

PERFORMANCE AUDIT

Lower Dauphin School District Dauphin County, Pennsylvania

June 2015



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



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EUGENE A. DePASQUALE
AUDITOR GENERAL

Dr. Sherri Smith, Superintendent
Lower Dauphin School District
291 East Main Street
Hummelstown, Pennsylvania 17036

Mr. Todd Kreiser, Board President
Lower Dauphin School District
291 East Main Street
Hummelstown, Pennsylvania 17036

Dear Dr. Smith and Mr. Kreiser:

Our performance audit of the Lower Dauphin School District (District) evaluated the application of best practices in the areas of governance, safety, contracts, and other operational areas as noted. 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 August 16, 2011 through January 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 significant 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 11, 2015

cc: **LOWER DAUPHIN SCHOOL DISTRICT** Board of School Directors

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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 August 16, 2011 through January 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 significant 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

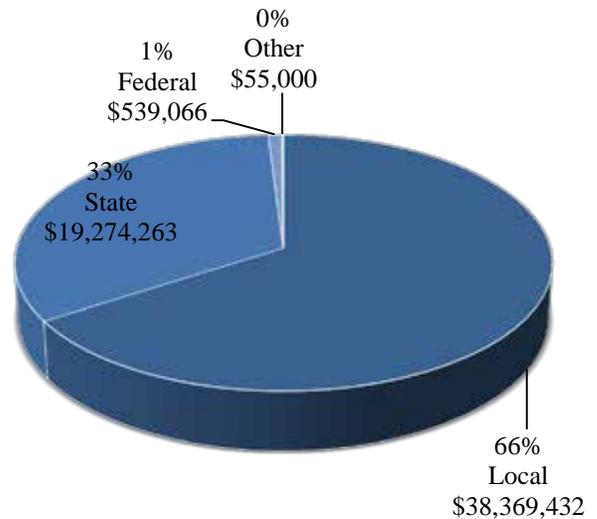
| School Characteristics 2014-15 School Year ⁱⁱ | |
|---|---------------------------------|
| County | Dauphin |
| Total Square Miles | 89 |
| Resident Population ⁱⁱⁱ | 24,736 |
| Number of School Buildings | 7 |
| Total Teachers | 309 |
| Total Full or Part-Time Support Staff | 200 |
| Total Administrators | 23 |
| Total Enrollment for Most Recent School Year | 3,786 |
| Intermediate Unit Number | 15 |
| District Vo-Tech School | Dauphin County Technical School |

Mission Statement

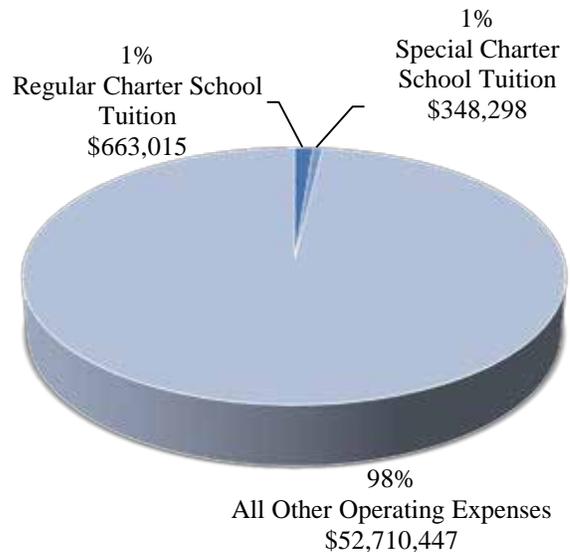
The mission of the District is to engage all students in a customized educational experience that prepares them to be self-sufficient and contributing members of a global community.

Financial Information

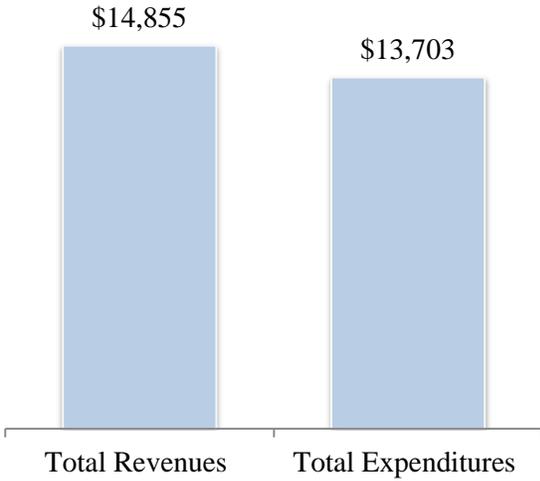
Revenue by Source for 2013-14
School Year



