

# PERFORMANCE AUDIT

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## Blue Ridge School District Susquehanna County, Pennsylvania

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February 2016



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DEPASQUALE  
AUDITOR GENERAL

Mr. Matthew Button, Superintendent  
Blue Ridge School District  
5058 School Road  
New Milford, Pennsylvania 18834

Mr. Christopher Lewis, Board President  
Blue Ridge School District  
5058 School Road  
New Milford, Pennsylvania 18834

Dear Mr. Button and Mr. Lewis:

We have conducted a performance audit of the Blue Ridge School District (District) for the period March 27, 2013 through December 16, 2015. We evaluated the District's performance in the following areas:

- Governance
- Contracting
- School Safety
- Bus Driver Requirements

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.

We appreciate the District's cooperation during the course of the audit.

Sincerely,

A handwritten signature in black ink that reads "Eugene A. DePasquale".

Eugene A. DePasquale  
Auditor General

February 18, 2016

cc: **BLUE RIDGE SCHOOL DISTRICT** Board of School Directors

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## **Background Information<sup>i</sup>**

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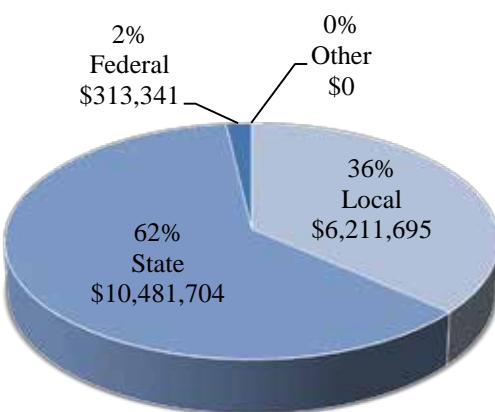
<b>School Characteristics 2014-15 School Year<sup>ii</sup></b>	
County	Susquehanna
Total Square Miles	110.6
Resident Population <sup>iii</sup>	7,744
Number of School Buildings	3
Total Teachers	81
Total Full or Part-Time Support Staff	19
Total Administrators	5
Total Enrollment for Most Recent School Year	1,043
Intermediate Unit Number	19
District Vo-Tech School	Susquehanna County CTC

### **Mission Statement**

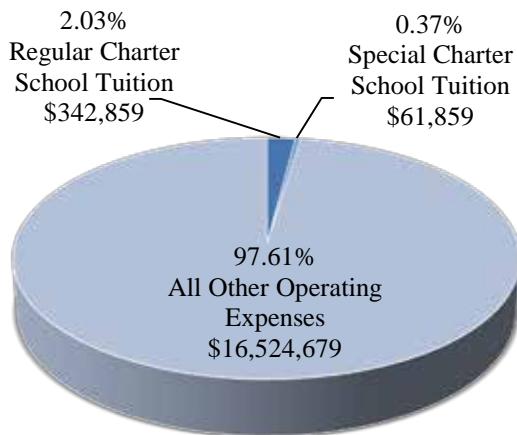
“The mission of Blue Ridge School District is to provide an excellent, current, and applicable education built on mutual respect and a commitment to graduating students who are college, career or trade ready.”

