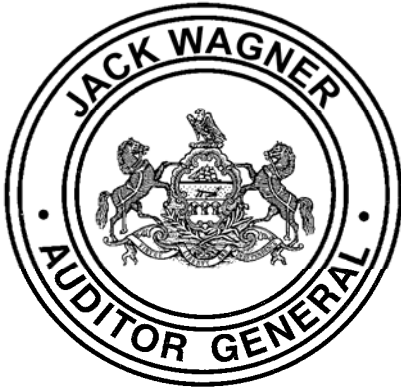


DOVER AREA SCHOOL DISTRICT
YORK COUNTY, PENNSYLVANIA
PERFORMANCE AUDIT REPORT

JANUARY 2009

DOVER AREA SCHOOL DISTRICT
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The Honorable Edward G. Rendell
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120

Mr. Bryan Rehm, Board President
Dover Area School District
2 School Lane
Dover, Pennsylvania 17315

Dear Governor Rendell and Mr. Rehm:

We have conducted a performance audit of the Dover Area School District for the years ended June 30, 2006, 2005, 2004 and 2003, 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 Dover Area 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 Dover Area School District took appropriate corrective action to address the findings and recommendations contained in our prior audit report.

To plan and perform our audit of the Dover Area 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 Dover Area 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 and recommendations contained in our prior audit report, except as noted in the following finding. We also identified internal control weaknesses as discussed in the observations. The findings and observations are discussed further in the Conclusions section of this report:

Objective No. 1

- Finding – Bus Drivers' Qualifications Irregularities
- Observation No. 1 – Internal Control Weaknesses in Administrative Policies Regarding Bus Drivers' Qualifications
- Observation No. 2 – Memorandums of Understanding Not Updated Timely

Objective No. 2

- Finding – Inadequate Documentation for Transportation Mileage and Pupil Data Resulted in Questionable Reimbursement of \$3,494,195

Independent Auditor's Report (Continued)

We believe that our recommendations, if implemented by the district, will improve the internal control weaknesses identified and help ensure compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit.

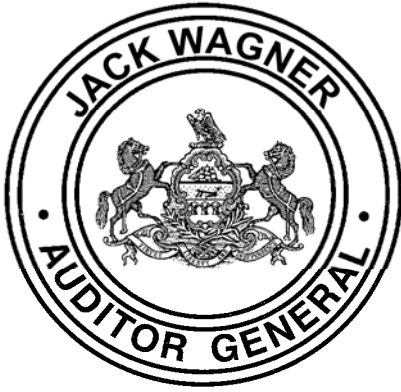
The accompanying supplementary information is presented for purposes of additional analysis. We did not audit the information and, accordingly, express no form of assurance on it.

Sincerely,

January 27, 2009

/s/
JACK WAGNER
Auditor General

cc: **DOVER AREA SCHOOL DISTRICT** Board Members



DOVER AREA SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT
BACKGROUND

Background

The Dover Area School District is located in York County and encompasses an area of approximately 65 square miles. The school district has a population of 22,349, according to the 2000 federal census. The administrative offices are located at 2 School Lane, Dover, Pennsylvania.

According to school district administrative officials, during the 2005-06 school year, the district provided basic educational services to 3,698 pupils through the employment of 16 administrators, 242 teachers, and 157 full-time and part-time support personnel. Special education was provided by the district and the Lincoln Intermediate Unit #12. Occupational training and adult education in various vocational and technical fields were provided by the district and the York County School of Technology.

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 23 through 26 of this report for a listing of the state revenue the district received during the 2005-06, 2004-05, 2003-04 and 2002-03 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.

DOVER AREA SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT
OBJECTIVES, SCOPE AND METHODOLOGY

OBJECTIVES AND SCOPE

Our audit objectives were:

- Objective No. 1 - To determine if the Dover Area 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 Dover Area School District took appropriate corrective action to address the findings and recommendations contained in our prior audit report.

The scope of our audit covered the years ended June 30, 2006, 2005, 2004 and 2003, 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.

