

PERFORMANCE AUDIT

Big Beaver Falls Area School District Beaver County, Pennsylvania

April 2018



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
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EUGENE A. DePASQUALE
AUDITOR GENERAL

Dr. Donna M. Nugent, Superintendent
Big Beaver Falls Area School District
1503 8th Avenue
Beaver Falls, Pennsylvania 15010

Mr. Tom Karczewski, Board President
Big Beaver Falls Area School District
1503 8th Avenue
Beaver Falls, Pennsylvania 15010

Dear Dr. Nugent and Mr. Karczewski:

We have conducted a performance audit of the Big Beaver Falls Area School District (District) for the period July 1, 2012, through June 30, 2016, except as otherwise indicated in the audit scope, objective, and methodology section of the report. We evaluated the District's performance in the following areas as further described in the appendix of this report:

- Transportation Operations
- Social Security Reimbursement
- Bus Driver Requirements

We also evaluated the application of best practices in the area of school safety. Due to the sensitive nature of this issue and the need for the results of this review to be confidential, we did not include the results in this report. However, we communicated the results of our review of school safety to District officials, the Pennsylvania Department of Education (PDE), and other appropriate officials as deemed necessary.

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

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

- The District Incorrectly Reported Transportation Data to PDE Resulting in a \$6,985 Underpayment

Dr. Donna M. Nugent
Mr. Tom Karczewski
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We appreciate the District's cooperation during the course of the audit.

Sincerely,

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Eugene A. DePasquale
Auditor General

April 16, 2018

cc: **BIG BEAVER FALLS AREA SCHOOL DISTRICT** Board of School Directors

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Background Information

School Characteristics 2015-16 School Year ^A	
County	Beaver
Total Square Miles	22
Resident Population^B	13,826
Number of School Buildings	4
Total Teachers	138
Total Full or Part-Time Support Staff	77
Total Administrators	10
Total Enrollment for Most Recent School Year	1,674
Intermediate Unit Number	27
District Vo-Tech School	Beaver County Career & Technical Center

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

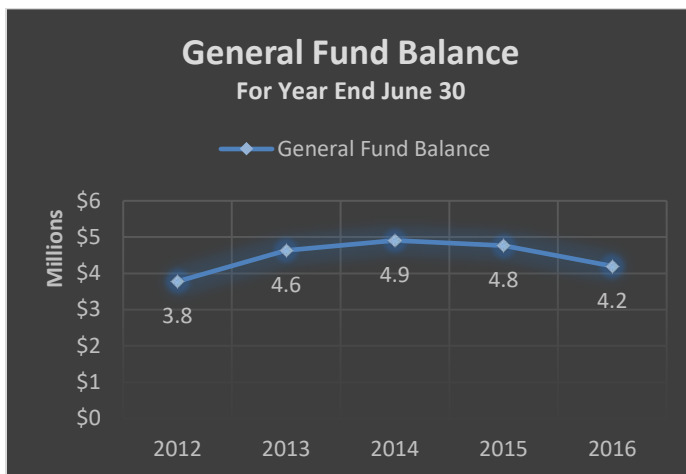
B - Source: United States Census
<http://www.census.gov/2010census>.

Mission Statement^A

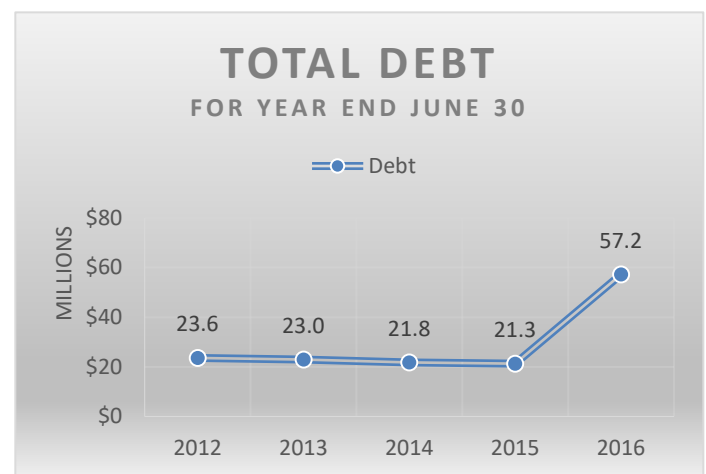
The Big Beaver Falls Area School District will serve as the core of a diverse community of life-long learners, which will provide high academic standards and challenging progressive learning experiences for all students. The vision of our school district will be achieved within a safe, inviting, nurturing environment generating responsible and self-sustaining citizens.

