

PERFORMANCE AUDIT

West Middlesex Area School District Mercer County, Pennsylvania

October 2019



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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**EUGENE A. DePASQUALE
AUDITOR GENERAL**

Mr. Raymond C. Omer, Superintendent
West Middlesex Area School District
3591 Sharon Road, Luther Low Building
West Middlesex, Pennsylvania 16159

Mr. Tracy C. Hemminger, Board President
West Middlesex Area School District
3591 Sharon Road, Luther Low Building
West Middlesex, Pennsylvania 16159

Dear Mr. Omer and Mr. Hemminger:

We have conducted a performance audit of the West Middlesex Area School District (District) for the period July 1, 2014 through June 30, 2018, 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 Separations
- 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 Inaccurately Reported the Number of Nonpublic School Students Transported Resulting in a Net Underpayment of \$45,045

Mr. Raymond C. Omer
Mr. Tracy C. Hemminger
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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

October 1, 2019

cc: **WEST MIDDLESEX AREA SCHOOL DISTRICT** Board of School Directors

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Background Information

School Characteristics 2017-18 School Year ^A	
County	Mercer
Total Square Miles	51.7
Number of School Buildings	3
Total Teachers	78
Total Full or Part-Time Support Staff	71
Total Administrators	7
Total Enrollment for Most Recent School Year	849
Intermediate Unit Number	4
District Vo-Tech School	Mercer County Career Center

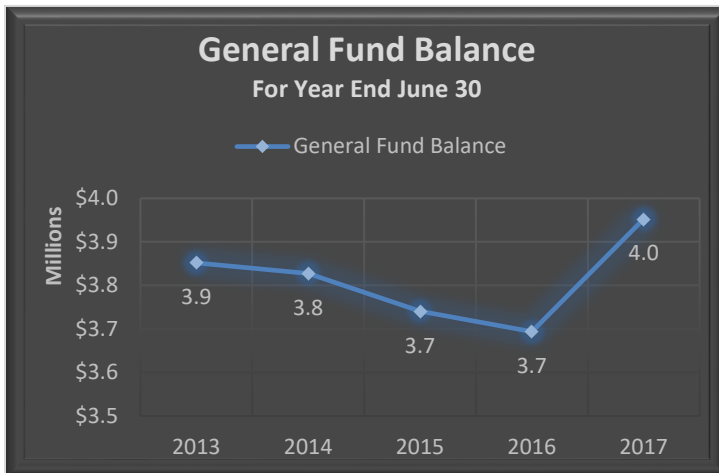
A - Source: Information provided by the District administration and is unaudited.

Mission Statement^A

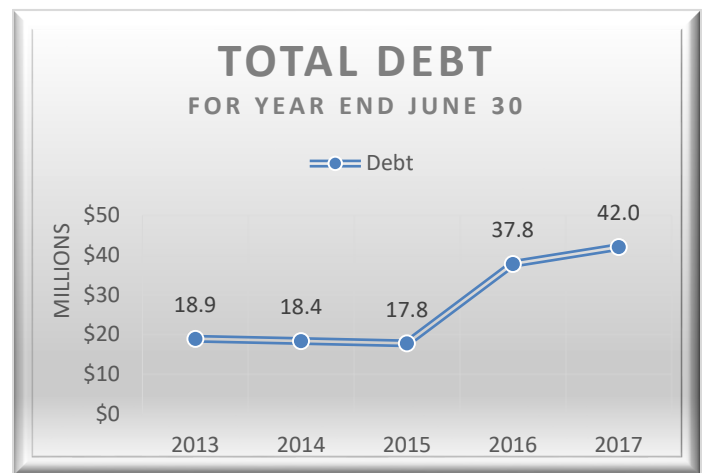
To equip all students for a successful future in an ever-changing society.

Financial Information

The following pages contain financial information about the West Middlesex Area School District (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**.

