

PERFORMANCE AUDIT

Clearfield Area School District Clearfield County, Pennsylvania

July 2016



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE
AUDITOR GENERAL

Mr. Terry Struble, Superintendent
Clearfield Area School District
2831 Washington Avenue
Clearfield, Pennsylvania 16830

Mr. Larry Putt, Board President
Clearfield Area School District
2831 Washington Avenue
Clearfield, Pennsylvania 16830

Dear Mr. Struble and Mr. Putt:

We have conducted a performance audit of the Clearfield Area School District (District) for the period July 1, 2012 through June 30, 2015, except as otherwise indicated in the audit scope, objectives, and methodology section of the report. We evaluated the District's performance in the following areas:

- Contracting
- Student Membership Status
- School Safety
- Bus Driver Requirements
- Procurement Cards

The 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, appearing to read "Eugene A. DePasquale".

Eugene A. DePasquale
Auditor General

July 21, 2016

cc: **CLEARFIELD AREA SCHOOL DISTRICT** Board of School Directors

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Background Informationⁱ

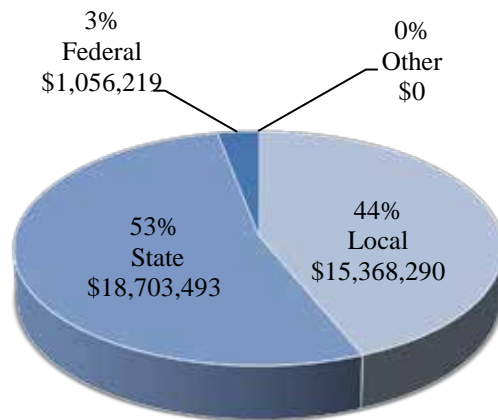
School Characteristics 2015-16 School Year ⁱⁱ	
County	Clearfield
Total Square Miles	345
Resident Population ⁱⁱⁱ	19,134
Number of School Buildings	2
Total Teachers	186
Total Full or Part-Time Support Staff	153
Total Administrators	13
Total Enrollment for Most Recent School Year	2,290
Intermediate Unit Number	10
District Vo-Tech School	Clearfield County Career & Technology Center

Mission Statement

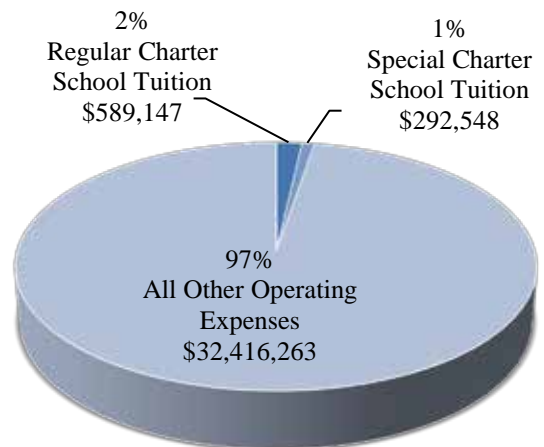
“Clearfield Area School District, as a partner with our families and communities, will provide a quality education including strategies for intervention and enrichment in a safe environment. This partnership will ensure that each student achieves higher standards of academic success and the skills and abilities to become a responsible and contributing community member.”

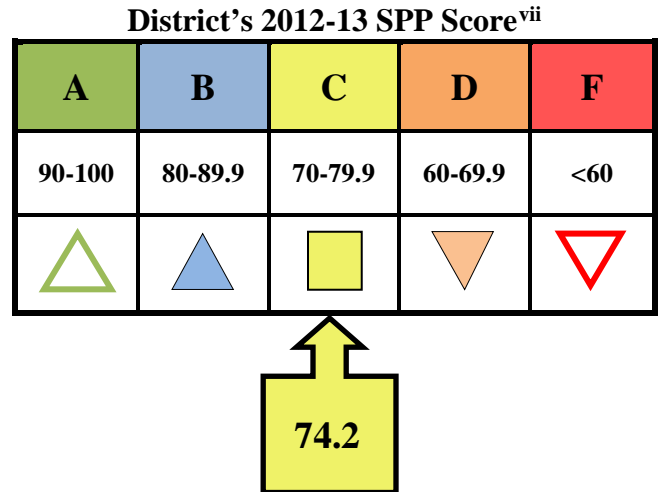
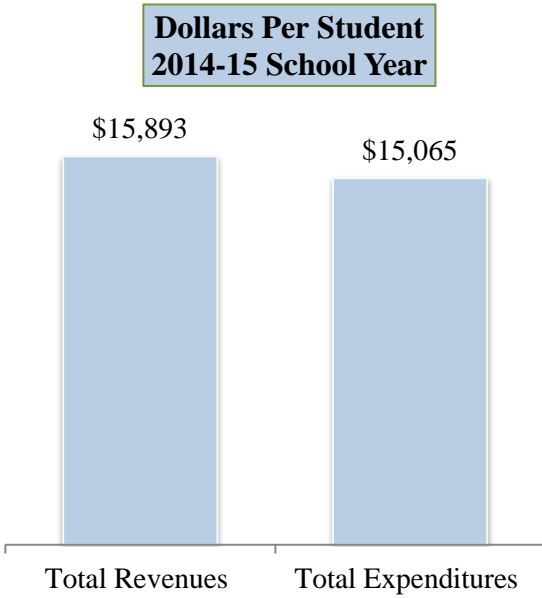
Financial Information

