

PERFORMANCE AUDIT

Benton Area School District Columbia County, Pennsylvania

March 2018



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE
AUDITOR GENERAL

Mr. James M. Geffken, Superintendent
Benton Area School District
600 Green Acres Road
Benton, Pennsylvania 17814

Mr. Carl Osborg, Board President
Benton Area School District
600 Green Acres Road
Benton, Pennsylvania 17814

Dear Mr. Geffken and Mr. Osborg:

We have conducted a performance audit of the Benton Area School District (District) for the period July 1, 2012, through June 30, 2016, 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:

- Data Integrity
- Administrator Contract Buyout
- Bus Driver Requirements
- School Safety

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

Our audit found that the District performed adequately in the areas listed above, except as noted in the following finding:

- The District Incorrectly Reported Resident Data to PDE Resulting in an Overpayment of \$40,501

Mr. James M. Geffken
Mr. Carl Osborg
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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

February 26, 2018

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

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Background Information

School Characteristics 2015-16 School Year ^A	
County	Columbia
Total Square Miles	94.8
Resident Population^B	5,138
Number of School Buildings	2
Total Teachers	68
Total Full or Part-Time Support Staff	Full-Time 23 Part-Time 17
Total Administrators	7
Total Enrollment for Most Recent School Year	664
Intermediate Unit Number	16
District Vo-Tech School	Columbia-Montour AVTS

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

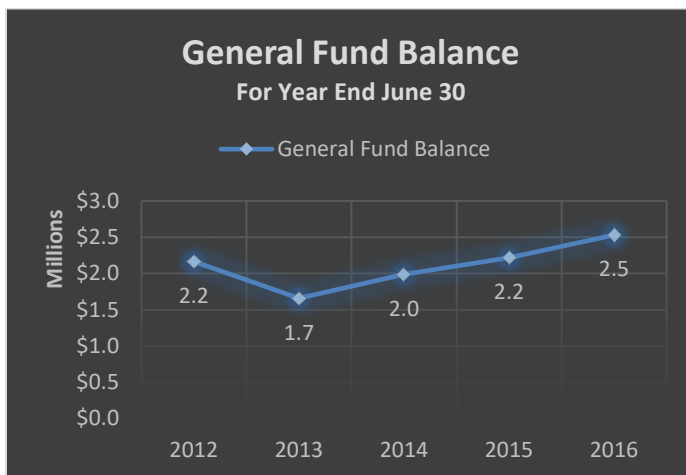
B - Source: United States Census
<http://www.census.gov/2010census>.

Mission Statement^A

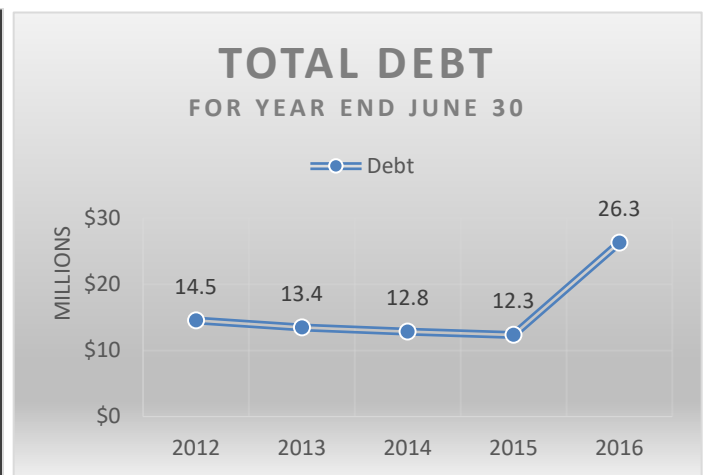
To provide an excellent education in order to maximize the potential of all students and prepare them to meet the challenges of work and life in an ever-changing world.

Financial Information

The following pages contain financial information about the Benton 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**.

