

PERFORMANCE AUDIT

Homer-Center School District Indiana County, Pennsylvania

December 2017



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. Charles J. Koren, Superintendent
Homer-Center School District
65 Wildcat Lane
Homer City, Pennsylvania 15748

Mr. Michael Bertig, Board President
Homer-Center School District
65 Wildcat Lane
Homer City, Pennsylvania 15748

Dear Dr. Koren and Mr. Bertig:

We have conducted a performance audit of the Homer-Center 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:

- Transportation Operations
- Data Integrity
- 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.

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

December 8, 2017

cc: **HOMER-CENTER SCHOOL DISTRICT** Board of School Directors

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Background Information

School Characteristics 2015-16 School Year ^A	
County	Indiana
Total Square Miles	41
Resident Population^B	6,471
Number of School Buildings	2
Total Teachers	62
Total Full or Part-Time Support Staff	57
Total Administrators	3
Total Enrollment for Most Recent School Year	859
Intermediate Unit Number	28
District Vo-Tech School	Indiana Co. Tech. Center

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

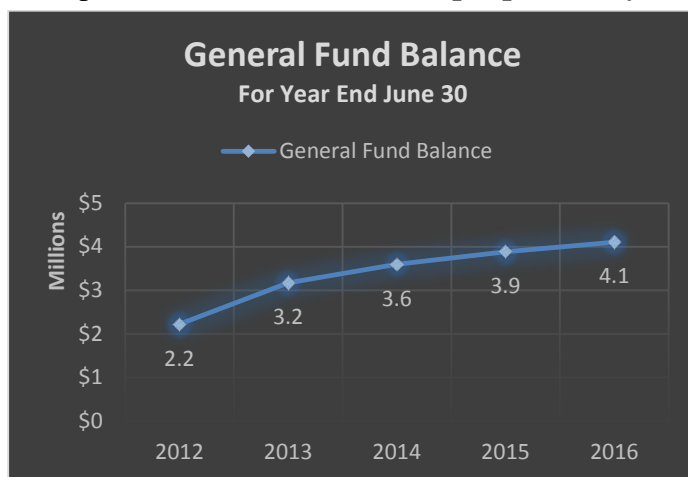
B - Source: United States Census
<http://www.census.gov/2010census>.

Mission Statement^A

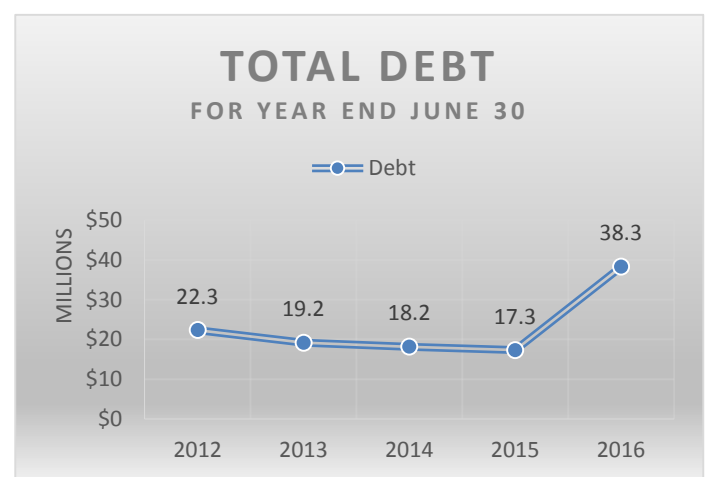
The Homer-Center School District is a caring district where “Everybody is Somebody!” Through our partnership with the family and community, we are committed to a diverse educational program that develops and prepares students for the challenges of our rapidly changing world.

Financial Information

The following pages contain financial information about the Homer-Center 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**.

