

# PERFORMANCE AUDIT

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## Elk Lake School District Susquehanna County, Pennsylvania

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June 2016



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



Commonwealth of Pennsylvania  
Department of the Auditor General  
Harrisburg, PA 17120-0018  
Facebook: Pennsylvania Auditor General  
Twitter: @PAAuditorGen

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

Mr. Ken Cuomo, Superintendent  
Elk Lake School District  
2380 Elk Lake School Road  
Springville, Pennsylvania 18844

Mr. Arden Tewksbury, Board President  
Elk Lake School District  
2380 Elk Lake School Road  
Springville, Pennsylvania 18844

Dear Mr. Cuomo and Mr. Tewksbury:

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

- School Safety
- Bus Driver Requirements
- Transportation Operations
- Administrative Contract Buy-Out

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

June 16, 2016

cc: **ELK LAKE SCHOOL DISTRICT** Board of School Directors

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

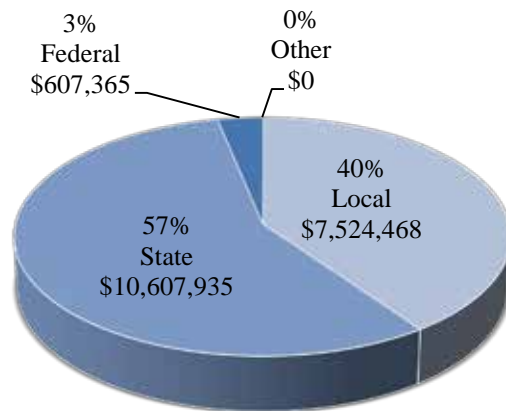
School Characteristics 2015-16 School Year <sup>ii</sup>	
Counties	Wyoming & Susquehanna
Total Square Miles	197
Resident Population <sup>iii</sup>	7,799
Number of School Buildings	1
Total Teachers	103.5
Total Full or Part-Time Support Staff	39
Total Administrators	15
Total Enrollment for Most Recent School Year	1,210
Intermediate Unit Number	19
District Vo-Tech School	Susquehanna County Career & Technology Center

### Mission Statement

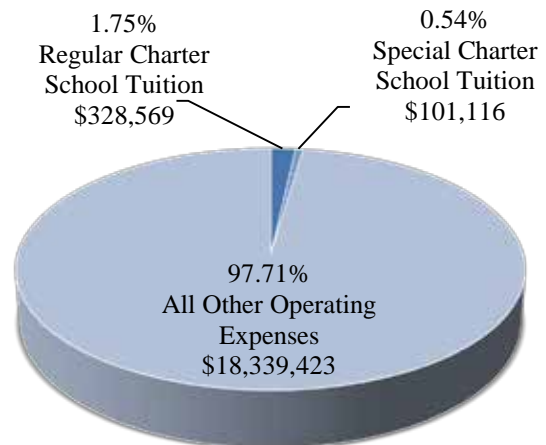
“The mission of the Elk Lake School District and the Susquehanna County Career & Technology Center, in cooperation with parents, families, local agency, and community members, is to provide educational opportunities for all students to reach their full potential by striving towards excellence through academic knowledge, basic skills, and technology taught by competent and committed staff within a safe environment. These opportunities will enable students to become life-long learners, productive citizens, and responsible members of society.”

## Financial Information

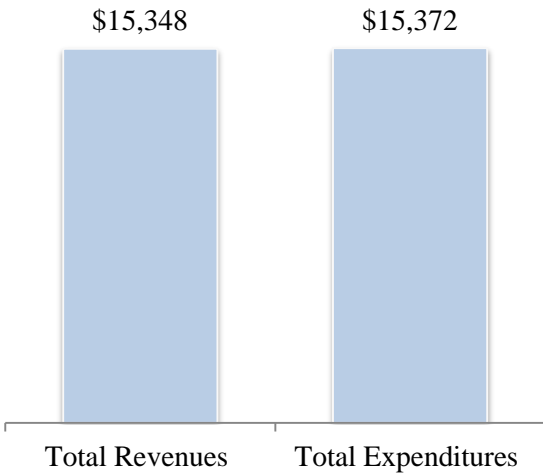
### Revenue by Source for 2014-15 School Year



