

PERFORMANCE AUDIT

Hempfield Area School District Westmoreland County, Pennsylvania

March 2019



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE
AUDITOR GENERAL

Dr. Tammy S. Wolicki, Superintendent
Hempfield Area School District
4347 Route 136
Greensburg, Pennsylvania 15601

Ms. Sonya L. Brajdic, Board President
Hempfield Area School District
4347 Route 136
Greensburg, Pennsylvania 15601

Dear Dr. Wolicki and Ms. Brajdic:

We have conducted a performance audit of the Hempfield Area School District (District) for the period July 1, 2013 through June 30, 2017, 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
- Nonresident Student Data
- Bus Driver Requirements

We also evaluated the application of best practices in the area of school safety. Due to the sensitive nature of this issue and the need for the results of this review to be confidential, we did not include the results in this report. However, we communicated the results of our review of school safety to District officials, the Pennsylvania Department of Education, 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 bulleted areas listed above.

Dr. Tammy S. Wolicki
Ms. Sonya L. Brajdic
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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

March 25, 2019

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

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Background Information

School Characteristics 2017-18 School Year ^A	
County	Westmoreland
Total Square Miles	95
Number of School Buildings	9
Total Teachers	412
Total Full or Part-Time Support Staff	197
Total Administrators	20
Total Enrollment for Most Recent School Year	5,643
Intermediate Unit Number	7
District Vo-Tech School	Central Westmoreland Career and Technology Center

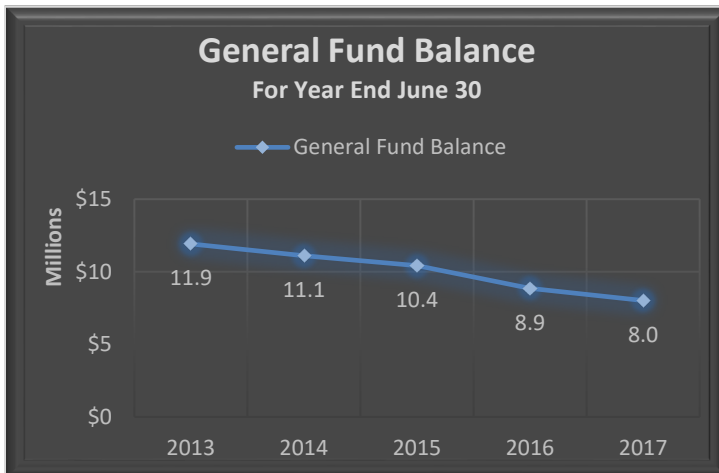
A - Source: Information provided by the District administration and is unaudited.

Mission Statement^A

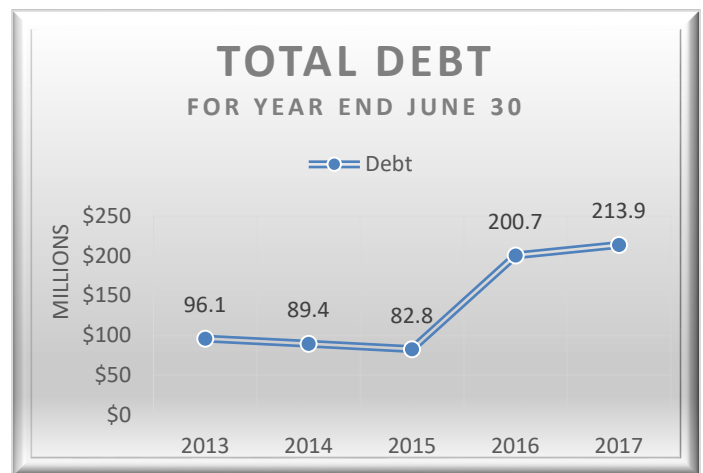
The Hempfield Area School District, in its commitment to excellence, shall engage and educate all students for personal success through a shared responsibility with the student, family, and community in a safe, secure and nurturing environment.

Financial Information

The following pages contain financial information about the Hempfield Area 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**.

