

# PERFORMANCE AUDIT

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## Valley View School District Lackawanna County, Pennsylvania

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November 2016



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE  
AUDITOR GENERAL

Dr. Tom Quinn, Superintendent  
Valley View School District  
1 Columbus Drive  
Archbald, Pennsylvania 18403

Mr. Joseph Mondak, Board President  
Valley View School District  
1 Columbus Drive  
Archbald, Pennsylvania 18403

Dear Dr. Quinn and Mr. Mondak:

We have conducted a performance audit of the Valley View 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:

- Administrator Contract Buy-Out
- Contracting
- Professional Certification
- Bus Driver Qualifications
- School Safety

The audit was conducted pursuant to Sections 402 and 403 of The Fiscal Code (72 P.S. §§ 402 and 403), and in accordance with the Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit found that the District performed adequately in the areas listed above.

We appreciate the District's cooperation during the course of the audit.

Sincerely,

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale".

Eugene A. DePasquale  
Auditor General

November 3, 2016

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

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## Background Information

School Characteristics 2015-16 School Year <sup>A</sup>	
County	Lackawanna
Total Square Miles	458.41
Resident Population <sup>B</sup>	214,436
Number of School Buildings	4
Total Teachers	193
Total Full or Part-Time Support Staff	47
Total Administrators	14
Total Enrollment for Most Recent School Year	2,504
Intermediate Unit Number	19
District Vo-Tech School	Career Technology Center of Lackawanna County

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

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

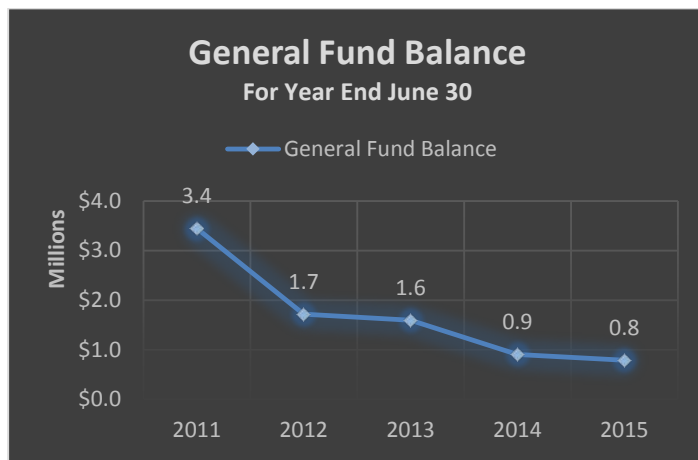
## Mission Statement<sup>A</sup>

“The mission of the Valley View School District as an educational community is to develop a rigorous and relevant curriculum in a diverse, safe and nurturing environment which will empower all students with the resources and abilities needed to:

- Become contributing members of the changing society.
- Develop continual thinking and leadership skills.
- Promote responsible citizenship.”

