

PERFORMANCE AUDIT

Gateway School District Allegheny County, Pennsylvania

July 2017



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE
AUDITOR GENERAL

Mr. William Short, Superintendent
Gateway School District
9000 Gateway Campus Boulevard
Monroeville, Pennsylvania 15146

Mr. Scott Williams, Board President
Gateway School District
9000 Gateway Campus Boulevard
Monroeville, Pennsylvania 15146

Dear Mr. Short and Mr. Williams:

We have conducted a performance audit of the Gateway 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:

- Transportation Operations
- Data Integrity
- 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, except as noted in the following finding:

- The District Incorrectly Reported the Number of Nonpublic and Charter School Students Transported Resulting in a Net Underpayment of \$16,940

Mr. William Short
Mr. Scott Williams
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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

July 17, 2017

cc: **GATEWAY SCHOOL DISTRICT** Board of School Directors

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Background Information

School Characteristics 2016-17 School Year ^A	
County	Allegheny
Total Square Miles	19.54
Resident Population^B	31,680
Number of School Buildings	7
Total Teachers	271
Total Full or Part-Time Support Staff	240
Total Administrators	24
Total Enrollment for Most Recent School Year	3,111
Intermediate Unit Number	3
District Vo-Tech School	Forbes Road CTC

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

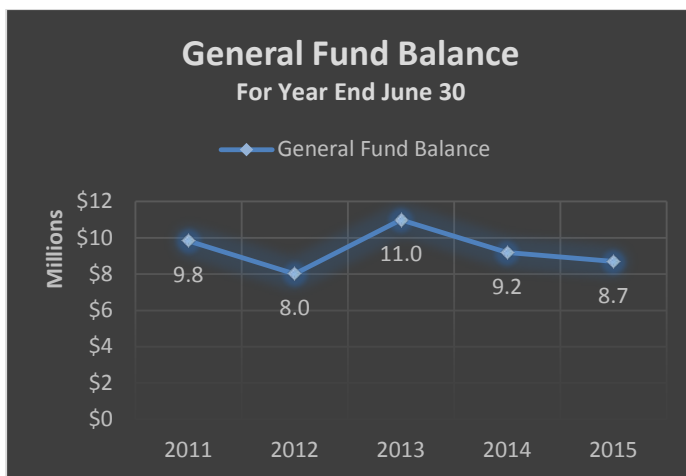
B - Source: United States Census
<http://www.census.gov/2010census>.

Mission Statement^A

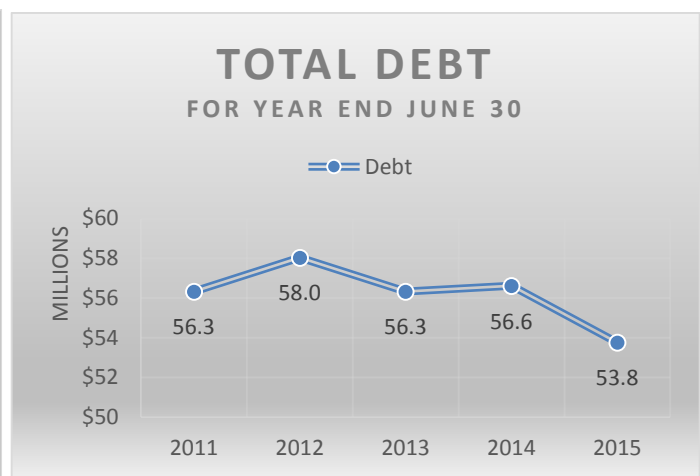
The mission of the Gateway School District, in cooperation with parents and other members of the community, is to provide quality educational opportunities for all students, to promote academic excellence in a safe and caring environment, to enhance self-confidence through personal responsibility, and to develop life-long learners who will be productive citizens in a diverse and changing world.

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**.

