

LIMITED PROCEDURES ENGAGEMENT

Chartiers-Houston School District Washington County, Pennsylvania

November 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
Facebook: Pennsylvania Auditor General
Twitter: @PAAuditorGen
www.PaAuditor.gov

EUGENE A. DePASQUALE
AUDITOR GENERAL

Mr. John George, Superintendent
Chartiers-Houston School District
2020 West Pike Street
Houston, Pennsylvania 15342

Mr. Richard Hall, Board President
Chartiers-Houston School District
2020 West Pike Street
Houston, Pennsylvania 15342

Dear Mr. George and Mr. Hall:

We conducted a Limited Procedures Engagement (LPE) of the Chartiers-Houston School District (District) to determine its compliance with certain relevant state laws, regulations, policies, and administrative procedures (relevant requirements). The LPE covers the period July 1, 2013 through June 30, 2017, except for any areas of compliance that may have required an alternative to this period. The engagement was conducted pursuant to authority derived from Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania and The Fiscal Code (72 P.S. §§ 402 and 403), but was not conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

As we conducted our LPE procedures, we sought to determine answers to the following questions, which serve as our LPE objectives:

- Did the District have documented board policies and administrative procedures related to the following?
 - Internal controls
 - Budgeting practices
 - The Right-to-Know Law
 - The Sunshine Act
- Were the policies and procedures adequate and appropriate, and have they been properly implemented?
- Did the District comply with the relevant requirements in the Right-to-Know Law and the Sunshine Act?

- Did the District take appropriate corrective action to address the finding and observations made in our prior audit?

Our engagement found that the District properly implemented policies and procedures for the areas mentioned above and complied, in all significant respects, with relevant 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, and other appropriate officials as deemed necessary.

We appreciate the District's cooperation during the conduct of the engagement.

Sincerely,



Eugene A. DePasquale
Auditor General

November 19, 2018

cc: **CHARTIERS-HOUSTON SCHOOL DISTRICT** Board of School Directors

Background Information

| School Characteristics 2017-18 School Year ^A | |
|--|---|
| County | Washington |
| Total Square Miles | 21.7 |
| Number of School Buildings | 2 |
| Total Teachers | 82 |
| Total Full or Part-Time Support Staff | 50 |
| Total Administrators | 6 |
| Total Enrollment for Most Recent School Year | 1,139 |
| Intermediate Unit Number | 1 |
| District Vo-Tech School | Western Area Career and Technology Center |

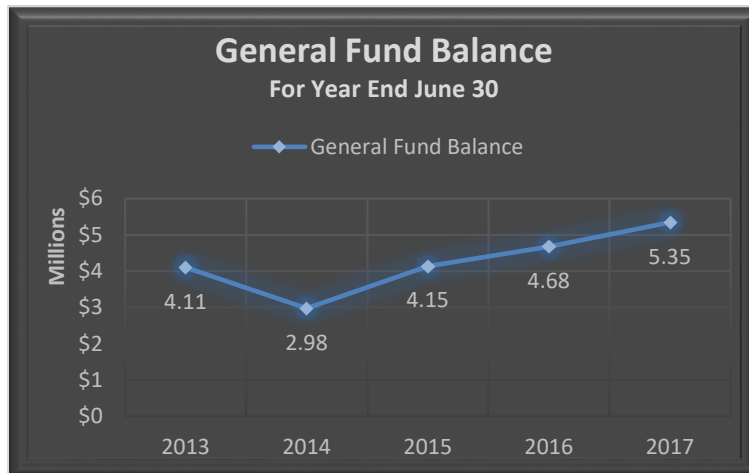
A - Source: Information provided by the District administration and is unaudited.

Mission Statement^A

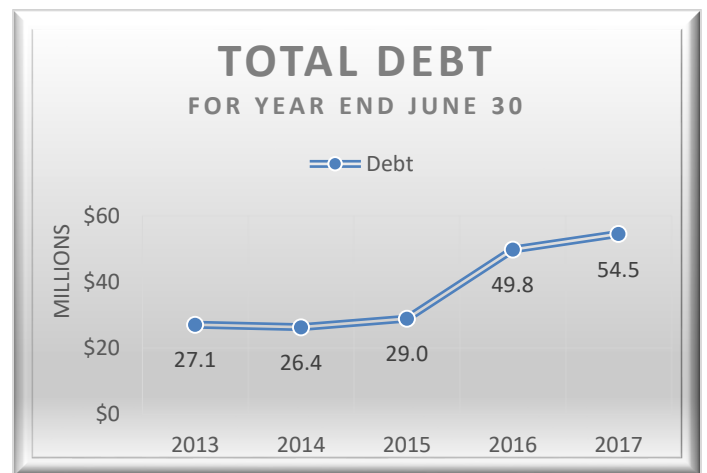
We will strive to achieve excellence in every aspect of our school district with an emphasis on proficiency in reading, writing and mathematics to become the regional leader in K-12 public education.

