

CONEWAGO VALLEY SCHOOL DISTRICT  
ADAMS COUNTY, PENNSYLVANIA  
PERFORMANCE AUDIT REPORT

JUNE 2010



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

Ms. Ann Baker, Board President  
Conewago Valley School District  
130 Berlin Road  
New Oxford, Pennsylvania 17350

Dear Governor Rendell and Ms. Baker:

We conducted a performance audit of the Conewago Valley School District (CVSD) to determine its compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures. Our audit covered the period March 31, 2003 through June 12, 2008, except as otherwise indicated in the report. Additionally, compliance specific to state subsidy and reimbursements was determined for the school years ended June 30, 2006, 2005, 2004 and 2003, as they were the most recent reimbursements subject to audit. 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 CVSD complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures, except as detailed in four 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 CVSD's management and their responses are included in the audit report. We believe the implementation of our recommendations will improve CVSD's operations and facilitate compliance with legal and administrative requirements. We appreciate the CVSD's cooperation during the conduct of the audit and their willingness to implement our recommendations.

Sincerely,

/s/

JACK WAGNER  
Auditor General

June 17, 2010

cc: **CONEWAGO VALLEY 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 Conewago Valley School District (CVSD). Our audit sought to answer certain questions regarding the CVSD's compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures; and to determine the status of corrective action taken by the CVSD in response to our prior audit recommendations.

Our audit scope covered the period March 31, 2003 through June 12, 2008, 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 2005-06, 2004-05, 2003-04 and 2002-03, as they were the most recent reimbursements subject to audit. The audit evidence necessary to determine compliance specific to reimbursements is not available for audit until 16 months, or more, after the close of a school year.

### **District Background**

The CVSD encompasses approximately 73 square miles. According to 2000 Federal Census data, it serves a resident population of 23,314. According to CVSD officials, in school year 2005-06 the CVSD provided basic educational services to 3,788 pupils through the employment of 245 teachers, 116 full-time and part-time support personnel, and 13 administrators. Lastly, the CVSD received more than \$11.4 million in state funding in school year 2005-06.

### **Audit Conclusion and Results**

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

**Finding 1: Lack of Adherence to Department of Education Requirements Resulted in Vocational Education Subsidy Overpayments of \$188,240.** Our audit of district-operated vocational education membership data reported to the Department of Education (DE) for the 2005-06, 2004-05, 2003-04 and 2002-03 school years found reporting errors that resulted in overpayments in vocational education subsidy to the CVSD (see page 6).

**Finding 2: Board Member Failed to File Statement of Financial Interests in Violation of the State Public Official and Employee Ethics Act.** Our audit of CVSD records found that one board member failed to file a Statement of Financial Interests for the year ended December 31, 2003 (see page 9).

**Finding 3: Errors in Reporting the Number of Nonpublic Pupils Transported.** Our audit of the CVSD's transportation records found errors in the number of nonpublic pupils transported as reported to DE. These errors resulted in nonpublic transportation reimbursement overpayments of \$30,415 (see page 11).

**Finding 4: Continued Issue Related to Student Activity Funds.** Our examination of the CVSD's action in creating an account within the general fund found that it did not comply with the requirements of the Public School Code (see page 13).

**Observation: Internal Control Weaknesses in Administrative Policies Regarding Bus Drivers' Qualifications.** Our audit found a lack of written policies and procedures related to bus drivers' qualifications that could result in the continued employment of individuals who may pose a risk if allowed to continue to have direct contact with children (see page 15).

**Status of Prior Audit Findings and Observations.** With regard to the status of our prior audit recommendations to the CVSD from an audit we conducted of the 2001-02, 2000-01, 1999-2000 and 1998-99 school years, we found the CVSD had not taken appropriate corrective action in implementing our recommendations pertaining to errors in reporting the number of nonpublic pupils transported and controls over student activity funds. We found that the CVSD had taken appropriate corrective action in implementing our recommendations pertaining to errors in reporting retirement wages and certification irregularities (see page 17).