Financial Information

The following pages contain financial information about the Big Beaver Falls Area School District (District) obtained from annual financial data reported to the Pennsylvania Department of Education (PDE) and available on PDE's public website. This information was not audited and is presented for **informational purposes only**.

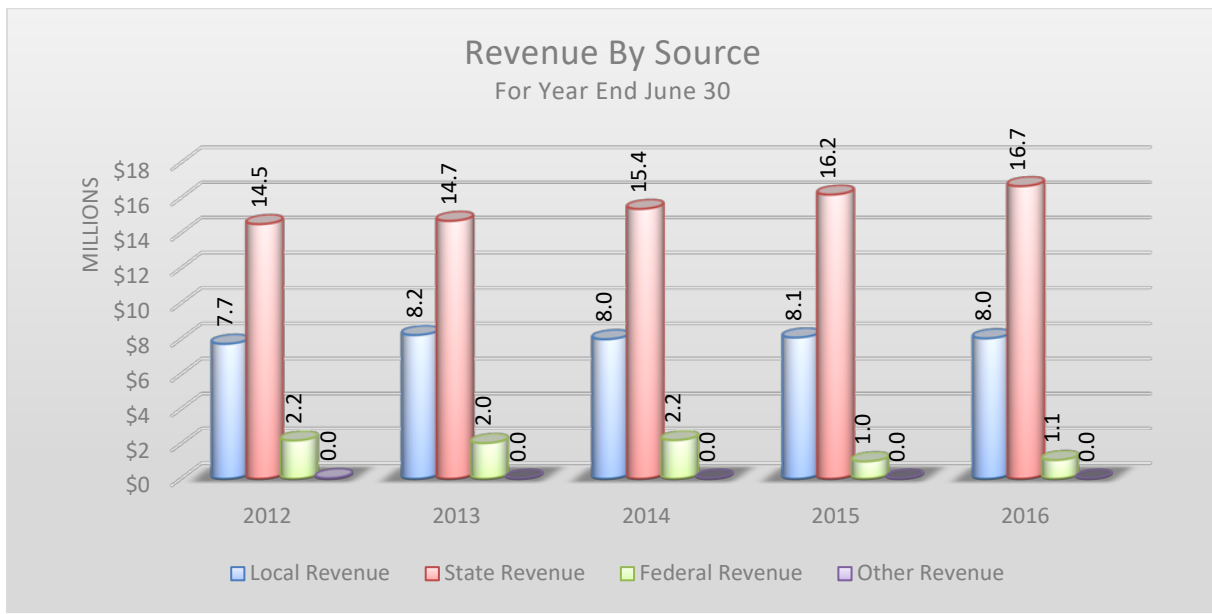
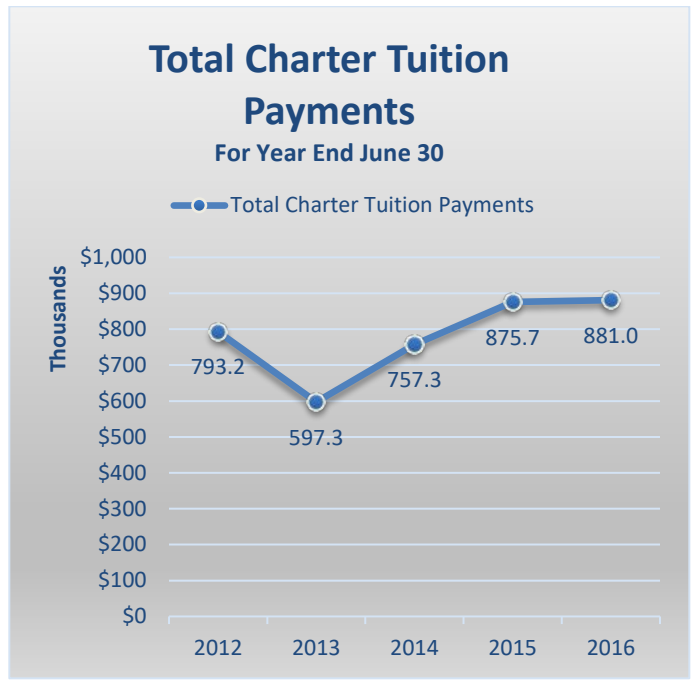
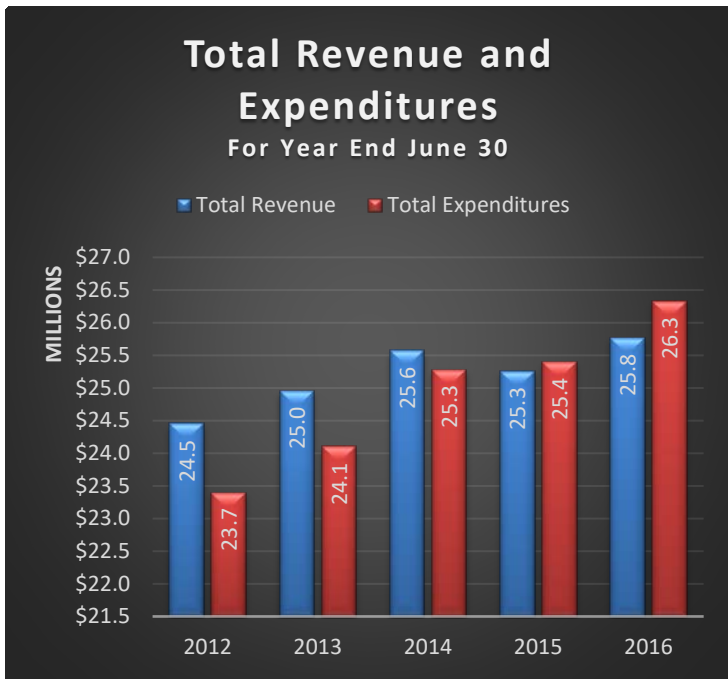


