

PERFORMANCE AUDIT

Chambersburg Area School District Franklin County, Pennsylvania

June 2015



Commonwealth of Pennsylvania
Department of the Auditor General
Eugene A. DePasquale • Auditor General



Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, PA 17120-0018
Facebook: Pennsylvania Auditor General
Twitter: @PAAuditorGen
www.PaAuditor.gov

EUGENE A. DePASQUALE
AUDITOR GENERAL

Dr. Joseph Padasak, Superintendent
Chambersburg Area School District
435 Stanley Avenue
Chambersburg, Pennsylvania 17201

Mrs. Kim Amsley-Camp, Board President
Chambersburg Area School District
435 Stanley Avenue
Chambersburg, Pennsylvania 17201

Dear Dr. Padasak and Mrs. Amsley-Camp:

Our performance audit of the Chambersburg Area School District (District) evaluated the application of best practices in the areas of academics, data quality, school safety, bus driver qualifications, and the student activity fund. In addition, this audit determined the District's compliance with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures (relevant requirements). This audit covered the period July 8, 2011 through March 13, 2015, except as otherwise stated and was conducted pursuant to Section 403 of The Fiscal Code 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 effectively applied best practices in the areas listed above. In addition, we determined that the District complied in all material respects, with relevant requirements.

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

June 26, 2015

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

Table of Contents

	Page
Executive Summary	1
Background Information	2
Findings and Observations	5
Status of Prior Audit Findings and Observations	6
Appendix: Audit Scope, Objectives, and Methodology	7
Distribution List	10

Executive Summary

Audit Work

The Pennsylvania Department of the Auditor General conducted a performance audit of the District. Our audit sought to answer certain questions regarding the District's compliance with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures.

Our audit scope covered the period July 8, 2011 through March 13, 2015, except as otherwise stated in the audit scope, objectives, and methodology section of the report.

Audit Conclusion and Results

What is the difference between a finding and an observation? Our performance audits may contain findings and/or observations related to our audit objectives. Findings describe noncompliance with a statute, regulation, policy, contract, grant requirement, or administrative procedure. Observations are reported when we believe corrective action should be taken to remedy a potential problem not rising to the level of noncompliance with specific criteria.

Our audit found that the District complied, in all material respects, with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures. Our audit resulted in no findings or observations.

Status of Prior Audit Findings and Observations. There were no findings or observations in our prior audit report.

Background Informationⁱ

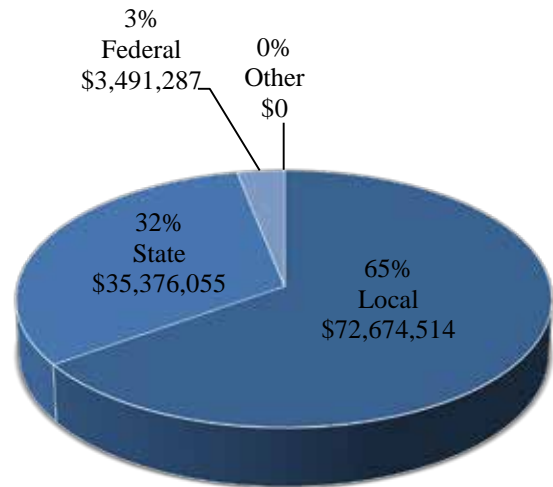
School Characteristics 2011-12 School Year ⁱⁱ	
County	Franklin
Total Square Miles	250
Resident Population ⁱⁱⁱ	56,283
Number of School Buildings	16
Total Teachers	608
Total Full or Part-Time Support Staff	408
Total Administrators	67
Total Enrollment for Most Recent School Year	8,856
Intermediate Unit Number	12
District Vo-Tech School	Franklin County Career and Technology Center

Mission Statement

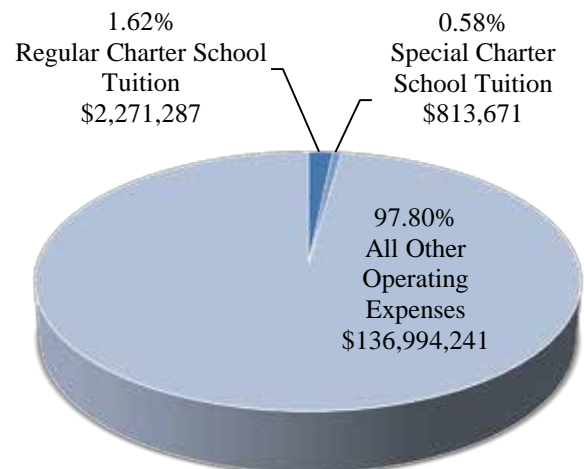
Safe, nurturing, and engaging environment where students will receive a rigorous and responsive education that will empower them to compete globally.