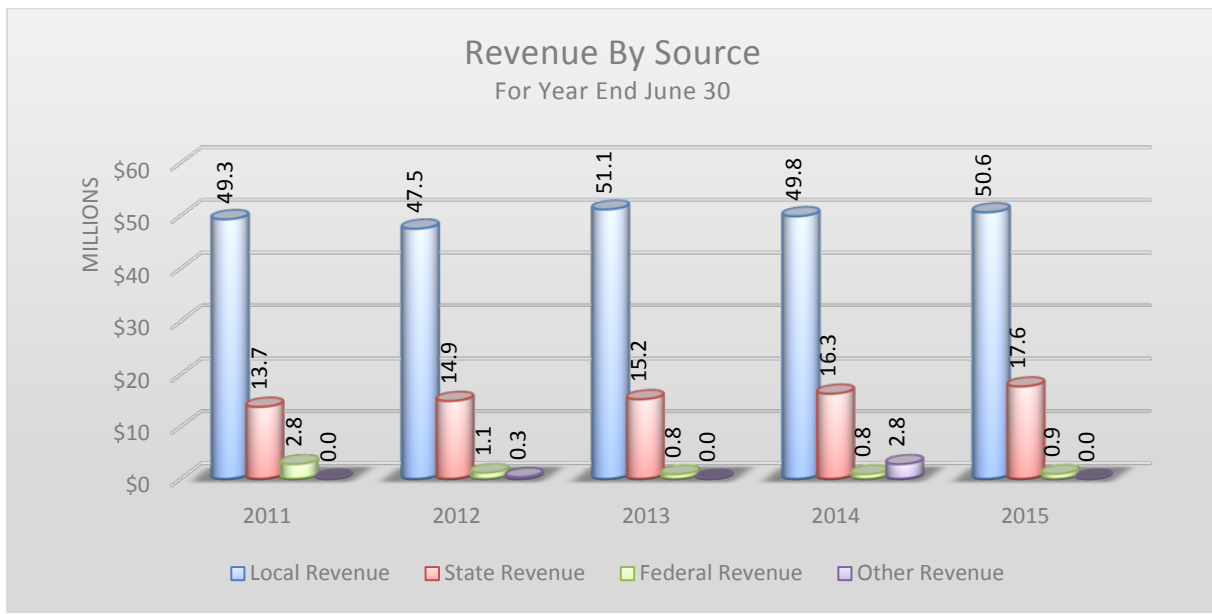
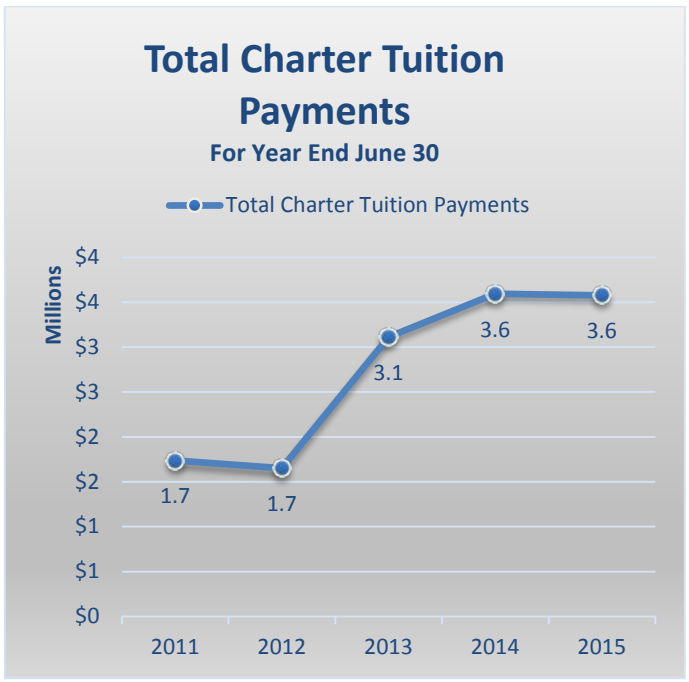
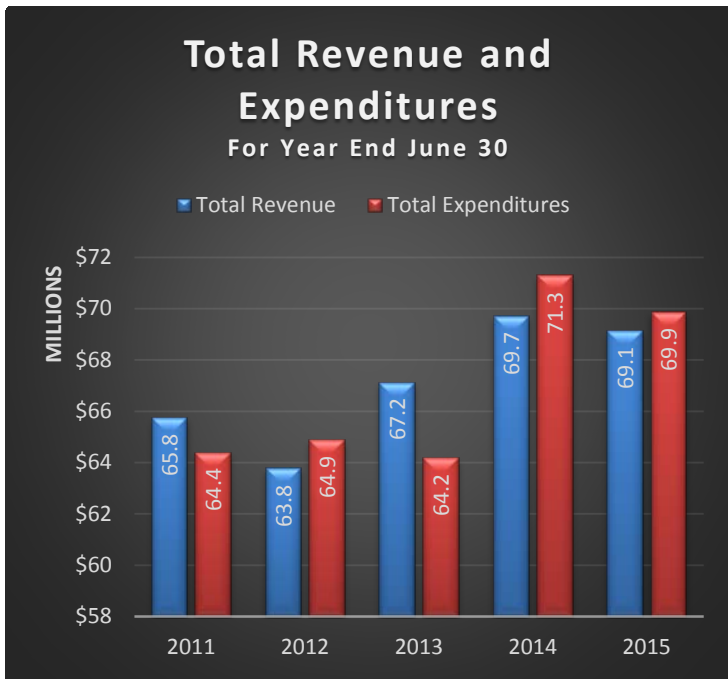