Revenue by Source for 2014-15 School Year

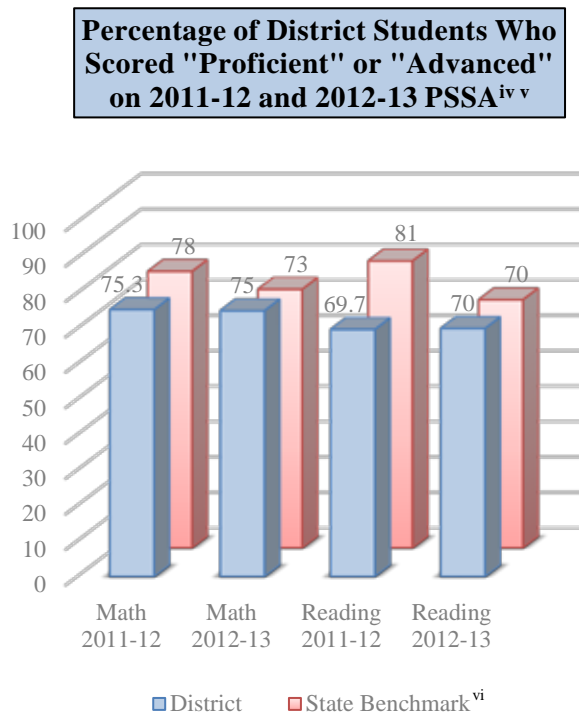


Select Expenditures for 2014-15 School Year





Academic Information



Individual Building SPP and PSSA Scores ^{viii} 2012-13 School Year						
School Building ¹	SPP Score	PSSA % School Proficient and Advanced in Math	PSSA % Statewide Benchmark 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}
Bradford Township Elementary School	83.9	86	13	75	5	No Designation
Centre Elementary School	66.9	76	3	50	20	No Designation
Clearfield Area High School	68.9	64	9	68	2	N/A
Clearfield Area Middle School	77.5	74	1	69	1	N/A
Clearfield Elementary School	76.4	84	11	75	5	No Designation

¹ Subsequent to the 2014-15 school year, the Clearfield Area High School and Clearfield Area Elementary School were renovated to downsize the District to two buildings and the District closed Bradford Township Elementary, Centre Elementary, and Clearfield Area Middle Schools.

Findings and Observations

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

Status of Prior Audit Findings and Observations

Our prior audit of the District released on July 10, 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 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 July 10, 2013

Prior Finding: **Errors in Student Data Reporting Resulted in an Overpayment to the District of \$21,063**

Prior Finding Summary: Our prior audit of the District's nonresident pupil membership report for the 2008-09 school year found errors in the report submitted to PDE. These errors resulted in an overpayment of \$21,063 to the District.

Prior Recommendations: We recommended that the District should:

1. Perform an internal audit of pupil membership records prior to submitting them to PDE to ensure all students are classified correctly.
2. Review membership reports submitted to PDE for years subsequent to the audit and, if errors are found, submit revised reports to PDE.
3. Put into place internal policies and procedures to verify the accuracy of student data prior to its submission to PDE.

We also recommended that PDE should:

4. Adjust the District's allocations to correct the overpayment of \$21,063.

Current Status: During the current audit, we found that the District did implement our recommendations. The District's Child Accounting Specialist reviews placement letters to ensure that the district of residence is reported accurately and they contact the placement agency if the district of residence is not clear. District produced membership reports are compared to the Pennsylvania Information Management System (PIMS) reports once they are uploaded to determine if discrepancies are present. In addition, the PIMS reports are reconciled to District child accounting software data.