## 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 March 31, 2003 through June 12, 2008, except for the verification of professional employee certification which was performed for the period February 4, 2003 through February 4, 2008.

Regarding state subsidy reimbursements, our audit covered school years 2005-06, 2004-05, 2003-04 and 2002-03 because the audit evidence necessary to determine compliance, including payment verification from the Commonwealth's Comptroller Operations and other supporting documentation from the Department of Education (DE), is not available for audit until 16 months, or more, after the close of a school year.

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 DE 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

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 CVSD'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 objectives:

- ✓ Were professional employees certified for the positions they held?

*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.

- ✓ 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?
- ✓ 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?
- ✓ Does the District ensure that Board members appropriately comply with the Public Official and Employee Ethics Act?
- ✓ 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 take appropriate corrective action to address recommendations made in our prior audits?

## 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 and conclusions based on our audit objectives.

CVSD 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, professional employee certification, state ethics compliance, and financial stability.
- Items such as Board meeting minutes, pupil membership records, and reimbursement applications.
- Tuition receipts and deposited state funds.

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

Lastly, to determine the status of our audit recommendations made in a prior audit report released on August 6, 2003, we reviewed the CVSD's response to DE dated October 13, 2003. We then performed additional audit procedures targeting the previously reported matters.

## Findings and Observations

### Finding No. 1

*Criteria relevant to the finding:*

Section 2502.8(b) of the Public School Code, provides, in part:

[E]ach school district . . . shall be paid, an amount on account of students enrolled in vocational curriculums. . . .

In addition, DE instructions for the completion of vocational education membership reports include the following provisions:

Students reported . . . meet the following criteria: . . .

Student is taking courses in the reporting year that are part of the approved career and technical education program. . . .

A student may be reported in only one program at a time so that the average daily membership for the student does not exceed 1.0. . . .

List all students enrolled in approved secondary career and technical education programs who meet the reporting requirements.

### Lack of Adherence to Department of Education Requirements Resulted in Vocational Education Subsidy Overpayments of \$188,240

Our audit of district-operated vocational education membership data reported to the Department of Education (DE) for the 2005-06, 2004-05, 2003-04 and 2002-03 school years found reporting errors, resulting in the following overpayments in vocational education subsidy (VES) to the District:

<u>School Year</u>	<u>Overpayments</u>
2005-06	\$ 47,397
2004-05	49,839
2003-04	69,050
2002-03	<u>21,954</u>
Total	<u>\$188,240</u>

Our initial audit of district-operated vocational education membership records found the District reported membership days for individual students in multiple programs, and that the reports were completed based on individual classes taken instead of approved programs. We met with the District superintendent and assistant superintendent and they agreed to have their staff revise the records and reports in accordance with DE vocational education membership requirements. The revised vocational education membership reports were completed on April 18, 2008. In completing the revisions, District personnel disallowed membership days for those students they felt did not meet program requirements and those students who were reported in more than one program. They also added membership days for some students they felt should have been included in the original reporting but were not.

Our review of these revised vocational education membership reports found that some students did not have all of the required courses for their approved program while other students did not meet the total required hours for their program as outlined on the program approval established by the District. As a result of the changes made by District personnel, and the errors noted during our review of those changes, we determined that district-operated vocational education membership days originally reported were overstated as follows:

<u>School Year</u>	<u>Membership Days</u>		
	<u>Reported</u>	<u>Audited</u>	<u>Overstated</u>
2005-06	47,685	23,861	23,824
2004-05	46,527	21,969	24,558
2003-04	52,897	17,379	35,518
2002-03	<u>40,143</u>	<u>28,158</u>	<u>11,985</u>
Total	<u>187,252</u>	<u>91,367</u>	<u>95,885</u>

DE guidelines and instructions require the accurate reporting of vocational education membership days since this is a major factor in determining the District's VES. DE has been provided reports detailing the errors for use in recalculating the District's VES.

