



**JUNIATA COUNTY SCHOOL DISTRICT
JUNIATA COUNTY, PENNSYLVANIA
PERFORMANCE AUDIT REPORT**

JUNE 2013

COMMONWEALTH OF PENNSYLVANIA

EUGENE A. DEPASQUALE - AUDITOR GENERAL

DEPARTMENT OF THE AUDITOR GENERAL



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**EUGENE A. DePASQUALE
AUDITOR GENERAL**

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

Mr. Danny R. Snyder, Board President
Juniata County School District
75 South Seventh Street
Mifflintown, Pennsylvania 17059

Dear Governor Corbett and Mr. Snyder:

We conducted a performance audit of the Juniata County School District (District) to determine its compliance with applicable state laws, contracts, grant requirements, and administrative procedures. Our audit covered the period January 29, 2010 through August 3, 2012, except as otherwise indicated in the report. Additionally, compliance specific to state subsidies and reimbursements was determined for the school years ended June 30, 2010 and June 30, 2009. 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 significant noncompliance with state laws and administrative procedures, as detailed in the three audit findings within this report. A summary of these results is presented in the Executive Summary section of the audit report. These findings include recommendations aimed at the District and the Pennsylvania Department of Education.

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

In addition, on June 21, 2012, the Department of the Auditor General (Department) initiated a special audit of the decision by the School Board of Directors for the District to prematurely alter its superintendent's employment contract. This performance audit covered the period May 18, 2010 through February 11, 2011, and was conducted pursuant to 72 P.S. § 403 and in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. This performance audit was separate and distinct from the District's cyclical performance audit described above, but was conducted simultaneously.

The Department's special audit of the premature alteration of the superintendent's employment contract found that the District complied, in all significant respects, with the applicable state laws, contracts, and administrative procedures related to our specific audit objectives. However,

the Department still strongly recommends that all of the Commonwealth's local education agencies avoid prematurely altering the employment of their contracted employees. Our audit work has shown that engaging in such changes frequently leads to the inappropriate and/or inefficient use of taxpayer dollars. Consequently, we will continue to monitor these issues.

Sincerely,

/s/

EUGENE A. DEPASQUALE
Auditor General

June 24, 2013

cc: **JUNIATA COUNTY SCHOOL DISTRICT** Board of School Directors

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Executive Summary

Audit Work

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

Our audit scope covered the period January 29, 2010 through August 3, 2012, except as otherwise indicated in the audit scope, objectives, and methodology section of the report. Compliance specific to state subsidies and reimbursements was determined for the 2009-10 and 2008-09 school years.

District Background

The District encompasses approximately 372 square miles. According to 2010 federal census data it serves a resident population of 24,019. According to District officials, the District provided basic educational services to 3,079 pupils through the employment of 234 teachers, 156 full-time and part-time support personnel, and 18 administrators during the 2009-10 school year. Lastly, the District received \$15 million in state funding in the 2009-10 school year.

Audit Conclusion and Results

Our audit found significant noncompliance with applicable state laws, contracts, grant requirements, and administrative procedures, as detailed in the three audit findings within this report.

Finding No. 1: The District Lacks Sufficient Internal Controls Over Its Student Membership Data. Our audit of the District's data integrity controls found that District personnel did not adequately resolve differences in data between the District's child accounting information system and the Pennsylvania Information Management System (see page 6).

Finding No. 2: The District Failed to Properly Report Mileage and Pupil Data for Transportation Reimbursements. Our audit of the District's transportation data found a lack of source documentation resulting in our inability to verify the District's entitlement to the \$2,045,309 in transportation reimbursements it received in the 2009-10 school year, and the \$2,001,578 in transportation reimbursements it received for the 2008-09 school year (see page 12).

Finding No. 3: The District Did Not Have All School Bus Drivers' Qualifications on File. Our audit of the District's school bus drivers' qualifications for the 2011-12 school year found that not all records were on file at the time of audit (see page 14).

Status of Prior Audit Findings and

Observations. With regard to the status of our prior audit recommendations to the District from an audit released on September 3, 2010, we found that the District had not taken appropriate corrective action in implementing our recommendations pertaining to membership (see page 16), but had taken appropriate corrective action in implementing our recommendations pertaining to certification (see page 17).