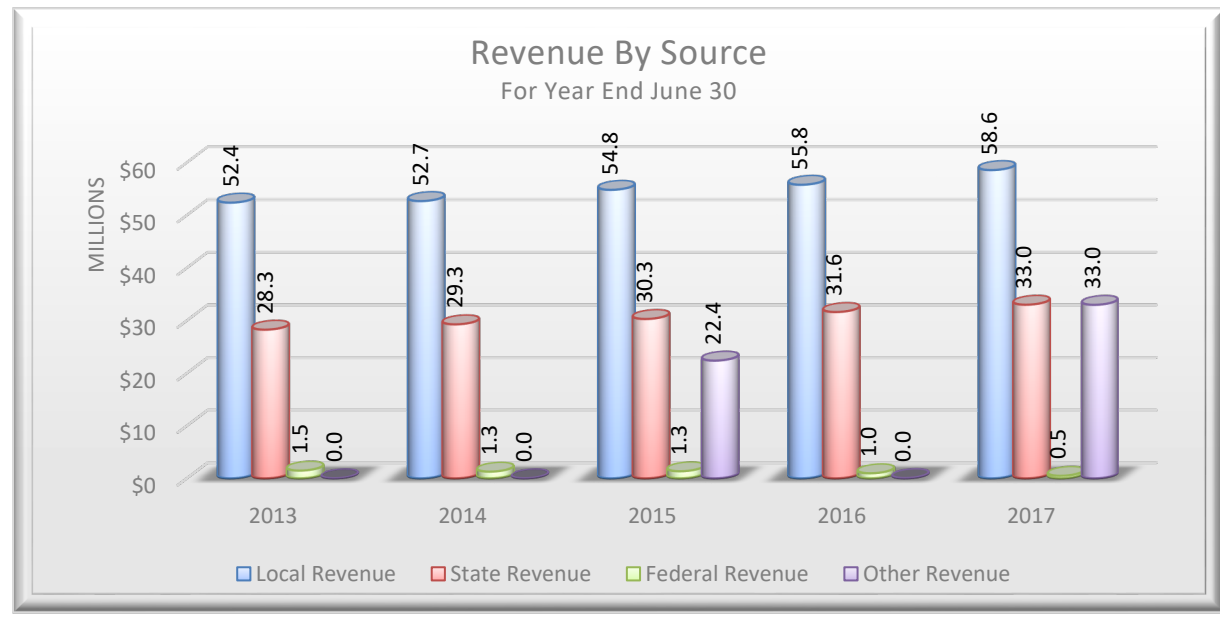
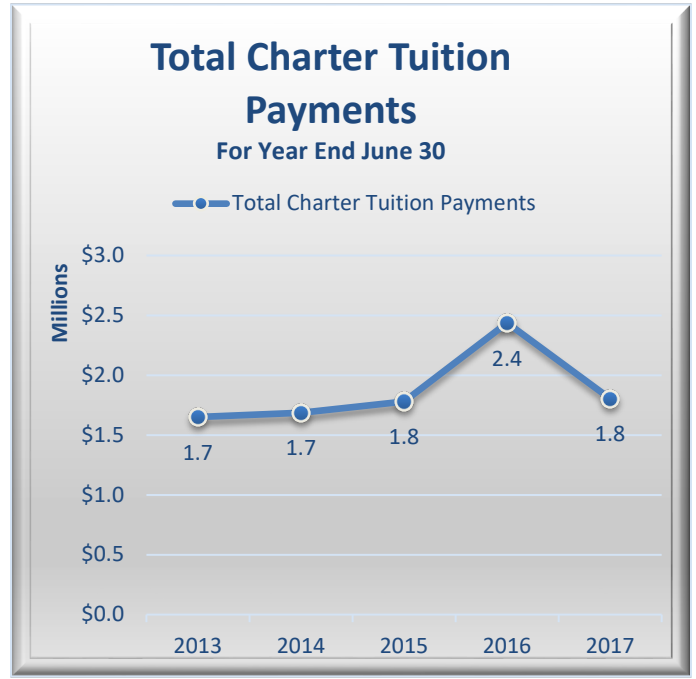
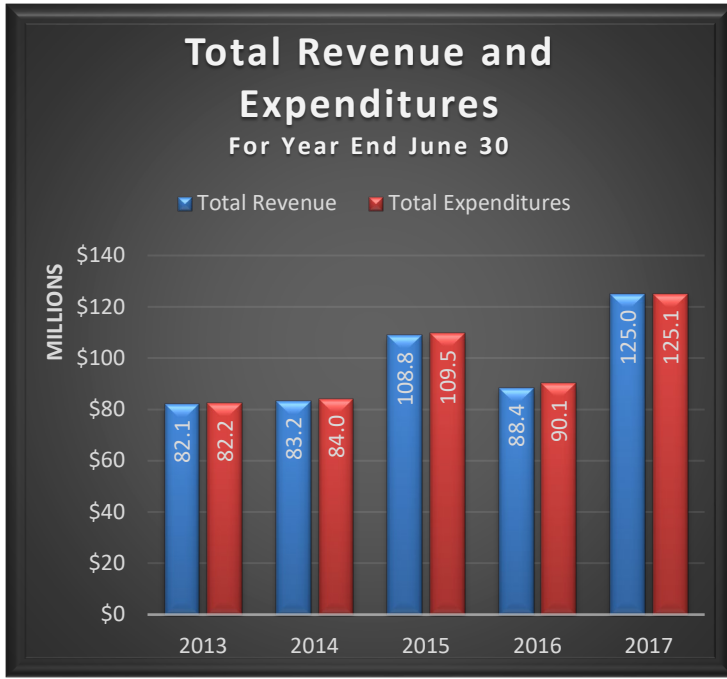


Note: General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



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.

