

MID VALLEY SCHOOL DISTRICT
LACKAWANNA COUNTY, PENNSYLVANIA
PERFORMANCE AUDIT REPORT

FEBRUARY 2012

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

Mr. Gerald Luchansky, Board President
Mid Valley School District
52 Underwood Road
Throop, Pennsylvania 18512

Dear Governor Corbett and Mr. Luchansky:

We conducted a performance audit of the Mid Valley School District (MVSD) to determine its compliance with applicable state laws, contracts, grant requirements, and administrative procedures. Our audit covered the period July 3, 2008 through February 23, 2011, 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 and June 30, 2007. 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 MVSD complied, in all significant respects, with applicable state laws, contracts, grant requirements, and administrative procedures, except as detailed in three findings noted in this report. In addition, we identified two matters unrelated to compliance that are reported as observations. A summary of these results is presented in the Executive Summary section of the audit report.

Our audit findings, observations and recommendations have been discussed with MVSD's management and their responses are included in the audit report. We believe the implementation of our recommendations will improve MVSD's operations and facilitate compliance with legal and administrative requirements. We appreciate the MVSD's cooperation during the conduct of the audit and their willingness to implement our recommendations.

Sincerely,

/s/

JACK WAGNER
Auditor General

February 22, 2012

cc: **MID VALLEY SCHOOL DISTRICT** Board Members

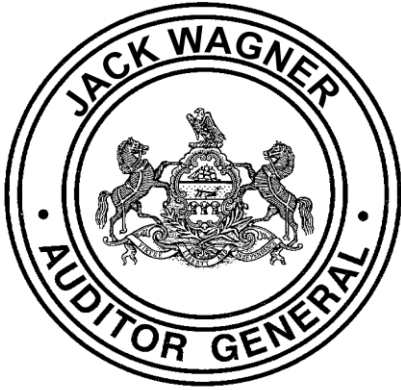
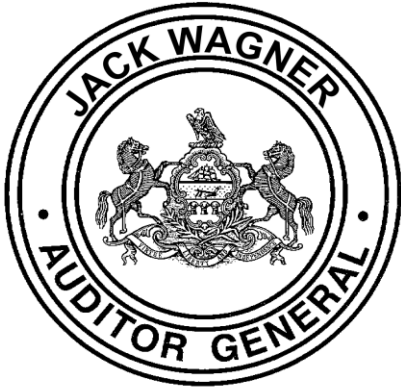


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Executive Summary

Audit Work

The Pennsylvania Department of the Auditor General conducted a performance audit of the Mid Valley School District (MVSD). 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 MVSD in response to our prior audit recommendations.

Our audit scope covered the period July 3, 2008 through February 23, 2011, 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 and 2006-07.

District Background

The MVSD encompasses approximately 15 square miles. According to 2000 federal census data, it serves a resident population of 15,193. According to District officials, in school year 2007-08 the MVSD provided basic educational services to 1,740 pupils through the employment of 124 teachers, 116 full-time and part-time support personnel, and 6 administrators. Lastly, the MVSD received more than \$5.6 million in state funding in school year 2007-08.

Audit Conclusion and Results

Our audit found that the MVSD complied, in all significant respects, with applicable state laws, contracts, grant requirements, and administrative procedures; however, as noted below, we identified three compliance-related matters reported as findings and two matters unrelated to compliance that are reported as observations.

Finding No. 1: Errors in Reporting the Number of Nonpublic Students Transported Resulted in Reimbursement Overpayments of \$22,330. Our audit of the MVSD's transportation records for the 2007-08 and 2006-07 school years found that it misreported the number of nonpublic students it transported resulting in subsidy overpayments of \$22,330 (see page 6).

Finding No. 2: Possible Certification Deficiency. Our audit of professional employee's certification and assignments for the 2010-11 school year found one professional employee may not have had the proper certification (see page 8).

Finding No. 3: Lack of Documentation Necessary to Verify Bus Drivers' Qualifications. Our audit found that the MVSD failed to obtain and retain the required documentation/clearances for several contracted drivers (see page 9).

Observation No. 1: Memorandum of Understanding Not Updated Timely. Our audit of the MVSD's records found that the current Memorandum of Understanding between the MVSD and the local police department was last signed on

August 24, 2005, and has not been updated (see page 11).

Observation No. 2: Internal Control Weaknesses in Administrative Policies Regarding Bus Drivers' Qualifications.

Our audit of the MVSD's transportation records found that MVSD did not have policies and procedures in place to inform them when any of their bus drivers are charged with a crime (see page 13).

