

PERFORMANCE AUDIT

Southern Tioga School District Tioga County, Pennsylvania

November 2015



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE
AUDITOR GENERAL

Mr. Sam Rotella, Superintendent
Southern Tioga School District
241 Main Street
Blossburg, Pennsylvania 16912

Mr. Stephen Guillaume, Board President
Southern Tioga School District
241 Main Street
Blossburg, Pennsylvania 16912

Dear Mr. Rotella and Mr. Guillaume:

We have conducted a performance audit of the Southern Tioga School District (District) for the period June 21, 2012 through August 3, 2015. We evaluated the District's performance in the following areas:

- Academics
- Governance
- Financial Stability
- School Safety
- Bus Driver Requirements
- Administrator Contract Buy-Outs

This audit was conducted pursuant to Section 403 of The Fiscal Code, 72 P.S. § 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:

- In School Year 2013-14, the District Paid Over \$71,000 to Its Former Superintendent as a Buy-out of His Contract. In Addition, More Than \$43,000 of Payments Were Improperly Reported as Eligible Retirement Wages

Mr. Sam Rotella
Mr. Stephen Guillaume
Page 2

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

November 5, 2015

cc: **SOUTHERN TIOGA SCHOOL DISTRICT** Board of School Directors

Table of Contents

	Page
Background Information	1
Findings and Observations	4
Finding – In School Year 2013-14, the District Paid Over \$71,000 to Its Former Superintendent as a Buy-out of His Contract. In Addition, More Than \$43,000 of Payments Were Improperly Reported as Eligible Retirement Wages	4
Status of Prior Audit Findings and Observations	9
Appendix: Audit Scope, Objectives, and Methodology	10
Distribution List	14

Background Informationⁱ

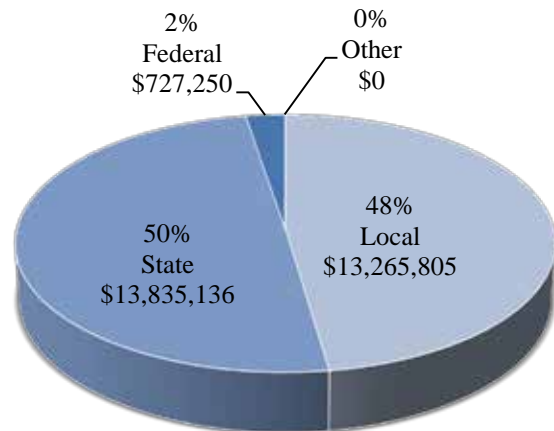
School Characteristics 2013-14 School Year ⁱⁱ	
County	Tioga
Total Square Miles	485
Resident Population ⁱⁱⁱ	15,551
Number of School Buildings	6
Total Teachers	153
Total Full or Part-Time Support Staff	129
Total Administrators	8
Total Enrollment for Most Recent School Year	1,792
Intermediate Unit Number	17
District Vo-Tech School	N/A

Mission Statement

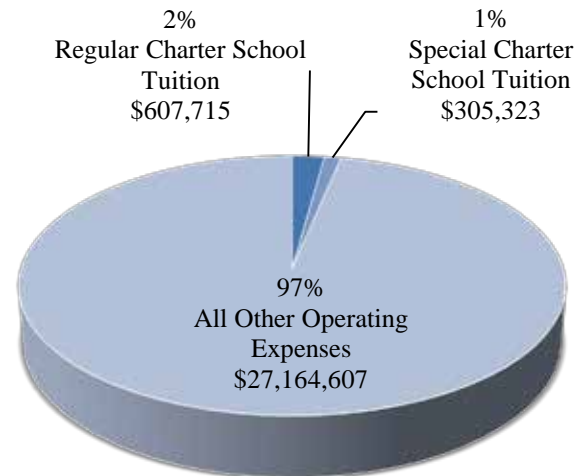
“The Southern Tioga School District, together with parents and the community, our mission is to develop successful learners who are productive, innovative, and responsible global citizens.”

