

PERFORMANCE AUDIT

Garnet Valley School District Delaware County, Pennsylvania

July 2018



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE
AUDITOR GENERAL

Dr. Marc Bertrando, Superintendent
Garnet Valley School District
80 Station Road
Glen Mills, Pennsylvania 19342

Ms. Rosemary Fiumara, Board President
Garnet Valley School District
80 Station Road
Glen Mills, Pennsylvania 19342

Dear Dr. Bertrando and Ms. Fiumara:

We have conducted a performance audit of the Garnet Valley 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
- Administrative Contract Buyout
- Procurement Cards
- 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, Pennsylvania Department of Education, 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 in the bulleted list above, except as noted in the following finding:

- The District Failed to Retain Required Transportation Documentation for the More Than \$2.1 Million in State Funding Received

Dr. Marc Bertrando
Ms. Rosemary Fiumara
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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

July 25, 2018

cc: **GARNET VALLEY SCHOOL DISTRICT** Board of School Directors

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Background Information

School Characteristics 2016-17 School Year ^A	
County	Delaware
Total Square Miles	21.6
Number of School Buildings	5
Total Teachers	394
Total Full or Part-Time Support Staff	383
Total Administrators	49
Total Enrollment for Most Recent School Year	4,809
Intermediate Unit Number	25
District Vo-Tech School	Delaware County Technical High Schools

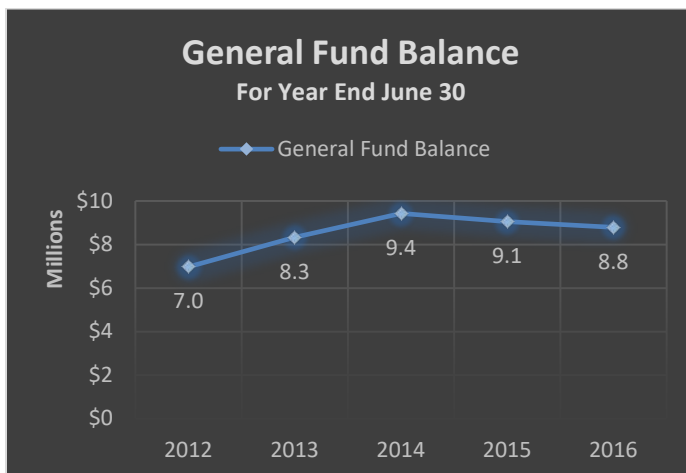
A - Source: Information provided by the District administration and is unaudited.

Mission Statement^A

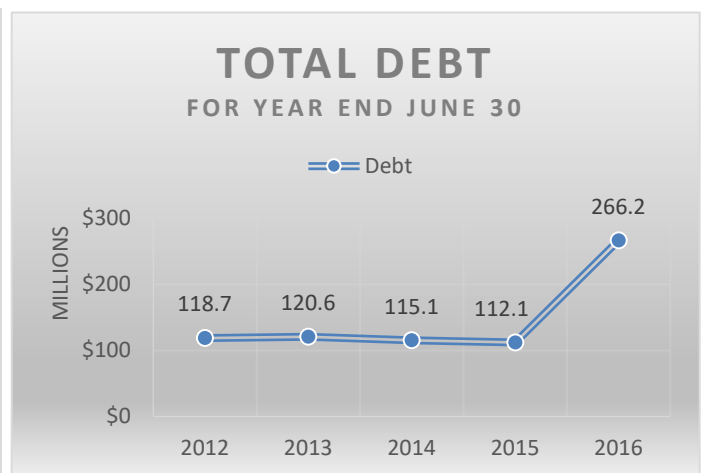
To provide a stimulating environment which provides quality educational opportunities for all students.

Financial Information

The following pages contain financial information about the Garnet Valley 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**.

