

UNIONTOWN AREA SCHOOL DISTRICT
FAYETTE COUNTY, PENNSYLVANIA
PERFORMANCE AUDIT REPORT

DECEMBER 2009

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

Mr. Kenneth G. Meadows, Board President
Uniontown Area School District
23 East Church Street
Uniontown, Pennsylvania 15401

Dear Governor Rendell and Mr. Meadows:

We conducted a performance audit of the Uniontown Area School District (UASD) to determine its compliance with applicable state laws, regulations, contracts, grant requirements and administrative procedures. Our audit covered the period March 9, 2007 through March 31, 2009, except as otherwise indicated in the report. Additionally, compliance specific to state subsidy and reimbursements was determined for the school years ended June 30, 2006, and June 30, 2005, as they were the most recent reimbursements subject to audit. 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 UASD complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures, except as detailed in the finding noted in this report. A summary of these results is presented in the Executive Summary section of the audit report.

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

Sincerely,

/s/

JACK WAGNER
Auditor General

December 4, 2009

cc: **UNIONTOWN AREA SCHOOL DISTRICT** Board Members

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Executive Summary

Audit Work

The Pennsylvania Department of the Auditor General conducted a performance audit of the Uniontown Area School District (UASD). Our audit sought to answer certain questions regarding the District's compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures; and to determine the status of corrective action taken by the UASD in response to our prior audit recommendations.

Our audit scope covered the period March 9, 2007 through March 31, 2009, 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 2005-06 and 2004-05 as they were the most recent reimbursements subject to audit. The audit evidence necessary to determine compliance specific to reimbursements is not available for audit until 16 months, or more, after the close of a school year.

District Background

The UASD encompasses approximately 250 square miles. According to 2000 federal census data, it serves a resident population of 26,925. According to District officials, in school year 2005-06 the UASD provided basic educational services to 3,418 pupils through the employment of 262 teachers, 158 full-time and part-time support personnel, and 15 administrators. Lastly, the UASD received more than \$20 million in state funding in school year 2005-06.

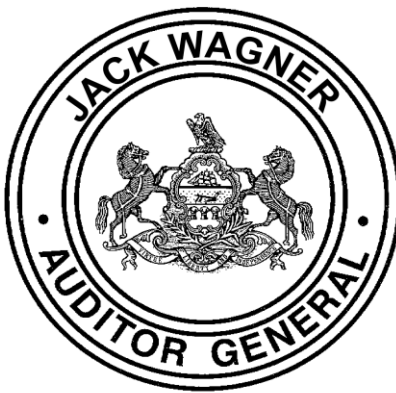
Audit Conclusion and Results

Our audit found that the UASD complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures, except for one compliance-related matter reported as a finding.

Finding: Certification Irregularities. Our audit of UASD records of professional employees' certification for the period December 1, 2006 through March 31, 2009, found five individuals were assigned to positions without holding valid certification (see page 6).

Status of Prior Audit Findings and Observations. With regard to the status of our prior audit recommendations to the UASD from an audit we conducted of the 2003-04 and 2002-03 school years, we found the UASD had taken appropriate corrective action in implementing our recommendations pertaining to adequately monitoring all vendor activity in its system (see page 8).

However, we found the District had not taken appropriate corrective actions in implementing our recommendations pertaining to a certification irregularity (see page 9).



Audit Scope, Objectives, and Methodology

Scope

What is a school performance audit?

School performance audits allow the Department of the Auditor General to determine whether state funds, including school subsidies, are being used according to the purposes and guidelines that govern the use of those funds. Additionally, our audits examine the appropriateness of certain administrative and operational practices at each Local Education Agency (LEA). The results of these audits are shared with LEA management, the Governor, the 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 March 9, 2007 through March 31, 2009, except for the verification of professional employee certification which was performed for the period December 1, 2006 through March 31, 2009.

Regarding state subsidy and reimbursements, our audit covered school years 2005-06 and 2004-05 because the audit evidence necessary to determine compliance, including payment verification from the Commonwealth's Comptroller Operations and other supporting documentation from the Department of Education (DE), is not available for audit until 16 months, or more, after the close of a school year.