### Select Expenditures for 2014-15 School Year

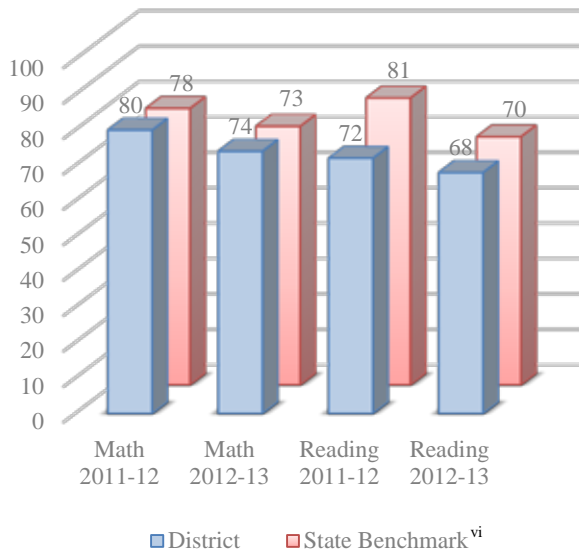


**Dollars Per Student  
2014-15 School Year**



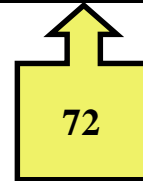
**Academic Information**

**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>
<sup>1</sup> Elk Lake Elementary School	68	79	6	64	6	No Designation
Elk Lake Jr/Sr High School	76	68	5	74	4	N/A

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<sup>1</sup> The District only has one building for all students; however, for SPP and PSSA purposes, there is an elementary and junior/senior high school.

## **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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Our prior audit of the District released on February 4, 2014, resulted in one observation. As part of our current audit, we determined the status of corrective action taken by the District to implement our prior audit recommendations. We reviewed the District's written response provided to the Pennsylvania Department of Education (PDE), interviewed District personnel, and performed audit procedures as detailed in each status section below.

### **Auditor General Performance Audit Report Released in February 4, 2014**

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#### **Prior Observation: Lack of Board Policy and Approval of Tuition Waivers**

##### Prior Observation

##### Summary:

Our prior audit of the District found that tuition was waived for 26 nonresident students during the 2010-11 and 2011-12 school years. These students were children of teachers employed by the District. It has been District practice to allow nonresident children of District teachers to attend the District free of tuition cost. Although Section 1316 of the Public School Code (PSC) allows the Board of School Directors to waive tuition rates, the District had no written board policy nor was there any approval in the board meeting minutes to grant the tuition waivers. Without Board approval, board members could be unaware of the cost to the taxpayers for educating these students free of charge.

##### Prior

##### Recommendations:

We recommended that the District should:

1. Ensure that all tuition waivers are done in compliance with Section 1316 of the PSC.
2. Implement board policy to address tuition waivers, specifically, waivers for teachers' children.
3. Receive Board approval for each tuition waiver prior to educating each nonresident student.

##### Current Status:

The District did implement our prior recommendations. The District adopted Board Policy #202 on August 15, 2013, which addresses the eligibility of nonresident students in the District. In addition, the District entered in a contract with professional employees in 2014 which allows children of professional employees to be educated by the District free of tuition. The Board approves all nonresident tuition waivers at public board meetings.



## **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>2</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>3</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>2</sup> 72 P.S. § 403.

<sup>3</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:

- School Safety
- Bus Driver Requirements
- Transportation Operations
- Administrative Contract Buy-Out

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

- 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, safety plans, training schedules, and anti-bullying policies.
- 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>4</sup> Also, did the District have adequate written policies and procedures governing the hiring of new bus drivers?
  - To address this objective, we selected all three of the bus drivers hired by both the District and District bus contractors, from July 1, 2013 through April 26, 2016, and reviewed documentation to ensure the District complied with bus driver's requirements.
- ü Did the District ensure basic internal controls have been established to ensure the District's compliance with laws and regulations governing transportation operations and whether the District had received the correct reimbursement from the PDE? Also, did the District determine whether source data required for student transportation reimbursement was accurately computed and properly reported to PDE?

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<sup>4</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 address this objective, we selected 5 of the 17 buses which provided contracted transportation services during the school year July 1, 2014 through June 30, 2015. We reviewed these five buses to ensure that daily mileage and number of students transported were accurate. We also reviewed documentation to ensure the District received the correct transportation reimbursement from PDE during the 2014-15 school year.
- 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 contract contain adequate termination provisions?
- To address this objective, we reviewed the contracts, board meeting minutes, and payroll records for both contracted administrators that separated from employment with the District from August 5, 2013 through March 17, 2016. We reviewed the contracts for these two former administrators to determine the total cost of the buy-out, the reasons for the termination/settlement, whether the contract contained adequate termination provisions, and whether the termination provisions were followed.

## **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 material 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.