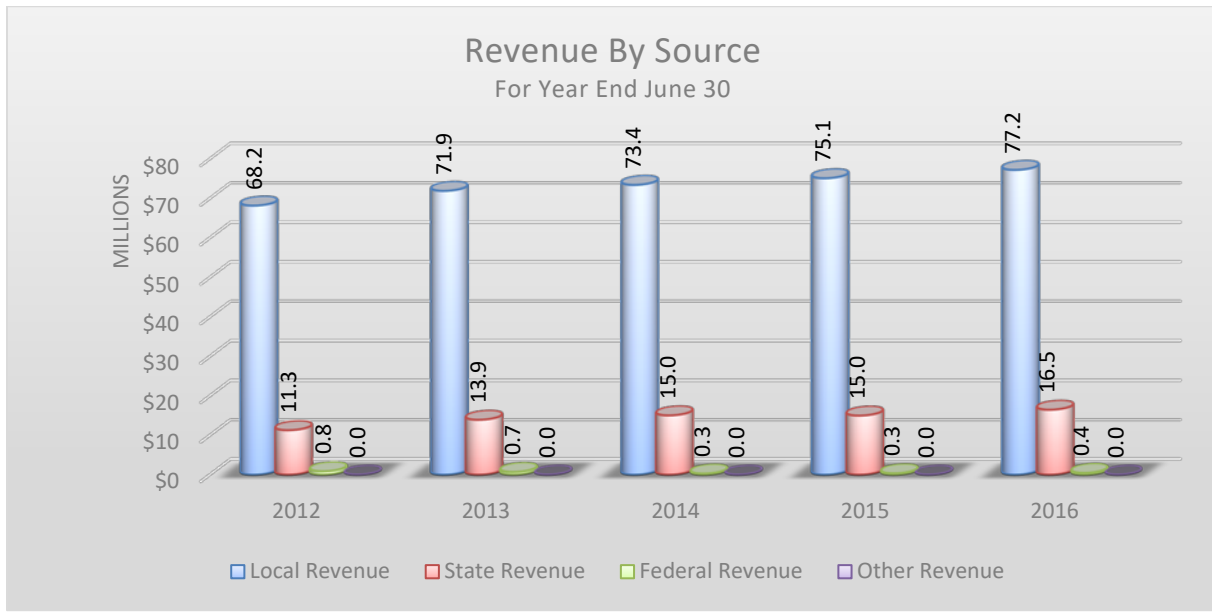
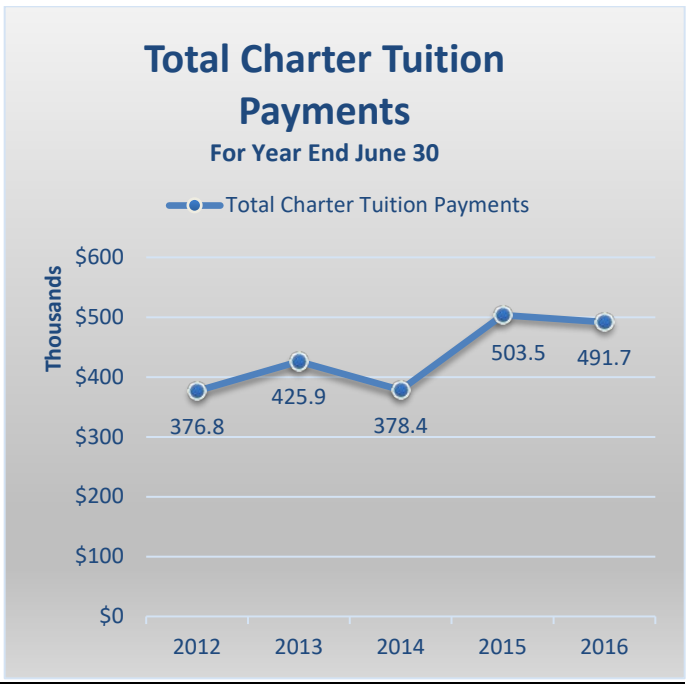
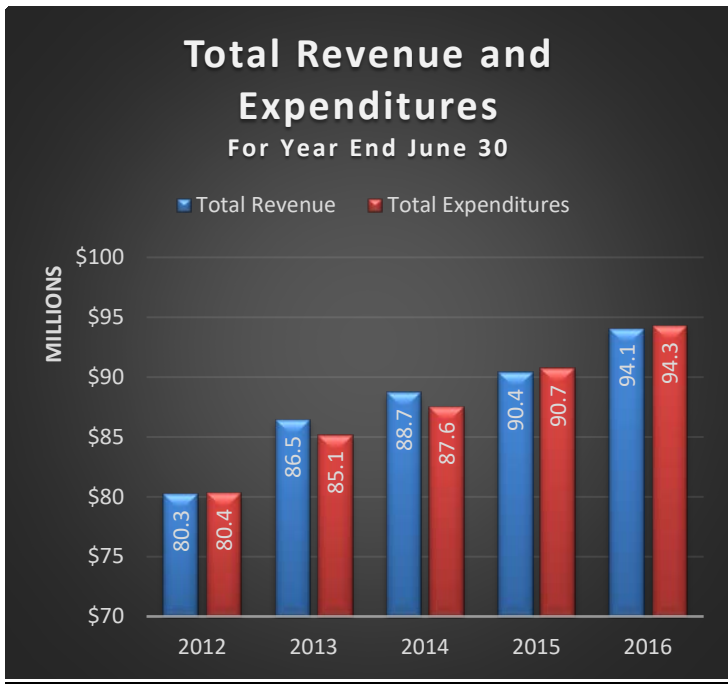