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 Pennsylvania 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 January 29, 2010 through August 3, 2012, except for the verification of professional employee certification which was performed for the period July 1, 2011 through June 30, 2012.

Regarding state subsidies and reimbursements, our audit covered the 2009-10 and 2008-09 school years.

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 Pennsylvania Department of Education (PDE) 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 statute, regulation, policy, 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 and defined business practices. Our audit focused on assessing the District's compliance with applicable state laws, 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?
- ✓ In areas where the District received state subsidies and reimbursements based on pupil membership (e.g. basic education, special education, and vocational education), did it follow applicable laws and procedures?

- ✓ Did the District have sufficient internal controls to ensure that the membership data it reported to PDE through the Pennsylvania Information Management System was complete, accurate, valid, and reliable?
- ✓ In areas where the District received transportation subsidies, were the District and any contracted vendors in compliance with applicable state laws and procedures?
- ✓ Did the District, and any contracted vendors, ensure that their current bus drivers were properly qualified, and did they have written policies and procedures governing the hiring of new bus drivers?
- ✓ Were there any declining fund balances that may pose a risk to the fiscal viability of the District?
- ✓ Did the District pursue a contract buy-out with an administrator and if so, what was the total cost of the buy-out, reasons for the termination/settlement, and did 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?
- ✓ Did the District take appropriate steps to ensure school safety?
- ✓ Did the District use an outside vendor to maintain its membership data and if so, were there internal controls in place related to vendor access?
- ✓ Did the District have a properly executed and updated Memorandum of Understanding with local law enforcement?
- ✓ Did the District take appropriate corrective action to address recommendations made in our prior audit?

Methodology

Government Auditing Standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our results and conclusions based on our audit objectives. We believe that

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, contracts, grant requirements, and administrative procedures.

the evidence obtained provides a reasonable basis for our results and conclusions based on our audit objectives.

The District's management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the District is in compliance with applicable laws, contracts, grant requirements, and administrative procedures. In conducting our audit, we obtained an understanding of the District's internal controls, including any information technology controls, as they relate to the District's compliance with applicable state laws, contracts, grant requirements, and administrative procedures that we consider to be significant within the context of our audit objectives. We assessed whether those controls were properly designed and implemented. Any deficiencies in internal control that were identified during the conduct of our audit and determined to be significant within the context of our audit objectives 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 and reimbursements, pupil transportation, pupil membership, and comparative financial information.

Our audit examined the following:

- Records pertaining to pupil transportation, pupil membership, bus driver qualifications, professional employee certification, financial stability, reimbursement applications, tuition receipts and deposited state funds.
- Items such as board meeting minutes, and policies and procedures.

Additionally, we interviewed select administrators and support personnel associated with the District's operations.

Lastly, to determine the status of our audit recommendations made in a prior audit report released on September 3, 2010, we performed additional audit procedures targeting the previously reported matters.

Findings and Observations

Finding No. 1

The District Lacks Sufficient Internal Controls Over Its Student Membership Data

Criteria relevant to the finding:

According to the Department of Education's (PDE) *2009-10 PIMS User Manual*, all Pennsylvania local education agencies must submit data templates as part of the 2009-10 child accounting data collection. Pennsylvania Information Management System data templates define fields that must be reported. Four important data elements from the Child Accounting perspective are: District Code of Residence; Funding District Code; Residence Status Code; and Sending Charter School Code.

In addition, other important fields used in calculating state education subsidies are: Student Status; Gender Code; Ethnic Code Short; Poverty Code; Special Education; Limited English Proficiency Participation; Migrant Status; and Location Code of Residence. Therefore, PDE requires that student records are complete with these data fields.

Additionally, according to the *Federal Information Systems Control Manual*, a business entity should implement procedures to reasonably assure that: (1) all data input is done in a controlled manner; (2) data input into the application is complete, accurate, and valid; (3) incorrect information is identified, rejected, and corrected for subsequent processing; and (4) the confidentiality of data is adequately protected.

The Pennsylvania Department of Education (PDE) bases all local education agencies' (LEA) state subsidy calculations on the student record data it receives in the Pennsylvania Information Management System (PIMS). PIMS is a statewide longitudinal data system or "data warehouse," designed to manage and analyze individual student data for each student served by Pennsylvania's Pre-K through Grade 12 public education systems.

