

LIMITED PROCEDURES ENGAGEMENT

West Middlesex Area School District Mercer County, Pennsylvania

June 2015



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, PA 17120-0018
Facebook: Pennsylvania Auditor General
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EUGENE A. DePASQUALE
AUDITOR GENERAL

Mr. David Foley, Superintendent
West Middlesex Area School District
3591 Sharon Road
West Middlesex, Pennsylvania 16159

Mr. Tracy C. Hemminger, Board President
West Middlesex Area School District
3591 Sharon Road
West Middlesex, Pennsylvania 16159

Dear Mr. Foley and Mr. Hemminger:

We conducted a Limited Procedures Engagement (LPE) of the West Middlesex Area School District (District) to determine its compliance with certain relevant state laws, regulations, policies, and administrative procedures (relevant requirements). The LPE covers the period April 20, 2013 through May 19, 2015, except for any areas of compliance that may have required an alternative to this period. The engagement was conducted pursuant to authority derived from Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania and the Fiscal Code 72 P.S. § 403, but was not conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

As we conducted our LPE procedures, we sought to determine answers to the following questions, which serve as our LPE objectives:

- Did the District have documented board policies and administrative procedures related to the following?
 - Internal controls
 - Budgeting practices
 - The Right-to-Know Law
 - The Sunshine Law
- Were the policies and procedures adequate and appropriate, and have they been appropriately implemented?
- Did the District comply with the relevant requirements in the Right-to-Know Law and the Sunshine Law?
- Did the District take appropriate corrective action to address the findings, observations, and verbal comments made in our prior audit, and were the actions taken into effect?

Mr. David Foley
Mr. Tracy Hemminger
Page 2

Our engagement found that the District complied, in all material respects, with relevant requirements.

We appreciate the District's cooperation during the conduct of the engagement.

Sincerely,

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale". The signature is fluid and cursive, with a long horizontal stroke at the end.

Eugene A. DePasquale
Auditor General

June 19, 2015

cc: **WEST MIDDLESEX AREA SCHOOL DISTRICT** Board of School Directors

Status of Prior Findings and Observations

Finding No. 1

Continuing Pupil Transportation Reporting Errors and Lack of Supporting Documentation

Finding Condition

Our prior audit of the District found errors in the pupil transportation reports it submitted to the Pennsylvania Department of Education (PDE) for the 2010-11 school year. Specifically, we found errors in the reporting of data regarding district-owned transportation operations, which resulted in the District being underpaid \$10,959 for the transportation subsidy. We also found a lack of documentation supporting expenditures for contracted transportation services. This was the third consecutive audit of the District that included a deficiency in this area of operations.

Recommendations

Our prior audit finding recommended that the District should:

1. Annually reconcile PDE's summary of preliminary pupil transportation data with the information the District has on file in order to identify reporting errors.
2. Maintain the information necessary to verify the contractor's reported mileage and to demonstrate how the District calculated the reported mileage.
3. Conduct an annual internal review to ensure the daily mileage and pupil counts are accurately recorded and reported to PDE.
4. Prepare and retain on file the source data used to report pupil transportation data to PDE.
5. Prepare and maintain records of odometer readings between all bus stops and pertinent loading zones, as required by Chapter 23 regulations.
6. Instruct the transportation coordinator to develop appropriate written procedures incorporating independent verification and defining appropriate supporting documentation to ensure the accuracy of the District's records.
7. Perform a review of subsequent years' data to ensure supporting documentation was prepared and retained, and ensure accurate data was reported and resubmit reports to PDE, if necessary.

We also recommended that PDE should:

8. Adjust the District's future allocations to resolve the \$10,959 underpayment.

Current Status

During our current review, the District provided us a summary of implemented corrective actions, a copy of the Transportation Department's 2013-14 Standard Operating Procedures, and access to their 2013-14 school year transportation records. Our review revealed the following:

1. Based on sample exceptions, the District did not annually reconcile PDE's summary of preliminary pupil transportation data to supporting documentation.
2. The District did not maintain the information necessary to verify the contractor's reported mileage.
3. No annual internal reviews were performed, resulting in the District possibly misreporting nonpublic pupil counts for the 2013-14 school year. Our review expansion into the 2011-12 and 2012-13 school years yielded the same results.
4. The District did not prepare and retain on file all of the source data used to report pupil transportation data to PDE for two buses tested.
5. The District did prepare and maintain an annual record for the district-owned vehicles but not for contracted service vehicles. Additionally, the District did not prepare and maintain monthly records of odometer readings between all bus stops to support changes.
6. The transportation coordinator did develop written procedures; however, we could not verify that all of the developed procedures were implemented.
7. Our review could not verify whether or not a review of subsequent years' data was performed.
8. As of May 18, 2015, PDE had not yet adjusted the District's allocations to resolve the underpayment, nor had PDE ask for a board response to the audit finding detailing the District's corrective actions.

