

# PERFORMANCE AUDIT

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## Altoona Area School District Blair County, Pennsylvania

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May 2016



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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**EUGENE A. DePASQUALE**  
**AUDITOR GENERAL**

Mr. John Kopicki, Superintendent  
Altoona Area School District  
1415 Sixth Avenue  
Altoona, Pennsylvania 16602

Mr. John Donley, Board President  
Altoona Area School District  
1415 Sixth Avenue  
Altoona, Pennsylvania 16602

Dear Mr. Kopicki and Mr. Donley:

Our performance audit of the Altoona Area School District (District) evaluated the application of best practices in the areas of governance, safety, hiring, and other operational areas as noted. In addition, this audit determined the District's compliance with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures (relevant requirements). This audit covered the period July 1, 2012 through June 30, 2015, except as otherwise stated and was conducted pursuant to Section 403 of The Fiscal Code, 72 P.S. § 403, and in accordance with the Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings 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.

Our audit found that the District effectively applied best practices in the areas listed above and complied, in all significant respects, with relevant requirements, except as detailed in our two findings noted in this audit report. A summary of the results is presented in the Executive Summary section of the audit report.

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 course of the audit.

Sincerely,

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale".

Eugene A. DePasquale  
Auditor General

May 2, 2016

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

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## **Executive Summary**

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### **Audit Work**

The Pennsylvania Department of the Auditor General conducted a performance audit of the District. Our audit sought to answer certain questions regarding the District's application of best practices and compliance with certain relevant state laws, regulations, 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 July 1, 2012 through June 30, 2015, 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 2012-13 and 2013-14 school years.

### **Audit Conclusion and Results**

Our audit found that the District applied best practices and complied, in all significant respects, with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures, except for two findings detailed within this report.

**Finding No. 1: Errors in the District's Reporting of Transportation Data Resulted in Underpayments of Over \$220,000.** Our audit of the District's student transportation data found that due to reporting errors made by District personnel, the District failed to receive \$220,922 in transportation reimbursement from the Pennsylvania Department of Education (PDE) (see page 5).

**Finding No. 2: Amount Paid to Transportation Contractor Greatly Exceeds the Pennsylvania Department of Education's Final Transportation Formula Allowance.** Our audit of the District's contracted student transportation costs for the school years ending June 30, 2013 and June 30, 2014, found that the District is paying significantly more to their transportation contractors than they are receiving in transportation reimbursement. As a result, the taxpayers are paying a significant share of the costs to the transportation contractors (see page 10).

**Status of Prior Audit Findings and Observations.** With regard to the status of our prior audit recommendations to the District, we found that the District had taken appropriate corrective action in implementing our recommendations pertaining to the District failing to document the Board of School Directors' (Board) official approval of employee salary increases (see page 15).

## Background Information<sup>1</sup>

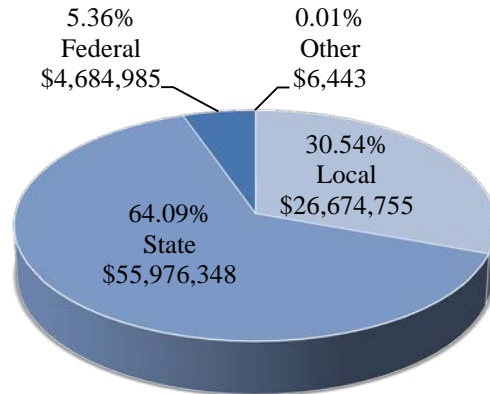
School Characteristics 2014-15 School Year <sup>ii</sup>	
County	Blair
Total Square Miles	60
Resident Population <sup>iii</sup>	59,585
Number of School Buildings	11 <sup>1</sup>
Total Teachers	556
Total Full or Part-Time Support Staff	677
Total Administrators	39
Total Enrollment for Most Recent School Year	7712
Intermediate Unit Number	8
District Vo-Tech School	Greater Altoona Career & Technology Center