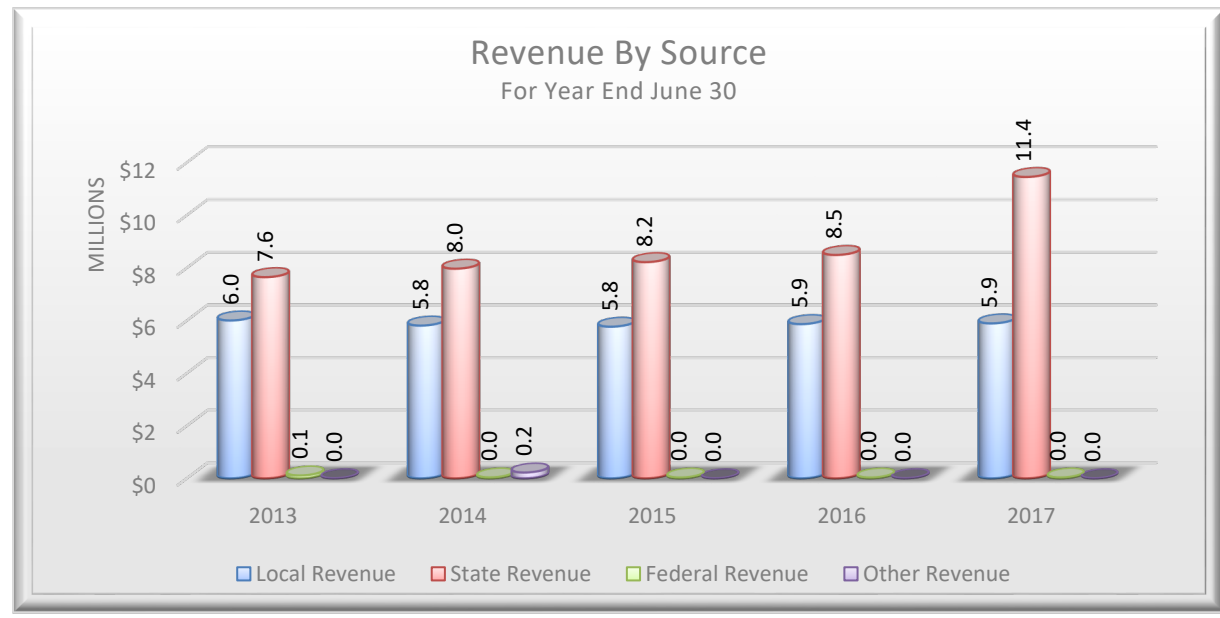
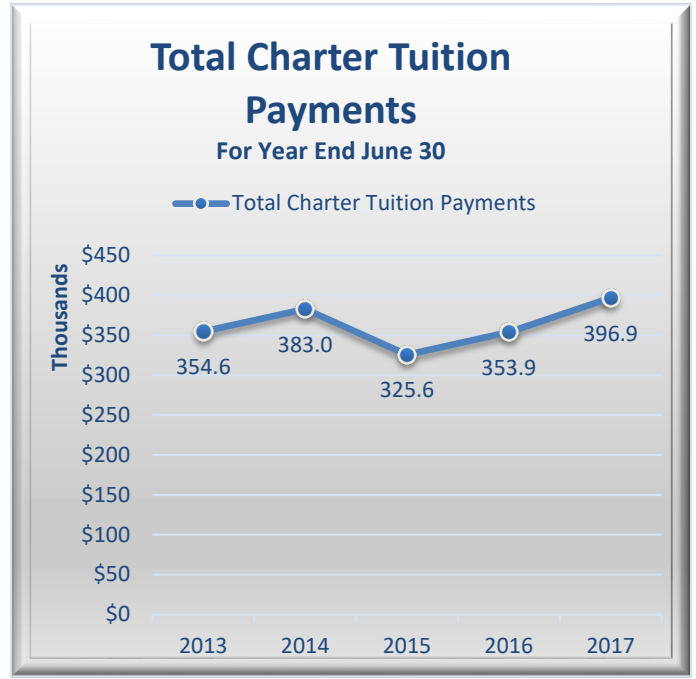
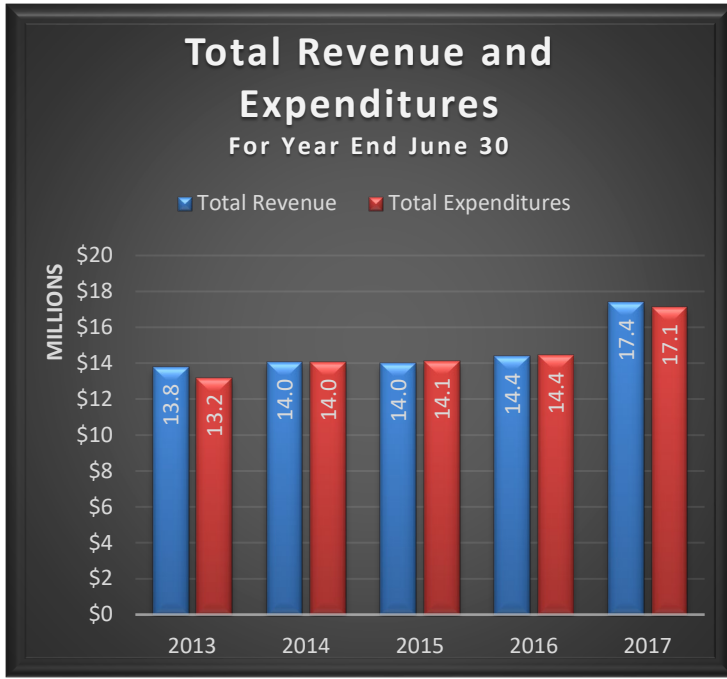


Note: General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



Note: Total Debt is comprised of Short-Term Borrowing, General Obligation Bonds, Authority Building Obligations, Other Long-Term Debt, Other Post-Employment Benefits, 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 PDE's data files for the 2014-15, 2015-16, and 2016-17 school years.¹ 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.² 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.³

What is a SPP score?

A SPP score serves as a benchmark for schools to reflect on successes, achievements, and yearly growth. 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.

PDE started issuing a SPP score for all public school buildings beginning with the 2012-13 school year. For the 2014-15 school year, 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.⁴ 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.⁵ 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.

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 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 PDE's website for general information regarding the issuance of academic scores.

³ 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.

⁴ According to 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.

⁵ 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.⁶ 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.

