

UNIONVILLE-CHADDS FORD SCHOOL DISTRICT

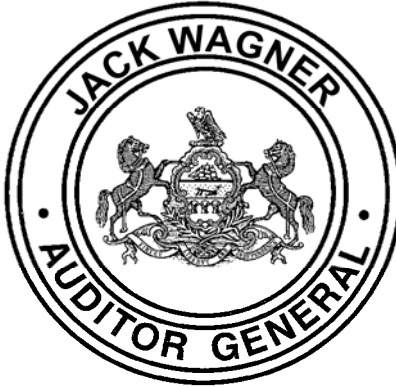
CHESTER COUNTY, PENNSYLVANIA

PERFORMANCE AUDIT REPORT

FOR THE YEARS ENDED JUNE 30, 2004 AND 2003,
AND IN CERTAIN AREAS EXTENDING BEYOND JUNE 30, 2004

WITH FINDING AND RECOMMENDATIONS

THROUGH FEBRUARY 3, 2006



UNIONVILLE-CHADDS FORD SCHOOL DISTRICT
CHESTER COUNTY, PENNSYLVANIA
PERFORMANCE AUDIT REPORT

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UNIONVILLE-CHADDS FORD SCHOOL DISTRICT
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The Honorable Edward G. Rendell
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120

We have conducted a performance audit of the Unionville-Chadds Ford School District for the years ended June 30, 2004 and 2003, and in certain areas extending beyond June 30, 2004. 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.

The objective of our audit was to determine if the Unionville-Chadds Ford School District complied with applicable state laws, regulations, contracts, grants, and administrative procedures falling within the scope of our audit.

Solely to assist us in planning and performing our audit, we made a study and evaluation of the internal controls of the Unionville-Chadds Ford School District to determine if internal controls were adequate to help ensure the district's compliance with applicable state laws, regulations, contracts, grants, and administrative procedures falling within the scope of our audit. Accordingly, we do not express any assurance on the internal controls.

The results of our tests indicated that, in all significant respects, the Unionville-Chadds Ford School District was in compliance with applicable state laws, regulations, contracts, grants, and administrative procedures falling within the scope of our audit except as noted in the following finding further discussed in the Conclusion section of this report:

Finding – Certification Irregularities

We believe our recommendations, if implemented by the district, will help ensure compliance with applicable state laws, regulations, contracts, grants, and administrative procedures falling within the scope of our audit.

Independent Auditor's Report (Continued)

The accompanying supplementary information is presented for purposes of additional analysis. We did not audit the information and, accordingly, express no form of assurance on it.

February 3, 2006

JACK WAGNER
Auditor General

UNIONVILLE-CHADDS FORD SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT
BACKGROUND

Background

Information, as provided by school district officials, indicates that the Unionville-Chadds Ford School District is located in Chester County, and encompasses an area of approximately 75 square miles. The school district has a population of 21,523, according to the 2000 federal census. The administrative offices are located at 740 Unionville Road, Kennett Square, Pennsylvania.

According to school district administrative officials, during 2003-04, the district provided basic educational services to 3,883 pupils through the employment of 21 administrators, 295 teachers, and 302 full-time and part-time support personnel. Special education was provided by the district and the Chester County Intermediate Unit #24. Occupational training and adult education in various vocational and technical fields were provided by the district and the Center for Arts and Technology, Brandywine Campus.

Generally, state subsidies and reimbursements are paid in the year subsequent to the year the school district incurs the cost that qualifies it for the applicable subsidy or reimbursement. While the Pennsylvania Department of Education (DE) makes partial payments to the school district throughout the year, final payments are normally made in June. Refer to the Supplementary Information on pages 7 through 9 of this report for a listing of the state revenue the district received during the 2003-04 and 2002-03 school years and for descriptions of the state revenue received by category.

In July, the Comptroller's Office confirms the payments that were made by DE throughout the prior fiscal year. School district annual financial reports and the related certified audits of the payments are not available before October 31st of the following fiscal year.

UNIONVILLE-CHADDS FORD SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT
OBJECTIVE, SCOPE AND METHODOLOGY

OBJECTIVE AND SCOPE

Our audit objective was to determine if the Unionville-Chadds Ford School District complied with applicable state laws, regulations, contracts, grants, and administrative procedures falling within the scope of our audit.