**Recommendations**

*Conewago Valley School District personnel* should:

1. Review DE's instructions for proper completion of vocational education membership reports and ensure that all staff involved in the completion of these reports are familiar with the requirements of each approved vocational education program.
2. Implement an internal system of review to ensure no student is reported in more than one program.
3. Review reports for school years subsequent to the audit period, and submit corrected reports to DE if errors are noted.

*The Department of Education* should:

4. Adjust the District's allocations to recover the VES overpayments of \$188,240.

**Management Response**

Management stated the following:

Management agrees that students were misclassified as vocational education students during the years 2003 through 2006. Management does wish to note that this could have been avoided whole or in part had several things occurred. First, there has been a consistent lack of guidance from the Department of Education regarding the reporting procedures. Not only are the procedures and regulations different for different vocational education programs, but these regulations seem to be in a constant state of flux. Individuals from the district responsible for completing these reports have regularly attended the trainings and seminars and have made requests for clarification. The directions they have received have been vague and inconsistent but they have done their best to follow the regulations based on the responses and on past practices. Second, the financial impact of this mistake could have been minimized had the State conducted an audit every two years as expected. The District will take the steps necessary to correct the reporting errors identified in this audit and could have taken action much sooner and avoided additional mistakes had an audit been performed at the expected time.

**Auditor Conclusion**

While a two-year audit may have allowed us to identify this error more quickly, this does not change the fact that it is ultimately the District's responsibility to ensure the membership information it submits to DE is accurate and complete.

**Finding No. 2** →

*State Ethics Act Sections relevant to the finding:*

Section 1104(d) (65 Pa.C.S. § 1104(d), provides, in part:

No public official shall be allowed to take the oath of office or enter or continue upon his duties, nor shall he receive compensation from public funds, unless he has filed a statement of financial interests. . . .

Section 1109(b), provides that any person who is required to file a Statement of Financial Interests but fails to do so may be found guilty of a misdemeanor and may be fined not more than \$1,000 or imprisoned for not more than one year.

Section 1109(f) provides that any person who is required to file a Statement of Financial Interests but fails to do so in a timely manner or who files a deficient Statement of Financial Interests may be subject to a civil penalty, at a rate of not more than \$25 for each day such statement remains delinquent or deficient, with a maximum penalty under this chapter of \$250.

**Board Member Failed to File Statement of Financial Interests in Violation of the State Public Official and Employee Ethics Act**

Our audit of District records found that one board member failed to file a Statement of Financial Interests for the year ended December 31, 2003.

Public office is a public trust sustained by assuring the people of the impartiality and honesty of public officials and public employees. Accordingly, the Public Official and Employee Ethics Act (Ethics Act), 65 Pa.C.S. § 1101 *et seq.* requires all candidates for public office, public officials and certain public employees to complete a Statement of Financial Interests for the preceding calendar year annually, no later than May 1<sup>st</sup> of each year they hold their positions and of the year after leaving such positions.

The Ethics Act specifically requires public officials and certain public employees to disclose matters on the Statement of Financial Interests that currently or potentially create conflicts of interest with their public duties. When a public official does not properly file a required disclosure, the public cannot examine the disclosure in order to determine whether conflicts of interest exist. This in turn erodes the public's trust. In addition, the board member's failure to file the Statement of Financial Interests constituted a violation of the Ethics Act.

A copy of this finding will be forwarded to the State Ethics Commission for additional review and investigation, as it deems necessary.

**Recommendations**

The *Conewago Valley School Board* should:

1. Seek the advice of its solicitor in regard to the board's responsibility when an elected board member fails to file a Statement of Financial Interests.
2. Develop procedures to ensure that all individuals required to file Statements of Financial Interests do so in compliance with the Ethics Act.

**Management Response**

Management stated the following:

Board member completed form, but listed incorrect year. Board member has subsequently completed a new form listing the correct year. To prevent this incident from occurring in the future all forms are immediately reviewed for completeness and filed by individual year.