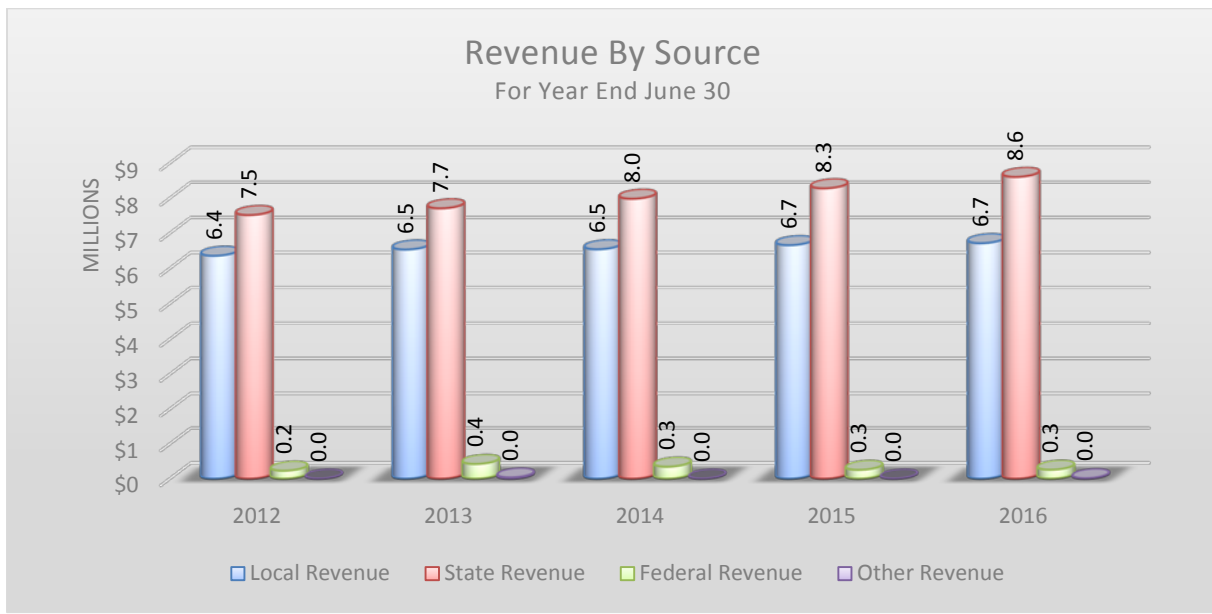
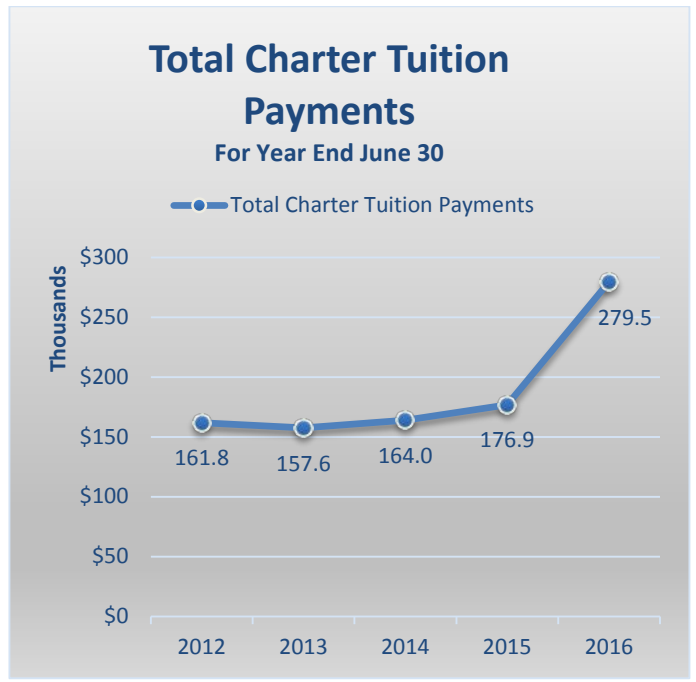
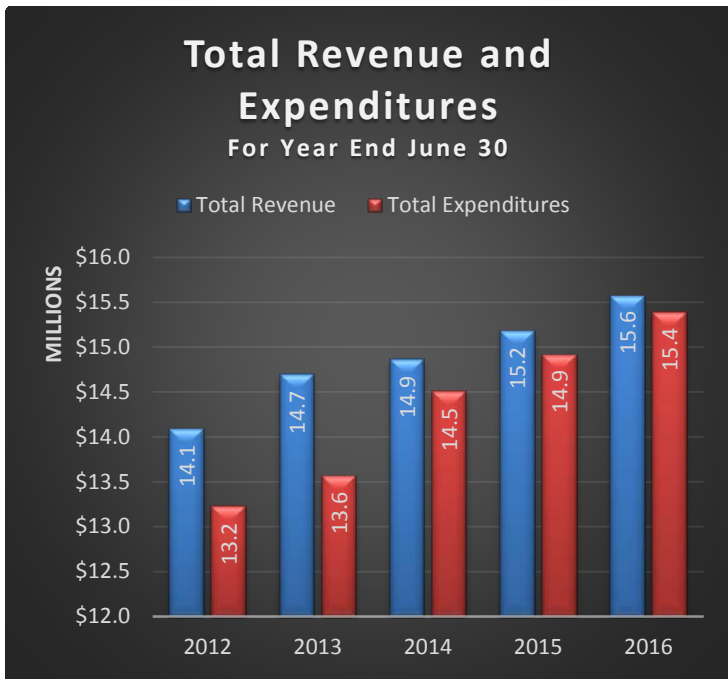