Note: General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



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

Financial Information Continued



Academic Information

The graphs on the following pages present School Performance Profile (SPP) scores, Pennsylvania System of School Assessment (PSSA), Keystone Exam results, and 4-Year Cohort Graduation Rates for the District obtained from PDE's data files for the 2014-15 and 2015-16 school years.¹ These scores are provided in the District's audit report for **informational purposes only**, and they were not audited by our Department. Please note that if one of the District's schools did not receive a score in a particular category and year presented below, the school will not be listed in the corresponding chart.² Finally, benchmarks noted in the following graphs represent the statewide average of all public school buildings in the Commonwealth that received a score in the category and year noted.³

What is a SPP score?

A SPP score serves as a benchmark for schools to reflect on successes, achievements, and yearly growth. PDE issues a SPP score using a 0-100 scale for all school buildings in the Commonwealth annually, which is calculated based on standardized testing (i.e. PSSA and Keystone exams), student improvement, advance course offerings, and attendance and graduation rates. Generally speaking, a SPP score of 70 or above is considered to be a passing rate.

PDE started issuing a SPP score for all public school buildings beginning with the 2012-13 school year. For the 2014-15 school year, PDE only issued SPP scores for high schools taking the Keystone Exams as scores for elementary and middle schools were put on hold due to changes with PSSA testing.⁴ PDE resumed issuing a SPP score for all schools for the 2015-16 school year.

What is the PSSA?

The PSSA is an annual, standardized test given across the Commonwealth to students in grades 3 through 8 in core subject areas, including English and Math. The PSSAs help Pennsylvania meet federal and state requirements and inform instructional practices, as well as provide educators, stakeholders, and policymakers with important information about the state's students and schools.

¹ PDE is the sole source of academic data presented in this report. All academic data was obtained from PDE's publically available website.

² PDE's data does not provide any further information regarding the reason a score was not published for a specific school. However, readers can refer to PDE's website for general information regarding the issuance of academic scores.

³ Statewide averages were calculated by our Department based on individual school building scores for all public schools in the Commonwealth, including district schools, charters schools, and cyber charter schools.

⁴ According to PDE, SPP scores for elementary and middle schools were put on hold for the 2014-15 school year due to the state's major overhaul of PSSA exams to align with state Common Core standards and an unprecedented drop in public schools' PSSA scores that year. Since PSSA scores are an important factor in the SPP calculation, the state decided not to use PSSA scores to calculate a SPP score for elementary and middle schools for the 2014-15 school year. Only high schools using the Keystone Exam as the standardized testing component received a SPP score.

The 2014-15 school year marked the first year that PSSA testing was aligned to the more rigorous PA Core Standards.⁵ The state uses a grading system with scoring ranges that place an individual student's performance into one of four performance levels: Below Basic, Basic, Proficient, and Advanced. The state's goal is for students to score Proficient or Advanced on the exam in each subject area.

What is the Keystone Exam?

The Keystone Exam measures student proficiency at the end of specific courses, such as Algebra I, Literature, and Biology. The Keystone Exam was intended to be a graduation requirement starting with the class of 2017, but that requirement has been put on hold until at least 2020. In the meantime, the exam is still given as a standardized assessment and results are included in the calculation of SPP scores. The Keystone Exam is scored using the same four performance levels as the PSSAs, and the goal is to score Proficient or Advanced for each course requiring the test.

What is a 4-Year Cohort Graduation Rate?

