

# PERFORMANCE AUDIT

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## Butler Area School District Butler County, Pennsylvania

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May 2017



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE  
AUDITOR GENERAL

Dr. William Pettigrew, Acting Superintendent    Mrs. Nina Teff, Board President  
Butler Area School District                             Butler Area School District  
110 Campus Lane     110 Campus Lane  
Butler, Pennsylvania 16001                             Butler, Pennsylvania 16001

Dear Dr. Pettigrew and Mrs. Teff:

We have conducted a performance audit of the Butler Area School District (District) for the period July 1, 2012, through June 30, 2015, except as otherwise indicated in the audit scope, objective, and methodology section of the report. We evaluated the District's performance in the following areas as further described in the appendix of this report:

- Financial Stability
- Data Integrity
- Hiring Practices
- Bus Driver Requirements
- School Safety

The audit was conducted pursuant to Sections 402 and 403 of The Fiscal Code (72 P.S. §§ 402 and 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 9, 2017

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

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## Background Information

School Characteristics 2015-16 School Year <sup>A</sup>	
County	Butler
Total Square Miles	143
Resident Population <sup>B</sup>	54,849
Number of School Buildings <sup>1</sup>	10
Total Teachers	509
Total Full or Part-Time Support Staff	371
Total Administrators	35
Total Enrollment for Most Recent School Year	6,870
Intermediate Unit Number	4
District Vo-Tech School	Butler County Area Vocational Technical School

A - Source: Information provided by the District administration and is unaudited.

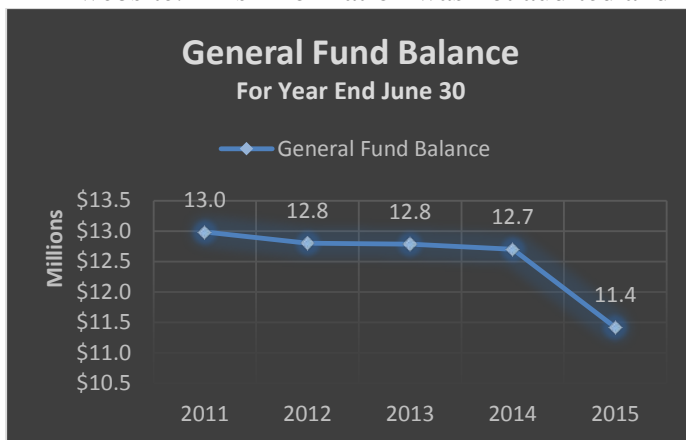
B - Source: United States Census  
<http://www.census.gov/2010census>.

### Mission Statement<sup>A</sup>

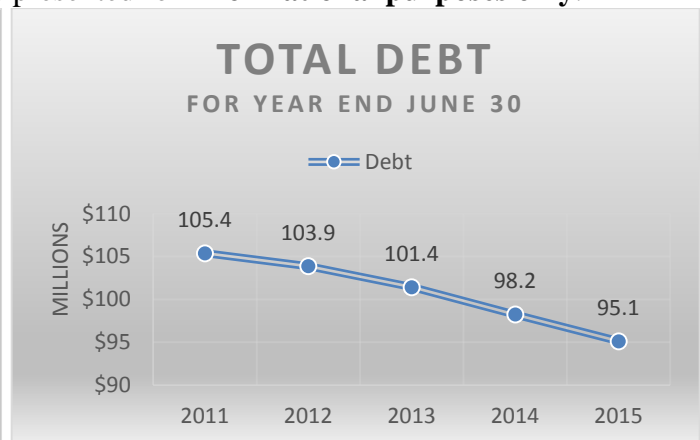
Believing that each individual can learn, the Butler Area School District in partnership with families and in cooperation with the community, is committed to creating a safe, positive and stimulating environment that accords each person dignity and respect, provides equal opportunities to learn, encourages excellence, and develops responsible citizens who are life-long learners prepared for life in a changing global society.

## Financial Information

The following pages contain financial information about the District obtained from annual financial data reported to the Pennsylvania Department of Education (PDE) and available on PDE's public website. This information was not audited and is presented for **informational purposes only**.