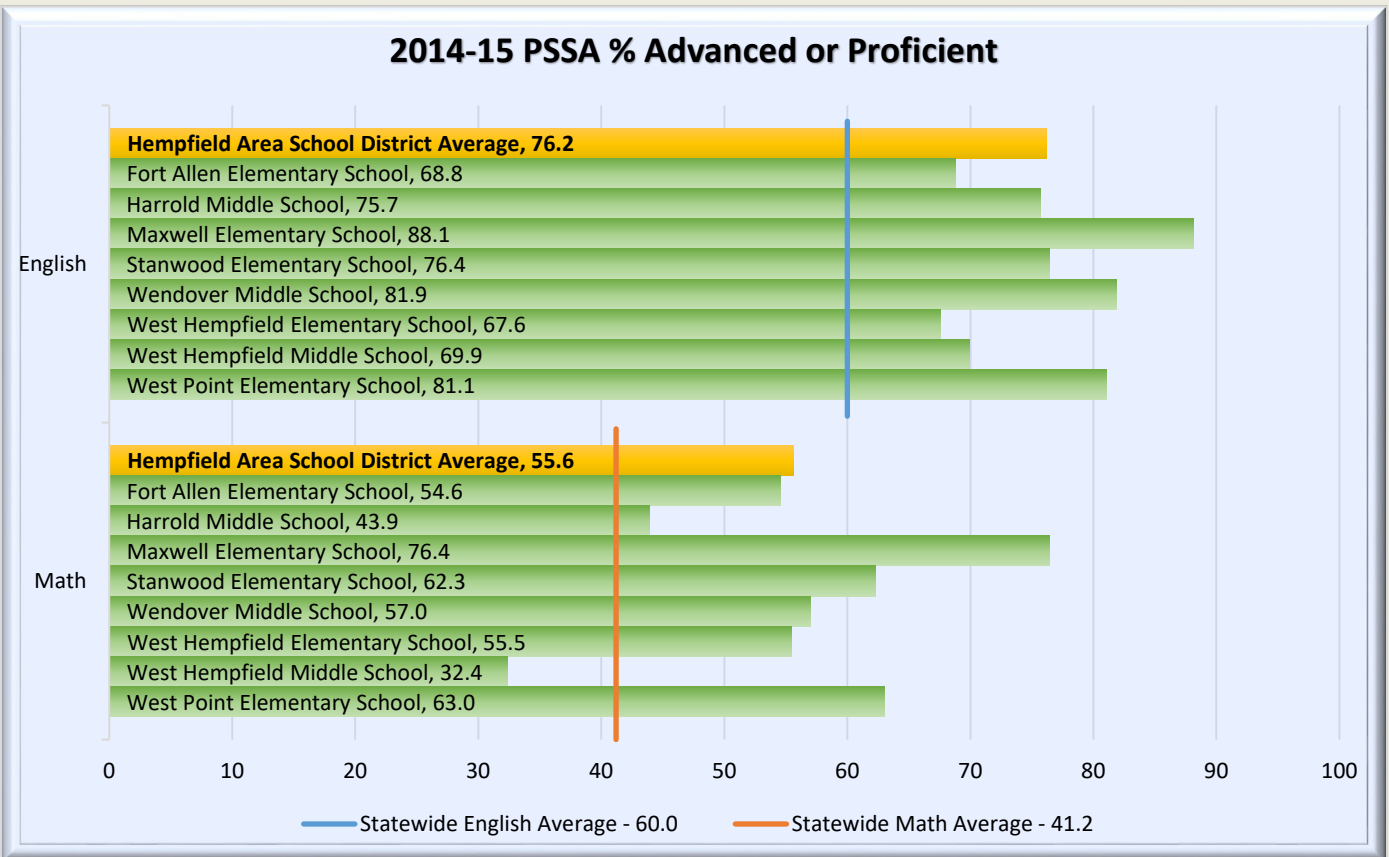
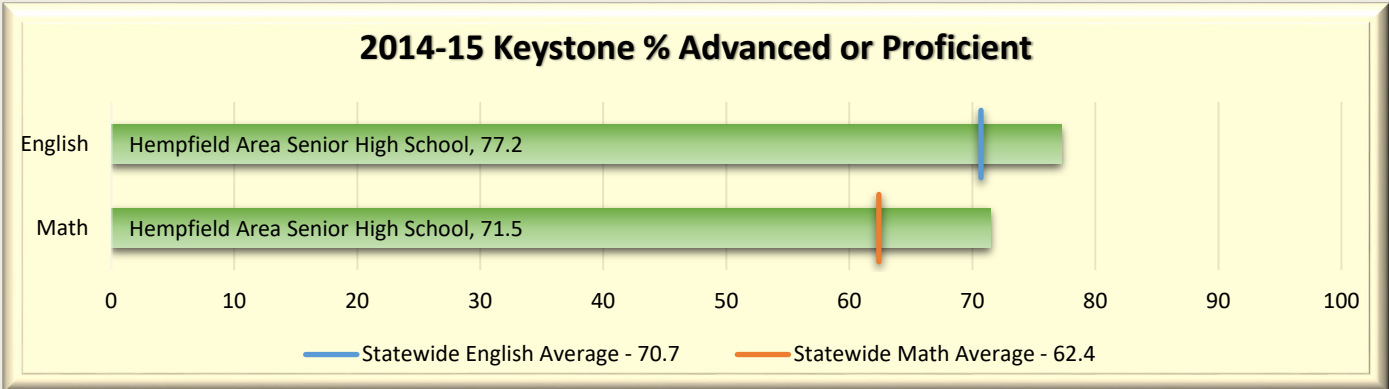
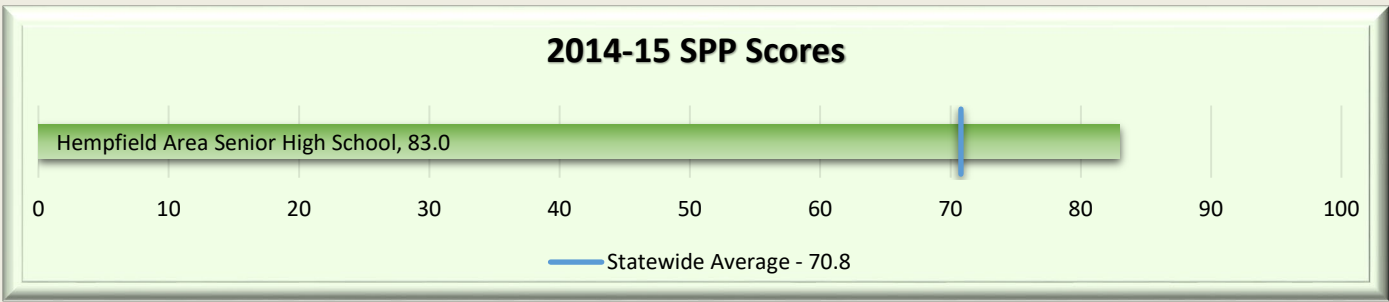
What is a 4-Year Cohort Graduation Rate?

