

PERFORMANCE AUDIT

Valley Grove School District Venango County, Pennsylvania

October 2016



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE
AUDITOR GENERAL

Mr. Jeffrey A. Clark, Superintendent
Valley Grove School District
429 Wiley Avenue
Franklin, Pennsylvania 16323

Ms. Cindy Swendsen, Board President
Valley Grove School District
429 Wiley Avenue
Franklin, Pennsylvania 16323

Dear Mr. Clark and Ms. Swendsen:

We have conducted a performance audit of the Valley Grove 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:

- ✓ Hiring Practices
- ✓ Bus Driver Qualifications
- ✓ School Safety
- ✓ Transportation Operations

The audit was conducted pursuant to Section 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

October 27, 2016

cc: **VALLEY GROVE SCHOOL DISTRICT** Board of School Directors

Table of Contents

| | Page |
|--|------|
| Background Information | 1 |
| Finding(s) | 5 |
| Status of Prior Audit Findings and Observations | 6 |
| Appendix: Audit Scope, Objectives, and Methodology | 10 |
| Distribution List | 13 |

Background Information

| School Characteristics 2015-16 School Year ^A | |
|--|--------------------------|
| County | Venango |
| Total Square Miles | 63 |
| Resident Population ^B | 6,922 |
| Number of School Buildings | 2 |
| Total Teachers | 69 |
| Total Full or Part-Time Support Staff | 41 |
| Total Administrators | 6 |
| Total Enrollment for Most Recent School Year | 2015-16 |
| Intermediate Unit Number | IU 6 |
| District Vo-Tech School | Venango Technical Center |

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

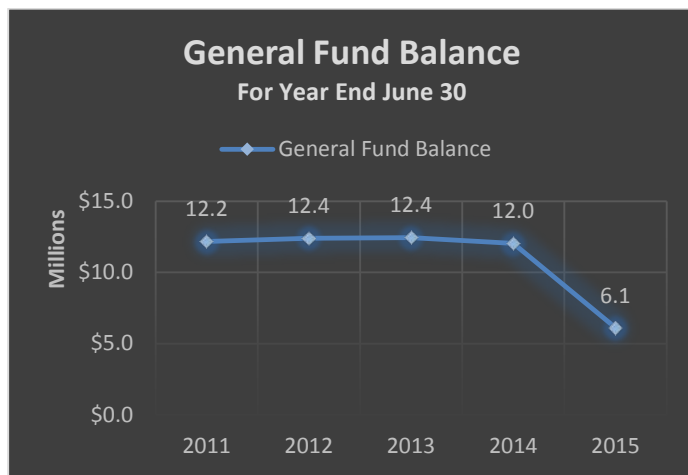
B - Source: United States Census
<http://www.census.gov/2010census>

Mission Statement^A

“The mission of the Valley Grove School District, in partnership with the community, is to provide the opportunity for each student to obtain a comprehensive and quality education.”