DOVER AREA SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

CONCLUSIONS – OBJECTIVE NO. 1

The first objective of our audit was to determine if the Dover Area 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 Dover Area School District complied with applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit, except as noted in the Conclusions-Objective No. 2 section of this report and the finding listed below. Additionally, we identified internal control weaknesses as noted in the observations included in this report. The finding, observations and recommendations were reviewed with representatives of the Dover Area School District, and their comments have been included in this report.

Finding – Bus Drivers’ Qualifications Irregularities

Several different state and federal statutes and regulations establish the minimum required qualifications for school bus drivers. The ultimate purpose of these requirements is to ensure the protection of the safety and welfare of the students transported in school buses. We reviewed the following five requirements:

1. possession of a valid driver’s license;
2. completion of school bus driver skills and safety training;
3. passing a physical examination;
4. lack of convictions for certain criminal offenses; and
5. official child abuse clearance statement.

The first three requirements were set by regulations issued by the Pennsylvania Department of Transportation (Penn DOT).¹ As explained further below, the fourth and fifth requirements were set by the Public School Code of 1949, as amended (Public School Code),² and the Child Protective Services Law (CPSL), respectively.³

¹ 67 Pa. Code § 71.1 *et seq.*

² 24 P.S. § 1-111.

³ 23 Pa.C.S. § 6355.

DOVER AREA SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

Finding (Continued)

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 record 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.

Similarly, Section 6355 of the CPSL requires prospective school employees to submit 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.

We reviewed the personnel records of a random sample of 25 of the 39 drivers currently employed by the district's transportation contractor. Our review found that:

- one driver's Commercial Driver's License (CDL) expired March 8, 2007 and her temporary camera card license expired April 28, 2007. The driver obtained a current, valid CDL issued December 18, 2007; and
- the district files failed to contain the following:
 - a. current, valid CDL for two drivers;
 - b. current, valid S endorsement card for one driver;
 - c. current annual physical certificates for two drivers;
 - d. criminal history records for three drivers;
 - e. child abuse clearances for two drivers; and
 - f. FBI criminal history clearance for one driver.

The ultimate purpose of the minimum requirements for school bus drivers is to ensure the protection of the safety and welfare of the students transported in school buses. The failure of district personnel to obtain documentation that shows drivers meet the minimum qualifications to operate a school bus prior to being assigned to district routes places the students at unnecessary risk.

The driver who drove without a current, valid CDL mistakenly assumed that the camera card received was the S endorsement license and required no action. District personnel did not have a procedure in place to ensure contracted drivers' licenses and physical were updated prior to their expiration, and as a result, the driver's license expired and no one was aware of it. In preparing for our audit the contractor became aware of the expired license and required the driver to take immediate action to renew the CDL.

DOVER AREA SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

Finding (Continued)

As for the lack of current, child abuse clearances and criminal history records and clearances in the district files, the contractor was able to provide copies of this information on the same day as it was requested by district personnel. The district's transportation coordinator's failure to verify that the required documentation was provided, allowed the absence of the license and clearances to go undetected until reviewed during our current audit.

Recommendations

The transportation coordinator should:

- establish a procedure to ensure that contracted bus drivers' licenses, physical certificates, criminal histories and clearances are current and valid;
- review and verify each driver's qualifications prior to that person transporting students; and
- maintain a file for each driver, separate from the transportation contractor's file, and ensure that these files are up-to-date and complete.

Response of Management

Management provided the following response agreeing with the finding:

Dover Area School District Administration does agree with the finding. The Administration has noted the finding and will proactively begin with a tickler file to assist in recording all the information. The file created will be organized in such a manner that it will include information currently on file, when items will expire, and when items are up for renewal. This file will be reviewed on a regular basis throughout each fiscal year henceforward.

Administration will ascertain that it receives a complete second set of files that are maintained at the busing facility as well as require the busing contractor to provide documentation when ever there is a change with their personnel records.