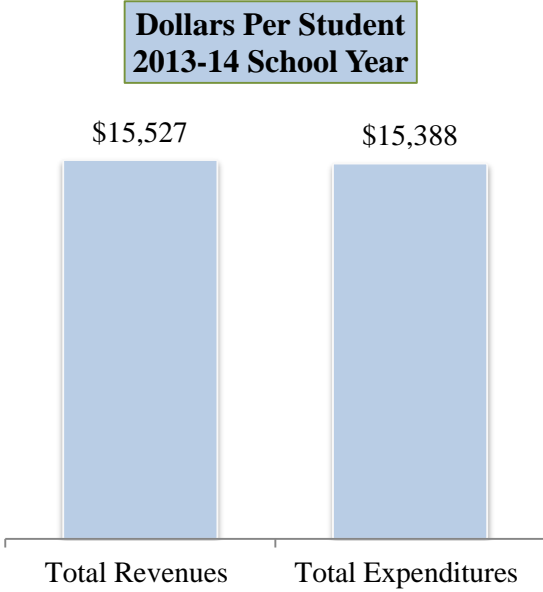
Financial Information

Revenue by Source for 2013-14 School Year

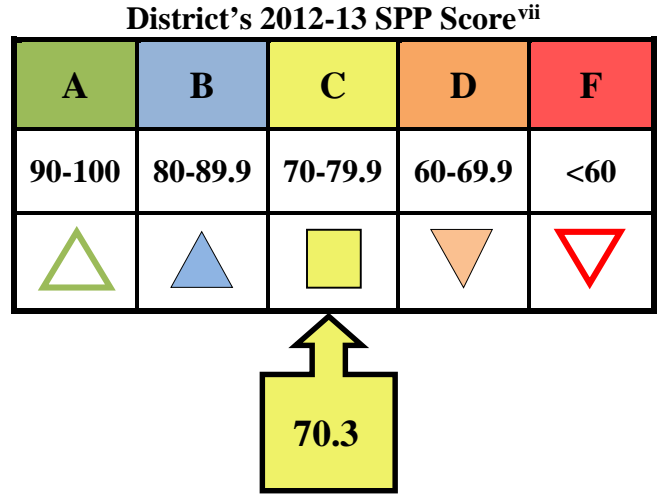
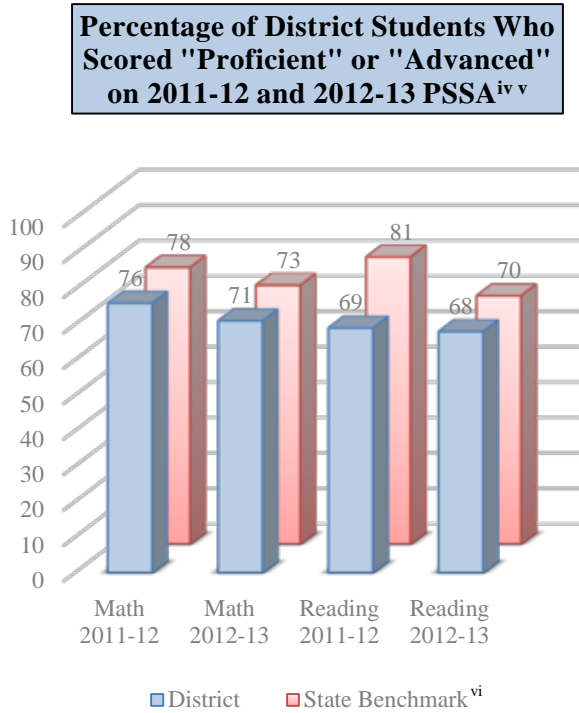


