

FORT LEBOEUF SCHOOL DISTRICT  
ERIE COUNTY, PENNSYLVANIA  
PERFORMANCE AUDIT REPORT

JULY 2011



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

Mr. Marvin Cross, Board President  
Fort LeBoeuf School District  
P.O. Box 810  
Waterford, Pennsylvania 16441

Dear Governor Corbett and Mr. Cross:

We conducted a performance audit of the Fort LeBoeuf School District (FLSD) to determine its compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures. Our audit covered the period June 16, 2009 through April 8, 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 FLSD complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures, except as detailed in one 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 FLSD's management and their responses are included in the audit report. We believe the implementation of our recommendations will improve FLSD's operations and facilitate compliance with legal and administrative requirements.

Sincerely,

/s/

JACK WAGNER  
Auditor General

July 5, 2011

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

Our audit scope covered the period June 16, 2009 through April 8, 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 FLSD encompasses approximately 112 square miles. According to 2000 federal census data, it serves a resident population of 12,948. According to District officials, in school year 2009-10 the FLSD provided basic educational services to 2,208 pupils through the employment of 166 teachers, 128 full-time and part-time support personnel, and 19 administrators. Lastly, the FLSD received more than \$10.6 million in state funding in school year 2009-10.

### **Audit Conclusion and Results**

Our audit found that the FLSD 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: Failure to Have All School Bus Drivers' Qualifications on File.** Our audit of the FLSD's school bus drivers' qualifications for the 2010-11 school year found that the FLSD did not have all the correct records on file at the time of the audit (see page 6).

**Status of Prior Audit Findings and Observations.** With regard to the status of our prior audit recommendations to the FLSD from an audit we conducted of the 2007-08 and 2006-07 school years, we found the FLSD had taken appropriate corrective action in implementing our recommendations pertaining to transportation (see page 9).





## 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 June 16, 2009 through April 8, 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 (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

*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 FLSD'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?
- ✓ Did the District take appropriate corrective action to address recommendations made in our prior audits?

## **Methodology**

*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.

*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.

FLSD 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 FLSD operations.

Lastly, to determine the status of our audit recommendations made in a prior audit report released on January 22, 2010, we reviewed the FLSD's response to DE dated November 11, 2010. We then performed additional audit procedures targeting the previously reported matters.

## Findings and Observations

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### Finding

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### Failure to Have All School Bus Drivers' Qualifications on File

*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 examination.

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.

Additionally, Section 111(c.1) provides, in part:

Beginning April 1, 2007, administrators shall require the applicant to submit with the application for employment a copy of the Federal criminal history record in a manner prescribed by the Department of Education.

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

Several different state 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 25 of the 41 bus drivers currently employed by the Fort LeBoeuf School District. Our review found that one substitute bus driver did not have the correct federal criminal history record on file. This driver had a fingerprint clearance done by the Department of Public Welfare (DPW) rather than the Federal Bureau of Investigation. The DPW's clearance only looks for child abuse violations and not criminal violations.

The transportation supervisor stated she was unaware there were two types of fingerprint clearances required and further stated this substitute driver had not yet driven during the current school year. She also stated she would notify this driver that to remain on the substitute driver list the driver must obtain the correct federal criminal history clearance.

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

Section 6355 of the Child Protective Services Law (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 a committed child abuse.

Chapter 23 of the State Board of Education Regulations states that 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.

## Recommendations

The *Fort LeBoeuf School District* should:

1. Ensure that all future federal criminal record checks are done in accordance with the prescribed method of the Department of Education.
2. Ensure that the District's transportation coordinator reviews each driver's qualifications prior to that person transporting students.

## Management Response

Management stated the following:

The Fort LeBoeuf School District recognizes that public schools are required to review the federal criminal background checks of its employees in order to make the determination that the individual may perform work in which they have direct contact with students.

Initially, District personnel responsible for reviewing applicant credentials and federal criminal background checks did not recognize a difference between the criminal background check obtained through the Department of Public Welfare and one that was obtained through the Pennsylvania Department of Education system. In reviewing the credentials of one bus driver with a valid Department of Public Welfare clearance, the District did

not require a second clearance from the Pennsylvania Department of Education.

Since this time, District personnel have been made fully aware that the two clearances are unique. Effective immediately, the District will require and accept only federal criminal background checks from the Pennsylvania Department of Education as required by Section 111 of the Public School Code.

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

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Our prior audit of the Fort LeBoeuf School District (FLSD) for the school years 2007-08 and 2006-07 resulted in one reported finding in the area of transportation. As part of our current audit, we determined the status of corrective action taken by the District to implement our prior recommendations. We analyzed the FLSD Board's written response provided to the Department of Education (DE), performed audit procedures, and questioned District personnel regarding the prior finding. As shown below, we found that the FLSD did implement recommendations related to the finding.

### **School Years 2007-08 and 2006-07 Auditor General Performance Audit Report**

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**Finding:** **Pupil Transportation Reporting Errors Resulted in Overpayments of \$20,790**

Finding Summary: Our audit of the District's pupil transportation records and the reports submitted to DE for the 2007-08 and 2006-07 school years found reporting errors in the number of nonpublic/charter school pupils reported. These errors resulted in an overpayment of pupil transportation reimbursement of \$20,790. In addition, we found a lack of supporting documentation for reported bus mileage.

Recommendations: Our audit finding recommended that the FLSD:

1. Verify nonpublic and charter school data prior to the start of the school year to ensure that the nonpublic/charter school transportation list is up-to-date and complete.
2. Require that monthly mileage checks be performed in compliance with DE's requirements, including stop-by-stop documentation to the tenth of a mile.

Our audit finding also recommended that DE:

3. Adjust the District's allocations to correct the overpayments of \$20,790.

Current Status: During our current audit procedures we found that the FLSD did implement our recommendations.

As of April 8, 2011, DE had not yet adjusted the District's allocations to correct the overpayments.





## **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.auditor.gen.state.pa.us](http://www.auditor.gen.state.pa.us), and the following:

The Honorable Tom Corbett  
Governor  
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