

LIMITED PROCEDURES ENGAGEMENT

Forest Area School District Forest County, Pennsylvania

December 2015



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



Commonwealth of Pennsylvania
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EUGENE A. DePASQUALE
AUDITOR GENERAL

Mrs. Amanda Hetrick, Superintendent
Forest Area School District
22318 Route 62, Box 16
Tionesta, Pennsylvania 16353

Mr. Michael Oliver, Board President
Forest Area School District
22318 Route 62, Box 16
Tionesta, Pennsylvania 16353

Dear Mrs. Hetrick and Mr. Oliver:

We conducted a Limited Procedures Engagement (LPE) of the Forest 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 September 7, 2012 through September 9, 2015. 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 properly implemented?
- Did the District comply with the relevant requirements in the Right-to-Know Law and the Sunshine Law?

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- Did the District take appropriate corrective action to address the findings made in our prior audit, and were the actions taken into effect?

Our engagement found that the District properly implemented policies and procedures for the areas mentioned above and complied, in all significant respects, with relevant requirements.

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

Sincerely,



Eugene A. DePasquale
Auditor General

December 3, 2015

cc: **FOREST AREA SCHOOL DISTRICT** Board of School Directors

Status of Prior Findings and Observations

Prior Finding No. 1

Certification Deficiency

Prior Finding
Condition

Our prior audit of professional employees' certification for the period July 1, 2009 through February 13, 2012, found six professional employees were improperly assigned to positions without holding proper certification.

Prior
Recommendations

Our prior audit finding recommended that the District should:

1. Put procedures in place to compare employees' certification to the certification requirements of the position to which the employee is assigned by the District.
2. Require the employees to obtain proper certification as required for the positions, or reassign the individuals to an area in which proper certification is held.
3. Seek the review and approval of the Pennsylvania Department of Education (PDE) when the District creates a new locally-titled position to ensure that the proper certification criteria are met.

We also recommended that PDE should:

4. Adjust the District's allocations to recover the subsidy forfeitures.

Current Status

During our current review, we found that two of the employees cited in our prior audit resigned, two employees were reassigned, and two employees obtained the proper certification for their assignments. On May 30, 2014, PDE adjusted the District's allocations to recover the subsidy forfeitures.

Prior Finding No. 2

The District's Poor Oversight of Its Pupil Transportation Contractor Resulted in Inefficient Operations and Contractor Overpayments of at Least \$634,111

Prior Finding Condition

Our prior audit found that from 2005 through 2012, the District's administration, including its former Superintendents and its former Business Manager, allowed the transportation contractor to provide services with little or no oversight. The District's staff failed to verify the information that it received from the contractor and failed to monitor the contractor to ensure he was providing the services he agreed to provide in the contract.

As a result of the administration's ongoing lack of internal controls, the District made at least \$634,111 in overpayments to the contractor between 2005 and 2012, and reported incorrect transportation data to PDE, which potentially impacted its state transportation subsidy and wasted taxpayer money.

Prior Recommendations

Our prior audit finding recommended that the District should:

1. Seek reimbursement from its transportation contractor for the \$634,111 in overpayments that resulted from errors in reporting mileage.
2. Establish a process for verifying all of the data the District receives from its contractor to ensure that it is accurate, complete, and valid.
3. Maintain the documentation necessary to support that the information the District reports to PDE is accurate, complete, and valid.
4. Reconcile the contractor's mileage information with the information the District maintains before it is reported to PDE in order to identify any inconsistencies or errors.
5. Establish proper internal controls to ensure that all fuel usage for the transportation of District students is efficient and appropriate.
6. Review all vehicles used to transport District students at the beginning of the school year to ensure that all vehicles have the proper Pennsylvania State Police inspections and registration cards.
7. Ensure that all staff involved in the management of the District's transportation operations are properly trained on its transportation software.

Current Status

During our current review, we found that the District now has proper documentation and is reviewing data from the contractor every month. The District provided us with documentation showing how the District is tracking fuel purchases and usage. In addition, we were provided documentation to support that training related to the District's transportation software was completed. The District did not recoup any overpayment to the transportation contractor, on the advice of outside legal counsel.

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

The Honorable Timothy Reese

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