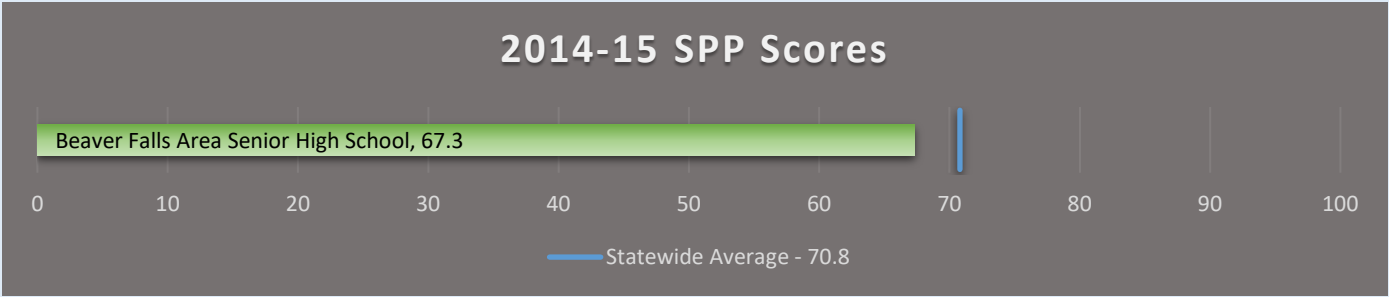
PDE collects enrollment and graduate data for all Pennsylvania public schools, which is used to calculate graduation rates. Cohort graduation rates are a calculation of the percentage of students who have graduated with a regular high school diploma within a designated number of years since the student first entered high school. The rate is determined for a cohort of students who have all entered high school for the first time during the same school year. Data specific to the 4-year cohort graduation rate is presented in the graph.⁶

⁵ PDE has determined that PSSA scores issued beginning with the 2014-15 school year and after are not comparable to prior years due to restructuring of the exam. (Also, see footnote 4).

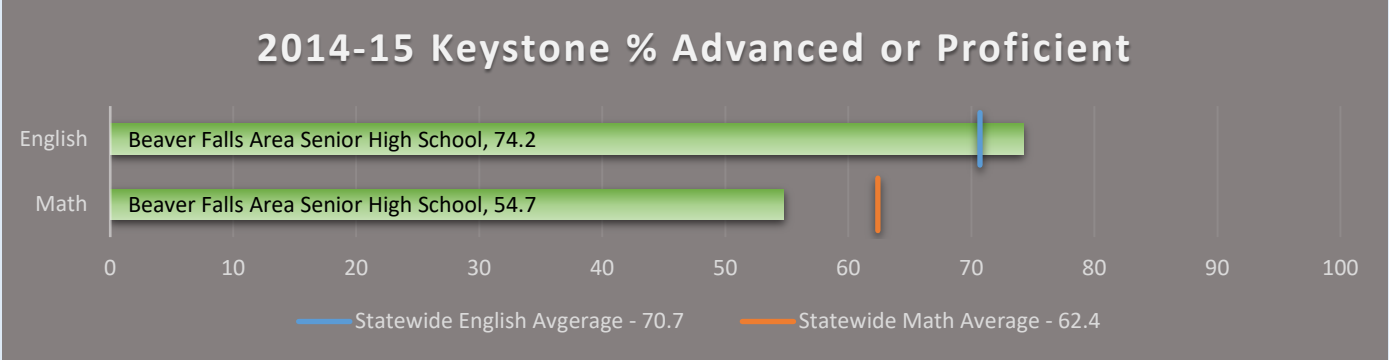
⁶ PDE also calculates 5-year and 6-year cohort graduation rates. Please visit PDE's website for additional information: <http://www.education.pa.gov/Data-and-Statistics/Pages/Cohort-Graduation-Rate-.aspx>.