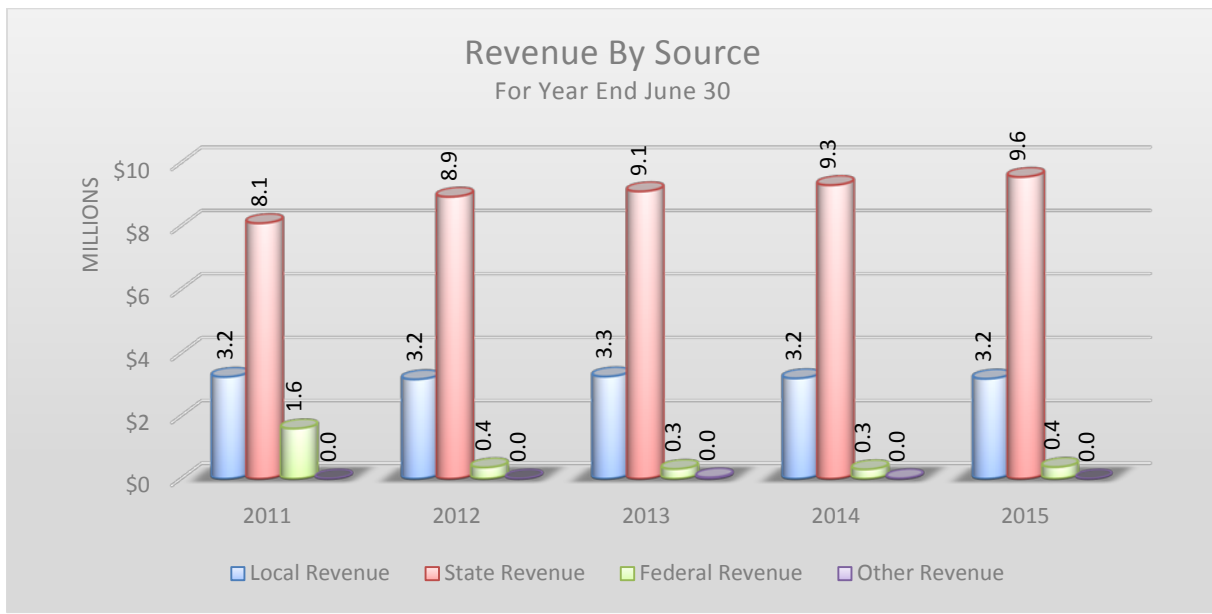
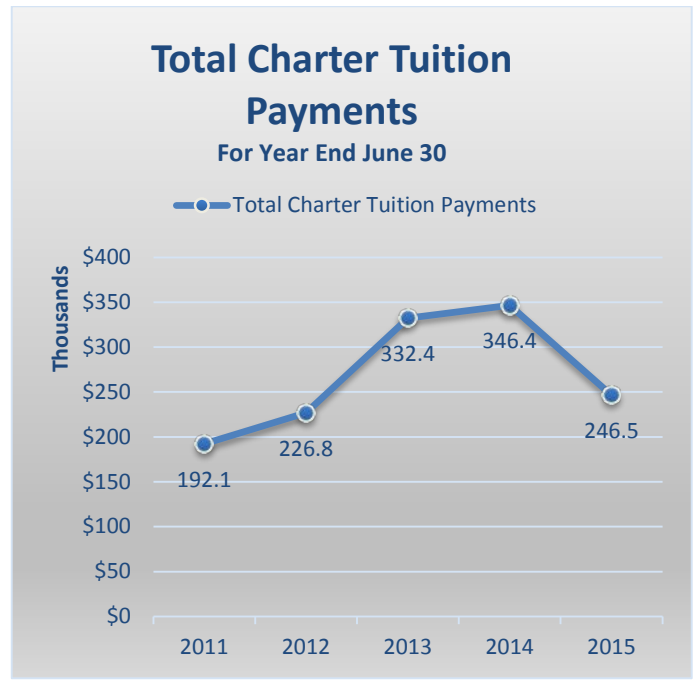
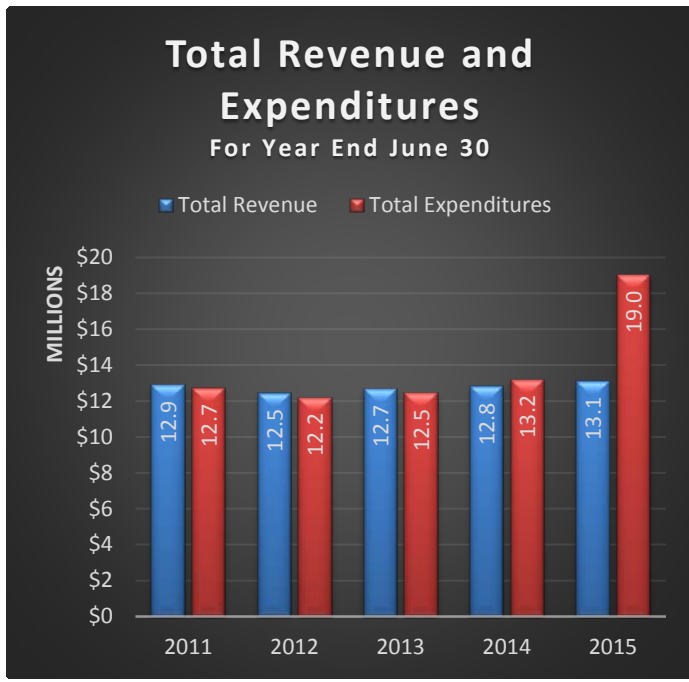
Financial Information

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**.