Financial Information

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

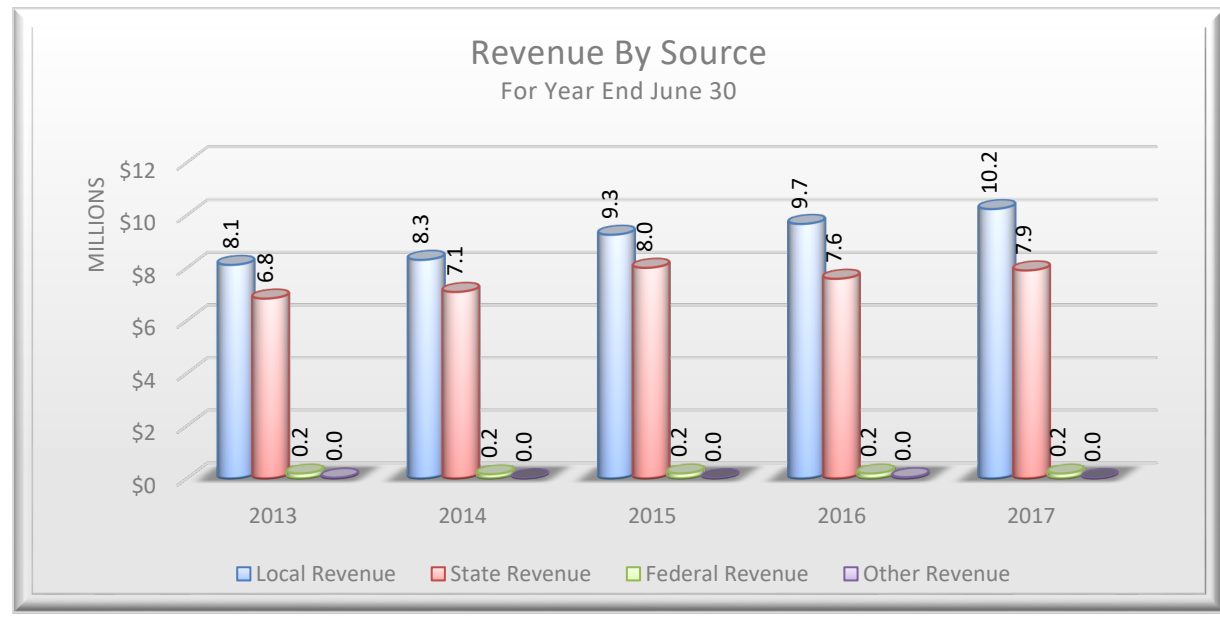
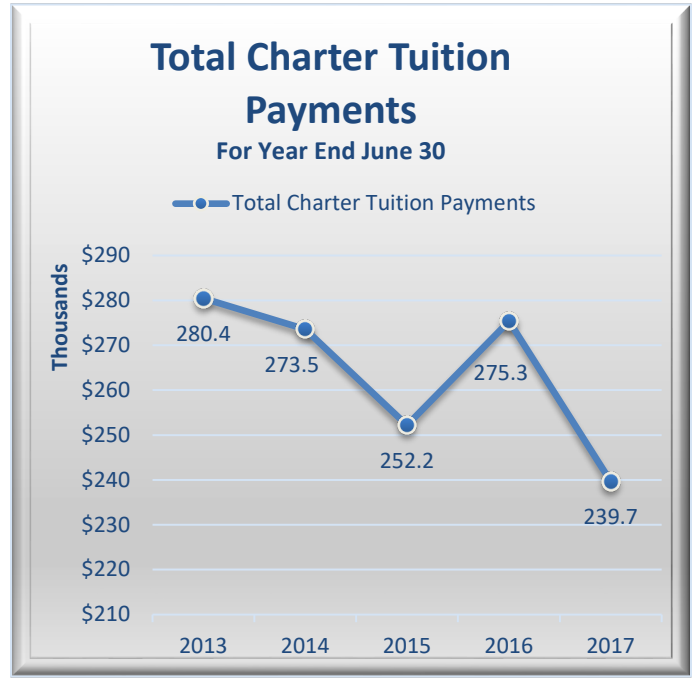
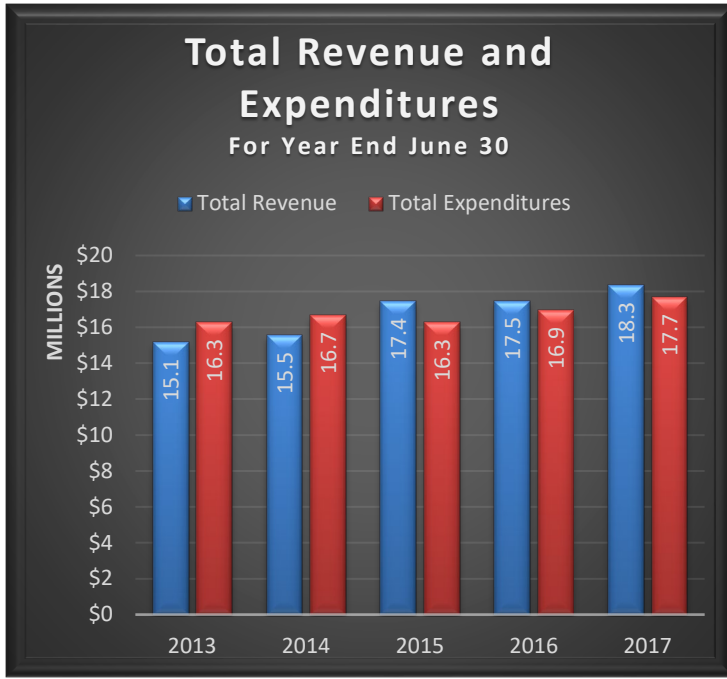