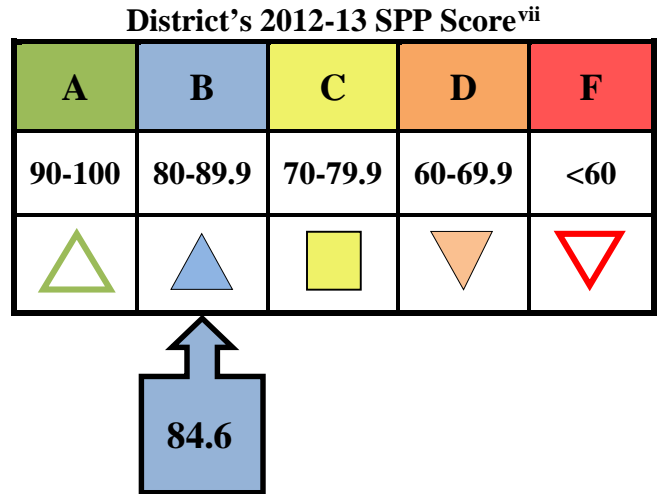
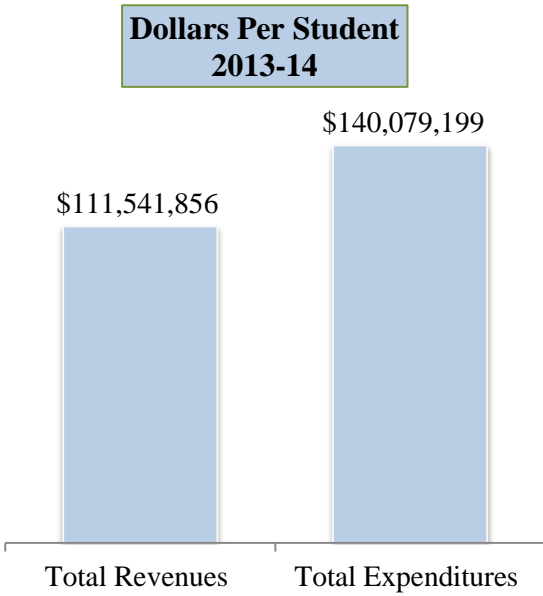
Financial Information