### Mission Statement

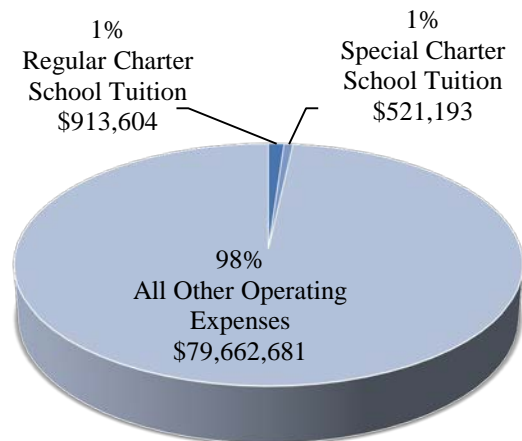
“We seek to continuously improve the climate, culture, and student achievement within a safe environment by fostering trust, collaboration, and progressive communication.”

## Financial Information

### Revenue by Source for 2013-14 School Year

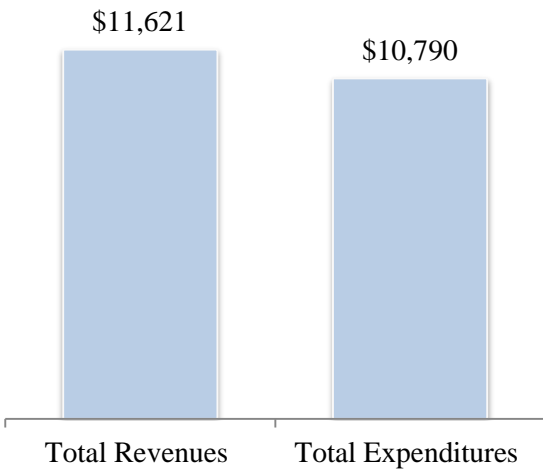


### Select Expenditures for 2013-14 School Year



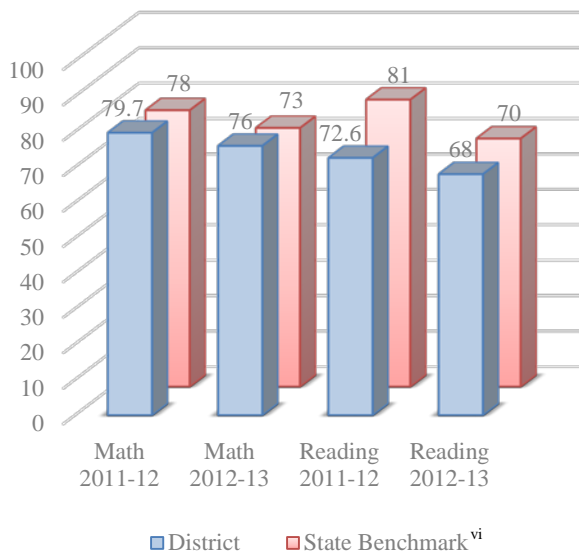
<sup>1</sup> The District's alternative education building is included in this number.

