

RIVERSIDE SCHOOL DISTRICT
LACKAWANNA COUNTY, PENNSYLVANIA
PERFORMANCE AUDIT REPORT

MARCH 2010

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

Mr. Timothy Lavelle, Board President
Riverside School District
300 Davis Street
Taylor, Pennsylvania 18517

Dear Governor Rendell and Mr. Lavelle:

We conducted a performance audit of the Riverside School District (RSD) to determine its compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures. Our audit covered the period March 8, 2007 through May 27, 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 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 RSD complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures, except as detailed in three findings noted in this report. In addition, 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 findings, observation and recommendations have been discussed with RSD's management and their responses are included in the audit report. We believe the implementation of our recommendations will improve RSD's operations and facilitate compliance with legal and administrative requirements. We appreciate the RSD's cooperation during the conduct of the audit and their willingness to implement our recommendations.

Sincerely,

/s/

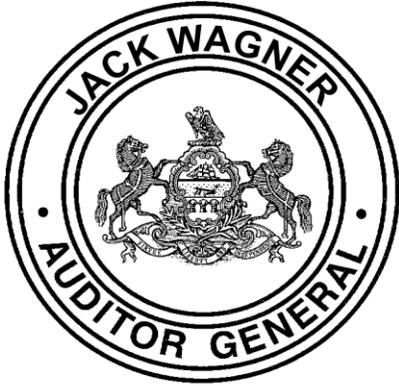
JACK WAGNER
Auditor General

March 25, 2010

cc: **RIVERSIDE 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 Riverside School District (RSD). Our audit sought to answer certain questions regarding the District's compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures.

Our audit scope covered the period March 8, 2007 through May 27, 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 and 2006-07.

District Background

The RSD encompasses approximately 12 square miles. According to 2000 local census data, it serves a resident population of 12,050. According to District officials, in school year 2007-08 the RSD provided basic educational services to 1,520 pupils through the employment of 126 teachers, 71 full-time and part-time support personnel, and 11 administrators. Lastly, the RSD received more than \$7.4 million in state funding in school year 2007-08.

Audit Conclusion and Results

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

Finding 1: Certification Deficiency. Our audit of RSD's professional employees' certificates and assignments found one secondary mathematics teacher was employed in the 2008-09 school year with a lapsed certificate (see page 6).

Finding 2: Lack of Documentation Needed to Verify Bus Drivers' Qualifications. Our audit found that RSD failed to obtain and retain the required documentation/clearances for two contracted van drivers (see page 7).

Finding 3: Lack of Memorandum of Understanding. Our audit found that the RSD did not have signed a Memorandum of Understanding from the Taylor Borough and Moosic Borough police departments available for audit (see page 9).

Observation: Internal Control Weaknesses in Administrative Policies Regarding Bus Drivers' Qualifications. Our audit of the current RSD's driver records found the RSD did not have written policies or procedures in place to be used in the hiring of contracted van drivers to ensure that they are aware if prospective employees have been charged with or convicted of

serious criminal offenses which should be considered for the purpose of determining an individual's suitability to be in direct contact with children (see page 11).

Status of Prior Audit Findings and Observations. With regard to our prior audit we conducted of the 2005-06, 2004-05, 2003-04 and 2002-03 school years, we found that there were no findings or observations.

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 March 8, 2007 through May 27, 2009, except for the verification of professional employee certification which was performed for the period January 1, 2007 through March 31, 2009.

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 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 RSD'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?
- ✓ 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?

- ✓ 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?

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 findings, observation and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings, observation and conclusions based on our audit objectives.

RSD 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 bus driver qualifications and professional employee certification.

- Items such as Board meeting minutes.

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

Findings and Observations

Finding No. 1

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. . . .

Certification Deficiency

Our audit of the professional employees' certificates and assignments for the period January 1, 2007 through March 31, 2009, was conducted to review compliance with the Public School Code, Bureau of School Leadership and Teacher Quality (BSLTQ), and Department of Education's Certification and Staffing Policies and Guidelines. We found one secondary mathematics teacher was employed in the 2008-09 school year with a lapsed certificate.

The teacher served in the position from August 12, 2002 to current with a temporary certificate that expired June 30, 2008.

On June 17, 2009, BSLTQ confirmed the deficiency. Therefore, the District will be subject to a subsidy forfeiture for the 2008-09 school year.

The deficiency resulted from the District's failure to adequately monitor non-permanently certified employees certificates.

The *Riverside School District* superintendent should:

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

Management Response

Management stated the following:

Thank you for bringing this to our attention. We have sent a request to the State Department of Education concerning the marked individual to determine status. We have also created a database to track the years and eligibility of candidates both on staff and future hires via our central office.

Finding No. 2

Lack of Documentation Needed to Verify Bus Drivers' Qualifications

Public School Code section and criteria relevant to the finding:

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.

