



LINCOLN INTERMEDIATE UNIT 12
ADAMS COUNTY, PENNSYLVANIA
PERFORMANCE AUDIT REPORT

MAY 2013

COMMONWEALTH OF PENNSYLVANIA

EUGENE A. DEPASQUALE - AUDITOR GENERAL

DEPARTMENT OF THE AUDITOR GENERAL





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EUGENE A. DePASQUALE
AUDITOR GENERAL

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

Ms. Linda Smith, Board President
Lincoln Intermediate Unit #12
65 Billerbeck Street
New Oxford, Pennsylvania 17350

Dear Governor Corbett and Ms. Smith:

We conducted a performance audit of the Lincoln Intermediate Unit 12 (IU) to determine its compliance with applicable state laws, contracts, grant requirements and administrative procedures. Our audit covered the period April 23, 2010 through March 26, 2012, except as otherwise indicated in the report. Additionally, compliance specific to state subsidies 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 IU complied, in all significant respects, with applicable state laws, contracts, grant requirements, and administrative procedures, except as detailed in the 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 the IU's management, and their responses are included in the audit report. We believe the implementation of our recommendations will improve the IU's operations and facilitate compliance with legal and administrative requirements. We appreciate the IU's cooperation during the conduct of the audit and their willingness to implement our recommendations.

Sincerely,

/s/

EUGENE A. DEPASQUALE
Auditor General

May 6, 2013

cc: **LINCOLN INTERMEDIATE UNIT 12** Board of School Directors



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Executive Summary

Audit Work

The Pennsylvania Department of the Auditor General conducted a performance audit of the Lincoln Intermediate Unit 12 (IU). Our audit sought to answer certain questions regarding the IU's compliance with applicable state laws, contracts, grant requirements, and administrative procedures and to determine the status of corrective action taken by the IU in response to our prior audit recommendations.

Our audit scope covered the period April 23, 2010 through March 26, 2012, except as otherwise indicated in the audit scope, objectives, and methodology section of the report. Compliance specific to state subsidies and reimbursements was determined for the 2009-10 and 2008-09 school years.

Intermediate Unit Background

The IU is a legal entity established under the terms of Pennsylvania Law (Act 102, May 4, 1970) to function as a service agency for the 25 participating school districts, nonpublic schools, and institutions in Adams, Franklin, and York counties. The IU is governed by a 13 member board appointed by the participating school districts on a rotating basis. The administrative office is located at 65 Billerbeck Street, New Oxford, Pennsylvania.

The programs offered by the IU served 15,300 students in public schools and 3,440 students in nonpublic schools. The staff consisted of 42 administrators, 658 teachers, and 858 full-time and part-time support personnel.

The accounts of the IU are organized on the basis of programs and account groups, each of which are considered a separate accounting entity. The IU resources are allocated to, and accounted for, in individual programs based on purposes for which the funds are to be spent and the means by which spending activities are controlled.

The various programs which receive Commonwealth funds are accounted for in the following:

General Fund

The general fund is the primary operating fund of the IU. It is used to account for all financial resources and accounts for the general governmental activities of the IU.

Services provided to participating school districts through the general fund included:

- . Administration.
- . Curriculum development and instructional improvement.
- . Educational planning.
- . Instructional materials.
- . Management services.

- Continuing professional education.
- Pupil personnel.
- State and federal liaison.
- Nonpublic program subsidy - Act 89.

Lastly, the IU received \$4.6 million from the Commonwealth in general operating funds in the 2009-10 school year.

Special Revenue Fund

The special revenue fund accounts for the financial resources received to provide, maintain, administer, supervise and operate schools, classes, service programs, and transportation for exceptional children in accordance with the school laws of Pennsylvania and the approved the IU plan for special education. The special revenue fund accounts for financial resources available for programs and services for exceptional children in state centers, state hospitals, private licensed facilities, and other child care institutions.

The special education program offered services at all grade levels for pupils whose physical, mental, or emotional needs required such services. If appropriate facilities were not available in a neighborhood school, the IU provided the necessary transportation.