**Dollars Per Student  
2013-14 School Year**



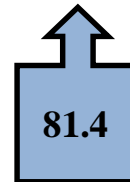
**Academic Information**

**Percentage of District Students Who Scored "Proficient" or "Advanced" on 2011-12 and 2012-13 PSSA<sup>iv v</sup>**



**District's 2012-13 SPP Score<sup>vii</sup>**

A	B	C	D	F
90-100	80-89.9	70-79.9	60-69.9	<60
▲	▲	■	▼	▼



**Individual Building SPP and PSSA Scores<sup>viii</sup>  
2012-13 School Year**

<b>School Building</b>	<b>SPP Score</b>	<b>PSSA % School Proficient and Advanced in Math</b>	<b>PSSA % Statewide Benchmark of 73% Above or Below</b>	<b>PSSA % School Proficient and Advanced in Reading</b>	<b>PSSA % Statewide Benchmark of 70% Above or Below</b>	<b>Federal Title I Designation (Reward, Priority, Focus, No Designation)<sup>ix</sup></b>
Altoona Area HS	80.8	72	1	76	6	N/A
Altoona Area JHS	78.8	81	8	71	1	N/A
Baker Elem	82.7	76	3	72	2	No Designation
Irving Elem	84	90	17	81	11	No Designation
Juniata Elem	78.4	86	13	72	2	No Designation
Juniata Gap Elem	82.3	74	1	67	3	No Designation
Logan Elem	76	73	---	68	2	No Designation
Mowrie A Ebner Elem	80.9	74	1	66	4	No Designation
Penn-Lincoln Elem	76.6	70	3	61	9	No Designation
Pleasant Valley Elem	75.4	78	5	65	5	No Designation
Washington-Jefferson Elem <sup>2</sup>	70.8	70	3	63	7	No Designation
Wright Elem <sup>3</sup>	65.9	57	16	46	24	No Designation

<sup>2</sup> Subsequent to the 2012-13 school year, Washington-Jefferson Elementary School was closed.

<sup>3</sup> Subsequent to the 2012-13 school year, Wright Elementary School was closed.

## Findings and Observations

### Finding No. 1

### Errors in the District's Reporting of Transportation Data Resulted in Underpayments of Over \$220,000

*Criteria relevant to the finding:*

Section 2541 (relating to Payment on account of pupil transportation) of the Public School Code (PSC), 24 P.S. § 25-2541, states that school districts shall be paid by the Commonwealth for every school year on account of pupil transportation.

Daily miles traveled, the greatest number of pupils transported, days of service, and contractor cost are integral parts of the transportation reimbursement calculation. These factors must be reported accurately to PDE in order to receive the correct reimbursement.

Chapter 23 of the State Board of Education Regulations indicates the board of directors of a school district is responsible for the negotiation and execution of contracts or agreements with contractors, drivers of District's vehicles, and common carriers. *See 22 Pa. Code §§ 23.1 – 23.40.*

PDE's final formula allowance provides for a per vehicle allowance based on the year of manufacture of the vehicle chassis, the approved seating capacity, number of trips the vehicle operates, the number of days pupils were transported, the approved daily miles driven, any excess hours and the greatest number of pupils transported. The final formula allowance is adjusted annually by an inflationary cost index.

The District was underpaid a total of \$220,922 in transportation reimbursement from PDE. The District was underpaid \$91,783 for the 2012-13 school year and \$129,139 for the 2013-14 school year. This underpayment was due to District personnel failing to report mileage for vans that were used to transport District students enrolled in the Early Intervention (EI) program. In addition, District personnel also failed to include for reimbursement the costs the District incurred for students using public transportation (fare-based). In both instances, the District was eligible to be reimbursed for these costs.

The following chart details the District's transportation underpayments that occurred in the 2012-13 and 2013-14 school years:

School Years	Early Intervention	Fare-Based Transportation	Total
2012-13	\$42,849	\$ 48,934	\$ 91,783
2013-14	39,979	89,160	129,139
<b>Total</b>	<b>\$82,828</b>	<b>\$138,094</b>	<b>\$220,922</b>

#### Early Intervention

The EI program provides services and support to families with children, from birth to age five, with developmental delays and disabilities.

The District transported EI students from their residence to EI classes at the District using six vehicles in the 2012-13 school year and seven vehicles in the 2013-14 school year. We verified with PDE transportation officials, at the time of the audit, that the District is eligible for reimbursement when transporting EI students within the Individualized Education Program.



*Criteria relevant to the finding  
(continued):*

The District receives the lesser of the final formula allowance for the vehicles or the actual amount paid to the contractor, multiplied by the District's aid ratio.

The mileage for the vehicles providing transportation to EI classes were not submitted to PDE for reimbursement, resulting in underpayments totaling \$82,828 for the 2012-13 and 2013-14 school years.

District personnel stated that prior to the 2010-11 school year transportation for the District's EI program was provided by the local Intermediate Unit. Beginning with the 2010-11 school year, the District began to transport the EI students. District personnel stated that they attempted to obtain clarification from PDE as to the eligibility of reporting to the EI program for reimbursement, but they were unable to provide any documentation of these discussions held with PDE.