PDE began calculating the LEA's state subsidy using data that the LEAs enter into PIMS beginning in the 2009-10 school year. Therefore, it is vitally important that the student information entered into this system is accurate, complete, and valid. LEA's must ensure that they have strong internal controls to mitigate these risks to their data's integrity. Moreover, with a computer system of this magnitude, there is an increased risk that significant reporting errors could be made. Without such controls, errors could go undetected and subsequently cause the LEA to receive the improper amount of state reimbursement.

Our audit of the Juniata County School District's (District) data integrity found that its internal controls needed to be improved. Specifically, our audit found that the District did not adequately resolve differences in child accounting data between its student information system (SIS) and the PIMS system as follows:

1. Membership days shown on the District's membership printouts from the SIS did not agree with the days submitted to PDE for multiple grades for both the 2009-10 and 2008-09 school years. The following problems noted during our audit contributed to these differences:
 - According to current District personnel, former child accounting personnel made manual adjustments to membership data prior to uploading the data to PDE via the PIMS system. Current District personnel were unable to locate any documentation or worksheets that showed how these adjustments had been derived and neither

Chapter 11 of the Regulations of the State Board of Education, revised and made effective December 20, 1986, provides at 22 Pa Code § 11.24:

“Unaccounted absences

“Students whose names are on the active membership roll, who are at anytime in the school term absent from school for 10 consecutive school days, shall thereafter be removed from the active membership roll unless one of the following occurs:

- (1) The district has been provided with evidence that the absence may be legally excused.
- (2) Compulsory attendance prosecution has been or is being pursued.”

District personnel nor the auditors were able to reconcile the reports.

- Printouts from the SIS for the 2009-10 school year included pupils who did not have a “PAsecureID,” an identification number assigned to all students in PIMS. Without this ID, the membership information for those students may not have been processed when it was submitted to PDE, resulting in incomplete and inaccurate data.
 - The 2008-09 school year SIS printouts showed all membership days under the resident membership column. However, the SIS printouts also showed residency codes for both residents and nonresidents. As a result, former District child accounting personnel had to manually subtract the nonresident days from the total resident days to obtain the totals to be reported to PDE. Current District personnel were unable to locate any documentation or worksheets to support these manual calculations and were unable to reconcile the SIS printouts to the reports submitted to PDE.
 - The membership days for pupils enrolled in the Mifflin-Juniata Career and Technology Center (CTC) all appeared on the same SIS printout with one combined total. However, these days were then divided and reported under separate terms when they were submitted to PDE. Current District personnel were not able to locate any documentation or worksheets that showed how these days had been divided among the different terms, nor were they able to reconcile the data reported to PDE to the SIS printouts.
2. Students enrolled at the CTC were reported as though they were enrolled at the District full-time. However, the CTC operates a half-day schedule, so the days of membership should have been split between the District and the CTC. The following problems were noted during our review:
- In 2009-10, the CTC correctly reported the CTC’s portion of membership days for the District to PDE. However, the District also reported the CTC portion of the membership days to PDE, resulting in a

duplication of membership for the 2009-10 school year.

- For the 2008-09 school year, membership days for students enrolled in the CTC were split into District and CTC portions. However, based on the available documentation, neither District personnel nor the auditors were able to reconcile the data on the SIS printouts to the data submitted to PDE.

Internal controls are the responsibility of management. Weaknesses in the District's documentation of manual adjustments and weaknesses in its internal controls failed to provide management with the assurance that the District's child accounting data was collected, recorded, and reported accurately. Our audit of child accounting data noted a failure to maintain adequate documentation and a lack of adequate internal controls, as follows:

1. The District's SIS is antiquated, approximately 12 years old, requiring District personnel to make manual adjustments at the end of the year.
2. Current District personnel could not locate any worksheets or notations to support manual adjustments made by former child accounting personnel and to show how former personnel derived the data that was reported to PDE.
3. The District does not have any type of child accounting manual outlining the child accounting procedures. The only reference material used by District personnel is the PIMS manual published by PDE. Due to the lack of a District child accounting manual, there has been no guidance to personnel regarding child accounting data input procedures, review procedures, reconciliation procedures, proper residency classifications, and the reporting of child accounting data. When a district has a high employee turnover in the area of child accounting, such as the District has, it is especially important to have such a manual to help ensure that data reported to PDE is accurate.
4. Inaccuracies and inconsistencies in child accounting data entry may not have been detected due to the decentralization of the child accounting function, and

the lack of a follow-up review of pupil information entered by building secretaries into the SIS.