Our current audit found that the Riverside School District (RSD) failed to obtain and retain the required documentation/clearances for two contracted van 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 five requirements:

1. possession of a valid driver's license;
2. completion of school bus driver skills and safety training;
3. passing a physical examination;
4. lack of convictions for certain criminal offenses; and
5. official child abuse clearance statement.

The first three requirements were set by the regulations issued by the Pennsylvania Department of Transportation (PennDOT). The Public School Code Law of 1949, as amended (Public School Code), and the Child Protective Services Law, respectively, set the fourth and fifth requirements.

We reviewed the records of 28 drivers currently employed by the RSD and its current contractors. Our review found one van driver did not have Act 34 criminal clearance and another did not have Act 34 criminal or Act 151 child abuse clearances 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.

Lack of internal control policy and procedures to monitor private contracted van driver qualifications resulted in the absence of this documentation. District personnel were informed about the lack of documentation on May 20, 2009.

Recommendations

The *Riverside School District's* board and administrators 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.
3. Maintain files, separate from the transportation contractors, for all District drivers and work with the contractors to ensure that the District's files are up-to-date and complete.

Management Response

Management stated the following:

Thank you for bringing this to our attention. We have sent the contractors a copy of a letter describing our requirement that we be informed as to any change in status of any driver. Additionally, we will start our new transportation employee with the responsibility of keeping all files active in our central area as both contracted and private drivers become board approved.

Finding No. 3 →

Lack of Memorandum of Understanding

Public School Code section and criteria relevant to the finding:

Section 13-1303-A(c) requires:

All school entities shall develop a memorandum of understanding with local law enforcement that 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. Law enforcement protocols shall be developed in cooperation with local law enforcement and the Pennsylvania State Police.

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

Our audit of the RSD's records found that the District did not have a signed Memorandum of Understanding (MOU) with the Taylor Borough Police Department and the Moosic Borough Police Department available for audit.

The failure to obtain a signed MOU 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.

District personnel requested signed MOUs from the two local law enforcement agencies and, as of our fieldwork completion date, have only received the signed MOU from the Moosic Borough Police Department.

Recommendations

The *Riverside School District* should:

1. Develop and implement a MOU between the District and Taylor Borough Police Department.
2. Adopt a policy requiring the administration to review and re-execute all MOUs every two years.

Management Response

Management stated the following:

Thank you for bringing this to our attention. We have started our process of attaining a MOU through our local police forces. Currently, we have attained signatures from one of two required police forces. We will file and follow through procedurally within one week.

Observation

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. 2 of this report, the ultimate purpose of the 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 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 District did not have written policies or procedures in place to be used in the hiring of contracted drivers to ensure that they are aware if prospective employees have been charged with or convicted of serious criminal offenses which 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 *Riverside School District's* board and administration, in consultation with the District's solicitor, should:

1. Implement written policies and procedures to determine on a case-by-case basis, whether prospective employees of the District or the District's transportation contractor 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 prospective and current employees of the District or the District's transportation contractor have been charged with or convicted of crimes that, even though not disqualifying under state law, affect their suitability to have direct contact with children.

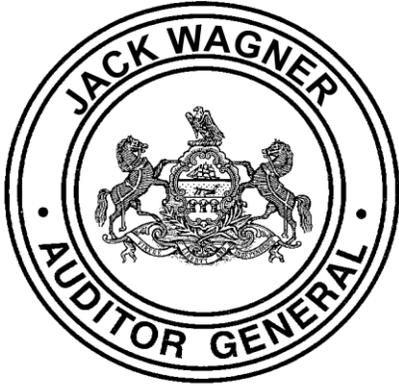
Management Response

Management stated the following:

Thank you for bringing this to our attention. We have sent the contractors a copy of a letter describing our requirement that we be informed as to any change in status of any driver. Additionally, we will start our new transportation employee with the responsibility of keeping all files active in our central area as both contracted and private drivers become board approved.

Status of Prior Audit Findings and Observations

Our prior audit of the Riverside School District for the school years 2005-06, 2004-05, 2003-04 and 2002-03 resulted in no findings or observations.



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 Edward G. Rendell
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The Honorable Robert M. McCord
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Senate Education Committee
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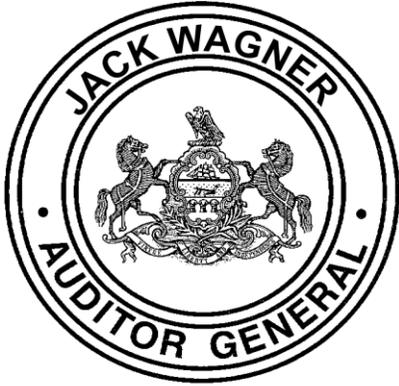
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