



**TURKEYFOOT VALLEY AREA SCHOOL  
DISTRICT**

**SOMERSET COUNTY, PENNSYLVANIA**

**PERFORMANCE AUDIT REPORT**

**APRIL 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. Michael Diehl, Board President  
Turkeyfoot Valley Area School District  
172 Turkeyfoot Road  
Confluence, Pennsylvania 15424

Dear Governor Corbett and Mr. Diehl:

We conducted a performance audit of the Turkeyfoot Valley Area School District (TVASD) to determine its compliance with applicable state laws, contracts, grant requirements, and administrative procedures. Our audit covered the period May 15, 2009, through March 30, 2012, except as otherwise indicated in the report. Additionally, compliance specific to state subsidy and reimbursements was determined for the school years ended June 30, 2010, and June 30, 2009. Our audit was conducted pursuant to 72 P.S. § 403 and in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

Our audit found that the TVASD complied, in all significant respects, with applicable state laws, contracts, grant requirements, and administrative procedures, except as detailed in two findings noted in this report. A summary of these results is presented in the Executive Summary section of the audit report.

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

Sincerely,

/s/

EUGENE A. DEPASQUALE  
Auditor General

April 3, 2013

cc: **TURKEYFOOT VALLEY AREA SCHOOL DISTRICT** Board Members





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## **Executive Summary**

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### **Audit Work**

The Pennsylvania Department of the Auditor General conducted a performance audit of the Turkeyfoot Valley Area School District (TVASD). 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 TVASD in response to our prior audit recommendations.

Our audit scope covered the period May 15, 2009, through March 30, 2012, except as otherwise indicated in the audit scope, objectives, and methodology section of the report. Compliance specific to state subsidy and reimbursements was determined for school years 2009-10 and 2008-09.

### **District Background**

The TVASD encompasses approximately 102 square miles. According to 2010 federal census data, it serves a resident population of 2,789. According to District officials, in school year 2009-10 the TVASD provided basic educational services to 413 pupils through the employment of 40 teachers, 32 full-time and part-time support personnel, and 4 administrators. Lastly, the TVASD received more than \$3 million in state funding in school year 2009-10.

### **Audit Conclusion and Results**

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

#### **Finding No. 1: Failure to Have All School Bus Drivers' Qualifications on File.**

Our audit of the school bus drivers' qualifications for the 2011-12 school year found that not all records were on file at the time of audit. Additionally, the documentation had not been provided to the TVASD by the contractor as specified in the transportation contract (see page 6).

#### **Finding No. 2: Certification Deficiency.**

Our review of professional employees' certification for the period April 1, 2009 through February 29, 2012, found one deficiency (see page 8).

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

With regard to the status of our prior audit recommendations to the TVASD from an audit we conducted of the 2007-08, 2006-07, 2005-06 and 2004-05 school years, we found the TVASD had not taken appropriate corrective action pertaining to a certification deficiency (see page 9).

However, we found the TVASD did implement all of the recommendations pertaining to remote access into the TVASD's network servers (see page 10).





## Audit Scope, Objectives, and Methodology

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### Scope

*What is a school performance audit?*

School performance audits allow the Department of the Auditor General to determine whether state funds, including school subsidies, are being used according to the purposes and guidelines that govern the use of those funds. Additionally, our audits examine the appropriateness of certain administrative and operational practices at each Local Education Agency (LEA). The results of these audits are shared with LEA management, the Governor, the PA Department of Education, and other concerned entities.

Our audit, conducted under authority of 72 P.S. § 403, is not a substitute for the local annual audit required by the Public School Code of 1949, as amended. We conducted our audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

Our audit covered the period May 15, 2009, through March 30, 2012, except for the verification of professional employee certification which was performed for the period April 1, 2009, through February 29, 2012.

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

While all districts have the same school years, some have different fiscal years. Therefore, for the purposes of our audit work and to be consistent with 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 TVASD'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 receives state subsidy and reimbursements based on pupil membership (e.g. basic education, special education, and vocational education), did it follow applicable laws and procedures?

- ✓ Does the District have sufficient internal controls to ensure that the membership data it reported to the Pennsylvania Information Management System is complete, accurate, valid and reliable?
- ✓ Did the District, and any contracted vendors, ensure that their current bus drivers are properly qualified, and do they have written policies and procedures governing the hiring of new bus drivers?
- ✓ Are there any declining fund balances that may impose 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 does 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?
- ✓ Is the District taking appropriate steps to ensure school safety?
- ✓ Did the District have a properly executed and updated Memorandum of Understanding with local law enforcement?
- ✓ Did the District take appropriate corrective action to address recommendations made in our prior audits?