¹ 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



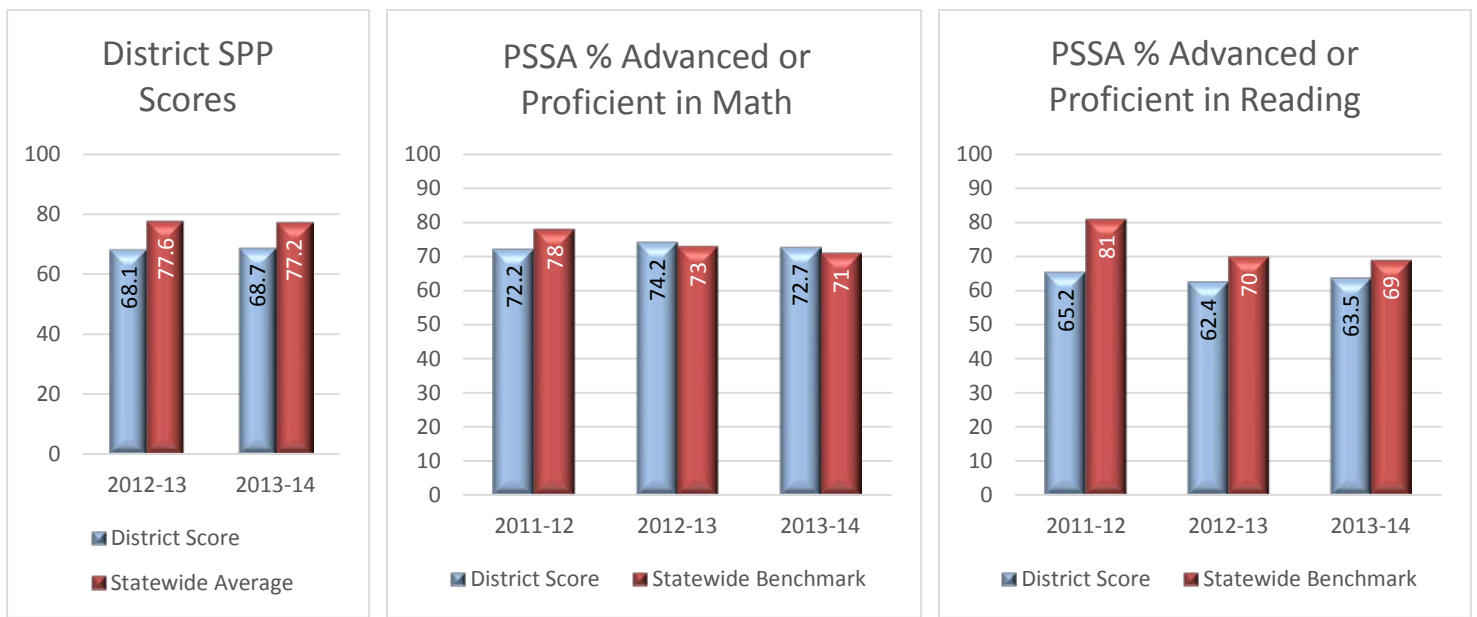
Academic Information

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.² 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.³ PSSA benchmarks and goals are determined by PDE each school year and apply to all public school entities.⁴ 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>Valley Grove SD</i> | 68.1 | 68.7 | 72.2 | 74.2 | 72.7 | 65.2 | 62.4 | 63.5 |
| <i>SPP Grade⁵</i> | D | D | | | | | | |



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

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

⁴ 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.

⁵ 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).

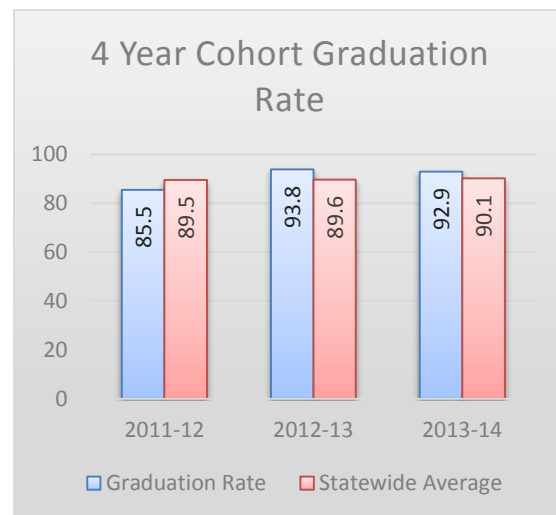
Individual School Building SPP and PSSA Scores