DOVER AREA SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

Observation No. 1 - Internal Control Weaknesses in Administrative Policies Regarding Bus Drivers' Qualifications

As stated in the finding of this report, 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 record 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.⁴

Similarly, Section 6355 of the Child Protective Services Law (CPSL) 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.⁵

The ultimate purpose of these requirements is to ensure the protection of the safety and welfare of the students transported in school buses. To that end, there are other serious crimes that school districts 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. School districts 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 found that there were no other serious crimes, as referred to in the previous paragraph that called into question the applicants' suitability to have direct contact with children. However, neither the district nor its transportation contractor 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.

⁴ 24 P.S. § 1-111.

⁵ 23 Pa.C.S. § 6355.

DOVER AREA SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

Observation No. 1 (Continued)

Recommendations

The school board and district administrators should 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 barred by state law, affect their suitability to have direct contact with children; and
- implementing written policies and procedures to ensure that the district is notified when drivers are charged with or convicted of crimes that call into question their suitability to continue to have direct contact with children.

Response of Management

Management provided the following response agreeing with the observation:

Dover Area School District Administration does agree with the observation and will utilize the tickler file as mentioned in the transportation finding to ascertain periodic checks are being performed. In addition, the transportation department will develop a policy and or procedure ascertaining its practices.

Observation No. 2 – Memorandums of Understanding Not Updated Timely

Our audit of the district's records found that the current Memorandums of Understanding (MOU) between the district and two law enforcement agencies, including the Northern York County Regional Police and the Pennsylvania State Police, were signed May 3, 1999 and May 6, 1999, respectively, and have not been updated.

DOVER AREA SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

Observation No. 2 (Continued)

Section 1303-A(c) of the Public School Code provides:

All school entities shall develop a memorandum of understanding with local law enforcement that sets forth procedures to be followed when an incident involving an act of violence or possession of a weapon by any person occurs on school property. Law enforcement protocols shall be developed in cooperation with local law enforcement and the Pennsylvania State Police.⁶

Additionally, the Basic Education Circular issued by the Department of Education entitled Safe Schools and Possession of Weapons, contains a sample MOU to be used by school entities. Section VI, General Provisions item (B) of this sample states:

This Memorandum may be amended, expanded or modified at any time upon the written consent of the parties, but in any event must be reviewed and re-executed within two years of the date of its original execution and every two years thereafter. (Emphasis added)

The failure to update all MOUs with law enforcement agencies could result in a lack of cooperation, direction, and guidance between district employees and law enforcement agencies if an incident occurs on school property, at any school sponsored activity, or any public conveyance providing transportation to or from a school or school sponsored activity. This internal control weakness could have an impact on law enforcement notification and response, and ultimately the resolution of a problem situation.

Recommendations

The district administration, in consultation with the solicitor, should review, update and re-execute the current MOUs between the district and law enforcement agencies.

Additionally, the district should adopt a policy requiring the administration to review and re-execute the MOU every two years.

⁶24 P.S. § 13-1303-A(c)

DOVER AREA SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

Observation No. 2 (Continued)

Response of Management

Management provided the following response agreeing with the observation:

Dover Area School District Administration does agree with the observation, as it relates to Section G. Legal authority [of the sample MOU in the Basic Education Circular], did not get updated. The date, inadvertently, did not get changed, however, the signature page does indicate signed agreements by and between dated 2006. So, in fact, the update did not occur in the distribution throughout our facilities. Dover will ascertain every section is thoroughly reviewed and updated according to the recommended two year guideline.

DOVER AREA SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

CONCLUSIONS - OBJECTIVE NO. 2

The second objective of our audit was to determine if the Dover Area School District took appropriate corrective action to address the findings and recommendations contained in our prior audit report for the years ended June 30, 2002, 2001, 2000 and 1999 and in certain areas extending beyond June 30, 2002. The status of these findings, along with a description of the school board's disposition of each recommendation, was determined by one or more of the following procedures:

- reviewing the board's written response, dated February 9, 2004, to Labor Education and Community Services Comptroller's Office, replying to the Department of the Auditor General's audit report for the years ended June 30, 2002, 2001, 2000 and 1999 and in certain areas extending beyond June 30, 2002;
- performing tests as a part of, or in conjunction with, the current audit; and
- questioning appropriate district personnel regarding specific prior years' findings and recommendations.