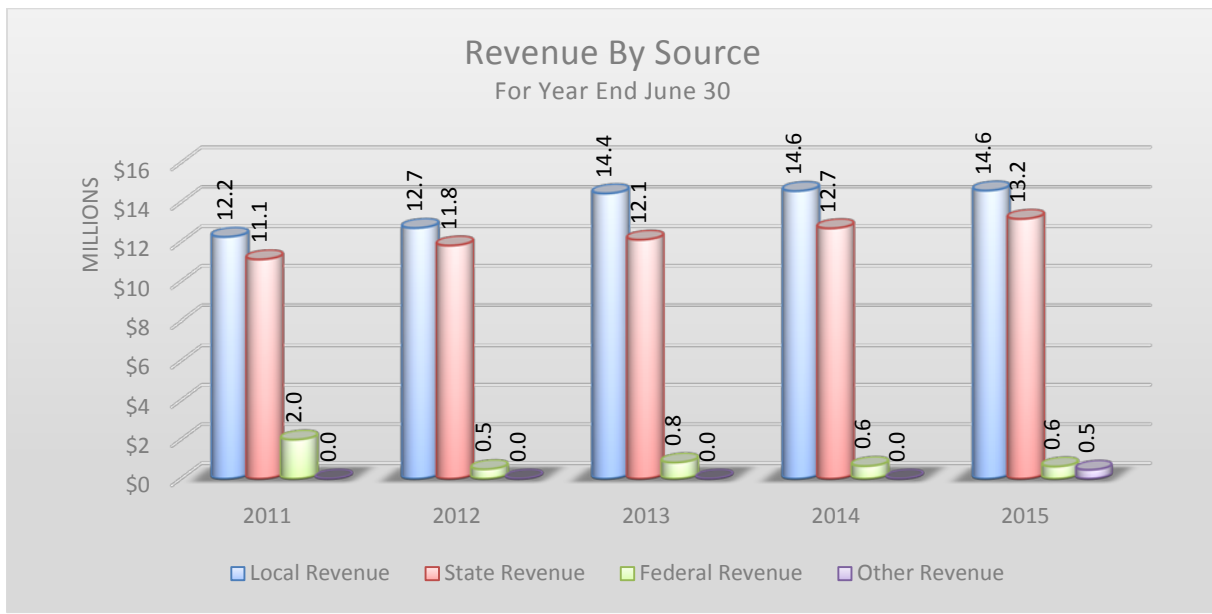
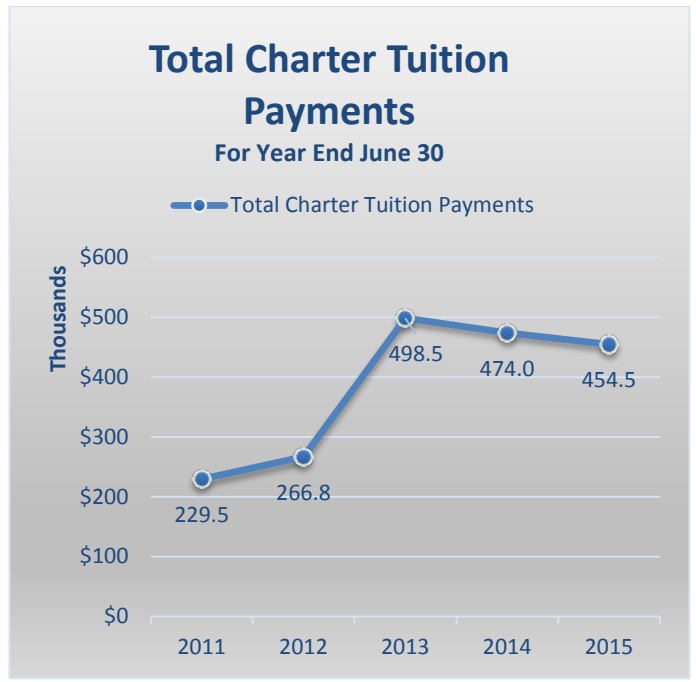
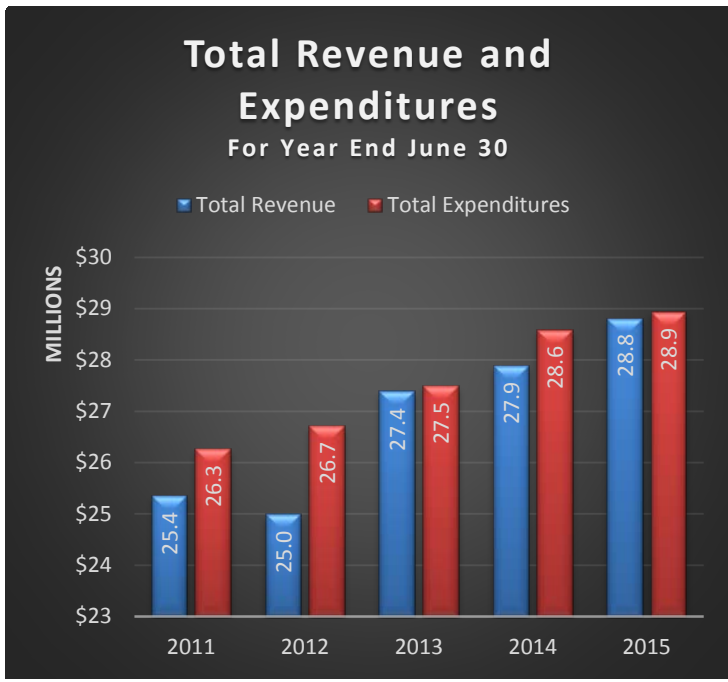
## Financial Information

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**.



