

PERFORMANCE AUDIT

Corry Area School District Erie County, Pennsylvania

May 2017



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. William A. Nichols, Superintendent
Corry Area School District
540 East Pleasant Street
Corry, Pennsylvania 16407

Dr. Doris Gernovich, Board President
Corry Area School District
540 East Pleasant Street
Corry, Pennsylvania 16407

Dear Mr. Nichols and Dr. Gernovich:

We have conducted a performance audit of the Corry Area School District (District) for the period July 1, 2012, through June 30, 2015, 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
- District Procurement Cards
- Bus Driver Requirements
- School Safety

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.

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

May 18, 2017

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

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Background Information

School Characteristics 2015-16 School Year ^A	
County	Erie, Crawford, and Warren
Total Square Miles	241
Resident Population ^B	14,847
Number of School Buildings	3 ^C
Total Teachers	172
Total Full or Part-Time Support Staff	97
Total Administrators	13
Total Enrollment for Most Recent School Year	2,090
Intermediate Unit Number	5
District Vo-Tech School	Corry Area CTC

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

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

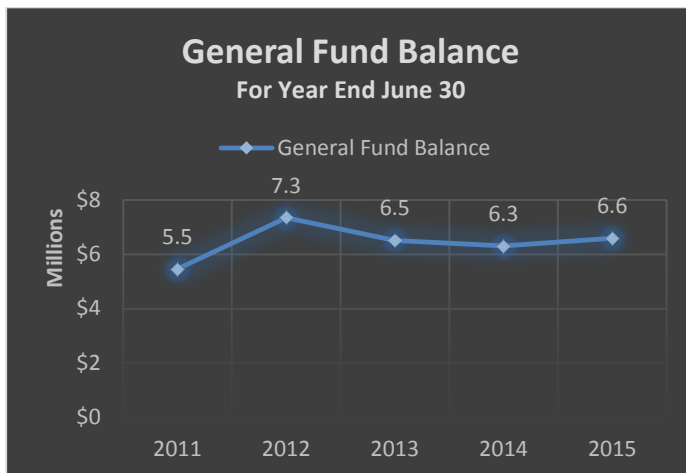
C - The Corry middle and high schools are in one building, and the Sparta and Conelway elementary schools were closed after the 2014-15 school year.

Mission Statement^A

The mission of the Corry Area School District is to prepare students to be lifelong learners and responsible citizens in a competitive global society.

Financial Information

The following pages contain financial information about the 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**.

