

# PERFORMANCE AUDIT

---

## Ephrata Area School District Lancaster County, Pennsylvania

---

December 2018



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  
www.PaAuditor.gov

EUGENE A. DePASQUALE  
AUDITOR GENERAL

Dr. Brian M. Troop, Superintendent  
Ephrata Area School District  
803 Oak Boulevard  
Ephrata, Pennsylvania 17522

Mr. Timothy W. Stayer, Board President  
Ephrata Area School District  
803 Oak Boulevard  
Ephrata, Pennsylvania 17522

Dear Dr. Troop and Mr. Stayer:

We have conducted a performance audit of the Ephrata Area School District (District) for the period July 1, 2013 through June 30, 2017, 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:

- Transportation Operations
- Administrator Contract Buyout
- Bus Driver Requirements

We also evaluated the application of best practices in the area of school safety. Due to the sensitive nature of this issue and the need for the results of this review to be confidential, we did not include the results in this report. However, we communicated the results of our review of school safety to District officials, the Pennsylvania Department of Education, and other appropriate officials as deemed necessary.

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 bulleted areas listed above, except as noted in the following finding:

- The District Incorrectly Reported the Number of Nonpublic School Students Transported Resulting in an Underpayment of \$145,145

Dr. Brian M. Troop  
Mr. Timothy W. Stayer  
Page 2

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". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Eugene A. DePasquale  
Auditor General

December 4, 2018

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

## Table of Contents

---

	Page
Background Information .....	1
Finding .....	9
Finding – The District Incorrectly Reported the Number of Nonpublic School Students Transported Resulting in an Underpayment of \$145,145 .....	9
Status of Prior Audit Findings and Observations .....	13
Appendix: Audit Scope, Objectives, and Methodology .....	14
Distribution List .....	17

## Background Information

School Characteristics 2016-17 School Year <sup>A</sup>	
County	Lancaster
Total Square Miles	43.87
Number of School Buildings	6
Total Teachers	306
Total Full or Part-Time Support Staff	224
Total Administrators	24
Total Enrollment for Most Recent School Year	4,176
Intermediate Unit Number	13
District Vo-Tech School	Lancaster County Career & Technology Center

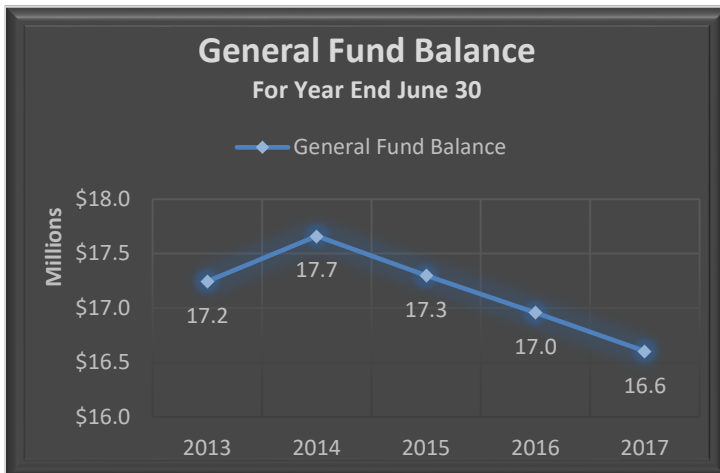
A - Source: Information provided by the District administration and is unaudited.

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

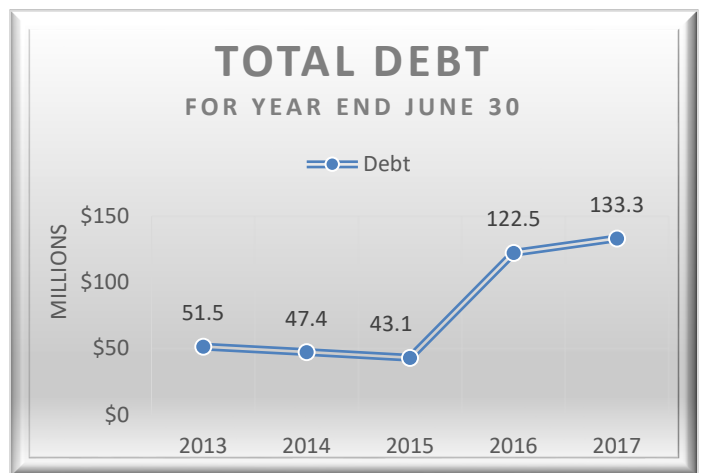
In order to accomplish our vision, it is the mission of the Ephrata Area School District to provide all students a secure learning environment and exemplary academic programs that inspire all students to reach their full potential.

