

# PERFORMANCE AUDIT

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## Governor Mifflin School District Berks 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**

Dr. Steve Gerhard, Superintendent  
Governor Mifflin School District  
10 South Waverly Street  
Shillington, Pennsylvania 19607

Mr. James Ulrich, Board President  
Governor Mifflin School District  
10 South Waverly Street  
Shillington, Pennsylvania 19607

Dear Dr. Gerhard and Mr. Ulrich:

We have conducted a performance audit of the Governor Mifflin School District (District) for the period July 1, 2012 through June 30, 2015. We evaluated the District's performance in the following areas as further described in the appendix of this report.

- Governance
- Contracting
- Administrator Contract Buy-out
- School Safety
- Bus Driver Requirements
- Credit Card Usage

The audit 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 performed adequately in the areas listed above.

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 5, 2016

cc: **GOVERNOR MIFFLIN SCHOOL DISTRICT** Board of School Directors

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## Background Information<sup>i</sup>

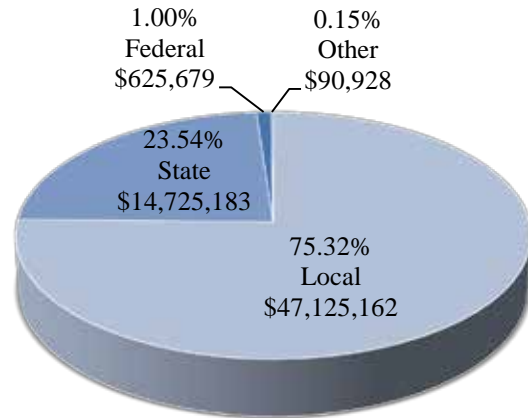
School Characteristics 2014-15 School Year <sup>ii</sup>	
County	Berks
Total Square Miles	42
Resident Population <sup>iii</sup>	30,925
Number of School Buildings	6
Total Teachers	299
Total Full or Part-Time Support Staff	246
Total Administrators	22
Total Enrollment for Most Recent School Year	4,096
Intermediate Unit Number	14
District Vo-Tech School	Berks Career and Technology Center

### Mission Statement

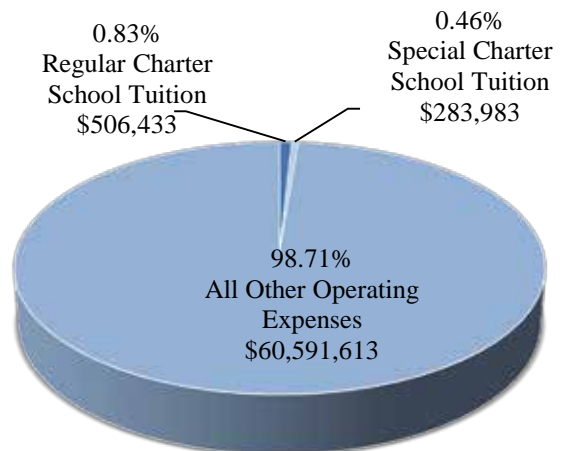
“The Governor Mifflin School District:  
Educating, Inspiring, and Empowering  
Every Student Every Day.”

## Financial Information

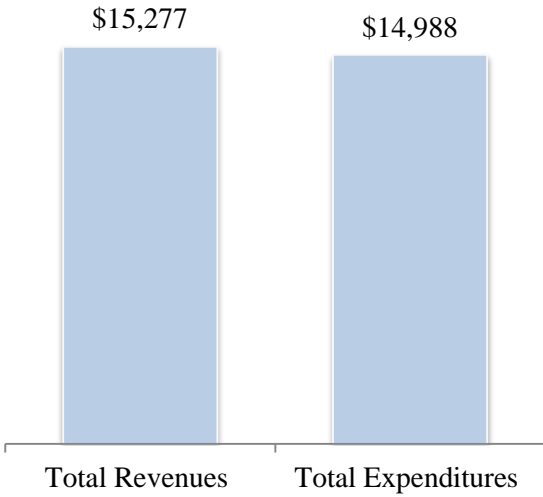
### Revenue by Source for 2014-15 School Year



### Select Expenditures for 2014-15 School Year

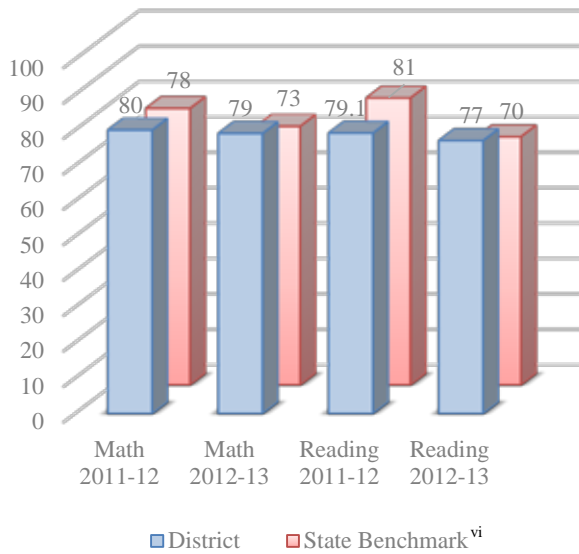


**Dollars Per Student  
2014-15 School Year**



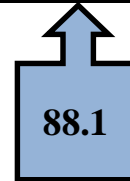
**Academic Information**

**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>
Brecknock Elementary School	88.8	83	10	74	4	No Designation
Cumru Elementary School	89.2	83	10	78	8	Reward (High Progress)
Governor Mifflin Middle School	86.2	84	11	82	12	No Designation
Governor Mifflin Senior High School	79.0	57	16	73	3	No Designation
Intermediate School	84.4	81	8	75	5	Reward (High Progress)
Mifflin Park Elementary School	90.3	80	7	75	5	Reward (High Progress)

## **Findings and Observations**

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**F**or the audited period, our audit of the District resulted in no findings or observations.