Revenue by Source for 2013-14 School Year

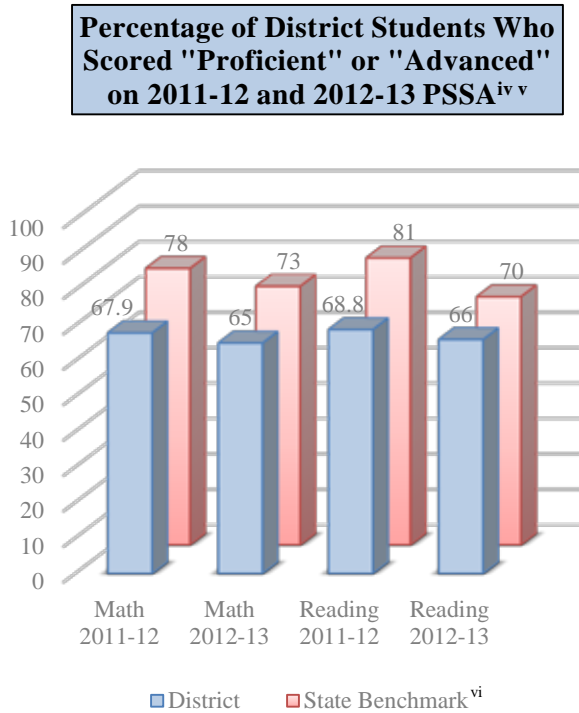


Select Expenditures for 2013-14 School Year





Academic Information



**Individual Building SPP and PSSA Scores^{viii}
2012-13 School Year**

School Building	SPP Score	PSSA % School Proficient and Advanced in Math	PSSA % Statewide Benchmark Proficient and Advanced in Math	PSSA % School Proficient and Advanced in Reading	PSSA % Statewide Benchmark Proficient and Advanced in Reading	Federal Title I Designation (Reward, Priority, Focus, No Designation)^{ix}
Benjamin Chambers Elementary School	64.1	43	73	45	70	Focus
Buchanan Elementary School	80.9	66	73	66	70	No Designation
Chambersburg Area Middle School - North	85.3	72	73	67	70	No Designation
Chambersburg Area Middle School - South	86.1	67	73	68	70	No Designation
Chambersburg Area Senior High School	81.2	56	73	76	70	N/A
Falling Spring Elementary School	81.9	61	73	64	70	N/A
Fayetteville Elementary School	84.4	79	73	79	70	No Designation
Grandview Elementary School	83.2	80	73	72	70	No Designation.
Guilford Hills Elementary School	83	64	73	74	70	N/A
Hamilton Heights Elementary School	84.2	72	73	63	70	N/A
Lugar Elementary School	88.6	69	73	72	70	N/A
Marion Elementary School	69.6	47	73	59	70	N/A
New Franklin Elementary School	76.9	63	73	64	70	N/A
Scotland Elementary School	74.9	80	73	71	70	N/A
South Hamilton Elementary School	84	75	73	68	70	N/A
Stevens Elementary School	62.6	42	73	31	70	Focus

Findings and Observations

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

Status of Prior Audit Findings and Observations

Our prior audit of the 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 Section 403 of The Fiscal Code¹, 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 8, 2011 through March 13, 2015. In addition, the scope of each individual audit objective is detailed on the next page.

While all districts have the same school years, some have different fiscal years. Therefore, for the purposes of our audit work and to be consistent with PDE reporting guidelines, we use the term *school year* rather than fiscal year throughout this report. A school year covers the period July 1 to June 30.

The District's management is responsible for establishing and maintaining effective internal controls² to provide reasonable assurance that the District is in compliance with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures (relevant requirements). In conducting our audit, we obtained an understanding of the District's internal controls, including any information technology controls, as they relate to the District's compliance with relevant requirements that 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.

¹ 72 P.S. § 403

² 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, grant requirements, 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, and new or amended policies and procedures. 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:

- Ü Academics
- Ü Data Integrity
- Ü School Safety
- Ü Bus Driver Qualifications
- Ü Student Activity Fund

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

- Ü Did the LEA's Board of School Directors/Board of Trustees (Board) and administration maintain best practices in governing academics and student achievement by developing and executing a plan to improve student academic performance at its failing school buildings?
 - To address this objective, we considered a variety of District and school level academic results for the 2007-08 through 2012-13 school years to determine if the District had schools not meeting statewide academic standards established by PDE³. Since underperforming schools were identified, we selected two of three underperforming schools for further review. This review consisted of conducting interviews with the Superintendent and any other designated employees and reviewing required School Improvement Plans and/or optional School Level Plans to determine if the selected underperforming schools have established goals for improving academic performance, are implementing goals, and are appropriately monitoring the implementation of these goals.
- Ü Did the LEA ensure that the membership data it reported in the Pennsylvania Information Management System was accurate, valid, and reliable?

³ Academic data for the District and its school buildings included a five year trend analysis of Adequate Yearly Progress (AYP) results from the 2007-08 through 2011-12 school years. Pennsylvania System of School Assessment results in Math and Reading for the "all students" group for the 2011-12 and 2012-13 school years. School Performance Profile scores for the 2012-13 school year, and federal accountability designations (i.e. Priority, Focus, Reward, and No Designation) for Title 1 schools for the 2012-13 school year. All of the academic data standards and results we examined originated with the Pennsylvania Department of Education.