Note: General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



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

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 the 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.

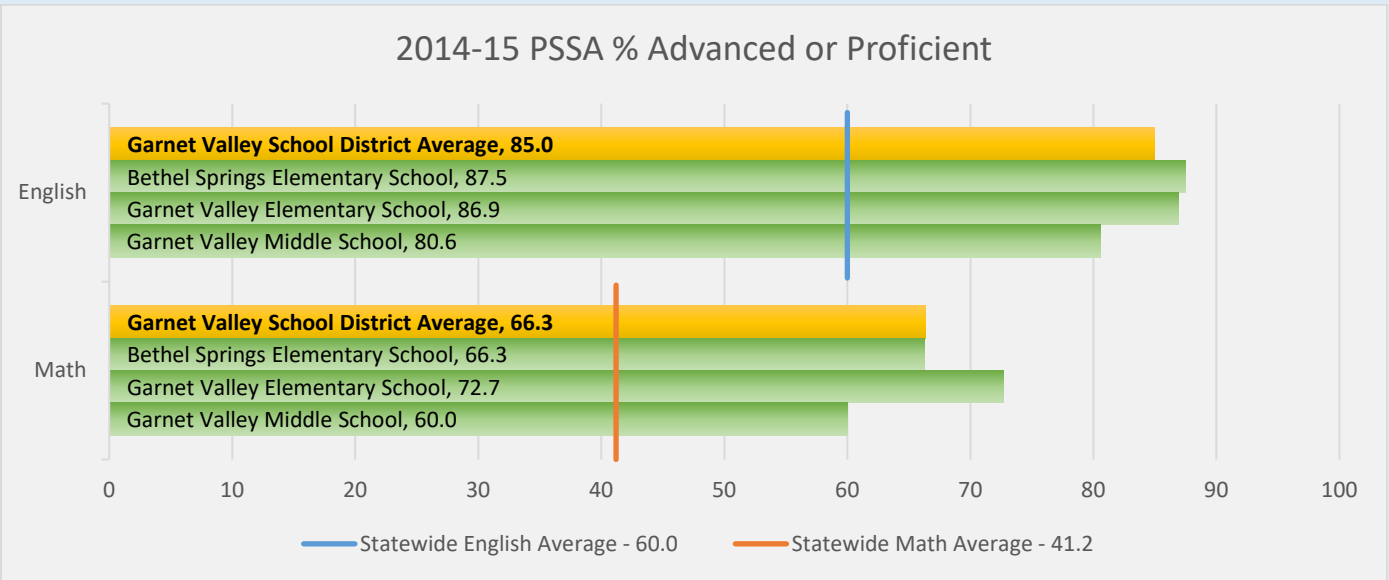
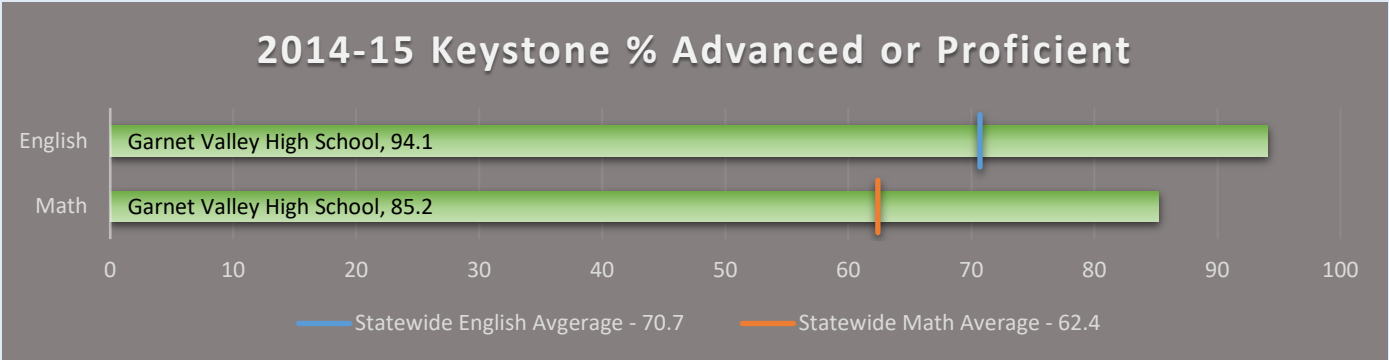
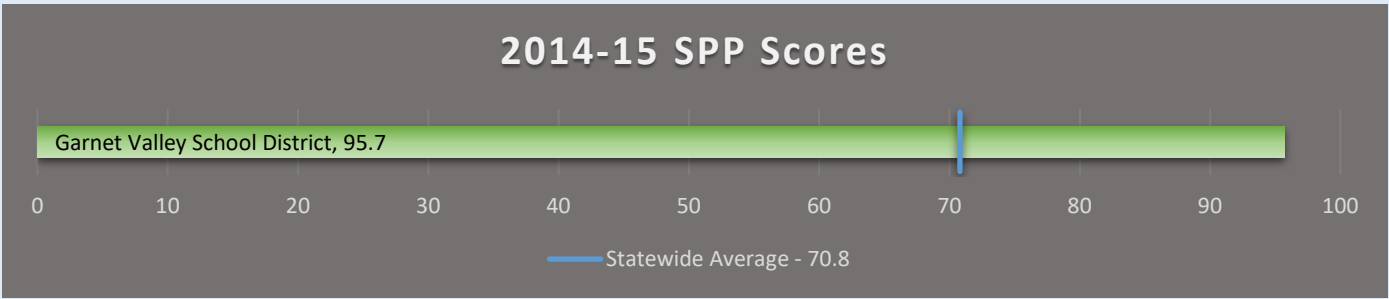
What is a 4-Year Cohort Graduation Rate?