2014-15 Academic Data
School Scores Compared to Statewide Averages

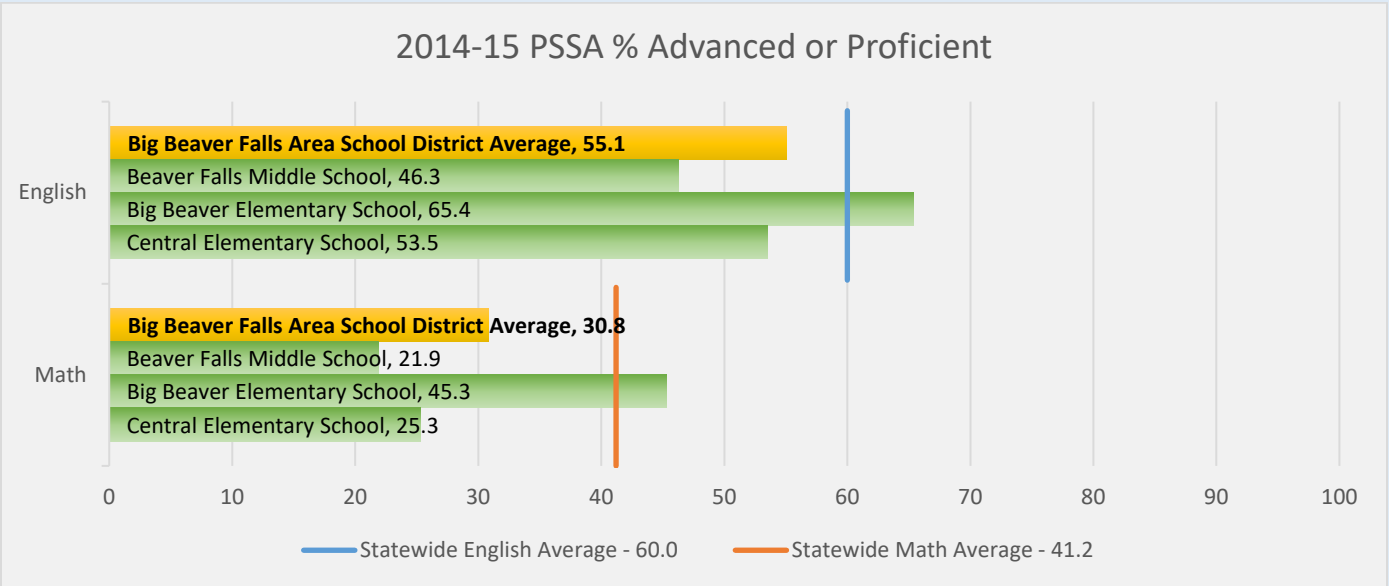
2014-15 SPP Scores



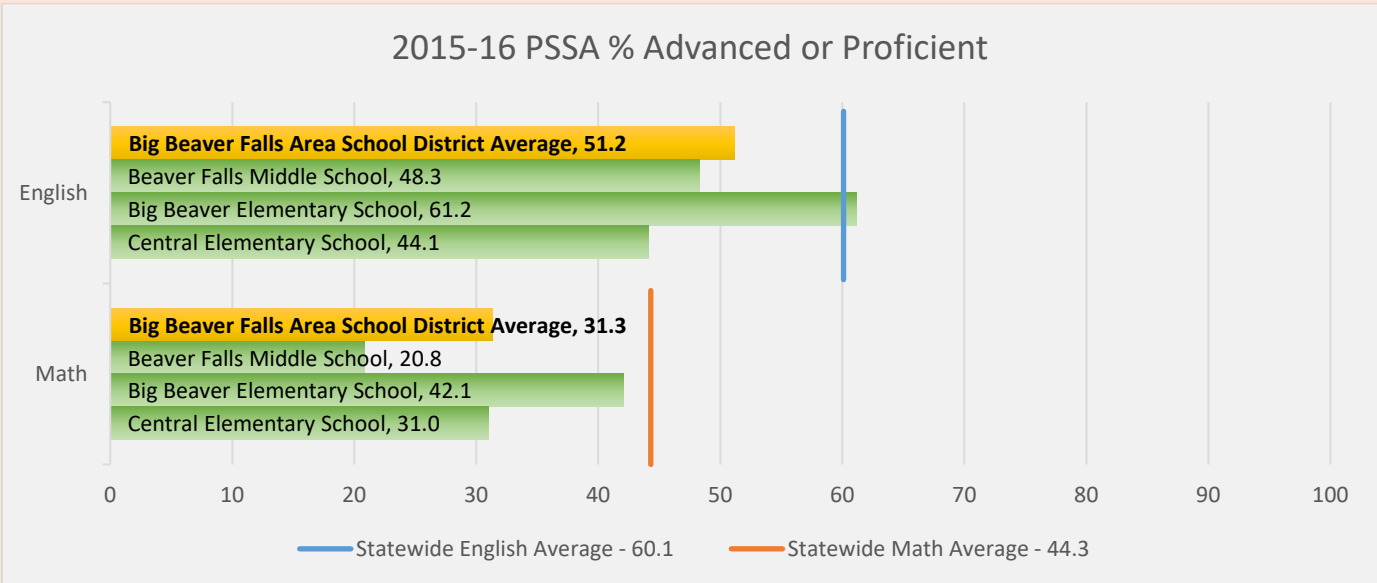
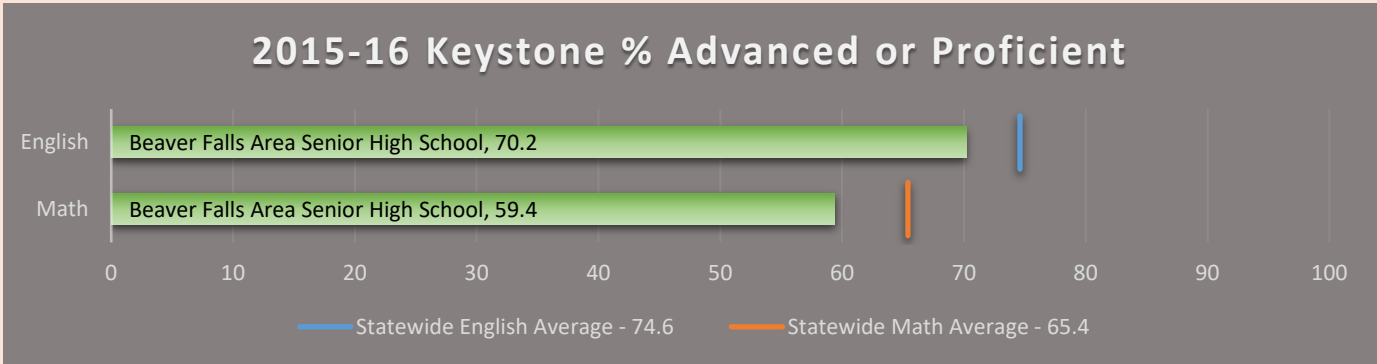
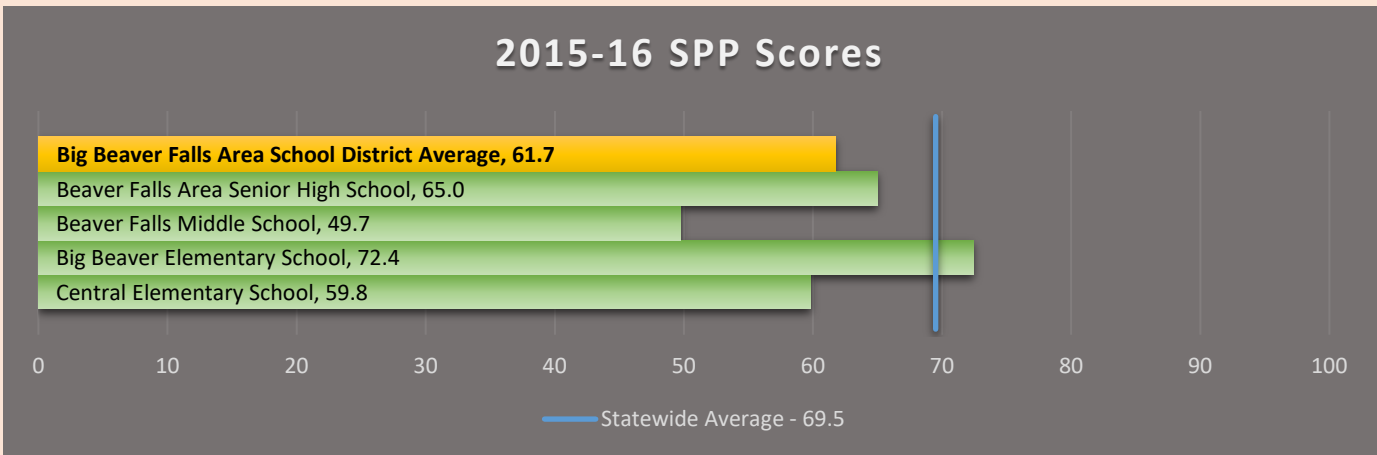
2014-15 Keystone % Advanced or Proficient



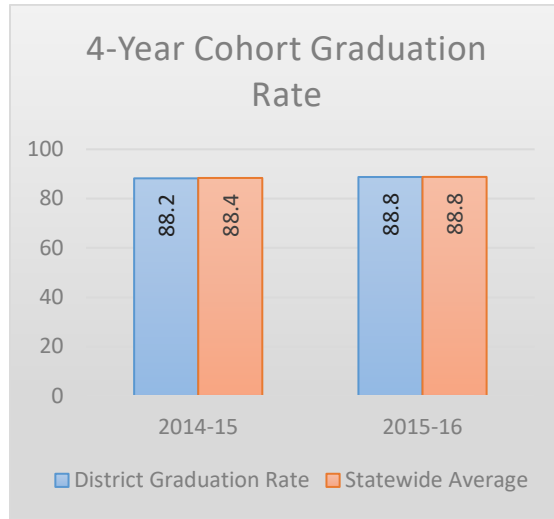
2014-15 PSSA % Advanced or Proficient



2015-16 Academic Data
School Scores Compared to Statewide Averages



4-Year Cohort Graduation Rate



Finding(s)

Finding

The District Incorrectly Reported Transportation Data to PDE Resulting in a \$6,985 Underpayment

Criteria relevant to the finding:

Sworn Statement and Annual Filing Requirements

Section 2543 of the Public School Code (PSC) sets forth the requirement for school districts to annually file a sworn statement of student transportation data for the prior and current school year with PDE in order to be eligible for the transportation subsidies.