### **Fare-Based Transportation**

We found that the District did not report all public transportation costs for reimbursement to PDE for the 2012-13 and 2013-14 school years. When districts utilize public transportation services to transport District students, the costs are eligible for reimbursement and reported as fare-based transportation. District personnel stated this error occurred because of a misunderstanding of account codes that should be used to document fare-based transportation costs. As a result, the District was underpaid \$48,934 and \$89,160, respectively, for the 2012-13 and 2013-14 school years.

We have provided PDE with reports to be used for the recalculation of the District's pupil transportation reimbursement for the 2012-13 and 2013-14 school years. PDE will use these reports to verify the underpayment to the District. The District's future transportation subsidies will then be increased by the amount of the underpayment. As a result of our audit, District personnel will submit revised reports for the 2014-15 school year.

### **Recommendations**

The *Altoona Area School District* should:

1. Accurately report all data elements and eligible bus/van routes in the calculation of student transportation reimbursement.

2. Retain all communication with PDE regarding the eligibility of bus routes.
3. Require personnel who are responsible for allocating transportation costs to become familiar with the account codes prior to making the allocation of transportation costs.
4. Review subsequent school years' transportation reports for accuracy, and resubmit, if necessary.

The *Pennsylvania Department of Education* should:

5. Adjust the District's subsidy to correct the underpayment of \$220,922.

### **Management Response**

District management provided the following response:

#### **Early Intervention**

Beginning with the 2010-2011 School Year, a decision was made by the District to terminate our agreement with IU8 and have [contractor] begin transporting our Early Intervention Pre-Kindergarten students. District personnel made every effort to obtain confirmation from PDE on 1) whether or not Early Intervention Pre-Kindergarten Transportation was eligible for reimbursement and 2) if so, the correct procedure to file for reimbursement.

Since 2010-2011, District Personnel:

Made numerous attempts to obtain a definitive answer to these questions from PDE to no avail.

Attended PASBO sponsored trainings on Transportation Reimbursement. Pre-Kindergarten Programs are always included on the Non-Reportable Transportation list.

It is important to note that only Early Intervention Pre-Kindergarten students that have an Individualized Education Program (IEP) are eligible for transportation reimbursement. Currently, the District's Early Intervention Pre-Kindergarten Program serves both children that have an IEP and those that do not. The

District has been properly transporting only those students eligible for transportation reimbursement.

Without knowing definitively that our Early Intervention Pre-Kindergarten Transportation was eligible for reimbursement, the District had to remain conservative and exclude these vehicles from our annual PDE-1049 filing.

### **Fare-Based Transportation**

Prior to the 2012-2013 School Year, [contractor] and [contractor], our Fare-Based Transportation provider, routed their own buses. Working with [contractor] and [contractor], the District requested that the [contractor] routes be added to VersaTrans, [contractor's] routing software package. [Contractor] buses, which previously were able to stop anywhere, were now routed to District approved safe bus stops, enhancing safety and streamlining the routing process.

When determining the Object Code to be used for charging purposes, District Personnel, factoring in the routing changes that were made, misinterpreted the definition of the proper Object Code to be used.

### **AASD' [District's] Corrective Action Plan**

1. All data elements and eligible bus/van routes, including the vehicles used to transport eligible students in the District's Early Intervention Pre-Kindergarten Program, will be accurately reported in the calculation of pupil transportation reimbursement.
2. District Personnel obtained written approval from the Department of Education's Bureau of Budget and Fiscal Management on the eligibility of and reporting mechanism for the transportation of our Early Intervention Pre-Kindergarten children. With regard to the eligibility of bus routes, the District will require all future communications with PDE to be in writing and will retain that communication indefinitely.
3. The 2014-2015 Transportation Report has been reviewed for accuracy and updated to include all vehicles eligible for reimbursement.

### **Auditor Conclusion**

Given the current budget constraints of school districts across the Commonwealth, it is crucial that the District ensure proper reporting of transportation costs of its students each school year. Therefore, our finding must stand as presented. However, we are pleased that the District has taken steps that will correct the reporting errors. We will determine the effectiveness of these and any other corrective actions taken during our next audit of the District.