Special education programs included:

- Gifted support.
- Learning support.
- Life skilled support.
- Emotional support.

- Deaf or hearing impaired support.
- Blind or visually impaired support.
- Speech and language support.
- Physical support.
- Autistic support.
- Multi-handicapped support.

Act 25 of 1991 amended the Public School Code regarding the funding of special education services. The IU received direct funding for certain institutionalized children programs, CORE services, special payments to certain intermediate units, and a contingency fund.

Lastly, the IU received \$29.9 million from the Commonwealth in special revenue funds in the 2009-10 school year.

Audit Conclusion and Results

Our audit found that the IU complied, in all significant respects, with applicable state laws, contracts, grant requirements, and administrative procedures except for four compliance-related matters reported as findings. However, we identified one matter unrelated to compliance that is reported as an observation.

Finding No. 1: Certification Deficiency.

Our audit of professional employees' certification for the period April 16, 2010 through December 1, 2011, found one individual taught without the appropriate certification (see page 8).

Finding No. 2: Internal Control Weakness in Reporting Pupil Transportation Data. Our audit of transportation operations for the 2009-10 and 2008-09 school years found an internal control weakness regarding the reporting of pupil data reported to the Pennsylvania Department of Education during the 2009-10 school year. The issue of concern occurred only with the reporting of pupil counts for spare vehicles that covered multiple routes (see page 10).

Finding No. 3: Failure to Have All School Bus Drivers' Qualifications on File and a School Bus Driver Lacked Required Clearance. Our audit of the IU's school bus drivers' qualifications for the 2011-12 school year found that not all records were on file at the time of audit (see page 12).

Finding No. 4: The Lincoln Intermediate Unit Lacks Sufficient Internal Controls Over Its Student Record Data. Our review of the IU's controls over data integrity found that internal controls need to be improved. Specifically, we found that the IU did not adequately resolve differences between the child accounting data in its student information system and the Pennsylvania Information Management System (see page 14).

Observation: Questionable Statistics in School Safety Incident Reporting. Our review of the IU's annual school safety report for 2010-11 school year filed with Pennsylvania Department of Education appears to contain statistically questionable data (see page 17).

Status of Prior Audit Findings and Observations. With regard to the status of our prior audit recommendations to the IU from an audit released on November 29, 2010, we found that the IU had partially taken appropriate corrective action in implementing our recommendations pertaining to certification (see page 19) and transportation (see page 20).



Audit Scope, Objectives, and Methodology

Scope

What is a school performance audit?

School performance audits allow the Department of the Auditor General to determine whether state funds, including school subsidies, are being used according to the purposes and guidelines that govern the use of those funds. Additionally, our audits examine the appropriateness of certain administrative and operational practices at each local education agency (LEA). The results of these audits are shared with LEA management, the Governor, the Pennsylvania 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 April 23, 2010 through March 26, 2012, except for the verification of professional employee certification which was performed for the period April 16, 2010 through December 1, 2011.

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

While all local education agencies (LEA) have the same school years, some LEAs have different fiscal years. Therefore, for the purposes of our audit work and to be consistent with Pennsylvania Department of Education reporting guidelines, we use the term school year rather than fiscal year throughout this report. A school year covers the period July 1 to June 30.

Objectives

What is the difference between a finding and an observation?

Our performance audits may contain findings and/or observations related to our audit objectives. Findings describe noncompliance with a statute, regulation, policy, contract, grant requirement, or administrative procedure. Observations are reported when we believe corrective action should be taken to remedy a potential problem not rising to the level of noncompliance with specific criteria.

Performance audits draw conclusions based on an evaluation of sufficient, appropriate evidence. Evidence is measured against criteria, such as laws and defined business practices. Our audit focused on assessing the IU's compliance with applicable state laws, contracts, grant requirements and administrative procedures. However, as we conducted our audit procedures, we sought to determine answers to the following questions, which serve as our objectives:

- ✓ Were professional employees certified for the positions they held?
- ✓ Did the IU have sufficient internal controls to ensure that the membership data it reported to the Pennsylvania Information Management System was complete, accurate, valid, and reliable?

