

WESTERN BEAVER COUNTY SCHOOL DISTRICT

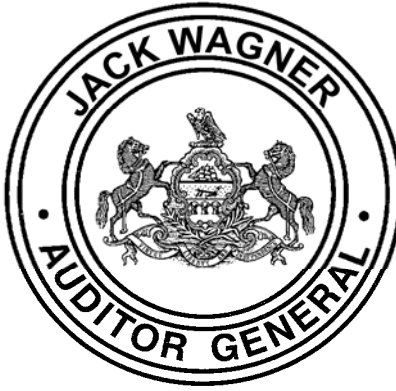
BEAVER COUNTY, PENNSYLVANIA

PERFORMANCE AUDIT REPORT

FOR THE YEARS ENDED JUNE 30, 2006 AND 2005,
AND IN CERTAIN AREAS EXTENDING BEYOND JUNE 30, 2006

WITH STATUS OF PRIOR YEARS' FINDINGS, OBSERVATION AND
RECOMMENDATIONS

THROUGH FEBRUARY 15, 2008



WESTERN BEAVER COUNTY SCHOOL DISTRICT
BEAVER COUNTY, PENNSYLVANIA
PERFORMANCE AUDIT REPORT

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AND IN CERTAIN AREAS EXTENDING BEYOND JUNE 30, 2006
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WESTERN BEAVER COUNTY SCHOOL DISTRICT
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The Honorable Edward G. Rendell
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120

Mr. Patrick McGeehan, Board President
Western Beaver County School District
343 Ridgemont Drive
Midland, Pennsylvania 15059

Dear Governor Rendell and Mr. McGeehan:

We have conducted a performance audit of the Western Beaver County School District for the years ended June 30, 2006 and 2005, and in certain areas extending beyond June 30, 2006. 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 was limited to the following objectives:

- . Objective No. 1 - To determine if the Western Beaver County School District complied with applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit; and
- . Objective No. 2 - To determine if the Western Beaver County School District took appropriate corrective action to address the findings, observation, and recommendations contained in our prior audit report.

To plan and perform our audit of the Western Beaver County School District, we considered the district's internal controls pertinent to our audit objectives. Based on our consideration of these internal controls we determined audit procedures for the purpose of reporting on our audit objectives, but not to provide assurance on the effectiveness of the district's internal controls. However, any significant internal control deficiencies found during our audit were included in our report.

Independent Auditor's Report (Continued)

The results of our tests indicated that, in all significant respects, the Western Beaver County School District was in compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit and took appropriate corrective action to address the findings, observation, and recommendations contained in our prior audit report.

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.

Sincerely,

February 15, 2008

/s/
JACK WAGNER
Auditor General

cc: Mr. Frank Mosura, Jr., Board Vice-President
Mr. John Nadzam, Board Treasurer
Mrs. Paula Kadilak, Board Secretary
Mr. Hubert Kovalesky, Board Member
Ms. Ilene McLean, Board Member
Mr. John Metzler, Board Member
Mr. John Nuzzo, Board Member
Mr. Michael Vujakly, Board Member
Mr. Enrico Antonini, Superintendent

WESTERN BEAVER COUNTY SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT
BACKGROUND

Background

The Western Beaver County School District is located in Beaver County and encompasses an area of 34.5 square miles. The school district has a population of 5,743, according to the 2000 federal census. The administrative offices are located at 343 Ridgemont Drive, Midland, Pennsylvania.

According to school district administrative officials, during the 2005-06 school year, the district provided basic educational services to 917 pupils through the employment of 8 administrators, 77 teachers, and 63 full-time and part-time support personnel. Special education was provided by the district and the Beaver Valley Intermediate Unit #27. Occupational training and adult education in various vocational and technical fields were provided by the district and the Beaver County Area Vocational-Technical School.

Generally, state subsidies and reimbursements are paid in the year subsequent to the year in which 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 9 through 11 of this report for a listing of the state revenue the district received during the 2005-06 and 2004-05 school years and for descriptions of the state revenue received by category.

In July of each year, the Commonwealth's Labor, Education and Community Services, 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.

WESTERN BEAVER COUNTY SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT
OBJECTIVES, SCOPE AND METHODOLOGY

OBJECTIVES AND SCOPE

Our audit objectives were:

- . Objective No. 1 - To determine if the Western Beaver County School District complied with applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit; and
- . Objective No. 2 - To determine if the Western Beaver County School District took appropriate corrective action to address the findings, observation, and recommendations contained in our prior audit report.

The scope of our audit covered the years ended June 30, 2006 and 2005, and in certain areas extending beyond June 30, 2006.

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 (Public School Code).

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 economical 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, grant requirements, 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 in which the district incurs the qualifying cost. Because 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.

WESTERN BEAVER COUNTY SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

CONCLUSIONS – OBJECTIVE NO. 1

The first objective of our audit was to determine if the Western Beaver County School District complied with applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit.

The results of our tests indicate that with respect to the items tested, the Western Beaver County School District complied with applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit.

WESTERN BEAVER COUNTY SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

CONCLUSIONS - OBJECTIVE NO. 2

The second objective of our audit was to determine if the Western Beaver County School District took appropriate corrective action to address the findings, observation and recommendations contained in our prior audit report for the years ended June 30, 2004 and 2003, and in certain areas extending beyond June 30, 2004. The status of the findings and observation, along with a description of the school board's disposition of each recommendation, was determined by one or more of the following procedures:

- performing tests as a part of, or in conjunction with, the current audit; and
- questioning appropriate district personnel regarding specific prior years' findings, observation, and recommendations.

