



MONITEAU SCHOOL DISTRICT  
BUTLER 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. Melissa DeMatteis, Board President  
Moniteau School District  
1810 West Sunbury Road  
West Sunbury, Pennsylvania 16061

Dear Governor Corbett and Ms. DeMatteis:

We conducted a performance audit of the Moniteau School District (District) to determine its compliance with applicable state laws, contracts, grant requirements, and administrative procedures. Our audit covered the period December 9, 2009 through May 27, 2011, 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 significant noncompliance with state laws and administrative procedures, as detailed in the four audit findings within this report. A summary of these results is presented in the Executive Summary section of the audit report. These findings include recommendations aimed at the District and the Pennsylvania Department of Education.

Our audit findings and recommendations have been discussed with the District's management, and their responses are included in the audit report. We believe the implementation of our recommendations will improve the District's operations and facilitate compliance with legal and administrative requirements. We appreciate the District's cooperation during the conduct of the audit.

Sincerely,

/s/

EUGENE A. DEPASQUALE  
Auditor General

May 23, 2013

cc: **MONITEAU SCHOOL DISTRICT** Board of School Directors

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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 Moniteau School District (District). Our audit sought to answer certain questions regarding the District's compliance with applicable state laws, contracts, grant requirements, and administrative procedures and to determine the status of corrective action taken by the District in response to our prior audit recommendations.

Our audit scope covered the period December 9, 2009 through May 27, 2011, 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.

### **District Background**

The District encompasses approximately 152 square miles. According to 2010 federal census data, it serves a resident population of 9,285. According to District officials, the District provided basic educational services to 1,593 pupils through the employment of 109 teachers, 67 full-time and part-time support personnel, and 9 administrators during the 2009-10 school year. Lastly, the District received \$11.6 million in state funding in the 2009-10 school year.

### **Audit Conclusion and Results**

Our audit found that the District complied, in all significant respects, with applicable state laws, contracts, grant requirements, and administrative procedures, except for four compliance-related matters reported as findings.

#### **Finding No. 1: The District Spent \$128,901 on an Agreement that Prematurely Terminated Its Former Superintendent's Employment.**

On April 14, 2010, the District terminated the contract of the former Superintendent, resulting in the District spending \$128,901 to buyout her contract (see page 6).

#### **Finding No. 2: Errors in Reporting Pupil Transportation Data Resulted in a Subsidy Overpayment of \$32,109.**

Our audit found numerous errors in the reporting of pupil transportation data, resulting in an overpayment of \$32,109 for the 2008-09 school year (see page 12).

#### **Finding No. 3: For the Fifth Consecutive Audit, Errors Were Noted in the Reporting of Pupil Membership Data.**

For the fifth consecutive audit, we found errors in reporting resident and nonresident pupil membership. The errors resulted in an underpayment of \$29,352 (see page 14).

#### **Finding No. 4: Continuing Certification Deficiency.**

Our audit of the District's professional employees' certification and assignments for the period August 27, 2009 through May 1, 2011, found one individual continues to have a lapsed certificate (see page 16).

**Status of Prior Audit Findings and Observations.** With regard to the status of our prior audit recommendations from an audit released on August 27, 2010, we found that the District had not taken appropriate corrective action in implementing our recommendations pertaining to pupil membership, transportation, and certification (see pages 18 through 20).

## Audit Scope, Objectives, and Methodology

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### Scope

*What is a school performance audit?*

School performance audits allow the Pennsylvania 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 December 9, 2009 through May 27, 2011, except for the verification of professional employee certification which was performed for the period August 13, 2009 through May 1, 2011.

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

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 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 District'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 audit objectives:

- ✓ Were professional employees certified for the positions they held?
- ✓ In areas where the District received state subsidies 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 received state subsidies and reimbursements based on payroll (e.g. Social Security and retirement), did it follow applicable laws and procedures?
- ✓ In the areas where the District received pupil transportation subsidies, were the District and any other contracted vendors in compliance with applicable state laws and procedures?
- ✓ Were there any declining fund balances which may pose a risk to the fiscal viability of the District?
- ✓ Did the District 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 District take appropriate steps to ensure school safety?
- ✓ Did the District use an outside vendor to maintain its membership data and if so, were there internal controls in place related to vendor access?
- ✓ Did the District 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 District's management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the District is in compliance with applicable laws, contracts, grant requirements, and administrative procedures. In conducting our audit, we obtained an understanding of the District's internal controls, including any information technology controls, as they relate to the District'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, state ethics compliance, financial stability, reimbursement applications, tuition receipts, and deposited state funds.
- Items such as board meeting minutes and policies and procedures.