Finding No. 1 – Certification Irregularities

Our prior audit of the professional employees' certification for the period January 30, 2001 through June 30, 2003, found the following irregularities:

- one individual, who did not hold any Pennsylvania certification until issued an emergency permit dated January 2003, was serving as a elementary guidance counselor between November 2002 and December 2002;
- one high school teacher certified in Secretarial and Typewriting was assigned as distance learning and district education Curriculum Coordinator. According to the Certification Staffing and Policy Guidelines (CSPG) No. 56, the individual needed to be certified as an instructional technology specialist; and
- two individuals certified in biology and physics, respectively, taught the course titled "Science, Technology and Society." According to CSPG No. 63, these individuals needed to be certified in the area of Environmental Education.

DOVER AREA SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

Finding No. 1 (Continued)

The irregularities resulted in subsidy forfeitures of \$5,684 and \$2,569, respectively, for the 2002-03 and 2001-02 school years.

We recommended that:

- . the superintendent, in conjunction with the Bureau of Teacher Certification and Preparation (BTCPC) response was to take necessary action required to ensure compliance with certification regulations; and
- . the Department of Education (DE) was to adjust the district's allocations to recover the subsidy forfeitures of \$8,253.

The board, in its written response, agreed in part and disagreed in part with the finding as follows:

[An individual's] lack of certification from 11/02 to 12/02 was a paper/procedural issue between PDE and Dover Area School District. All appropriate certification information was submitted on time, prior to 11/02, and it was only when PDE returned the certificate request because of an "open" envelope of [individual's] college transcript that the District was told the certification process was delayed. Once Dover Area School District was contacted that it needed to send a "sealed copy" of [the individual's] transcript, the District sent in said "official" transcript and [the individual] was certified two months later. The two months of "no certification" centered solely on a "paper" ("Unofficial Transcript") issue. The official and unofficial transcripts that were sent were noted to be the same. This citation is a "paper" issue, (an "open" transcript), not really a certification issue, because [the individual] was and is now certified. The District was also under the assumption that the certification would be the date of original submission (11/02).

DOVER AREA SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

Finding No. 1 (Continued)

The Dover Area School District disagrees that the Distance Learning/District Educational Curriculum Coordinator needs to be certified as an instructional technology specialist. The Distance Learning/District Educational Curriculum Coordinator's primary responsibility is updating our web page and in servicing our faculty in software. The scope of these duties is far less than those outlined in CSPG No. 56. Of the examples of the duties in CSPG No. 56 2. a. (1) – (6) [the individual] performs none of these. Currently the Distance Learning/District Educational Curriculum Coordinator holds a Business Education certification (CSPG No. 38), which we believe covers the current duties. The office of the assistant superintendent is responsible for district technology and curriculum alignment.

The Dover Area School District disagrees with the finding that a Biology or Physics certification is not appropriate for the class "Science, Technology and Society." The class subject matter is required by the new Pennsylvania State Standards, Science and Technology, and the District was told that the new state requirements/standards need not require additional local money/staffing. The Environmental and Ecology Standards were published in their final form on January 5, 2002. In order to implement the standards and assure all of our students met the standards Dover wrote the STS course. That same summer we had to hire two new science teachers. We received no qualified candidates with an Environmental Education Certification. In order to comply with the state's mandate to teach the standards we hired a Biology and Physics certified teachers after having made a good faith effort to search for a candidate with the Environmental Education Certification. We should not be penalized for implementing the state standards. Additionally, both teachers covered material/subject matter in the course they had knowledge and ability to present. The above statement is supported in that both teachers took and passed the Environmental Praxis test on November 15, 2003 and are now certified Environmental Science.