## Finding No. 2

### Amount Paid to Transportation Contractor Greatly Exceeds the Pennsylvania Department of Education's Final Transportation Formula Allowance

*Criteria relevant to the finding:*

Chapter 23 of the State Board of Education Regulations indicates the board of directors of a school district is responsible for the negotiation and execution of contracts or agreements with contractors, drivers of District's vehicles and common carriers. See 22 Pa. Code §§ 23.1 – 23.40.

PDE's final formula allowance provides for a per vehicle allowance based on the year of manufacture of the vehicle chassis, the approved seating capacity, number of trips the vehicle operates, the number of days pupils were transported, the approved daily miles driven, any excess hours and the greatest number of pupils transported. The final formula allowance is adjusted annually by an inflationary cost index.

The District receives the lessor of the final formula allowance for the vehicles or the actual amount paid to the contractor, multiplied by the District's aid ratio.

We found that the District's contracted student transportation expenditures for the school years ending June 30, 2013 and 2014 significantly exceeded the amount the District received in transportation reimbursement. As a result of this imbalance, District taxpayers are paying a significant share of the District's transportation expenditures.

We found that the District's student transportation expenditures were significantly higher than PDE's inflation adjusted final formula allowance. PDE's final formula allowance is used to determine reimbursement for student transportation services. PDE reimburses districts the lessor of the final formula allowance, or the actual amount paid multiplied by the District's aid ratio. Actual transportation expenditures that exceed formula allowance are the financial responsibility of the District. Due to this fact, districts must ensure that transportation costs are managed as efficiently as possible.

The following table details the District's actual transportation expenditures compared to PDE's final formula allowance:

Altoona Area SD Transportation Expenditures			
School Year	Actual Expenditures	Final Formula Allowance	% Difference
2012-2013	\$3,389,811	\$1,853,214	183%
2013-2014	\$3,633,483	1,918,374	189%
<b>Total</b>	<b>\$7,023,294</b>	<b>\$3,771,868</b>	

A comparison of five of the District's neighboring school districts found that those districts' average amount paid to contractors compared to PDE's final formula allowance for the 2013-14 school year was 102.4 percent – or **87 percent** less than the District expended that year.

Additionally, we reviewed six regional school districts that share the same transportation contractor as the District. Those six district's averaged a cost percentage of allowance of 136 percent, or **53 percent** less than the District.

The District stated that their current transportation contractor is the only transportation contractor that is large enough to handle the transportation needs of the District. In cases where there is only one potential provider, it is important to negotiate a contract that efficiently manages costs. The District has a healthy General Fund balance and has not needed to raise taxes over the past four school years ending June 30, 2014. The District's financial position has made it possible for the District to exceed the transportation funding formula.

District personnel provided us with the current student transportation contract effective July 1, 2011 through June 30, 2016. This contract was a renewal of a previous five-year contract. This previous contract was signed in 2006 and was the result of a competitive bidding process. On June 6, 2011, before the current contract began, an addendum extended the length of the contract through June 30, 2018. By the end of the current contract, the District will have been in a contract with their transportation contractor for 12 years since the competitive bid process occurred.

The PSC does not require professional services, like student transportation services, to be obtained through competitive bidding. However, competitive bidding is a more transparent process that could result in lower costs to the District. Moreover, since PDE provides a state allowance, it would be prudent for the District to use this as a baseline for negotiating future transportation contracts.

### **Recommendations**

The *Altoona Area School District* should:

1. In conjunction with the District's solicitor, contact the contractor to re-negotiate the contract to incorporate the state's final formula allowance cost formula.
2. Routinely seek competitive bids for all the District's pupil transportation services to ensure the most efficient costs to the district and its taxpayers.

3. Prepare student transportation contracts to ensure the local share is as minimal as permitted by establishing the base rate and increases are in line with PDE's final formula allowance for all pupil transportation costs.