- ✓ In areas where the IU received transportation subsidies, is the IU and any contracted vendors, in compliance with applicable state laws and procedures?
- ✓ Did the IU, and any contracted vendors, ensure that their current bus drivers were properly qualified, and did it have written policies and procedures governing the hiring of new bus drivers?
- ✓ Were there any declining fund balances which may pose a risk to the fiscal viability of the IU?
- ✓ Did the IU pursue a contract buy-out with an administrator and if so, what was the total cost of the buy-out, reasons for the termination/settlement, and did 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?
- ✓ Did the IU take appropriate steps to ensure school safety?
- ✓ Did the IU have a properly executed and updated Memorandum of Understanding with local law enforcement?
- ✓ Did the IU take appropriate corrective action to address recommendations made in our prior audit?

Methodology

Government Auditing Standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our results and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our results 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, contracts, grant requirements, and administrative procedures.

The IU's management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the IU is in compliance with applicable laws, contracts, grant requirements, and administrative procedures. In conducting our audit, we obtained an understanding of the IU's internal controls, including any information technology controls, as they relate to the IU's compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures that we consider to be significant within the context of our audit objectives. We assessed whether those controls were properly designed and implemented. Any deficiencies in internal control that were identified during the conduct of our audit and determined to be significant within the context of our audit objectives 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 and reimbursements, pupil transportation, pupil membership, and comparative financial information.

Our audit examined the following:

- Records pertaining to pupil transportation, pupil membership, bus driver qualifications, professional employee certification, and financial stability.
- Items such as board meeting minutes, policies and procedures, and reimbursement applications.

Additionally, we interviewed select administrators and support personnel associated with the IU's operations.

Lastly, to determine the status of our audit recommendations made in a prior audit report released on November 29, 2010, we performed additional audit procedures targeting the previously reported matters.

Findings and Observations

Finding No. 1

Criteria relevant to the finding:

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

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

Section 2518 of the PSC provides, in part:

Any school district, intermediate unit, area vocational-technical school or other public school in this Commonwealth that has in its employ any person in a position that is subject to the certification requirements of the Pennsylvania Department of Education but who has not been certificated for his position by the Pennsylvania Department of Education . . . shall forfeit an amount equal to six thousand dollars (\$6,000) less the product of six thousand dollars (\$6,000) and the district's market value/income aid ratio.

Certification Deficiency

Our audit of the Lincoln Intermediate Unit 12 professional employees' certification for the period April 16, 2010 through December 1, 2011, found that one individual employed by the IU had taught without the appropriate certification.

This individual was a preschool itinerant teacher without the proper Early Childhood Pre K-3 Certificate, as required by the Certification and Staffing Policy Guidelines #39, for 50 percent of the 2010-11 school year. The teacher retired on June 16, 2011.

Employing teachers who are not properly certified could negatively impact student education quality and subjects a local education agency to a subsidy forfeiture.

Information pertaining to the deficiency was submitted to the Bureau of School Leadership and Teacher Quality (BSLTQ), Pennsylvania Department of Education, for its review. BSLTQ confirmed the deficiency. Therefore, the Lincoln Intermediate Unit 12 (IU) is subject to a subsidy forfeiture of \$1,430 for the 2010-11 school year.

Recommendations

The *Lincoln Intermediate Unit 12* should:

1. Take the necessary action required to ensure compliance with certification guidelines.
2. Ensure only properly certified individuals holding current and valid certificates are allowed to teach students.

The *Pennsylvania Department of Education* should:

3. Adjust the IU's allocations to recover the appropriate subsidy forfeiture.

Management Response

Management stated the following:

“We were aware of the certification issue. The individual cited has retired and is no longer an issue.”