Note: General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



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.

Financial Information Continued



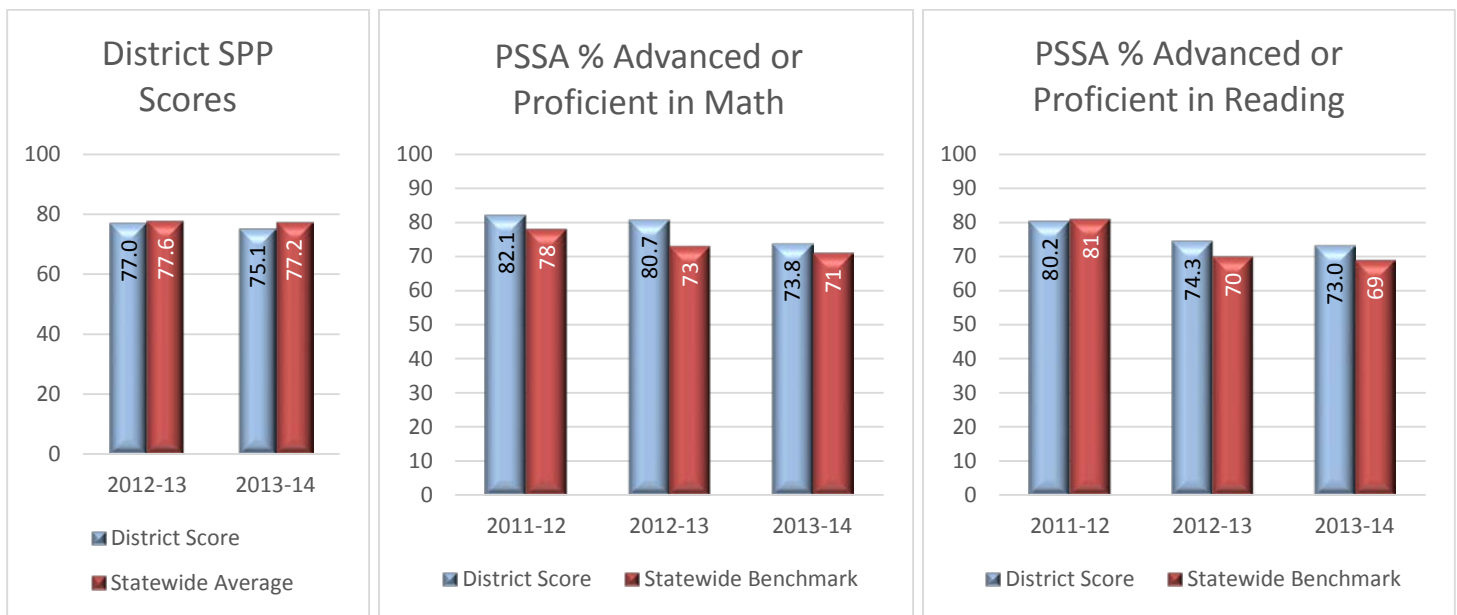
Academic Information

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.¹ 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.² PSSA benchmarks and goals are determined by PDE each school year and apply to all public school entities.³ 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>Gateway SD</i>	77.0	75.1	82.1	80.7	73.8	80.2	74.3	73.0
<i>SPP Grade⁴</i>	C	C						



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

² Statewide averages for SPP scores were calculated based on all district school buildings throughout the Commonwealth, excluding charter and cyber charter schools.

³ 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.

⁴ 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).

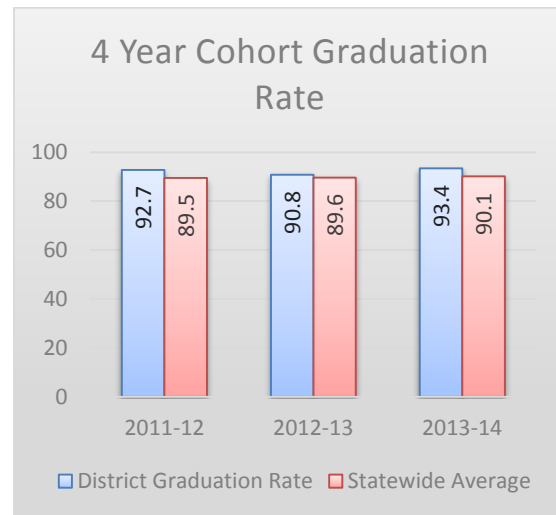
Individual School Building SPP and PSSA Scores

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.⁵

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
Statewide Benchmark	77.6	77.2	78	73	71	81	70	69
<i>Dr Cleveland Steward Jr Elementary School</i>	69.6	63.5	85.0	76.4	62.3	72.0	66.4	56.6