### **Management Response**

District management provided the following response:

#### **Amount Paid Contractor Greatly Exceeds Final Formula Allowance**

The District was unaware that our Cost Percentage of Allowance, which is the Amount Paid to the Contractor divided by the Final Formula Allowance, was much higher than other neighboring and regional school districts.

District Personnel analyzed both the Contract Cost and Final Formula Allowance calculations and identified the following:

**Contractor Cost** – The District contracts with [contractor] for the majority of our transportation needs. When reviewing the daily rate of a 48-78 Passenger School Bus, AASD's [District] 2014-2015 rate was \$27.64 per day lower than [Name of Other District Removed] and \$59.43 per day lower than [Name of Other District Removed]. Both of these districts contract with [contractor] and both have a lower Cost Percentage of Allowance than AASD.

*Results - Contractor Cost* – Although AASD's [District's] daily rate for a 48-78 Passenger School Bus was lower, District Personnel will require the Contractor to evaluate and adjust the mix of the vehicles (number of Buses, Mini Buses, and Vans) in our fleet to maximize reimbursement.

**Final Formula Allowance** – Of the four calculations used in determining the Final Formula Allowance, District personnel determined that only the following three calculations impact the District's Final Formula Allowance amount: Contracted Vehicle Allowance, Mileage Allowance, and Utilized Passenger Capacity Miles (UPCM) Allowance.

*Results - Final Formula Allowance* – The following components impact the three formula allowance calculations: 1) Age of a Vehicle (contract language specifies); 2) Number of Daily Miles Traveled With and Without Students on Board; 3) Approved Daily Miles; 4) Number of Days Traveled; 5) Number of Pupils Assigned to Ride; and 6) Fractional Penalties that are imposed when the Number of Days the Vehicle was used to transport is below the total Days in Session and when the Approved Daily Miles is below 20.

District Personnel were able to determine that the Contractor was not evaluating and adjusting routes or deploying the fleet in a way that would maximize reimbursement to the District.

It is also important to note that a Van yields a much lower reimbursement. The District cannot control the number of vans needed to transport our Special Needs Students or the number of offsite programs that require separate transportation.

*2015-2016 School Year* – The Contractor will evaluate and adjust existing routes and assess the deployment of the fleet in order to maximize reimbursement, where possible.

*Remaining Two Years of the Contract* – The contractor will: 1) perform a comprehensive review of the existing fleet, changing the mix of Buses, Mini Buses, and Vans as needed; 2) perform an extensive analysis of the routing of all vehicles, with a focus on maximizing Approved Daily Miles, minimizing Fractional Penalties, and adding Tier Runs where possible; and, 3) prepare a thorough evaluation of the deployment of the fleet, with an emphasis on what vehicle is deployed and how and where the newer vehicles are placed into use. The evaluation should also determine if allowing a vehicle to reside at the home of the Driver would result in higher Miles Traveled With Students on Board.



Working with the District Solicitor, an addendum to the contract will be prepared to allow for implementation of the changes necessary to maximize the District's reimbursement.

### **AASD's Corrective Action Plan**

The District met with the Contractor to address this concern. In addition to the requirements noted above, the District will:

1. Work with the District Solicitor to prepare an addendum to the contract, incorporating the state's final formula allowance cost formula.
2. Seek competitive pricing through a formal Request for Proposal at the end of this contract, ensuring the most efficient cost to the District and our taxpayers.
3. Prepare subsequent contracts to ensure the local share is as minimal as permitted, establishing that the base rate and increases are in line with PDE's final formula allowance for all pupil transportation costs, where possible.

### **Auditor Conclusion**

We are pleased that the District is taking an active role to reduce the amount that it pays for student transportation and plans to issue a formal Request for Proposal at the end of this contract. We will determine the effectiveness of the corrective action during our next audit of the District.

## Status of Prior Audit Findings and Observations

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Our prior audit of the District released on June 28, 2013, resulted in one finding. As part of our current audit, we determined the status of corrective action taken by the District to implement our prior audit recommendations. We interviewed District personnel and performed audit procedures as detailed in each status section below.