Finding No. 2

Internal Control Weakness in Reporting Pupil Transportation Data

Criteria relevant to the finding:

The Pennsylvania Department of Education's instructions for completing the end-of-year summary report require that any changes in the miles with and miles without pupils, total mileage, the number of days the vehicle provided transportation to and from school, and the number of pupils transported must be based on *actual data*, using the District's daily records and the weighted averaging of mileage.

Our audit of the Lincoln Intermediate Unit 12's (IU) transportation operations for the 2009-10 and 2008-09 school years found an internal control weakness regarding the reporting of pupil data to the Pennsylvania Department of Education (PDE) during the 2009-10 school year. The issue concerned the reporting of pupil counts for spare contracted vehicles that covered multiple routes.

We found that 7 of the 24 contracted vehicles tested from the 2009-10 school year had the following errors:

- One vehicle used as a spare covered 26 runs over 71 days and was incorrectly reported to PDE with 1 pupil.
- Six spare vehicles all had incorrect pupil counts of 1.

The IU's transportation coordinator explained the causes of the errors as follows:

- Uncertainty of how to report the pupil count as a result of the complex calculations for the spare contracted vehicle that covered 26 runs over 71 days led to the IU incorrectly reporting 1 pupil.
- The remaining six pupil counts were incorrect due to clerical oversights during the manual calculation of the data.

Because the IU was uncertain about the exact number of spare contracted vehicles, we were unable to verify the accuracy of the data reported to PDE's for reimbursement.

Internal controls are the responsibility of management. Good internal controls provide management with assurance that state funds have been correctly received and expended in accordance with PDE guidelines and instructions. Weaknesses in internal controls do not provide management with those assurances.

Recommendations

The *Lincoln Intermediate Unit 12* should:

1. Contact PDE to gain guidance on how to properly calculate pupil counts for spare contracted vehicles.
2. Implement calculation verification procedures to ensure accuracy of all manual calculations.
3. Reconcile subsequent years' transportation and, if necessary, submit revised reports to PDE.

The *Pennsylvania Department of Education* should:

4. Inform the IU how to properly calculate and report pupil data for spare contracted vehicles.

Management Response

Management stated the following:

“LIU will contact PDE for guidance in calculating pupil counts for spare contracted vehicles. Revised reports to PDE will be submitted based on the PDE recommendations if applicable.”

Finding No. 3

Failure to Have All School Bus Drivers' Qualifications on File and a School Bus Driver Lacked Required Clearance

Criteria relevant to the finding:

Section 111 of the Public School Code, 24 P.S. § 1-111 (Act 34 of 1985, as amended) requires prospective school employees who 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, as of April 1, 2007, under Act 114 of 2006 as amended, (see 24 P.S. §1-111(c.1), public and private schools have been required to review federal criminal history record information (CHRI) records for all prospective employees and independent contractors who will have contact with children, and make a determination regarding the fitness of the individual to have contact with children. The Act requires the report to be reviewed in a manner prescribed by the Pennsylvania Department of Education. The review of CHRI reports is required prior to employment, and includes school bus drivers and other employees hired by independent contractors who have contact with children.

Our audit of 35 of the Lincoln Intermediate Unit 12's (IU) school bus drivers' qualifications as of October 28, 2011, found that:

- The IU is not maintaining up to date personnel files for their contracted drivers. At the time of our review, the necessary bus driver qualification documents were not on file at the IU. However, the IU's transportation contractors provided them prior to the completion of the audit.
- One driver did not possess the required Federal Bureau of Investigation's (FBI) clearance. The driver, hired on August 2, 2007, had submitted a copy of the FBI clearance registration form to the contractor on September 6, 2007. The contractor made a note on the form that the driver brought the clearance form in and had it copied. However, we do not have a copy. The contractor was unable to provide evidence that the driver was fingerprinted and that the driver had completed the entire FBI background check process when hired. Subsequently, the driver obtained a new FBI clearance dated January 18, 2012.