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 DE 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

Performance audits draw conclusions based on an evaluation of sufficient, appropriate evidence. Evidence is measured against criteria, such as, laws, regulations, and defined business practices. Our audit focused on assessing the UASD's compliance with applicable state laws, regulations, 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?

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 law, regulation, 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.

- ✓ 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?
- ✓ In areas where the District receives state subsidy and reimbursements based on payroll (e.g. Social Security and retirement), did it follow applicable laws and procedures?
- ✓ Did the District follow applicable laws and procedures in areas dealing with pupil membership and ensure that adequate provisions were taken to protect the data?
- ✓ Is the District's pupil transportation department, including any contracted vendors, in compliance with applicable state laws and procedures?
- ✓ Does the District ensure that Board members appropriately comply with the Public Official and Employee Ethics Act?
- ✓ Are there any declining fund balances which may impose risk to the fiscal viability of the District?
- ✓ Did the District pursue a contract buyout with an administrator and if so, what was the total cost of the buy-out, reasons for the termination/settlement, and do 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?
- ✓ Is the District taking appropriate steps to ensure school safety?
- ✓ Did the District take appropriate corrective action to address recommendations made in our prior audits?

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, regulations, 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 findings, observations and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

UASD management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the District is in compliance with applicable laws, regulations, contracts, grant requirements, and administrative procedures. Within the context of our audit objectives, we obtained an understanding of internal controls and assessed whether those controls were properly designed and implemented.

Any significant deficiencies found during the audit 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 membership, pupil transportation, and comparative financial information.

Our audit examined the following:

- Records pertaining to pupil transportation, bus driver qualifications, professional employee certification, state ethics compliance, and financial stability.
- Items such as Board meeting minutes, pupil membership records, and reimbursement applications.
- Tuition receipts and deposited state funds.

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

Lastly, to determine the status of our audit recommendations made in a prior audit report released on October 9, 2007, we reviewed the UASD's response to DE dated January 20, 2009. We then performed additional audit procedures targeting the previously reported matters.

Findings and Observations

Finding

Criteria relevant to this finding:

Section 1202 of the Public School Code 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 Public School Code 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 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.

Certification Irregularities

Our audit of professional employees' certification for the period December 1, 2006 through March 31, 2009, found that five individuals were assigned to positions with lapsed certificates during the 2008-09 and 2007-08 school years.

Information pertaining to the assignments and certificates was submitted to the Bureau of School Leadership and Teacher Quality (BSLTQ), Department of Education (DE), for its review. BSLTQ subsequently determined that the employees were not properly certified; the District is therefore subject to a subsidy forfeiture of \$5,501 for the 2007-08 school year. The aid ratio needed to calculate the subsidy forfeiture for the 2008-09 school year was not available from DE at the time of our audit.

Recommendations

The *Uniontown Area School District* should:

Ensure that District employees obtain permanent certificates before their temporary certificates expire.

The *Department of Education* should:

Recover the appropriate subsidy forfeitures resulting from the irregularities.

Management Response

Management stated the following:

All five individuals possessed the necessary credits and satisfactory experience to obtain Level II Certification; however, three of these individuals failed to complete their paperwork in a timely manner. The other two individuals are resolving transcript issues with PDE. The District periodically reminds teachers of their obligations to obtain Level II Certification; however, my office will send additional reminders, and we are also in the process of developing a spreadsheet of all staff with Level I Certification so they will receive individual attention from the Superintendent's Office when certificate is set to expire.