Status of Prior Audit Findings and Observations. With regard to the status of our prior audit recommendations of the MVSD from an audit we conducted of the 2005-06 and 2004-05 school years, we found the MVSD did not take appropriate corrective action in implementing our recommendations pertaining to certification deficiencies (see page 15). However, MVSD did take appropriate corrective action in implementing our recommendations pertaining to lack of controls and oversight over travel expenses (see page 16) and excessive conference expenditures (see page 17).

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 3, 2008 through February 23, 2011.

Regarding state subsidy and reimbursements, our audit covered school years 2007-08 and 2006-07.

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 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 MVSD'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?
- ✓ Is the District's pupil transportation department, including any contracted vendors, in compliance with applicable state laws and procedures?
- ✓ 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 use an outside vendor to maintain its membership data and if so, are there internal controls in place related to vendor access?
- ✓ 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.

MVSD 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.

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, and financial stability.
- Items such as Board meetings.

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

Lastly, to determine the status of our audit recommendations made in a prior audit report released on June 17, 2010, we reviewed the MVSD's response to DE dated December 8, 2010. We then performed additional audit procedures targeting the previously reported matters.

Findings and Observations

Finding No. 1

Errors in Reporting the Number of Nonpublic Students Transported Resulted in Reimbursement Overpayments of \$22,330

Public School Code sections and criteria relevant to the finding:

Section 2541 provides for payment of pupil transportation.

Section 2509.3 states, in part:

For the school year 2001-02 and each school year thereafter, each school district shall be paid the sum of \$385 for each nonpublic school pupil transported.

Public and nonpublic pupil tabulation is an integral part of the transportation reimbursement formula. Pupil counts should be reported accurately, in accordance with DE guidelines and instructions, to ensure the district receives proper reimbursement.

Our audit found that the Mid Valley School District's (MVSD) transportation reports submitted to the Department of Education (DE) for the 2007-08 and 2006-07 school years were inaccurate. MVSD personnel made errors in reporting their nonpublic students, which resulted in a net overpayment of \$22,330 in subsidies and reimbursements.

MVSD personnel overstated the number of nonpublic students it transported by 51 in the 2007-08 school year and 7 in the 2006-07 school year, resulting in overpayments of \$19,635 and \$2,695, respectively.

MVSD personnel's reporting of nonpublic students who were ineligible for reimbursement by DE led to the overpayment. In addition, MVSD did not have proper internal controls over their transportation reporting process.

Recommendations

The *Mid Valley School District* should:

1. Institute a system of review that would help ensure reports sent to DE are accurate.
2. Review subsequent years reports and if errors are found, submit revised reports to DE.

The *Department of Education* should:

3. Adjust the MVSD's allocations to recover the overpayment of \$22,330.

Management Response

Management stated the following:

These errors occurred during the tenure of past and retired administrators. A review of our current accounting and

recording procedures for all nonpublic students being transported by the District will ensure that these types of errors cannot happen in the future. The District will also comply and add any further safeguards to our procedures recommended from the state audit.

Finding No. 2 →

Public School Code sections relevant to the finding:

Section 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 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.

Possible Certification Deficiency

Our audit of the Mid Valley School District (MVSD) professional employees' certification and assignments for the period July 1, 2006 through June 17, 2008, was conducted to determine compliance with the Public School Code, the Bureau of School Leadership and Teacher Quality (BSLTQ), and the Department of Education's (DE) Certification and Staffing Policies and Guidelines. We found that MVSD employed a long term substitute as a librarian for the 2008-09 school year without proper certification.

Information regarding the individual in question was submitted to the Bureau of School Leadership and Teacher Quality (BSLTQ) for review. If BSLTQ confirms the deficiency, the District would be subject to a subsidy forfeiture for the 2008-09 school year.

The *Mid Valley School District*, in conjunction with BSLTQ's response should:

Ensure procedures are in place to compare teachers' certification to the certification requirements of the assignment the District intends to give the teacher.

The *Department of Education*, in conjunction with BSLTQ's response should:

Adjust the District's allocations to recover any subsidy forfeiture deemed necessary.

Management Response

Management stated the following:

As far as the . . . violation with a substitute teacher being assigned to a long term substitute position during the FMLA of our Secondary Center Librarian without a Library Science Certification, it was a mistake and an oversight on the assignment and rotation of per diem substitute staff. The Mid Valley School District will follow the recommendations of the state audit and will make sure that all the proper certification requirements are met.