## Financial Information

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

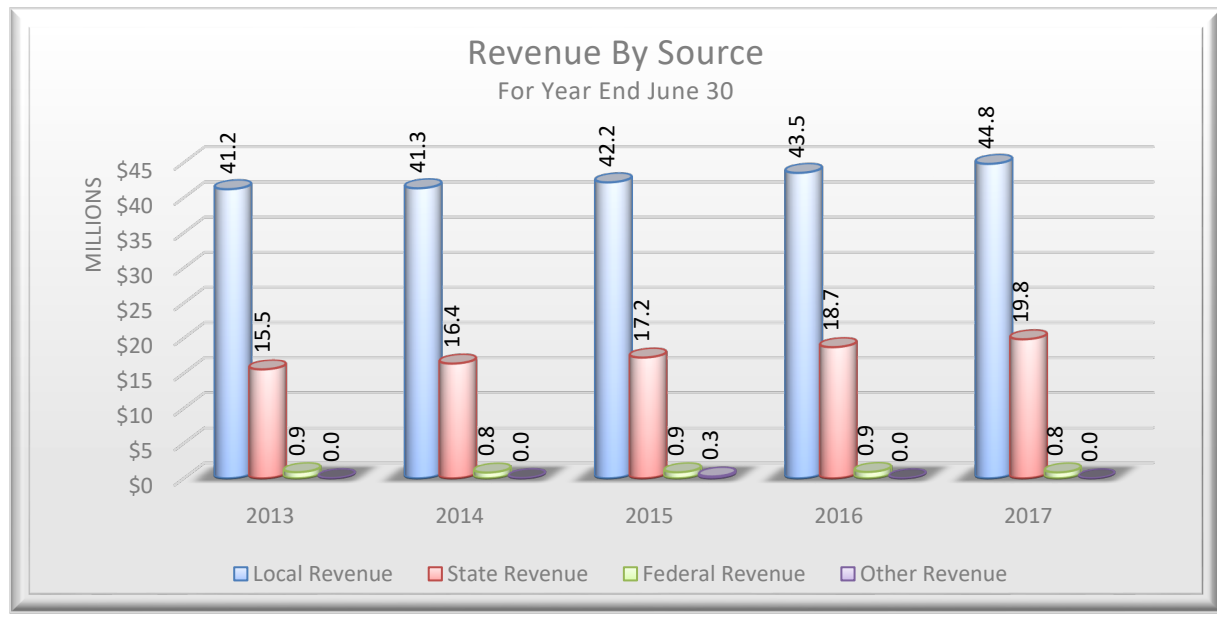
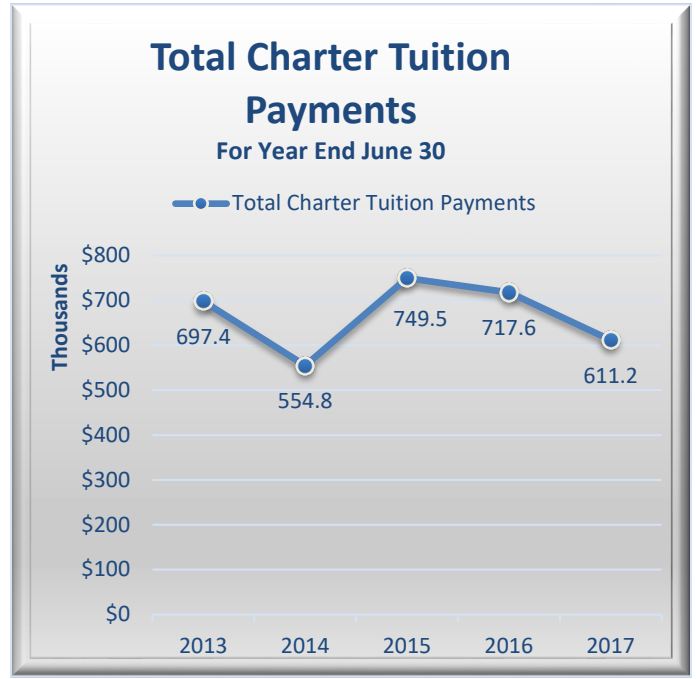
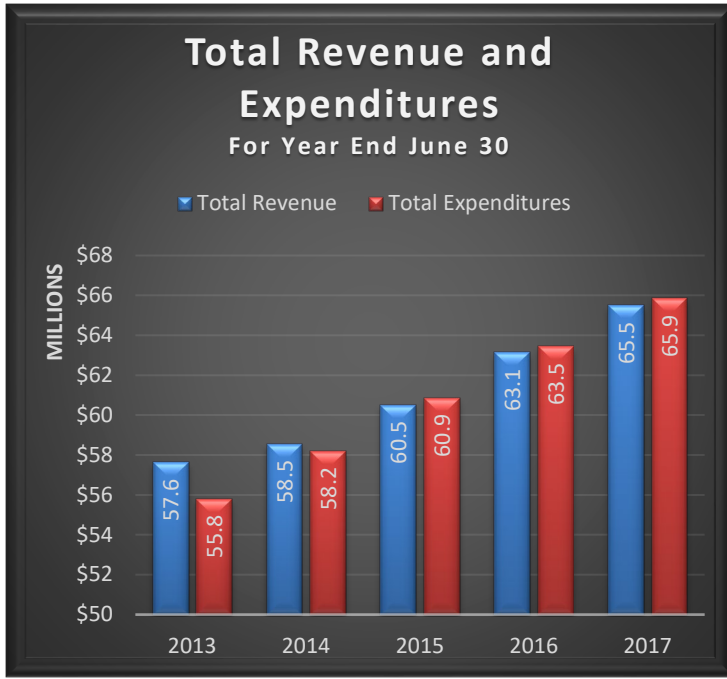


**Note:** General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



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

## Financial Information Continued



## Academic Information

The graphs on the following pages present School Performance Profile (SPP) scores, Pennsylvania System of School Assessment (PSSA) scores, Keystone Exam results, and 4-Year Cohort Graduation Rates for the District obtained from the PDE's data files for the 2014-15, 2015-16 and 2016-17 school years.<sup>1</sup> These scores are provided in the District's audit report for **informational purposes only**, and they were not audited by our Department. Please note that if one of the District's schools did not receive a score in a particular category and year presented below, the school will not be listed in the corresponding graph.<sup>2</sup> Finally, benchmarks noted in the following graphs represent the statewide average of all public school buildings in the Commonwealth that received a score in the category and year noted.<sup>3</sup>

### **What is a SPP score?**

A SPP score serves as a benchmark for schools to reflect on successes, achievements, and yearly growth. The PDE issues a SPP score using a 0-100 scale for all school buildings in the Commonwealth annually, which is calculated based on standardized testing (i.e., PSSA and Keystone exam scores), student improvement, advance course offerings, and attendance and graduation rates. Generally speaking, a SPP score of 70 or above is considered to be a passing rate.

The PDE started issuing a SPP score for all public school buildings beginning with the 2012-13 school year. For the 2014-15 school year, the PDE only issued SPP scores for high schools taking the Keystone Exams as scores for elementary and middle schools were put on hold due to changes with PSSA testing.<sup>4</sup> The PDE resumed issuing a SPP score for all schools for the 2015-16 school year.