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.

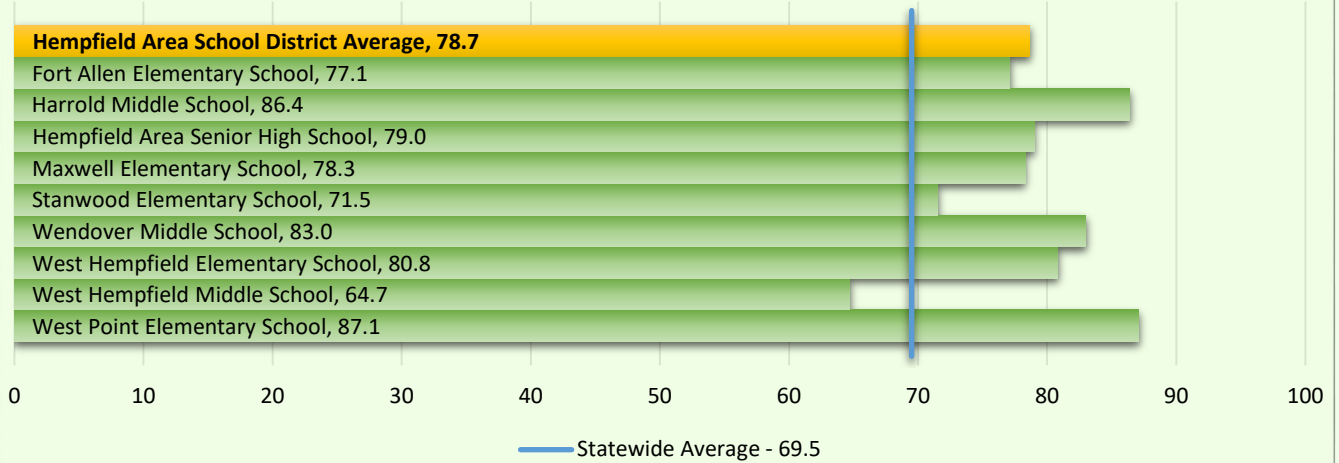
⁷ The PDE also calculates 5-year and 6-year cohort graduation rates. Please visit the PDE's website for additional information: <http://www.education.pa.gov/Data-and-Statistics/Pages/Cohort-Graduation-Rate-.aspx>.