Finding No. 3

Lack of Documentation Necessary to Verify Bus Drivers' Qualifications

Public School Code section and criteria relevant to the finding:

Section 111 of the PSC 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 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.

Similarly, Section 6355 of the Child Protection and Services Law (CPSL), known as Act 151, requires prospective school employees to submit an official child abuse clearance statement obtained from the Department of Public Welfare. The CPSL prohibits the hiring of an individual determined by court to have committed child abuse.

Act 114 of 2006 requires that all prospective employees of public and private schools, intermediate units and area vocational technical schools, including independent contractors and their employees and bus drivers who have direct contact with children provide to their employer a copy of their Federal Criminal History Record that cannot be more than one (1) year old this applies to employees hired on or after April 1, 2007.

Our current audit found that the Mid Valley School District (MVSD) failed to obtain and retain the required documentation/clearances for several contracted bus drivers.

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 in the appropriate class;
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 the regulations issued by the Pennsylvania Department of Transportation (PennDOT). As explained in the box at the left, the fourth and fifth requirements were set by the Public School Code, and the sixth requirement was set by the CPSL.

The District hired a new contractor for the 2008-09 school year and did not require the contractor to provide the necessary clearances for its drivers. We reviewed the records of 33 of 91 drivers. All drivers reviewed were newly hired contracted drivers chosen due to the District not requiring the necessary clearances for these drivers. Our audit found that the files of two drivers were missing the state criminal clearance, the files of six drivers were missing the Act 151 child abuse clearances and the files of

nine bus drivers were missing the Act 114 Federal Criminal History Record clearances as required by the Public School Code. The District's failure to verify the required clearances could result in the employment of individuals who may pose a risk if allowed to have direct contact with the District's students.

MVSD's failure to obtain this documentation was the result of its lack of policies and procedures to monitor driver qualifications.

Recommendations

The *Mid Valley School District* should:

1. Immediately obtain, from the transportation contractor, the missing documentation referred to in our finding in order to ensure that drivers transporting students in the District possess proper qualifications.
2. Ensure that the District's transportation coordinator reviews each driver's qualifications prior to that person transporting students.

Management Response

Management stated the following:

The District will require clearance to be renewed by any new contractor hired by the district and will incorporate contractual language in existing contracts requiring periodic renewal. This means that when an extension of a contract is approved for a new term, new clearances will also need to be provided for the new term of the contract. We will also comply with any further recommendation from the state audit.

Auditor Conclusion

It would not be necessary for MVSD to require its new contractors to obtain renewed clearances, as long as that contractor provided a complete set of clearances less than one year old, and MVSD maintained a file with these documents.

Observation No. 1 →

Memorandum of Understanding Not Updated Timely

Relevant Statutory Provisions and Related Criteria

Section 1303 – A(c) of the *Public School Code (PSC)*, 24 P.S. §13-1303-A(c), amended November 7, 2010 with an effective date of February 15, 2011, provides, in part:

“ . . . each chief school administrator shall enter into a memorandum of understanding with police departments having jurisdiction over school property of the school entity. Each chief school administrator shall submit a copy of the memorandum of understanding to the office by June 30, 2011, and **biennially update and re-execute** a memorandum of understanding with local law enforcement and file such memorandum with the office on a **biennial** basis. . . .”

The effective date of this amended provision was **February 15, 2011**. The “office” refers to the Office for Safe Schools established within the Department of Education through Section 1302-A(a) of the *PSC*, 24 P.S. §13-1302-A(a). The term “biennially” means “an event that occurs every two years.”

Prior to the effective date of the above referenced enactment of the MOU requirements, all public schools were required to **develop** a memorandum of understanding with local law enforcement.

Our audit of the Mid Valley School District’s (MVSD) records found that the current Memorandum of Understanding (MOU) between MVSD and the local police department was last signed August 24, 2005, and has not been updated.

The failure to update MOUs with all 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 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.

The District stated they tried several times to obtain this documentation in a timely manner prior to our coming to the audit site. The MVSD and the local police department did sign an updated MOU on January 17, 2011.

Recommendations

The *Mid Valley School District* should:

1. In consultation with the District’s solicitor, review, update and re-execute each MOU between the District and all the police departments having jurisdiction over school property and file a copy with the Department of Education’s Office of Safe Schools on a biennial basis

pursuant to the terms prescribed by the Public School Code.