DOVER AREA SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

Finding No. 1 (Continued)

Our current audit found that as of March 2004 all individuals cited in our prior audit had obtained the certifications required for their assignments.

The district appealed DE's Notice of Final Determination and Withholding in a letter dated April 23, 2004. As a result of the district's appeal, Assistant Counsel for DE requested BTCP to review its original determination of the district's certification irregularities. In a memo dated May 6, 2004, BTCP revised its original determination and deleted the citations against the two individuals certified in biology and physics, who were teaching "Science, Technology and Society." Based on its review, BTCP determined that "Science, Technology and Society" was "a general science course and it was thus acceptable for a Physics or Biology instructor to teach it."

On July 28, 2004 a Settlement and Release Agreement was signed by the district and DE to resolve the district's appeal of DE's Notice of Final Determination and Withholding. This agreement held that the district does not contest the determination that an individual was assigned as an elementary guidance without holding any Pennsylvania certification between November and December 2002. The subsidy penalty assessed against the district for [individual's] lack of certification shall be \$517. The agreement also stated that "the subsidy penalty assessed against the District for the duties and functions assigned to and performed by [individual assigned as distance learning and district education Curriculum Coordinator] for the time period covered by the Notice of Final Determination and Withholding shall be reduced to \$2,483." No explanation was given in the agreement, nor have we been able to determine from DE personnel why this reduction was granted.

As a result of the Settlement and Release Agreement, DE determined the district's revised subsidy forfeiture was \$3,000. To resolve this finding, DE withheld this amount from the district's December 30, 2004 basic education funding payment.

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

Finding No. 2 – District Entitlement to \$32,963,627 of Subsidies and Reimbursements is Questioned as a Result of Insufficient Documentation to Support Reported Membership

Our prior audit of the district's 2001-02, 2000-01, 1999-2000 and 1998-99 school years child accounting data found internal control weaknesses resulting in our inability to verify the district's entitlement to subsidies and reimbursements totaling \$32,963,627 for the payable years 2002-03, 2001-02, 2000-01 and 1999-2000, respectively.

DOVER AREA SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

Finding No. 2 (Continued)

We recommended that district personnel:

- strengthen internal controls for obtaining, recording and reviewing data prior to submission of reports to DE; and
- develop and implement procedures to ensure supporting documentation for data reported to DE is available for audit.

We also recommended that DE require the district to maintain sufficient and relevant evidence to ensure proper justification for the receipt of state funds. Moreover, in view of the lack of documentation, DE was to review the propriety of the \$32,963,627 in subsidies received.

The board in its written response agreed with the finding and noted:

The School District experienced technical problems with the storage of yearly attendance information on the district server for archival preservation. In lieu of a paperless office, from this point forward, the School District will keep a hard copy record of all attendance reports generated during the filing of the attendance information for PDE.

Our current audit found that district personnel complied with our recommendations and were able to provide supporting documentation for membership data reported to DE for the 2002-03 through 2005-06 school years. Review of the supporting documentation did not find any significant membership errors.

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

Finding No. 3 – Inadequate Documentation for Transportation Mileage and Pupil Data Resulted in Questionable Reimbursement of \$3,494,195

Our prior audit of transportation reimbursement for the years ended June 30, 2002, 2001, 2000 and 1999 found a lack of supporting documentation to verify reimbursements of \$940,149, \$874,428, \$853,911 and \$825,707, respectively.

We recommended that the transportation coordinator:

- obtain and retain a minimum of eight monthly odometer readings, pupil rosters and calculation work papers used to compute the data reported to DE for reimbursement; and

DOVER AREA SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

Finding No. 3 (Continued)

- comply with DE guidelines and instructions for the calculation of mileage and pupil weighting data.

The board in its written response agreed with the finding and noted:

The School District will maintain all records outlined in the regulations for all future transportation calculation and as recommended in this audit.