### **What is the Keystone Exam?**

The Keystone Exam measures student proficiency at the end of specific courses, such as Algebra I, Literature, and Biology. The Keystone Exam was intended to be a graduation requirement starting with the class of 2017, but that requirement has been put on hold until the 2020-21 school year.<sup>5</sup> In the meantime, the exam is still given as a standardized assessment and results are included in the calculation of SPP scores. The Keystone Exam is scored using the same four performance levels as the PSSAs, and the goal is to score Proficient or Advanced for each course requiring the test.

---

<sup>1</sup> The PDE is the sole source of academic data presented in this report. All academic data was obtained from the PDE's publically available website.

<sup>2</sup> The PDE's data does not provide any further information regarding the reason a score was not published for a specific school. However, readers can refer to the PDE's website for general information regarding the issuance of academic scores.

<sup>3</sup> Statewide averages were calculated by our Department based on individual school building scores for all public schools in the Commonwealth, including district schools, charters schools, and cyber charter schools.

<sup>4</sup> According to the PDE, SPP scores for elementary and middle schools were put on hold for the 2014-15 school year due to the state's major overhaul of the PSSA exams to align with PA Core standards and an unprecedented drop in public schools' PSSA scores that year. Since PSSA scores are an important factor in the SPP calculation, the state decided not to use PSSA scores to calculate a SPP score for elementary and middle schools for the 2014-15 school year. Only high schools using the Keystone Exam as the standardized testing component received a SPP score.

<sup>5</sup> Act 39 of 2018, effective July 1, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement for an additional year until the 2020-21 school year. *See* 24 P.S. § 1-121(b)(1).

### **What is the PSSA?**

The PSSA is an annual, standardized test given across the Commonwealth to students in grades 3 through 8 in core subject areas, including English and Math. The PSSAs help Pennsylvania meet federal and state requirements and inform instructional practices, as well as provide educators, stakeholders, and policymakers with important information about the state's students and schools.

The 2014-15 school year marked the first year that PSSA testing was aligned to the more rigorous PA Core Standards.<sup>6</sup> The state uses a grading system with scoring ranges that place an individual student's performance into one of four performance levels: Below Basic, Basic, Proficient, and Advanced. The state's goal is for students to score Proficient or Advanced on the exam in each subject area.

### **What is a 4-Year Cohort Graduation Rate?**

The PDE collects enrollment and graduate data for all Pennsylvania public schools, which is used to calculate graduation rates. 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. Data specific to the 4-year cohort graduation rate is presented in the graph.<sup>7</sup>

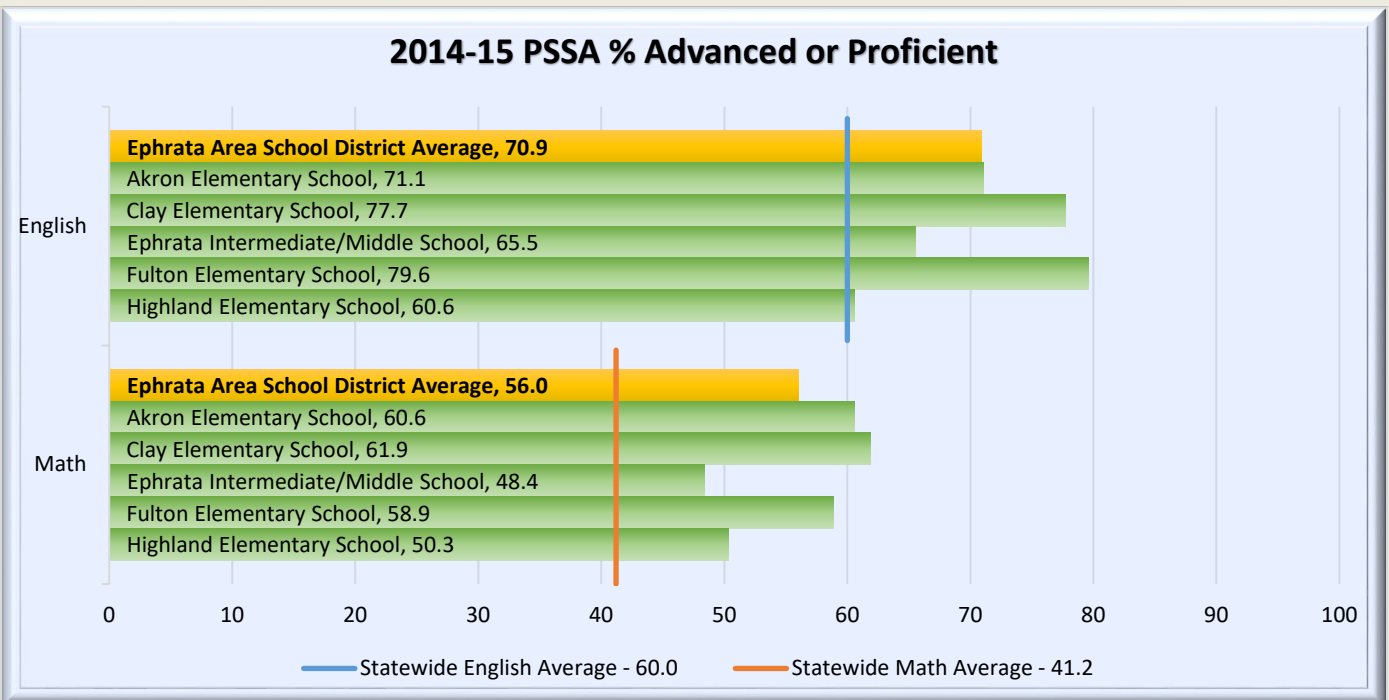
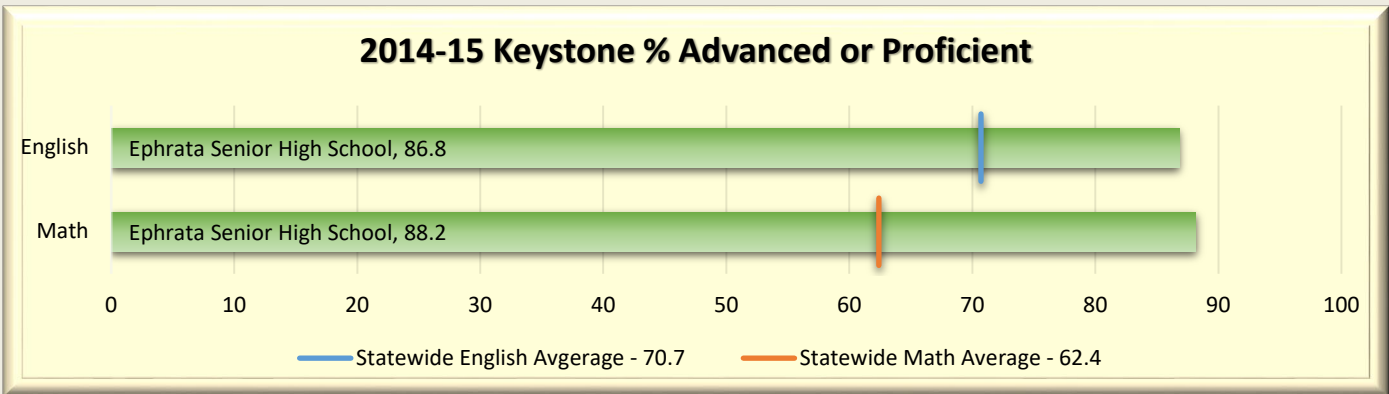
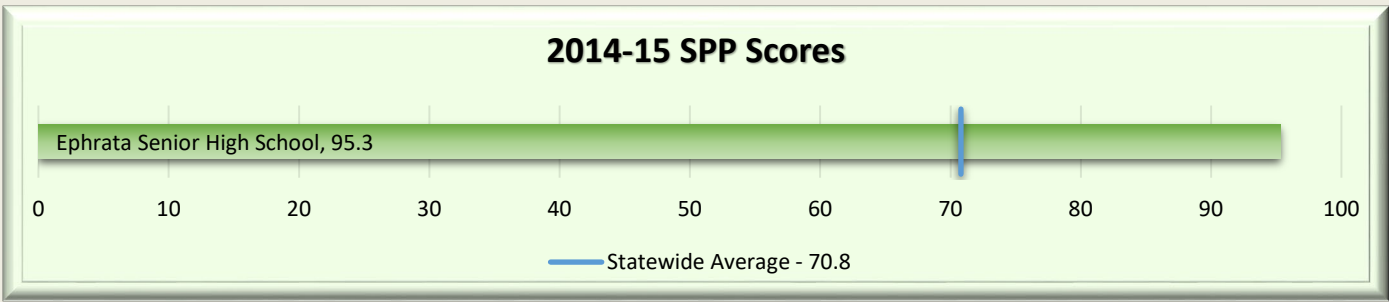
---