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 effective February 15, 2011.
3. Adopt a board policy requiring the District's administration to biennially update and re-execute each MOU with police departments having jurisdiction over school property and file a copy with the Department of Education's Office of Safe Schools on a biennial basis as required by the Public School Code.

Management Response

Management stated the following:

The MOU with the Police Department was last renewed in January 2005. When the two year renewal was up, the school district was looking into hiring a school resource officer which we wanted to operate independently of the borough. Because the district was seeking to fill this position through the District Attorney's Office rather than through the Police Department the Chief of the Police Department refused to renew the agreement with the school district. His refusal to sign at the time in question was also supported by Borough Officials.

In the Spring of the 09-10 school year the District did hire a school resource officer after all the options and jurisdiction issues were resolved. The school resource officer was hired from the Police Department and jurisdiction remained in the hands of the Police. With this conflict and the responsibility of the resource officer being resolved the Chief of Police agreed to sign the MOU with the school district. Our updated MOU was signed by both parties in January 2011.

During this time period from 2005-2011 the Police Department and the School District operated under the provisions of the MOU from 2005. Services to the Mid Valley School District were always provided when needed by the Police. This dispute did not at anytime create an unsafe environment for the students and staff of our school district.

Observation No. 2

Internal Control Weaknesses in Administrative Policies Regarding Bus Drivers' Qualifications

Public School Code section and criteria relevant to the observation:

Section 111 of the Public School Code 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 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.

Similarly, Section 6355 of the CPSL, known as Act 151, requires prospective school employees to submit an official child abuse clearance statement obtained from the Department of Public Welfare. The CPSL prohibits the hiring of an individual determined by court to have committed child abuse.

As stated in Finding No. 3 of this report, the ultimate purpose of the bus driver clearance requirements is to ensure the protection of the safety and welfare of the students transported in school buses. To that end, there are other serious crimes that school districts should consider, on a case-by-case basis, in determining a prospective employee's suitability to have direct contact with children. Such crimes would include those listed in Section 111, but which were committed beyond the five-year look-back period, as well as other crimes of a serious nature that are not on the list at all.

Our audit found that there were no bus drivers at Mid Valley School District (MVSD) with other serious crimes, as referred to in the previous paragraph or serious crimes identified that called into question the applicant's suitability to have direct contact with children. However, the MVSD did not have written policies or procedures in place to inform them when any of their current employees have been charged with crimes since their hire dates that are deemed serious by the Auditor General Guidelines or charged with Child Abuse since their hire dates. This should be considered for the purpose of determining an individual's 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 employment of individuals who may pose a risk if allowed to have direct contact with children.

Recommendations

The *Mid Valley School District* should:

1. Implement written policies and procedures to determine on a case-by-case basis, whether current employees of the District since their hire dates have been charged with or convicted of crimes that, even though not barred by state law, affect their suitability to have direct contact with children.
2. Develop a process to determine, on a case-by-case basis, whether current employees of the District have

3. been charged with or convicted of crimes that, even though not disqualifying under state law, affect their suitability to have direct contact with children.

Management Response

Management stated the following:

The District will revise policy #810.3 (under the operations section of the district policy manual, titled Contracted Carrier Drivers). This policy covers the policies regarding bus driver qualifications that need to be followed by our bus contractors. We will add the LEA to that policy requiring the LEA to follow the same requirements.

Status of Prior Audit Findings and Observations

Our prior audit of the Mid Valley School District (MVSD) for the school years 2005-06 and 2004-05 resulted in two reported findings and one observation. The first finding pertained to certification deficiencies. The second finding pertained to lack of controls and oversight of travel expenses. The observation pertained to excessive conference expenditures. 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 MVSD superintendent'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 MVSD did not implement recommendations related to certification deficiencies, but did implement recommendations related to lack of controls and oversight of travel expenses and excessive conference expenditures.

School Years 2005-06 and 2004-05 Auditor General Performance Audit Report

Finding No. 1: Possible Certification Deficiencies

Finding Summary: Our prior audit found that one professional employee may not have had the proper certification for their teaching assignment during the 2007-08 school year. The individual in question was teaching with an Instructional I certificate that had expired on June 30, 2007.

Recommendations: Our audit finding recommended that the MVSD:

Ensure procedures are in place to compare teacher's certification to the certification requirements of the assignment the District intends to give the teacher.

The Department of Education, in conjunction with the Bureau of School Leadership and Teacher Quality's response should:

Adjust the MVSD's allocations to recover any subsidy forfeiture deemed necessary.