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

Lastly, to determine the status of our audit recommendations made in a prior audit report released on August 27, 2010, we performed additional audit procedures targeting the previously reported matters.



## Findings and Observations

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### Finding No. 1

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#### **The District Spent \$128,901 on an Agreement that Prematurely Terminated Its Former Superintendent's Employment**

*Criteria relevant to the finding:*

Section 1073(a) of the Public School Code (PSC), 24 P.S. § 10-1073(a), requires school districts to enter into three to five year employment contracts with their superintendents.

Section 1080 of the PSC, 24 P.S. § 10-1080, provides that district superintendents and assistant district superintendents may be removed from office for neglect of duty, incompetency, intemperance, or immorality.

On October 17, 2005, the board of school directors (Board) of the Moniteau School District (District) entered into an employment contract (Contract) with the District's former Superintendent. The Contract had a term of five years, from November 14, 2005 to November 13, 2010. The Contract provided compensation to the former Superintendent of \$88,000 in the first year, as well as a variety of benefits.

The Contract also included the following provisions regarding reappointment and termination:

- a) This agreement and the "District Superintendent's" employment may be terminated prior to the stated term by the "District Superintendent" submitting a written resignation to the Board of School Directors with at least sixty (60) days prior notice.
- b) The "District Superintendent" shall, throughout the term of this agreement, be subject to termination for the reasons specified under Section 1080 of the Public School Code and any other applicable laws.

On April 12, 2010, the Board approved a Retirement Agreement (Agreement) between the District and the former Superintendent in which the District accepted the Superintendent's "irrevocable retirement" effective August 31, 2010, two-and-a-half months before the end of the employment term set by the Contract. The Agreement stated that the Board and the Superintendent agreed that it is "in the best interest" of the District and the Superintendent for the parties to enter into this Agreement. No other reason was given for entering into the Agreement.

In exchange for the Superintendent's irrevocable letter of retirement, the District agreed to the following provisions (emphasis is in the original):

- 3 a) The parties have agreed that, *Effective April 14, 2010*, [the Superintendent] *will be relieved of her duties as Superintendent of the Moniteau School District and her employment contract with the School District will automatically be voided and superseded by this Retirement Agreement.* Through and until the effective date of her retirement (August 31, 2010), [the Superintendent] will be considered and continue to be carried on the School District rolls as an employee.
- b) *The District acknowledges that the Superintendent is owed the gross sum of Fifty Nine Thousand Four Hundred Twenty-Five Dollars and Ninety Cents (\$59,425.90) for contractual employment/services rendered to the District as of April 14, 2010. This sum (less any requisite deductions) shall be paid to Superintendent in a single lump sum payment on the next regular pay date of April 20, 2010. . . .*
- d) In consideration of [the Superintendent's] service and accomplishments and the release provided herein, the School District will provide [the Superintendent] with individual health care and individual dental coverage at the School District's expense, less [the Superintendent's] obligation to contribute an amount equal to the amount provided to retirees through the PSERS [Public School Employees' Retirement System]. The PSERS amount is currently \$100.00 per month. The PSERS contribution shall be in lieu of and satisfy any other contribution expected of Superintendent in connection with health and dental coverage provided hereunder. [The Superintendent's] entitlement to continued health care and dental coverage shall not exceed ten (10) years from September 1, 2010, or until [the Superintendent] has health care or dental insurance available at a less cost via a subsequent employer or a Government provided insurance program. The health care and dental coverage provided to [the Superintendent] will be the same health care and dental coverage provided to the administrative employees of the School District.

4. The School District and [the Superintendent] acknowledge and agree that other than the wages and benefits listed, Superintendent is not entitled to any other employment related benefits, including, but not limited to accumulated sick, personal or vacation days, or any other benefits contained in her employment contract.”

The \$59,426 payment represents salary for the period from the day the former Superintendent was relieved of her duties (April 14, 2010) to the end of the term of her Contract (November 13, 2010). During this same period, the business manager was paid \$13,900 in addition, to his salary as business manager, to perform duties as the acting superintendent until such time as a new superintendent was hired.