<i>Evergreen Elementary School</i>	74.2	76.6	82.4	81.0	81.7	85.9	67.2	69.9
<i>Gateway Middle School</i>	88.0	81.4	80.8	82.6	75.8	88.6	86.2	84.6
<i>Gateway Senior High School</i>	81.7	80.4	68.4	70.8	61.6	80.2	75.2	78.5
<i>Moss Side Middle School</i>	77.6	70.3	78.7	75.8	68.3	69.2	67.3	64.9
<i>Ramsey Elementary School</i>	72.6	78.2	90.8	86.9	81.8	80.5	75.4	75.2
<i>University Park Elementary School</i>	75.1	75.2	88.6	91.2	85.3	84.8	82.3	81.4

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.⁶



⁵ PDE's data does not provide any further information regarding the reason a score was not published.

⁶ <http://www.education.pa.gov/Data-and-Statistics/Pages/Cohort-Graduation-Rate-.aspx>.

Findings and Observations

Finding

The District Incorrectly Reported the Number of Nonpublic and Charter School Students Transported Resulting in a Net Underpayment of \$16,940

Criteria relevant to the finding:

Supplemental Transportation Subsidy for Public Charter School and Nonpublic Students

The Charter School Law (CSL), through its incorporation of Section 2509.3 of the Public School Code (PSC), 24 P.S. § 25-2509.3, provides for an additional, per student subsidy for the transportation of charter school students. *See* 24 P.S. § 17-1726-A (a).