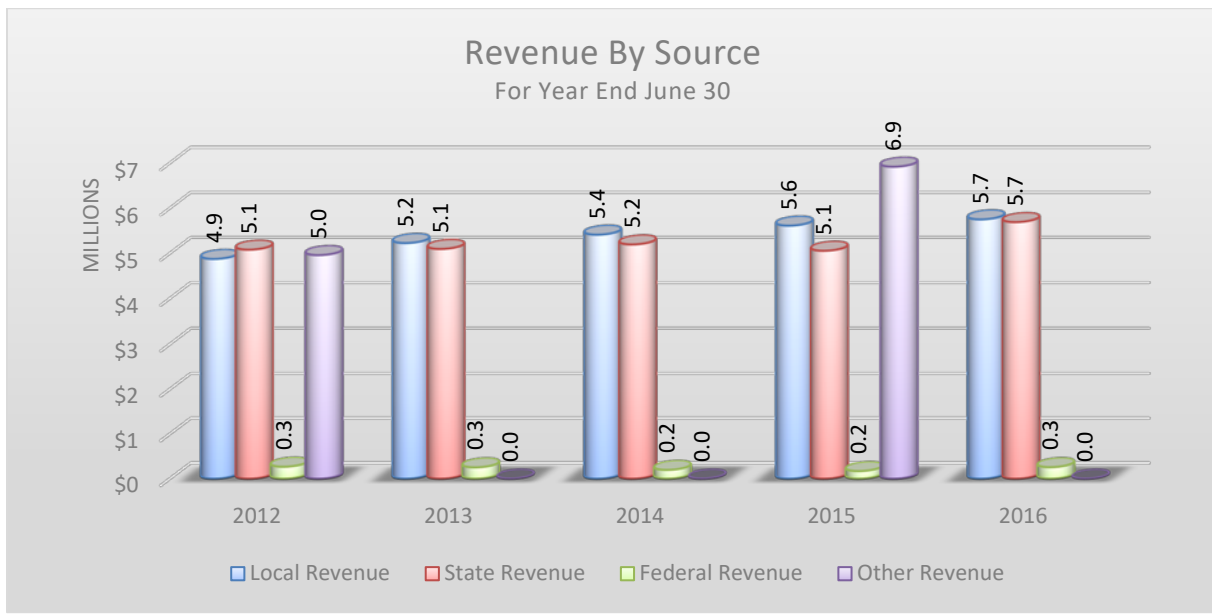
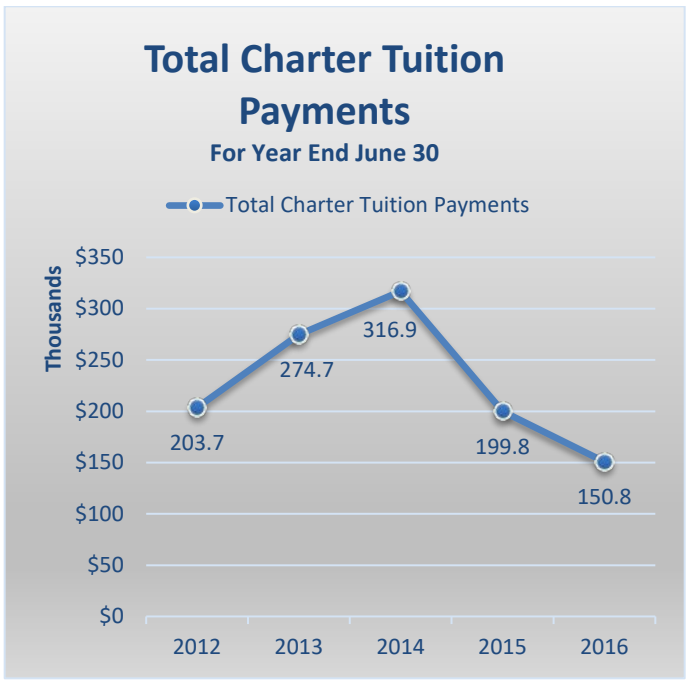
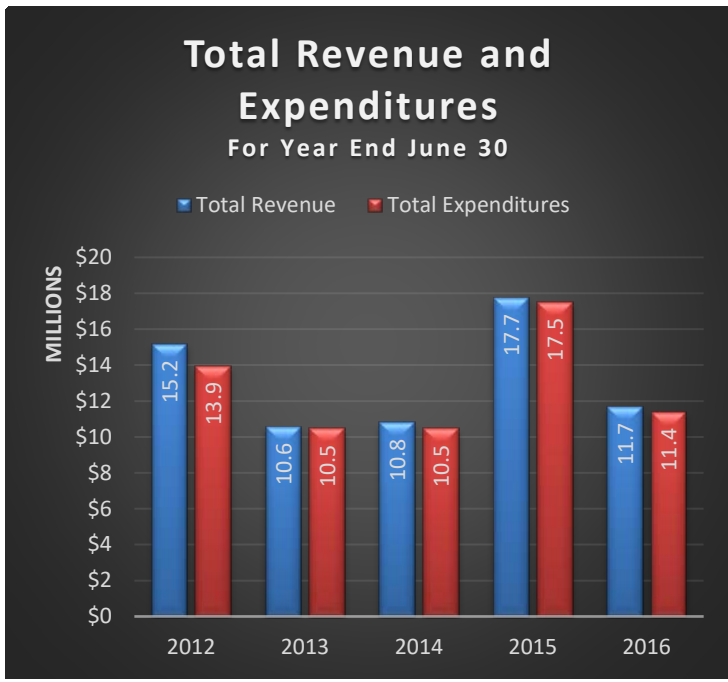


