

WILLIAM PENN SCHOOL DISTRICT
DELAWARE COUNTY, PENNSYLVANIA
PERFORMANCE AUDIT REPORT

APRIL 2011

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

Ms. Charlotte K. Hummel, Board President
William Penn School District
100 Green Avenue Annex
Lansdowne, Pennsylvania 19050

Dear Governor Corbett and Ms. Hummel:

We conducted a performance audit of the William Penn School District (WPSD) to determine its compliance with applicable state laws, regulations, contracts, grant requirements and administrative procedures. Our audit covered the period May 11, 2009 through November 5, 2010, except as otherwise indicated in the report. Additionally, compliance specific to state subsidy and reimbursements was determined for the school years ended June 30, 2008 and June 30, 2007. 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 WPSD complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures, except as detailed in the one 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 has been discussed with WPSD's management and their response is included in the audit report. We believe the implementation of our recommendation will improve WPSD's operations and facilitate compliance with legal and administrative requirements. We appreciate the WPSD's cooperation during the conduct of the audit.

Sincerely,

/s/

JACK WAGNER
Auditor General

April 13, 2011

cc: **WILLIAM PENN 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 William Penn School District (WPSD). 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 WPSD in response to our prior audit recommendations.

Our audit scope covered the period May 11, 2009 through November 5, 2010, 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 2007-08 and 2006-07.

District Background

The WPSD encompasses approximately 5 square miles. According to 2000 federal census data, it serves a resident population of 42,457. According to District officials, in school year 2007-08 the WPSD provided basic educational services to 5,357 pupils through the employment of 396 teachers, 163 full-time and part-time support personnel, and 37 administrators. Lastly, the WPSD received more than \$29.7 million in state funding in school year 2007-08.

Audit Conclusion and Results

Our audit found that the WPSD 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: Lack of Memorandum of Understanding and Memorandum Not Updated Timely. The WPSD did not have a signed Memorandum of Understanding (MOU) with the one of its six local law enforcement agencies. Furthermore, we found that the current MOU with another of its local law enforcement agencies was signed in November 1998, and has not been updated (see page 6).

Status of Prior Audit Findings and Observations. With regard to the status of our prior audit recommendations to the WPSD, we found the WPSD had taken appropriate corrective action in implementing our recommendations pertaining to certification deficiencies (see page 8).



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 May 11, 2009 through November 5, 2010, except for the verification of professional employee certification which was performed for the period May 1, 2009 through October 18, 2010.

Regarding state subsidy and reimbursements, our audit covered school years 2007-08 and 2006-07.

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 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 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.

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 WPSD'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?
- ✓ Is the District's pupil transportation department, including any contracted vendors, in compliance with applicable state laws and procedures?
- ✓ 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 use an outside vendor to maintain its membership data and if so, are there internal controls in place related to vendor access?
- ✓ 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.

WPSD 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 and pupil transportation.

Our audit examined the following:

- Records pertaining to bus driver qualifications, professional employee certification, and financial stability.
- Items such as Board meeting minutes.

Additionally, we interviewed selected administrators and support personnel associated with William Penn School District operations.

Lastly, to determine the status of our audit recommendations made in a prior audit report released on January 29, 2010, we performed audit procedures targeting the previously reported matters.

Findings and Observations

Finding

Lack of Memorandum of Understanding and Memorandum Not Updated Timely

Criteria relevant to the finding:

Public School Code
Section 13-1303-A(c) provides:

All school entities shall develop a memorandum of understanding with local law enforcement which sets forth procedures to be followed when an incident involving an act of violence or possession of a weapon by any person occurs on school property. Law enforcement protocols shall be developed in cooperation with local law enforcement and the Pennsylvania State Police.

Additionally, the Basic Education Circular issued by the Department of Education entitled Safe Schools and Possession of Weapons, as well as the Complete All-Hazards School Safety Planning Toolkit disseminated by the Pennsylvania Emergency Management Association, contain a sample MOU to be used for school entities. Section VI, General Provisions, item B of this sample states:

This Memorandum may be amended, expanded or modified at any time upon the written consent of the parties, but in any event must be reviewed and re-executed within two years of the date of its original execution and every two years thereafter.

Our audit of William Penn School District records found that the District did not have a signed Memorandum of Understanding (MOU) with one of its six local law enforcement agencies available.

Furthermore, we found that the current MOU between the District and another one of its six local law enforcement agencies was signed in November 1998, and has not since been updated.

The failure to obtain and update a signed MOU with all local law enforcement agencies could result in a lack of cooperation, direction, and guidance between District employees and law enforcement agencies if an incident occurs on school property, at any school-sponsored activity, or on any public conveyance providing transportation to or from a school or school-sponsored activity. This internal control weakness could have an impact on law enforcement notification and response, and ultimately the resolution of a problem situation.

Recommendations

The *William Penn School District* should:

1. In consultation with its solicitor, develop and implement a MOU between the District and all appropriate law enforcement agencies.
2. Review, update and re-execute the MOU that has not been updated since November 1998.
3. Adopt a policy requiring the administration to review and re-execute all MOUs every two years.

Management Response

Management stated the following:

Act 26, The Safe Schools Act, Section 1303-A(c) states:

(c) All school entities shall develop a Memorandum of Understanding with local law enforcement which sets forth procedures to be followed when an incident involving an act of violence or possession of a weapon by any person occurs on school property. Law enforcement protocols shall be developed in cooperation with local law enforcement and the Pennsylvania State Police.

The District has five of the six boroughs' Memorandum of Understanding (MOU) on file and will resubmit the missing MOU to the one borough's local law enforcement official for his signature. Hereafter, MOUs will be updated every two years.

Status of Prior Audit Findings and Observations

Our prior audit of the William Penn School District (WPSD) for the school year 2005-06 and 2004-05 resulted in one reported finding. The finding pertained to certification deficiencies. 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 questioned District personnel regarding the prior finding. As shown below, we found that the WPSD did implement recommendations related to the certification deficiencies.

<i>School Years 2005-06 and 2004-05 Auditor General Performance Audit Report</i>		
<i>Prior Recommendations</i>	<i>Implementation Status</i>	
<p><u><i>I. Finding: Certification Deficiencies</i></u></p> <ol style="list-style-type: none"> 1. Take the necessary action required to ensure compliance with certification regulations. 2. Implement procedures to track years of service for all individuals who are not permanently certified. 3. The Department of Education (DE) should adjust the District's allocations to recover the subsidy forfeitures of \$7,455. 	<p>Background:</p> <p>Our prior audit of professional employees' certification for the period July 1, 2005 through April 30, 2009, found one administrator and one educational specialist were employed with expired provisional certificates, resulting in a subsidy forfeiture of \$7,455.</p>	<p>Current Status:</p> <p>Our current audit found that the District implemented our prior recommendations. Both individuals obtained permanent certification in their area of assignment.</p> <p>Subsequent to the completion of our fieldwork DE notified us that the subsidy forfeitures of \$7,455 were recovered in December of 2010.</p>

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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