2014-15 Academic Data
School Scores Compared to Statewide Averages

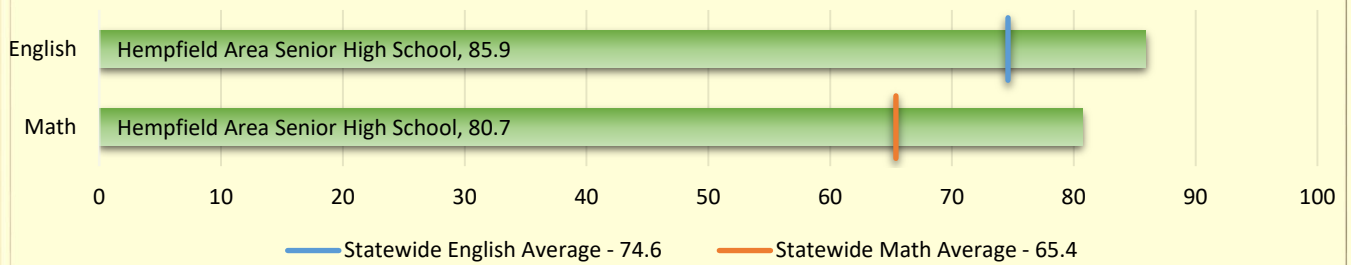


2015-16 Academic Data
School Scores Compared to Statewide Averages

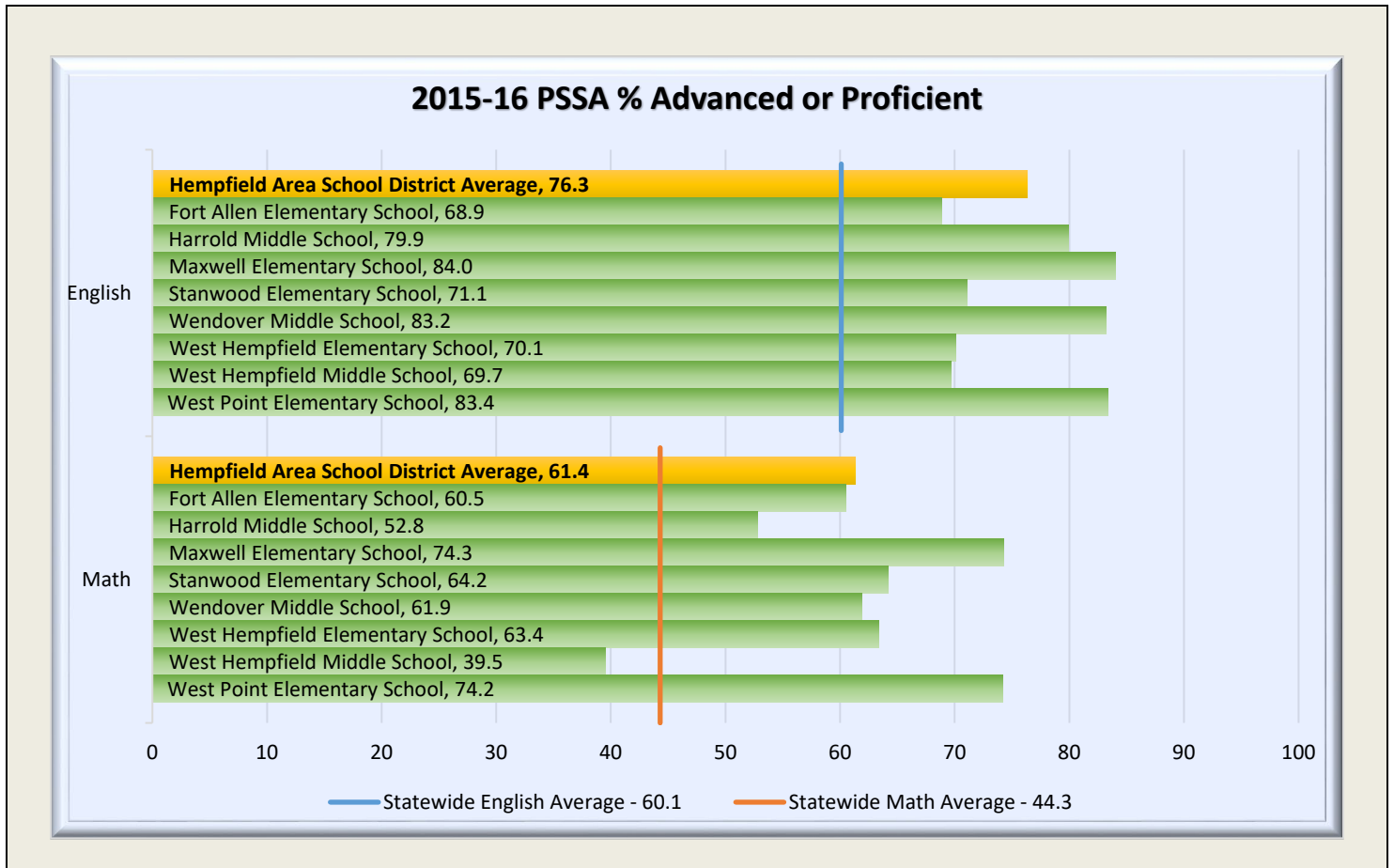
2015-16 SPP Scores



2015-16 Keystone % Advanced or Proficient

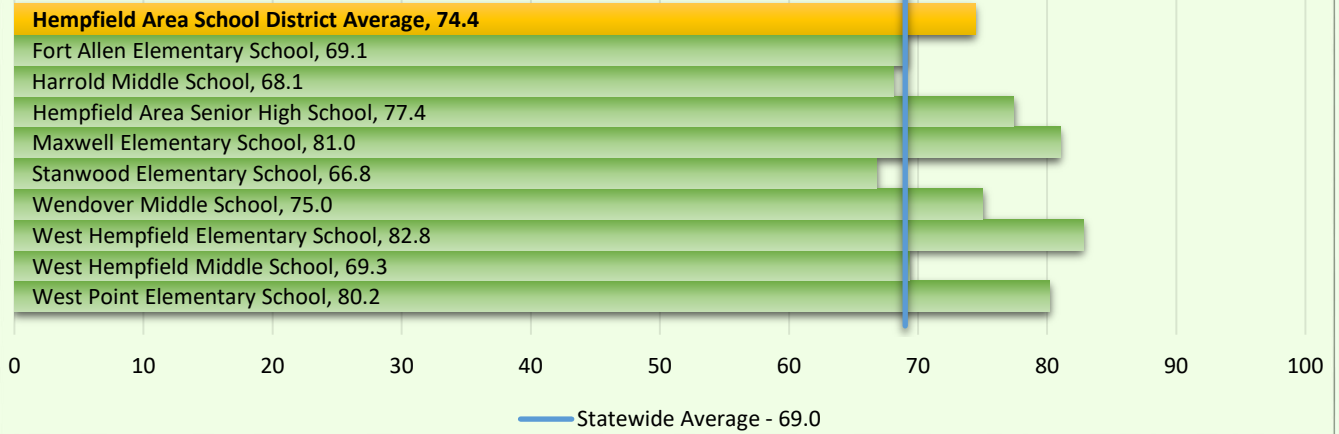


2015-16 Academic Data
School Scores Compared to Statewide Averages (continued)