Our current audit found that the transportation supervisor did obtain and retain eight monthly odometer readings and her calculation work papers used to compute the sample average mileage reported for reimbursement. However, not all documentation to support the district's transportation reimbursement was available for audit.

Our review of the district's transportation reimbursement for the years ended June 30, 2006, 2005, and 2004 found a lack of supporting documentation to verify reimbursements of \$1,063,513, \$957,836, and \$999,749, respectively. The district's 2002-03 transportation data was not reviewed, since the district's corrections for the errors noted in our prior audit were not implemented until the 2003-04 school year.

DE instructions for use of the sample average method of computing the greatest number of pupils assigned to ride the vehicle at any one time provides for the recording of the number of pupils assigned to ride a vehicle at any one time, for each month from October through May. At the end of the school year, an average of the eight readings is calculated for reporting purposes. The greatest number of pupils assigned figure for each monthly total comes from the roster of pupils assigned to the particular bus. Pupil rosters in support of the monthly figure reported on the district's calculation work papers were not retained. Therefore, we could not verify the accuracy of the district's calculations.

Additionally, the transportation supervisor reported that 1,114, 1,170, and 1,119 hazardous route pupils were transported during the 2005-06, 2004-05, and 2003-04 school years. Documentation for the number reported consisted of adding machine tapes showing the totals reported, based on a listing of bus stops showing the number of pupils picked up at each stop. Pupil rosters identifying the names and addresses of the actual students needed to verify their classification as a hazardous route pupil were not retained. Therefore, we could not verify the accuracy of the district's calculations.

Transportation data must be collected and retained in accordance with DE instructions. The failure of the transportation supervisor to retain complete, reliable and accurate pupil rosters places the district at risk of losing state reimbursement for noncompliance with DE reporting instructions.

DOVER AREA SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

Finding No. 3 (Continued)

Based on the results of our current audit, we concluded that the district did not take appropriate corrective action to address this finding which resulted in the following:

Recommendations

The transportation supervisor should:

- obtain and retain pupil rosters in support of the greatest number of pupils assigned to ride a vehicle at any one time, that were reported on the eight monthly totals listed on the district's calculation work paper;
- obtain and retain pupil rosters listing the individual student name and address, supporting the number of hazardous route pupils reported to DE for reimbursement; and
- comply with DE guidelines and instructions for the reporting of transportation data.

Response of Management

Management provided the following response agreeing with the finding:

Dover Area School District Administration does agree with the finding and looks to the audit recommendation to effectively review and change document procedures. The transportation supervisor has been notified and measures have been put in place to address the issues as noted. By maintaining a saved file for pupil rosters; evaluating the hazardous route to ensure the pupils are calculated appropriately; a careful review of non publics; and finally, measures for data to be reviewed monthly with sample testing to ascertain accurate mileage readings.

Finding No. 4 – District Personnel Failed to Comply with Grant Provisions and Consequently May Lose \$2,755

Our prior audit found that district personnel applied for and received a \$10,000 Community Revitalization Program Grant from the Department of Community and Economic Development (DCED) in the 1998-99 school year, to be used to improve communication of information within the community. Our review of district files found that district personnel failed to expend the entire amount of the funds received and consequently may lose the balance of \$2,755.

DOVER AREA SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

Finding No. 4 (Continued)

We recommended that:

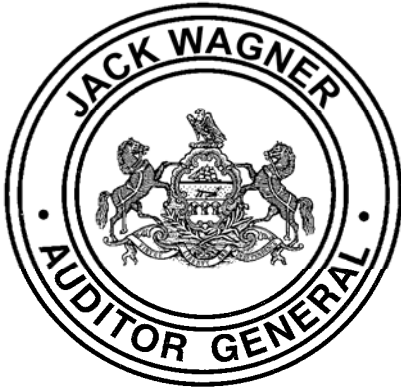
- the board authorize the return of \$2,755 in unused funds to DCED;
- the business manager immediately submit the final DCED fiscal status report for this grant; and
- DCED review the propriety of the district's grant payment and make any adjustment it deems necessary.

