

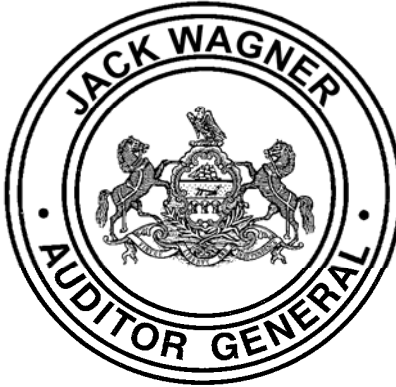
TUSCARORA SCHOOL DISTRICT  
FRANKLIN COUNTY, PENNSYLVANIA

PERFORMANCE AUDIT REPORT

FOR THE YEARS ENDED JUNE 30, 2006, 2005, 2004 AND 2003,  
AND IN CERTAIN AREAS EXTENDING BEYOND JUNE 30, 2006

WITH OBSERVATION, RECOMMENDATIONS AND  
STATUS OF PRIOR YEARS' FINDINGS AND RECOMMENDATIONS  
THROUGH JUNE 21, 2007





TUSCARORA SCHOOL DISTRICT  
FRANKLIN COUNTY, PENNSYLVANIA  
PERFORMANCE AUDIT REPORT

FOR THE YEARS ENDED JUNE 30, 2006, 2005, 2004 AND 2003,  
AND IN CERTAIN AREAS EXTENDING BEYOND JUNE 30, 2006  
WITH OBSERVATION, RECOMMENDATIONS AND  
STATUS OF PRIOR YEARS' FINDINGS AND RECOMMENDATIONS  
THROUGH JUNE 21, 2007



TUSCARORA SCHOOL DISTRICT  
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The Honorable Edward G. Rendell  
Governor  
Commonwealth of Pennsylvania  
Harrisburg, Pennsylvania 17120

Dear Governor Rendell:

We have conducted a performance audit of the Tuscarora School District for the years ended June 30, 2006, 2005, 2004 and 2003, and in certain areas extending beyond June 30, 2006. 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 was limited to the following objectives:

- . Objective No. 1 - To determine if the Tuscarora School District complied with applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit; and
- . Objective No. 2 - To determine if the Tuscarora School District took appropriate corrective action to address the findings and recommendations contained in our prior audit report.

To plan and perform our audit of the Tuscarora School District, we considered the district's internal controls pertinent to our audit objectives. Based on our consideration of these internal controls we determined audit procedures for the purpose of reporting on our audit objectives, but not to provide assurance on the effectiveness of the district's internal controls. However, any significant internal control deficiencies found during our audit were included in our report.

Independent Auditor's Report (Continued)

The results of our tests indicated that, in all significant respects, the Tuscarora School District was in compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit and took appropriate corrective action to address the findings and recommendations contained in our prior audit report. However, we did identify certain other weaknesses, as noted in the following observation and further discussed in the Conclusions section of this report:

Objective No. 1

Observation – Internal Control Weaknesses in Administrative Policies  
Regarding Bus Drivers' Qualifications

We believe that our recommendations, if implemented by the district, will improve the internal control weaknesses identified.

The accompanying supplementary information is presented for purposes of additional analysis. We did not audit the information and, accordingly, express no form of assurance on it.

Sincerely,

June 21, 2007

/s/  
JACK WAGNER  
Auditor General



TUSCARORA SCHOOL DISTRICT  
PERFORMANCE AUDIT REPORT  
BACKGROUND

**Background**

The Tuscarora School District is located in Franklin County and encompasses an area of approximately 206 square miles. The school district has a population of 17,547, according to the 2000 federal census. The administrative offices are located at 118 East Seminary Street, Mercersburg, Pennsylvania.

According to school district administrative officials, during the 2005-06 school year, the district provided basic educational services to 2,804 pupils through the employment of 10 administrators, 190 teachers, and 116 full-time and part-time support personnel. Special education was provided by the district and the Lincoln Intermediate Unit #12. Occupational training and adult education in various vocational and technical fields were provided by the district and the Franklin County Career and Technology Center.