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

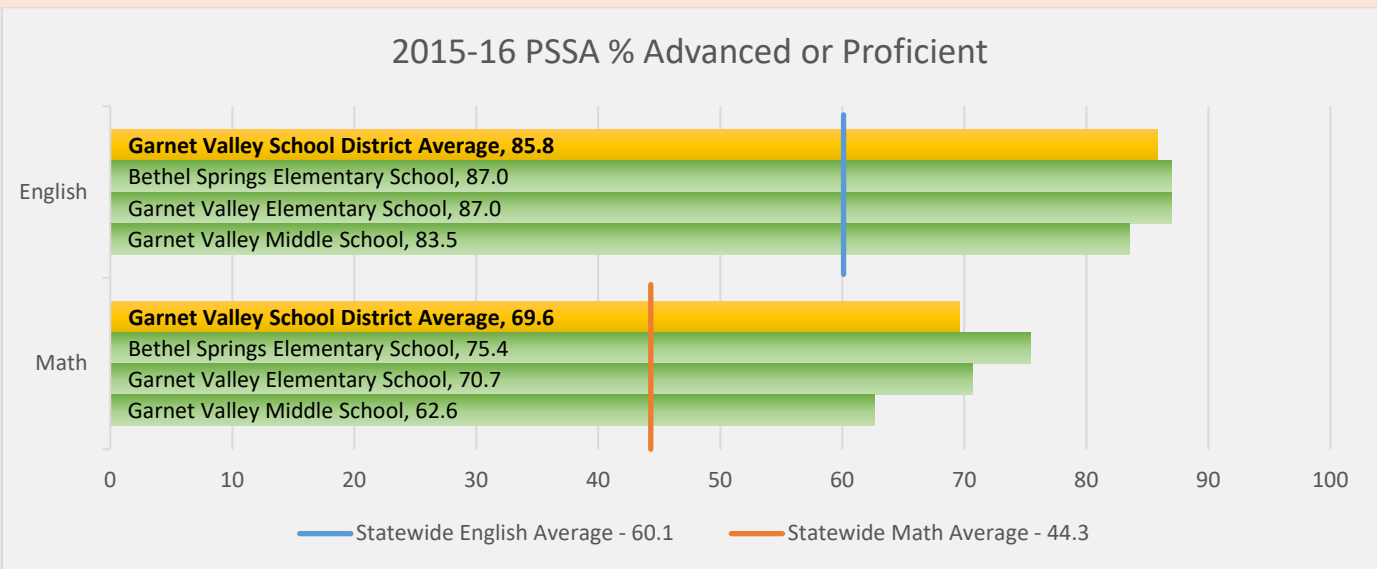
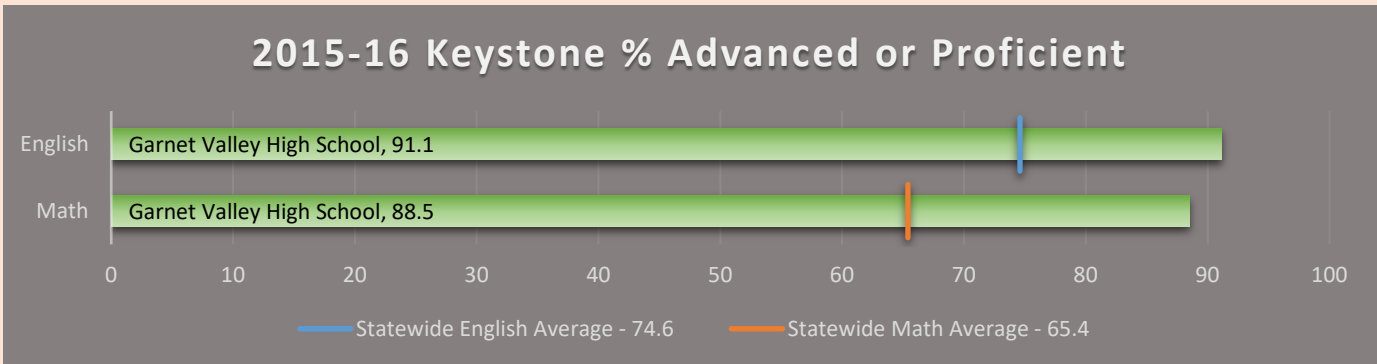
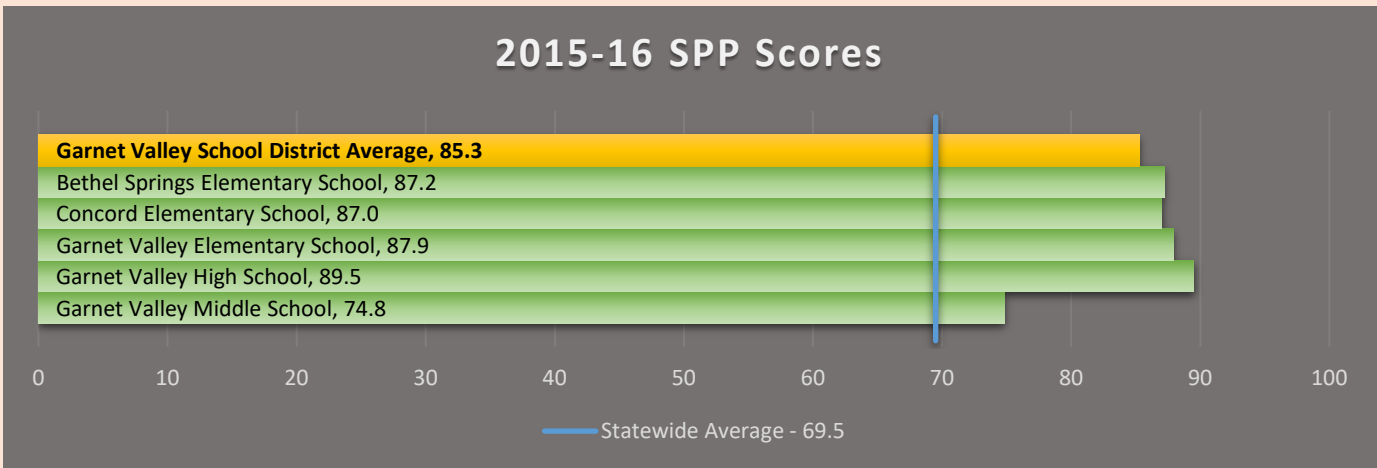
⁵ PDE has determined that PSSA scores issued beginning with the 2014-15 school year and after are not comparable to prior years due to restructuring of the exam.