**Finding No. 3**

**Errors in Reporting the Number of Nonpublic Pupils Transported**

Our current audit of the District’s transportation records found errors in the number of nonpublic pupils transported that was reported to DE. These errors resulted in nonpublic transportation reimbursement overpayments as follows:

<u>School Year</u>	<u>Number of Pupils</u>			<u>Reimbursement</u>	
	<u>Reported</u>	<u>Audited</u>	<u>Overstated</u>	<u>Rate</u>	<u>Overpayments</u>
2005-06	544	486	58	\$385	\$22,330
2004-05	539	528	11	385	4,235
2003-04	489	485	4	385	1,540
2002-03	479	473	6	385	<u>2,310</u>
Total reimbursement overpayment					<u>\$30,415</u>

*Criteria relevant to the finding:*

Section 2509.3 of the Public School Code provides, in part:

For the school year 2001-2002 and each school year thereafter, each school district shall be paid the sum of three hundred eighty-five dollars (\$385) for each nonpublic school pupil transported.

In addition, DE instructions for the completion of transportation reports state:

Report the total number of resident, NONPUBLIC school pupils you transported to and from school. Documentation identifying the names of these pupils should be retained for review by the Auditor General’s staff. . . .

This finding represents a continuation of a finding that was included in our prior audit report (see page 17).

The District’s transportation coordinator stated that the overstatements of nonpublic pupils were mostly due to students in split family situations (i.e. alternating weeks between parents) being listed twice on the bus rosters, and human error. District personnel did not detect these errors or manually verify the data reported.

We have provided DE with reports detailing the errors for use in recalculating the District’s reimbursement.

The *Conewago Valley School District transportation director* should:

1. Verify the accuracy of the data generated by the District’s transportation computer program prior to reporting data to DE.

The *Department of Education* should:

2. Adjust the District’s allocations to recover the overpayments of \$30,415.

**Management Response**

Management stated the following:

Human error is to blame for the errors found on the audit pertaining to duplicate records of non-public students.

For the 2002-2003, 2003-2004 and 2004-2005 years the records duplicated seemed to be students whom ride two different buses with a split custody arrangement. Their name printed twice showing each bus stop and that flaw in the system was not observed by me [the transportation coordinator] or my predecessor. Therefore, the additional names were not taken out of the count.

Regarding the 2005-2006 school year again, human error is to blame. This was the first year our office had used the new . . . computer software. The summer of 2005 our old computer/transportation system crashed and our department had to work our way through the school year using this new system and running reports to the best of our understanding with minimal knowledge of the program. The reports I ran for reporting printed many student's names twice for various reasons. One: there are students in our district that do indeed have the same name (however they do have a different ID #), two: students with split custody arrangements and then other reasons not known or understood by me. This error in the report was not caught by me. Therefore, the number turned into PDE was too high.

On a positive note, the 2006-2007 numbers do prove to be correct for the non-pub students. The reports I ran were different than the ones used for the 05-06 school year. I am confident in the fact that our department has continued to gain knowledge of our . . . software and after this audit we will have better knowledge of what is required and what is expected in future audits.

**Finding No. 4** →

**Continued Issue Related to Student Activity Funds**

*Criteria relevant to the finding.*

The Manual of Accounting and Financial Reporting for Pennsylvania Public Schools (Manual of Accounting), issued by the Comptroller’s Office, Labor, Education and Community Services, Chapter 4, page 4.2, states, in part:

The General Fund is used to account for most of the current operating revenues and expenditures of an LEA [local education agency] . . . (Emphasis added)

The Manual of Accounting, Chapter 10, page 10.8, also states, in part:

The primary use of Agency Funds under the current accounting model is for student activity funds. Students often retain control of funds obtained from sources (i.e., special fund-raising activities) other than the LEA’s budget. . . . Student activity funds are addressed in Section 511 of the Public School Code. It is implied in that Section (Paragraph d) that the funds of each school, class, organization, club society or group is to be maintained as a separate fund.

