law enforcement.

### **Auditor General Performance Audit Report Released on January 11, 2012**

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**Finding:** **Memorandum of Understanding with Local Law Enforcement Not Updated Timely**

Finding Summary: Our prior audit of the District found that the Memorandum of Understanding (MOU) with law enforcement agencies having jurisdiction over school property was not updated until June 15, 2011. This MOU was previously signed and dated on November 20, 2007. The Public School Code requires public schools to update and re-execute MOUs with law enforcement every two (2) years.

Recommendations: Our prior audit finding recommended that the District should:

1. In consultation with the District's solicitor, review, update, and re-execute the current MOUs between the District and all law enforcement agencies having jurisdiction over school property.
2. In consultation with the District's solicitor, review new requirements for MOUs and other school safety areas under the Public School Code to ensure compliance with amended safe schools provisions enacted November 17, 2010.
3. Adopt an official board policy requiring District administration to biennially update and re-execute all MOUs with law enforcement agencies having jurisdiction over school property and file a copy with the Pennsylvania Department of Education's Office of Safe Schools on a biennial basis as required by law.

Current Status: During our current audit, we found that the District did implement our prior recommendations. The District reviewed, updated, and re-executed its MOUs on June 30, 2012 and June 30, 2013. The District adopted a policy establishing relations with law enforcement,

which references the development of their MOU. The District also complies with the procedures set forth by the Safe Schools Office, which act as school districts' guide in following all safe schools guidelines and MOU renewal requirements.

## **Distribution List**

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This report was initially distributed to the Superintendent of the District, the Board of School Directors, our website at [www.auditorgen.state.pa.us](http://www.auditorgen.state.pa.us), and the following stakeholders:

The Honorable Tom Corbett  
Governor  
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The Honorable Carolyn Dumaesq  
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This report is a matter of public record and is available online at [www.auditorgen.state.pa.us](http://www.auditorgen.state.pa.us). Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 231 Finance Building, Harrisburg, PA 17120; via email to: [news@auditorgen.state.pa.us](mailto:news@auditorgen.state.pa.us).