Note: General Fund Balance is comprised of the District’s Committed, Assigned and Unassigned Fund Balances.



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?

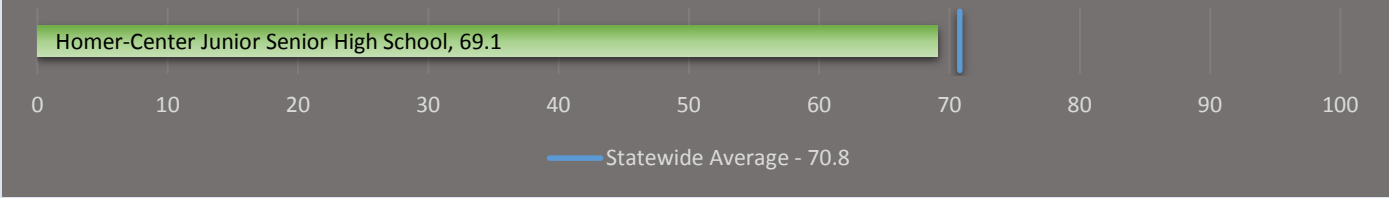
PDE collects enrollment and graduate data for all Pennsylvania public schools, which is used to calculate graduation rates. Cohort graduation rates are a calculation of the percentage of students who have graduated with a regular high school diploma within a designated number of years since the student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

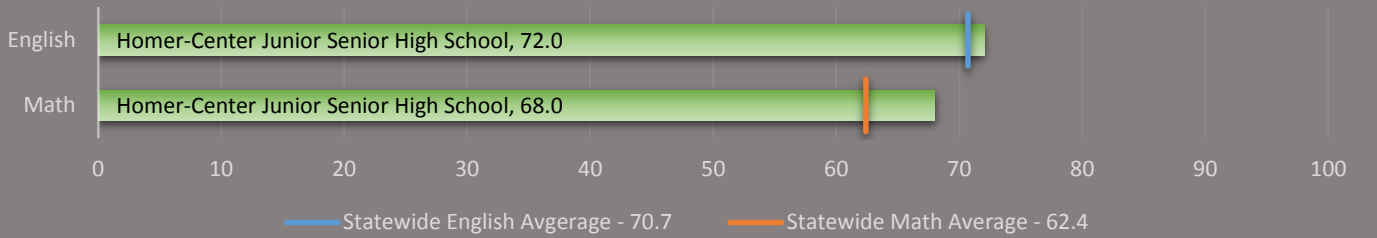
⁶ PDE also calculates 5-year and 6-year cohort graduation rates. Please visit PDE's website for additional information: <http://www.education.pa.gov/Data-and-Statistics/Pages/Cohort-Graduation-Rate-.aspx>.