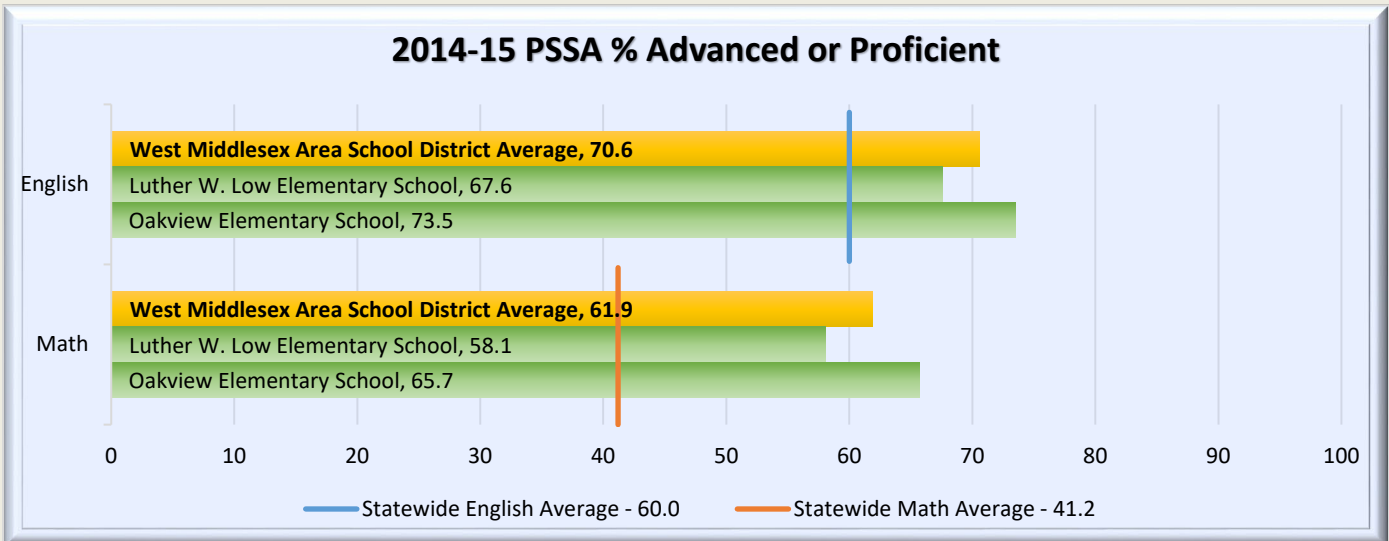
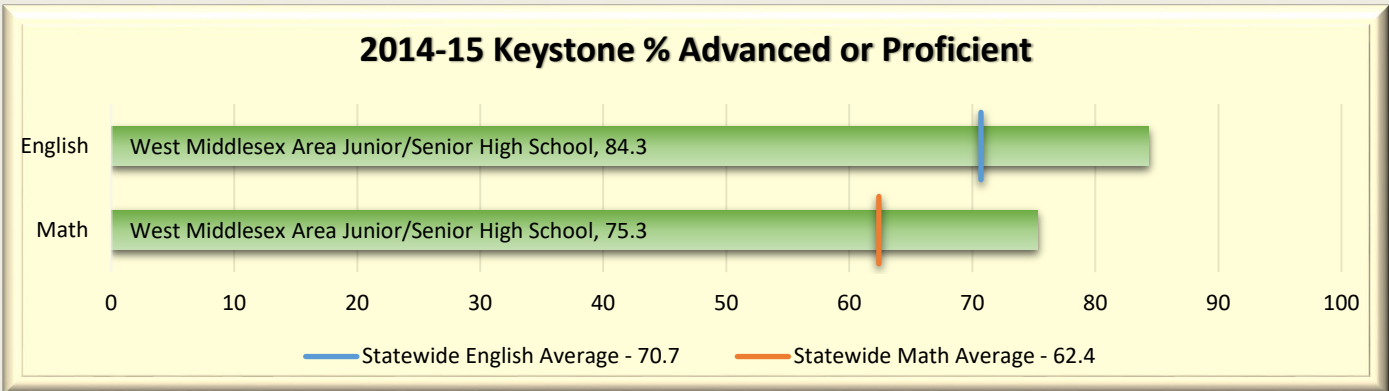
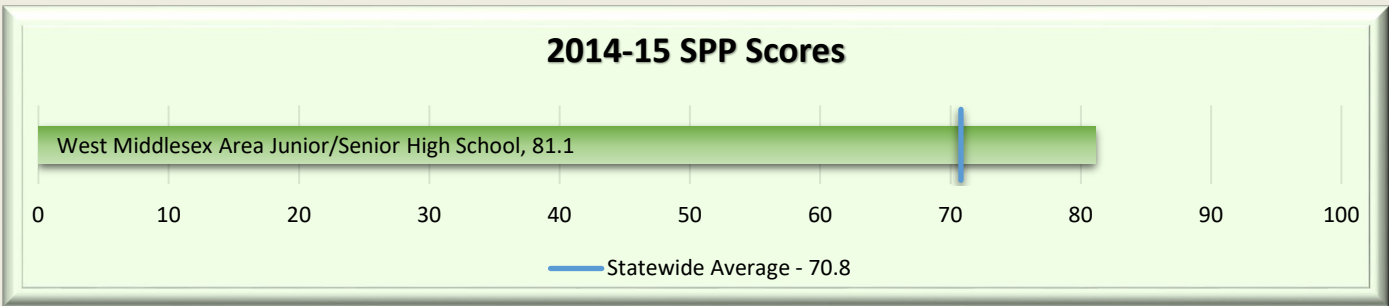
What is a 4-Year Cohort Graduation Rate?