- To address this objective, we randomly selected 20 out of 8,856 total registered students (5 resident, 5 non-resident, 5 intermediate units, and 5 area vocational-technical schools) from the vendor software listing for the July 1, 2011 through June 30, 2012 school year and verified that each child was appropriately registered with the District. In addition, we randomly selected 2 out of 27 school terms reported on the Summary of Child Accounting and verified the school days reported on the Instructional Time Membership Report and matched them to the School Calendar Fact Template.
- Ü Did the District ensure that bus drivers transporting District children at the time of the audit have the required driver's license, physical exam, training, background checks, and clearances as outlined in applicable laws?⁴ Also, did the District have written policies and procedures governing the hiring of new bus drivers?
- To address this objective, we obtained and reviewed District policies and procedures governing the hiring of bus drivers to determine if these processes included requesting background checks and clearances for all newly hired bus drivers. We selected 5 of the 52 bus drivers hired by the District or contractor(s) during the school year July 1, 2014 to June 30, 2015.
- Ü 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. In addition, we conducted on-site reviews at 3 out of the District's 16 school buildings (one from each education level) to assess whether the District had implemented basic safety practices.
- Ü Were there any other areas of concern reported by independent auditors, citizens, or other interested parties?
- To address this objective, we reviewed selected documentation for Student Activity Funds, including policies and selected accounts and transactions for 10 of 54 student groups during the school year July 1, 2013 through June 30, 2014. In addition, we reviewed the contract, retirement letter, and vacation and sick leave records related to the assistant superintendent's retirement. Also, we reviewed the proposed and adopted budgets, and lists of proposed and actually hired new positions for the July 1, 2013 through June 30, 2014 school year.

⁴ 24 P.S. § 1-111, 24 P.S. § 2070, 67 P.S. § 71.1, 22 PA Code Chapter 8, and 23 PA C.S. § 58-6354.

Distribution List

This report was initially distributed to 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

Christopher B. Craig, Esq.

Acting 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. Lin Carpenter

Assistant Executive Director for Member Services
School Board and Management Services
Pennsylvania School Boards Association
P.O. Box 2042
Mechanicsburg, PA 17055

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, 231 Finance Building, Harrisburg, PA 17120; via email to: news@PaAuditor.gov

ⁱ Source: School district, PDE, and U.S. Census data.

ⁱⁱ Source: Information provided by the District administration.

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

^{iv} PSSA stands for the Pennsylvania System of School Assessment, which is composed of statewide, standardized tests administered by PDE to all public schools and the reporting associated with the results of those assessments. PSSA scores in the tables in this report reflect Reading and Math results for the “All Students” group for the 2011-12 and 2012-13 school years.

^v PSSA scores, which are Pennsylvania’s mandatory, statewide academic test scores, are issued by PDE. However, the PSSA scores issued by PDE are collected by an outside vendor, Data Recognition Corporation (DRC). The Pennsylvania Department of the Auditor General and KPMG issued a material weakness in internal controls over PDE’s compilation of this academic data in the Single Audit of the Commonwealth of Pennsylvania for the fiscal year ended June 30, 2014, citing insufficient review procedures at PDE to ensure the accuracy of test score data received from DRC.

^{vi} 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 school year, the state benchmarks reflect the statewide goals based on annual measurable objectives established by PDE.

^{vii} SPP stands for School Performance Profile, which is Pennsylvania’s new method for reporting academic performance scores for all public schools based on a scale from 0% to 100% implemented in the 2012-13 school year by PDE.

^{viii} *Id.* Additionally, federal Title I designations of Priority, Focus, Reward, and No Designation are new federal accountability designations issued by PDE to Title I schools only beginning in the 2012-13 school year. Priority schools are the lowest 5%, focus schools are the lowest 10%, and reward schools are the highest 5% of Title I schools. All Title I schools not falling into one of the aforementioned percentage groups are considered “No Designation” schools. The criteria used to calculate the percentage rates is determined on an annual basis by PDE.

^{ix} Title I Federal accountability designations for Title I schools originate from PDE and are determined based on the number of students at the school who receive free and/or reduced price lunches. School lunch data is accumulated in PDE’s CN-PEARS system, which is customized software developed jointly with an outside vendor, Colyar, Inc. The Pennsylvania Department of the Auditor General and KPMG issued a significant deficiency in internal controls over the CN-PEARS system in the Single Audit of the Commonwealth of Pennsylvania for the fiscal year ended June 30, 2014.