Section 2543, which is entitled, "Sworn statement of amount expended for reimbursable transportation; payment; withholding," of the PSC states, in part:

"Annually, each school district entitled to reimbursement on account of pupil transportation shall provide in a format prescribed by the Secretary of Education, data pertaining to pupil transportation for the prior and current school year. . . . The Department of Education may, for cause specified by it, withhold such reimbursement, in any given case, permanently, or until the school district has complied **with the law or regulations** of the State Board of Education." (Emphasis added.) See 24 P.S. § 25-2543.

PDE has established a Summary of Students Transported form (PDE-2089) and relevant instructions specifying how districts are to report nonpublic students transported to and from school.

We found that the Big Beaver Falls Area School District (District) was underpaid \$6,985 in transportation reimbursement from the Pennsylvania Department of Education (PDE) as a result of a reporting error made by the District. This underpayment was due to the District incorrectly reporting total annual miles for one vehicle during the 2013-14 school year.

Districts receive two separate transportation reimbursement payments from PDE. One reimbursement is based on the number of students transported and the number of miles of vehicles in service, both with and without students (regular transportation reimbursement). The other reimbursement is based on the number of charter school and nonpublic students transported (supplemental transportation reimbursement).

Incorrect Regular Transportation Reimbursement Received

The District incorrectly reported to PDE the amount of total annual miles transported during the 2013-14 school year. The District did not update its mileage calculations for one vehicle that made route changes during the 2013-14 school year. On December 16, 2013, the District modified a bus route. This modification to the route was not board approved and added additional miles for this vehicle. The District failed to include these additional miles when it reported total annual miles to PDE. Failing to report additional miles resulted in the District being underpaid \$6,985 for the 2013-14 school year. The District did correctly report its total annual miles for the 2012-13 and 2014-15 school years and was reimbursed the correct amount for these years.

Criteria relevant to the finding (continued):

The number of days transported, miles vehicles travel with and without pupils, pupil data such as public hazardous and public nonhazardous, and the amount paid to contractors are all integral parts of the transportation formula. In addition, nonpublic pupil data generates a portion of the transportation subsidy.

Related Regulations

Section 23.4 of the Chapter 23 (relating to Pupil Transportation) of State Board of Education Regulations provides, in part:

“The board of directors of a school district is responsible for all aspects of pupil transportation programs including . . . (3) The establishment of routes, schedules and loading zones which comply with laws and regulations, . . . (5) The furnishing of rosters of pupils to be transported on each school bus run and trip; (6) The maintenance of a record of pupils transported to and from school, including determination of pupils’ distances from home to pertinent school bus loading zones. . . .” See 22 Pa. Code § 23.4(3), (5), and (6).

Conclusion

It is important for the District to closely review its total annual miles traveled to ensure that it does not receive any underpayments. Any underpayment can be financially detrimental to the District and its students.

Recommendations

The *Big Beaver Falls Area School District* should:

Ensure all changes to bus routes are board approved and that any changes to annual miles are accurately incorporated into the District’s total annual miles reported to PDE.

The *Pennsylvania Department of Education* should:

Adjust the District’s allocations to correct the net reimbursement underpayment of \$6,985.

Management Response

District management provided the following response:

“The District will require the transportation company to submit any changes to bus routes to the School Board for approval. Any changes will be sent to the building principal and business office so that two sets of records exist. These changes will be sent by e-mail as they occur. These changes will be approved by the Board, along with the monthly bus driver’s reports, and be maintained in the School Board Minutes. The Business Manager will review any changes and make sure they are contained in the year end transportation reports submitted to PDE.”

Auditor Conclusion

We are encouraged that the District is in the process of implementing our recommendation and additional new procedures to help ensure the accuracy of pupil transportation reporting. We will review the effectiveness of these procedures and any additional corrective action taken by the District during our next scheduled audit of the District.

Status of Prior Audit Findings and Observations

Our prior audit of the Big Beaver Falls Area School District resulted in no findings or observations.

Appendix: Audit Scope, Objectives, and Methodology

School performance audits allow the Pennsylvania Department of the Auditor General to determine whether state funds, including school subsidies, are being used according to the purposes and guidelines that govern the use of those funds. Additionally, our audits examine the appropriateness of certain administrative and operational practices at each local education agency (LEA). The results of these audits are shared with LEA management, the Governor, Pennsylvania Department of Education (PDE), and other concerned entities.