<sup>6</sup> The PDE has determined that PSSA scores issued beginning with the 2014-15 school year and after are not comparable to prior years due to restructuring of the exam.

<sup>7</sup> The PDE also calculates 5-year and 6-year cohort graduation rates. Please visit the PDE's website for additional information: <http://www.education.pa.gov/Data-and-Statistics/Pages/Cohort-Graduation-Rate-.aspx>.

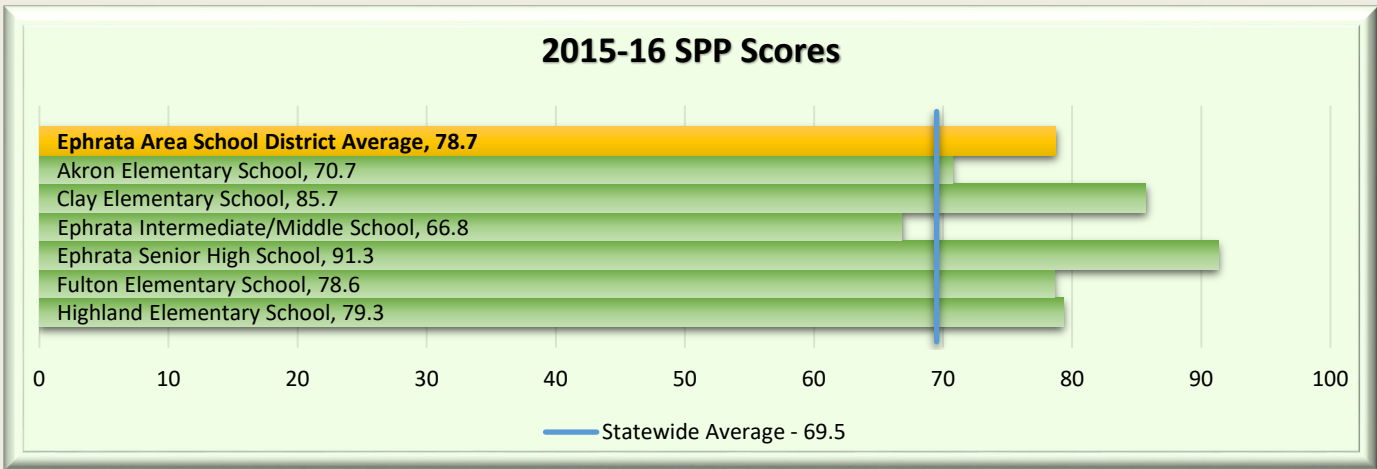


**2014-15 Academic Data**  
**School Scores Compared to Statewide Averages**

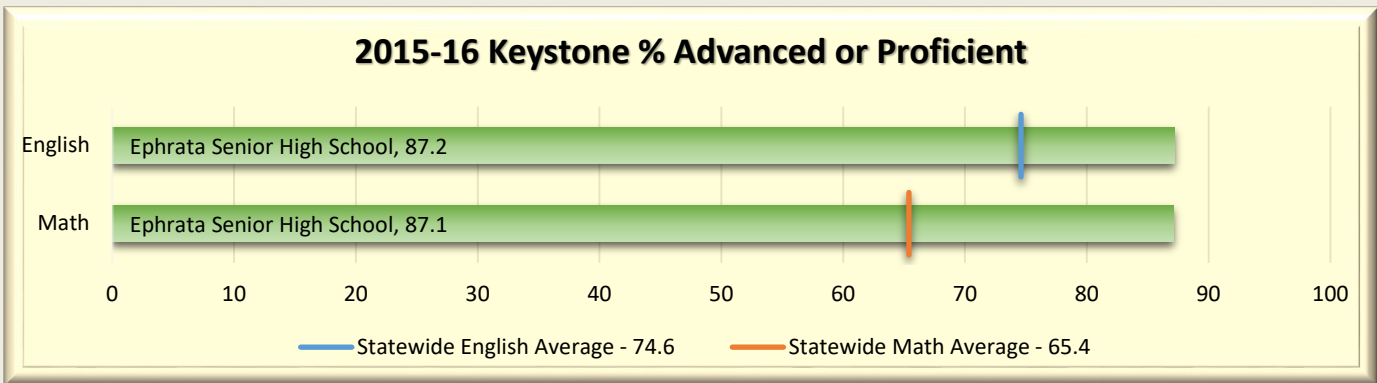


**2015-16 Academic Data**  
**School Scores Compared to Statewide Averages**

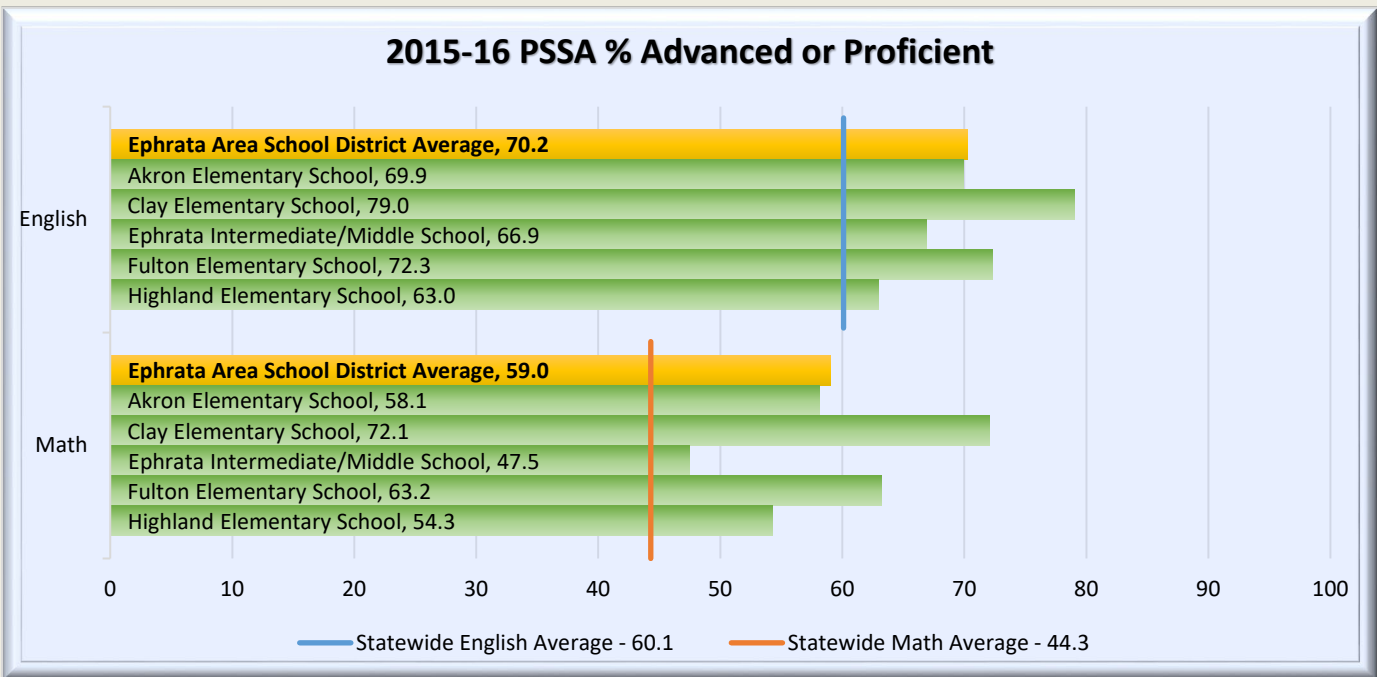
**2015-16 SPP Scores**



**2015-16 Keystone % Advanced or Proficient**

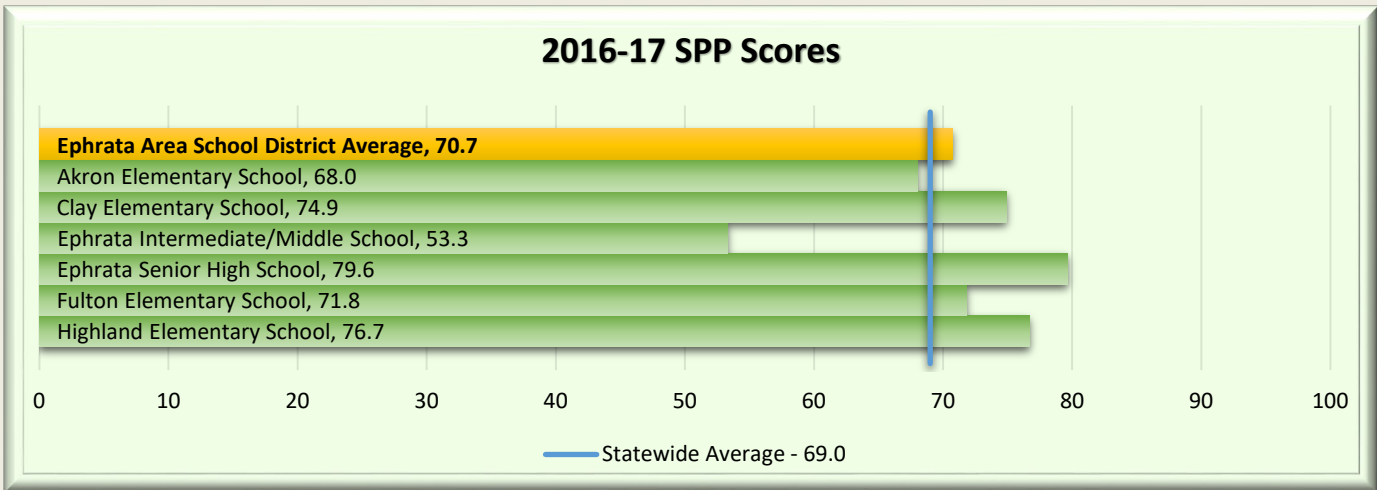


**2015-16 PSSA % Advanced or Proficient**

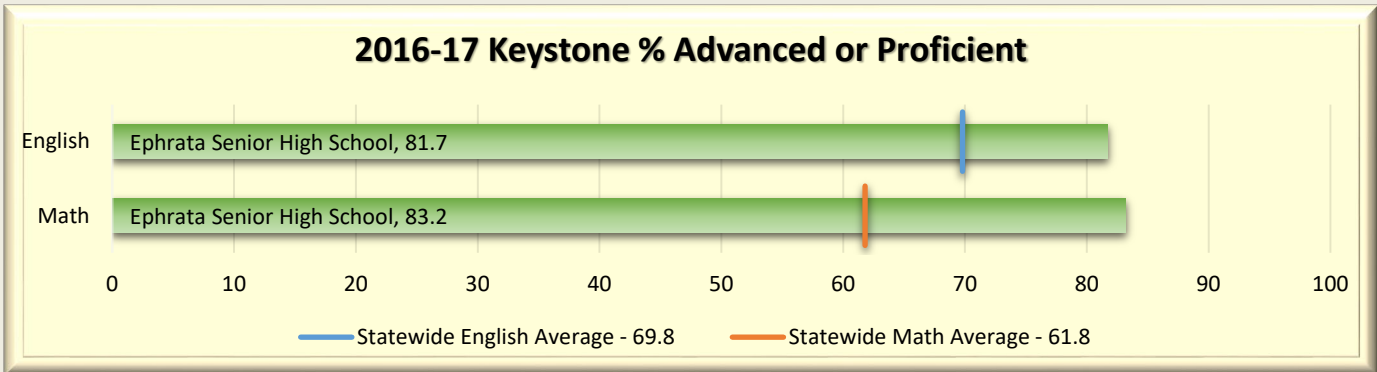


**2016-17 Academic Data**  
**School Scores Compared to Statewide Averages**

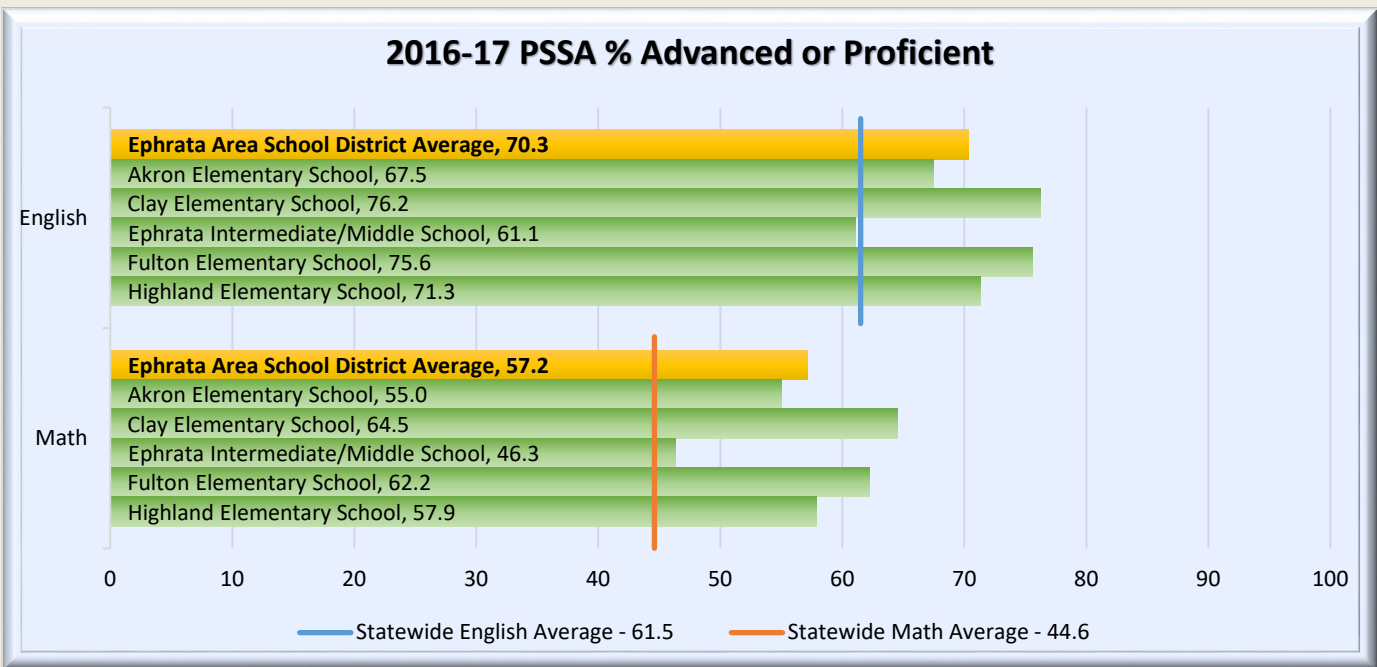
**2016-17 SPP Scores**



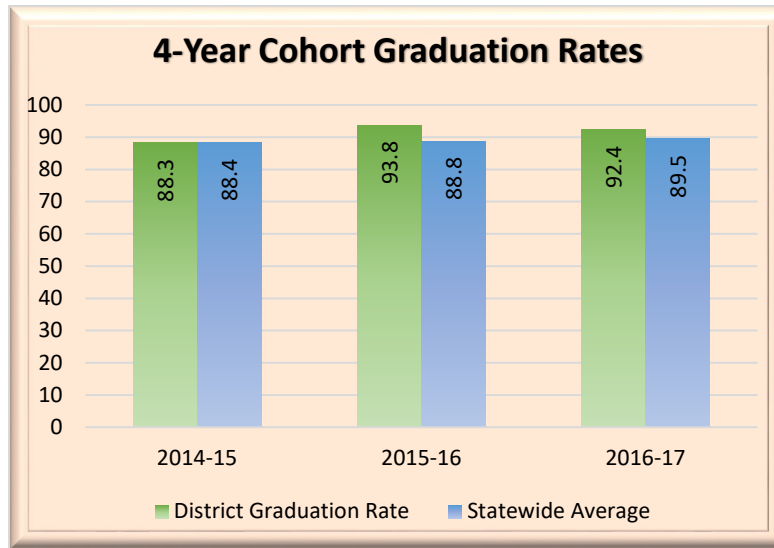
**2016-17 Keystone % Advanced or Proficient**



**2016-17 PSSA % Advanced or Proficient**



**Graduation Data**  
**District Graduation Rates Compared to Statewide Averages**



## Finding

---

### Finding

### The District Incorrectly Reported the Number of Nonpublic School Students Transported Resulting in an Underpayment of \$145,145

*Criteria relevant to the finding:*

#### **Supplemental Transportation Subsidy for Nonpublic School Students**

Section 2509.3 of the Public School Code (PSC) provides that each school district shall receive a supplemental transportation payment of **\$385** for each nonpublic school student transported. [Emphasis added.] *See* 24 P.S. § 25-2509.3.