The release date of the District's prior audit was December 13, 2013. Our current review, which found the continued weaknesses noted above, was of the 2013-14 school year's records. The results of our review were discussed with administration and noted in our audit documentation for follow-up in our future reviews.

Finding No. 2

Lack of Documentation Needed to Verify Bus Drivers' Qualifications

Finding Condition

Our prior audit of the District's school bus drivers' qualifications for the 2012-13 school year found a lack of documentation needed to verify that all of the District's bus drivers possessed the minimum required qualifications for employment.

Recommendations

Our prior audit finding recommended that the District should:

1. Ensure all bus drivers' qualifications documents are on file at the District prior to hiring them to transport students.
2. Ensure that the District's transportation supervisor reviews each bus driver's qualifications prior to that person transporting students.
3. Maintain District files, separate from the transportation contractor's, for all bus drivers and work with the contractors to ensure that the District's files are up-to-date and complete.

Current Status

During our current review, we were provided a summary of corrective actions and access to the District's current bus drivers' files. Our review found the following:

1. Not all bus drivers' qualifications documents were on file.
2. Board policy and District procedures stipulated that the District's transportation supervisor was responsible to review each bus driver's qualifications. However, complete driver records were not maintained documenting the performance of this procedure.
3. The District did maintain separate District files; however, not all District bus driver's files were complete.

Our current review of bus drivers' qualifications was completed as of April 29, 2015. The current status was discussed with administration and noted in our audit documentation for follow-up in our future reviews.

Observation

The District Lacks Sufficient Internal Controls Over Its Student Record Data

Observation Condition

Our prior review of the District's data integrity found that its internal controls over student record data needed to be improved.

Recommendations

Our prior audit observation recommended that the District should:

1. Prepare documented procedures (e.g. procedure manuals, policies, written instructions, etc.) to ensure continuity over Pennsylvania Information Management System (PIMS) data submission.
2. Request additional training from PDE to ensure that the personnel tasked with PIMS reporting thoroughly understand PDE's guidelines and instructions.
3. Cross-train individuals to familiarize them with PDE's child accounting reporting requirements and PIMS reporting procedures in the event of a sudden personnel change.
4. Establish a system of managerial review of data before submission to PDE.
5. Strengthen internal controls to ensure adherence to PDE regulations when reporting vocational-technical students.
6. Review membership reports submitted to PDE for school years subsequent to the audit, and if reporting errors are found, contact the PIMS help desk for guidance in changing coding and submit revised reports to PDE.

Current Status

During our current review, we found the District had initiated implementation of our recommendations during our prior audit, with completion shortly thereafter. Our current review identified the following corrections:

1. To ensure propriety of procedures and continuity over PIMS submissions, the District utilizes its child accounting software and PIMS manuals.
2. District personnel received additional training through the intermediate unit and PDE webinars.
3. The District has cross-trained individuals.

4. The District did establish a system of managerial review.
5. The District strengthened internal controls over vocational-technical students' records by requiring the career center to periodically provide membership reports and ensuring that internal reports agreed.
6. District personnel did review membership reports submitted to PDE for school years subsequent to the audit.

Distribution List

This letter was initially distributed to the Superintendent of the District, the Board of School Directors, and the following stakeholders:

The Honorable Tom W. Wolf
Governor
Commonwealth of Pennsylvania
Harrisburg, PA 17120

The Honorable Pedro A. Rivera
Secretary of Education
1010 Harristown Building #2
333 Market Street
Harrisburg, PA 17126

Christopher B. Craig, *Esq.*
Acting State Treasurer
Room 129 - Finance Building
Harrisburg, PA 17120

Mrs. Danielle Mariano
Director
Bureau of Budget and Fiscal Management
Pennsylvania Department of Education
4th Floor, 333 Market Street
Harrisburg, PA 17126

Dr. David Wazeter
Research Manager
Pennsylvania State Education Association
400 North Third Street - Box 1724
Harrisburg, PA 17105

Mr. Lin Carpenter
Assistant Executive Director for Member Services
School Board and Management Services
Pennsylvania School Boards Association
P.O. Box 2042
Mechanicsburg, PA 17055

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