5. District personnel do not perform routine reconciliations during the school year, forcing the District to do a massive end-of-year reconciliation.
6. District personnel are not printing or tracking PIMS error messages.
7. The District has no system in place to identify pupils who are double-counted.
8. The District has no system in place to identify pupils with ten or more consecutive days of unexcused absence.
9. There is no committee or support structure for the child accounting position, as one individual is solely responsible for all child accounting functions.
10. The District uses the same form for all registrations, transfers, withdrawals, and re-entries, which can create confusion.

Without implementing controls to address the deficiencies described above, errors in the District's child accounting and student information could go undetected and subsequently cause the District to receive the improper amount of state reimbursement.

Recommendations

The *Juniata County School District* should:

1. Analyze its child accounting student information system to determine what changes, if any, are required to bring the system up-to-date (i.e. software updates, new software, etc.) and to ensure that manual adjustments required for membership data are minimal.
2. If manual adjustments are required, maintain notations and/or worksheets to show how reported totals are derived for audit purposes.
3. Develop a child accounting manual to help ensure that there are adequate child accounting and reconciliation

procedures and that residency classifications and other child accounting data are accurately reported.

4. Develop procedures to ensure that data entered into the SIS is accurate. This should be done whether data entry is centralized or decentralized.
5. Perform routine reconciliations throughout the school year to help ensure that end-of-year reconciliations are minimal.
6. Print and track PIMS error messages, and maintain them for audit purposes. Ensure that these errors are corrected in accordance with PDE instructions.
7. Develop procedures to ensure that student membership data is not double-counted (i.e., double-reporting the time students are at the CTC, as this is now reported by the CTC).
8. Develop procedures to ensure that students who have ten or more consecutive days of unexcused absence are identified and handled in accordance with State Board of Education regulations.
9. Determine whether the District would benefit from having a child accounting committee that would help to ensure that all individuals involved in the child accounting function, including administrators, have input in how child accounting is handled and what procedures are put into place to ensure accuracy.
10. Ensure that forms used for entries, withdrawals, transfers, and re-entries clearly indicate the purpose of the form (i.e. entry, withdrawal, etc.), and include the name of the student and the effective date of the action that is to be taken. Registration forms should include all information that is needed for the purposes of entering a new student into the District's SIS.

The *Pennsylvania Department of Education* should:

11. Review the propriety of subsidies and reimbursements and determine if any adjustments are required.

Management Response

Management stated the following:

“The district agrees that we lack internal control of student membership data. The district did not have anyone dedicated to student membership data and has used an antiquated student information system which was unable to store necessary data. We have assigned a dedicated person to handle the student data task and are committed to obtaining the needed training to correct the deficiencies. This person will be able to evaluate our deficiencies and implement procedures to eliminate any issues that may exist. The district is also considering several student management systems to replace our existing system. A new student information system will be able to store required information and eliminate the need for external adjustments prior to submission.”

Finding No. 2

The District Failed to Properly Report Mileage and Pupil Data for Transportation Reimbursements

Criteria relevant to the finding:

The Pennsylvania Department of Education's (PDE) End of Year Instructions for the reporting of mileage, days and pupils require:

- The local education agencies (LEA) must report the number of miles per day, to the nearest tenth, that the vehicle traveled with and without pupils. If this figure changed during the year, the district is to calculate a weighted average or a sample average.
- LEAs must report the greatest number of pupils assigned to ride the vehicle at any one time during the day . . . If the number of pupils assigned changed during the year, LEAs are to calculate a weighted average or a sample average.
- For the weighted average method for miles, LEAs must maintain records of miles with pupils and miles without pupils data for each vehicle.