<sup>1</sup> 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



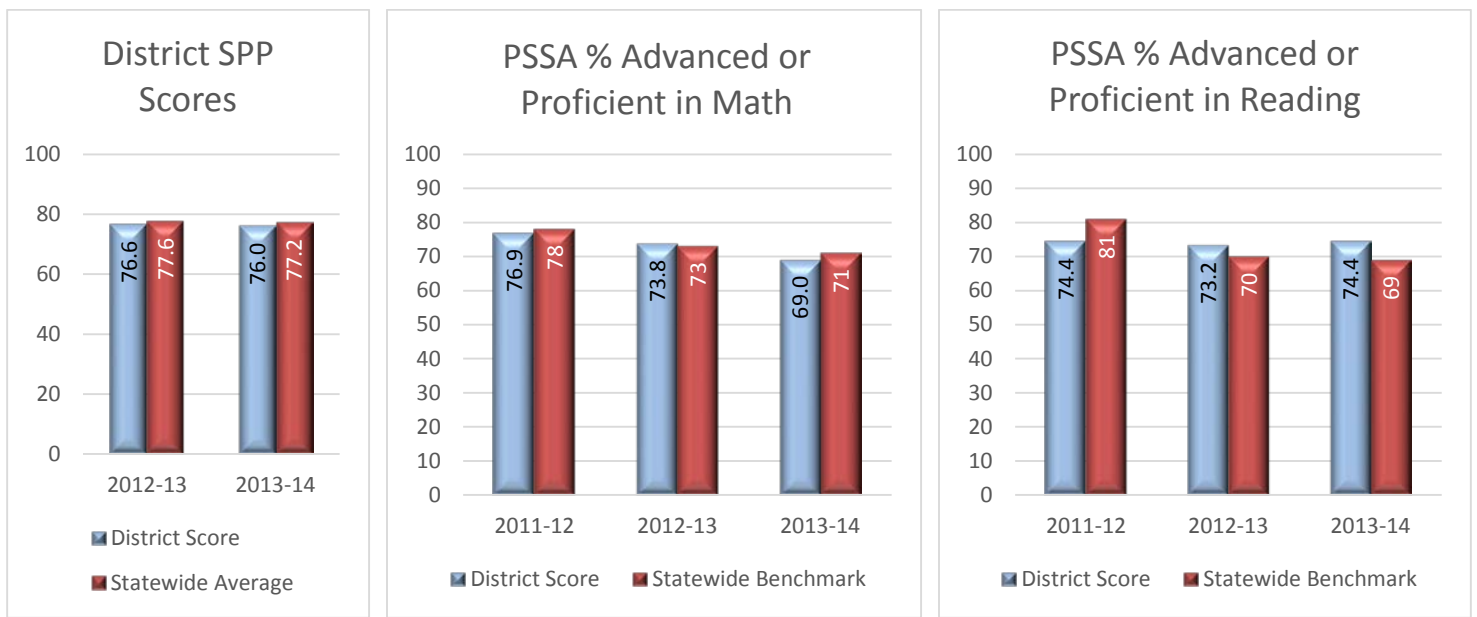
## Academic Information

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.<sup>2</sup> These scores are presented in the District's audit report for **informational purposes only**, and they were not audited by our Department.

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

### Districtwide SPP and PSSA Scores

District	SPP Scores		PSSA % Advanced or Proficient in Math			PSSA % Advanced or Proficient in Reading		
	2012-13	2013-14	2011-12	2012-13	2013-14	2011-12	2012-13	2013-14
<i>Statewide Benchmark</i>	77.6	77.2	78	73	71	81	70	69
<i>Valley View SD</i>	76.6	76.0	76.9	73.8	69.0	74.4	73.2	74.4
<i>SPP Grade<sup>5</sup></i>	C	C						



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

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

<sup>4</sup> PSSA benchmarks apply to all district school buildings, charters, and cyber charters. In the 2011-12 school year, the state benchmarks reflect the Adequate Yearly Progress targets established under No Child Left Behind. In the 2012-13 and 2013-14 school years, the state benchmarks reflect the statewide goals based on annual measurable objectives established by PDE.