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>.

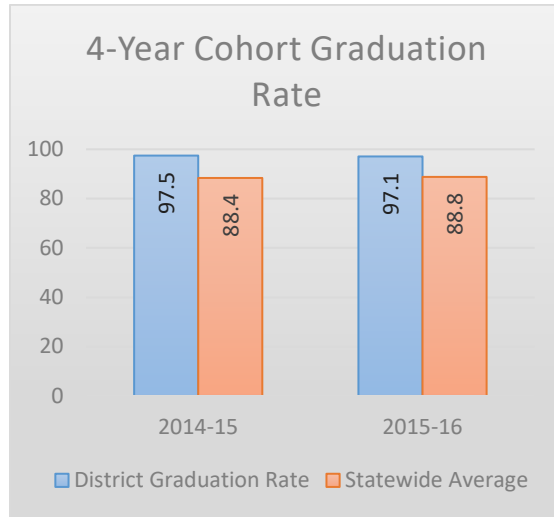
2014-15 Academic Data
School Scores Compared to Statewide Averages



2015-16 Academic Data
School Scores Compared to Statewide Averages



4-Year Cohort Graduation Rate



Finding

Finding

The District Failed to Retain Required Transportation Documentation for the More Than \$2.1 Million in State Funding Received

Criteria relevant to the finding:

Student Transportation Subsidy

The Public School Code (PSC) provides that school districts receive a transportation subsidy for most students who are provided transportation. Section 2541 (relating to Payments on account of pupil transportation) of the PSC specifies the transportation formula and criteria. *See* 24 P.S. § 25-2541.

Total Students Transported

Section 2541(a) of the PSC states, in part: "School districts shall be paid by the commonwealth for every school year on account of pupil transportation which, and the means and contracts providing for which, have been approved by the Department of Education, in the cases hereinafter enumerated, an amount to be determined by multiplying the cost of approved reimbursable pupils transportation incurred by the district by the district's aid ratio. In determining the formula for the cost of approved reimbursable transportation, the Secretary of Education may prescribe the methods of determining approved mileages and the utilized passenger capacity of vehicles for reimbursement purposes." *See* 24 P.S. § 25-2541(a).

The Garnet Valley School District (District) did not comply with the record retention provisions of the Public School Code (PSC) when it failed to retain sufficient and accurate documentation to support its transportation reimbursements received for the 2012-13 through 2015-16 school years.

Without proper documentation, we were unable to determine the appropriateness of the more than \$2.1 million in transportation reimbursement received. It is absolutely essential that records related to the District's transportation reimbursement be retained for the required time period in compliance with the PSC and that the records be readily available for audit.

Transportation Reimbursement

Student transportation reimbursement is based on several components that are reported by the District to the Pennsylvania Department of Education (PDE) for use in the calculation of the annual reimbursement amount. These components include, but are not limited to, the following:

- Miles with and miles without students for each vehicle.
- Students assigned to each vehicle.
- Total number of days each vehicle is used to transport students to and from school.

As evidenced by the components listed above, the number of students transported, number of days transported, and miles driven are the basis for calculating the yearly reimbursement amount. Therefore, it is essential for districts to document, verify, and retain odometer readings, student rosters, and changes that occur during the year for each vehicle transporting students.