Note: General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



Note: Total Debt is comprised of Short-Term Borrowing, General Obligation Bonds, Authority Building Obligations, Other Long-Term Debt, Other Post-Employment Benefits and Compensated Absences.

Financial Information Continued



Academic Information

The graphs on the following pages present School Performance Profile (SPP) scores, Pennsylvania System of School Assessment (PSSA), Keystone Exam results, and 4-Year Cohort Graduation Rates for the District obtained from PDE's data files for the 2014-15 and 2015-16 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 chart.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 exams), 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 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.

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 PSSA exams to align with state Common 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.

The 2014-15 school year marked the first year that PSSA testing was aligned to the more rigorous PA Core Standards.⁵ 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 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 at least 2020. 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.

What is a 4-Year Cohort Graduation Rate?

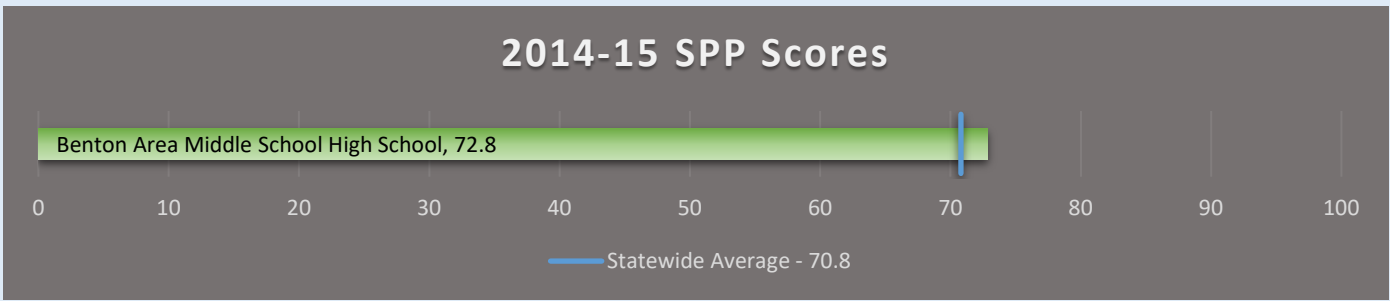
PDE collects enrollment and graduate data for all Pennsylvania public schools, which is used to calculate graduation rates. Cohort graduation rates are a calculation of the percentage of students who have graduated with a regular high school diploma within a designated number of years since the student 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.⁶

⁵ 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. (Also, see footnote 4).