PDE's Instructions for Computing Sample Averages require:

- For the sample average method for miles, once during each month from October through May, measure and record: (1) the number of miles the vehicle traveled with pupils, (2) the number of miles the vehicle traveled without pupils, and (3) the number of students assigned to ride the vehicle at any one time during the day. At the end of the school year, calculate the average of the eight measurements for each of the three variables.

Our audit of the Juniata County School District's (District) transportation data found noncompliance issues with the way District personnel reported information to the Pennsylvania Department of Education (PDE). In addition, we were unable to verify the District's transportation reimbursements of \$2,045,309 for the 2009-10 school year and \$2,001,578 for the 2008-09 school year because the District failed to retain all of the proper source documentation.

The issues with the District's transportation data were as follows:

1. Miles with and miles without pupils were not computed by a sample, or weighted average, in accordance with the PDE's guidelines. Instead, the contractors submitted a single odometer reading to the District from all vehicles.
2. Pupil counts were not computed using a sample, or weighted average, in accordance with PDE's guidelines. Instead, the contractors submitted a single pupil count to the District for each bus and the District reported that figure to PDE.
3. Source documentation was not available to create a sample or weighted average for mileage or pupils.

Internal controls are the responsibility of management. As a result of weaknesses in the District's retention of records, management was not provided with assurance that the District's transportation data was collected, recorded, and reported accurately, and in accordance with PDE's instructions during the 2009-10 and 2008-09 school years. In addition, former District personnel responsible for recording and reporting transportation data to PDE were unaware of the requirements to compile and compute a weighted or sample average for the transportation data reported to PDE.

Recommendations

The *Juniata County School District* should:

1. Develop and implement procedures to ensure that supporting documentation for transportation data reported to PDE is retained for audit purposes.
2. Obtain appropriate mileage readings and accurate pupil counts to ensure a sample or weighted average can be computed.
3. Compute a sample or weighted average for miles with pupils, miles without pupils, and the number of pupils assigned to vehicles.
4. Review transportation reports submitted to PDE for years subsequent to the audit and, if errors are found, submit revisions to PDE.

Management Response

Management stated the following:

“The district agrees that the reporting guidelines for transportation were not followed. Bus contractors were not required to submit necessary reports to the district.

The district will require contractors to submit mileage and student information to the district on a monthly basis for each bus route. All reporting will be based on the monthly reports. The district will also randomly verify that the information being submitted to the district is accurate. The verification will be conducted in several manners including driving routes, riding with contractors on routes, and through the use of software. The district is also exploring the options to have a dedicated individual to manage its transportation operation. Additionally, the district is reviewing transportation software that will store the required information and create files that can be submitted to the state.”

Finding No. 3

The District Did Not Have All School Bus Drivers' Qualifications on File

Criteria relevant to the finding:

Section 111 of the Public School Code, 24 P.S. § 1-111 (Act 34 of 1985, as amended), requires prospective school employees who 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 for certain criminal offenses that, if indicated on the report to have occurred within the preceding five years, would prohibit the individual from being hired.

Additionally, as of April 1, 2007, under Act 114 of 2006, as amended (*see* 24 P.S. § 1-111(c.1)), public and private schools have been required to review federal criminal history record information (CHRI) records for all prospective employees and independent contractors who will have contact with children, and make a determination regarding the fitness of the individual to have contact with children. The Act requires the report to be reviewed in a manner prescribed by the Pennsylvania Department of Education. The review of CHRI reports is required prior to employment, and includes school bus drivers and other employees hired by independent contractors who have contact with children.

Similarly, Section 6355 of the Child Protective Services Law (CPSL), 23 Pa C.S. § 6355, known as Act 151, requires prospective school employees to submit an official clearance statement obtained from the Pennsylvania Department of Public Welfare. The CPSL prohibits the hiring of an individual named as the perpetrator of a founded report of child abuse or is named as the individual responsible for injury or abuse in a founded report for school employee.

Our audit of the qualifications of contractor-employed school bus drivers transporting students for Juniata County School District (District) for the 2011-12 school year found that two Federal Bureau of Investigation (FBI) background clearances were not on file at the time of audit.