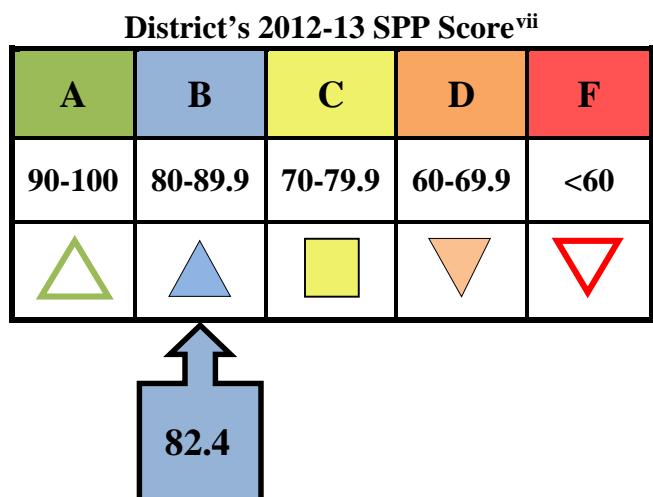
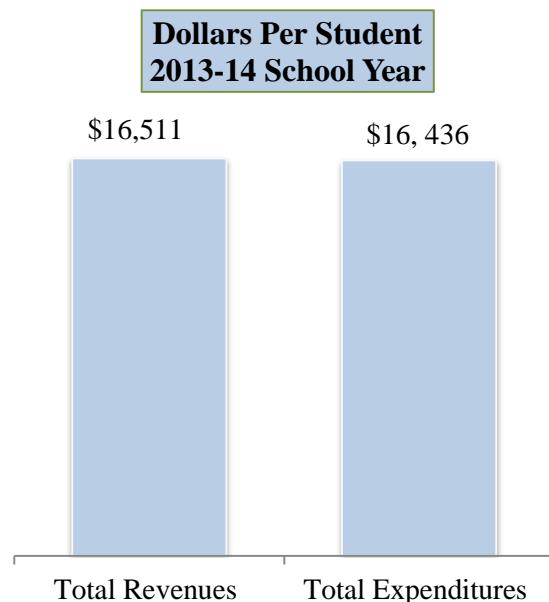
### **Financial Information**

#### **Revenue by Source for 2013-14 School Year**

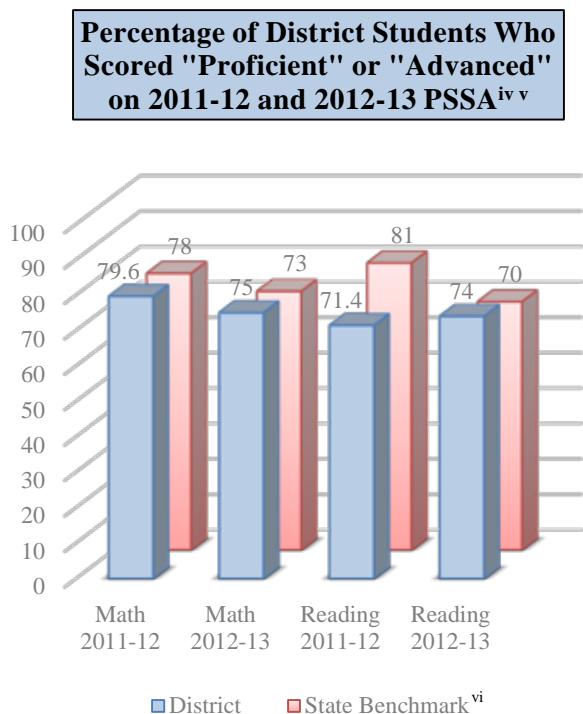


#### **Select Expenditures for 2013-14 School Year**





### Academic Information



Individual Building SPP and PSSA Scores <sup>viii</sup> 2012-13 School Year						
School Building	SPP Score	PSSA % School Proficient and Advanced in Math	PSSA % Statewide Benchmark of 73% <i>Above or Below</i>	PSSA % School Proficient and Advanced in Reading	PSSA % Statewide Benchmark of 70% <i>Above or Below</i>	Federal Title I Designation (Reward, Priority, Focus, No Designation) <sup>ix</sup>
Blue Ridge Elementary	84.5	74	1	73	3	No Designation
Blue Ridge Middle School	80.9	77	4	74	4	Not applicable
Blue Ridge High School	75.5	70	3	76	6	Not applicable

## **Findings and Observations**

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

## **Status of Prior Audit Findings and Observations**

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Our prior audit of the District released on July 18, 2013, resulted in one finding and one observation. 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 in July 18, 2013**

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#### **Prior Finding:**      **Certification Deficiency (Resolved)**

##### Prior Finding Summary:

Our prior audit found the District's Dean of Students/Attendance Officer was improperly assigned. As a result, the District was subject to subsidy forfeitures of \$1,757 and \$1,976 for the 2010-11 and 2011-12 school years, respectively. The subsidy forfeiture for the 2012-13 school year could not be determined during our prior audit since the corresponding aid ratios were not available.