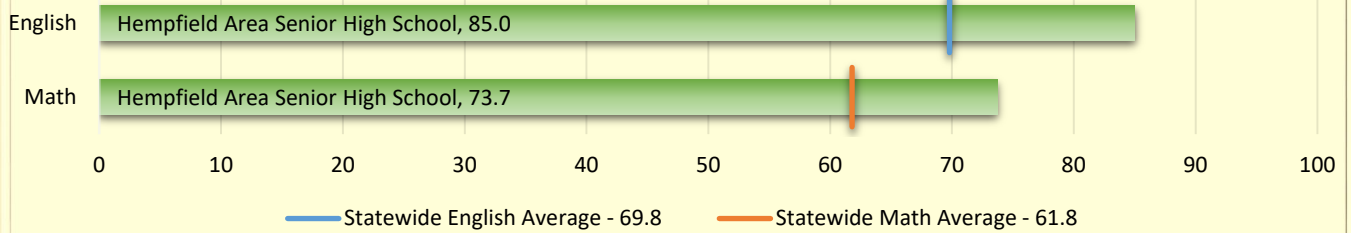


2016-17 Academic Data
School Scores Compared to Statewide Averages

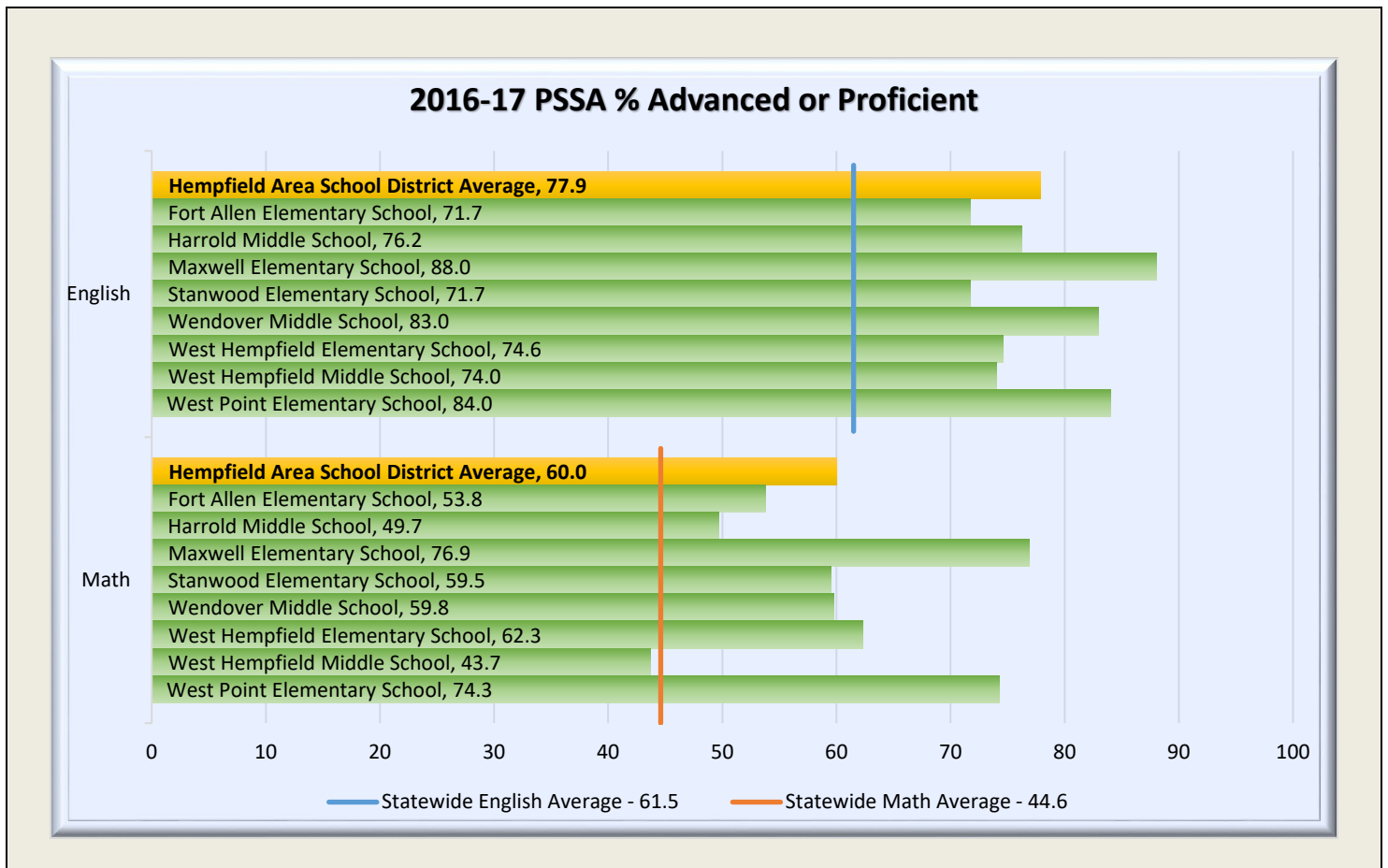
2016-17 SPP Scores



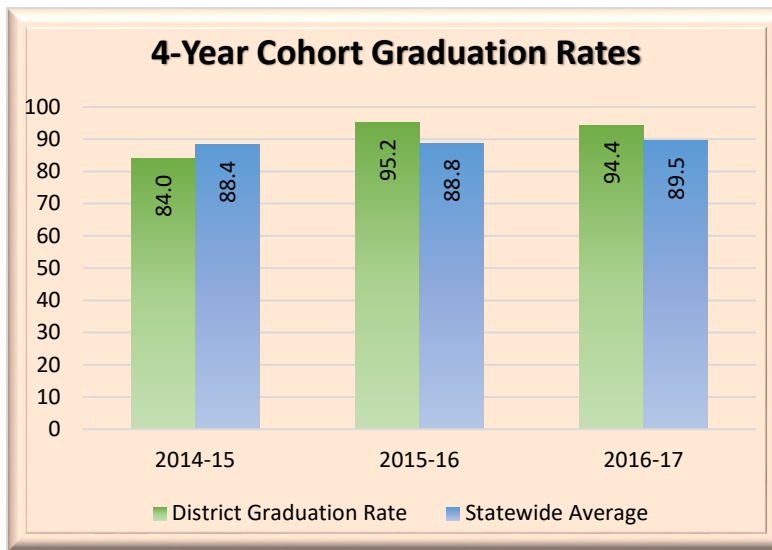
2016-17 Keystone % Advanced or Proficient