Select Expenditures for 2013-14 School Year





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 of 73% Above or Below	PSSA % School Proficient and Advanced in Reading	PSSA % Statewide Benchmark of 70% Above or Below	Federal Title I Designation (Reward, Priority, Focus, No Designation)^{ix}
Blossburg Elementary	68.3	67	6	54	16	No Designation
Liberty Elementary	76.4	79	6	69	1	No Designation
Liberty Junior-Senior High School	66.8	58	15	66	4	Not Applicable
Mansfield Junior-Senior High School	76.8	74	1	74	4	Not Applicable
North Penn Junior-Senior High School	63.5	67	6	73	3	Not Applicable
Warren L Miller Elementary	82.7	77	4	71	1	Reward

Findings and Observations

Finding

In School Year 2013-14, the District Paid Over \$71,000 to Its Former Superintendent as a Buy-out of His Contract. In Addition, More Than \$43,000 of Payments Were Improperly Reported as Eligible Retirement Wages

Criteria relevant to the finding:

The Separation Agreement stated the following, in part:

“The School District has approved and hereby grants [the former superintendent] . . . leave of absence . . . with compensation from February 1, 2014 through June 30, 2014, in accordance with [his] Employment Agreement dated March 1, 2011. It is the express intention of the School District and [the former superintendent] that the approved . . . leave of absence shall be in the form and in a manner that meets the regulations and guidelines set forth for [PSERS] as retirement-covered compensation to cover the time period from February 1, 2014 through June 30, 2014. No additional PSERS obligations shall be borne by the Southern Tioga School District after that date.”

“[The former Superintendent] agrees to the separation of his employment with the School District effective at close of business June 30, 2014. The separation from employment shall be irrevocable and not subject to any arbitration or legal proceedings, now or in the future.”

On January 10, 2014, the Board of School Directors (Board) entered into an “Approved Leave of Absence and Separation Agreement” (Separation Agreement) with the former Superintendent. The Separation Agreement granted a medical leave of absence effective February 1, 2014 through June 30, 2014, followed by immediate separation from the District.

As part of this Separation Agreement, the Board agreed to pay the former Superintendent \$71,070 through the District as a total and complete buy-out of all contract obligations, equal to eight months of compensation based on his school year 2013-14 salary of \$106,605 without disclosing the benefit, if any, to the District.

Also, the District’s administration improperly reported \$43,296 of the former Superintendent’s compensation to the Public School Employees’ Retirement System (PSERS) for inclusion in his retirement even though this compensation was ineligible under the guidelines outlined in *PSERS Employer Reference Manual*.

The Board Entered Into an Employment Contract With the Former Superintendent, Then Approved a Costly Buy-Out of This Contract Under a Leave of Absence Agreement

On June 30, 2014, the former Superintendent received the lump-sum payment of \$71,070. This payment was equal to eight months or 66.7 percent of his 2013-14 salary of \$106,605. This payment was not processed through payroll and not reported to PSERS as eligible retirement wages.

*Criteria relevant to the finding
(continued):*

“As a result of this separation from employment, the employment relationship between [the former Superintendent] and the School District shall be at an end and [the former Superintendent] shall not have any employment rights after the close of business on June 30, 2014.”

“In addition to his leave of absence with full pay and benefits, for consideration of the promises set forth in this Agreement, on June 30, 2014, the School District shall provide [the former Superintendent] with a lump sum payment in the amount of Seventy One Thousand Seventy and 43/100 Dollars (\$71,070.43), which constitutes eight months of compensation as a total and complete buy-out of all contract obligations.”

The *PSERS Employer Reference Manual*, Chapter 2 states to be eligible for PSERS membership as a full-time employee, the employee must work 5 hours or more a day, 5 days a week or its equivalent. It further states to be eligible as a part-time employee, the employee must be contracted to work less than 5 hours a day, 5 days a week or its equivalent and must have their salaries and retirement deductions reported to PSERS through monthly Work Report Records.

In PSERS’ preliminary determination, a Leave of Absence was not eligible for retirement compensation.

According to the District’s solicitor, the District negotiated this amount as a buy-out of all the contract obligations, including those contained in the contract approved on March 1, 2011.