2014-15 Academic Data
School Scores Compared to Statewide Averages

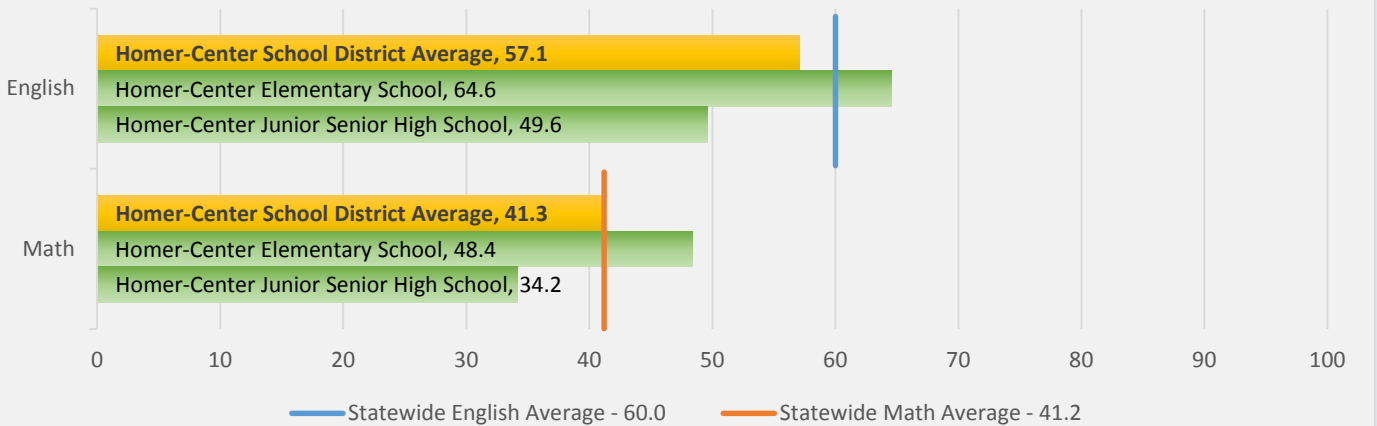
2014-15 SPP Scores