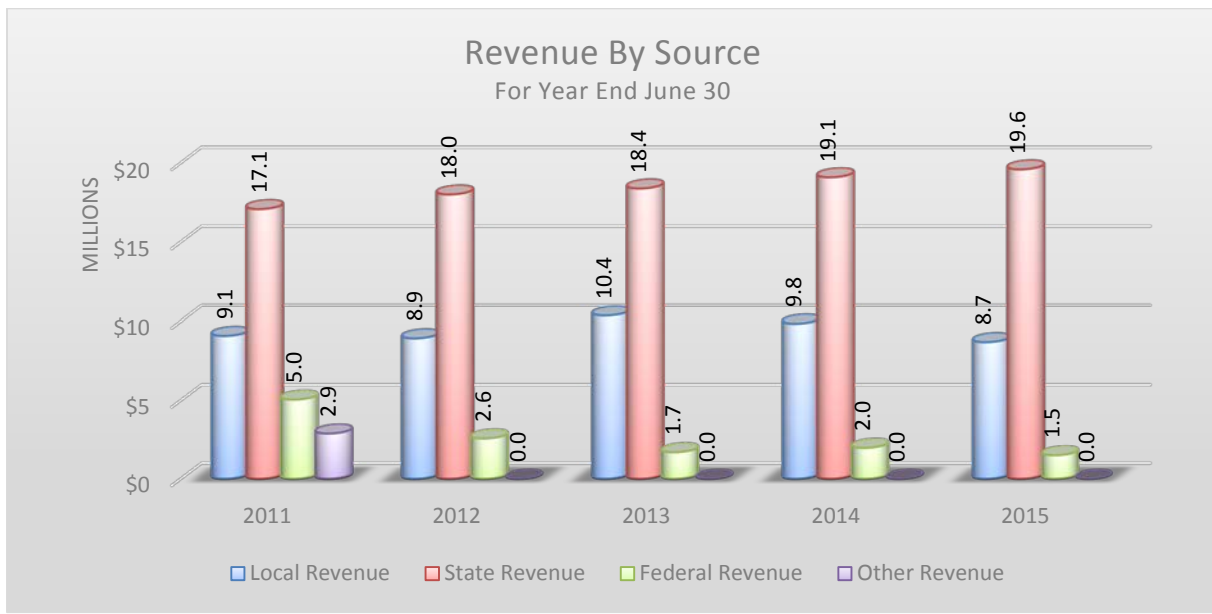
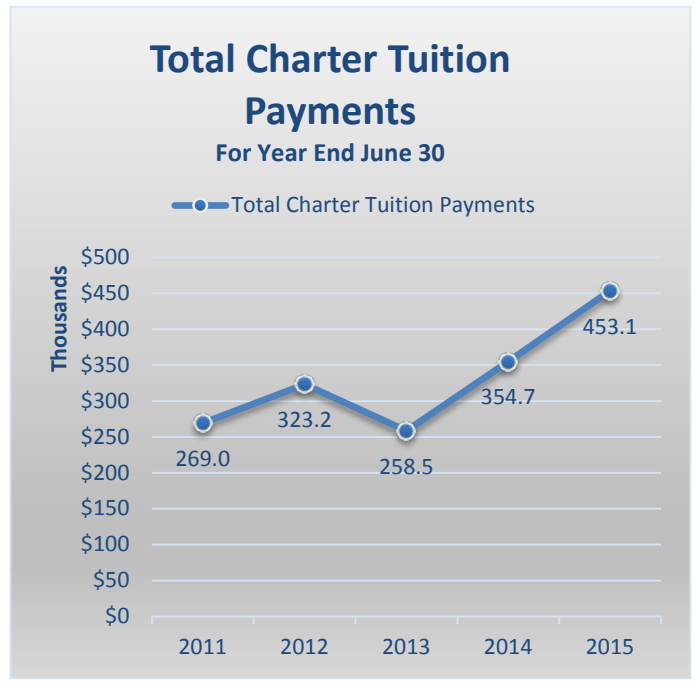
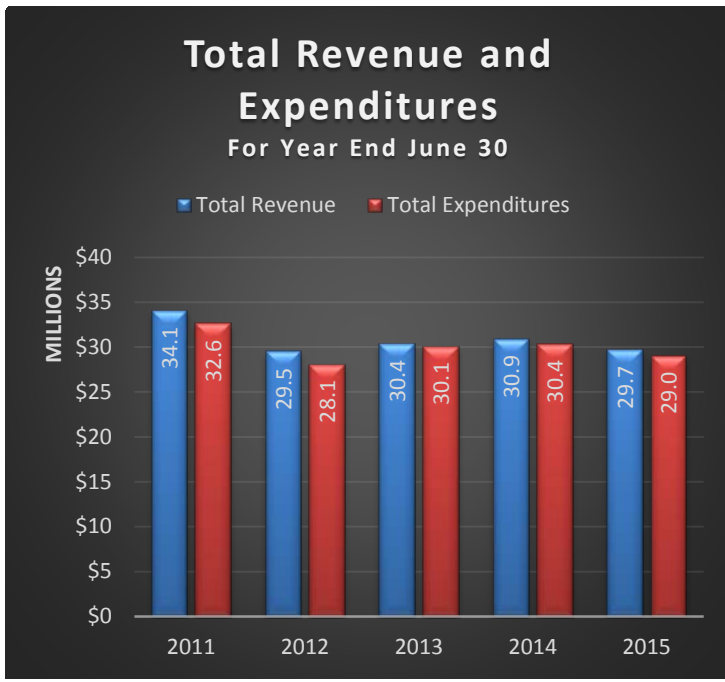