Finding No. 1 – Membership Errors Resulted in Overpayments of \$20,235

Our prior audit of pupil membership records for the 2003-04 and 2002-03 school years found that the district overstated resident student membership on reports submitted to the Department of Education (DE). These overstatements resulted in overpayments of \$13,265 and \$6,970 in basic education funding (BEF) for the respective school years.

We recommended that the board require the administration to implement a system of review to ensure the accuracy of membership reports prior to their submission to DE.

We also recommended that DE adjust the district's allocations to correct BEF overpayments of \$20,235.

Our current audit found that the district properly reported membership to DE for our audit period, and has procedures in place to review membership reports prior to their submission to DE.

As of February 15, 2008, DE had not yet adjusted the district's allocations. Therefore, we again recommend that DE recover the overpayments of \$20,235.

Based upon the results of our current audit, we concluded that the district did take appropriate corrective action to address this finding.

Finding No. 2 – Certification Irregularity

Our prior audit of the professional employees' certification and assignments for the period September 2, 2003 through November 30, 2005, found one individual assigned to a teaching position whose provisional certificate might have expired.

WESTERN BEAVER COUNTY SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

Finding No. 2 (Continued)

Information pertaining to the possible irregularity was forwarded to the Bureau of Teacher Certification and Preparation (BTC), DE, for its review. Subsequent to completion of our prior audit, BTC upheld the irregularity, which resulted in a \$2,190 subsidy forfeiture for the district.

We recommended that the board put procedures in place that would ensure that individuals obtain permanent certification before their provisional certificates expire.

We also recommended that DE recover the subsidy forfeiture in accordance with BTC's determination.

Our current audit of teacher certification found no certification irregularities. The teacher cited in our prior audit received permanent certification in March of 2006. District personnel now review certificates to ensure all professional are properly certified.

In December of 2006, DE withheld \$2,190 from the district's allocations to recover the subsidy forfeiture.

Based upon the results of our current audit, we concluded that the district did take appropriate corrective action to address this finding.

Observation - Internal Control Weaknesses in Administrative Policies Regarding Bus Driver Qualifications

Our prior audit found that neither the district nor its contracted transportation provider had written policies or procedures in place to ensure that the district was notified if its current bus drivers were charged with or convicted of serious criminal offenses which were to be considered for the purpose of determining an individual's continued suitability to be in direct contact with children.

We recommended that the school board and district administrators consider, in consultation with the district's solicitor:

- developing a process to determine, on a case-by-case basis, whether prospective and current employees of the district and 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; and
- implementing written policies and procedures to ensure the district and contractor are notified when drivers are charged with or convicted of crimes that call into question their suitability to continue to have direct contact with children.

WESTERN BEAVER COUNTY SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

Observation (Continued)

Our current audit found that the district implemented policies as we recommended on September 19, 2006.

Based upon the results of our current audit, we concluded that the district did take appropriate corrective action to address this observation.

WESTERN BEAVER COUNTY SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

SUPPLEMENTARY INFORMATION
[UNAUDITED]

Schedule of State Revenue Received

The district reported it received state revenue of \$6,381,881 and \$6,203,392, respectively, for the years ended June 30, 2006 and 2005, as detailed in the following schedule:

	<u>2006</u>	<u>2005</u>
STATE REVENUE		
Basic Education	\$4,841,340	\$4,726,367
Charter Schools	23,819	23,912
Tuition for Orphans and Children Placed in Private Homes	-	2,974
Homebound Instruction	140	47
Vocational Education	11,551	10,831
Special Education	535,565	521,990
Transportation	456,946	424,838
Health Services	17,529	17,626
Safe Schools	-	12,352
Social Security and Medicare Taxes	224,260	214,841
Retirement	133,144	116,093
Other Program Subsidies/Grants:		
Pennsylvania Accountability	136,038	131,521
Dual Enrollment	<u>1,549</u>	<u>-</u>
<u>TOTAL STATE REVENUE</u>	<u>\$6,381,881</u>	<u>\$6,203,392</u>

WESTERN BEAVER COUNTY SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

SUPPLEMENTARY INFORMATION
[UNAUDITED]

Description of State Revenue Received (Source: 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.

Tuition for Orphans and Children Placed in Private Homes

Revenue received from the Commonwealth as tuition for children who are orphans and/or children who are placed in private homes by the court. Payments are made in accordance with Sections 1305 and 1306 of the Public School Code.

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.

Vocational Education

Revenue received from the Commonwealth as subsidy for vocational education expenditures which are classified as current operating expenditures and also for preliminary expenses in establishing an area vocational education school. Payments are made in accordance with Sections 2504, 2506 and 2507 of the Public School Code.

Special Education

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

WESTERN BEAVER COUNTY SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

SUPPLEMENTARY INFORMATION
[UNAUDITED]

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.

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 health services.

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.

Other Program Subsidies/Grants

Revenue received from the Commonwealth not specified elsewhere.



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 Edward G. Rendell
Governor
Commonwealth of Pennsylvania
Harrisburg, PA 17120

The Honorable Gerald Zahorchak, D.Ed.
Secretary of Education
1010 Harristown Building #2
333 Market Street
Harrisburg, PA 17126

The Honorable Robin L. Wiessmann
State Treasurer
Room 129 - Finance Building
Harrisburg, PA 17120

Senator James Rhoades
Chair
Senate Education Committee
362 Main Capitol Building
Harrisburg, PA 17120

Senator Raphael Musto
Democratic Chair
Senate Education Committee
17 East Wing
Harrisburg, PA 17120

Representative James Roebuck
Chair
House Education Committee
208 Irvis Office Building
Harrisburg, PA 17120

Representative Jess Stairs
Republican Chair
House Education Committee
43A East Wing
Harrisburg, PA 17120



BUREAU OF SCHOOL AUDITS

AUDIT REPORT DISTRIBUTION LIST (Continued)

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Mechanicsburg, PA 17055

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.