Our examination of the District’s action in creating a “General Account – Student Activities” found that it did not comply with the requirements of Section 511 of the Public School Code, 24 P.S. § 5-511, for the maintenance and reporting of student activity funds. District personnel were reporting student related funds as part of the District’s general fund cash balance, without reporting any of the revenue or expenditure activity.

This finding represents a partial continuation of findings in our three prior audit reports regarding weaknesses in student activity fund practices. However, it should be noted that the District took corrective actions as a result of the numerous recommendations contained in our prior audit (see page 19). With the exception of the creation of the “General Account – Student Activities” the District’s actions were responsive to our recommendations and did correct the problems noted in our prior audit.

Our current audit found that some of the funds contained in the newly-created “General Account – Student Activities” were in fact funds raised by various student groups and organizations, and were not available for general district use. They therefore should be accounted for in the student activity fund within the agency fund classification. The student groups who raise these funds should be formally organized by electing officers and adopting bylaws. This process will allow management to ensure that students are involved in the decision making process governing the use of their funds.

**Recommendations**

The *Conewago Valley School District* should:

1. Remove student activity-related funds being reported in the general fund’s “General Account – Student Activities” and maintain and report these accounts within the student activity funds of the high and middle school.

2. Formally organize the various student groups whose funds are being maintained in the “General Account – Student Activities” should formally organize by adopting bylaws, electing officers and maintaining minutes of their meetings

**Management Response**

Management stated the following:

Changes were made to correct the issue of inadequate controls; however, the change created a general fund issue. The corrective action is to evaluate each group and move their funds to the student activity account. Each group will have a formal organization consisting of officers and bylaws. The movement of the funds to the student activity account and the establishment of a formal organization will correct the findings brought to the attention of the School District.

**Observation** →

**Internal Control Weaknesses in Administrative Policies Regarding Bus Drivers' Qualifications**

*Criteria relevant to the observation:*

PSC Section 111 (24 P.S. § 1-111) 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 of 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 Child Protective Services Law (CPSL), 23 Pa. C.S. § 6355, requires prospective school employees to provide an official child abuse clearance statement obtained from the Pennsylvania Department of Public Welfare. The CPSL prohibits the hiring of an individual determined by a court to have committed child abuse.

The ultimate purpose of the Public School Code and the CPSL requirements detailed on the left is to ensure the protection of the safety and welfare of the students. To that end, there are other serious crimes that schools 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. Schools should also consider reviewing the criminal history and child abuse reports for current bus drivers on a periodic basis in order to learn of incidents that may have occurred after the commencement of employment.

Our review of the personnel records of a random sample of 25 of the 81 bus drivers currently employed by the Conewago Valley School District or the District's transportation contractors found that these individuals possessed the minimum requirements to be employed as bus drivers and that the Conewago Valley School District had on file the required report of criminal history record information and an official child abuse clearance statement for all drivers' files that we reviewed. There was no information contained in these reports that would have prohibited the contractors or Conewago Valley School District from hiring any of the drivers. Therefore, we concluded that the Conewago Valley School District has satisfied the minimum legal requirements set forth in both the Public School Code and the CPSL. Additionally, there were no serious crimes identified or other information that called into question the applicant's suitability to have direct contact with children.

However, Conewago Valley School District does not have written policies or procedures in place to ensure that they are notified if current employees have been charged with or convicted of serious criminal offenses which should be considered for the purpose of determining an individual's continued 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 continued employment of individuals who may pose a risk if allowed to continue to have direct contact with children.

**Recommendations**

The *Conewago Valley School Board and administrators* should consider:

1. Developing a process to determine, on a case-by-case basis, whether prospective and current employees of the District 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.
2. Implementing written policies and procedures to ensure that the District is notified when current employees of the District are charged with or convicted of crimes that call into question their suitability to continue to have direct contact with children and to ensure that the District considers on a case-by-case basis whether any conviction of a current employee should lead to an employment action.