The scope of our audit covered the years ended June 30, 2004 and 2003, and in certain areas extending beyond June 30, 2004.

METHODOLOGY

Our audit was conducted under authority of 72 P.S. § 403, and does not supplant the local annual audit as required by the Public School Code of 1949, as amended.

The proper administration of a school district requires school board members to establish and maintain internal controls to provide reasonable assurance that specific school district objectives will be achieved. School board members are responsible for the adoption and use of policies and procedures that promote the economic and efficient conduct of assigned duties and responsibilities. In completing our audit, we obtained an understanding of the school district's internal controls as they relate to the district's compliance with applicable state laws, regulations, contracts, grants, and administrative procedures falling within the scope of our audit. We evaluated and tested documents, files, reports, agreements, and systems, and performed analytical procedures to the extent necessary to satisfy our audit objectives. Additionally, we interviewed selected administrators and operations personnel.

As noted in the Background section of this report, the Department of Education generally pays state subsidies and reimbursements in the fiscal year subsequent to the fiscal year the district incurs the qualifying cost. Since we use the payment confirmations, annual financial reports and certified audit data as supporting documentation of actual payments received in the performance of our audit, we cannot begin the field work of a school district's operations for a given year until after this information becomes available.

UNIONVILLE-CHADDS FORD SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

CONCLUSION

The objective of our audit was to determine if the Unionville-Chadds Ford School District complied with applicable state laws, regulations, contracts, grants, and administrative procedures falling within the scope of our audit.

The results of our tests indicate that with respect to the items tested, the Unionville-Chadds Ford School District complied with applicable state laws, regulations, contracts, grants, and administrative procedures falling within the scope of our audit, except as noted in the finding listed below. The finding and recommendations were reviewed with representatives of Unionville-Chadds Ford School District, and their comments have been included in this report.

Finding - Certification Irregularities

Our review of the professional employees' certification for the period June 12, 2003 through December 2, 2005, disclosed one professional employee's certificate lapsed for the period September 1, 2005 through November 30, 2005. The professional employee obtained permanent certification in December of 2005.

Section 1202 of the Public School Code provides, in part:

No teacher shall teach, in any public school, any branch he has not been properly certified to teach.

Section 2518 mandates any school district that:

. . . has in its employ any person in a position that is subject to 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/personal income aid ratio. . . .

Certification irregularities are not determined by this department. Information pertaining to the questionable assignment was submitted to the Bureau of Teacher Certification and Preparation (BTCPP), Department of Education (DE), for determination. BTCPP confirmed the irregularity; therefore, the school district will be subject to a subsidy forfeiture. The subsidy forfeiture cannot be determined at this time since the necessary aid ratio information is not yet available from DE.

The lapsed teacher certificate resulted from the administration's belief that all of the necessary paperwork for the employee was filed and the Instructional II permanent certificate would be forthcoming.

UNIONVILLE-CHADDS FORD SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

Finding (Continued)

Recommendations

The district should put procedures in place to ensure teachers with provisional certificates obtain permanent certification before the certificates lapse.

DE should adjust the district's allocations to recover the appropriate subsidy forfeiture.

Response of Management

Management provided the following response, agreeing with the finding:

. . . [O]ur high school vocal director has been with our district for two years. Prior to that, [Individual] was in the Eastern Lebanon School District for four years. Our office notified [Individual] that his certificate must be converted to a Level II during the summer of 2005 and sent him a packet of information regarding the paperwork and process to do so. [Individual] had the form signed by our Superintendent and submitted the paper work to PDE. Unfortunately, [Individual] submitted a form that still had a payment by credit card section and that is what he opted to do. Since the department no longer accepted this form of payment, his packet was returned. In a hectic time of having a new baby and moving into a new house, [Individual] placed the information in a "to do" pile and forgot about it. Our office knew he had applied, and we were waiting for him to bring his Level II Certificate to us. It was when our auditor asked about his certificate that we realized that he had not submitted the Level II certificate to our office. Upon questioning the [Individual], we heard the above story and immediately sent the application for his Level II to PDE and it was approved.

We currently keep a database of teachers' certification dates and years of use, so knowing which teachers are nearing their expiration date is not the issue. In the future, however, all teachers requiring a Level I to Level II conversion will be required to sit with us and complete their paperwork for submission from this office.