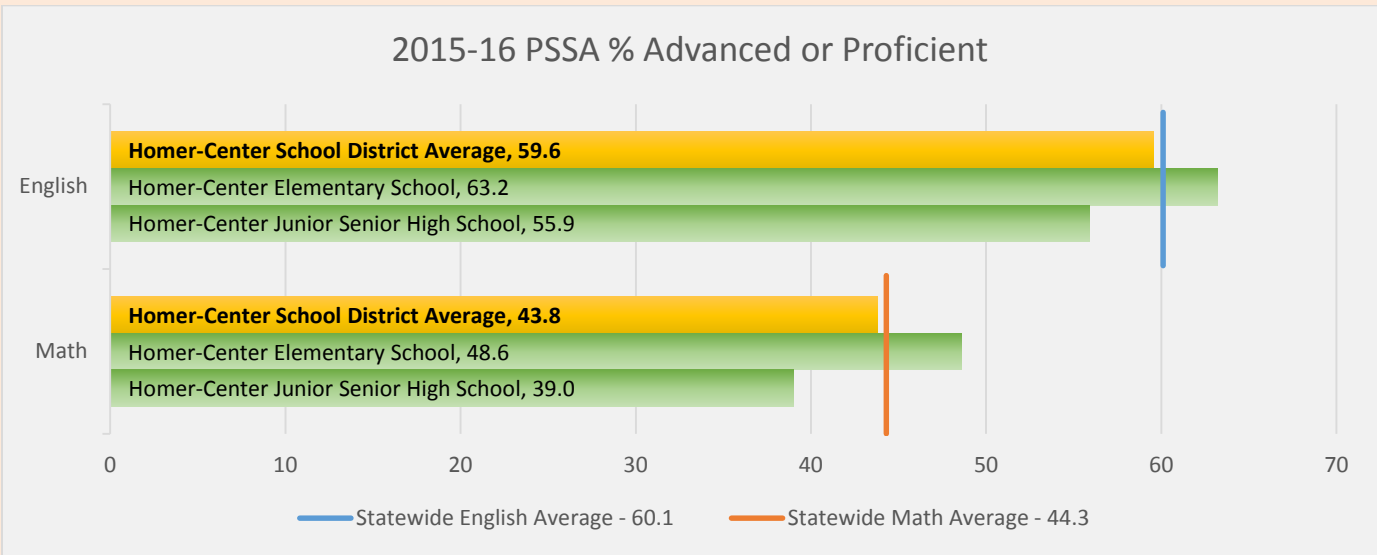
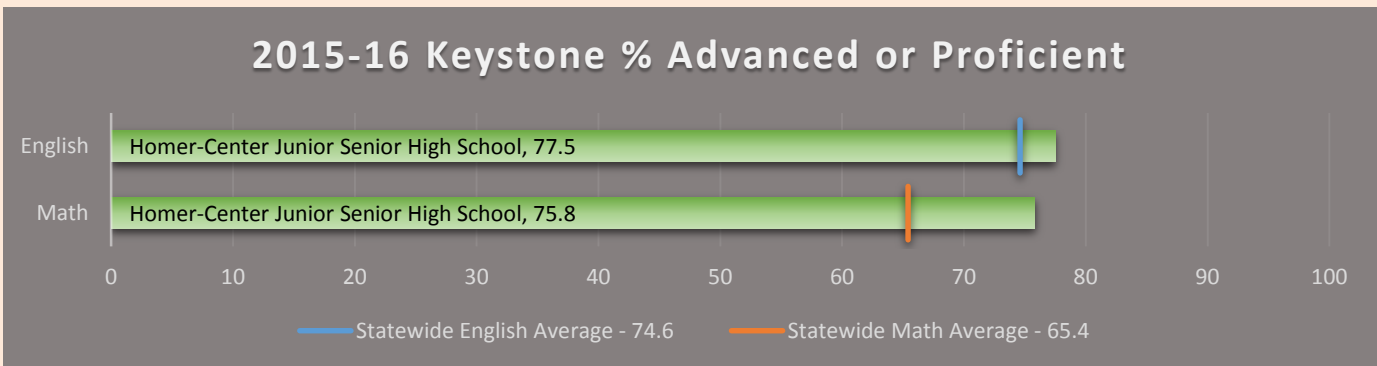
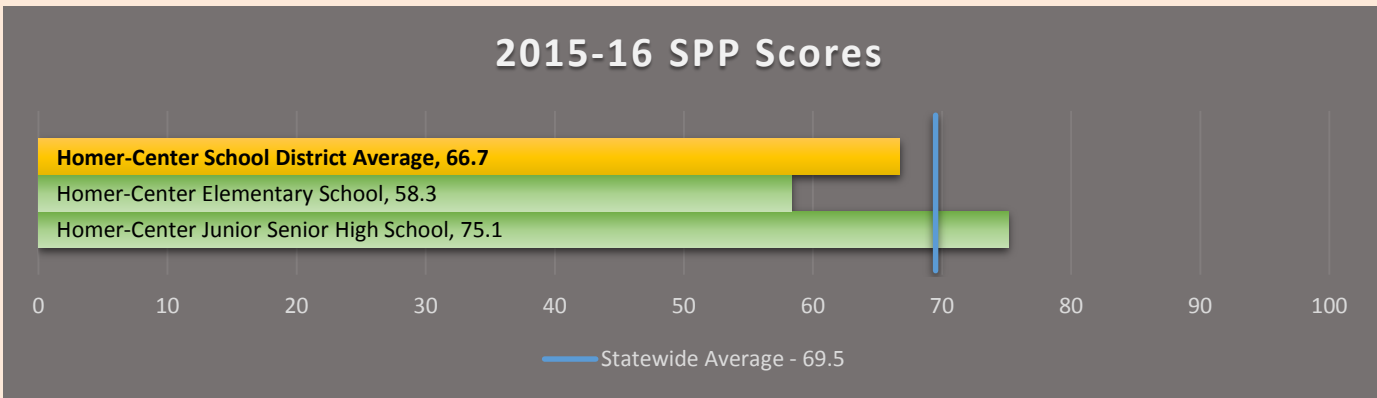
2014-15 Keystone % Advanced or Proficient