Generally, state subsidies and reimbursements are paid in the year subsequent to the year in which the school district incurs the cost that qualifies it for the applicable subsidy or reimbursement. While the Pennsylvania Department of Education (DE) makes partial payments to the school district throughout the year, final payments are normally made in June. Refer to the Supplementary Information on pages 11 through 14 of this report for a listing of the state revenue the district received during the 2005-06, 2004-05, 2003-04 and 2002-03 school years and for descriptions of the state revenue received by category.

In July of each year, the Commonwealth's Labor, Education and Community Services, Comptroller's Office confirms the payments that were made by DE throughout the prior fiscal year. School district annual financial reports and the related certified audits of the payments are not available before October 31<sup>st</sup> of the following fiscal year.

TUSCARORA SCHOOL DISTRICT  
PERFORMANCE AUDIT REPORT  
OBJECTIVES, SCOPE AND METHODOLOGY

**OBJECTIVES AND SCOPE**

Our audit objectives were:

- . Objective No. 1 - To determine if the Tuscarora School District complied with applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit; and
- . Objective No. 2 - To determine if the Tuscarora School District took appropriate corrective action to address the findings and recommendations contained in our prior audit report.

The scope of our audit covered the years ended June 30, 2006, 2005, 2004 and 2003, and in certain areas extending beyond June 30, 2006.

**METHODOLOGY**

Our audit was conducted under authority of 72 P.S. § 403, and does not supplant the local annual audit as required by the Public School Code of 1949, as amended (Public School Code).

The proper administration of a school district requires school board members to establish and maintain internal controls to provide reasonable assurance that specific school district objectives will be achieved. School board members are responsible for the adoption and use of policies and procedures that promote the economical and efficient conduct of assigned duties and responsibilities. In completing our audit, we obtained an understanding of the school district's internal controls as they relate to the district's compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit. We evaluated and tested documents, files, reports, agreements, and systems, and performed analytical procedures to the extent necessary to satisfy our audit objectives. Additionally, we interviewed selected administrators and operations personnel.

As noted in the Background section of this report, the Department of Education generally pays state subsidies and reimbursements in the fiscal year subsequent to the fiscal year in which the district incurs the qualifying cost. Because we use the payment confirmations, annual financial reports and certified audit data as supporting documentation of actual payments received in the performance of our audit, we cannot begin the field work of a school district's operations for a given year until after this information becomes available.

TUSCARORA SCHOOL DISTRICT  
PERFORMANCE AUDIT REPORT

**CONCLUSIONS – OBJECTIVE NO. 1**

The first objective of our audit was to determine if the Tuscarora School District complied with applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit.

The results of our tests indicate that with respect to the items tested, the Tuscarora School District complied with applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit. However, our audit did reveal certain internal control weaknesses, as detailed in the following observation. The observation and recommendations were reviewed with representatives of the Tuscarora School District and their comments have been included in this report.

**Observation – Internal Control Weaknesses in Administrative Policies Regarding Bus Drivers’ Qualifications**

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 of certain criminal offenses that, if indicated on the report to have occurred within the preceding five years, would prohibit the individual from being hired.<sup>1</sup>

Similarly, Section 6355 of the Child Protective Services Law (CPSL) requires prospective school employees to provide 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 committed child abuse.<sup>2</sup>

The ultimate purpose of these requirements is to ensure the protection of the safety and welfare of the students transported in school buses. To that end, there are other serious crimes that school districts should consider, on a case-by-case basis, in determining a prospective employee’s suitability to have direct contact with children. Such crimes would include those listed in Section 111 but which were committed beyond the five-year look-back period, as well as other crimes of a serious nature that are not on the list at all. School districts should also consider reviewing the criminal history and child abuse reports for current bus drivers on a periodic basis in order to learn of incidents that may have occurred after the commencement of employment.