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

Criteria relevant to the finding:

Similarly, Section 6355 of the Child Protective Services Law (CPSL), 23 Pa. C.S. §6355, known as Act 151, requires prospective school employees to submit an official clearance statement obtained from the Pennsylvania Department of Public Welfare. The CPSL prohibits the hiring of an individual named as the perpetrator of a founded report of child abuse or is named as the individual responsible for injury or abuse in a founded report for school employee.

5. Federal criminal history record.
6. Official child abuse clearance statement.

The first three requirements were set by regulations issued by the Pennsylvania Department of Transportation. As explained further under the criteria box, the fourth and fifth requirements were set by the Public School Code of 1949, as amended. The sixth requirement was set by the Child Protective Services Law.

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

Recommendations

The *Lincoln Intermediate Unit 12* should:

1. Develop procedures to ensure that all required documentation for drivers is on file with the contractor and the IU.
2. Review the files for all drivers to ensure the IU is employing only properly qualified drivers.

Management Response

Management stated the following:

“Lincoln IU 12 will request copies of all mandated background checks and clearances for all drivers and vehicle assistants currently employed or contracted with by its transportation contractors. These records will be reviewed and any missing records will have to be replaced. Contractors will be required to supply background checks for new employees or contract employees on a monthly basis included with their monthly invoice and these new records will be reviewed and included in the background check files.

Lincoln IU 12 will request an employee list be included with the monthly invoice from its transportation contractors in order that we may ensure no one has been employed that we do not have complete data for.”

Finding No. 4

The Lincoln Intermediate Unit Lacks Sufficient Internal Controls Over Its Student Record Data

Criteria relevant to the finding:

According to the Pennsylvania Department of Education's (PDE) 2009-10 PIMS User Manual, all Pennsylvania local education agencies must submit data templates as part of the 2009-10 child accounting data collection. Pennsylvania Information Management System data templates define fields that must be reported. Four important data elements from the Child Accounting perspective are: District Code of Residence; Funding District Code; Residence Status Code; and Sending Charter School Code.

In addition, other important fields used in calculating state education subsidies are: Student Status; Gender Code; Ethnic Code Short; Poverty Code; Special Education; Limited English Proficiency Participation; Migrant Status; and Location Code of Residence. Therefore, PDE requires that student records are complete with these data fields.

Additionally, according to the *Federal Information Systems Control Manual*, a business entity should implement procedures to reasonably assure that: (1) all data input is done in a controlled manner; (2) data input into the application is complete, accurate, and valid; (3) incorrect information is identified, rejected, and corrected for subsequent processing; and (4) the confidentiality of data is adequately protected.

Beginning with the 2009-10 school year, the Pennsylvania Department of Education (PDE) now bases all local education agencies' (LEA) state subsidy calculations on the student record data it receives in the Pennsylvania Information Management System (PIMS). PIMS is a statewide longitudinal data system or "data warehouse," designed to manage and analyze individual student data for each student served by Pennsylvania's Pre-K through Grade 12 public education systems. PIMS replaces PDE's previous reporting system, the Child Accounting Database (CAD), which PDE ran concurrently until it brought PIMS completely online. PDE no longer accepts child accounting data through the CAD system.

Because PDE now uses the data in PIMS to determine each LEA's state subsidy, it is vitally important that the student information entered into this system is accurate, complete, and valid. Moreover, anytime an entity implements a computer system of this magnitude, there is an increased risk that significant reporting errors could be made. Our review aims to assess the likelihood that such errors could occur. LEAs must ensure that they have strong internal controls to mitigate these risks to their data's integrity. Without such controls, errors could go undetected and subsequently cause the LEA to receive the improper amount of state reimbursement.