Note: General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



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

Financial Information Continued



Academic Information

The graphs on the following pages present School Performance Profile (SPP) scores, Pennsylvania System of School Assessment (PSSA) scores, Keystone Exam results, and 4-Year Cohort Graduation Rates for the District obtained from the PDE's data files for the 2014-15, 2015-16 and 2016-17 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 graph.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. The 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 exam scores), 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.

The PDE started issuing a SPP score for all public school buildings beginning with the 2012-13 school year. For the 2014-15 school year, the 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 The PDE resumed issuing a SPP score for all schools for the 2015-16 school year.

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 the 2020-21 school year.⁵ 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.

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

² The 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 the 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 the 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 the PSSA exams to align with PA 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.

⁵ Act 39 of 2018, effective July 1, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement for an additional year until the 2020-21 school year. *See* 24 P.S. § 1-121(b)(1).

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.

The 2014-15 school year marked the first year that PSSA testing was aligned to the more rigorous PA Core Standards.⁶ 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.

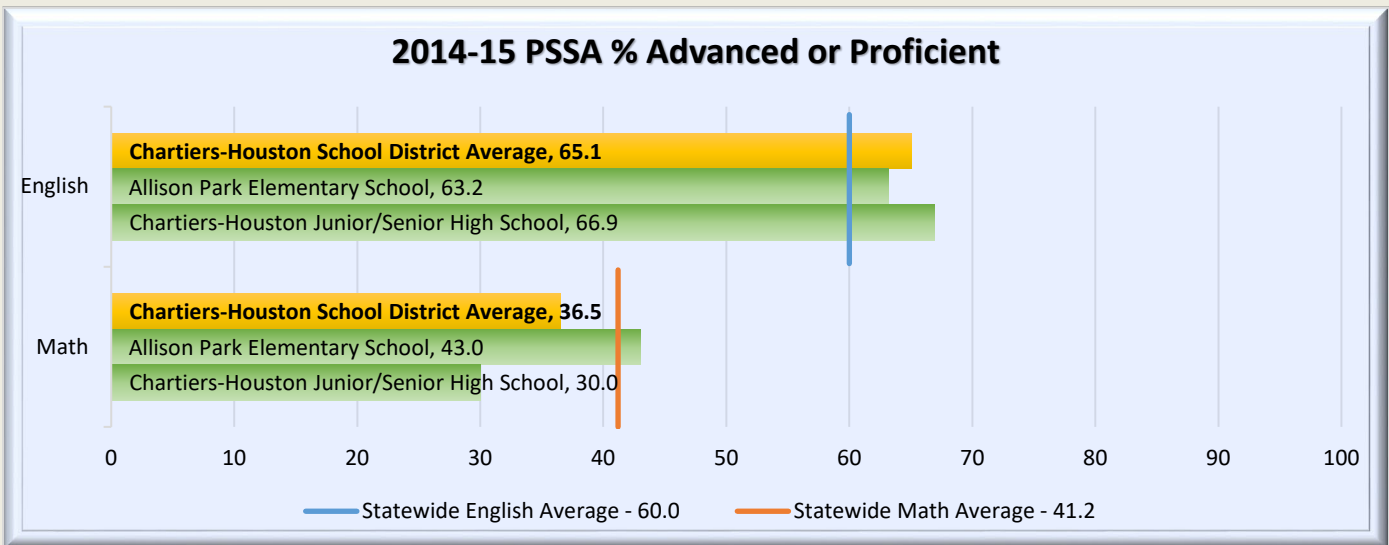
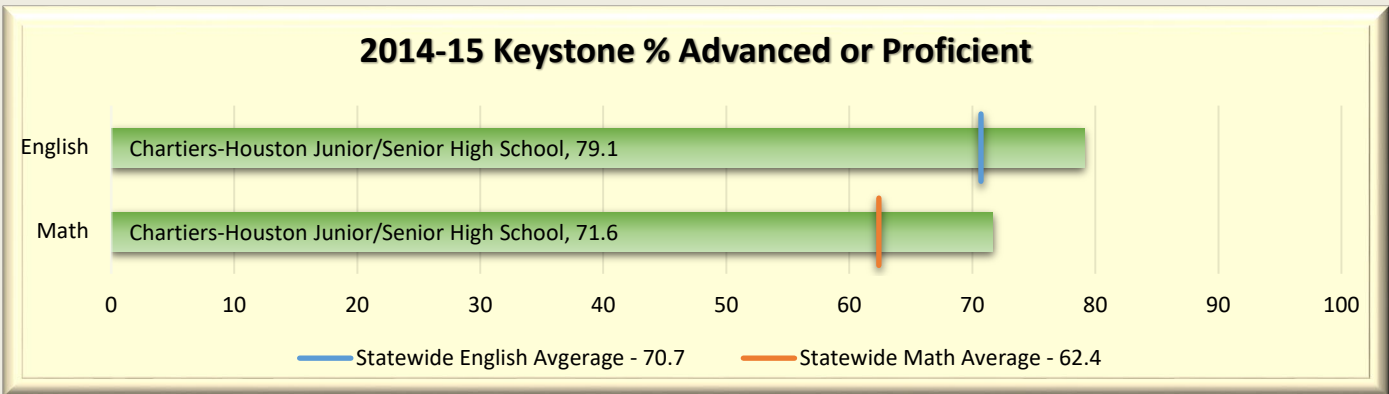
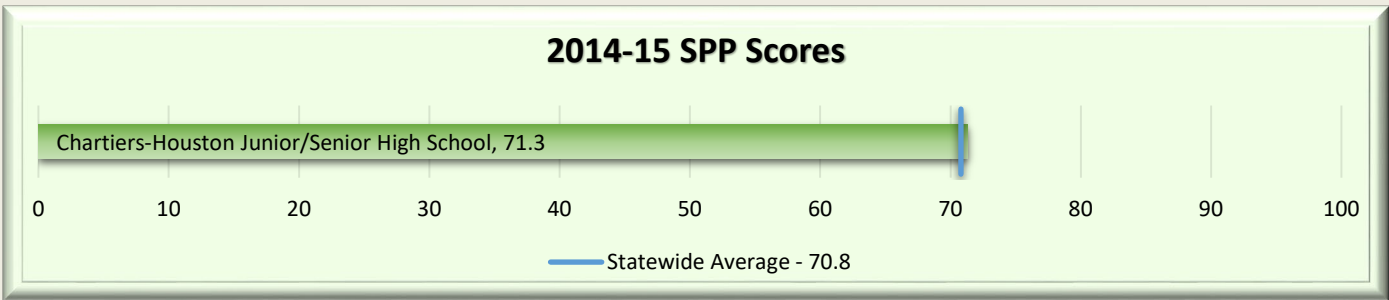
What is a 4-Year Cohort Graduation Rate?

The 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.⁷

⁶ The 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.