According to the District’s Administrative Compensation Plan, only retirees who had 20 years of employment in Pennsylvania public schools, of which ten years were with the District, would be eligible to receive the 10 years of medical benefits guaranteed to the former Superintendent in her individual Retirement Agreement. Because the former Superintendent did not meet the District’s minimum time requirements in its standard Administrative Compensation Plan, the District was not obligated to provide these additional benefits to the former Superintendent.

The Board approved a contract with a new superintendent at its September 27, 2010 meeting. The new superintendent’s starting date was October 25, 2010. Therefore, the new superintendent was paid from October 25, 2010, through November 13, 2010, while the former Superintendent was still being paid for the same position. This overlap of payments represented \$5,769 in additional costs.

Therefore, we have calculated the total cost of the former Superintendent’s buy-out as follows:

\$ 59,426 - Salary
49,806 - Insurance costs for ten years
13,900 - Acting superintendent costs
<u>5,769</u> - Payment to new superintendent
<u>\$128,901</u> - Total cost

We reviewed the new superintendent's contract and found that it was for a four-year period. Although permissible, we recommend that the District limits its employment contracts to three years in an effort to limit potential financial liability. Moreover, the new contract's provision regarding termination is insufficient because it provides only that the new superintendent is subject to discharge for cause as provided for by Section 1080 of the Public School Code, but it does not address separation without cause.

## **Recommendations**

The *Moniteau School District* should:

1. Enter into employment contracts with prospective superintendents at the three-year minimum term permitted by state law, in order to limit potential financial liability by the District and its taxpayers.
2. Ensure that future employment contracts with prospective administrators contain adequate termination provisions sufficient to protect the interests of the District and its taxpayers in the event that the employment ends prematurely for any reason.
3. Provide as much information as possible to the taxpayers of the District explaining the reasons for the termination of the Superintendent and justifying the District's expenditure of public funds to buy out the contract.

## **Management Response**

Management stated the following:

"The Moniteau School District Management disagrees with Finding No. [1] of the Bureau of School Audits' Audit of the Moniteau School District for audit period 2009-2010, 2008-2009. The Finding provides as follows:

The District spent \$128,901.00 on an agreement that prematurely terminated its Superintendent's employment.

The Moniteau School District first objects to the finding on the basis that it implies that the District acted with indifference toward the finances of the Moniteau School District in making its decision to terminate its former Superintendent. The Agreement with the former

Superintendent is characterized as a ‘personnel matter,’ the specifics of which may not be disclosed in this response. However, the Board of Directors acted with diligence and great prudence regarding the well being of the Moniteau School District in approving this Agreement. This includes their consideration of circumstances which the District is not at liberty to disclose. The Board of Directors and Administration of the Moniteau School District complied with the Pennsylvania Public School Code, as amended, and all other applicable laws and regulations in approving this Agreement. Specifically, the Moniteau School District complied with Sections 1073 and 1080 of the Pennsylvania Public School Code as amended in taking the action described in this Finding and will continue to comply with all provisions of the School Code.

Additionally, The Moniteau School District disagrees first with the dollar figure stated in the Finding. The Agreement between the District and its former Superintendent provides that the former Superintendent would receive the remainder of her contractual obligation as of April 14, 2012 in the gross sum of \$59,425.90. The agreement further provided for healthcare, individual dental coverage to be provided to its former Superintendent less said Superintendent’s PSERS contribution. Said coverage not to exceed a period of ten years. The District’s obligation to provide said benefits may exist regardless of the agreement to terminate its Superintendent prior to the expiration of her contract. Additionally, it is not possible to forecast the amount of time that the District would be obligated [to pay for] the benefit, or the expense of the insurance, and the PSERS contribution for the next ten years.

The additional figures that comprise that \$128,901.00 dollar figure consist of the acting Superintendent costs together with the salary for the new Superintendent. Again, the Moniteau School District would likely have incurred the cost of an acting Superintendent regardless of the early termination of its former Superintendent. It further would clearly have been obligated to pay its new Superintendent upon hire as well. It is Management’s position that the inclusion of these figures into the Finding results in the figure being artificially inflated. While the Moniteau School District did incur costs in the termination of its former Superintendent, said action was made in the best

interest of the School District and in compliance with the law.”

## **Auditor Conclusion**

The intention of our finding is to point out the costs of not having adequate termination provisions in employment contracts.