#### **Sworn Statement and Annual Filing Requirement**

Section 2543 of the PSC sets forth the requirement for school districts to annually file a sworn statement, in a format prescribed by the Secretary of Education, of student transportation data for the prior and current school year with the PDE in order to be eligible for the transportation subsidies. *See* 24 P.S. § 25-2543.

The Ephrata Area School District (District) was underpaid a total of \$145,145 in transportation reimbursement from the Pennsylvania Department of Education (PDE). This underpayment was due to the District improperly reporting the number of nonpublic school students transported by the District during the 2013-14, 2014-15, 2015-16, and 2016-17 school years.

According to the Public School Code (PSC), a nonpublic school is defined as a nonprofit school, other than a public school within the Commonwealth of Pennsylvania, wherein a resident of the Commonwealth may legally fulfill the compulsory school attendance requirements under the act and Title VI of the Civil Rights Act of 1964.<sup>8</sup> The PSC requires school districts to provide transportation services to students who reside in its district and attend a nonpublic school, of which they are entitled to a reimbursement from the Commonwealth of \$385 for each nonpublic school student transported by the district. It is important to note that if the District transports one nonpublic student at any time during the school year, the District would be eligible for \$385 in reimbursement for that nonpublic student.

Districts receive two separate transportation reimbursement payments from the PDE. One reimbursement is broadly based on the number of students transported and the number of miles of vehicles in service, both with and without students (i.e., regular transportation reimbursement). The other reimbursement is based on the number of charter school and nonpublic school students transported (i.e., supplemental transportation reimbursement). The reporting errors discussed in this finding affected the District's supplemental transportation reimbursement.

---

<sup>8</sup> *See* Section 922.1-A(b) (relating to "Definitions") of the PSC, 24 P.S. § 9-922.1-A(b).

*Criteria relevant to the finding (continued):*

Section 2543 of the PSC, entitled, “Sworn statement of amount expended for reimbursable transportation; payment; withholding” states, in pertinent part:

“Annually, each school district entitled to reimbursement on account of student transportation shall provide in a format prescribed by the Secretary of Education, data pertaining to student transportation for the prior and current school year. . . . The Department of Education may, for cause specified by it, withhold such reimbursement, in any given case, permanently, or until the school district has complied with the law or regulations of the State Board of Education.” Id.

The table below illustrates the District’s nonpublic students reporting errors and the resulting transportation reimbursement underpayments.

<b>Ephrata Area School District Nonpublic Reporting Errors</b>		
<b>School Year</b>	<b>Nonpublic Students Under Reported</b>	<b>Underpayment<sup>9</sup></b>
<b>2013-14</b>	63	\$24,255
<b>2014-15</b>	47	\$18,095
<b>2015-16</b>	132	\$50,820
<b>2016-17</b>	135	\$51,975
<b>Total</b>	<b>377</b>	<b>\$145,145</b>

The District made two nonpublic school student reporting errors during the period we reviewed. The District incorrectly reported some students who were enrolled and attended nonpublic schools, but were not transported by the District. This error occurred because the District reported to the PDE all nonpublic school students in its District as opposed to correctly reporting only the nonpublic school students transported by the District. During the same school years, the District failed to report nonpublic school students who were transported by the District to certain non-secular nonpublic schools. The failure to report nonpublic school students to non-secular nonpublic schools was the more significant error and led to the District being underpaid supplemental transportation reimbursement.

District officials responsible for reporting transportation data to the PDE during the time period we reviewed were aware that students transported by the District to non-secular schools were eligible to be reported as nonpublic school students. However, the vehicle rosters summarizing the nonpublic school students transported by the District to non-secular schools were not included in the total nonpublic school students reported to the PDE. Vehicle rosters for nonpublic school students that attended non-secular schools were kept manually. All other nonpublic school students transported by the District were entered electronically into the District’s transportation student information system. When the District reported

<sup>9</sup> Calculated by multiplying the “Nonpublic Students Over Reported” column by \$385.

total nonpublic students transported during the period we reviewed, only nonpublic students in the electronic student information system were reported.