Section 1726-A(a) of the CSL, 24 P.S. § 17-1726-A(a), addresses the transportation of charter school students by providing: “Students who attend a charter school located in their school district of residence, a regional charter school of which the school district is a part or a charter school located outside district boundaries at a distance not exceeding ten (10) miles by the nearest public highway shall be provided free transportation to the charter school by their school district of residence on such dates and periods that the charter school is in regular session whether or not transportation is provided on such dates and periods to students attending schools of the district. . . .”

The District was underpaid \$16,940 in transportation reimbursement from PDE. This underpayment was due to the District incorrectly reporting the number of nonpublic and charter school students transported by the District during the 2012-13, 2013-14, and 2014-15 school years.

According to the PSC, a nonpublic school is defined, in part, as a nonprofit school other than a public school within the Commonwealth.⁷ The PSC requires school districts to provide transportation services to students who reside in its district and who attend nonpublic and charter schools, and it provides for a reimbursement from the Commonwealth of \$385 for each nonpublic school student transported by the district. This reimbursement was made applicable to the transportation of charter school students pursuant to an equivalent provision in the CSL⁸ that refers to Section 2509.3 of the PSC.

Our review of the District’s transportation data reported to PDE for the 2012-13, 2013-14 and 2014-15 school years found that the District relied solely on an end-of-year nonpublic and charter student computer-generated report instead of the requests for transportation received from the nonpublic and charter schools.

⁷ See Section 922.1-A (b) (pertaining to “Definitions”) of the PSC, 24 P.S. § 9-922.1-A(b).

⁸ A charter school is a public school and educates public school students in the Commonwealth.

Criteria relevant to the finding (continued):

Section 1726-A(a) of the CSL further provides for districts to receive a state subsidy for transporting charter school students both within and outside district boundaries by providing: “. . . Districts providing transportation to a charter school outside the district and, for the 2007-2008 school year and each school year thereafter, districts providing transportation to a charter school within the district shall be eligible for payments under section 2509.3 for each public school student transported.”

Section 2509.3 of the PSC, 24 P.S. § 25-2509.3, provides that each school district shall receive a supplemental transportation payment of \$385 for each nonpublic school student transported. This payment provision is also applicable to charter school students through Section 1726-A(a) of the CSL.

Nonpublic school pupils are children whose parents are paying tuition for them to attend a nonprofit or parochial school.

The District’s Board Policy #810 states, in part:

“The Board shall transport eligible resident students who are enrolled in nonpublic schools within the distance prescribed by law.”

The following chart summarizes the District’s reporting errors by school year and student classification and the resulting cumulative underpayment:

GATEWAY AREA SCHOOL DISTRICT					
School Year	Nonpublic Students Reported by District	Nonpublic Students Audited Total	Charter School Students Reported By District	Charter School Students Audited Total	Net Subsidies Due To the District
2012-13	307	318	94	98	\$ 5,775
2013-14	295	312	108	106	\$ 5,775
2014-15	273	328	141	100	\$ 5,390
Total	875	958	343	304	\$16,940

The year-end report relied upon by the District did not correctly calculate the nonpublic pupils. This report was only a snapshot of the totals on the date it was run and did not include all nonpublic pupils who were provided transportation throughout the year.

In addition to relying on the year-end report, District officials stated that they did not perform a trend analysis of nonpublic and charter school students reported and, as a result, the District failed to notice that students from one parochial school⁹ were not reported for the 2013-14 school year.

Our review also found that during the 2014-15 school year, the District reported 41 charter school students for reimbursement who were not transported by the District and therefore were ineligible for reimbursement. Similarly, reliance on a year-end report without review and reconciliation to the requests for transportation caused the error. The District did not have procedures established to require a review and reconciliation of the data by a person other than the person who prepared the data in order to identify errors prior to submission to PDE.

⁹ A school that is related to a religious or parish school.

Recommendations

The *Gateway School District* should:

1. Conduct year-end reconciliations of bus rosters to student requests for transportation forms to ensure accurate reporting of charter school and nonpublic students being transported.
2. Implement a review of transportation data by a person other than the person who prepared the data to ensure accuracy before submission to PDE.
3. Conduct a multi-year trend analysis of student data and transportation reimbursements to help ensure the accuracy of nonpublic and charter students reported to PDE.