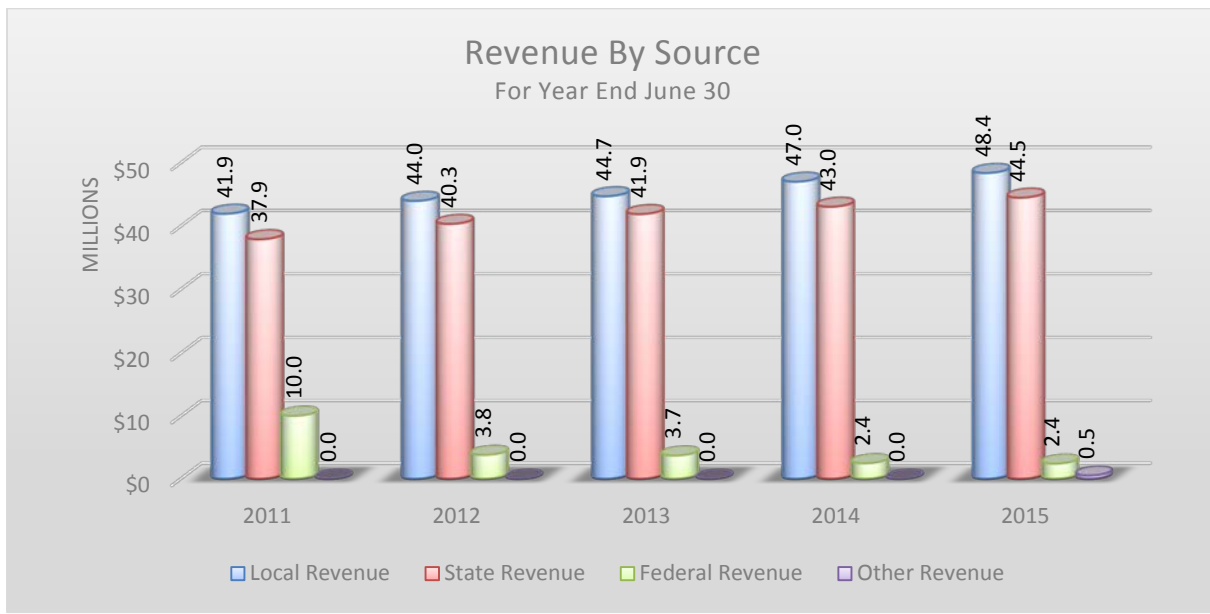
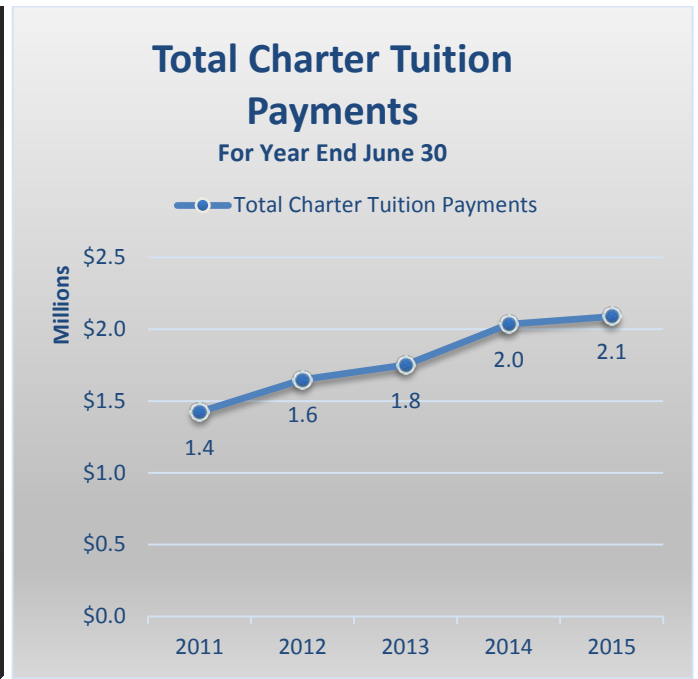
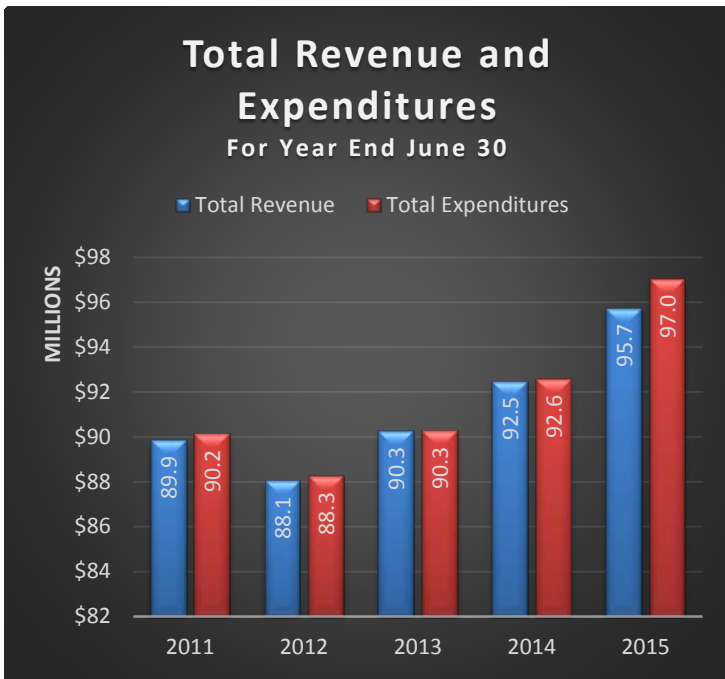
**Note:** General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



