

COMMODORE PERRY SCHOOL DISTRICT  
MERCER COUNTY, PENNSYLVANIA  
PERFORMANCE AUDIT REPORT

JANUARY 2012



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

Ms. Cathy Adsit, Board President  
Commodore Perry School District  
3002 Perry Highway  
Hadley, Pennsylvania 16130

Dear Governor Corbett and Ms. Adsit:

We conducted a performance audit of the Commodore Perry School District (CPSD) to determine its compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures. Our audit covered the period January 22, 2010 through August 25, 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 CPSD complied, in all significant respects, with applicable state laws, regulations, 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 CPSD's management and their responses are included in the audit report. We believe the implementation of our recommendations will improve CPSD's operations and facilitate compliance with legal and administrative requirements. We appreciate the CPSD's cooperation during the conduct of the audit and their willingness to implement our recommendations.

Sincerely,

/s/

JACK WAGNER  
Auditor General

January 20, 2012

cc: **COMMODORE PERRY SCHOOL DISTRICT** Board Members



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## **Executive Summary**

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### **Audit Work**

The Pennsylvania Department of the Auditor General conducted a performance audit of the Commodore Perry School District (CPSD). 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 January 22, 2010 through August 25, 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 CPSD encompasses approximately 74 square miles. According to 2010 federal census data, it serves a resident population of 4,235. According to District officials, in school year 2009-10 the CPSD provided basic educational services to 574 pupils through the employment of 49 teachers, 13 full-time and part-time support personnel, and 5 administrators. Lastly, the CPSD received more than \$5.1 million in state funding in school year 2009-10.

### **Audit Conclusion and Results**

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

#### **Finding: School Bus Drivers' Qualifications Deficiencies.**

Our audit of the CPSD's school bus drivers' qualifications for the 2010-11 school year found that not all required records were on file at the CPSD, at the time of audit (see page 6).

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





## Audit Scope, Objectives, and Methodology

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### 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 January 22, 2010 through August 25, 2011, except for the verification of professional employees certification which was performed for the period July 1, 2009 through June 30, 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 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 CPSD'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?
- ✓ In areas where the District receives state subsidy and reimbursements based on pupil membership (e.g. basic education, special education, and vocational education), did it follow applicable laws and procedures?

- ✓ In areas where the District receives state subsidy and reimbursements based on payroll (e.g. Social Security and retirement), did it follow applicable laws and procedures?
- ✓ 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?

## 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, 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.

CPSD 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 pupil transportation, bus driver qualifications, and professional employee certification.
- Items such as Board meeting minutes, pupil membership records, and reimbursement applications.
- Deposited state funds.

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

## Findings and Observations

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### Finding

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### School Bus Drivers' Qualifications Deficiencies

*Criteria relevant to the finding:*

Pennsylvania Department of Transportation bus driver regulations require the possession of a valid driver's license and passing a physical exam.

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 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.

Additionally, Section 111(c.1) provides that beginning April 1, 2007, administrators must keep on file a copy of the federal crime history record in a manner prescribed by the Department of Education.

Section 6355 of the Child Protective Services Law (CPSL) 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 the court to have committed child abuse.

Our audit of the District's school bus drivers' qualifications for the 2010-11 school year found that not all required records were on file at the District at the time of the audit.

Several different statutes and regulations establish the minimum required qualifications for school bus drivers. The purpose of these requirements is to ensure the safety and welfare of the students transported in school buses.

We reviewed the personnel records of all 22 bus drivers employed by the Commodore Perry School District (CPSD) for the 2010-11 school year.

Our review found that one driver did not have the correct federal criminal history record on file. The driver had a federal fingerprint clearance obtained through the Pennsylvania Department of Public Welfare. The Public School Code provides that school bus drivers must obtain their federal background check through the Pennsylvania Department of Education (DE) system. In addition, another driver did not have a federal criminal history check on file, although a bus driver summary sheet indicated the driver completed the federal background check.

By not having required bus drivers' qualification documents on file at the District, the District was not able to review the documents to determine whether all drivers were qualified to transport students. If unqualified drivers transport students, there is an increased risk to the safety and welfare of students.

On August 2, 2011, we informed the CPSD management of the missing documentation, and instructed them to immediately obtain the necessary documents so they can ensure the driver is properly qualified to have direct contact with children.

Chapter 23 of the State Board of Education Regulations indicates the board of directors of a school district is responsible for the selection and approval of eligible operators who qualify under the law and regulations.

On August 12, 2011, management obtained a proper federal criminal history record for the driver whose record had not been obtained from DE as required. Management informed us the second driver cited had left employment at the end of the 2010-11 school year.

The failure to have the records on file at the District was the result of the District's administrator's failure to ensure compliance with the Public School Code.

### **Recommendations**

The *Commodore Perry School District* should:

1. Ensure that all federal criminal record checks are done in accordance with the method prescribed by DE.
2. Review each drivers' qualifications prior to that person transporting students.

### **Management Response**

Management stated the following:

Due to the audit being conducted in July and a change in administration, bus drivers did not update over the summer. A meeting was held with the contractors and all drivers were updated immediately. A list of out of date drivers with certifications will be sent out in June to update for future years.

## **Status of Prior Audit Findings and Observations**

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**O**ur prior audit of the Commodore Perry School District resulted in no findings or observations.

## **Distribution List**

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This report was initially distributed to the superintendent of the school district, the board members, our website address at [www.auditorgen.state.pa.us](http://www.auditorgen.state.pa.us), and the following:

The Honorable Tom Corbett  
Governor  
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Harrisburg, PA 17120

The Honorable Ronald J. Tomalis  
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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](http://www.auditorgen.state.pa.us).