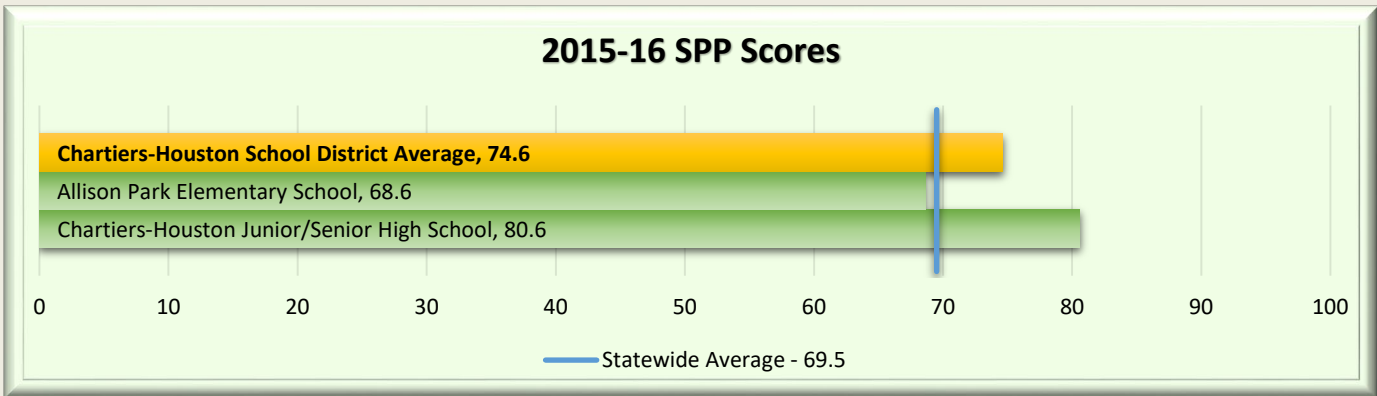
⁷ The PDE also calculates 5-year and 6-year cohort graduation rates. Please visit the PDE's website for additional information: <http://www.education.pa.gov/Data-and-Statistics/Pages/Cohort-Graduation-Rate-.aspx>.