However, since the District paid the former Superintendent his contracted compensation through June 30, 2014 (the expiration of the Superintendent’s contract signed in 2011), the \$71,010 buy-out paid on June 30, 2014, was merely the equivalent of eight months of an agreed upon figure based on his school year 2013-14 salary. The Board did not disclose its reason for entering into such an Agreement, and by not doing so, the general public was deprived of an opportunity to discuss and question its merit. Therefore, it is unclear what benefit, if any, the District received in exchange for the \$71,010 it paid to the former Superintendent.

The District entered into an agreement with the former superintendent on October 15, 2013, for a contract renewal beginning July 1, 2014, which would have obligated the District through June 30, 2017. This agreement was for continued Superintendent duties and was agreed upon by a Board that changed after the November 2013 election.

The motion to approve the former Superintendent’s contract entered into on October 15, 2013, and beginning July 1, 2014, was not on the Board’s agenda, but was added at the October 15, 2013 board meeting, limiting public comment to those already attending the meeting. While the Sunshine Law does not prohibit adding motions that are not on the agenda, the public would have been able to decide if they would like to attend the meeting and speak in favor or against the contract if they were made aware of the Board’s intent prior to the meeting.

Also, Section 1073(b) of the Public School Code (PSC) requires that, at least 150 days prior to the expiration date of the term of office of the district superintendent, the Board’s “agenda” shall include an item requiring the affirmative action by five or more board members to notify the District Superintendent that the Board intends to retain him for a further term of three to five years or that another or other candidates will be considered for office.

Criteria relevant to the finding (continued):

The Retirement Code defines an “Approved Leave of Absence” as “a leave of absence for activated military service or which has been approved by the employer for sabbatical leave, service as an exchange teacher, service with a collective bargaining organization, or professional study.”

According to the Pennsylvania’s Governor’s Center for Local Government Services, the Sunshine Law requires that notice be given of all public meetings. At a minimum, the notice must include the date, time, and place of the meeting. The public notice is not required to contain a statement of the purpose of the meeting or a description of the business that is to be conducted at the meeting.

Section 1073(a) of the PSC, 24 P.S. § 10-1073(a) (as last amended by Act 141 of 2012, effective September 10, 2012), provides: “(a) The board of school directors of each school district shall meet at its regular place of meeting, during **the last year of the term** of the district superintendent at any other time when a vacancy shall occur in the office of district superintendent, at an hour previously fixed by the board. The secretary of each board of school directors shall mail to each member thereof at least five days beforehand, a notice of the time, place and purpose of such meeting.”

On August 25, 2014, the former Superintendent became employed by another school district resulting in compensation from two school districts during six of the eight months of the buy-out period.

District Incorrectly Included \$43,296 as Eligible Retirement Wages

Between February 1, 2014 and June 30, 2014, the former Superintendent was paid \$43,296 while on a medical leave of absence. These payments were included in the District’s payroll as eligible retirement wages. The ineligible PSERS compensation for this period totaling \$43,296 were calculated by using his daily rate of \$408.45 multiplied by the 106 days in the leave of absence period. The former Superintendent was ineligible for PSERS membership effective February 1, 2014, for the following reasons:

According to District personnel, the former Superintendent earned 15 sick days at July 1, 2013, and had a carry-over of five sick days from the previous year, which he was not required to use during his leave of absence. These 20 days were transferred to his subsequent employer and became a liability to the taxpayers of that school district.

- The former Superintendent was not required to use earned leave during his leave of absence.
- The leave of absence was approved as part of a separation from employment to be effective June 30, 2014, immediately after the leave of absence and a substitute Superintendent was appointed effective February 1, 2014 through January 31, 2015.
- The Agreement allowed for a buy-out of his contract at June 30, 2014, immediately after the leave of absence.
- No work was being performed during this leave of absence.

The fact that the District continued to compensate the former Superintendent through payroll while he was on a leave of absence, as specified in the agreement, does not automatically make him eligible for PSERS membership.