2016-17 Academic Data
School Scores Compared to Statewide Averages (continued)



Graduation Data
District Graduation Rates Compared to Statewide Averages



Finding

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

Status of Prior Audit Findings and Observations

Our prior audit of the Hempfield Area School District (District) released on December 4, 2014, resulted in three findings and one observation, 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 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 December 4, 2014

Prior Finding No. 1: Errors in Reporting Student Data Resulted in \$21,915 State Subsidy Net Overpayments to the District

Prior Finding Summary: During our prior audit of the District's non-resident pupil membership for the 2010-11 and 2011-12 school years, we found errors in the reports submitted by the District to the PDE. The reporting errors were the result of the District failing to have appropriately trained personnel and appropriate review procedures in place that would have allowed these errors to be corrected prior to the submission of the membership data to the PDE. The errors resulted in a net overpayment of Commonwealth-paid tuition for children placed in private homes (foster children) totaling \$4,483 for the 2011-12 school year and \$17,432 for the 2012-13 school.

Prior Recommendations: We recommended that the District should:

1. Review the Pennsylvania Information Management System (PIMS) manual of reporting for instructions in the proper reporting of nonresident students.
2. Provide training to allow the personnel responsible for data input the opportunity to become familiar with the requirements of the PIMS reporting.
3. Put into place policies and procedures for verifying student data reported to the PDE through the PIMS.
4. Review membership reports submitted to the PDE for years subsequent to the audit, and if similar errors are found, submit revised reports to the PDE.

We also recommended that the PDE should:

5. Adjust the District's allocations to correct the net overpayment of \$21,915.

Current Status:

During our current audit, we found the District did implement our prior recommendations. District personnel responsible for performing child accounting functions received multiple trainings during our current audit period. Additionally, District personnel responsible for child accounting functions have detailed child accounting instructions to help ensure accurate reporting.

The District reviewed membership reports submitted to the PDE for the 2012-13 and 2013-14 school years and did not submit revisions to the PDE for those school years.

In June 2017, the PDE adjusted the District's allocations to recover the overpayment cited in our prior audit.

Prior Finding No. 2:

Failure to Have All School Bus Drivers' Qualifications on File

During our prior audit of the District's bus drivers' qualifications for the 2013-14 school year, we found that not all records were on file at the time of the audit. We reviewed the personnel records of 24 newly hired bus drivers employed by the District's pupil transportation contractors. Our audit found that District records were incomplete with one or more qualifications missing for 11 drivers.

Additionally, it was noted during the review of the official board meeting minutes that the Board of School Directors (Board) failed to approve the list of contracted recommended bus drivers.

Prior Recommendations:

We recommended that the District should:

1. Ensure that the Human Resources Department reviews each driver's qualifications prior to that person transporting students.
2. Ensure the bus drivers' personnel files are kept up-to-date and the proper clearances are obtained.
3. Establish procedures to ensure that contractor recommended drivers are approved by the Board.

4. 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 providing a copy to the District for review and board approval.

Current Status:

During our current review, we found that the District did implement most of our prior recommendations. Specifically, the District has implemented a checklist to ensure clearances, licenses, and physicals are kept up to date. Additionally, the District provides notice to its transportation contractors after the Board approves the list of drivers. The transportation contractors are instructed to allow only Board approved drivers to transport students. However, the District does not have any monitoring procedures in place to ensure that this instruction is followed by its transportation contractors.

Prior Finding No. 3:

Pupil Transportation Reporting Errors Resulted in Overpayments to the District of \$58,135

Prior Finding Summary:

During our prior audit of the District's transportation records for the 2010-11 and 2011-12 school years, we found that District personnel erroneously added special needs students to the number of nonpublic pupils transported by the District and reported to the PDE for reimbursement. The inclusion of these students resulted in a \$58,135 overpayment in the District's state transportation reimbursement.

Prior Recommendations:

We recommended that the District should:

1. Develop and maintain internal policies and procedures to ensure that student transportation data is collected and reported accurately. For example, once the District's transportation data has been collected, a different member of the District's staff should review it for accuracy before it is reported to the PDE.
2. Develop training procedures to ensure personnel that are responsible for reporting transportation are fully aware of the PDE's instructions.
3. Ensure summaries are prepared and reviewed to identify all nonpublic and charter school pupils that are reported for reimbursement.
4. Retain documentation identifying charter school pupils transported.

5. Review transportation reports submitted to the PDE for years subsequent to the audit, and if similar errors are found, submit revised reports to the PDE.