2014-15 Academic Data
School Scores Compared to Statewide Averages

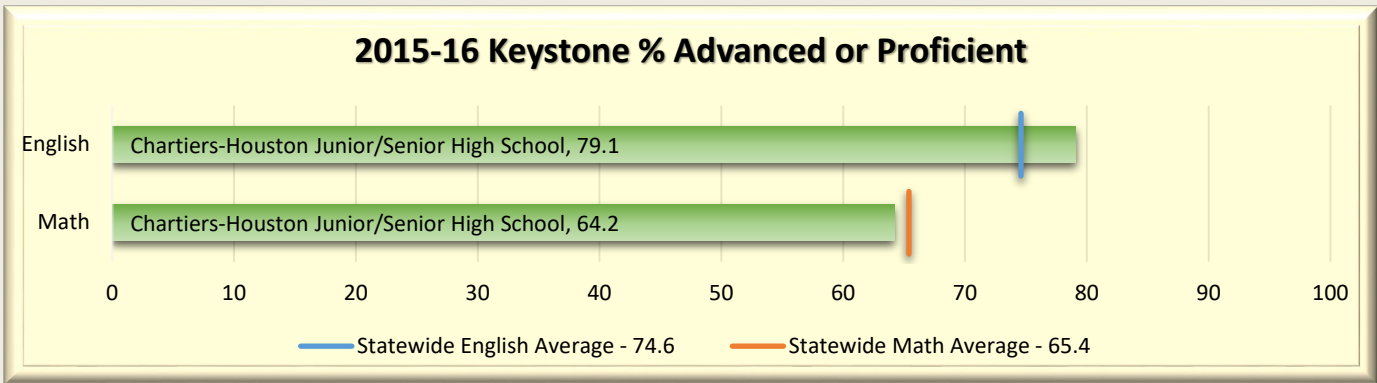


2015-16 Academic Data
School Scores Compared to Statewide Averages

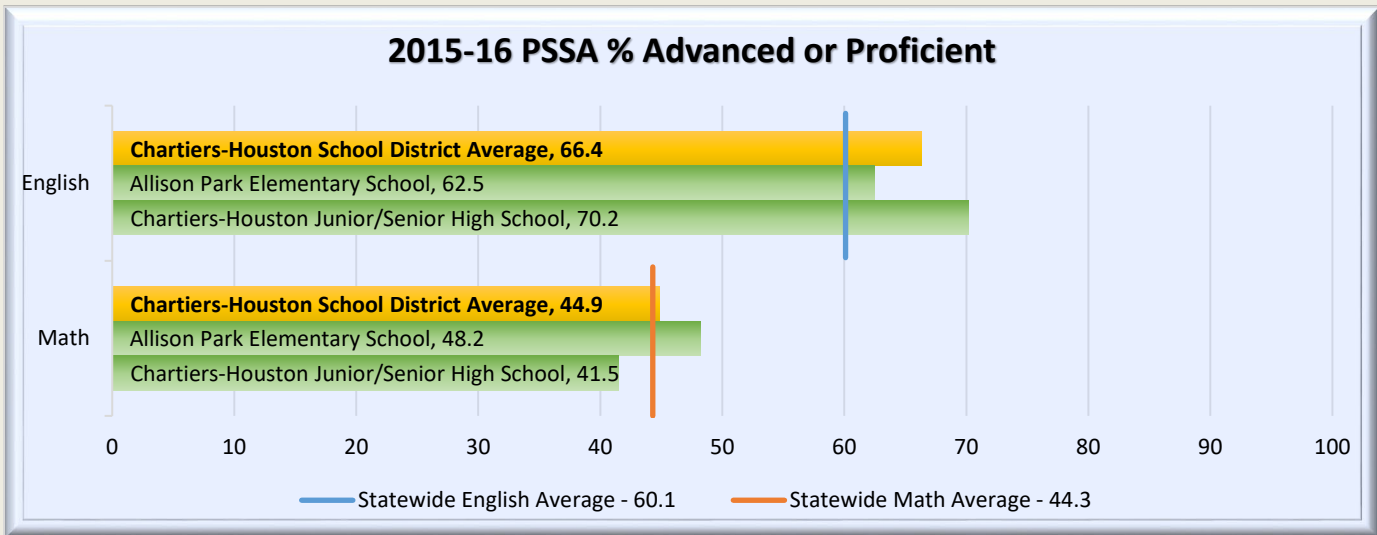
2015-16 SPP Scores



2015-16 Keystone % Advanced or Proficient

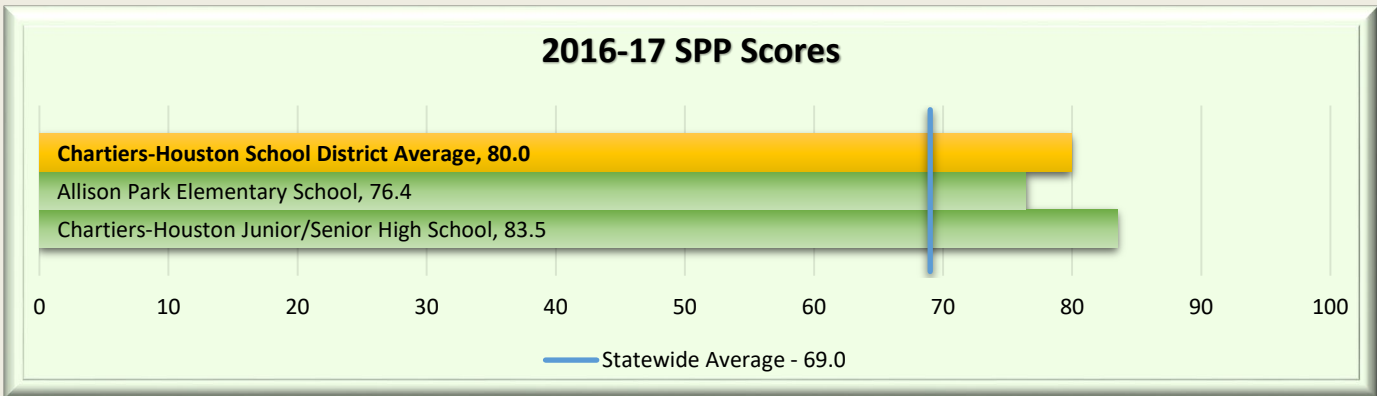


2015-16 PSSA % Advanced or Proficient

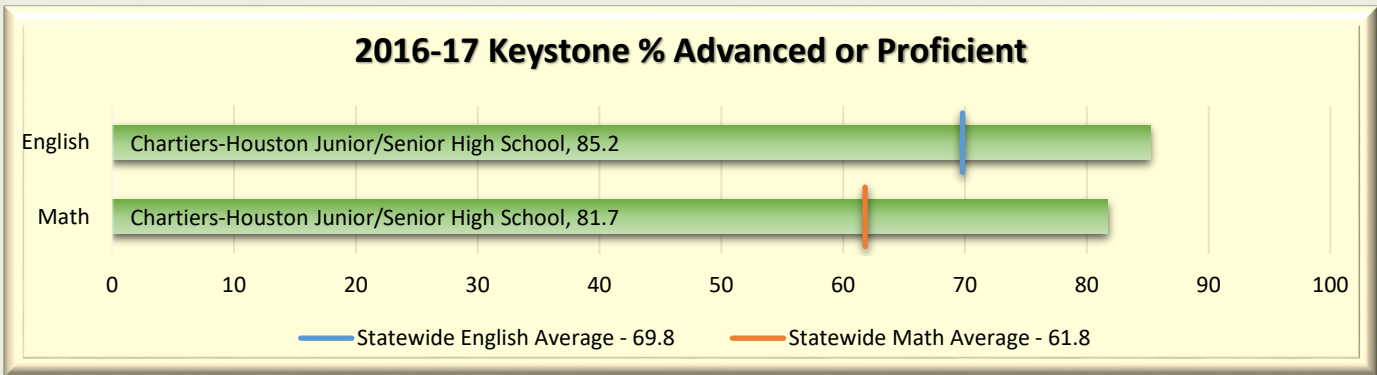


2016-17 Academic Data