Transportation reimbursement is a significant revenue source for the District, and it is important that District officials accurately report transportation data to the PDE so that the District receives the correct amount of transportation reimbursement.

We provided the PDE with reports detailing the nonpublic reporting errors for 2013-14, 2014-15, 2015-16, and 2016-17 school years. The PDE requires these reports to verify the underpayment to the District. The District's future transportation subsidies should be adjusted by the amount of the underpayment.

### **Recommendations**

The *Ephrata Area School District* should:

1. Implement a procedure to have a District official enter all manual vehicle rosters and any additions made to the rosters during the school year into the District's transportation Student Information System.
2. Implement a procedure to have a District official, other than the person who prepares the data, review the transportation data for accuracy and approve it prior to submission to the PDE. Ensure that this procedure includes reconciling requests for transportation to vehicle rosters.
3. Establish training to be provided on a periodic basis for all new and current District personnel responsible for calculating and submitting transportation subsidy data to the PDE.

The *Pennsylvania Department of Education* should:

4. Adjust the District's future transportation subsidy to resolve the \$145,145 underpayment to the District.

## **Management Response**

District management provided the following response:

“The District under reported the number of nonpublic schools students transported because of using the nonpublic rosters for those schools who use our public school student buses instead of actual student number opting to use our bussing system and failing to include number of nonpublic students the District pays directly to their respective school to provide transportation.

“The District has retrained the essential personnel who collect and report this data in what is included each year the data is reported this includes using the transportation student information system to best of its ability. The District has created a step by step procedure on how to collect this data. A District Administrator will review this data along with the backup before the release to PDE each year.”

## **Auditor Conclusion**

We are pleased that the District has retrained essential personnel who collect and report transportation data and has created new procedures concerning the collection of this data. We will review these and any other corrective actions implemented by the District during our next audit.



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

---

**O**ur prior audit of the Ephrata Area School District resulted in no findings or observations.

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

---

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, the Pennsylvania Department of Education (PDE), and other concerned entities.

Our audit, conducted under authority of Sections 402 and 403 of The Fiscal Code,<sup>10</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, 2013 through June 30, 2017. In addition, the scope of each individual audit objective is detailed on the next page.

The Ephrata Area School District's (District) management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the District is in compliance with certain relevant state laws, regulations, contracts, and administrative procedures (relevant requirements).<sup>11</sup> 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.

---

<sup>10</sup> 72 P.S. §§ 402 and 403.

<sup>11</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, 2013 through June 30, 2017. 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:

- ✓ Transportation Operations
- ✓ Administrator Contract Buyout
- ✓ 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:

- ✓ Did the District ensure compliance with applicable laws and regulations governing transportation operations, and did the District receive the correct transportation reimbursement from the Commonwealth?<sup>12</sup>
  - To address this objective, we reviewed the transportation data reported to the PDE for the 2013-14, 2014-15, 2015-16, and 2016-17 school years to determine the accuracy of the reported number of all nonpublic school students the District transported.<sup>13</sup> We reviewed bus rosters, requests for transportation, and other supporting documentation to determine if all nonpublic school students transported by the District were accurately reported to the PDE and that the District was receiving the correct subsidy for these students. The results of our review of this objective can be found in the Finding on page 9 in this report.
- ✓ Did the District pursue a contract buyout with an administrator and if so, what was the total cost of the buyout, what were the reasons for the termination/settlement, and did the employment contract(s) comply with the Public School Code<sup>14</sup> and Public School Employees' Retirement System (PSERS) guidelines?
  - To address this objective, we reviewed the contracts, settlement agreements, board meeting minutes, board policies, and payroll records for two administrators who separated employment from the District during the period July 1, 2013

---

<sup>12</sup> See 24 P.S. §§ 13-1301, 13-1302, 13-1305, 13-1306; 22 Pa. Code Chapter 11.

<sup>13</sup> The District reported 272 nonpublic school students in the 2013-14 school year, 298 in the 2014-15 school year, 182 in the 2015-16 school year, and 168 in the 2016-17 school year.

<sup>14</sup> 24 P.S. § 10-1073(e)(v).

through June 30, 2017. 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>15</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 randomly selected 12 of the 119 bus drivers, hired by the District bus contractors, transporting District students as of May 31, 2018.<sup>16</sup> We 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 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>17</sup>
  - To address this objective, we reviewed a variety of documentation including, safety plans, training schedules, anti-bullying policies, and after action reports. In addition, we conducted on-site reviews at three out of the District’s six school buildings (one from each education level)<sup>18</sup> to assess whether the District had implemented basic safety practices.<sup>19</sup> Due to the sensitive nature of the safe schools review, the results of our review are not described in our audit report. The results of our review of school safety are shared with District officials, the PDE, and other appropriate agencies deemed necessary.

---

<sup>15</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>16</sup> While representative selection is a required factor of audit sampling methodologies, audit sampling methodology was not applied to achieve this test objective; accordingly, the results of this audit procedure are not, and should not be, projected to population.

<sup>17</sup> 24 P.S. § 13-1301-A *et seq.*

<sup>18</sup> While representative selection is a required factor of audit sampling methodologies, audit sampling methodology was not applied to achieve this test objective; accordingly, the results of this audit procedure are not, and should not be, projected to population.

<sup>19</sup> Basic safety practices evaluated were building security, bullying prevention, visitor procedures, risk and vulnerability assessments, and preparedness.

## **Distribution List**

---

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 Joe Torsella**

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. Nathan Mains**

Executive Director  
Pennsylvania School Boards Association  
400 Bent Creek Boulevard  
Mechanicsburg, PA 17050

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).