The *Pennsylvania Department of Education* should:

4. Adjust the District's allocations to correct the net reimbursement underpayment of \$16,940.

Management Response

The Gateway School District recognizes and agrees with the Auditor's finding that errors in reporting the number of nonpublic and charter school students transported by the District occurred and resulted in a total underpayment of \$16,940 to the District during the July 1, 2012, through June 30, 2015 audit period.

The problem was caused when the District only utilized fiscal year end transportation management software reports for the completion of the number of nonpublic and charter school students transported by the District for reporting on the PDE transportation report. The Auditor brought the error in the underreporting of the number of nonpublic and charter school student transported to the District's attention, and the District made an immediate change in procedure to accurately track and correctly report the total number of nonpublic and charter school students transported by the District each fiscal year.

Specifically, the District's Transportation Department will now track all of the nonpublic and charter school students transported by the District throughout the entire fiscal year to properly collect the student names and to calculate the corresponding number of students. Thus, any nonpublic and charter school students transported for at least one day will now be tracked and properly reported in the PDE transportation report in order to avoid the under reporting of students.

In addition, two transportation Department employees will now be involved in the new student tracking procedure for nonpublic and charter school students transported with one employee compiling the list of students each month, and the second employee verifying the list of students each month to make sure no applicable students who were transported were not included on the list.

Auditor Conclusion

We are pleased that the District has implemented our audit recommendations. We will review these and any other corrective actions implemented by the District during our next audit.

Status of Prior Audit Findings and Observations

Our prior audit of the District released on September 9, 2013, resulted in two findings and one observation, 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 reviewed the District's written response provided to PDE, interviewed District personnel, and performed audit procedures as detailed in each status section below.

Auditor General Performance Audit Report Released on September 9, 2013

Prior Finding No. 1: Errors in Reporting Pupil Transportation Data Resulted in Reimbursement Underpayments Totaling \$68,328

Prior Finding Summary: During our prior audit of the District's student transportation records for the 2008-09 and 2009-10 school years, we found that the District's personnel placed an overreliance on the year-end data provided by the transportation contractor. As a result, reporting errors were made in the information the District submitted to PDE. These errors resulted in transportation reimbursement underpayments of \$56,421 for the 2008-09 school year and \$11,907 for the 2009-10 school year.

Prior Recommendations: We recommended that the District should:

1. Maintain appropriate documentation related to the number of days each bus or van transports students.
2. Ensure that the data reported to PDE for transportation reimbursement calculations is accurate.
3. Review subsequent years' transportation reports and revise if necessary.

We also recommended that PDE should:

4. Adjust the District's allocations to correct the reimbursement underpayments of \$68,328.

Current Status: During our current audit, we found that the District has implemented all three recommendations. Beginning with the 2013-14 school year, the District maintains an excel spreadsheet documenting how many days each month buses/vans travel before submission to PDE for transportation reimbursement. The District has reviewed subsequent years' transportation reports and revisions were not necessary.

PDE adjusted the District's allocations to correct the underpayment of \$68,328 in January 2016.

Prior Finding No. 2: Errors in Reporting Nonresident Membership resulted in an Underpayment of \$48,344 in Tuition for Foster Children

Prior Finding Summary: During our prior audit of the District, we found that nonresident pupil membership for the 2009-10 school year was reported to PDE incorrectly. These errors resulted in an underpayment of \$48,344 in Commonwealth-paid tuition for children placed in private homes (foster children).

Prior Recommendations: We recommended that the District should:

1. Review the Pennsylvania Information Management System (PIMS) manual of reporting for instructions on the proper reporting of nonresident students.
2. Review membership reports submitted to PDE for years subsequent to the audit, and if similar errors are found, submit revised reports to PDE.