School Scores Compared to Statewide Averages

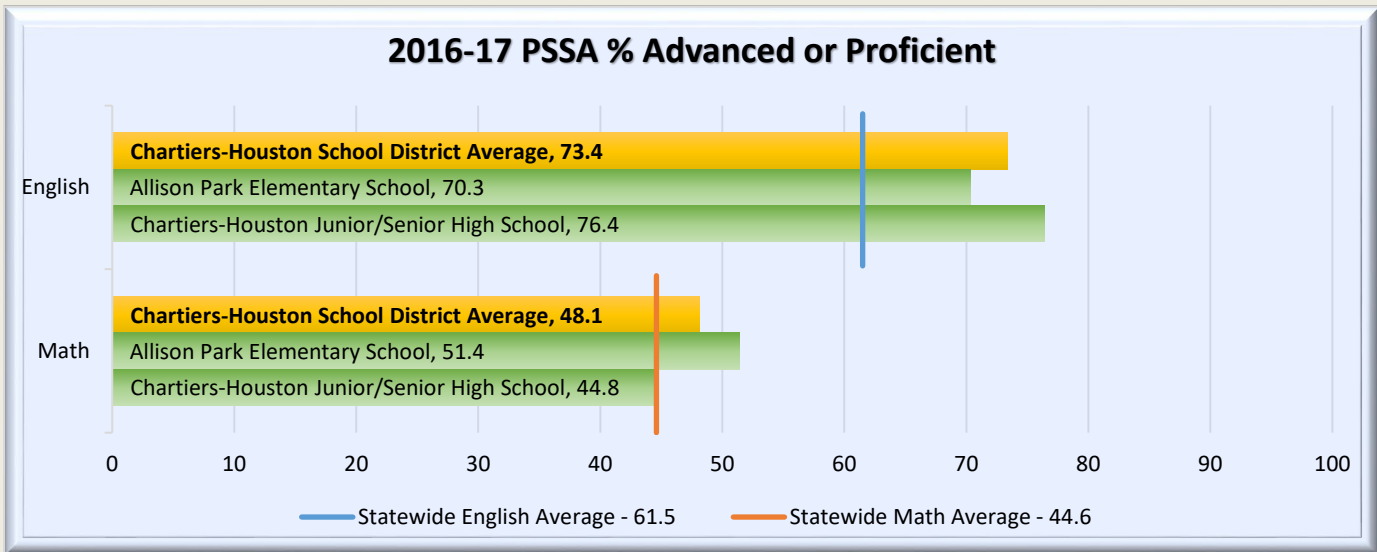
2016-17 SPP Scores



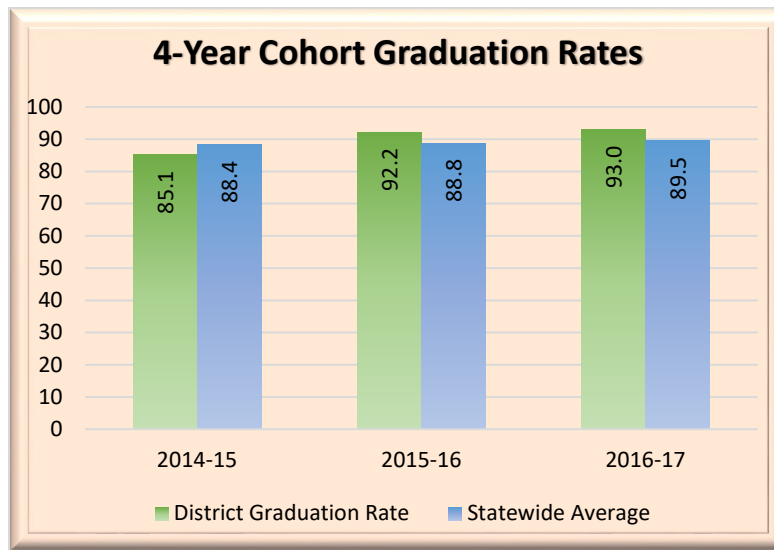
2016-17 Keystone % Advanced or Proficient



2016-17 PSSA % Advanced or Proficient



Graduation Data
District Graduation Rates Compared to Statewide Averages



Status of Prior Audit Findings and Observations

Our prior audit of the Chartiers-Houston School District (District) released on January 8, 2015, resulted in one finding and two observations, as shown below. As part of our current engagement, we determined the status of corrective action taken by the District to implement our prior audit recommendations. We reviewed the District's written response provided to the Pennsylvania Department of Education (PDE), interviewed District personnel, and performed audit procedures as detailed in each status section below.