We provided PSERS with a summary of the Agreement as it relates to the \$43,296 in questionable contributions. On

Criteria relevant to the finding (continued):

“**At such meeting** the board shall elect or approve a properly qualified district superintendent to enter into a contract to serve a term of three to five years from the first day of July next following his election or from a time mutually agreed upon by the duly elected district superintendent and the board of school directors. The contract shall be subject to the act of February 14, 2008 (P.L. 6, No. 3), known as the Right-to-Know Law.”
[Emphases added.]

Section 1073(b) of the PSC provides: “(b) At a regular meeting of the board of school directors occurring at least one hundred fifty (150) days prior to the expiration date of the term of office of the district superintendent, the agenda shall include an item requiring affirmative action by five or more members of the board of school directors to notify the district superintendent that the board intends to retain him for a further term of three (3) to five (5) years or that another or other candidates will be considered for the office. In the event that the board fails to take such action at a regular meeting of the board of school directors occurring at least one hundred fifty (150) days prior to the expiration date of the term of office of the district superintendent, he shall continue in office for a further term of similar length to that which he is serving.”

March 3, 2015, we received a preliminary determination that the wages are not eligible retirement compensation since paid administrative leave does not meet the criteria for an approved leave of absence under the Retirement Code.

Recommendations

The *Southern Tioga School District’s Board* should:

1. Implement procedures for timely review of salary and contribution reports to ensure that only eligible compensation is reported to PSERS for retirement contributions.
2. Disclose in advance to the general public the reasons for entering into agreements with soon-to-be retired or former employees, such as superintendents.
3. Include a stipulation in future buy-out agreements, if any, to ensure a prorated portion of the buy-out would be returned if subsequent employment is attained.
4. Implement procedures for timely review of salary and contribution reports to ensure that only eligible compensation is reported to PSERS for retirement contributions.

The *Public School Employees’ Retirement System* should:

5. Review the propriety of the \$43,296 that was paid to the former Superintendent while on medical leave of absence and make any necessary adjustments.

Management Response

Management stated the following:

“The Board of Directors offered the former superintendent a buyout agreement following his medical leave of absence in order to provide the district’s leadership with the ability to fill the position with a person who would place the district in a trajectory that aligned with the district’s vision and mission.

The January 10, 2014 agreement entered into with the former superintendent was intended to comply with all the laws of the Commonwealth including those related to PSERS. The Attorney representing the former superintendent, in advocating for her client, wanted the Agreement to include contributions to PSERS which he would have been entitled to under his first contract dated March 1, 2011. The Agreement was set to expire on June 30, 2014. The leave of absence that was negotiated expired at the same time as the valid March 1, 2011 Agreement.

The district has contacted PSERS in respect to the employer contribution amount of \$43,296. The district has placed policies and procedure to ensure that only eligible compensation is reported to PSERS.”

Auditor Conclusion

District personnel stated that they contacted PSERS, and they will be adjusting the former Superintendent’s PSERS compensation to disallow the ineligible wages of \$43,296. We are encouraged that the District enacted policies and procedures to ensure only eligible compensation is reported to PSERS. We will follow up on the corrective actions in our next audit of the District.

We recommend that any future agreements be as transparent as possible to ensure the public can determine if the Board is acting in the best interest of the taxpayers.

Status of Prior Audit Findings and Observations

Our prior audit of the District released on April 12, 2013, resulted in one finding. As part of our current audit, we determined the status of corrective action taken by the District to implement our prior audit recommendations. We interviewed District personnel and performed audit procedures, as detailed in each status section below.

Auditor General Performance Audit Report Released on April 12, 2013

Prior Finding:

Certification Deficiencies

Prior Finding

Summary:

Our prior audit of the District found that two individuals taught with lapsed certificates. One teacher was employed with a lapsed temporary certificate in music. The temporary certificate expired at the end of the 2010-11 school year, and the individual continued to teach for the entire 2011-12 school year. In addition, another teacher was employed with a lapsed elementary K-6 certificate. The certificate expired at the end of the 2009-10 school year, and the individual continued to teach for five months of the 2010-11 school year before applying for permanent certification, which was approved February 1, 2011.