Criteria relevant to the finding (continued):

Annual Filing Requirement

Section 2543 of the 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. *See* 24 P.S. § 25-2543.

Section 2543 of the PSC, which is entitled, “Sworn statement of amount expended for reimbursable transportation; payment; withholding” 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.) Id.

Record Retention Requirement
Section 518 of the PSC requires that records of a district be retained by the district for a period of not less than six years. *See* 24 P.S. § 5-518.

However, the District did not maintain sufficient documentation of this information for the four years reviewed. The table below shows the student and vehicle data reported to PDE and the total reimbursement received for each school year.

Garnet Valley School District Transportation Data Reported to PDE			
School Year	Reported Number of Students Transported	Reported Number of Vehicles Used	Total Reimbursement Received
2012-13	5,313	81	\$497,034
2013-14	5,273	77	\$482,980
2014-15	5,221	63	\$523,060
2015-16	5,392	62	\$606,864
Totals	21,199	283	\$2,109,938

The District retained odometer readings for the 2015-16 school year to support mileage traveled for its vehicles; however, the District failed to retain adequate supporting documentation for students and days transported. District and nonpublic schools often have different school calendars and in turn, are not open on the same days. Therefore, the District must determine the total days each vehicle was used to transport students to both District and nonpublic schools. District officials acknowledged that total days for each vehicle was based only on the District’s school calendar without considering the days students were transported to other schools. Additionally, the District failed to retain the number of students assigned to each vehicle. Without this information, we were unable to determine the accuracy of the reported data.

The District failed to retain all supporting documentation for transportation data reported to PDE for the 2012-13 through 2014-15 school years. District officials stated that odometer readings along with support documentation for students and days transported could not be located in its storage facility. During our review of the transportation data reported for the 2012-13 and 2013-14 school years, we found that the District reported all its vehicles as making one-way trips. Vehicles reported as making one-way trips are reimbursed less than vehicles that transport students both to and from school. Based on past accumulative experience, vehicles that make one-way trips are rare and reporting all vehicles this way typically is inaccurate. The

District's lack of supporting documentation precluded us from reaching an evidence-based conclusion regarding the accuracy of this reported data.

As previously stated, the PSC requires records that support the transportation reimbursement received by the District to be retained for a period of not less than six years. We found that the District did not comply with the PSC's record retention requirements. Additionally, the District did not meet its fiduciary duty to taxpayers in this matter by not retaining this information. Without this documentation, we could not determine if the amount of reimbursement received was accurate and appropriate. Additionally, we could not determine if adjustments to reported data were made. Transportation expenses and the subsequent transportation reimbursement are significant factors that can impact the District's overall financial position. Therefore, it is in the best interest of the District to ensure compliance with the PSC so it does not potentially jeopardize future reimbursements.

Recommendations

The *Garnet Valley School District* should:

1. Retain all documentation supporting the transportation data reported to PDE, including vehicle odometer readings, student bus rosters, and support for number of days transporting District students.
2. Review all vehicles reported as making one-way trips and ensure that this classification is accurate.
3. Establish a safe and adequate location to store all source documents and calculations supporting transportation data submitted to PDE. Furthermore, ensure that record retention procedures, including storage locations, are documented and staff are trained on the procedures.

Management Reply

District management provided the following response.

The District is cognizant of the fact that accurate transportation reporting, with appropriate supporting documentation, is incredibly important to ensure all State

funds are received and in the correct amount. In recent years, the District has made efforts to attend all training sessions available on the accurate completion of State reporting and related compliance.

Prior to the audit conducted by the Auditor General, transportation records were erroneously destroyed. As a result of this, the Transportation Department no longer sends audit related documentation to storage until the audit for that period has been completed. Audit related documents will be maintained electronically as well as physically within the Transportation Department. Items that are acceptable to be sent to storage will be clearly marked, listing contents of each box and a date in which it is acceptable for them to be destroyed. The District has a record retention policy it adheres to, the process for compliance with this policy and proper storage procedures have been reviewed as a result of this Auditor General's finding.