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.⁷

⁶ 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.

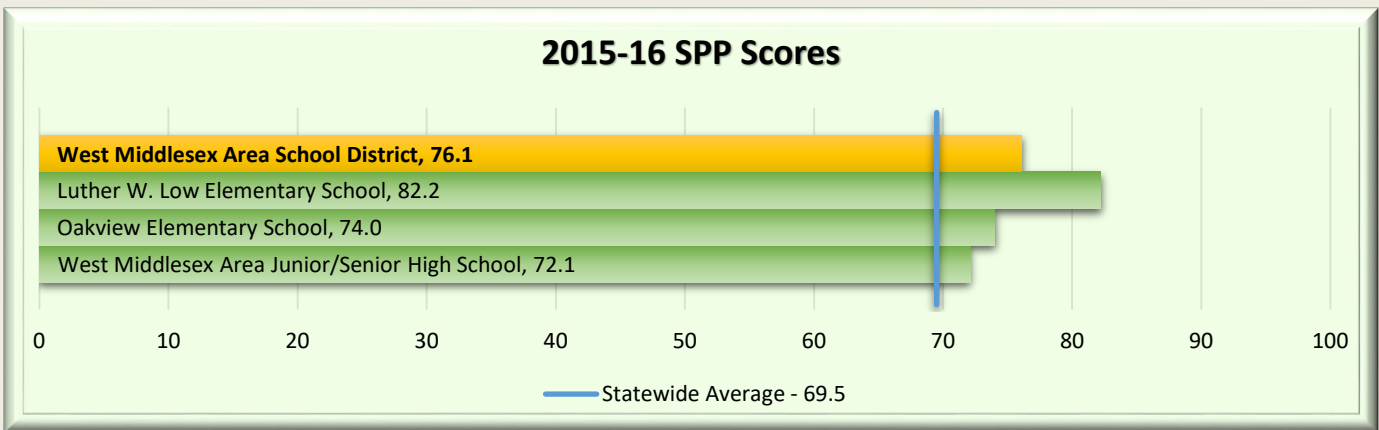
⁷ PDE also calculates 5-year and 6-year cohort graduation rates. Please visit PDE's website for additional information: <http://www.education.pa.gov/Data-and-Statistics/Pages/Cohort-Graduation-Rate-.aspx>.