Our review of the LEA's controls over data integrity found that internal controls need to be improved. Specifically, our review found that the Lincoln Intermediate Unit 12 (IU) did not adequately resolve differences in detailed child accounting data between its child accounting student information system (SIS) and the PIMS system. During interviews regarding PIMS data quality, the Intermediate Unit personnel stated that they knew that students were missing from the PIMS reports. The following discrepancies were found:

1. There were at least 27 students who did not have Pennsylvania secure IDs listed on the child accounting reports from the SIS. As a result, these students' membership was not uploaded to PIMS.
2. Student listings from the IU's SIS, which included only student names and district of residence, had student names that did not appear on either the detailed child accounting reports from the IU's SIS or on the PIMS reports. This created concerns that students may have been omitted from the child accounting and PIMS reports, and that these errors were not detected.
3. For the terms tested, one student's membership appeared on the PIMS reports and the detailed child accounting reports from the IU's SIS. However, this student was not included on the list of students from the IU's child accounting system. This omission creates concerns that students could be omitted and that these errors could go undetected.
4. Finally, the special education percentages used to calculate the membership days for the SIS reports were not the same as the percentages used to calculate the membership days for the PIMS reports. Special education percentages reported to PDE were in rounded whole percentages (i.e. 35 percent) while the percentages used to calculate membership in the SIS were taken two decimal places (i.e. 35.42 percent). This resulted in small differences between the membership days submitted to PDE via PIMS and the membership days that were shown on the membership printouts from the IU's SIS. This difference made reconciliation between the two reports difficult.

Recommendations

The *Lincoln Intermediate Unit 12* should:

1. Review child accounting reports for the 2010-11 school year and verify that all students had Pennsylvania Secure IDs assigned to them. If any students are found who did not have a Pennsylvania Secure ID, the IU personnel should determine whether these students were reported to PDE via PIMS and submit any revisions that may be necessary.

2. The IU should obtain Pennsylvania Secure IDs for any students identified in recommendation number 1.
3. For the 2010-11 school year, compare student listings from the SIS to the students' names on the detailed child accounting reports and PIMS reports to ensure that membership data has been submitted to PDE for all students and submit any revisions that may be necessary.
4. Compare the students listed on the PIMS reports to the students listed on the detailed child accounting reports and ensure that membership data has been submitted to PDE for all students, that all students appear on both reports, and submit any revisions that may be necessary.
5. Work with the software vendor for the child accounting software currently in use to try to resolve the differences in the percentage of time that is used to calculate membership days to ensure that percentages used for child accounting reports agree with the percentages used for the PIMS reports.

Management Response

Management stated the following:

“The process utilized for Penndata and PIMS verification have been reviewed and changed based on the recommendations provided.”

Observation

Questionable Statistics in School Safety Incident Reporting

Criteria relevant to the observation:

Public School Code Section 1303-A (24 P.S. § 13-1303-A) requires that each chief school administrator shall report to the office by July 31 of each year all new incidents involving acts of violence, possession of a weapon or possession, use or sale of controlled substances.

The 2010-2011 Pennsylvania Information Management Manual, Volume 1 provides an incident is defined as a specific act or offense involving one or more victims and one or more offenders. A reportable incident includes one or more acts of misconduct, involving one or more offenders violating criteria defined under Pennsylvania's Act 26 of 1995. These include, but are not limited to, any behavior that violates a school's educational mission or climate of respect or jeopardizes the intent of the school to be free of aggression against persons or property, drugs, weapons, disruptions, and disorder. Examples are incidents involving acts of violence, possession of a weapon, or the possession, use or sale of a controlled substance, alcohol, or tobacco by any person on school property, at school-sponsored events, and on school transportation to and from school.

The annual school safety report for the 2010-11 school year that the Lincoln Intermediate Unit 12 filed with the Pennsylvania Department of Education (PDE) appears to contain statistically questionable data. The total number of incidents that the IU reported to PDE was equal to the number of incidents that the IU reported involved law enforcement. All incidents that occur during the school year are required to be reported to PDE. The IU only reported to PDE the incidents that involved law enforcement, which led to an understatement of reportable incidents by the IU, for the 2010-11 school year.

According to the Child Accounting Coordinator, who is responsible for reporting the IU's incident data, he/she misinterpreted the updated reporting requirements issued by PDE. These new requirements stated that the local police department should sign-off on the incident reports in which they are involved. However, the Child Accounting Coordinator interpreted that direction to mean that the number of incidents reported to PDE should match the number of incidents reported to the local police department. As a result, she only reported incidents involving law enforcement to PDE, leading to an overall understatement of the IU's total incidents for the 2010-11 school year.