Prior

Recommendations:

Our prior audit finding recommended that the District should:

1. Assign employees to areas in which they have proper certification.
2. Before the start of each school year, verify that all teachers not permanently certified are qualified to teach and still have years remaining on their temporary certificates.

We also recommended that the Pennsylvania Department of Education (PDE) should:

3. Adjust the District's allocations to recover any subsidy forfeiture deemed necessary.

Current Status:

During our current audit, we reviewed the teaching certificates for the two employees to ensure both had permanent certifications. PDE recovered the subsidy forfeiture of \$2,352 in June 2014, and the remaining \$1,199 was to be recovered in June of 2015, but has not been recovered due to the Commonwealth's budget impasse. The District and PDE did implement our prior recommendations.

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, PDE, and other concerned entities.

Our audit, conducted under authority of Section 403 of The Fiscal Code,¹ is not a substitute for the local annual financial audit required by the PSC 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 June 21, 2012 through August 3, 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, 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 performance in the following areas:

- Academics
- Governance
- Financial Stability
- School Safety
- Bus Driver Requirements
- Administrator Contract Buy-Outs

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 and administration maintain best practices in governing academics and student achievement by developing and executing a plan to improve student academic performance at its underperforming school buildings?
 - o 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 PDE.³ Since underperforming schools were identified, we selected all three of the 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 Board and administration maintain best practices in overall organizational governance?

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 I schools for the 2012-13 school year. All of the academic data standards and results we examined originated with PDE.

- To address this objective, we surveyed the District’s current Board, conducted in-depth interviews with the current Superintendent and his 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 Based on an assessment of fiscal benchmarks, was the District in a declining financial position, and did it comply with all statutes prohibiting deficit fund balances and the over expending of the District’s budget?
- To address this objective, we reviewed the District’s annual financial reports, general fund budget, independent auditor’s reports, summary of child accounting, and general ledger for fiscal years 2008-09 through 2014-15. The financial and statistical data was used to calculate ratios and trends for 22 benchmarks which were deemed appropriate for assessing the District’s financial stability.
- Ü Did the District pursue a contract buy-out with an administrator and if it did, what was the total cost of the buy-out, what were the reasons for the termination/settlement, and did the current employment contract(s) contain adequate termination provisions?
- To address this objective, we reviewed the contracts, board meeting minutes, board policies, and payroll records for the two administrators who separated from employment with the District during the period June 21, 2012 through January 26, 2015. We reviewed these two former administrators’ contracts to ensure the provisions were followed and that the payment for unused sick and vacation time was not reported as eligible retirement compensation.
- 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 two out of the District’s six school buildings to assess whether the District had implemented basic safety practices.
- Ü Did the District ensure that bus drivers transporting District students had the required driver’s license, physical exam, training, background checks, and clearances as outline in applicable laws?⁴ Also, did the District have adequate written policies and procedures governing the hiring of new bus drivers?
- To address this objective, we selected 5 of the 63 bus drivers hired by both the District and District bus contractors, during the time period July 1, 2014 to November 19, 2014, and reviewed documentation to ensure the District complied

⁴ 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.*

with bus driver's requirements. We also determined if the District had written policies and procedures governing the hiring of bus drivers and if those procedures were sufficient to ensure compliance with bus driver hiring requirements.

Ü Did the District take appropriate corrective action to address findings and implement recommendations made in our prior audit?

- To address this objective, we interviewed District administrators to determine what corrective action, if any, was taken to address prior audit recommendations. Where appropriate, we obtained documentary evidence and/or performed audit procedures to verify that corrective action was actually taken and those actions were sufficient to address the prior finding. We reviewed certificates of the individuals who were determined not to be properly certified during the prior audit.

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 Timothy Reese
State Treasurer
Room 129, Finance Building
Harrisburg, PA 17120

Mrs. Danielle Mariano
Director
Bureau of Budget and Fiscal Management
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Dr. David Wazeter
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Public School Employees' Retirement
System
P.O. Box 125
Harrisburg, PA 17108

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.

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 significant 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} *Ibid.* 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.