Management states in its response that it acted with “diligence and great prudence” in approving the Agreement, but also refers to “circumstances which the District is not at liberty to disclose.” As stated in the finding, no details of the reasons for reaching this agreement were provided to the public or to the auditors. Consequently, neither we nor the District’s taxpayers are able to make a judgment on the degree of diligence and prudence the District used. This is addressed in our third recommendation. Furthermore, the inclusion of adequate termination provisions in the contract could have allowed the District to be more forthcoming on the reasons for the termination.

The cost shown in our finding includes the total costs for salary during the period from the date the former Superintendent was relieved of her duties until the end of her contract, including the costs for others to fulfill those duties in her place. As noted in the finding, neither the terms of the Contract nor the District’s Administrative Compensation Plan required the continuation of the payment of salary or the provision of medical benefits once the Contract was voided. We therefore disagree with management’s assertion that the District “may have” been obligated to incur these costs. Rather, the District chose to incur these costs under the terms of the Agreement that superseded the Contract. Again, without the details of the reasons for taking this action, it’s not clear that it was done with diligence or prudence.

We believe that implementing our recommendations regarding future contracts and public justification for termination of contracts would be in the best interests of the District’s taxpayers.

## **Finding No. 2**

### **Errors in Reporting Pupil Transportation Data Resulted in a Subsidy Overpayment of \$32,109**

*Criteria relevant to the finding:*

Instructions for completing the End-of-Year Pupil Transportation Report (PDE 1049) submitted to the Pennsylvania Department of Education for use in calculating local education agencies' (LEA) transportation subsidies state that LEAs must maintain records for all buses used by the district. Information to be maintained includes miles traveled with pupils, miles traveled without pupils, and the largest number of pupils assigned to each vehicle.

Additionally, the instructions provide that information and support data used by the LEA to support the reports should be retained for audit purposes.

Our audit of the Moniteau School District's (District) 2008-09 pupil transportation records submitted to the Pennsylvania Department of Education (PDE) found reporting errors which resulted in a subsidy overpayment of \$32,109.

The reporting errors by District personnel were as follows:

- The days of operation were incorrectly reported for 7 of the 50 buses.
- The daily mileage was incorrectly reported for 36 of 50 buses.
- The daily number of trips was incorrectly reported for one bus.
- Five buses had mileage for tutoring runs included in their daily mileage, even though the transportation costs were being paid through a tutoring grant.

We have provided PDE with a report detailing the errors for use in recalculating the District's transportation subsidy.

The errors occurred because the District failed to establish procedures for verifying the accuracy of the transportation data reported to PDE, as we recommended in our prior audit report (see page 19).

At the time of our audit, the District had not yet received its transportation subsidy for the 2009-10 operational year. As a result, we did not audit the transportation data for that year. It should be noted that the errors detailed in this finding occurred prior to the District's assistant elementary principal being given the responsibilities of transportation coordinator beginning with the 2009-10 school year. The effectiveness of the new transportation coordinator's procedures will be reviewed during our next audit.

**Recommendations**

The *Moniteau School District* should:

1. Provide continued training for District personnel responsible for transportation reporting.
2. Establish and maintain written procedures for verifying days of operation, daily miles with and without pupils, number of trips per day, and any other transportation data that is required by PDE.
3. Review subsequent years' transportation reports submitted to PDE for accuracy and resubmit, if necessary.

The *Pennsylvania Department of Education* should:

4. Adjust the District's future allocations to correct the overpayment of \$32,109.

**Management Response**

Management waived the opportunity to respond to the finding at the time of the audit.



### Finding No. 3

### For the Fifth Consecutive Audit, Errors Were Noted in Reporting of Pupil Membership Data

*Criteria relevant to the finding:*

Pupil membership classifications must be maintained and reported in accordance with the Pennsylvania Department of Education's (PDE) guidelines and instructions, since this is a major factor in determining the District's subsidies and reimbursements.

PDE provides regulations and guidelines governing the classification of nonresident children placed in private homes.

Section 1305 of the Public School Code (PSC), 24 P.S. § 1305, provides for Commonwealth payment of tuition for nonresident children placed in private homes.