We also recommended that PDE should:

3. Adjust the District's allocations to correct the reimbursement underpayment of \$48,344.

Current Status: During our current audit, we found that the District has implemented our recommendations. Beginning in the 2013-14 school year, District personnel implemented a review of PDE's PIMS manual as part of the reporting process of nonresident students. The District also reviewed membership reports submitted to PDE for the years subsequent to the audit and noted no similar errors. PDE adjusted the District's allocation to correct the underpayment of \$48,344 in June 2016.

Prior Observation: The District Lacks Sufficient Internal Controls Over Its Student Data

Prior Observation Summary:

During our prior audit of the District, we found that the District failed to perform a reconciliation of the PIMS report to the student information system (SIS) report and, as a result, the two reports were not in agreement. In addition, the District did not have procedures in place to ensure continuity over the submission of the PIMS reports in the event that changes occurred in personnel.

Prior Recommendations: We recommended that the District should:

1. Print out SIS membership reports and PIMS reports after the PIMS upload is completed for that school year and perform reconciliations between the District's child accounting software data and the PIMS reports, and retain them for our audit purposes.
2. Review calendar fact templates for accuracy to ensure that they reflect the correct days in session.
3. Review procedures for properly coding SIS software relating to nonresident students and ensure nonresidents are correctly uploaded to PIMS.
4. Develop documented procedures (e.g. procedure manuals, policies or other written instructions) to ensure continuity over PIMS data submission if those involved persons were to leave the local education agency (LEA) suddenly or otherwise be unable to upload PIMS data to PDE.

Current Status:

During our current audit, we found that the District has implemented corrective actions for three of our four recommendations. The District prints out SIS membership and PIMS reports and performs a reconciliation prior to submission to PDE. The District also reviews the calendar fact templates for accuracy and to ensure proper coding of nonresident students. We found that the District does not have written procedures and policies to ensure continuity; however, SIS has a built-in tutorial that will guide the entry of data into the system. Even with the SIS tutorial, we continue to recommend that the District develop documented procedures over PIMS data submission.

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 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,¹⁰ 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 controls¹¹ 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.

¹⁰ 72 P.S. §§ 402 and 403.

¹¹ 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.

- ✓ Did the District establish internal controls to ensure compliance with applicable laws and regulations governing transportation operations, and did the District receive the correct transportation reimbursement from the Commonwealth?
 - To address this objective, we reviewed all charter and nonpublic students reported to PDE as being provided transportation by the District for the 2012-13, 2013-14, and 2014-15 school years. We reviewed bus rosters and other supporting documentation to determine if all charter and nonpublic students transported by the District were accurately reported to PDE and that the District was receiving the correct subsidy for these students. We also determined if the District had written policies and procedures governing the reporting of charter and nonpublic students to PDE and if those procedures would ensure compliance, when followed. See the Finding in this report for the results of our review of this objective.

- ✓ Did the District accurately report nonresident students to PDE? Did the District receive the correct reimbursement for these nonresident students?¹²
 - To address this objective, we reviewed all 10 nonresident students (foster students) in the 2012-13 school year, all 13 nonresident students during the 2013-14 school year, and we obtained documentation to verify that the custodial parent or guardian was not a resident of the District and that the foster parent received a stipend for caring for the foster student. In addition, we determined that the total days of membership were accurately coded in PIMS and accurately reported to PDE. 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?¹³ 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 selected the five most recent bus drivers hired by the District bus contractor, during the period June 2, 2016, through February 27, 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.

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

¹³ 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.

- ✓ Did the District take actions to ensure it provided a safe school environment?¹⁴
 - To address this objective, we reviewed a variety of documentation including, safety plans, training schedules, and anti-bullying policies. Due to the sensitive nature of school safety, the results of our review of this objective are not described in our report. The results of our review of school safety are shared with the District officials and, if deemed necessary, PDE.

¹⁴ 24 P.S. § 13-1301-A *et seq.*

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

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Harrisburg, PA 17120

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