2014-15 Academic Data
School Scores Compared to Statewide Averages

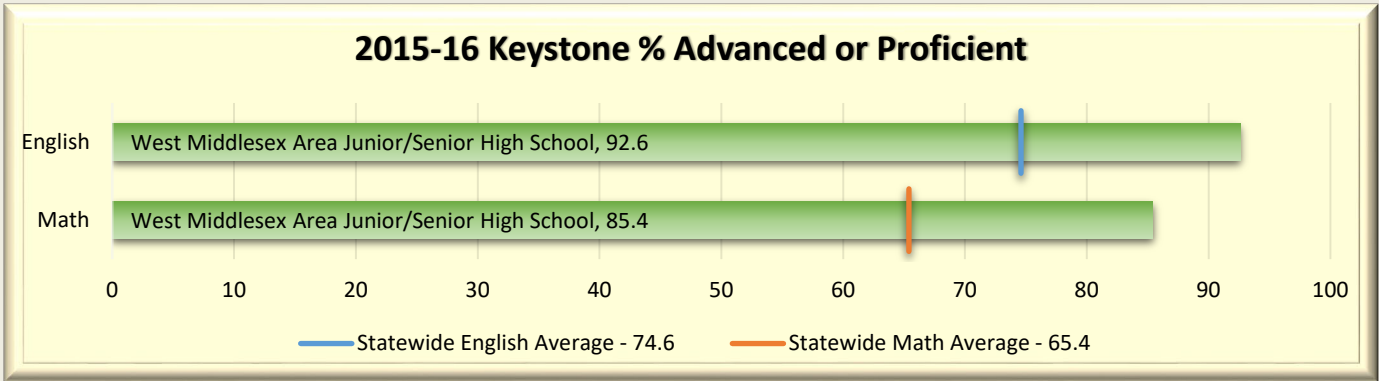


2015-16 Academic Data
School Scores Compared to Statewide Averages

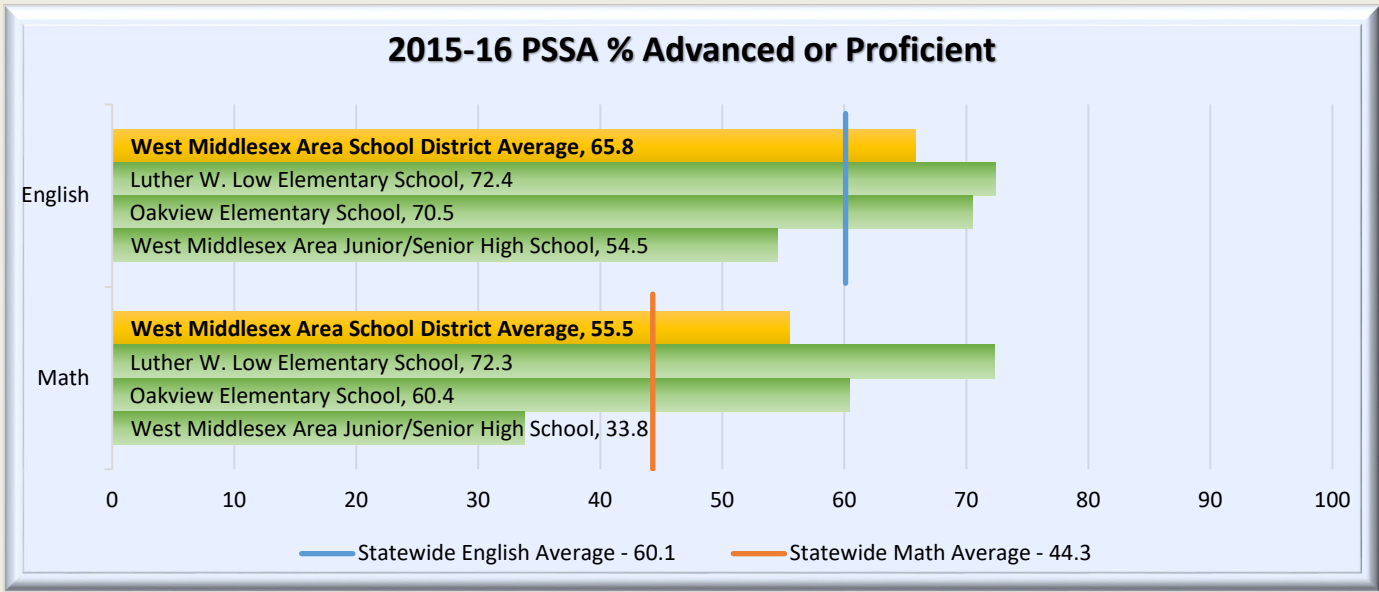
2015-16 SPP Scores



2015-16 Keystone % Advanced or Proficient

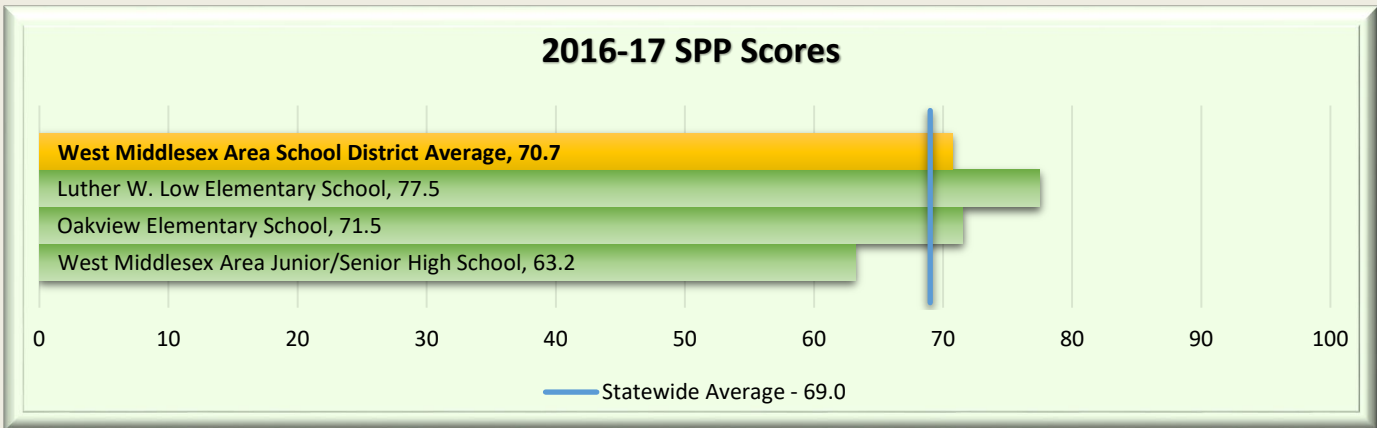


2015-16 PSSA % Advanced or Proficient

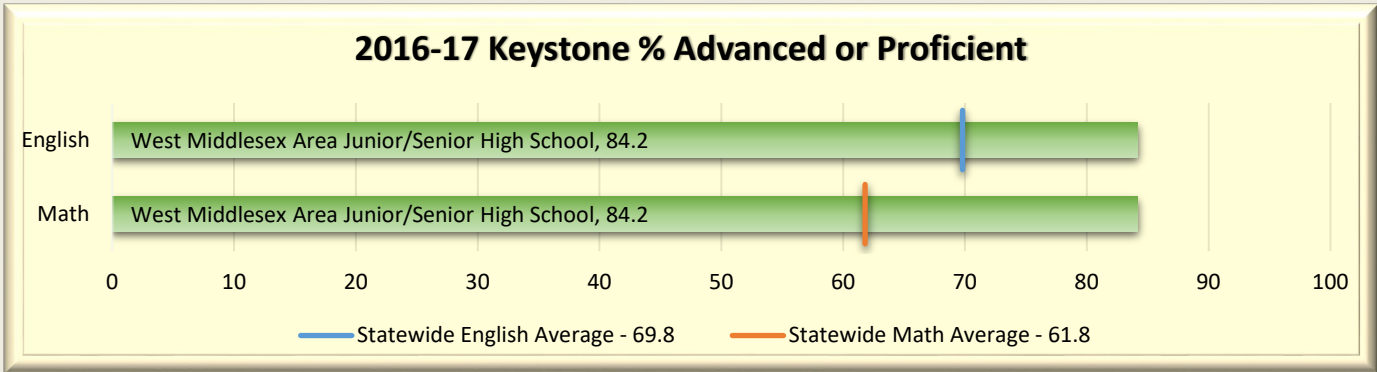


2016-17 Academic Data
School Scores Compared to Statewide Averages