Our audit, conducted under authority of Sections 402 and 403 of The Fiscal Code,⁷ is not a substitute for the local annual financial audit required by the Public School Code of 1949, as amended. We conducted our audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit.

Scope

Overall, our audit covered the period July 1, 2012, through June 30, 2016. In addition, the scope of each individual audit objective is detailed on the next page.

The Big Beaver Falls Area School District's (District) management is responsible for establishing and maintaining effective internal controls⁸ to provide reasonable assurance that the District is in compliance with certain relevant state laws, regulations, contracts, and administrative procedures (relevant requirements). In conducting our audit, we obtained an understanding of the District's internal controls, including any information technology controls, which we consider to be significant within the context of our audit objectives. We assessed whether those controls were properly designed and implemented. Any deficiencies in internal controls that were identified during the conduct of our audit and determined to be significant within the context of our audit objectives are included in this report.

⁷ 72 P.S. §§ 402 and 403.

⁸ Internal controls are processes designed by management to provide reasonable assurance of achieving objectives in areas such as: effectiveness and efficiency of operations; relevance and reliability of operational and financial information; and compliance with certain relevant state laws, regulations, contracts, and administrative procedures.

Objectives/Methodology

In order to properly plan our audit and to guide us in selecting objectives, we reviewed pertinent laws and regulations, board meeting minutes, academic performance data, annual financial reports, annual budgets, new or amended policies and procedures, and the independent audit report of the District's basic financial statements for the fiscal years July 1, 2012, through June 30, 2016. We also determined if the District had key personnel or software vendor changes since the prior audit.

Performance audits draw conclusions based on an evaluation of sufficient, appropriate evidence. Evidence is measured against criteria, such as laws, regulations, third-party studies, and best business practices. Our audit focused on the District's efficiency and effectiveness in the following areas:

- ✓ Transportation Operations
- ✓ Social Security Reimbursement
- ✓ 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 comply 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 8 out of 33 vehicles used to transport students during the 2012-13 and 2013-14 school years. We obtained information that supported data reported to PDE for these school years to ensure that the District reported the correct information and received the appropriate transportation subsidies from PDE. The information obtained included: student rosters, mileage sheets, and weighted average calculations.
 - We also reviewed all 493 charter and nonpublic students reported by the District as transported during the 2012-13 through 2015-16 school years. We reviewed to ensure that the District correctly classified and reported these students to PDE. See the Finding in this report for the results of our review of this objective.¹⁰
- ✓ Did the District correctly calculate and report Social Security and Medicare wages to PDE for District employees, and did the District receive the correct amount of reimbursement from PDE?

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

¹⁰ While representative selection is a required factor of audit sampling methodologies, audit sampling methodology was not applied to achieve this test objective; accordingly, the results of this audit procedure are not, and should not be, projected to the population.

- To address this objective, we reviewed the Social Security and Medicare data reported to PDE by the District for the 2012-13 and 2013-14 school years to determine the accuracy of the District's reimbursement subsidy. Reconciliations were performed of PDE-2105 and quarterly IRS-941 forms by verifying the reported data against District payroll reports. The aid ratio for the District was confirmed, and we verified the total revenue received from the Commonwealth to the confirmations of PDE's Office of Comptroller Operations. Our review of this objective did not disclose 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 selected the 5 most recently hired bus drivers out of the 55 total bus drivers employed by both the District and District bus contractor as of September 9, 2017. 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, when followed, would ensure compliance with bus driver hiring requirements. Our review of this objective did not disclose any reportable issues.¹²
- ✓ Did the District take actions to ensure it provided a safe school environment?¹³
 - To address this objective, we reviewed a variety of documentation, including safety plans, training schedules and anti-bullying policies. Due to the sensitive nature of school safety, the results of our review of 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.

¹¹ 24 P.S. § 1-111, 23 Pa.C.S. § 6344(a.1), 24 P.S. § 2070.1a *et seq.*, 75 Pa.C.S. §§ 1508.1 and 1509, and 22 *Pa. Code Chapter 8*.

¹² We selected drivers based on date of hire; therefore, the results of this testing should not be projected to the total population of drivers.

¹³ 24 P.S. § 13-1301-A *et seq.*

Distribution List

This report was initially distributed to the Superintendent of the District, the Board of School Directors, and the following stakeholders:

The Honorable Tom W. Wolf

Governor
Commonwealth of Pennsylvania
Harrisburg, PA 17120

The Honorable Pedro A. Rivera

Secretary of Education
1010 Harestown 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

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