Select Expenditures for 2013-14
School Year

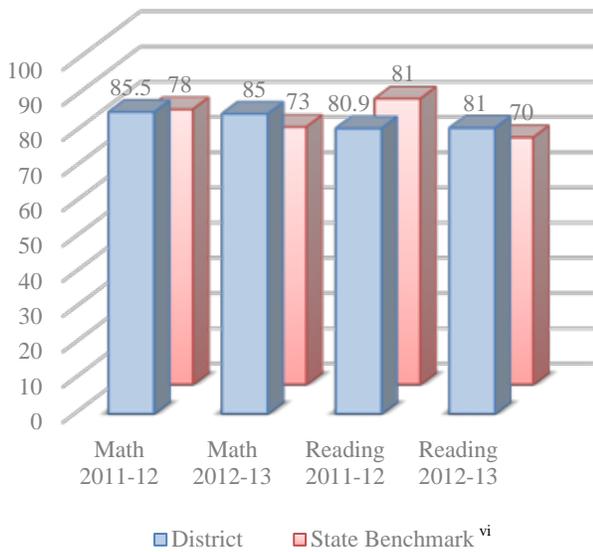


**Dollars Per Student
2013-14 School Year**



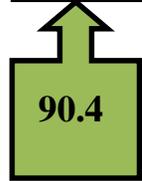
Academic Information

Percentage of District Students Who Scored "Proficient" or "Advanced" on 2011-12 and 2012-13 PSSA^{iv v}



District's 2012-13 SPP Score^{vii}

| A | B | C | D | F |
|--------|---------|---------|---------|-----|
| 90-100 | 80-89.9 | 70-79.9 | 60-69.9 | <60 |
| ▲ | ▲ | ■ | ▼ | ▼ |



**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} |
|---------------------------------|------------------|--|---|---|--|---|
| Conewago Elementary School | 83.0 | 89 | 73 | 83 | 70 | N/A |
| East Hanover Elementary School | 82.2 | 81 | 73 | 78 | 70 | No Designation |
| Londonderry Elementary School | 85.8 | 80 | 73 | 82 | 70 | Reward |
| Lower Dauphin High School | 92.3 | 74 | 73 | 84 | 70 | N/A |
| Lower Dauphin Middle School | 89.8 | 87 | 73 | 80 | 70 | N/A |
| Nye Elementary School | 91.9 | 94 | 73 | 86 | 70 | Reward |
| South Hanover Elementary School | 88.6 | 95 | 73 | 87 | 70 | N/A |

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 August 16, 2011 through January 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 purpose 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 Governance
- ü Contracting
- ü School Safety
- ü Bus Driver Qualifications

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) and administration maintain best practices in overall organizational governance?
 - o To address this objective, we surveyed the District's current Board, conducted in-depth interviews with the current Superintendent and his or her staff, reviewed board meeting books, policies and procedures, and reports used to inform the Board about student performance, progress in meeting student achievement goals, budgeting and financial position, and school violence data to determine if the Board was provided sufficient information for making informed decisions.
- ü Did the District ensure that its significant contracts were current and were properly obtained, approved, executed, and monitored?
 - o To address this objective, we reviewed the District's procurement and contract monitoring policies and procedures. We obtained a list of contracts for goods and services that were in effect for the 2013-14 school year. We selected 3 out of 75 significant contracts for detailed testing. Testing included a review of the procurement documents to determine if the contract was procured in accordance with the Public School Code and District policies. We also reviewed documents to determine if the District properly monitored the selected contracts. Finally, we reviewed board meeting minutes and the Board's Statements of Financial Interest to determine if any board member had a conflict of interest in approving the selected contracts.

- 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 three out of the District's seven school buildings (one from each education level) to assess whether the District had implemented basic safety practices.

- Ü Did the District ensure that bus drivers transporting District children at the time of the audit have the necessary license, physicals, training, background checks and clearances, and did the District have written policies and procedures governing the hiring of new bus drivers?
 - To address this objective, the auditors initially selected 5 of the 44 newest bus drivers employed by both the District and contractors from the current school year, 2014-15, to ensure the District obtained all of the required licenses, physicals, training, background checks, and clearances from each driver prior to hire. The auditors also requested copies of the written policies and procedures governing the hiring of bus drivers to determine that these processes included requesting background checks and clearances, and that the policies and procedures were implemented appropriately.

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

Acting 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

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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 (PSSA), 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.