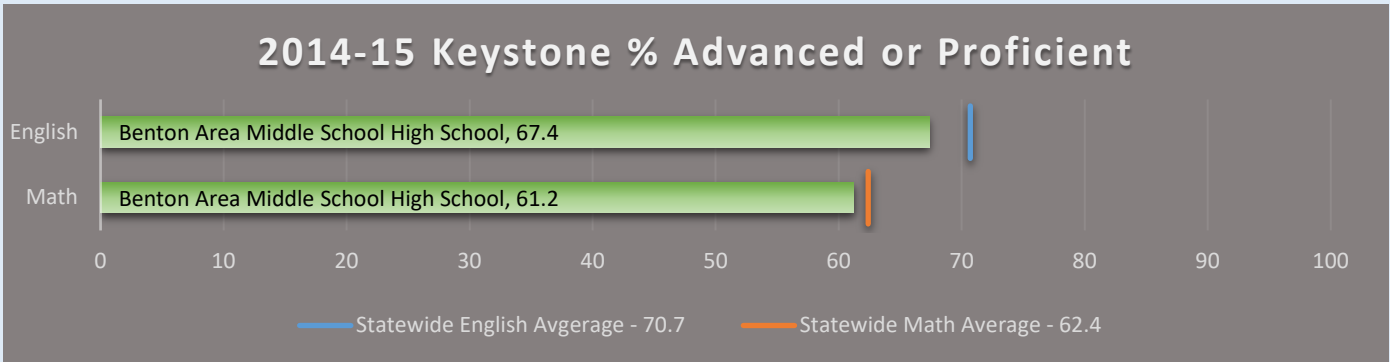
⁶ PDE also calculates 5-year and 6-year cohort graduation rates. Please visit PDE's website for additional information: <http://www.education.pa.gov/Data-and-Statistics/Pages/Cohort-Graduation-Rate-.aspx>.