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<sup>1</sup> 24 P.S. § 1-111.

<sup>2</sup> 23 Pa.C.S. § 6355.

## TUSCARORA SCHOOL DISTRICT PERFORMANCE AUDIT REPORT

### **Observation (Continued)**

Our review of the personnel records of a random sample of 25 of 48 bus drivers currently employed by the district's transportation contractors found that these individuals possessed the minimum requirements to be employed as bus drivers and that the Tuscarora School District had on file the required report of criminal history record information and an official child abuse clearance statement for all drivers' files that we reviewed. There was no information contained in these reports that would have prohibited the Tuscarora School District from hiring any of the drivers. Therefore, we concluded that the Tuscarora School District has satisfied the minimum legal requirements set forth in both the Public School Code and the CPSL. Additionally, there were no serious crimes identified or other information that called into question the applicant's suitability to have direct contact with children.

However, our review found that neither the district nor the transportation contractors have written policies or procedures in place to ensure that they are notified if current employees have been charged with or convicted of serious criminal offenses which should be considered for the purpose of determining an individual's continued 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 continued employment of individuals who may pose a risk if allowed to continue to have direct contact with children.

### Recommendations

The school board and district administrators should consider, in consultation with the district's solicitor:

- developing a process to determine, on a case-by-case basis, whether prospective and current employees of the district or the district's transportation contractors have been charged with or convicted of crimes that, even though not disqualifying under state law, affect their suitability to have direct contact with children; and
- implementing written policies and procedures to ensure the district is notified when current employees of the district or the district's transportation contractors are charged with or convicted of crimes that call into question their suitability to continue to have direct contact with children and 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.

TUSCARORA SCHOOL DISTRICT  
PERFORMANCE AUDIT REPORT

**Observation (Continued)**

Response of Management

Management provided a written response agreeing with the finding and stating:

We will institute a policy for bus driver hiring procedures and qualifications that includes an annual verification by the bus driver that there has been no change over the past year.

TUSCARORA SCHOOL DISTRICT  
PERFORMANCE AUDIT REPORT

**CONCLUSIONS - OBJECTIVE NO. 2**

The second objective of our audit was to determine if the Tuscarora School District took appropriate corrective action to address the findings and recommendations contained in our prior audit report for the years ended June 30, 2002 and 2001, and in certain areas extending beyond June 30, 2002. The status of these findings, along with a description of the school board's disposition of each recommendation, was determined by one or more of the following procedures:

- reviewing the board's written response, dated December 6, 2004, to the Department of Education, replying to the Department of the Auditor General's audit report for the years ended June 30, 2002 and 2001, and in certain areas extending beyond June 30, 2002;
- performing tests as a part of, or in conjunction with, the current audit; and
- questioning appropriate district personnel regarding specific prior years' findings and recommendations.

**Finding No. 1 – Improper Payments to Board Member**

Our prior audit found that during the 2002, 2003 and 2004 calendar years a board member was paid \$1,520 for services performed for the district, in violation of the Public School Code. The school board approved Tuscarora Family Practice (TFP) to provide medical services to the district. A board member was a certified registered nurse practitioner employed by TFP. The board member, as an employee of TFP, administered physical examinations to female student athletes. TFP invoiced the district for these services, but requested on the invoice that the payment be made directly to the board member. The district paid the board member \$160, \$1,120, and \$240 in 2002, 2003 and 2004, respectively.

We recommended that the district discontinue directly paying the board member. We recommended instead that TFP invoice the district and pay the board member through its payroll process.

The board, in its written response, stated that corrective steps would be taken to ensure the procedure was corrected.

Our current audit found that the district complied with our prior audit recommendation and discontinued directly paying the board member.

Based on the results of our current audit, we concluded that the district did take appropriate corrective action to address this finding.