UNIONVILLE-CHADDS FORD SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

SUPPLEMENTARY INFORMATION
[UNAUDITED]

Schedule of State Revenue Received

The district reported it received state revenue of \$7,260,233 and \$6,972,124 respectively, for the years ended June 30, 2004 and 2003, as detailed in the following schedule:

	<u>2004</u>	<u>2003</u>
STATE REVENUE		
Basic Education	\$2,572,452	\$2,525,286
Charter Schools	16,135	16,135
School Performance Incentives	-	28,440
Homebound Instruction	286	185
Special Education	1,476,382	1,485,253
Transportation	1,233,020	1,279,281
Rental and Sinking Fund Payments	370,561	355,713
Health Services	75,590	74,832
Sewage Treatment Operations	-	23,360
Safe Schools	-	7,181
Social Security and Medicare Taxes	1,039,867	986,562
Retirement	<u>475,940</u>	<u>189,896</u>
<u>TOTAL STATE REVENUE</u>	<u>\$7,260,233</u>	<u>\$6,972,124</u>

UNIONVILLE-CHADDS FORD SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

SUPPLEMENTARY INFORMATION
[UNAUDITED]

Description of State Revenue Received per the Pennsylvania Accounting Manual

Basic Education

Revenue received from Commonwealth appropriations as subsidy for basic education.

Charter Schools

Revenue received from the Commonwealth to fund the Charter Schools initiative. The state subsidy received includes revenue for startup funding, nonpublic transfers, and transitional grants.

School Performance Incentives

Revenue received from Commonwealth appropriations to reward significant educational and school-specific performance improvements as measured by improvements in student attendance and student accomplishments.

Homebound Instruction

Revenue received from the Commonwealth as subsidy for expenses incurred for instruction of homebound pupils. Payments are made in accordance with Section 2510.1 of the Public School Code.

Special Education

Revenue received from the Commonwealth as subsidy for expenditures incurred for instructing school age special education students.

Transportation

Revenue received from the Commonwealth as subsidy for pupil transportation expenditures and/or board and lodging in lieu of transportation. Payments for pupil transportation are made in accordance with Section 2541 of the Public School Code. Payments for board and lodging in lieu of transportation are made in accordance with Section 2542 of the Public School Code. This revenue also includes subsidy for the transportation of nonpublic and charter school students.

Rental and Sinking Fund Payments

Revenue received from the Commonwealth as a full or partial subsidy payment for approved lease rentals, sinking fund obligations, or any approved district debt obligations for which the Department of Education has assigned a lease number.

UNIONVILLE-CHADDS FORD SCHOOL DISTRICT
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SUPPLEMENTARY INFORMATION
[UNAUDITED]

Health Services

Revenue received from the Commonwealth as subsidy for health services. Payments are made in accordance with Section 2505.1 of the Public School Code and include revenue for medical, dental, nurse and Act 25 health services.

Sewage Treatment Operations

Revenue received from the Commonwealth via the Department of Environmental Protection as subsidy for the annual operation costs of a sewage treatment plant. Payments are made in accordance with Act 339 of 1953.

Safe Schools

Revenue received from the Commonwealth as subsidy for Safe School programs.

Social Security and Medicare Taxes

Revenue received from the Commonwealth as subsidy designated as the Commonwealth's matching share of the employer's contribution of the Social Security and Medicare taxes for covered employees who are not federally funded.

Retirement

Revenue received from the Commonwealth as subsidy designated as the Commonwealth's matching share of the employer's contribution of retirement contributions for active members of the Public School Employees' Retirement System.



BUREAU OF SCHOOL AUDITS
AUDIT REPORT 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 Gerald Zahorchak, D.Ed.
Secretary of Education
1010 Harristown Building #2
333 Market Street
Harrisburg, PA 17126

Mr. John Godlewski, Director
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The Honorable Robert P. Casey, Jr.
State Treasurer
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Harrisburg, PA 17120

Dr. David Wazeter, Research Manager
Pennsylvania State Education Association
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Ms. Ann Boyko, School Personnel Services Administrator
Pennsylvania School Boards Association
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Mechanicsburg, PA 17050

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, Pennsylvania 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.