2014-15 Academic Data
School Scores Compared to Statewide Averages

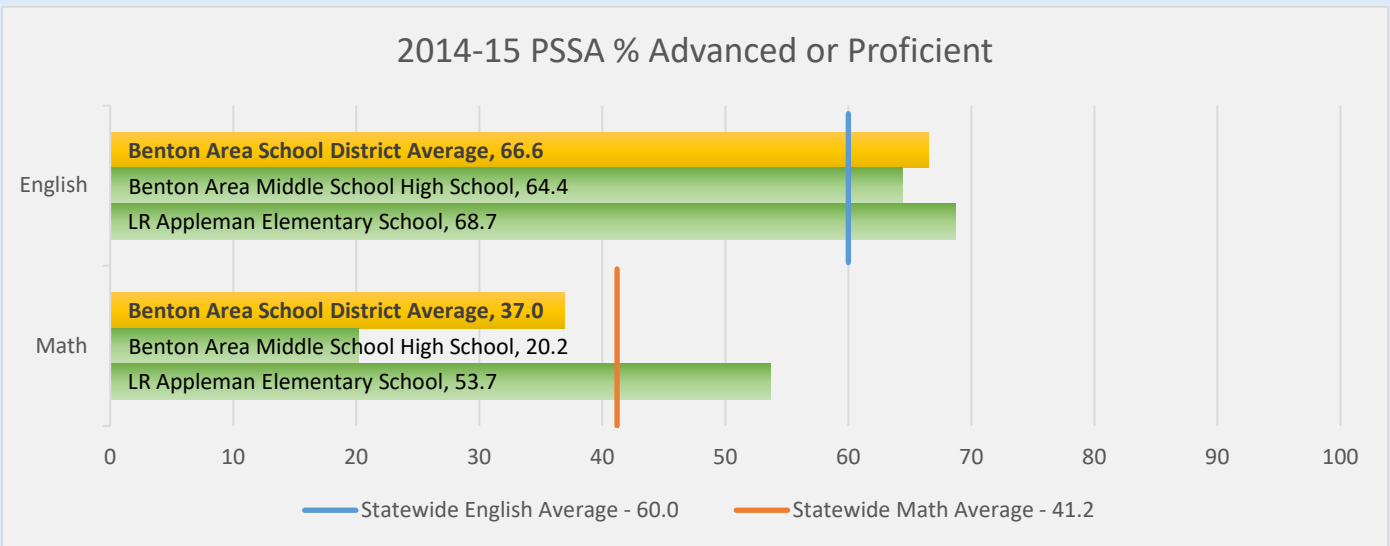
2014-15 SPP Scores