Several different state statutes and regulations establish the minimum required qualifications for school bus drivers. The ultimate purpose of these requirements is to ensure the protection of the safety and welfare of the students transported in school buses. We reviewed the following six requirements:

1. Possession of a valid driver's license.
2. Completion of school bus driver skills and safety training.
3. Passing a physical examination.
4. Lack of convictions for certain criminal offenses.
5. Federal criminal history record.
6. Official child abuse clearance statement.

The first three requirements were set by regulations issued by the Pennsylvania Department of Transportation. As explained further in the box to the left, the fourth and fifth requirements were set by the Public School Code (PSC) of 1949, as amended, and the sixth requirement was set by the Child Protective Services Law.

We reviewed the personnel records of ten bus drivers currently employed by the District's pupil transportation contractors. Our review found that the District did not have the necessary FBI background clearance for two drivers on file at the time of the audit. The District had to obtain some of the necessary driver documentation from the individual contractors because the District is not maintaining up to date files for all of its contracted drivers.

By not having required bus drivers' qualification documents on file at the District, the District was not able to review the documents to determine whether all drivers were qualified to transport students. If unqualified drivers transport students, there is an increased risk to the safety and welfare of students.

The failure to have the current records on file at the District was a result of the District's failure to ensure the transportation contractors complied with provisions of their contracts and certain provisions of the PSC.

Recommendations

The *Juniata County School District* should:

1. Develop internal control procedures to ensure that all required documentation for drivers is on file with the contractor and the District.
2. Review the files for all drivers to ensure the District is employing only properly qualified drivers

Management Response

Management stated the following:

"The district agrees that several driver's qualifications were not on file. We will do a review of each driver's file prior to the start of school to ensure that all necessary paperwork is on file in the district office."

Status of Prior Audit Findings and Observations

Our prior audit of the Juniata County School District (District) released on September 3, 2010, resulted in two reported findings. The first finding pertained to membership and the second finding pertained to certification. 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 interviewed District personnel regarding the prior findings. As shown below, we found that the District did not implement recommendations related to the membership finding. However, the District did implement recommendations related to the certification finding.

Auditor General Performance Audit Report Released on September 3, 2010

Finding No. 1: District's Entitlement to Subsidies and Reimbursements is Questionable as a Result of Insufficient Documentation to Support Reported Membership

Finding Summary: Our prior audit of the District's 2007-08 school year child accounting data found that District personnel were unable to locate documentation supporting the membership data reported to Pennsylvania Department of Education (PDE), resulting in our inability to verify the District's entitlement to subsidies totaling \$11,385,026.

Recommendations: Our prior audit recommended that the District

Develop and implement procedures to ensure supporting documentation for child accounting data, which supports the membership data reported to PDE, is retained in a manner that it can be retrieved and will be available for audit purposes.

We also recommended that PDE:

Require the District to maintain sufficient and relevant evidence to ensure proper justification for the receipt of state funds. Moreover, in view of the lack of documentation, PDE should review the propriety of the \$11,385,026 in subsidies received by the District.

Current Status: Our current audit found that the District did not implement our recommendation and had not maintained sufficient and relevant evidence to ensure proper justification for the receipt of state funds (see Finding No. 1, page 6).

Finding No. 2: Certification Deficiency

Finding Summary: Our prior audit found that one individual who was originally cited in our 2003-04 audit was still out of compliance during the school years ending June 30, 2008, 2007, 2006, and 2005. The individual was employed as a Title 1 Language Arts teacher without the necessary Reading Specialist Certificate. We calculated a subsidy forfeiture of \$7,982.

Recommendations: Our prior audit recommended that the District:

Submit all locally titled positions to PDE's Bureau of School Leadership and Teacher Quality for review to determine the appropriate certification for the position.

We also recommended that PDE:

Adjust the District's allocations to recover the subsidy forfeitures of \$7,982.

Current Status: Our current audit found that the individual in question retired during the summer of 2009. No additional certification deficiencies were found during our current audit.

PDE determined that the District was subject to subsidy forfeitures of \$7,982, which were recovered through a deduction from the District's December 30, 2010, basic education funding payment.

Distribution List

This report was initially distributed to the Superintendent of the District, the Board of School Directors, our website at www.auditor.gen.state.pa.us, and the following stakeholders:

The Honorable Tom Corbett
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