**Note:** Total Debt is comprised of Short-Term Borrowing, General Obligation Bonds, Authority Building Obligations, Other Long-Term Debt, Other Post-Employment Benefits and Compensated Absences.

<sup>1</sup> The Butler Area School District's Board of Directors voted on May 6, 2015, to close the Meridian, Clearfield, Center Avenue, and Oakland elementary schools beginning with the 2015-16 school year.

## Financial Information Continued



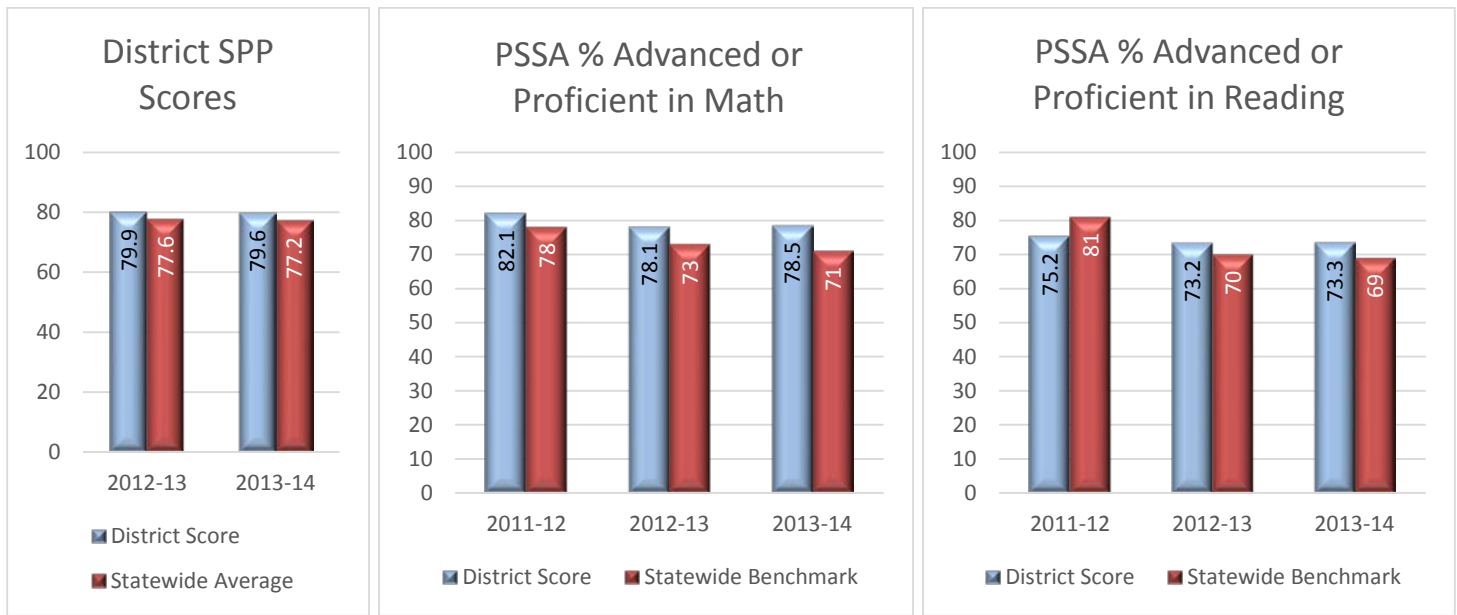
## Academic Information

The following table and charts consist of School Performance Profile (SPP) scores and Pennsylvania System of School Assessment (PSSA) results for the entire District obtained from PDE's data files.<sup>2</sup> These scores are presented in the District's audit report for **informational purposes only**, and they were not audited by our Department.

SPP benchmarks represent the statewide average of all district school buildings in the Commonwealth.<sup>3</sup> PSSA benchmarks and goals are determined by PDE each school year and apply to all public school entities.<sup>4</sup> District SPP and PSSA scores were calculated using an average of all of the individual school buildings within the District. Scores below SPP statewide averages and PSSA benchmarks/goals are presented in red.