The board in its written response agreed with the finding and noted:

The final DCED fiscal status report and a check in the amount of \$2,755.00 for this grant has been completed and submitted to DCED on 12/19/03.

Our current audit found that the business manager complied with our recommendations and filed a final DCED fiscal status report for the 1998-99 school year grant dated December 9, 2003. The district paid DCED \$2,755 on December 19, 2003 which resolved this finding.

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



DOVER AREA SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

SUPPLEMENTARY INFORMATION
[UNAUDITED]

Schedule of State Revenue Received

The district reported it received state revenue of \$13,102,867, \$12,630,693, \$11,975,254 and \$11,230,420, respectively, for the years ended June 30, 2006, 2005, 2004 and 2003, as detailed in the following schedule:

STATE REVENUE	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Basic Education	\$ 7,798,441	\$ 7,427,604	\$ 7,246,509	\$ 7,068,663
Read to Succeed	-	-	-	60,429
Charter Schools	66,421	59,009	17,953	19,154
School Performance Incentives	-	-	-	22,348
Tuition for Orphans and Children				
Placed in Private Homes	106,078	52,911	45,834	24,807
Homebound Instruction	591	259	775	823
Vocational Education	80,102	85,409	100,083	120,334
Alternative Education	20,808	35,514	22,049	29,970
Driver Education	105	-	-	-
Special Education	1,683,491	1,625,567	1,589,280	1,510,481
Transportation	1,107,308	1,059,088	1,041,559	995,261
Rental and Sinking Fund Payments	776,826	766,966	900,549	394,205
Health Services	66,165	68,056	67,125	68,344
PA Accountability	401,939	401,939	-	-
Safe Schools	-	-	10,000	38,613
Social Security and Medicare Taxes	663,902	630,783	603,974	602,570
Retirement	330,690	417,588	329,564	104,066
Voyager Pilot/Literacy Program Grant	-	-	-	170,352
<u>TOTAL STATE REVENUE</u>	<u>\$13,102,867</u>	<u>\$12,630,693</u>	<u>\$11,975,254</u>	<u>\$11,230,420</u>

DOVER AREA 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.

Read to Succeed

Revenue received from the Commonwealth to ensure that all students learn to read and write by the end of the third grade.

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.

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.

DOVER AREA SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

SUPPLEMENTARY INFORMATION
[UNAUDITED]

Alternative Education

Revenue received from the Commonwealth as subsidy for alternative education. Alternative education is specialized educational instruction and support services to students that must be removed from regular classrooms because of disruptive behavior.

Driver Education

Revenue received from the Commonwealth as subsidy for conducting a standardized driver education program. Payments are made in accordance with Section 2504.1 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.

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.

PA Accountability

Revenue received from the Commonwealth authorized by Act 48 of 2003 for school districts to implement research-based programs to boost student achievement.

DOVER AREA SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

SUPPLEMENTARY INFORMATION
[UNAUDITED]

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
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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

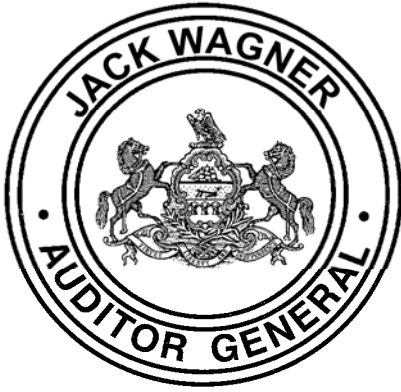
The Honorable Robert McCord
State Treasurer
Room 129 - Finance Building
Harrisburg, PA 17120

Senator Jeffrey Piccola
Chair
Senate Education Committee
173 Main Capitol Building
Harrisburg, PA 17120

Senator Andrew Dinniman
Democratic Chair
Senate Education Committee
183 Main Capitol Building
Harrisburg, PA 17120

Representative James Roebuck
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BUREAU OF SCHOOL AUDITS

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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, 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.