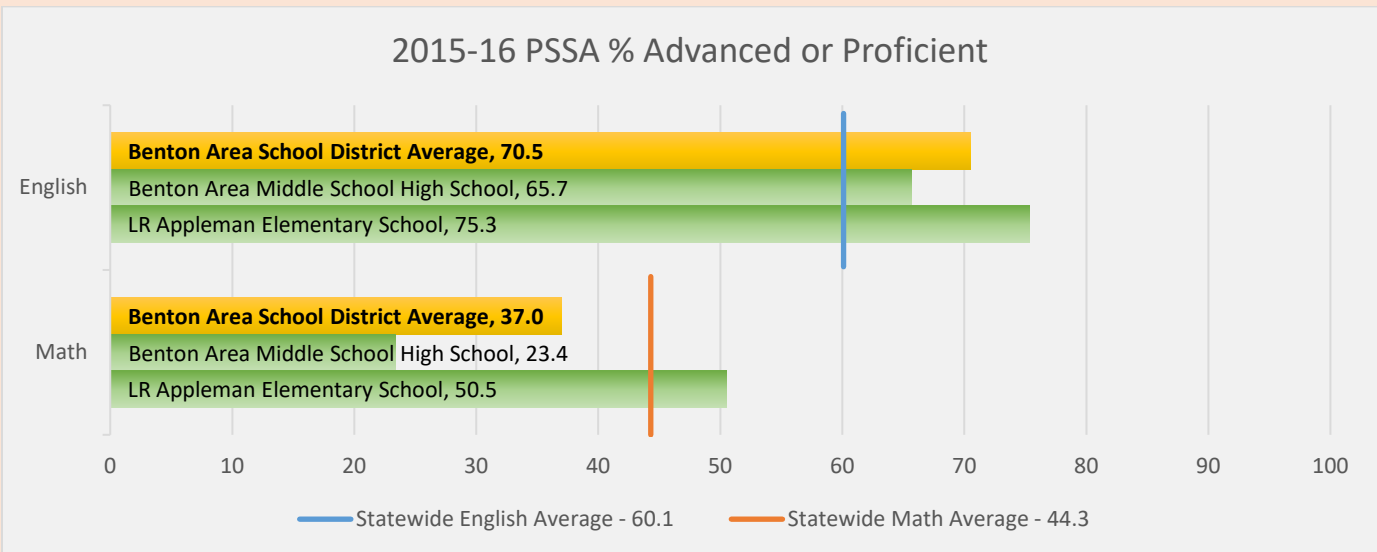
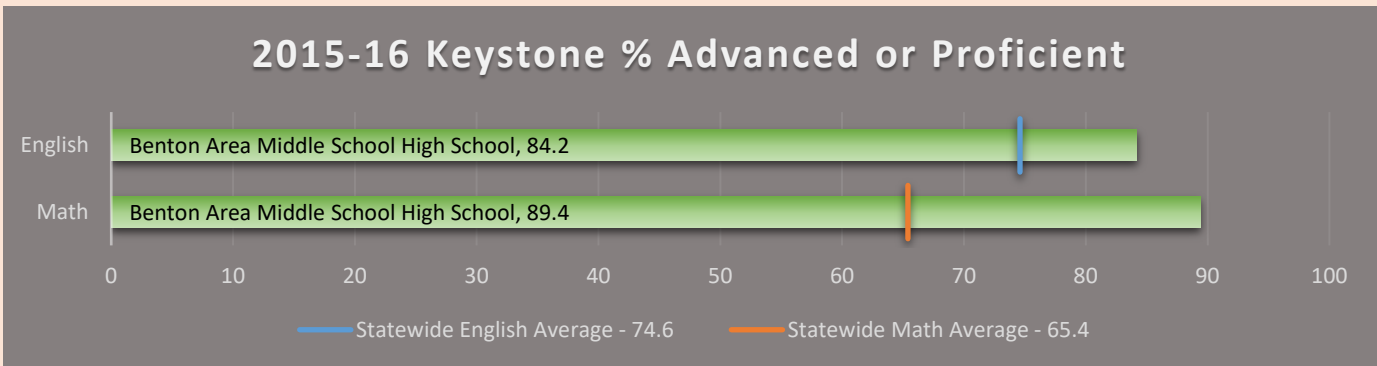
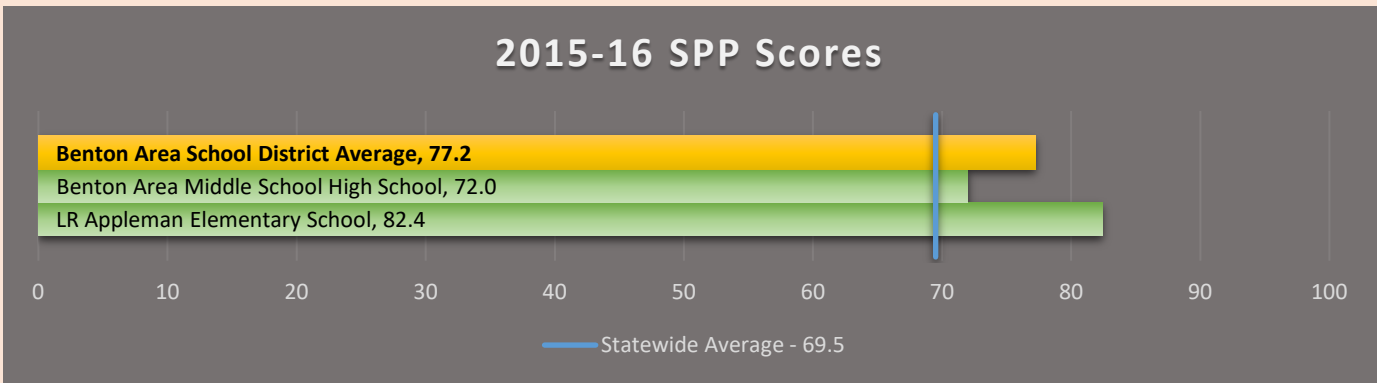
2014-15 Keystone % Advanced or Proficient