## **Methodology**

*Government Auditing Standards* require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings, observations and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings, observations and conclusions based on our audit objectives.

*What are internal controls?*

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

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

TVASD management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the TVASD 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 IT controls, as they relate to the District's compliance with applicable state laws, regulations, contracts, grant agreements 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/reimbursement, pupil transportation, and comparative financial information.

Our audit examined the following:

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

Additionally, we interviewed selected administrators and support personnel associated with TVASD operations.

Lastly, to determine the status of our audit recommendations made in a prior audit report released on December 14, 2009, we reviewed the TVASD's response to PDE dated November 23, 2010. We then performed additional audit procedures targeting the previously reported matters.

## Findings and Observations

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### Finding No. 1

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

*Criteria relevant to the finding:*

Pennsylvania Department of Transportation bus driver regulations require the possession of a valid driver's license and passing a physical examination.

Section 111 of the Public School Code requires prospective school employees who would have direct contact with children, including independent contractors and their employees, to submit a report of criminal history record information obtained from the Pennsylvania State Police. Section 111 lists convictions for certain criminal offenses that, if indicated on the report to have occurred within the preceding five years, would prohibit the individual from being hired.

Section 6355 of the Child Protective Services Law (CPSL) requires prospective school employees to submit an official child abuse clearance statement obtained from the Pennsylvania Department of Public Welfare. The CPSL prohibits the hiring of an individual determined by a court to have a committed child abuse.

Chapter 23 of the State Board of Education Regulations indicates the board of directors of a school district is responsible for the selection and approval of eligible operators who qualify under the law and regulations.

Our audit of the Turkeyfoot Valley Area School District's school bus drivers' qualifications for the 2011-12 school year found that not all records were on file at the time of audit. Additionally, the documentation had not been provided to the District by the contractor as specified in the transportation contract.

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

We reviewed the personnel records of all 20 bus drivers employed by the District pupil transportation contractor. Our review found that the District did not have on file, at the time of the audit, current valid driver's licenses and/or valid 'S' endorsement cards for 20 drivers, current physical examination forms for 11 drivers, and Pennsylvania criminal history records and child abuse clearances for 11 drivers.

The contractor also failed to provide the District with copies of all the driver's licenses and clearances prior to the commencement of the school year, as required by the pupil transportation contract.

On December 22, 2011, we informed Turkeyfoot Valley Area School District management of the missing documentation and instructed them to obtain the necessary documents. On January 11, 2012, District personnel provided us with the necessary documentation.

The audit also found that for the 2011-12 school year the board of directors did not approve bus drivers used by the contractor, as required by State Board of Education regulations. The board approved the bus routes at the beginning of the school year, but did not approve the school bus drivers. Also, new drivers hired during the school year were not approved by the board.

By not having required bus drivers' qualification documents on file at the District, the District 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 *Turkeyfoot Valley Area School District* should:

1. Ensure that the District's transportation manager reviews each driver's qualifications prior to that person transporting students.
2. Maintain files, separate from the transportation contractor, for all District drivers and work with the contractor to ensure that the District's files are up-to-date and complete.
3. Obtain board approval of bus routes and bus drivers prior to transporting students.

## **Management Response**

Management stated the following:

"A 'transportation employee checklist' will be created listing

- criminal history
- child abuse
- FBI clearance
- last drug testing date
- physical exam
- "S" Endorsement card
- Driver's license

An annual checklist for each driver will be submitted with the new school year routes to be approved by the Turkeyfoot Valley Area School District Board of Directors."

**Finding No. 2**

**Certification Deficiency**

Our audit of professional employees' certification for the period April 1, 2009, through February 29, 2012, found one teacher held a position for the first semester of the 2011-12 school year with improper certification for the assignment.

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 subsequently determined that the individual was not properly certified for the first semester of the 2011-12 school year. The District is therefore subject to a subsidy forfeiture of \$317.

**Recommendations**

*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:

“[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 but who has not been certificated for his position by the 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.”

The *Turkeyfoot Valley Area School District* should:

1. Take corrective action to comply with certification regulations.
2. Develop internal controls to ensure individuals are properly certified for the positions to which they are assigned.