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

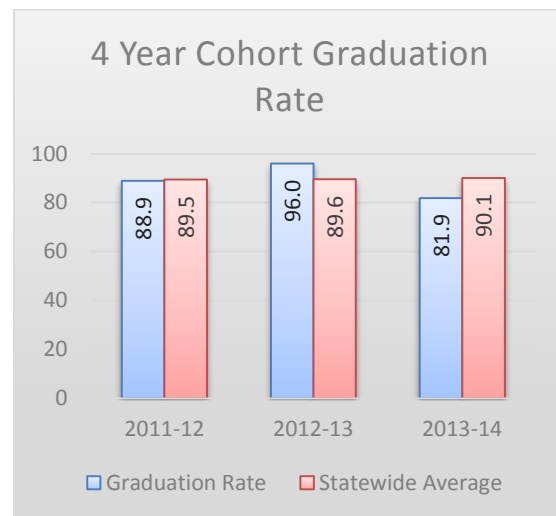
## Individual School Building SPP and PSSA Scores

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

School Name	SPP Scores		PSSA % Advanced or Proficient in Math			PSSA % Advanced or Proficient in Reading		
	2012-13	2013-14	2011-12	2012-13	2013-14	2011-12	2012-13	2013-14
<i>Statewide Benchmark</i>	<i>77.6</i>	<i>77.2</i>	<i>78</i>	<i>73</i>	<i>71</i>	<i>81</i>	<i>70</i>	<i>69</i>
<i>Valley View Elementary Center</i>	<b>81.1</b>	<b>84.3</b>			<b>75.1</b>			<b>79.7</b>
<i>Valley View High School</i>	<b>88.6</b>	<b>92.2</b>	<b>69.5</b>	<b>74.1</b>	<b>64.8</b>	<b>81.0</b>	<b>84.8</b>	<b>80.9</b>
<i>Valley View Intermediate School</i>	<b>64.3</b>	<b>65.8</b>	<b>82.6</b>	<b>76.6</b>	<b>72.0</b>	<b>68.7</b>	<b>66.8</b>	<b>68.4</b>
<i>Valley View Middle School</i>	<b>72.5</b>	<b>61.6</b>	<b>78.5</b>	<b>70.6</b>	<b>63.9</b>	<b>73.6</b>	<b>68.2</b>	<b>68.7</b>

## 4 Year Cohort Graduation Rates

The cohort graduation rates are a calculation of the percentage of students who have graduated with a regular high school diploma within a designated number of years since the student first entered high school. The rate is determined for a cohort of students who have all entered high school for the first time during the same school year.<sup>7</sup>



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

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

## **Finding(s)**

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



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

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**O**ur prior audit of the District released on March 13, 2014, resulted in one finding 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 March 13, 2014**

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**Prior Finding:** **Errors in Reporting Pupil Transportation Data Resulted in a Reimbursement Underpayment to the District Totaling \$51,034**

Prior Finding Summary: Our prior audit of the District's pupil transportation data submitted to PDE for the 2010-11 and 2011-12 school years, found that inaccurate pupil transportation data was submitted, which resulted in pupil transportation reimbursement underpayments of \$30,442 and \$20,592, respectively.

Prior Recommendations: We recommended that the District should:

1. Implement procedures to ensure that bus information, including the number of pupils transported, is accurately recorded and reported to PDE.
2. Review reports submitted to PDE for subsequent years and revise, if necessary.

We also recommended that PDE should:

3. Adjust the District's allocations to resolve the underpayments of \$51,034.

Current Status: During our current audit, we found the District did implement our prior recommendations. Procedures were implemented to ensure that bus information, including the number of pupils transported, were accurately recorded and reported to PDE. The District also reviewed and revised transportation reports for subsequent years to ensure accuracy. As of October 11, 2016, the District has not received the underpayments. Therefore, we again recommend that PDE adjust the District's subsidy to resolve the outstanding underpayments of \$51,034.

**Prior Observation:**                    **Transportation Contractor Paid Significantly Over State Formula**

Prior Observation Summary: Our prior audit of the District's transportation records for the 2010-11 and 2011-12 school years, found that one bus contractor was paid significantly more than the state formula allowance calculated by PDE. This action may have resulted in an unnecessary expenditure of taxpayer funds.