### Districtwide SPP and PSSA Scores

District	SPP Scores		PSSA % Advanced or Proficient in Math			PSSA % Advanced or Proficient in Reading		
	2012-13	2013-14	2011-12	2012-13	2013-14	2011-12	2012-13	2013-14
<i>Statewide Benchmark</i>	77.6	77.2	78	73	71	81	70	69
<i>Butler Area SD</i>	79.9	79.6	82.1	78.1	78.5	75.2	73.2	73.3
<i>SPP Grade<sup>5</sup></i>	C	C						



<sup>2</sup> PDE is the sole source of academic data presented in this report. All academic data was obtained from PDE's publically available website.

<sup>3</sup> Statewide averages for SPP scores were calculated based on all district school buildings throughout the Commonwealth, excluding charter and cyber charter schools.

<sup>4</sup> PSSA benchmarks apply to all district school buildings, charters, and cyber charters. 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 and 2013-14 school years, the state benchmarks reflect the statewide goals based on annual measurable objectives established by PDE.

<sup>5</sup> The following letter grades are based on a 0-100 point system: A (90-100), B (80-89), C (70-79), D (60-69), F (59 or below).

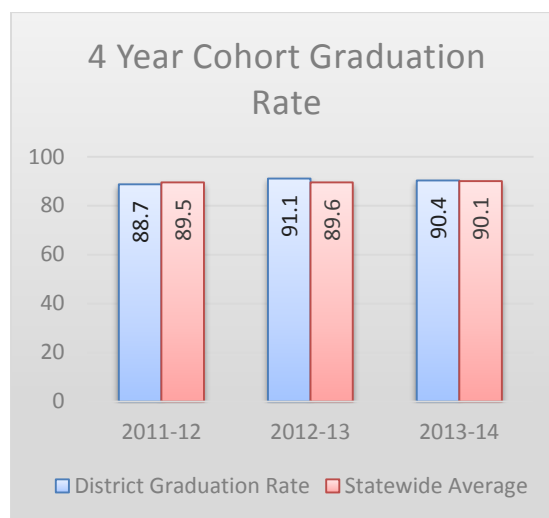
## Individual School Building SPP and PSSA Scores

The following table consists of SPP scores and PSSA results for each of the District's school buildings. Any blanks in PSSA data means that PDE did not publish a score for that school for that particular year.<sup>6</sup>