TUSCARORA SCHOOL DISTRICT  
PERFORMANCE AUDIT REPORT

**Finding No. 2 – Certification Irregularities**

Our prior audit of the professional employees' certificates and assignments for the period April 1, 2002 through May 31, 2004, found that four employees during the 2003-04 school year, and two employees during the 2002-03 school year, were assigned to professional positions without possessing proper certification. As a result, the district was subject to subsidy forfeitures of \$7,729 and \$1,432 for the 2003-04 and 2002-03 school years, respectively.

We recommended that the district put procedures in place to compare a teacher's certifications to the certification requirements of the assignments the district intended to give the teacher. Moreover, we recommended that the district require the individuals to obtain proper certification for their assignments or reassign them to positions for which proper certification was held.

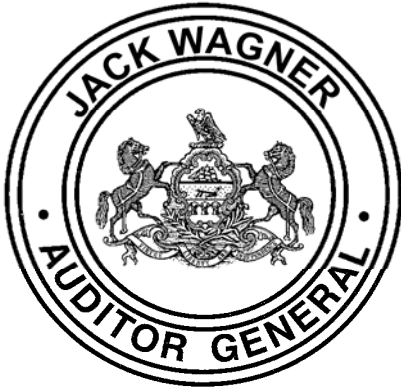
We also recommended that the Department of Education (DE) adjust future district subsidies to recover the appropriate subsidy forfeitures.

The board, in its written response, stated the district was awaiting DE notification before proceeding. Our current audit confirmed that DE's Bureau of Teacher Certification and Preparation upheld the citations.

Our current audit of teacher certification for the 2006-07, 2005-06 and 2004-05 years found no certification irregularities. Furthermore, those individuals cited in the prior audit either received proper certification, were reassigned, or left district employment.

DE adjusted the district's allocations in June of 2005 to recover subsidy forfeitures of \$9,155. DE's calculation of the subsidy forfeitures differed slightly from ours due to aid ratio changes that occurred subsequent to our prior audit calculations.

Based on the results of our current audit, we concluded that the district did take appropriate corrective action to address this finding.





TUSCARORA SCHOOL DISTRICT  
PERFORMANCE AUDIT REPORT

**SUPPLEMENTARY INFORMATION**  
**[UNAUDITED]**

**Schedule of State Revenue Received**

The district reported it received state revenue of \$12,236,905, \$11,911,182, \$10,704,384 and \$10,412,973, respectively, for the years ended June 30, 2006, 2005, 2004 and 2003, as detailed in the following schedule:

<b>STATE REVENUE</b>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Basic Education	\$ 7,034,700	\$ 6,865,931	\$ 6,734,908	\$ 6,553,564
Charter Schools	46,051	27,473	8,608	15,435
School Performance Incentives	-	-	-	27,456
Tuition for Orphans and Children Placed in Private Homes	183,976	163,460	130,009	169,246
Homebound Instruction	1,398	326	1,340	617
Vocational Education	54,240	85,123	58,534	45,633
Alternative Education	17,582	27,151	-	39,960
Driver Education	6,230	5,090	5,875	5,035
Special Education	1,480,306	1,448,502	1,382,311	1,361,613
Transportation	1,667,780	1,625,649	1,591,604	1,503,691
Rental and Sinking Fund Payments	511,847	344,929	95,680	146,847
Health Services	50,750	4,589	4,548	50,900
Social Security and Medicare Taxes	461,781	476,500	463,946	432,234
Retirement	303,728	269,848	227,021	60,742
Technology Grants	30,000	-	-	-
Other Program Subsidies/Grants:				
Educational Assistance	35,653	-	-	-
Pennsylvania Accountability	347,968	287,406	-	-
Tobacco	2,915	-	-	-
DEMO	-	279,205	-	-
<b><u>TOTAL STATE REVENUE</u></b>	<b><u>\$12,236,905</u></b>	<b><u>\$11,911,182</u></b>	<b><u>\$10,704,384</u></b>	<b><u>\$10,412,973</u></b>

TUSCARORA SCHOOL DISTRICT  
PERFORMANCE AUDIT REPORT

**SUPPLEMENTARY INFORMATION**  
**[UNAUDITED]**

*Description of State Revenue Received (Source: Pennsylvania Accounting Manual)*

Basic Education

Revenue received from Commonwealth appropriations as subsidy for basic education.