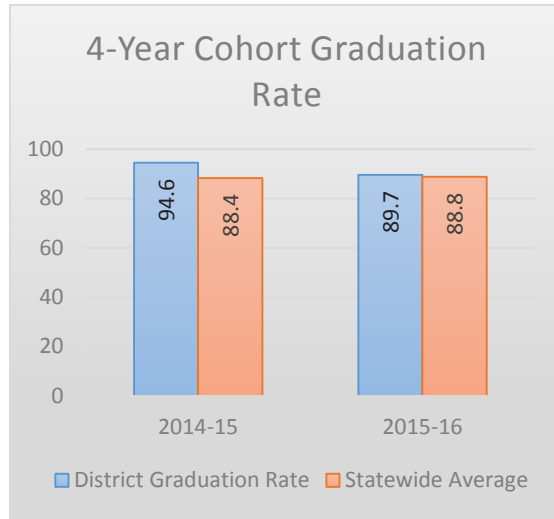
2014-15 PSSA % Advanced or Proficient



2015-16 Academic Data
School Scores Compared to Statewide Averages



4-Year Cohort Graduation Rate



Finding(s)

For the audited period, our audit of the Homer-Center School District resulted in no findings.

Status of Prior Audit Findings and Observations

Our prior audit of the Homer-Center School District (District) released on June 19, 2014, resulted in two findings, as shown below. As part of our current audit, we determined the status of corrective action taken by the District to implement our prior audit recommendations. We reviewed the District's written response provided to the Pennsylvania Department of Education (PDE), interviewed District personnel, and performed audit procedures as detailed in each status section below.

Auditor General Performance Audit Report Released on June 19, 2014

Prior Finding No. 1: Error in Reporting Pupil Membership Resulted in an Overpayment of \$9,685

Prior Finding Summary: During our prior audit of the District, we found that the pupil membership reports submitted to PDE for the 2011-12 school year were inaccurate. The District personnel reported one pre-adoptive student as a nonresident student placed in a private home. Pre-adoptive students are considered residents of the district they are attending. The District should not have reported the student as a nonresident.

Prior Recommendations: We recommended that the District should:

1. Provide District personnel who are responsible for the submission of child accounting data into PDE with appropriate training on the residency classifications per PDE instructions.
2. Perform an internal review of all pupil membership reports and supporting documentation before submission to PDE.
3. Review subsequent school year's membership reports for accuracy and resubmit if necessary.

We also recommended that PDE should:

4. Adjust the District's future allocations to correct the overpayment of \$9,685.

Current Status: The District implemented our audit recommendations during the 2013-14 school year. PDE adjusted the District's allocations to correct the overpayment of \$9,685 on June 1, 2017.

Prior Finding No. 2: Certification Deficiency

Prior Finding Summary: During our prior audit of the District, we found that for the period July 1, 2012, through November 7, 2013, one employee was assigned to a professional position without holding proper certification. The individual was employed with a lapsed certificate as an elementary school counselor.

Prior Recommendations: We recommended that the District should:

1. Implement internal controls to ensure appropriate tracking of all professional employees who are employed on an Instructional Level I temporary certificate.
2. Put procedures in place to compare employee's certification to the certification requirements of the assignments the District intends to give the employee.

We also recommended that PDE should:

3. Adjust the District's future allocations to recover any subsidy forfeitures.

Current Status: The District implemented our audit recommendations during the 2013-14 school year. The professional employee in question obtained permanent certification on November 1, 2013, and retired from the District at the end of the 2013-14 school year. PDE deducted \$2,404 from the District's January 5, 2016 subsidy payment to recover the subsidy forfeiture.

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,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 Homer-Center 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:

- Transportation Operations
- Data Integrity
- 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 transportation reimbursement from the Commonwealth?⁹
 - To address this objective, we randomly selected and reviewed 5 of the 16 total District buses for the 2014-15 school year. We obtained information that supported mileage amounts and number of students transported submitted by the District to PDE to ensure that the District reported the correct information and received the appropriate transportation subsidies from PDE.

Additionally, for the 2014-15 school year, we reviewed all ten nonpublic students reported to PDE by the District as receiving transportation services by the District. We reviewed nonpublic student lists, bus rosters and requests for transportation to ensure the District reported nonpublic students accurately.

We also reviewed all 268 students reported, during the 2014-15 school year, by the District to PDE as being transported by the District and residing on a hazardous route as defined by the Pennsylvania Department of Transportation. We verified that the District had supporting documentation and accurately reported these students to PDE. Our review of this objective did not result in any reportable issues.

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

- ✓ Did the District accurately report nonresident foster students to PDE? Did the District receive the correct reimbursement for these nonresident students?¹⁰
 - To address this objective, we reviewed all three nonresident students reported by the District to PDE during the time period July 1, 2012, through June 30, 2014. 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 Instructional Time and Membership Report to ensure that the District received correct reimbursement for these nonresident students. Our review of this objective did not result in 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?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 reviewed all four bus drivers hired by the District during the period July 1, 2012, through August 11, 2016. 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 ensure compliance, when followed, with bus driver hiring requirements. Our review of this objective did not result in any reportable issues.

- ✓ Did the District take actions to ensure it provided a safe school environment?¹²
 - 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 of our review of this objective area are not described in our audit report. The results of our review of school safety are shared with District officials and, if deemed necessary, PDE.

¹⁰ See 24 P.S. §§ 13-1301, 13-1302, 13-1305, 13-1306; 22 Pa. Code Chapter 11.

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 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

This report is a matter of public record and is available online at www.PaAuditor.gov. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: News@PaAuditor.gov.