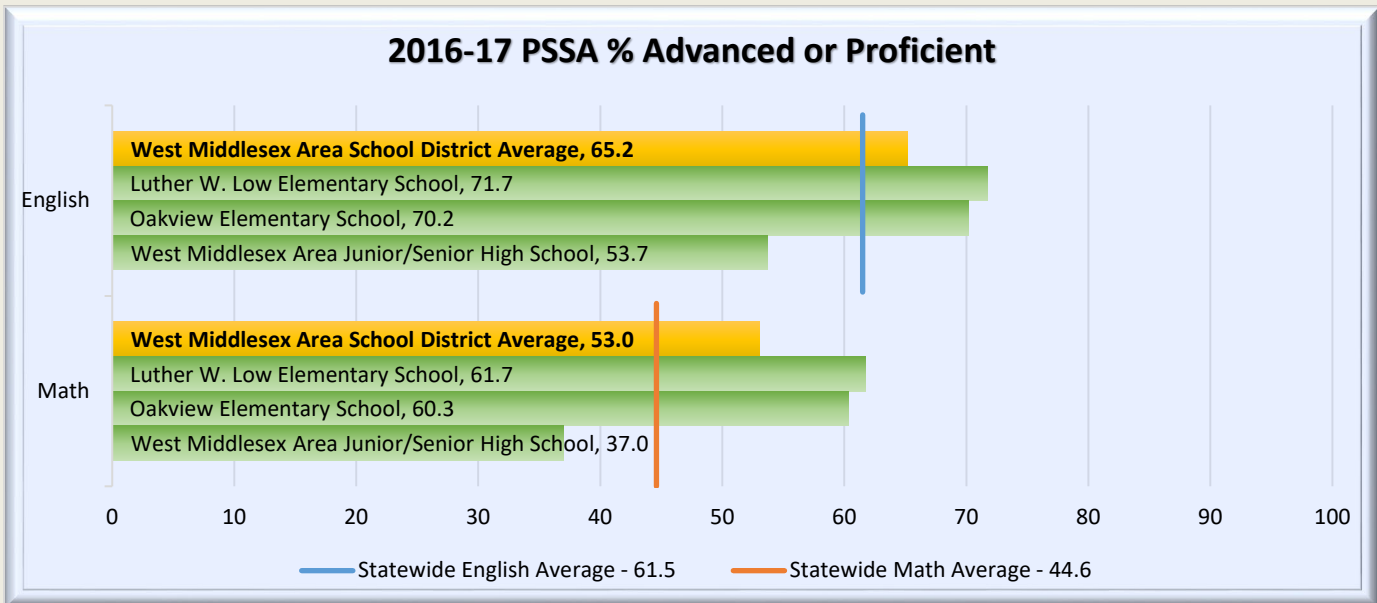
2016-17 SPP Scores



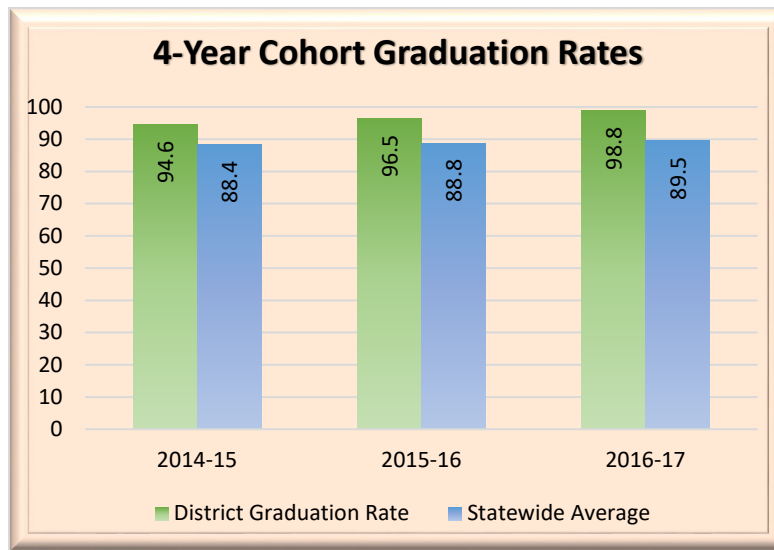
2016-17 Keystone % Advanced or Proficient



2016-17 PSSA % Advanced or Proficient



Graduation Data
District Graduation Rates Compared to Statewide Averages



Finding

Finding

The District Inaccurately Reported the Number of Nonpublic School Students Transported Resulting in a Net Underpayment of \$45,045

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. *See* 24 P.S. § 25-2509.3.