Vehicles reporting only one-way trips on the 2012-13 and 2013-14 PDE forms were corrected in 2014-15 and have been reported properly since. The District recently acquired routing software that creates more efficient bus runs and keeps an accurate record of all routes during a fiscal year. The routing software will also keep an exact count of District school days, nonpublic school days, miles with and without students, students assigned to each vehicle and other important information for the completion of accurate PDE reports.

The District is confident that all recommendations provided by the Auditor General have been enacted. With knowledge gained from this audit and from the various trainings those charged with completion of state reports have received, we are certain this finding is no longer applicable going forward.

Auditor Conclusion

We are pleased that the District is improving its controls regarding the reporting and retention of transportation data. We will evaluate the effectiveness of corrective action taken by the District during our next audit.

Status of Prior Audit Findings and Observations

Our prior audit of the Garnet Valley 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 Garnet Valley 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
- ✓ Administrative Contract Buyout
- ✓ Procurement Cards
- ✓ 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 ensure compliance 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 interviewed District personnel to get an understanding of the District's procedures for obtaining and reporting transportation data to PDE. Additionally, we randomly selected 10 of 62 vehicles used to transport District students during the 2015-16 school year.¹⁰ For each vehicle in the test group, we reviewed District calculations for mileage, student counts, and days in service. We were unable to review similar documentation for the 2012-13 through 2014-15 school years because the District did not retain the documentation. The errors we identified can be found in the finding in this report.
 - We also reviewed all 468 nonpublic school students reported to PDE as transported by the District during the 2015-16 school year. We reconciled a roster of nonpublic students transported to requests for transportation from the nonpublic schools to determine if the District reported these students correctly and received the correct amount of transportation reimbursement for these students. No reportable issues were identified.

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.

- Additionally, we reviewed all 1,386 students reported to PDE as transported by the District and living on a hazardous walking route during the 2015-16 school year. We reconciled students reported as living on hazardous walking route with documentation from the Pennsylvania Department of Transportation to determine if the District reported these students correctly and received the correct amount of transportation reimbursement for these students. No reportable issues were identified.
- ✓ Did the District pursue a contract buyout with an administrator and if so, what was the total cost of the buyout, what were the reasons for the termination/settlement, and did the employment contract(s) comply with the Public School Code¹¹ and the Public School Employees' Retirement System guidelines?
 - To address this objective, we reviewed the contracts, board meeting minutes, board policies, and payroll records for both individually contracted administrators who separated employment from the District during the period July 1, 2012 through June 30, 2016. Our review of this objective did not disclose any reportable issues.
- ✓ Did the District have board approved policies concerning the use of District issued procurement cards, and were District policies and procedures followed when procurement cards were used?
 - To address this objective, we obtained the District policies and procedures and interviewed District personnel regarding the use of District issued procurement cards. We obtained a list of employees who were issued a procurement card during the period July 1, 2015 through June 30, 2016. Of these 59 employees, we selected 5 for detailed testing.¹² For each of the five cardholders selected, we tested all the transactions from the month with the highest purchase total. A total of 160 transactions were selected for testing. We reviewed invoices, shipping documents, and payment approvals to determine if procurement card purchases were made in accordance with District policy. 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?¹³ 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?

¹¹ 24 P.S. § 10-1073(e)(v).

¹² These employees were selected because we considered them to have a higher risk of non-compliance with board-approved policies and procedures for procurement cards. Therefore, the selection is not representative of the population of procurement card transactions, and the results should not be projected to that population.

¹³ 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*.

- To address this objective, we selected 10 of the 74 bus drivers employed by the District as of March 8, 2018.¹⁴ 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, 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?¹⁵
 - To address this objective, we reviewed a variety of documentation including, but not limited to, safety plans, training schedules, anti-bullying policies, fire drill documentation and after action reports. In addition, we conducted on-site reviews at three out of the District's five school buildings (one from each educational level)¹⁶ to assess whether the District had implemented basic safety practices.¹⁷ 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, PDE, and other appropriate agencies as deemed necessary.

¹⁴ 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.

¹⁵ 24 P.S. § 13-1301-A *et seq.*

¹⁶ 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.

¹⁷ 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 Harestown Building #2
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Harrisburg, PA 17126

The Honorable Joe Torsella

State Treasurer
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Director
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Mr. Nathan Mains

Executive Director
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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.