**Management Response**

Management stated the following:

Conewago Valley School District does not have a policy in place to conduct periodic reviews of current bus driver's child abuse or criminal clearance records.

In addition, currently there is not a policy requiring CVSD bus driver's to notify the district if they are charged or convicted of a criminal offence. However, there is a statement in the contractor's contract that states their drivers must tell us if they are charged or convicted of a vehicle or criminal offence within 30 days.

[Transportation director's] recommendations:

1. A statement is [to be] added to the Transportation Handbook which is signed by all drivers that they must report any violations (criminal, child abuse, vehicle) within a specified period. . . .
2. Policy for random reviews . . . of motor vehicle records, child abuse and criminal records. . . .

## Status of Prior Audit Findings and Observations

Our prior audit of the Conewago Valley School District (CVSD) for the school years 2001-02, 2000-01, 1999-2000 and 1998-99 resulted in four reported findings as shown in the following table. As part of our current audit, we determined the status of corrective action taken by the CVSD to implement our prior recommendations. We analyzed the CVSD Board's written response provided to the Department of Education (DE), performed audit procedures, and questioned CVSD personnel regarding the prior findings. As shown below, we found that the CVSD did not implement recommendations related to errors in reporting nonpublic pupils, and did not properly implement one of our recommendations related to student activity funds. CVSD did implement recommendations related to errors in wages reported for retirement reimbursement and certification deficiencies.

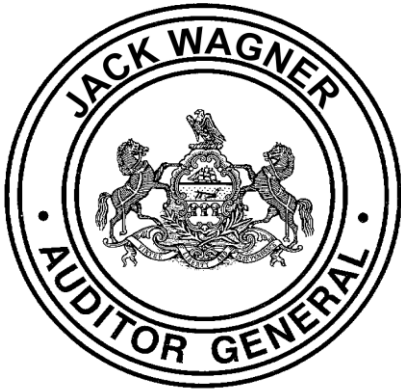
<i>School Years 2001-02, 2000-01, 1999-2000 and 1998-99 Auditor General Performance Audit Report</i>		
<i>Prior Recommendations</i>	<i>Implementation Status</i>	
<p><u><i>I. Finding 1: Errors in Reporting the Number of Nonpublic Pupils Transported</i></u></p> <p>The District's transportation coordinator should:</p> <ol style="list-style-type: none"> <li>1. Verify the accuracy of the data supplied by the District's transportation computer program prior to reporting to DE.</li> <li>2. Ensure the number of nonpublic pupils transported is reported accurately and in accordance with DE guidelines and instructions.</li> <li>3. Review reports submitted subsequent to the audit period and, if errors are found, submit revised reports to DE.</li> <li>4. DE should adjust the District's allocations to recover the reimbursement overpayments.</li> </ol>	<p><b>Background:</b></p> <p>Our prior audit of the District's transportation records for the 1998-99 through 2001-02 school years found errors in the number of nonpublic pupils transported as reported to the DE. These errors resulted in nonpublic transportation reimbursement overpayments of \$57,165.</p>	<p><b>Current Status:</b></p> <p>Our current audit of the District's transportation records again found errors in the number of nonpublic pupils transported that were reported to DE.</p> <p>Based on the results of our current audit, we concluded that the District did not take appropriate corrective action to address this finding. There is therefore another finding on this matter in our current report.</p> <p>Our current audit did find that DE recovered the overpayment of \$57,165 on April 27, 2006.</p>