Charter Schools

Revenue received from the Commonwealth to fund the Charter Schools initiative. The state subsidy received includes revenue for startup funding, nonpublic transfers, and transitional grants.

School Performance Incentives

Revenue received from Commonwealth appropriations to reward significant educational and school-specific performance improvements as measured by improvements in student attendance and student accomplishments.

Tuition for Orphans and Children Placed in Private Homes

Revenue received from the Commonwealth as tuition for children who are orphans and/or children who are placed in private homes by the court. Payments are made in accordance with Sections 1305 and 1306 of the Public School Code.

Homebound Instruction

Revenue received from the Commonwealth as subsidy for expenses incurred for instruction of homebound pupils. Payments are made in accordance with Section 2510.1 of the Public School Code.

Vocational Education

Revenue received from the Commonwealth as subsidy for vocational education expenditures which are classified as current operating expenditures and also for preliminary expenses in establishing an area vocational education school. Payments are made in accordance with Sections 2504, 2506 and 2507 of the Public School Code.

Alternative Education

Revenue received from the Commonwealth as subsidy for alternative education. Alternative education is specialized educational instruction and support services to students that must be removed from regular classrooms because of disruptive behavior.

TUSCARORA SCHOOL DISTRICT  
PERFORMANCE AUDIT REPORT

**SUPPLEMENTARY INFORMATION**  
**[UNAUDITED]**

Driver Education

Revenue received from the Commonwealth as subsidy for conducting a standardized driver education program. Payments are made in accordance with Section 2504.1 of the Public School Code.

Special Education

Revenue received from the Commonwealth as subsidy for expenditures incurred for instructing school-age special education students.

Transportation

Revenue received from the Commonwealth as subsidy for pupil transportation expenditures and/or board and lodging in lieu of transportation. Payments for pupil transportation are made in accordance with Section 2541 of the Public School Code. Payments for board and lodging in lieu of transportation are made in accordance with Section 2542 of the Public School Code. This revenue also includes subsidy for the transportation of nonpublic and charter school students.

Rental and Sinking Fund Payments

Revenue received from the Commonwealth as a full or partial subsidy payment for approved lease rentals, sinking fund obligations, or any approved district debt obligations for which the Department of Education has assigned a lease number.

Health Services

Revenue received from the Commonwealth as subsidy for health services. Payments are made in accordance with Section 2505.1 of the Public School Code and include revenue for medical, dental, nurse and health services.

Social Security and Medicare Taxes

Revenue received from the Commonwealth as subsidy designated as the Commonwealth's matching share of the employer's contribution of the Social Security and Medicare taxes for covered employees who are not federally funded.

TUSCARORA SCHOOL DISTRICT  
PERFORMANCE AUDIT REPORT

**SUPPLEMENTARY INFORMATION**  
**[UNAUDITED]**

Retirement

Revenue received from the Commonwealth as subsidy designated as the Commonwealth's matching share of the employer's contribution of retirement contributions for active members of the Public School Employees' Retirement System.

Technology Grants

Revenue received for technology initiatives that allow the schools to develop new information technology projects, such as upgrade of networks or improved computer hardware and software.

Other Program Subsidies/Grants

Revenue received from the Commonwealth not specified elsewhere.

## BUREAU OF SCHOOL AUDITS

### AUDIT REPORT DISTRIBUTION LIST

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

The Honorable Edward G. Rendell  
Governor  
Commonwealth of Pennsylvania  
Harrisburg, PA 17120

The Honorable Gerald Zahorchak, D.Ed.  
Secretary of Education  
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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, 318 Finance Building, Harrisburg, Pennsylvania 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).