School Name	SPP Scores		PSSA % Advanced or Proficient in Math			PSSA % Advanced or Proficient in Reading		
	2012-13	2013-14	2011-12	2012-13	2013-14	2011-12	2012-13	2013-14
<b>Statewide Benchmark</b>	<b>77.6</b>	<b>77.2</b>	<b>78</b>	<b>73</b>	<b>71</b>	<b>81</b>	<b>70</b>	<b>69</b>
<i>Broad Street School</i>	<b>66.4</b>	<b>72.7</b>	<b>77.3</b>	<b>73.2</b>	<b>65.3</b>	<b>71.1</b>	<b>63.3</b>	<b>60.3</b>
<i>Butler Area Intermediate High School</i>	<b>85.2</b>	<b>91.5</b>		<b>74.5</b>	<b>80.8</b>		<b>84.0</b>	<b>83.3</b>
<i>Butler Area Junior High School</i>	<b>75.8</b>	<b>77.4</b>	<b>84.2</b>	<b>79.4</b>	<b>81.3</b>	<b>80.4</b>	<b>76.1</b>	<b>80.2</b>
<i>Butler Area Senior High School</i>	<b>84.0</b>	<b>81.5</b>	<b>74.6</b>	<b>74.6</b>	<b>80.8</b>	<b>73.3</b>	<b>84.0</b>	<b>83.3</b>
<i>Center Avenue School</i>	<b>72.2</b>	<b>74.1</b>	<b>75.0</b>	<b>66.3</b>	<b>69.5</b>	<b>61.3</b>	<b>53.1</b>	<b>59.8</b>
<i>Center Township School</i>	<b>93.3</b>	<b>94.3</b>	<b>84.7</b>	<b>86.0</b>	<b>84.3</b>	<b>80.9</b>	<b>78.0</b>	<b>77.5</b>
<i>Clearfield Elementary School</i>	<b>77.3</b>	<b>67.9</b>	<b>81.1</b>	<b>76.0</b>	<b>69.3</b>	<b>67.6</b>	<b>67.2</b>	<b>64.6</b>
<i>Connoquenessing Elementary School</i>	<b>91.0</b>	<b>86.5</b>	<b>92.5</b>	<b>88.1</b>	<b>88.4</b>	<b>87.8</b>	<b>81.0</b>	<b>80.0</b>
<i>Emily Brittain Elementary School</i>	<b>75.3</b>	<b>67.8</b>	<b>78.7</b>	<b>74.3</b>	<b>73.9</b>	<b>68.2</b>	<b>69.6</b>	<b>66.8</b>
<i>Mcquistion Elementary School</i>	<b>81.0</b>	<b>81.8</b>	<b>85.0</b>	<b>84.6</b>	<b>85.0</b>	<b>79.7</b>	<b>77.5</b>	<b>79.8</b>
<i>Meridian School</i>	<b>87.1</b>	<b>78.8</b>	<b>86.4</b>	<b>84.7</b>	<b>84.6</b>	<b>79.6</b>	<b>80.4</b>	<b>81.3</b>
<i>Northwest School</i>	<b>78.4</b>	<b>75.1</b>	<b>79.2</b>	<b>82.1</b>	<b>79.7</b>	<b>77.7</b>	<b>79.0</b>	<b>73.7</b>
<i>Oakland Township School</i>	<b>77.0</b>	<b>82.7</b>	<b>85.6</b>	<b>77.3</b>	<b>78.4</b>	<b>75.7</b>	<b>69.3</b>	<b>68.3</b>
<i>Summit Elementary School</i>	<b>74.0</b>	<b>82.4</b>	<b>82.7</b>	<b>72.8</b>	<b>78.2</b>	<b>74.1</b>	<b>62.4</b>	<b>67.2</b>

## 4 Year Cohort Graduation Rates

The cohort graduation rates are a calculation of the percentage of students who have graduated with a regular high school diploma within a designated number of years since the student first entered high school. The rate is determined for a cohort of students who have all entered high school for the first time during the same school year.



<sup>6</sup> PDE's data does not provide any further information regarding the reason a score was not published.

## **Findings**

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



## Status of Prior Audit Findings and Observations

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Our prior audit of the District released on March 13, 2014, resulted in one finding as shown below. 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 March 13, 2014

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**Prior Finding:**                      **Certification Deficiency**

Prior Finding Summary: Our prior audit of the District's professional employees' certification and assignments for the period June 21, 2011, through August 28, 2013, found one professional employee was teaching with a lapsed Instructional Provisional certificate for the period noted above.

Prior Recommendations: We recommended that the District should:

1. Strengthen controls to help ensure that individuals' certificates are kept current.
2. Monitor years of service for all provisionally certified employees.
3. Develop procedures to determine that applications for permanent certificates have been received by PDE's Bureau School Leadership and Teacher Qualifications.

We also recommended that PDE should:

4. Adjust the District's allocations to recover any subsidy forfeiture, which may have been levied.

Current Status: The District did implement our recommendations. The District implemented procedures requiring the Secretary to the Superintendent to review all provisional certificates annually for years of service and for continuing education requirements. The District also implemented procedures to ensure all job descriptions match the certification area of the professional employed in that position. The employee cited in the prior finding obtained proper certification for the position on September 1, 2013. PDE implemented our recommendation as well and withheld \$6,005 from the District's June 2014 basic education subsidy to recover the subsidy forfeiture.