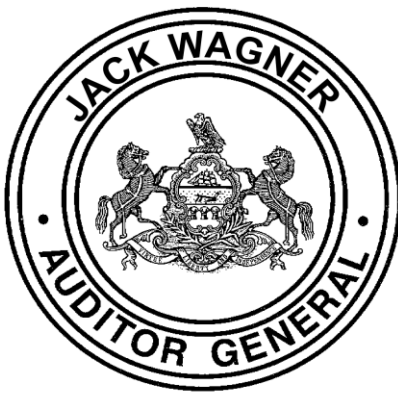
Status of Prior Audit Findings and Observations

Our prior audit of the Uniontown Area School District (UASD) for the school years 2003-04 and 2002-03 resulted in two findings. The first finding pertained to adequately monitoring all vendor activity in their system, and the second pertained to a certification irregularity. As part of our current audit, we determined the status of corrective action taken by the District to implement our prior recommendations. We analyzed the UASD Board's written response provided to the Department of Education (DE), performed audit procedures, and questioned District personnel regarding the prior findings. As shown below, we found that the UASD did implement recommendations related to adequately monitoring all vendor activity in their system. However, we found that the UASD did not implement our recommendations related to the prior audit report's finding in certification.

<i>School Year 2003-04 and 2002-03 Auditor General Performance Audit Report</i>		
<i>Prior Recommendations</i>	<i>Implementation Status</i>	
<p><u><i>I. Finding No. 1: Unmonitored Vendor System Access and Logical Access Control Weaknesses</i></u></p> <ol style="list-style-type: none"> 1. Review monitoring reports of vendor activity on the District's system. 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. Perform reconciliations between system generated membership and attendance reports and manually kept membership and attendance records to ensure that any unauthorized changes within the system would be detected in a timely manner. 3. Require the vendor to assign unique userIDs and passwords to vendor employees authorized to access the District's system. Further, the District should obtain a list of vendor 	<p>Background:</p> <p>We determined 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.</p>	<p>Current Status:</p> <p>Our current audit found that the District has put logical access controls in place that have resolved this finding to our satisfaction.</p> <p>Based on the results of our current audit, we concluded the District <u>did</u> take appropriate corrective action.</p>

<p>employees with remote access to its data and ensure that changes to the data are made only by authorized vendor representatives.</p> <p>4. Include in the District's Acceptable Use Policy provisions for authentication (e.g., password security and syntax requirements).</p> <p>5. Establish separate information technology policies and procedures for controlling the activities of vendors/consultants and have the vendor sign this policy, or the District should require the vendor to sign the District's own Acceptable Use Policy.</p> <p>6. Implement a security policy and system parameter settings to require all users, including the vendor, to use passwords that are a minimum length of eight characters and include alpha, numeric, and special characters.</p>		
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<p><u>II. Finding No. 2: Certification Irregularity</u></p> <p>1. Require the superintendent to implement a system of control that would ensure that all permanent (Level II) certificates are obtained prior to the lapsing of a provisional (Level I) certificate.</p> <p>2. DE should adjust the District's allocations to assess the subsidy forfeitures of \$2,644.</p>	<p>Background:</p> <p>Our prior audit of the professional employees' certificates and assignments for the period December 1, 2003 through November 30, 2006, found that one teacher was assigned to a teaching position with a lapsed Level I certificate. After our audit found the lapsed certificate, the individual applied for and received his Level II certificate, dated January 1, 2007. However, he had been teaching with a lapsed certificate from the beginning of the 2005-06 school year until the Level II certificate was issued.</p>	<p>Current Status:</p> <p>Our current audit found five employees with lapsed certificates, as detailed in the finding our current audit report (see page 6).</p> <p>DE deducted the subsidy forfeitures of \$2,644 from the District's December 2008 basic education funding payment.</p>
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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, and the following:

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Senate Education Committee
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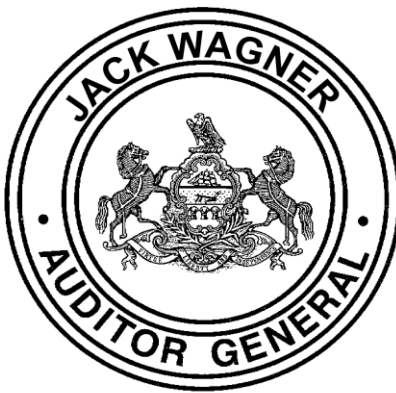
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