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.⁶

| 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 |
| <i>Statewide Benchmark</i> | 77.6 | 77.2 | 78 | 73 | 71 | 81 | 70 | 69 |
| <i>Rocky Grove Junior Senior High School</i> | 64.9 | 66.4 | 59.4 | 69.0 | 68.9 | 58.0 | 55.9 | 59.6 |
| <i>Valley Grove Elementary School</i> | 71.3 | 71.0 | 85.0 | 79.5 | 76.5 | 72.3 | 68.9 | 67.5 |

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.⁷



⁶ PDE’s data does not provide any further information regarding the reason a score was not published.

⁷ <http://www.education.pa.gov/Data-and-Statistics/Pages/Cohort-Graduation-Rate-.aspx#.V1BFCdTD-JA>.

Finding(s)

For the audited period, our audit of the District resulted in no findings.

Status of Prior Audit Findings and Observations

Our prior audit of the District released on May 15, 2014, resulted in three findings 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 May 15, 2014

Prior Finding No. 1: Failure to Verify Tuition for Wards of the State and Children Placed in Private Homes to District Membership Data

Prior Finding Summary: Our prior audit found that the District reported incorrect data for two nonresident students placed in private homes. We also found that incorrect data for two such students was reported on the District's behalf by the District's career and technology center (CTC).

Prior Recommendations: We recommended that the District should:

1. Develop procedures requiring an annual reconciliation of internal records with data reported to the Pennsylvania Information Management System (PIMS) for orphans and children placed in private homes.
2. Develop an internal control procedure requiring the periodic review of PIMS reports to ensure that all data is properly reported and associated revenue impact is recognized.
3. Implement procedures to ensure that communication is maintained between the District's child accounting personnel and the administration.
4. Ensure that the District's child accounting personnel attend PIMS' conferences and seminars to stay abreast of reporting requirements, and disseminate information to the business office when appropriate.
5. Notify the CTC and the other school district involved that PIMS corrections will be required based on information received from PDE.

Current Status: Our current audit found that the District implemented our prior recommendations. The District's child accounting personnel meet with the business manager on an annual basis to review internal records and data reported to PIMS for tuition for children placed in private homes. A flow chart of PIMS responsibilities was created on April 27, 2015, for all those who are involved in the process.

The District's administration, with Board approval, allowed District personnel to attend PIMS conferences.

On May 22, 2013, the District notified the Venango Technology Center and the other district involved that there were errors to be corrected in their PIMS reports.

Prior Finding No. 2: Failure to Establish Internal Controls Relating to Contracted Bus Drivers' Clearances and Required Board Approval

Prior Finding Summary: Our prior audit of the District found insufficient internal controls relating to contracted bus drivers' clearances and board approval of bus drivers prior to transporting District students.

Prior Recommendations: We recommended that the District should:

1. Require the transportation director to establish procedures ensuring that all driver's credentials are maintained and current.
2. Develop policies and procedures to ensure that all drivers' credentials are presented in accordance with the Public School Code and that clearances other than "no record" be presented to administration for determination of acceptability.
3. Review board-established policy to ensure that contractors are not allowed to utilize any driver in the transportation of students prior to the drivers obtaining of all required credentials, the submission of the credentials to the District for review, and receipt of verification that the driver has been properly reviewed and approved by the Board of School Directors (Board) to transport students.

Current Status: Our current audit found that the District implemented its action plan for our prior audit recommendations on July 1, 2014. Upon the retirement of the former transportation director on January 26, 2016, the Superintendent assumed his duties and named the Valley Grove Elementary Building secretary as transportation assistant.

Bus driver clearances and required documentation are collected by the transportation assistant and recorded on the driver checklist. A second review is conducted by the staff at the District administration building to ensure no required documentation is missing. The District tracks bus driver qualification requirements on its “Documentation Checklist to Support Driver Qualifications” spreadsheet. This allows the District to efficiently maintain bus driver records, preventing the possibility of a driver transporting pupils without proper credentials.

The District also utilized the “Documentation Checklist to Support Driver Qualifications” to document when the driver was last approved by the Board. Board approval of drivers is done annually.

The District’s Transportation Policy #810 states “Transportation for students shall be provided in accordance with law and board policy”.