Section 2503(c) of the PSC, 24 P.S. § 2503(c), specifies the amount of Commonwealth-paid tuition on behalf of nonresident children placed in private homes by providing, in part:

"Each school district, regardless of classification, which accepts any nonresident child in its school under the provisions of section one thousand three hundred five . . . shall be paid by the Commonwealth an amount equal to the tuition charge per elementary pupil or the tuition charge per secondary pupil as the case may be. . . ."

Our audit of the pupil membership records for the 2008-09 school year found errors in the Moniteau School District's (District) reporting of nonresident students placed in private homes to the Pennsylvania Department of Education (PDE). These errors resulted in a \$29,352 underpayment to the District of Commonwealth-paid tuition.

District personnel incorrectly reported membership days for seven nonresident children placed in private homes as resident membership. The errors resulted in the nonresident membership days being underreported by 190 for elementary students and 499 for secondary students.

Children placed in private homes are defined as children placed in foster care. If the natural parents of such children live in another district, these children are considered nonresidents for child accounting purposes. As a result, the Commonwealth assumes responsibility for paying the tuition for such students to the educating district.

The errors were the result of District personnel failing to appropriately verify the residency status of the nonresident students enrolled in the District.

We have provided PDE with a report detailing the errors for use in recalculating the District's tuition for children placed in private homes.

It should be noted that this is the fifth consecutive audit that we have identified pupil membership reporting errors at the District (see also page 18).

### Recommendations

The *Moniteau School District* should:

1. Implement written procedures for reconciling PDE's reports that would allow the District to detect any significant change in data.

2. Ensure adherence to PDE's regulations when reporting nonresident students placed in private homes.
3. Review subsequent school years' membership reports that were submitted to PDE for accuracy and submit revised reports, if necessary.

The *Pennsylvania Department of Education* should:

4. Adjust the District's allocations to correct the underpayment of \$29,352.

**Management Response**

Management waived the opportunity to respond to the finding at the time of the audit.

## Finding No. 4

## Continuing Certification Deficiency

### *Criteria relevant to the finding:*

Section 1202 of the Public School Code (PSC), 24 P.S. § 1202, 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, 24 P.S. § 2518, provides, in part:

“[A]ny 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 . . . 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.”

Our audit of the Moniteau School District’s (District) professional employees’ certification and assignments for the period August 27, 2009 through May 1, 2011, found that one professional employee continues to have a lapsed supervisory certificate. The individual was serving as coordinator of special education and was cited in our prior audit of the District.

Information pertaining to the assignment in question was submitted to the Pennsylvania Department of Education’s (PDE) Bureau of School Leadership and Teacher Quality (BSLTQ) for its review and final determination. On June 30, 2011, BSLTQ confirmed that the certificate had lapsed.

As a result of PDE’s determination, the District will be subject to subsidy forfeitures of \$1,761 and \$924 for the 2009-10 and 2010-11 school years, respectively, for a total of \$2,685.

It should be noted that this same employee was cited in our prior audit and confirmed by BSLTQ. However, the District has failed to require this individual to obtain a valid certificate or to a change her assignment (see page 20).

## Recommendations

The *Moniteau School District* should:

Put procedures in place to ensure all professional employees are properly certified for their assignment.

The *Pennsylvania Department of Education* should:

Adjust the District’s allocations to recover the subsidy forfeitures of \$2,685.

## Management Response

Management stated the following:

“[The individual] is a Coordinator of Special Education. She is a teacher and has no supervisory duties. The Principals of each building supervise the Special Education Teachers and the on-site Intermediate Unit IV employees are supervised by the Director of the Midwestern Intermediate Unit IV.

[The individual] completes the paperwork for all Special Education students and she attends all IEP [individualized education plan] meetings for district students in alternative settings. She is also responsible for the completion and updating of PennData. These and other duties are performed in a non-supervisory role. At times, she will work under the direction of the building Principals to coordinate student transportation. She also acts as a mentor teacher for the Special Education teachers in the district.”

**Auditor Conclusion**

As previously stated, information pertaining to the certificate in question was submitted to BSLTQ for its review, and BSLTQ again upheld the citation. The District should address any further disagreement with PDE, since it is the state agency responsible for teacher certification.

## Status of Prior Audit Findings and Observations

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Our prior audit of the Moniteau School District (District) released on August 27, 2010, resulted in three reported findings. The findings pertained to pupil membership, pupil transportation, and professional teacher certification. As part of our current audit, we determined the status of corrective action taken by the District to implement our prior recommendations. We performed audit procedures and interviewed District personnel regarding the prior findings. As shown below, we found that the District did not implement recommendations related to pupil membership, pupil transportation, and certification findings.