The *Pennsylvania Department of Education* should:

3. Adjust the District's allocations to recover the subsidy forfeiture of \$317 resulting from BSLTQ's determination.

**Management Response**

Management waived the opportunity to reply at the time of the audit.

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

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Our prior audit of the Turkeyfoot Valley Area School District (TVASD) for the school years 2007-08, 2006-07, 2005-06 and 2004-05 resulted in one reported finding and one observation. The finding pertained to a certification deficiency and the observation pertained to unmonitored vendor system access and logical access control weaknesses. As part of our current audit, we determined the status of corrective action taken by the TVASD to implement our prior recommendations. We analyzed the TVASD Board's written response provided to the Pennsylvania Department of Education (PDE), performed audit procedures, and questioned TVASD personnel regarding the prior finding and observation. As shown below, we found that the TVASD did not implement recommendations related to the certification deficiency. However, the TVASD did implement the recommendations related to unmonitored vendor system access and logical access control weaknesses.

### **School Years 2007-08, 2006-07, 2005-06 and 2004-05 Auditor General Performance Audit Report**

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**Finding:**                      **Certification Deficiency**

Finding Summary:      Our prior audit of professional employees' certification and assignments for the period September 1, 2006, through March 31, 2009, found one teacher was assigned outside her area of certification during the 2008-09 school year. The teacher was performing the duties of an elementary guidance counselor with a music certificate.

Recommendations:      Our audit finding recommended that the TVASD:

Assign positions to professional personnel who hold appropriate certification to qualify for the assignment.

We also recommend that PDE:

Adjust the District's allocations to assess the subsidy forfeiture resulting from the deficiency.

Current Status:              During our current audit procedures we found that the TVASD did not implement our prior recommendation (see finding No. 2 in the current audit report).

A subsidy forfeiture of \$831 was deducted by PDE from the District's basic education funding payment on June 30, 2010.



**Observation: Unmonitored Vendor System Access and Logical Access Control Weaknesses**

Observation

Summary:

Our prior audit found that a risk existed that unauthorized changes to the District's data could occur and not be detected because the District was unable to provide supporting evidence that it was adequately monitoring all vendor activity in its system.

Recommendations:

Our audit observation recommended that the TVASD:

1. Generate monitoring reports (including firewall logs) of vendor and employee access and activity on its system. Monitoring reports should include the date, time, and reason for access, change(s) made and who made the change(s). The District should review these reports to determine that the access was appropriate and that data was not improperly altered. The District should also ensure it is maintaining evidence to support this monitoring and review.
2. Require the vendor to assign unique userID's and passwords to vendor employees authorized to access the District's system. Further, the District should obtain a list of vendor employees with remote access to its data and ensure that changes to the data are made only by authorized vendor representatives.
3. Allow access to the system only when the vendor needs access to make pre-approved changes/updates or requested assistance. This access should be removed when the vendor has completed its work. This procedure would also enable the monitoring of vendor changes.
4. Maintain documentation to evidence that terminated employees are properly removed from the system in a timely manner.
5. Develop policies and procedures to require written authorization when adding, deleting, or changing a userID.
6. Establish policies and procedures to analyze the impact of proposed program changes in relation to other business-critical functions.
7. Establish separate information technology policies and procedures for controlling the activities of vendors/consultants and have the vendor sign this policy, or require the vendor to sign the District's Acceptable Use Policy.

8. Include in its Acceptable Use Policy provisions for authentication (password security and syntax requirements).
9. Implement a security policy and system parameter settings to require all users, including the vendor, to change passwords on a regular basis (i.e., every 30 days). Passwords should be a minimum length of eight characters. Also, the District should maintain a password history that will prevent the use of a repetitive password (i.e., last ten passwords).

Current Status:

During our current audit we found that the TVASD did implement the above recommendations. Detailed audit procedures were applied to each recommendation and the conclusion was reached that compliance had been achieved.



## **Distribution List**

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This report was initially distributed to the superintendent of the school district, the board members, our website address at [www.auditor.gen.state.pa.us](http://www.auditor.gen.state.pa.us), and the following:

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

The Honorable Ronald J. Tomalis  
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This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, 231 Finance Building, Harrisburg, PA 17120. If you have any questions regarding this report or any other matter, you may contact the Department of the Auditor General by accessing our website at [www.auditorgen.state.pa.us](http://www.auditorgen.state.pa.us).