### Auditor General Performance Audit Report Released on June 28, 2013

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**Prior Finding:**                    **The District Failed to Document the Board’s Official Approval of Employee Salary Increases (Resolved)**

Prior Finding  
Summary:

Our prior audit of the District found that, during the past several years, the District’s Superintendent granted a number of employee promotions, transfers, and pay raises without the Board voting on those changes at a public meeting and without the Board’s approval recorded in the board meeting minutes.

Prior  
Recommendations:

We recommended that the District should:

1. Comply with the requirements of the PSC.
2. Ensure that all personnel actions, including hiring, promotions, transfers, pay raises, and salary setting are voted on and approved in a public board meeting.
3. Ensure that all personnel transactions are appropriately recorded in the official board meeting minutes.
4. Develop policies and procedures that require District payroll personnel to verify that salary and personnel changes have been voted on and approved by the Board in a public meeting, prior to implementing the changes.

Current Status:

During our current audit, we reviewed the District's board meeting minutes to determine if the Board was made aware of personnel hirings, employee transfers, and pay increases. We also determined if the Board was voting on these actions with a majority vote. We obtained District policies and procedures to determine if the District did implement our recommendations. The District implemented our recommendations in March 2014.

## **Appendix: Audit Scope, Objectives, and Methodology**

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School performance audits allow the Pennsylvania 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, PDE, and other concerned entities.

Our audit, conducted under authority of Section 403 of The Fiscal Code,<sup>1</sup> is not a substitute for the local annual financial audit required by the PSC of 1949, as amended. We conducted our audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings 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.

### **Scope**

Overall, our audit covered the period July 1, 2012 through June 30, 2015. In addition, the scope of each individual audit objective is detailed on the next page.

The District's management is responsible for establishing and maintaining effective internal controls<sup>2</sup> to provide reasonable assurance that the District is in compliance with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures (relevant requirements). In conducting our audit, we obtained an understanding of the District's internal controls, including any information technology controls, 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 controls 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.

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<sup>1</sup> 72 P.S. § 403

<sup>2</sup> 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; and compliance with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures.

## Objectives/Methodology

In order to properly plan our audit and to guide us in selecting objectives, we reviewed pertinent laws and regulations, board meeting minutes, academic performance data, financial reports, annual budgets, and new or amended policies and procedures. We also determined if the District had key personnel or software vendor changes since the prior audit.

Performance audits draw conclusions based on an evaluation of sufficient, appropriate evidence. Evidence is measured against criteria, such as laws, regulations, third-party studies, and best business practices. Our audit focused on the District's efficiency and effectiveness in the following areas:

- Governance
- Hiring and Separations
- School Safety
- Bus Driver Requirements
- Student Transportation

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

- ✓ Did the LEA's Board and administration maintain best practices in overall organizational governance?
  - To address this objective, we conducted in-depth interviews with the current Superintendent and his or her staff, reviewed board meeting books, policies and procedures, and reports used to inform the Board about student performance, progress in meeting student achievement goals, budgeting and financial position, and school violence data to determine if the Board was provided sufficient information for making informed decisions.
- ✓ Did the LEA follow the PSC and best practices when hiring new staff?
  - To address this objective, we obtained and reviewed the District's hiring policies and procedures. We selected the last three employees hired by the District during the period January 1, 2015 through July 31, 2015, and reviewed documentation to determine if the District complied with the PSC, District policies and procedures, and best practices in hiring new employees.
- ✓ Did the District take appropriate actions to ensure it provided a safe school environment?
  - To address this objective, we reviewed a variety of documentation including safety plans, training schedules, anti-bullying policies, and after action reports.

- ✓ Did the District ensure that bus drivers transporting District students had the required driver's license, physical exam, training, background checks, and clearances as outline in applicable laws?<sup>3</sup> Also, did the District have adequate written policies and procedures governing the hiring of new bus drivers?
  - To address this objective, we haphazardly selected 5 of the 41 bus drivers hired by the District's bus contractors since our prior audit of bus driver qualifications completed on March 1, 2013, to our current audit of driver qualifications completed on November 3, 2015. We reviewed documentation to ensure the District complied with bus driver's requirements. We also determined if the District had written policies and procedures governing the hiring of bus drivers and if those procedures were sufficient to ensure compliance with bus driver hiring requirements.
  