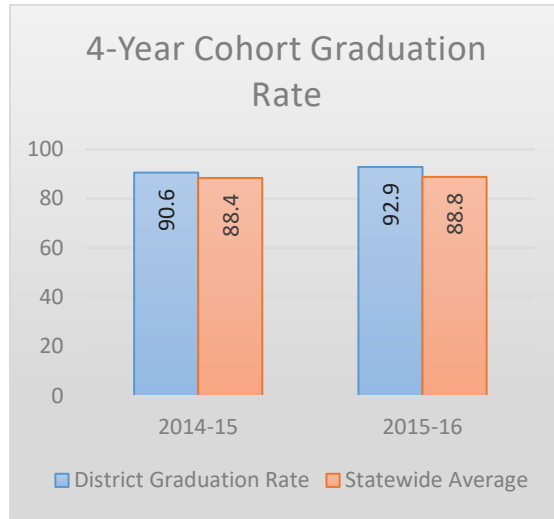
2014-15 PSSA % Advanced or Proficient



2015-16 Academic Data
School Scores Compared to Statewide Averages



4-Year Cohort Graduation Rate



Finding(s)

Finding

The District Incorrectly Reported Resident Data to PDE Resulting in an Overpayment of \$40,501

Criteria relevant to the finding:

Section 1305(a) of the Public School Code (PSC) provides for Commonwealth payment of tuition for nonresident children placed in private homes as follows:

“(a) When a non-resident child is placed in the home of a resident of any school district by order of court or by arrangement with an association, agency, or institution having the care of neglected and dependent children, such resident being compensated for keeping the child, any child of school age so placed shall be entitled to all free school privileges accorded to resident school children of the district, including the right to attend the public high school maintained in such district or in other districts in the same manner as though such child were in fact a resident school child of the district.” [Emphasis added.] See 24 P.S. § 13-1305(a).

Section 2503(c) of the PSC specifies the amount of Commonwealth-paid tuition on behalf of nonresident children placed in private homes by providing, in part:

“(c)Each school district, regardless of classification, which accepts any non-resident child in its school under the provisions of section one thousand three hundred five . . . shall be paid by the Commonwealth an amount equal to the tuition charge per elementary pupil or the tuition charge per high school pupil, as the case may be . . .” See 24 P.S. § 25-2503(c).

We found that the Benton Area School District (District) inaccurately reported student resident data to the Pennsylvania Department of Education (PDE) for the 2012-13, 2013-14, 2014-15, and 2015-16 school years. Incorrectly reporting this resident data resulted in the District being overpaid \$40,501 in subsidy reimbursement from PDE. These reporting errors occurred because District officials failed to timely update individual students’ resident statuses when changes occurred.

As discussed in our criteria box to the left, school districts who enroll and educate students who are not residents of the District but are placed in a private home within the district are subject to reimbursement from the Commonwealth. PDE provides regulations through its State Board of Education and its own guidelines governing the classification of nonresident students, and districts are responsible for reporting this information to PDE annually.

The integrity and accuracy of student resident data reported to PDE is essential because it is a major factor in determining state subsidies and reimbursements. Without the proper updating and review of this data, the District could be incorrectly reimbursed.

The following table details the District errors we identified during our review.

Benton Area SD		
School Year	Days Reported Incorrectly	Overpayment
2012-13	60	\$ 1,229
2013-14	178	8,710
2014-15	449	24,209
2015-16	102	6,353
Total	789	\$40,501

*Criteria relevant to the finding
(continued):*

State Board of Education regulations and PDE guidelines govern the classification of nonresident children placed in private homes.

Subsection (a) of Section 11.19 (relating to Nonresident child living with a district resident) of the State Board of Education's regulations provides as follows, in part.

“(a) A nonresident child is entitled to attend the district's public schools if that child is fully maintained and supported in the home of a district resident as if the child were the resident's own child and if the resident receives no personal compensation for maintaining the student in the district. Before accepting the child as a student, the board of school directors of the district shall require the resident to file with the secretary of the board of school directors either appropriate legal documentation to show dependency or guardianship or a sworn statement that the child is a resident of the district, the child is supported fully without personal compensation or gain, and that the resident will assume all personal obligations for the child relative to school requirements and intends to so keep and fully support the child continuously and not merely through the school term. . . .” See 22 Pa. Code § 11.19(a).

The errors we identified during our audit occurred for two reasons. **First**, District officials failed to remove some nonresident students from District membership records when these students moved out of the District and were no longer enrolled. **Second**, District officials failed to update the resident status for some nonresident students when these particular students were legally adopted and in turn became residents of the District. These errors show a lack of communication between officials at the various District school buildings and the District officials responsible for compiling and submitting resident data to PDE.

We provided PDE with reports detailing the errors we identified for the 2012-13, 2013-14, 2014-15, and 2015-16 school years. PDE requires these reports to verify the overpayments to the District. The District's future subsidy reimbursements will be adjusted by the amount of the overpayment.

Recommendations

The *Benton Area School District* should:

1. Ensure that all student residency changes identified at the building level are immediately communicated to the District official(s) responsible for reporting student resident data to PDE.
2. Prior to submission to PDE, review the resident status of all nonresident students with school building officials.
3. Develop procedures to ensure proper classification of students enrolling in the District as resident or nonresident students, by comparing placement letters for foster children with District reports.