Auditor General Performance Audit Report Released on January 8, 2015

Prior Finding: **Failure to Have All School Bus Drivers' Qualifications on File**

Prior Finding Summary: Our prior audit of the District's bus drivers' qualifications for the 2013-14 school year found that not all records were on file at the time of the audit.

Prior Recommendations: We recommended that the District should:

1. Ensure that District's personnel are familiar with Pennsylvania's school bus drivers' requirements.
2. Establish procedures to ensure those drivers' credentials, provided by the contractor, are reviewed prior to the Board of School Directors' (Board) approval to ensure completeness and appropriateness.
3. Establish policies and procedures to ensure that the contractor does not allow any bus driver to transport students prior to obtaining all required credentials and provide a copy to the District for review and the Board's approval.

Current Status: During our current engagement, we found that the District implemented corrective actions to address our recommendations. Specifically, we found that the District requires all drivers' credentials to be submitted to the business office prior to the start of the school year. The credentials are reviewed prior to obtaining the Board's approval. In addition, a specific District official, under the supervision of the Business Manager, now reviews the review of all drivers' credentials.

Prior Observation No. 1: The District Should Monitor Key Financial Indicators to Try to Prevent Further Fiscal Challenges

Prior Observation Summary: During our prior audit, we analyzed 22 financial benchmarks and found that the District is potentially in a financial declining position. The District's debt service payments for the 2012-13 school year exceeded ten percent of the general fund expenditures. For the five-year period under review, 2009 to 2013, we found that for three of the five years the District over expended its revenue. For all years, the general fund balance, general fund current and quick ratio were decreasing while the debt-to-asset ratio was increasing. In addition, for the last three years under review, the charter school costs increased while there was no charter school state reimbursement in place. Finally, for the period 2009 to 2012, the District's taxable property value per student and total local tax revenues per student fluctuated.

Prior Recommendations: We recommended that the District should:

1. Provide the Board with standard monthly updates on key financial benchmarks so that policy changes can be made before the District's financial condition worsens.
2. Maintain and monitor sensitive budgetary controls so that expenditures do not exceed revenues.
3. Open a dialogue with the District's community to keep stakeholders informed of the financial status and health of the District.
4. Conduct a survey of parents sending children to a charter school to determine the reason why the District is losing more students to charter schools.

Current Status: During our current engagement, we found that the District did implement corrective action and the District's financial position improved since our prior audit. The District provided the Board with standard monthly updates on key financial benchmarks during our period reviewed and monitored sensitive budgetary controls so that expenditures did not exceed revenues. The District's General Fund balance increased from \$3.0 million on June 30, 2014 to \$5.4 million on June 30, 2017. Additionally, the District's charter school expenditures decreased from \$280,000 on June 30, 2013 to \$239,700 on June 30, 2017.

Prior Observation No. 2: The Amount Paid to Transportation Contractor Greatly Exceeds the Pennsylvania Department of Education Allowance

Prior Observation Summary: During our prior audit, we found that over the three-year period, 2010-11, 2011-12, and 2012-13 school years, the contracted costs paid to the District's main pupil transportation contractor were substantially more than the PDE's final formula allowance, which is used to determine reimbursement of pupil transportation services.

Prior Recommendations: We recommended that the District should:

1. Prior to negotiating a new contract, and in conjunction with the Board, should be cognizant of the State's final formula allowance cost formula.
2. Routinely seek competitive bids for all the District's pupil transportation services to ensure the most efficient cost to the District and its taxpayers.
3. Prepare pupil transportation contracts to ensure that the local effort share is as minimal as possible by establishing a base rate and increases that are in line with the PDE's final formula allowance for all pupil transportation costs.
4. Have District personnel continually monitor and justify any increase in the District's pupil transportation costs.

Current Status: When our prior audit was released on January 8, 2015, the District was under contract with its primary transportation contractor. This contract was in effect for the 2013-14 through 2017-18 school year. On September 21, 2015, the District renegotiated this contract. The renegotiated contract extended the transportation contract through the 2019-20 school year in exchange for lower payment terms. While the lower payment terms will bring the District closer to the PDE's annual transportation allowance or reimbursement amount, we continue to recommend that the District seek competitive bids for the District's transportation services when the current contract expires. We believe that seeking competitive bids for this service could reduce the District's transportation costs.

Distribution List

This letter 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

This letter is a matter of public record and is available online at www.PaAuditor.gov. Media questions about the letter 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.