Prior Finding No. 3: The District Failed to Maintain All Required Documentation to Support State Transportation Reporting

Prior Finding Summary: Our prior audit of the District’s 2011-12 school year transportation records found a lack of supporting documentation available to verify the accuracy of the data reported to PDE.

Prior Recommendations: We recommended that the District should:

1. Review the District’s current internal transportation policies and procedures and implement necessary revisions to ensure that:
 - Recordkeeping requirements are followed.
 - Transportation support documentation is maintained for audit.
 - Necessary transportation logs are implemented to verify vehicle usage.
 - Nonpublic schools are required to submit letters of request for pupil transportation prior to the initiation of the school year and ensure that all changes are appropriately documented for year-end supplemental subsidy reporting.
 - Hazardous routes are reviewed, and appropriate procedures are developed to ensure that all hazardous students are properly accounted for and reported to PDE.
2. Allow the District’s transportation director to attend transportation training, if considered warranted by the District’s administration.

Current Status:

Our current audit found that the District implemented our prior recommendations. Transportation records are being maintained at the District. The District utilizes a transportation software program for the recording of information required by PDE, but also keeps on file the printed supporting documentation as back up and for audit purposes.

The District receives student rosters and school calendars from each nonpublic school to back up the number of students riding and the number of days that transportation is required.

Supporting documentation is also maintained to verify the number of transportation routes that are deemed hazardous by the Pennsylvania Department of Transportation and students who are in the hazardous route areas. Periodic verification is conducted throughout the school year to ensure the information is current.

The District took a pro-active approach in submitting a request to the Board to update School Board Policy #810 regarding transportation. The update included the addition of the requirement for drivers to inform the District of any criminal act within 72 hours of an occurrence, the requirement for parochial schools to provide a roster of District students attending the school and identify the students requiring transportation, and the requirement for substitute van drivers to obtain a physical each year. All of these updates were incorporated into the District's transportation policy as revised April 27, 2015.

Currently, there is no formal transportation director. Upon the retirement of the former transportation director on January 26, 2016, the Superintendent assumed his duties and named the Valley Grove Elementary Building secretary as transportation assistant. The Superintendent meets every month with the transportation contractors to discuss any issues that may be of concern.

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, PDE, and other concerned entities.

Our audit, conducted under authority of Sections 402 and 403 of The Fiscal Code,⁸ 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 controls⁹ 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.

⁸ 72 P.S. §§ 402 and 403.

⁹ 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, 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 ending June 30, 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:

- ✓ Hiring Practices
- ✓ Bus Driver Qualifications
- ✓ School Safety
- ✓ Transportation Operations

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

- ✓ Did the LEA follow the Public School Code and best practices when hiring new staff?
 - To address this objective, we obtained and reviewed the District's hiring policies and procedures. We selected the last three employees hired by the District during the period July 1, 2012 through June 30, 2015, and reviewed documentation to determine if the District complied with the Public School Code, District policies and procedures, and best practices as defined by state school board organizations in hiring new employees. Employees tested included both certified and non-certified 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?¹⁰ Also, did the District have adequate written policies and procedures governing the hiring of new bus drivers?
 - To address this objective, we selected the five bus drivers most recently hired by both the District and District bus contractors during the school years July 1, 2012 through June 30, 2016, and reviewed documentation to ensure the District complied with bus driver requirements. We also determined if the District had written policies and procedures governing the hiring of bus drivers and if those

¹⁰ 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.

procedures were sufficient to ensure compliance with bus driver hiring requirements. Our review of this objective did not disclose any reportable issues.

- ✓ 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, anti-bullying policies, and after action reports. 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.
- ✓ In areas where the District received transportation subsidies, was the District and its contracted vendors in compliance with applicable laws¹¹ and procedures?
 - To address this objective, we randomly selected 4 of the 25 district owned vehicles for the 2013-14 school year. For each vehicle selected, we verified board approval of routes and the data elements reported to PDE, including the number of students transported, the seating capacity for each vehicle and serial number for each vehicle.

In addition, we reconciled the transportation data the District reported to PDE to the District's final subsidy forms to ensure accuracy. Our review of this objective did not disclose any reportable issues.

¹¹ 24 P.S. § 25-2541.

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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Mechanicsburg, PA 17050

This report is a matter of public record and is available online at 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.