The *Lincoln Intermediate Unit 12* should:

1. Review the updated reporting guidelines in the Public School Code (24 P.S. § 13-1303-A) to ensure proper reporting of data by the IU.
2. Contact PDE to gain clarification on the guidelines prior to concluding on an interpretation of said guidelines.
3. Review the 2010-11 incidents and submit a revised report to PDE.
4. Ensure that local domain aggregate tables are properly completed prior to submission of data to PDE.

Management Response

Management stated the following:

“The questionable statistics in school safety reporting that was caused by error in reporting is not a misinterpretation. “Location domain” aggregate table was not completed prior to PIMS submission in July 2011. “Location domain” includes out-of-school suspensions due to academic or student code violations. The following actions will be taken: Review safe schools database, complete location domain and re-submit to PDE for 2010-2011, if permitted.”

Auditor Conclusion

The information provided during interviews at the time of audit indicated that the error was caused by a misinterpretation as noted in the body of the observation. Whether the error was caused by a misinterpretation or by an error in reporting the data, the statistics were still questionable. Therefore, the observation will stand as presented.

Status of Prior Audit Findings and Observations

Our prior audit of the Lincoln Intermediate Unit 12 (IU) released on November 29, 2010, resulted in two reported findings. The first finding pertained to certification, and the second finding pertained to transportation. As part of our current audit, we determined the status of corrective action taken by the IU to implement our prior recommendations. We performed audit procedures, and interviewed the IU personnel regarding the prior findings. As shown below, we found that the IU partially implemented recommendations related to both findings.

Auditor General Performance Audit Report Release on November 29, 2010

Finding No. 1: Certification Deficiencies

Finding Summary: Our prior audit found that five individuals were assigned to positions without being properly certified resulting in a subsidy forfeiture of \$14,619.

Recommendations: Our audit finding recommended that the IU:

1. Require the individuals cited in this finding to immediately obtain proper certification for the positions assigned or reassign them to positions for which they are properly certified.
2. Submit all locally titled positions to the Bureau of School Leadership and Teacher Quality for review and determination of the appropriate certification required for the positions.
3. Establish procedures to ensure that emergency permits are obtained in a timely manner.

Current Status: Our current audit found that the IU implemented our recommendations for four of the five individuals cited. One teacher was re-assigned to a pre-school itinerant teacher position for which she was not properly certified (Finding No. 1, page 8).

The IU appealed the citations in a letter dated January 10, 2011. As a result, the subsidy forfeitures were reduced to \$3,570. Subsequent to our fieldwork completion, on June 1, 2012, the subsidy forfeiture of \$3,570 was recovered.

Finding No. 2: Various Errors and Internal Control Weaknesses Resulted in Unverifiable Approved Costs for Transportation

Finding Summary: Our prior audit of pupil transportation records for the 2007-08 and 2006-07 school years found that errors and weaknesses were noted in the IU's internal control structure that resulted in our inability to confirm pupil averaging calculations for the 2006-07 school year. We were unable to verify transportation approved costs of \$8,535,513.

Recommendations: Our audit finding recommended that the IU:

1. Compare computerized pupil average calculations to pupil rosters to ensure agreement and to ensure that the data being used in the averaging calculations is accurate.
2. Continue to work with the computer programmer to ensure that computerized pupil averaging calculations do not contain zeros or blank spaces.
3. Review pupil rosters and computer averaging calculations to ensure that the data being used in the averaging calculations is accurate.
4. Review subsequent year reports and, if errors are found, submit revised reports to PDE.

Current Status: Our current audit found that the IU implemented the recommendations issued in our prior audit. However, errors in pupil counts were again noted (Finding No. 2, page 10).

Distribution List

This report was initially distributed to the Executive Director of the Intermediate Unit, the Board of School Directors, our website at www.auditor.gen.state.pa.us, and the following stakeholders:

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