- ✓ In areas where the District received transportation subsidies, was the District, and contracted vendors, in compliance with applicable laws<sup>4</sup> and procedures?

To address this objective:

- We haphazardly selected and reviewed 28 out of 109 total District buses for the 2012-13 school year. We reviewed supporting mileage data and pupil rosters and performed a review of the accounting ledgers for the amounts the District paid for student transportation via public carriers. Additionally, for the 2013-14 school year, we reviewed the supporting mileage documentation for the six District vehicles that transported the District's Early Intervention students and performed a review of the accounting ledgers that supported the amounts paid by the District for students transported via public carriers.
  
- In addition, we reviewed the payments made to the transportation contractor for accuracy and efficiency. We reviewed the District's transportation contract and any amendments that were in place for the period July 1, 2012 through June 30, 2015.

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<sup>3</sup> 24 P.S. § 1-111, 23 Pa.C.S. § 6344(a.1), 24 P.S. § 2070.1a *et seq.*, 75 Pa.C.S. §§ 1508.1 and 1509, and 22 *Pa. Code Chapter 8.*

<sup>4</sup> 24 P.S. § 25-2541.

## **Distribution List**

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This report 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  
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<sup>i</sup> Source: School district, PDE, and U.S. Census data.

<sup>ii</sup> Source: Information provided by the District administration.

<sup>iii</sup> Source: United States Census <http://www.census.gov/2010census>

<sup>iv</sup> PSSA stands for the Pennsylvania System of School Assessment (PSSA), which is composed of statewide, standardized tests administered by PDE to all public schools and the reporting associated with the results of those assessments. PSSA scores in the tables in this report reflect Reading and Math results for the “All Students” group for the 2011-12 and 2012-13 school years.

<sup>v</sup> PSSA scores, which are Pennsylvania’s mandatory, statewide academic test scores, are issued by PDE. However, the PSSA scores issued by PDE are collected by an outside vendor, Data Recognition Corporation (DRC). The Pennsylvania Department of the Auditor General and KPMG issued a significant weakness in internal controls over PDE’s compilation of this academic data in the Single Audit of the Commonwealth of Pennsylvania for the fiscal year ended June 30, 2014, citing insufficient review procedures at PDE to ensure the accuracy of test score data received from DRC.

<sup>vi</sup> In the 2011-12 school year, the state benchmarks reflect the Adequate Yearly Progress targets established under No Child Left Behind. In the 2012-13 school year, the state benchmarks reflect the statewide goals based on annual measurable objectives established by PDE.

<sup>vii</sup> SPP stands for School Performance Profile, which is Pennsylvania’s new method for reporting academic performance scores for all public schools based on a scale from 0% to 100% implemented in the 2012-13 school year by PDE.

<sup>viii</sup> *Id.* Additionally, federal Title I designations of Priority, Focus, Reward, and No Designation are new federal accountability designations issued by PDE to Title I schools only beginning in the 2012-13 school year. Priority schools are the lowest 5%, focus schools are the lowest 10%, and reward schools are the highest 5% of Title I schools. All Title I schools not falling into one of the aforementioned percentage groups are considered “No Designation” schools. The criteria used to calculate the percentage rates is determined on an annual basis by PDE.

<sup>ix</sup> Title I Federal accountability designations for Title I schools originate from PDE and are determined based on the number of students at the school who receive free and/or reduced price lunches. School lunch data is accumulated in PDE’s CN-PEARS system, which is customized software developed jointly with an outside vendor, Colyar, Inc. The Pennsylvania Department of the Auditor General and KPMG issued a significant deficiency in internal controls over the CN-PEARS system in the Single Audit of the Commonwealth of Pennsylvania for the fiscal year ended June 30, 2014.