

WESTMONT HILLTOP SCHOOL DISTRICT
CAMBRIA COUNTY, PENNSYLVANIA
PERFORMANCE AUDIT REPORT

NOVEMBER 2012

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

Ms. Diana L. Schroeder, Board President
Westmont Hilltop School District
827 Diamond Boulevard
Johnstown, Pennsylvania 15905

Dear Governor Corbett and Ms. Schroeder:

We conducted a performance audit of the Westmont Hilltop School District (WHSD) to determine its compliance with applicable state laws, contracts, grant requirements, and administrative procedures. Our audit covered the period March 25, 2010 through November 15, 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, 2010 and June 30, 2009. 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 WHSD complied, in all significant respects, with applicable state laws, contracts, grant requirements, and administrative procedures, except as detailed in the finding noted in this report. A summary of these results is presented in the Executive Summary section of the audit report.

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

Sincerely,

/s/

JACK WAGNER
Auditor General

November 1, 2012

cc: **WESTMONT HILLTOP SCHOOL DISTRICT** Board Members



Table of Contents

	Page
Executive Summary	1
Audit Scope, Objectives, and Methodology	3
Findings and Observations	6
Finding – Certification Deficiency	6
Status of Prior Audit Findings and Observations	8
Distribution List	9



Executive Summary

Audit Work

The Pennsylvania Department of the Auditor General conducted a performance audit of the Westmont Hilltop School District (WHSD). Our audit sought to answer certain questions regarding the District's compliance with applicable state laws, contracts, grant requirements, and administrative procedures.

Our audit scope covered the period March 25, 2010 through November 15, 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 2009-10 and 2008-09.

District Background

The WHSD encompasses approximately 15 square miles. According to 2000 federal census data, it serves a resident population of 13,647. According to District officials, in school year 2009-10 the WHSD provided basic educational services to 1,717 pupils through the employment of 113 teachers, 56 full-time and part-time support personnel, and 11 administrators. Lastly, the WHSD received more than \$5.4 million in state funding in school year 2009-10.

Audit Conclusion and Results

Our audit found that the WHSD complied, in all significant respects, with applicable state laws, contracts, grant requirements, and administrative procedures, except for one compliance-related matter reported as a finding.

Finding: Certification Deficiency. Our audit of professional employees' certification and assignments for the period July 1, 2010 through October 1, 2011, found one professional who was teaching outside her area of certification (see page 6).

Status of Prior Audit Findings and Observations. There were no findings or observations included in our prior audit report.



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 25, 2010 through November 15, 2011, except for the verification of professional employee certification which was performed for the period July 1, 2010 through October 1, 2011.

Regarding state subsidy and reimbursements, our audit covered school years 2009-10 and 2008-09.

While all districts have the same school years, some have different fiscal years. Therefore, for the purposes of our audit work and to be consistent with Pennsylvania Department of Education 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 WHSD'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 buy-out 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?

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.

WHSD 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 meeting minutes.

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

Findings and Observations

Finding

Criteria relevant to the finding:

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

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

Section 2518 of the PSC provides, in part:

[A]ny school district, intermediate unit, area vocational-technical school or other public school in this Commonwealth that has in its employ any person in a position that is subject to the certification requirements of the Department of Education but 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 professional employees’ certification and assignments for the period July 1, 2010 through October 1, 2011, found one individual certified in Elementary Education taught special education classes that were outside her area of certification. According to the Pennsylvania Department of Education’s (PDE) Certificating Staffing and Policy Guideline #61, a Special Education certification was required.

Information pertaining to the deficiency was submitted to PDE’s Bureau of School Leadership and Teacher Quality (BSLTQ) for its review. Subsequent to our completion of fieldwork BSLTQ confirmed the deficiency. Therefore, the District is subject to a subsidy forfeiture of \$907 for the 2010-11 school year. Data necessary to complete the subsidy forfeiture calculation for the 2011-12 school year was not yet available from PDE at the time of audit.

The deficiency was the result of an oversight by District personnel regarding the individual’s receipt of needed certification.

Recommendations

The *Westmont Hilltop School District* should:

Ensure that all teachers are assigned to courses that they are properly certificated to teach.

The *Pennsylvania Department of Education* should:

Recover the subsidy forfeitures levied as a result of BSLTQ’s determination.

Management Response

Management stated the following:

“The district is responsible for an oversight in failing to confirm that the final paperwork was completed. The district would like to note that the teacher’s qualifications are impeccable and that all requirements for certification were completed prior to the teacher being awarded the position. These requirements include submission of praxis [test] scores and a letter from the university to the superintendent confirming that all requirements were completed for certification. The university confirmed that they would forward the same to the Pennsylvania Department of Education in mid-June of the summer prior to the school year requiring special education certification. This final paperwork step was not completed.

Status of Prior Audit Findings and Observations

Our prior audit of the Westmont Hilltop School District 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.auditor.gen.state.pa.us, and the following:

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

The Honorable Ronald J. Tomalis
Secretary of Education
1010 Harristown Building #2
333 Market Street
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The Honorable Robert M. McCord
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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.