Prior Recommendations:            We recommended that the District should:

1. Consider bidding transportation contracts to determine if taxpayers would benefit from a more favorable contract for the District.
2. Be cognizant of the State's final formula allowance prior to negotiating transportation contracts.

Current Status:                    During our current audit, we found that the District was still operating under the same contract we reviewed during the prior audit, which expires on June 30, 2018. The District informed us it will put the transportation contract out to bid at that time. We will review this issue again during the next audit of the District.

## **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 402 and 403 of The Fiscal Code,<sup>8</sup> is not a substitute for the local annual financial audit required by the Public School Code of 1949, as amended. We conducted our audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit.

### **Scope**

Overall, our audit covered the period July 1, 2012 through June 30, 2015. In addition, the scope of each individual audit objective is detailed on the next page.

The District's management is responsible for establishing and maintaining effective internal controls<sup>9</sup> to provide reasonable assurance that the District is in compliance with certain relevant state laws, regulations, contracts, and administrative procedures (relevant requirements). In conducting our audit, we obtained an understanding of the District's internal controls, including any information technology controls, which we consider to be significant within the context of our audit objectives. We assessed whether those controls were properly designed and implemented. Any deficiencies in internal controls that were identified during the conduct of our audit and determined to be significant within the context of our audit objectives are included in this report.

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<sup>8</sup> 72 P.S. §§ 402 and 403.

<sup>9</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, 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:

- Administrator Contract Buy-Out
- Contracting
- Professional Certification
- Bus Driver Qualifications
- 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 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 contracts contain adequate termination provisions?
  - To address this objective, we reviewed the contract, administrative compensation plan, board meeting minutes, and leave data for one administrator who separated from employment with the District during our audit period. Our review of this objective did not disclose any reportable issues.
- ✓ Did the District ensure that its significant contracts were current and were properly obtained, approved, executed, and monitored?
  - To address this objective, we reviewed the District's procurement and contract monitoring policies and procedures. We obtained a list of vendors who provided goods and services to the District in excess of \$20,000, which were in effect for the 2015-16 school year. We haphazardly selected 8 out of 31 vendors who had significant contracts, exceeding \$20,000, for detailed testing. Testing included a review of the procurement documents to determine if the contract was procured in accordance with the Public School Code and District policies. We also reviewed documents to determine if the District properly monitored the selected contracts. Finally, we reviewed board meeting minutes and the Board of School Director's Statements of Financial Interest to determine if any board member had a conflict

of interest in approving the selected contracts. Our review of this objective did not disclose any reportable issues.

- ✓ Did the District take appropriate actions to ensure all teachers and administrators are properly certified?
  - To address this objective, we reviewed board meeting minutes from July 1, 2012 through June 20, 2016, and found the District hired 43 new teachers and administrators during this time period. Thirteen of the new teachers and administrators were in possession of a Level II, or permanent certifications. The remaining 30 new teachers and administrators were in possession of a Level I, or temporary certifications. We randomly selected 50 percent or 15 teachers and administrators with Level I, or temporary certifications. We reviewed to ensure that these teachers and administrators Level I, certificates were not expired and that the teacher or administrator was certified in the subject area that he/she was assigned. Our review of this objective did not disclose any reportable issues.
  
- ✓ Did the District ensure that bus drivers transporting District students had the required driver's license, physical exam, training, background checks, and clearances as outlined in applicable laws?<sup>10</sup> Also, did the District have adequate written policies and procedures governing the hiring of new bus drivers?
  - To address this objective, we randomly selected five of the eight bus drivers hired by the District bus contractor during the period July 1, 2013 through June 30, 2016, and reviewed documentation to ensure the District complied with bus driver's requirements. We also determined if the District had written policies and procedures governing the hiring of bus drivers and if those 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, and anti-bullying policies. In addition, we conducted on-site reviews at two out of the District's four school buildings to assess whether the District had implemented basic safety practices. Due to the sensitive nature of school safety, the results for 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, with PDE.

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<sup>10</sup> 24 P.S. § 1-111, 23 Pa.C.S. § 6344(a.1), 24 P.S. § 2070.1a *et seq.*, 75 Pa.C.S. §§ 1508.1 and 1509, and 22 Pa. Code Chapter 8.

## **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  
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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).