##### Prior Recommendations:

We recommended that the District should:

1. Compare the employee's assignment to the adopted position description and compare to the Pennsylvania Department of Education's (PDE) existing certificated areas.
2. Ensure the employee obtains proper certification for the assignment.

We also recommended that PDE should:

3. Adjust the District's allocations to recover the subsidy forfeitures of \$1,757 and \$1,976 for the 2010-11 and 2011-12 school years.
4. Adjust the District's allocations to recover any subsidy forfeiture deemed necessary for the 2012-13 school year.

##### Current Status:

During our current audit, we found that the District did implement our prior recommendations. The employee is no longer employed by the District and, on June 24, 2013, the position of Dean of Students was eliminated. On October 31, 2013, PDE recovered the subsidy forfeitures of \$1,757 and \$1,976 for the 2010-11 and 2011-12 school years and also recovered \$1,997 for the 2012-13 school year.

**Prior Observation: Retirement Incentive Provisions are Questionable Use of Taxpayer Funds (Resolved)**

Prior Observation Summary:

Our prior review of the District's records and board meeting minutes found that the Board of School Directors agreed to retirement incentive provisions and additional health coverage for the former Assistant Business Manager and retirement incentives for three teachers during the 2010-11 school year. The retirement incentives cost the District \$106,646.

The District offered the retirement incentive plan after the former Assistant Business Manager notified the District of her intent to retire.

Prior Recommendations:

We recommended that the District should:

1. Consider the taxpayer's expectations that their money will be used for the education of the District's children when negotiating retirement incentives.
2. Only offer retirement incentives to reduce the cost of higher paid salaries and not as a bonus to employees planning to retire at their normal date.
3. Ensure medical costs are in agreement with contract provisions.

Current Status:

During our current audit, we reviewed administrative contracts and board minutes. We found that the District did implement our prior recommendations and now only offer retirement incentives to reduce the cost of salaries by encouraging retirement. Contracts no longer allow for additional health coverage.

## **Appendix: Audit Scope, Objectives, and Methodology**

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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,<sup>1</sup> is not a substitute for the local annual financial audit required by the Public School Code (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 March 27, 2013 through December 16, 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 controls<sup>2</sup> 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, 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.

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<sup>1</sup> 72 P.S. § 403.

<sup>2</sup> 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:

- Governance
- Contracting
- School Safety
- Bus Driver Requirements

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 overall organizational governance?
  - To address this objective, we 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?
  - To address this objective, we reviewed the District's procurement and contract monitoring policies and procedures. We obtained a list of vendors from whom goods and services were purchased during the 2014-15 school year. We randomly selected 6 out of 64 significant contracts for detailed testing. Testing included a review of the procurement documents to determine if the contract was procured in accordance with the PSC 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.

- 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.
- 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?<sup>3</sup> Also, did the District have adequate written policies and procedures governing the hiring of new bus drivers?
  - To address this objective, we selected five of the six bus drivers hired by both the District and District bus contractors, during the school year July 1, 2014 through June 30, 2015, and reviewed documentation to ensure the District complied 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.

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<sup>3</sup> 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.

## **Distribution List**

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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  
Pennsylvania Department of Education  
4th Floor, 333 Market Street  
Harrisburg, PA 17126

**Dr. David Wazeter**

Research Manager  
Pennsylvania State Education Association  
400 North Third Street - Box 1724  
Harrisburg, PA 17105

**Mr. Lin Carpenter**

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

This report is a matter of public record and is available online at [www.PaAuditor.gov](http://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](mailto:news@PaAuditor.gov).

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<sup>i</sup> Source: School district, PDE, and U.S. Census data.

<sup>ii</sup> Source: Information provided by the District administration.

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

<sup>iv</sup> 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.

<sup>v</sup> 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.

<sup>vi</sup> 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.

<sup>vii</sup> 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.

<sup>viii</sup> *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.

<sup>ix</sup> 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.