<p><b><u>II. Finding 2: Retirement Reimbursement Net Overpayment of \$15,699</u></b></p> <ol style="list-style-type: none"> <li>1. District personnel should ensure wage totals reported to Labor, Education and Community Services (LECS) for retirement reimbursement agree with wages billed by the Pennsylvania School Employees' Retirement System (PSERS) for the employer's share of retirement contributions.</li> <li>2. LECS should adjust the District's allocations to recover the \$15,699 net overpayment.</li> </ol>	<p><b>Background:</b></p> <p>Our prior audit of the District's Reconciliation of the State Share of PSERS Retirement Contributions forms found errors in the wages reported to LECS for the 1999-2000 and 1998-1999 school years, which resulted in a net reimbursement overpayment of \$15,699.</p>	<p><b>Current Status:</b></p> <p>Beginning in December of 2003 school districts were no longer required to report their retirement wages to DE for reimbursement. The retirement reimbursement was paid to school districts based on PSERS's wage records. This change in reimbursement procedure resolved the wage reporting error noted in our prior audit.</p> <p>DE recovered the \$15,699 net overpayment by reducing the District's December 16, 2003 retirement reimbursement payment.</p>
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<p><b><u>III. Finding 3: Certification Deficiencies</u></b></p> <ol style="list-style-type: none"> <li>1. The superintendent should require the individuals cited to obtain proper certification or reassign them to positions for which they were properly certified.</li> <li>2. The superintendent should require all professional employees to have valid Pennsylvania certification prior to teaching in the District's schools.</li> <li>3. DE should DE adjust the District's allocations to recover the appropriate subsidy forfeitures resulting from the certification deficiencies.</li> </ol>	<p><b>Background:</b></p> <p>Our prior audit of professional employees' certification for the period February 1, 2000 to February 3, 2003, found certification irregularities involving four of the District's professional employees.</p>	<p><b>Current Status:</b></p> <p>Our current audit found that one teacher cited in our prior finding resigned in August of 2003. The other three individuals received their required certifications as of February of 2003.</p> <p>No additional certification irregularities were found in our current audit.</p> <p>Based on the results of our current audit, we concluded that the District did take appropriate corrective action to address this finding.</p> <p>DE computed and deducted subsidy forfeitures of \$11,408 from the District's April 29, 2004, basic education funding payment to resolve this finding.</p>
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<p><u>IV. Finding 4: Inadequate Control of Student Activity Funds</u></p> <ol style="list-style-type: none"> <li>1. Review Section 511 of the Public School Code and the Pennsylvania Association of School Board Officials (PASBO) Administrator’s Guide to the Development of Effective Student Activities Fund Policies and Procedures and, based on these reviews, strengthen the District’s policies and procedures governing the operation of the high and middle school activity funds.</li> <li>2. Close all non-student related accounts.</li> <li>3. Require that a formal, organized student group govern all student-related accounts. Any account for which this is not practical should be closed.</li> <li>4. Close general fund holding accounts and deposit these funds directly into the general fund.</li> <li>5. Ensure interest income is prorated to the various student accounts whose funds are responsible for the earnings.</li> <li>6. Discontinue the practice of turning over unused class funds to the graduating classes for use in funding their reunions.</li> <li>7. Ensure sales tax is collected and remitted on all taxable sales.</li> </ol>	<p><b>Background:</b></p> <p>Our prior audit of the 2001-02 school year student activity fund operations found that for the third consecutive audit inadequate controls existed for the operations at the high and middle schools.</p>	<p><b>Current Status:</b></p> <p>Our current audit found that District personnel took effective corrective action to implement all of the recommendations in our prior audit.</p> <p>However, we found that in implementing our recommendation to close accounts within the student activity fund not related to student activities, the District created a General Account – Student Activities within the general fund, which we found during our current audit did not comply with the requirements of the Manual of Accounting.</p> <p>We found that some of the funds transferred to the general fund were in fact student-related and should not have been transferred to the general fund. This is the subject of a finding in our current audit report.</p>
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Management  
Department of Education  
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Harrisburg, PA 17126

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Research Manager  
Pennsylvania State Education Association  
400 North Third Street - Box 1724  
Harrisburg, PA 17105

Dr. David Davare  
Director of Research Services  
Pennsylvania School Boards Association  
P.O. Box 2042  
Mechanicsburg, PA 17055

Mr. John J. Contino  
Executive Director  
State Ethics Commission  
309 Finance Building  
P.O. Box 11470  
Harrisburg, PA 17108



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