### Auditor General Performance Audit Report Released on August 27, 2010

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**Finding No. 1:**        **For the Fourth Consecutive Audit, Errors in Reporting Pupil Membership Data Resulted in Subsidy and Reimbursement Net Overpayments Totaling \$216,531**

Finding Summary:    Our prior audit of pupil membership found reporting errors in membership days of resident pupils, nonresident children placed in private homes, and district-paid tuition students. These errors resulted in overpayments of \$140,758 for the 2007-08 school year and \$75,773 for the 2006-07 school year.

Recommendations:    Our audit finding recommended that the District:

1. Implement written procedures to ensure correct data is reported for entering and withdrawing students.
2. Implement written procedures for reconciling the Pennsylvania Department of Education's (PDE) reports that would allow the District to detect any significant change in data.
3. Ensure that individual student pupil membership days reported to PDE do not exceed the total number of days in session.
4. Report students in their proper classifications.
5. Not report mainstream time for students in intermediate classes housed at other districts.
6. Ensure adherence to PDE's regulations when reporting nonresident students placed in private homes.

7. Review subsequent school years' membership reports submitted to PDE for accuracy and re-submit, if necessary.

We also recommended that PDE:

8. Adjust the District's allocations to correct the overpayments to the District of \$216,531.

Current Status:

During our current audit procedures, we found that the District did not implement our recommendations. Membership is the subject of a finding in the current audit report (Finding No. 3).

The District's basic education funding payable in the 2009-10 school year was made up of adjusted average daily membership data for the preceding five school years, 2003-04 through 2007-08. As a result, audited changes to the 2007-08 and 2006-07 school years' pupil membership data will result in additional basic education funding overpayments payable in the 2009-10 school year. As of completion of our fieldwork, PDE has not adjusted the District's allocations to correct any of the overpayments.

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**Finding No. 2:**

**Errors in Reporting Pupil Transportation Data Resulted in a Net Reimbursement Underpayment of \$96,139**

Finding Summary:

Our prior audit found reporting errors in days of operation, daily mileages, the greatest number of pupils transported, daily number of trips, layover hours, and mileage for buses paid for by a tutoring grant, along with the failure to report fuel cost in total. These errors resulted in an underpayment of transportation reimbursement totaling \$135,528 for the 2007-08 school year and an overpayment of \$39,389 for the 2006-07 school year.

Recommendations:

Our audit finding recommended that the District:

1. Provide appropriate training for District personnel responsible for transportation reporting.
2. Establish and maintain written procedures for verifying days of operation, daily miles with and without pupils, pupil counts, number of trips per day, and other transportation data that is required by PDE.
3. Review subsequent years' transportation reports submitted to PDE for accuracy and re-submit, if necessary.

We also recommended that PDE:

4. Adjust the District's future allocations to correct the net underpayment of \$96,139.

Current Status: During our current audit procedures, we found that the District did not implement our recommendations. Transportation is the subject of a finding in the current audit report (Finding No. 2).

As of completion of our fieldwork, PDE had not yet adjusted the District's allocations to correct the net underpayment.

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**Finding No. 3: Certification Deficiency**

Finding Summary: Our prior audit of the District's professional employees' certification and assignments for the period August 27, 2007 through August 12, 2009, found one professional employee's supervisory certificate had lapsed. As a result, the District was subject to subsidy forfeitures of \$1,779 and \$1,640 for the 2007-08 and 2008-09 school years, respectively.

Recommendations: Our audit finding recommended that the District:

1. Put procedures in place to ensure all professional employees are properly certified for their assignment.
2. Reassign the individual, if necessary.

We also recommended that PDE:

3. Adjust the District's allocations to recover the subsidy forfeitures of \$3,419.

Current Status: During our current audit procedures, we found that the District did not implement our recommendations. This certification citation is again the subject of a finding in the current audit report (Finding No. 4).

PDE deducted \$3,419 from the District's December 2010 subsidy payment to assess the subsidy forfeitures.

## **Distribution List**

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This report was initially distributed to the Superintendent of the District, the Board of School Directors, our website at [www.auditor.gen.state.pa.us](http://www.auditor.gen.state.pa.us), and the following stakeholders:

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The Honorable Robert M. McCord  
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