



QUAKER VALLEY SCHOOL DISTRICT  
ALLEGHENY COUNTY, PENNSYLVANIA  
PERFORMANCE AUDIT REPORT

JUNE 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

Mr. Jack Norris, Board President  
Quaker Valley School District  
100 Leetsdale Industrial Drive, Suite B  
Leetsdale, Pennsylvania 15056

Dear Governor Corbett and Mr. Norris:

We conducted a performance audit of the Quaker Valley School District (District) to determine its compliance with applicable state laws, contracts, grant requirements, and administrative procedures. Our audit covered the period December 18, 2009 through February 15, 2013, 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 District complied, in all significant respects, with applicable state laws, contracts, grant requirements, and administrative procedures. However, 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 observation 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

June 24, 2013

cc: **QUAKER VALLEY SCHOOL DISTRICT** Board of School Directors

## Table of Contents

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	Page
Executive Summary .....	1
Audit Scope, Objectives, and Methodology .....	2
Findings and Observations .....	5
Observation – Internal Control Weaknesses in Administrative Policies Regarding Bus Drivers’ Qualifications .....	5
Status of Prior Audit Findings and Observations .....	7
Distribution List .....	8

## **Executive Summary**

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### **Audit Work**

The Pennsylvania Department of the Auditor General conducted a performance audit of the Quaker Valley 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.

Our audit scope covered the period December 18, 2009 through February 15, 2013, 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 25 square miles. According to 2010 federal census data, it serves a resident population of 13,934. According to District officials, the District provided basic educational services to 2,029 pupils through the employment of 164 teachers, 185 full-time and part-time support personnel, and 14 administrators during the 2009-10 school year. Lastly, the District received \$4,278,208 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. However, we identified one matter unrelated to compliance that is reported as an observation.

#### **Observation: Internal Control Weaknesses in Administrative Policies Regarding Bus Drivers' Qualifications.**

Our audit found that the Quaker Valley School District (District) did not have written policies or procedures in place to ensure that District's administration is notified if any drivers have been charged with crimes since their hire dates (see page 5).

**Status of Prior Audit Findings and Observations.** There were no findings or observations included in our prior audit report.

## 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 18, 2009 through February 15, 2013, except for the verification of professional employee certification which was performed for the period July 1, 2011 through June 30, 2012.

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 (PDE) 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?
- ✓ Did the District have sufficient internal controls to ensure that the membership data it reported to PDE through the Pennsylvania Information Management System was complete, accurate, valid, and reliable?

- ✓ Did the District, and any contracted vendors, ensure that their current bus drivers were properly qualified, and did they have written policies and procedures governing the hiring of new bus drivers?
- ✓ Were there any declining fund balances that may pose a risk to the District's fiscal viability?
- ✓ Did the District pursue a contract buy-out with an administrator and if so, what was the total cost of the buy-out, what were the reasons for the termination/settlement, and did the current employment contract(s) contain adequate termination provisions?
- ✓ Did the District take appropriate steps to ensure school safety?
- ✓ Did the District have a properly executed and updated Memorandum of Understanding with local law enforcement?
- ✓ Were votes made by the District's Board of School Directors free from apparent conflicts of interest?
- ✓ Were there any other areas of concern reported by local auditors, citizens, or other interested parties?

## Methodology

### *What are internal controls?*

Internal controls are processes designed by management to provide reasonable assurance of achieving objectives in areas such as:

- Effectiveness and efficiency of operations.
- Relevance and reliability of operational and financial information.
- Compliance with applicable laws, contracts, grant requirements, and administrative procedures.

*Government Auditing Standards* require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our 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.

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 membership records, bus driver qualifications, professional employee certification, and financial stability.
- Items such as board meeting minutes and policies and procedures.

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

## Findings and Observations

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### Observation

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

*Criteria relevant to the finding:*

Section 111 of the Public School Code (24 P.S. § 1-111) requires prospective school employees who would have direct contact with children, including independent contractors and their employees, to submit a report of criminal history record information obtained from the Pennsylvania State Police. Section 111 lists convictions for certain criminal offenses that would prohibit individuals from being hired and provides that convictions for other felonies and misdemeanors would disqualify individuals for employment if they occurred within ten or five years, respectively.

Amendments to Section 111 required all current school employees to submit a form to local education agencies indicating whether or not they have ever been arrested or convicted of any Section 111 offense by December 27, 2011. Furthermore, all employees subsequently arrested or convicted of a Section 111 offense must complete the form within 72 hours of the arrest or conviction.

Our audit found that while the Quaker Valley School District (District) did possess the necessary information for ensuring its bus drivers are properly qualified, neither the District nor transportation contractor had a written policy in place to ensure the administration was informed if current bus drivers were charged with a crime after their hire dates.

Our audit of the personnel records of bus drivers employed by the District found that individuals possessed the minimum requirements to be employed as bus drivers. In addition, the required report of criminal history record information and the official child abuse clearance statements were on file for all drivers whose records we reviewed. There was no information contained in these reports that would have prohibited the District from hiring any of the drivers. Therefore, we concluded that the District had satisfied the minimum legal requirements set forth in both the Public School Code and Child Protective Services Law. There were no serious crimes identified or other information that called into question the applicants' suitability to have direct contact with children.

However, our current audit found that the District did not have written policies or procedures in place to ensure compliance with the Public School Code requirement that employees, including contractors' employees, notify the District if they have been convicted of criminal offenses that would prohibit employment, or if they have been charged with crimes since their hire dates. This information should be considered for the purpose of determining an individual's suitability to be in direct contact with children. This lack of written policies and procedures is an internal control weakness that could result in the employment of individuals who may pose a risk if allowed to have direct contact with children.



## Recommendations

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.

The *Quaker Valley School District* should:

1. Implement written policies and procedures to ensure that current employees, including contractors' employees, notify the District if they are charged with, or convicted of, crimes that call into question their suitability to continue to have direct contact with children.
2. Implement written policies and procedures to ensure that the District considers, on a case-by-case basis, whether any conviction of a current employee should lead to an employment action.

## Management Response

Management stated the following:

“The Quaker Valley School District’s employment practices and procedures for all employees have always been in compliance with legal requirements. The auditor feels a separate policy regarding bus driver qualifications is in order. The Quaker Valley Board of School Directors has a draft policy for contracted employees slated for approval this spring. This policy will speak directly to the auditor’s concern.”

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

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**O**ur prior audit of the Quaker Valley School District resulted in no findings or observations.

## **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:

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

The Honorable William E. Harner  
Acting Secretary of Education  
1010 Harristown Building #2  
333 Market Street  
Harrisburg, PA 17126

The Honorable Robert M. McCord  
State Treasurer  
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This report is a matter of public record and is available online at [www.auditorgen.state.pa.us](http://www.auditorgen.state.pa.us). Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 231 Finance Building, Harrisburg, PA 17120; via email to: [news@auditorgen.state.pa.us](mailto:news@auditorgen.state.pa.us).