Note: General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



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



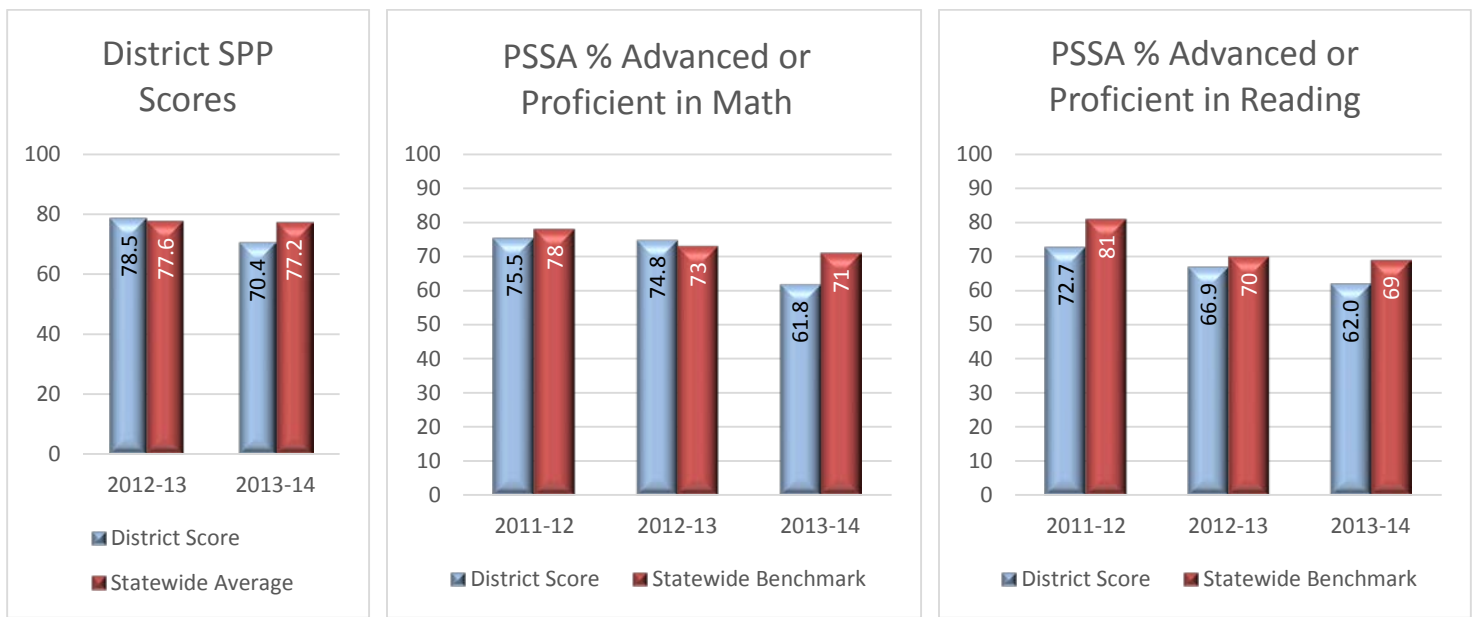
Academic Information

The following table and charts consist of School Performance Profile (SPP) scores and Pennsylvania System of School Assessment (PSSA) results for the entire District obtained from PDE's data files.¹ These scores are presented in the District's audit report for **informational purposes only**, and they were not audited by our Department.

SPP benchmarks represent the statewide average of all district school buildings in the Commonwealth.² PSSA benchmarks and goals are determined by PDE each school year and apply to all public school entities.³ District SPP and PSSA scores were calculated using an average of all of the individual school buildings within the District. Scores below SPP statewide averages and PSSA benchmarks/goals are presented in red.

Districtwide SPP and PSSA Scores

District	SPP Scores		PSSA % Advanced or Proficient in Math			PSSA % Advanced or Proficient in Reading		
	2012-13	2013-14	2011-12	2012-13	2013-14	2011-12	2012-13	2013-14
<i>Statewide Benchmark</i>	77.6	77.2	78	73	71	81	70	69
<i>Corry Area SD</i>	78.5	70.4	75.5	74.8	61.8	72.7	66.9	62.0
<i>SPP Grade⁴</i>	C	C						



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 Statewide averages for SPP scores were calculated based on all district school buildings throughout the Commonwealth, excluding charter and cyber charter schools.

³ PSSA benchmarks apply to all district school buildings, charters, and cyber charters. 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 and 2013-14 school years, the state benchmarks reflect the statewide goals based on annual measurable objectives established by PDE.

⁴ The following letter grades are based on a 0-100 point system: A (90-100), B (80-89), C (70-79), D (60-69), F (59 or below).