The *Pennsylvania Department of Education* should:

4. Adjust the District's subsidy reimbursement allocations to resolve the overpayment of \$40,501.

Management Response

The student resident data incorrectly reported by the Benton Area School District was caused by inefficient communication and a separation of duties. At the time of this reporting, the District had several different staff members in various positions and locations responsible for student enrollment, child accounting, and PIMS reporting. In addition, any updates received by building staff, such as legal adoptions or changes in custody, were not communicated in a timely manner to those responsible for reporting.

The Benton Area School District has recently centralized these responsibilities into one role which is responsible for the enrollment, child accounting, and reporting for all students. The centralization of these duties has improved the accuracy of reporting. However, in response to the audit findings, we will:

- (1) Reinforce effective and timely communication between staff in various school buildings and our centralized reporting official. We will also meet on a regular basis to communicate changes in student residency and follow up specifically on students with non-resident classifications.
- (2) Continually review student residency statuses, with building office staff and administrators, for accuracy before submitting data to PDE throughout the school year.
- (3) Develop a clear procedure for the determination of resident and nonresident students upon enrollment into the District

Auditor Conclusion

We are pleased that the District is implementing corrective action to address the issues noted in our finding. We believe that implementation of our recommendations will help the District accurately report student resident data to PDE. We will review the changes the District made to their reporting process and any other correction action taken by the District during our next audit.

Status of Prior Audit Findings and Observations

Our prior audit of the Benton 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, Pennsylvania Department of Education (PDE), and other concerned entities.

Our audit, conducted under authority of Sections 402 and 403 of The Fiscal Code,⁷ 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, 2016. In addition, the scope of each individual audit objective is detailed on the next page.

The Benton Area School District's (District) management is responsible for establishing and maintaining effective internal controls⁸ 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.

⁷ 72 P.S. §§ 402 and 403.

⁸ 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, 2012, through June 30, 2016. 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:

- Data Integrity
- Administrator Contract Buyout
- 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 accurately report nonresident students to PDE? Did the District receive the correct reimbursement for these nonresident students?⁹
 - To address this objective, we reviewed all nine nonresident students reported by the District to PDE during the period July 1, 2012, through June 30, 2016. We obtained documentation to verify that the custodial parent or guardian was not a resident of the District and that the custodial parent received a stipend for caring for the student. The student listings were compared to the total days reported on the Membership Summary and Instructional Time and Membership Report to ensure that the District received correct reimbursement 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 contracts comply with the Public School Code¹⁰ and the Public School Employees' Retirement System guidelines?
 - To address this objective, we reviewed all four contracts, settlement agreements, board meeting minutes, board policies, and payroll records for all contracted employees who separated from employment with the District during the period July 1, 2012, through February 3, 2017. Our review of this objective did not disclose any reportable issues.

⁹ See 24 P.S. §§ 13-1301, 13-1302, 13-1305, 13-1306; 22 Pa. Code Chapter 11.

¹⁰ 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 clearances as outlined in applicable laws?¹¹ 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 7 of the 33 bus drivers currently employed by the District bus contractor, as of November 14, 2017. We reviewed documentation to ensure the District had written policies and procedures governing the hiring of bus drivers and if those procedures ensure compliance with bus driver hiring requirements. Our review of this objective did not disclose any reportable issues.¹²

- ✓ Did the District take actions to ensure it provided a safe school environment?¹³
 - To address this objective, we reviewed a variety of documentation including, safety plans, training schedules, and anti-bullying policies. Due to the sensitive nature of school safety, the results 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.

¹¹ 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*.

¹² We selected drivers randomly in order to obtain a representative selection of vehicles. While the results of the representative selections may be projected to their respective populations, the characteristics present in the population may differ from the characteristics of the items selected.

¹³ 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
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Harrisburg, PA 17120

The Honorable Pedro A. Rivera

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