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

Sworn Statement and Annual Filing Requirements

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

The local education agency should only request subsidies from students that are transported to schools that are nonpublic or private (parent paid tuition).

The West Middlesex Area School District (District) was underpaid a total of \$45,045 in net transportation reimbursements from the Pennsylvania Department of Education (PDE). This underpayment was due to the District inaccurately reporting the number of nonpublic school students transported by the District during the 2014-15, 2015-16, 2016-17, and 2017-18 school years.

School districts receive two separate transportation reimbursement payments from PDE. One reimbursement is broadly based on the number of students transported, the number of days each vehicle was used for transporting students, and the number of miles that vehicles are in service, both with and without students (regular transportation reimbursement). The other reimbursement is based on the number of charter school and nonpublic school students transported (supplemental transportation reimbursement). The issues discussed in this finding pertain to the District's supplemental transportation reimbursement.

According to the Public School Code (PSC), a nonpublic school is defined, in pertinent part, 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.⁸ If a school district provides transportation services to students who reside in its district, the PSC requires that school district to provide transportation services to students attending a nonpublic school. The PSC also provides for a reimbursement from the Commonwealth of \$385 for each nonpublic school student transported by the district.

It is also important to note that the PSC requires that all school districts must annually file a sworn statement of

⁸ *See* Section 921.1-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, which is entitled, “Sworn statement of the amount expended for reimbursable transportation payment withholding states, in part: “Annually, each school district entitled to reimbursement on account of pupil transportation shall provide in a format prescribed by the Secretary of Education, data pertaining to pupil 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.” [Emphases added.] Ibid.

PDE has established a **Summary of Students Transported form (PDE 2089)** and relevant instructions specifying how districts are to report nonpublic students transported to and from school.

Number of Nonpublic School Pupils Transported

Enter the total number of resident NONPUBLIC school pupils you transported to and from school. Documentation identifying the names of these pupils should be retained for review by the Auditor General’s staff. NONPUBLIC school pupils are children whose parents are paying tuition for them to attend a nonprofit private or parochial school. (Any child that your district is financially responsible to educate is a PUBLIC pupil.)

student transportation data for the prior and current school year with PDE in order to be eligible for the transportation subsidies. The West Middlesex Area School District completed this sworn statement for all four school years discussed in this finding.

The following table summarizes the District’s nonpublic school student reporting errors by school year and the resulting net cumulative underpayment:

West Middlesex Area School District Nonpublic School Errors		
School Year	Nonpublic School Students Over/(Under) Reported ⁹	Over/(Under) Payment ¹⁰
2014-15	(63)	(\$24,255)
2015-16	(10)	(\$3,850)
2016-17	32	\$12,320
2017-18	(76)	(\$29,260)
Total	(117)	(\$45,045)

The District employed three different staff members who were responsible for compiling transportation data during the audit period. For each year in the audit period, the District reported the total number of nonpublic school students without reconciling the total to individual supporting documentation in the form of requests for transportation for each nonpublic school student. A reconciliation process of this nature could have helped the District identify inaccurate data. Additionally, the District did not have written administrative procedures for reporting transportation data to PDE that specifically addressed nonpublic school student reporting.

The District failed to report students that it transported to parochial schools during the 2014-15, 2015-16, and 2017-18 school years. The District also failed to report some students that it transported to secular/non-profit schools during the 2014-15 and 2017-18 school years. Meanwhile, the District over-reported nonpublic school students during the 2016-17 school year when it reported

⁹ The District reported 48 nonpublic school students transported during the 2014-15 school year, 104 nonpublic school students transported during the 2015-16 school year, 143 nonpublic school students transported during the 2016-17 school year, and 41 nonpublic school students transported during the 2017-18 school year.

¹⁰ The overpayment is computed by multiplying the net amount of nonpublic school students reported by \$385.

all students enrolled in the secular/non-profit schools, including 32 students who were not provided transportation by the District. Current District officials were unable to explain why the District reported parochial students in one school year, but not in others, and why some students transported to secular/non-profit schools were accurately reported and others were not reported.

It is essential that the District accurately report transportation data to PDE. Further, the sworn statement of student transportation data should not be filed with the state Secretary of Education unless the data has been double checked for accuracy by personnel trained on PDE's reporting requirements.

We provided PDE with reports detailing the nonpublic school student reporting errors for the 2014-15, 2015-16, 2016-17, and 2017-18 school years. PDE requires these reports to verify the underpayment to the District.