Current Status: During our current audit procedures we found that the MVSD did not implement our recommendations as found in Finding No. 2 in the current report. DE determined the teacher in question was not properly certified for the assignment and on December 30, 2010, DE adjusted the MVSD's allocations to recover the \$3,526 subsidy forfeiture.

Finding No. 2: Lack of Internal Controls and Oversight of Travel Expenses Resulted In Excessive Expenditures of \$36,478.70 and Violations of the Public School Code and District Policy

Finding Summary: Our prior audit found that the attendance of seven school board members and one principal at the National School Board Association (NSBA) conference in Orlando, Florida resulted in the MVSD's noncompliance with the Public School Code, and its own policy which resulted in excessive expenditures of \$36,478.70.

Recommendations: Our audit finding recommended that the MVSD:

1. Document the Board's approval of officials' attendance at conferences in the minutes.
2. Grant advances to conference attendees only when they present estimated expenses.
3. Ensure all conference attendees provide itemized receipts at the next board meeting following their return.
4. Ensure receipts are properly itemized before issuing a final reimbursement.
5. Ensure final reimbursements paid for attendance at conferences include only those expenditures that were actually and necessarily incurred.
6. Revisit the final itemized receipts submitted by officials for conference attendance and perform a verification of same in conjunction with the Public School Code and board policy. Officials should be made to return reimbursed expenditures that are determined not to be necessarily incurred.

Current Status: During our current audit procedures we found that the MVSD did implement the recommendations. The board minutes will reflect the Board authorizing Board members and the Superintendent to attend the conference in accordance with their new policy. The MVSD adopted a policy which limits the numbers of attendees for the conference and allows advances but requires a final itemized verified statement of such expenses be submitted upon return from the conference and adjustments shall be made either by refund or additional payment to cover the verified expenses. The policy also requires all expenses to be itemized and made available to the District Office to prepare for public inspection at the next succeeding Board meeting. The policy sets limits for meal expenses and

notes that the District will pay for the hotel for four nights and five days (length of the conference), conference registration, airfare plus transportation to and from the airport, and a rental car if needed. District personnel gave each conference participant individual receipt packets to review and provide sufficient documentation for any expense that may appear to be excessive. They were also asked to acknowledge any and all excessive spending during the period of the NSBA conference. As of our fieldwork completion date of February 23, 2011, all conference participants repaid the MVSD except for one who is making installment payments.

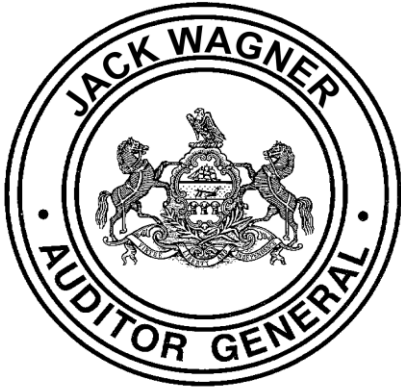
Observation: Excessive Conference Expenditures Disregard Good Business Practice

Finding Summary: As noted in Finding No. 2 of the prior audit, we reviewed seven board members and one principal's travel expenditures for the 2008 NSBA conference in Orlando, Florida. We found that conference attendees made several questionable expenditures for additional expenses that did not violate the Public School Code or the MVSD's travel policies, but showed disregard for good business practice.

Recommendations: Our audit finding recommended that the MVSD:

1. Consider analyzing how many individuals need to attend a particular conference. This decision should be put to a vote in a public meeting, and documented in the meeting minutes.
2. Determine an appropriate length of stay for each conference, and avoid reimbursing attendees past that set period.
3. Provide conference attendees with guidance on appropriate expenditures and costs for accommodations and meal expenses. For example, consider setting a maximum reimbursement amount, or establish per diem amount.
4. Affirm in MVSD policy that entertainment expenses incurred while attending an approved conference are not reimbursable expenditures.

Current Status: During our current audit procedures we found that the MVSD did implement the recommendations. A new NSBA conference policy was adopted that limited attendance to three board members and the Superintendent. The new policy also addressed specific limits on meal expenses and clarified that the District would only pay for conference registration, airfare plus transportation to and from the airport and a rental car if needed. The policy requires all expenses to be itemized and made available to the District Office to prepare for public inspection at the next succeeding Board meeting.



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:

The Honorable Tom Corbett
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Harrisburg, PA 17120

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This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, PA 17120. If you have any questions regarding this report or any other matter, you may contact the Department of the Auditor General by accessing our website at www.auditorgen.state.pa.us.