## **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 Sections 402 and 403 of The Fiscal Code,<sup>7</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>8</sup> to provide reasonable assurance that the District is in compliance with certain relevant state laws, regulations, contracts, and administrative procedures (relevant requirements). In conducting our audit, we obtained an understanding of the District's internal controls, including any information technology controls, which 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>7</sup> 72 P.S. §§ 402 and 403.

<sup>8</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, 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, annual financial reports, annual budgets, new or amended policies and procedures, and the independent audit report of the District's basic financial statements for the fiscal years July 1, 2012, through June 30, 2015. 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:

- ✓ Financial Stability
- ✓ Data Integrity
- ✓ Hiring Practices
- ✓ Bus Driver Requirements
- ✓ School Safety

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

- ✓ Based on an assessment of financial benchmarks, was the District in a declining financial position, and did it comply with all statutes prohibiting deficit fund balances and the over expending of the District's budget?
  - To address this objective, we reviewed the District's annual financial reports, budgets, independent auditor's reports, and summary of child accounting, for fiscal years 2011-12 through 2015-16. The financial and statistical data was used to calculate the District's General Fund balance, operating position, charter school costs, debt ratio, and current ratio. These financial indicators were deemed appropriate for assessing the District's financial stability. The financial indicators are based on best business practices established by several agencies, including Pennsylvania Association of School Business Officials, the Colorado Office of the State Auditor, and the National Forum on Education Statistics. Our review of this objective did not disclose any reportable issues.
- ✓ Did the District ensure that the nonresident membership data it reported in the Pennsylvania Information Management System (PIMS) system for tuition reimbursement was accurate?
  - To address this objective, we reviewed supporting data for all 51 nonresident students in the 2012-13 school year, all 5 nonresident students in the 2013-14 school year, and all of the 20 nonresident students in the 2014-15 school year, who were identified as either children placed in foster homes or ward of the state students placed in institutions within the District. We calculated the tuition

reimbursements to ensure that the District received the amount to which it was entitled. We also determined if the District had written policies and procedures in regard to entry of nonresident student date in the PIMS system and if those procedures ensure compliance, when followed. Our review of this objective did not disclose any reportable issues.

- ✓ Did the District follow the Public School Code<sup>9</sup> and the District's policy and procedures when hiring new staff?
  - To address this objective, we obtained and reviewed the District's hiring policies and procedures. We selected the three most recently hired employees by the District during the 2016-17 school year, and reviewed documentation to determine if the District complied with the Public School Code and the District's policy and procedures in hiring new employees. Our review of this objective did not disclose any reportable issues.
  
- ✓ Did the District ensure that bus drivers transporting District students had the required driver's license, physical exam, training, background checks, and clearances as outlined in applicable laws?<sup>10</sup> Also, did the District have written policies and procedures governing the hiring of new bus drivers that would, when followed, provide reasonable assurance of compliance with applicable laws?
  - To address this objective, we used a random number generator to select 5 of the 38 bus drivers hired by the District's bus contractor during the period July 1, 2013, through January 10, 2017, and reviewed documentation to ensure the District complied with the requirements for bus drivers. We also determined if the District had written policies and procedures governing the hiring of bus drivers and if those procedures ensure compliance, when followed, with bus driver hiring requirements. Our review of this objective did not disclose any reportable issues.
  
- ✓ Did the District take actions to ensure it provided a safe school environment?<sup>11</sup>
  - To address this objective, we reviewed a variety of documentation including safety plans, training schedules, and anti-bullying policies. In addition, we followed up on the prior safe school review to assess whether the District had implemented basic safety practices and recommendations. Due to the sensitive nature of school safety, the results of our review of this objective area are not described in our audit report. The results of our review of school safety are shared with District officials and, if deemed necessary, PDE.

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<sup>9</sup> 24 P.S. § 5-508, 24 P.S. § 11-1106, and 24 P.S. § 11-1111.

<sup>10</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>11</sup> 24 P.S. § 13-1301-A *et seq.*

## **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  
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**The Honorable Joe Torsella**

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