Recommendations

The *West Middlesex Area School District* should:

1. Perform yearly reconciliations of bus rosters to student requests for transportation to ensure nonpublic school students are reported accurately to PDE.
2. Develop written administrative procedures for transportation reporting. These procedures should include a review of transportation data by an individual other than the person who prepared the data to provide additional assurance of the accuracy of the information before it is submitted to PDE.
3. Ensure personnel in charge of calculating and reporting the number of nonpublic school students transported by the District are trained with regard to PDE's reporting requirements.
4. Ensure that the sworn statement of student transportation data is not filed with the state Secretary of Education until the data has been properly double checked for accuracy by personnel trained on PDE's reporting requirements and has been verified by the District's business manager.

The *Pennsylvania Department of Education* should:

5. Adjust the District's allocations to resolve the \$45,045 underpayment to the District.

Management Response

District management provided the following response:

The District proposes the following steps to eliminate inaccurate reporting of the number of Nonpublic School Students Transported.

The District is preparing and will be performing the following steps to insure that all future reporting of transported nonpublic school students reflects actual nonpublic school students transported based upon information recorded and retained.

- 1) The District is to annually prepare and monitor a transportation calendar, developed by both the Business Manager and Transportation Supervisor, to insure that all the necessary administrative and mechanical steps are completed and recorded. (Attachment not included)
 - 1a) The Transportation Calendar in the months of July and August will include the steps to insure that Nonpublic Schools provide all the necessary information to properly request for transportation of their nonpublic school students.
 - 1b) Each Nonpublic School will be provided a pro-forma letter to be prepared and completed noting students and parents (relative/guardians) names and address(es) and stating that they are providing a copy of their school year calendar. (Attachment not included)
 - 1c) Transportation Secretary will review request letter [*sic*] with the Transportation Supervisor to insure all requested information is provided (via Mail) and that the request meets all applicable requirements to provide student transportation.
 - 1d) Transportation Secretary, after being advised of the importance, will retain copies of all nonpublic school transportation request[s], along with Nonpublic School year calendar.

- 1e) Transportation Supervisor will annually prepare a bus route for nonpublic school students.
- 2) The Transportation Supervisor will compile for the Business Manager a bus roster report with the names of each nonpublic school student transported during the applicable school year.
- 2a) The Business Manager will reconcile annually the bus roster to the transportation requests to insure that there is proper record of nonpublic school students transported for PDE reimbursement.
- 3) The Transportation Supervisor, Transportation Secretary and Business Manager will annually enroll in transportation reporting courses provided by PDE, PASBO and/or any other agency to be provided updates on proper reporting and recordkeeping.
- 4) The Transportation Supervisor and Business Manager will be responsible to review all information for accuracy in PDE's reporting requirements, including nonpublic school student transported prior to annual report submission.

Auditor Conclusion

We are pleased that the District intends to implement our recommendations. We believe our recommendations will help the District report more accurate transportation data to PDE and will assist the District in ensuring that it receives the correct amount of reimbursement. We will review the District's corrective action implemented during our next audit.

Status of Prior Audit Findings and Observations

Our prior Limited Procedures Engagement of the West Middlesex 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,¹¹ 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, 2014 through June 30, 2018. In addition, the scope of each individual audit objective is detailed on the next page.

The West Middlesex 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).¹² In conducting our audit, we obtained an understanding of the District's internal controls, including any information technology controls, if applicable, that we considered 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.

¹¹ 72 P.S. §§ 402 and 403.

¹² 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, 2014 through June 30, 2018. 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 Separations
- ✓ 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 supplemental transportation reimbursement from the Commonwealth?¹³
 - To address this objective, we reviewed all nonpublic students reported to PDE as transported by the District during the 2014-15, 2015-16, 2016-17, and 2017-18 school years.¹⁴ We reviewed requests for transportation to determine if all nonpublic school students transported by the District were accurately reported to 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 in this report.
- ✓ 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 employment contract(s) comply with the Public School Code¹⁵ and Public School Employees' Retirement System guidelines?
 - To address this objective, we reviewed the contract, board meeting minutes, board policies, and payroll records for the one administrator who separated employment from the District during the period July 1, 2014 through June 30, 2018. Our review of this objective did not disclose any reportable issues.

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

¹⁴ The District reported 48 nonpublic school students during the 2014-15 school year, 104 nonpublic school students during the 2015-16 school year, 143 nonpublic school students during the 2016-17 school year, and 41 nonpublic school students during the 2017-18 school year.

¹⁵ 24 P.S. § 10-1073(e)(v).

- ✓ Did the District ensure that bus drivers transporting District students had the required driver’s license, physical exam, training, background checks, and clearances¹⁶ as outlined in applicable laws?¹⁷ 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 10 of the 26 bus drivers transporting District students as of June 4, 2019.¹⁸ 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, when followed, 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?¹⁹
 - To address this objective, we reviewed a variety of documentation including, safety plans, training schedules, anti-bullying policies, after action reports, and fire drill results. 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, PDE, and other appropriate agencies deemed necessary.

¹⁶ Auditors reviewed the required state, federal and child abuse background clearances from the most reliable sources available, including the FBI, the Pennsylvania State Police and the Department of Human Services. However, due to the sensitive and confidential nature of this information, we were unable to assess the reliability or completeness of these third-party databases.

¹⁷ 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*.

¹⁸ 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 the population.

¹⁹ 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

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

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