## **Status of Prior Audit Findings and Observations**

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**O**ur prior audit of the District released on July 10, 2012, 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 in July 10, 2012**

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#### **Prior Finding:**

#### **Possible Certification Deficiencies (Unresolved)**

##### Prior Finding Summary:

Our prior audit of professional employees' certification for the period August 6, 2009 through October 21, 2011, found two professional employees might have been teaching with lapsed certificates. The possible deficiencies were caused by a lack of procedures to track years of service for all individuals who are not permanently certified.

##### Prior Recommendations:

We recommended that the District should:

1. Upon receipt of the Pennsylvania Department of Education's (PDE) Bureau of School Leadership and Teacher Quality's (BSLTQ) response regarding determination of the possible deficiencies, take the necessary action required to ensure compliance with certification regulations.
2. Implement procedures to track years of service for all individuals who are not permanently certified.

We also recommended that PDE should:

3. Adjust the District's allocations to resolve any subsidy forfeiture which may be levied.

##### Current Status:

On April 5, 2012, BSLTQ confirmed the prior audit deficiencies and levied a subsidy forfeiture of \$3,943 on December 26, 2013.

We determined that both individuals who were cited during the prior audit obtained proper certification. The District's former Human Resource Director, who left the District in July 2015, developed a spreadsheet to track years of service for individuals who were not permanently certified.



Our review of this spreadsheet found that the spreadsheet had not been updated since July 2015.

We found one individual taught without a valid certificate from August 24, 2015 until March 8, 2016. When the District confirmed the individual taught with a lapsed temporary certificate a proper certified substitute was hired to replace the individual with a lapsed certificate for the remainder of the 2015-16 school year.

Information pertaining to the possible deficiency was submitted to PDE for their review. If PDE confirms the individual taught with a lapsed certificate from August 2015 until March 2016, the District would be subject to a subsidy forfeiture. We are not able to calculate the subsidy forfeiture since the required data needed to compute the forfeiture was not available as of April 7, 2016.

We recommend the District ensure the spreadsheet used to track temporarily certified individuals is updated on an ongoing basis and ensure the individual in question obtains permanent certification prior to returning to the classroom for the District. PDE should adjust the District's allocations to resolve any subsidy forfeiture which may be levied.

## **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 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. 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
- Contracting
- Administrator Contract Buy-out
- School Safety
- Bus Driver Requirements
- Credit Card Usage

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

- ü Did the LEA's Board of School Directors (Board) and administration maintain adequate procedures to replace board members who resign mid-term?
  - o To address this objective, we conducted in-depth interviews with District staff, reviewed board meeting books, policies and procedures, and other documentation to determine if the District has adequate procedures in place to replace board members that resigned before the end of their term. We determined if District procedures were followed when choosing the replacement board members for all four of the board members who resigned between July 1, 2012 and March 7, 2016.
- ü Did the District ensure that its significant contracts were current and were properly obtained, approved, executed, and monitored?
  - o To address this objective, we reviewed the District's procurement and contract monitoring policies and procedures. We obtained a list of vendors who provided goods and services during the 2014-15 school year. We selected 6 out of 191 vendors for detailed testing. Testing included a review of the procurement documents to determine if the contract was procured in accordance with the Public School Code and District policies. We also reviewed documents to determine if the District properly monitored the selected contracts. Finally, we reviewed board meeting minutes and the Board's Statements of Financial Interest to determine if any board member had a conflict of interest in approving the selected contracts.

- Ü Did the District pursue a contract buy-out with an administrator and if so, what was the total cost of the buy-out, what were the reasons for the termination/settlement, and did the current employment contracts contain adequate termination provisions?
  - To address this objective, we reviewed the contracts, board meeting minutes, board policies, and payroll records for both administrators who had left the District between July 1, 2012 and June 30, 2015.
  
- Ü 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 but not limited to safety plans, training schedules, anti-bullying policies, and after action reports.
  
- Ü 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 selected 10 of 78 drivers hired by the District bus contractors, during the time period July 1, 2012 through February 3, 2016, and 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.
  
- Ü Does the District have adequate procedures in place to govern credit cards issued to administration and staff?
  - To address this objective, we interviewed District administrators and reviewed policies and procedures. We also tested transactions, which occurred during the 2014-15 school year, for 5 of the 41 District issued credit cards to determine if policies and procedures were followed.
  
- Ü Did the District take appropriate corrective action to address the finding and implement recommendations made in our prior audit?
  - To address this objective, we interviewed District administrators to determine what corrective action, if any, was taken to address prior audit recommendations pertaining to the certification finding. We obtained documentary evidence and performed audit procedures to verify that corrective action was actually taken and those actions were sufficient to address the prior finding.

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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*.

- To determine if their certificates were still valid, we tested 4 of the 41 temporarily certified individuals who were employed by the District during the 2015-16 school year and whose certificate appeared to have lapsed at the end of the 2014-15 school year.

## **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  
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**

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

This report is a matter of public record and is available online at [www.PaAuditor.gov](http://www.PaAuditor.gov). Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: [news@PaAuditor.gov](mailto:news@PaAuditor.gov).

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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.