The District reviewed student data reported for the subsequent years and determined that no errors were present.

The current audit of the 2012-13 and 2013-14 school years revealed no membership reporting errors made by the District.

As of June 3, 2016, PDE had not adjusted the District's allocations to correct the overpayment of \$21,063.

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,² 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, 2015. In addition, the scope of each individual audit objective is detailed on the next page.

The District's management is responsible for establishing and maintaining effective internal controls³ 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.

² 72 P.S. § 403.

³ 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:

- Contracting
- Student Membership Status
- School Safety
- Bus Driver Requirements
- Procurement Cards

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

- 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 for the 2014-15 school year. We selected the largest contracts in the following areas for detailed testing: goods, food service, transportation services, professional development, maintenance services, and engineering services (six total contracts were reviewed). Testing included a review of the procurement documents to determine if the contract was procured in accordance with the Public School Code and District policies. We also reviewed documents to determine if the District properly monitored the selected contracts. Finally, we reviewed board meeting minutes and the Board of School Directors' Statements of Financial Interest to determine if any board member had a conflict of interest in approving the selected contracts.
- ü Did the District ensure that its membership for students placed in private homes was accurately reported?
 - To address this objective, we obtained the District's Student Calendar Fact Templates printed from the PIMS system for the 2012-13 and 2013-14 school years to determine the following for all reported nonresident students: name, grade, days of membership, and district of residence and compared the data to the District's Instructional Time and Membership report's for the 2012-13 and 2013-14 school years to determine if discrepancies were present. We then

obtained agency placement letters to determine if the District accurately reported the students' district of residence. We then compared the Instructional Time and Membership reports to the District's Summary of Child Accounting Membership to determine if discrepancies were present. Finally, we calculated the District's subsidy using the membership reported on the Summary of Child Accounting Membership reports, District Tuition rates, and subsidy confirmations for the 2012-13 and 2013-14 school years to determine if the District received the correct reimbursement. We reviewed membership records of all seven students reported in 2012-13 and all six students reported in 2013-14.

Ü Did the District take appropriate actions to ensure it provided a safe school environment?

- To address this objective, we conducted on-site reviews at both of the District's school buildings (one from each education level) to assess whether the District had implemented basic safety practices.

Ü Did the District ensure that bus drivers transporting District 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 39 bus drivers hired by both of the District's bus contractors from July 1, 2013 through April 21, 2016, 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.

Ü Did the District have adequate internal controls and oversight regarding usage of the District issued procurement cards?

- To address this objective, we reviewed the board policy for the District's procurement card usage practices. We then performed testing of 100 percent of purchases made for one statement period to determine if the card purchases were proper and authorized. Six of the ten cards that the District possesses were used to make purchases during the period of review.

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*.

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
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 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 material weakness in internal controls over PDE’s compilation of this academic data in the Single Audit of the Commonwealth of Pennsylvania for the fiscal year ended June 30, 2014, citing insufficient review procedures at PDE to ensure the accuracy of test score data received from DRC.

^{vi} In the 2011-12 school year, the state benchmarks reflect the Adequate Yearly Progress targets established under No Child Left Behind. In the 2012-13 school year, the state benchmarks reflect the statewide goals based on annual measurable objectives established by PDE.

^{vii} SPP stands for School Performance Profile, which is Pennsylvania’s new method for reporting academic performance scores for all public schools based on a scale from 0% to 100% implemented in the 2012-13 school year by PDE.

^{viii} *Id.* Additionally, federal Title I designations of Priority, Focus, Reward, and No Designation are new federal accountability designations issued by PDE to Title I schools only beginning in the 2012-13 school year. Priority schools are the lowest 5%, focus schools are the lowest 10%, and reward schools are the highest 5% of Title I schools. All Title I schools not falling into one of the aforementioned percentage groups are considered “No Designation” schools. The criteria used to calculate the percentage rates is determined on an annual basis by PDE.

^{ix} Title I Federal accountability designations for Title I schools originate from PDE and are determined based on the number of students at the school who receive free and/or reduced price lunches. School lunch data is accumulated in PDE’s CN-PEARS system, which is customized software developed jointly with an outside vendor, Colyar, Inc. The Pennsylvania Department of the Auditor General and KPMG issued a significant deficiency in internal controls over the CN-PEARS system in the Single Audit of the Commonwealth of Pennsylvania for the fiscal year ended June 30, 2014.