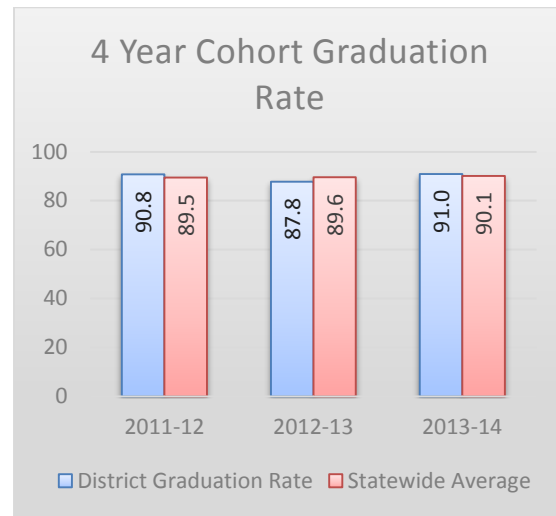
Individual School Building SPP and PSSA Scores

The following table consists of SPP scores and PSSA results for each of the District’s school buildings. Any blanks in PSSA data means that PDE did not publish a score for that school for that particular year.⁵

School Name	SPP Scores		PSSA % Advanced or Proficient in Math			PSSA % Advanced or Proficient in Reading		
	2012-13	2013-14	2011-12	2012-13	2013-14	2011-12	2012-13	2013-14
Statewide Benchmark	77.6	77.2	78	73	71	81	70	69
<i>Columbus Elementary School</i>	81.2	70.0	83.5	78.7	64.9	86.8	69.5	61.1
<i>Conelway Elementary School</i>	77.1	76.3	82.0	74.7	65.4	73.0	65.3	66.7
<i>Corry Area High School</i>	80.1	80.8	49.7	60.0	57.7	65.6	71.3	67.8
<i>Corry Area Middle School</i>	81.6	70.1	71.1	74.8	68.0	70.7	70.7	67.1
<i>Corry Elementary School</i>	72.8	62.1	84.5	73.5	64.9	69.5	60.0	55.3
<i>Sparta Elementary School</i>	77.9	63.3	82.0	87.3	50.0	70.8	64.8	53.9

4 Year Cohort Graduation Rates

The 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.⁶



⁵ PDE’s data does not provide any further information regarding the reason a score was not published.

⁶ <http://www.education.pa.gov/Data-and-Statistics/Pages/Cohort-Graduation-Rate-.aspx>.

Finding(s)

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

Status of Prior Audit Findings and Observations

Our prior audit of the District released on June 19, 2014, resulted in three findings, as shown below. 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 PDE, interviewed District personnel, and performed audit procedures as detailed in each status section below.

Auditor General Performance Audit Report Released on June 19, 2014

Prior Finding No. 1: The District Submitted Incorrect Transportation Data, Which Resulted in an Overpayment of \$13,475

Prior Finding Summary: Our prior audit of the District's transportation data found the nonpublic students were incorrectly reported in the 2010-11 and 2011-12 school years resulting in overpayments of \$13,475 to the District. Also, we found the District did not have appropriate internal controls in place to ensure that transportation data is collected, reported accurately and timely, and retained as required.

Prior Recommendations: We recommended that the District should:

1. Develop appropriate nonpublic pupil policies and procedures that include submission of school rosters, letters of request for pupil transportation, and school year calendars.
2. Update District transportation internal control procedures with an emphasis on open communication between the transportation coordinator and District administrators.
3. Allow the District's transportation coordinator to attend transportation training, as necessary.
4. Require administration and the transportation coordinator to review the Board of School Director's (Board) Pupil Transportation Program to ensure that it is in compliance with the requirements of the State Board of Education Regulations.
5. Review the District's current transportation policies and procedures, implement necessary revisions to ensure adherence with PDE instructions and recordkeeping requirements, and maintain all records for audit.

6. Require administration and the transportation coordinator to review the District's transportation contracts to ensure compliance with all contract provisions.
7. Review subsequent PDE reports to ensure the reported information is accurate and that supporting documentation is on file.

We also recommended that PDE should:

8. Withhold the nonpublic school student's overpayment of \$13,475 from future transportation subsidies.

Current Status:

The District has taken corrective actions for each of the prior recommendations. The majority of the nonpublic students transported by the District attend Amish schools, and the requests for transportation come via phone calls. The District's transportation coordinator obtains the rosters/requests from the drivers and retains them on file. To improve communication between the transportation department and the administration, the transportation office was moved to the administration building and now there is daily communication with Administrative personnel. In addition, the transportation coordinator has attended training sessions put on by Pennsylvania Association of School Business Officials, and the District annually reviews all contracts prior to the beginning of the school year.

As of February 22, 2017, PDE has not withheld the overpayment amount of \$13,475 that was cited in the prior audit.

Prior Finding No. 2: Certification Deficiency

Prior Finding Summary: During our prior audit, we found that, during the 2012-13 school year, the position of reading specialist was filled by both a professional employee and a substitute teacher who filled in for the professional employee during a period of absence by the professional employee. Our review revealed that neither employee was certified for the position of reading specialist.