We also recommended that the PDE should:

6. Adjust the District's subsidy to recover the \$58,135 overpayment.

Current Status:

During our current audit, we noted the District did implement all of our prior recommendations. The District has implemented a review process where the transportation reports are reviewed by a District official independent from the person responsible for processing the data prior to submission to the PDE. Summaries reports are prepared annually and retained for audit. District personnel reviewed the 2012-13 school year and found no errors.

In February 2017, the PDE adjusted the District's allocations to recover the \$58,135 overpayment cited in the prior audit.

Prior Observation:

The District Lacks Sufficient Internal Controls Over Its Student Data

Prior Observation Summary: Our prior review of the District's data integrity found that its internal controls needed to be improved. As a result of the weak controls, the District's pupil membership reports contained errors that would have been identified had the District implemented a reconciliation of the pupil membership reports. Additionally, the District did not ensure that the vendor's Student Information System (SIS) software had the capability of backing up school year specific data when the District contracted with the company. Finally, the District did not have adequately documented procedures in place to ensure continuity over its PIMS data submission in the event of a sudden change in personnel or child accounting vendors.

Prior Recommendations:

We recommended that the District should:

1. Print out the SIS membership reports and the PIMS reports after the PIMS upload is completed for that school year and perform reconciliations between the District's child accounting software data and the PIMS reports, and retain them for our audit purposes.

2. Contact the SIS software vendor to determine whether the vendor's SIS software has the capability of backing up school year specific data.
3. Work in conjunction with the software vendor to determine why one student listed in the SIS was not uploaded to the PIMS student calendar fact template.
4. Develop documented procedures (e.g., procedure manuals, policies, or other written instructions) to ensure continuity over the PIMS data submission if those involved persons were to leave the local education agency suddenly or otherwise be unable to upload the PIMS data to the PDE.
5. Review membership reports submitted to the PDE for years subsequent to the audit, and if errors are found, submit reviewed reports to the PDE.

Current Status:

During our current review, we noted the District did implement all of our prior recommendations. Specifically, the District has retained all SIS and PIMS reports, and they are reconciled by the Business Manager and PIMS Coordinator. The District's current SIS software has the capability to extract specific data by year. Additionally, the District instituted procedures, instructions, and checklists to ensure continuity of data submissions. District personnel reviewed the 2012-13 and 2013-14 school years and found no errors.

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, the Pennsylvania Department of Education (PDE), and other concerned entities.

Our audit, conducted under authority of Sections 402 and 403 of The Fiscal Code,⁸ 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, 2013 through June 30, 2017. In addition, the scope of each individual audit objective is detailed on the next page.

The Hempfield Area School District's (District) management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the District is in compliance with certain relevant state laws, regulations, contracts, and administrative procedures (relevant requirements).⁹ 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.

⁸ 72 P.S. §§ 402 and 403.

⁹ 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, 2013 through June 30, 2017. 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 following areas:

- Transportation Operations
- Nonresident Student Data
- 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 certain transportation operations, and did the District receive the correct transportation reimbursement from the Commonwealth for nonpublic and charter school students?¹⁰
 - To address this objective, we reviewed all nonpublic school students reported to the PDE as transported by the District during the 2013-14, 2014-15, 2015-16, and 2016-17 school years.¹¹ We reviewed the District's student rosters for all years reviewed and requests for transportation for the 2016-17 school year. We determined if the District accurately reported the number of nonpublic students transported by the District to the PDE. We also determined if the District received the correct subsidy for these students. Our review of this objective did not result in any reportable issues.
- ✓ Did the District accurately report nonresident students to the PDE? Did the District receive the correct reimbursement for these nonresident students?¹²
 - To address this objective, we reviewed all 29 of the nonresident students reported by the District to the PDE for the 2015-16 school year. We requested documentation to verify that the custodial parent or guardian was not a resident of the District and the foster parents received a stipend for caring for the student.

¹⁰ See 24 P.S. §§ 13-1301, 13-1302, 13-1305, 13-1306; 22 Pa. Code Chapter 11.

¹¹ The District reported to the PDE 335 nonpublic students during the 2013-14 school year, 304 nonpublic students during the 2014-15 school year, 282 students during the 2015-16 school year, and 293 students during the 2016-17 school year.

¹² See 24 P.S. §§ 13-1301, 13-1302, 13-1305, 13-1306; 22 Pa. Code Chapter 11.

Using reports from the District's student software system, we verified the classification as a nonresident student, the number of days these nonresident students were enrolled at the District, and compared this information to the PDE reports. In addition, we verified that the District had a policy in place addressing the classification and eligibility of all nonresident students. Our review of this objective did not result in 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?
 - To address this objective, we randomly selected 10 of the 104 bus drivers transporting District students as of November 6, 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 ensure compliance with bus driver hiring requirements. Our review of this objective did not result in 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, safety plans, training schedules, anti-bullying policies, fire drill reports, and after action reports. In addition, we conducted on-site reviews at three out of the District's nine school buildings¹⁶ (one from each education level) to assess whether the District had implemented basic safety practices.¹⁷ Due to the sensitive nature of school safety, the results of our review for this objective area are not described in our audit report. The results of our review of school safety review were shared with District officials, the PDE, and other appropriate agencies deemed necessary.

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*.

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 The three buildings reviewed were selected based on their proximity to the administrative building. 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

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Harrisburg, PA 17126

The Honorable Joe Torsella

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Pennsylvania State Education Association
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Mr. Nathan Mains

Executive Director
Pennsylvania School Boards Association
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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.