Prior Recommendations: We recommended that the District should:

1. In conjunction with PDE's determination, require District administrative personnel to regularly review the procedures implemented by the current Superintendent to ensure that an individual's certification(s) meet the requirements of the assignments the District intends to assign to the individual.

We also recommended that PDE should:

2. Adjust the District's allocations to recover the subsidy forfeitures, accordingly.

Current Status:

The District has complied with the recommendation made in the prior audit report. It should be noted that before the completion of the prior audit, the two individuals were reassigned when the issue was brought to the District's attention. In addition, the Personnel Director has set up a database of District personnel to keep track of all certificates in the District and compares them to the assignments given to ensure all positions are filled by employees with the appropriate certification. On December 24, 2014, PDE withheld the subsidy forfeiture of \$1,778.

Prior Finding No. 3: Continued Failure to Have All School Bus Drivers' Qualifications on File

Prior Finding Summary: During our prior audit of bus driver qualifications, we found that drivers' clearances were out-of-date and that not all records were on file at the District. We reviewed the personnel records for 13 bus drivers and found one or more exceptions in 9 of the files. The exceptions were attributed to the District's reliance on the contractor to maintain the bus drivers' qualifications.

Prior Recommendations: We recommended that the District should:

1. Update District transportation control procedures to include an emphasis on open communication between the transportation coordinator and administration.
2. Require administration to independently review and verify current bus driver credentials and future drivers prior to Board presentation and approval.
3. Require the transportation coordinator to establish a credential checklist to track the receipt of all drivers' credentials to ensure files are up-to-date.
4. Review Board established policy to ensure that contractors are not allowed to utilize any driver in the transportation of students prior to the obtaining of all required credentials; the submission of the credentials to the District for review; and the receipt of verification that the driver has been properly reviewed and Board approved to transport students.

Current Status:

The District has taken corrective actions to implement the recommendations noted in our prior audit report. As noted in the status of the prior Finding No. 1, the transportation coordinator now has daily communication with administrative personnel. In addition, the transportation coordinator implemented a manual system where all bus drivers' qualifications are maintained and updated. This information is provided to the Business Manager for review prior to the list of drivers being presented to the Board for approval. The transportation contract states that no driver shall drive for the District until all qualifications have been submitted and reviewed.

Currently, our review found no concerns with bus drivers' clearances. We did note that the District does not have written procedures governing the requirement of having the arrest/conviction form on file; however, all forms were available for review.

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 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, 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 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, 2015. 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
- District Procurement Card
- 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:

- ✓ In areas where the District received transportation subsidies, did the District receive the correct transportation reimbursement from the Commonwealth?⁹
 - To address this objective, we randomly selected 10 of the 45 contracted vehicles used to transport District students during the 2013-14 school year. We reviewed supporting mileage data, student rosters, and reviewed the amount the District paid for contracted services to ensure that the amount paid was accurate. Our review of this objective did not disclose any reportable issues.
- ✓ Did the District ensure that procurement card purchases were made in accordance with the District's user agreements?
 - To address this objective, we randomly selected and reviewed 6 of the 58 purchases made with District procurement cards for the month of October 2016. We ensured that the purchases made were in compliance with the user agreement. Our review of this objective did not disclose any reportable issues; however, a verbal comment was made regarding the lack of board policies governing the credit cards.

⁹ See 24 P.S. §§ 3-1301, 13-1302, 13-1305, 13-1306; 22 Pa. Code Chapter 11.

- ✓ 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?¹⁰ 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 5 of the 70 bus drivers approved by the District to transport students from August 1, 2016, through November 7, 2016, and 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, ensure compliance with bus driver hiring requirements. Our review of this objective did not disclose any reportable issues.

- ✓ Did the District take actions to ensure it provided a safe school environment?¹¹
 - To address this objective, we reviewed a variety of documentation including, safety plans, training schedules, and anti-bullying policies. In addition, we conducted on-site reviews at two out of the District's three school buildings to assess whether the District had implemented basic safety practices.¹² Due to the sensitive nature of school safety, the results of our review of this objective area are not described in our audit report. The results of our review of school safety are shared with District officials and, if necessary, PDE.

¹⁰ 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*.

¹¹ 24 P.S. § 13-1301-A *et seq.*

¹² Basic safety practices evaluated were building security, bullying prevention, visitor procedures, risk and vulnerability assessments, and preparedness.

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

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