

# LIMITED PROCEDURES ENGAGEMENT

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Karns City Area School District  
Butler County, Pennsylvania

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January 2020



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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**EUGENE A. DePASQUALE**  
**AUDITOR GENERAL**

Mr. Eric D. Ritzert, Superintendent  
Karns City Area School District  
1446 Kittanning Pike  
Karns City, Pennsylvania 16041

Mr. Matt Bishop, Board President  
Karns City Area School District  
1446 Kittanning Pike  
Karns City, Pennsylvania 16041

Dear Mr. Ritzert and Mr. Bishop:

We conducted a Limited Procedures Engagement (LPE) of the Karns City Area School District (District) to determine its compliance with certain relevant state laws, regulations, policies, and administrative procedures (relevant requirements). The LPE covers the period July 1, 2014 through June 30, 2018, except for any areas of compliance that may have required an alternative to this period. The engagement was conducted pursuant to authority derived from Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania and the Fiscal Code, 72 P.S. §§ 402 and 403, but was not conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

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

- Did the District have documented board policies and administrative procedures related to the following?
  - Internal controls
  - Budgeting practices
  - The Right-to-Know Law
  - The Sunshine Act
  - Transportation operations
- Were the policies and procedures adequate and appropriate, and have they been properly implemented?
- Did the District comply with the relevant requirements in the Right-to-Know Law and the Sunshine Act?
- Did the District correctly calculate and report transportation data related to the supplemental transportation reimbursement to the Pennsylvania Department of Education (PDE), and did the District receive the correct amount of supplemental transportation reimbursement? (24 P.S. §§ 13-1301, -1302, -1305, -1306; PA Code Title 22, Chap. 11)?

Mr. Eric D. Ritzert

Mr. Matt Bishop

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Our engagement found that the District properly implemented policies and procedures for the areas mentioned above and complied, in all significant respects, with relevant requirements except as detailed in the finding in this report.

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, PDE, and other appropriate officials as deemed necessary.

The finding and our related recommendations have been discussed with the District's management, and their responses are included in the finding section of this letter. We believe the implementation of our recommendations will improve the District's operations and facilitate compliance with legal, administrative requirements, and best practices. We appreciate the District's cooperation during the conduct of the engagement.

Sincerely,



Eugene A. DePasquale

Auditor General

January 10, 2020

cc: **KARNS CITY AREA SCHOOL DISTRICT** Board of School Directors

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## Background Information

School Characteristics 2018-19 School Year <sup>A</sup>	
Counties	Butler, Armstrong, and Clarion
Total Square Miles	125
Number of School Buildings	3
Total Teachers	111
Total Full or Part-Time Support Staff	83
Total Administrators	9
Total Enrollment for Most Recent School Year	1,353
Intermediate Unit Number	4
District Vo-Tech School	Butler County Area Vo-Tech

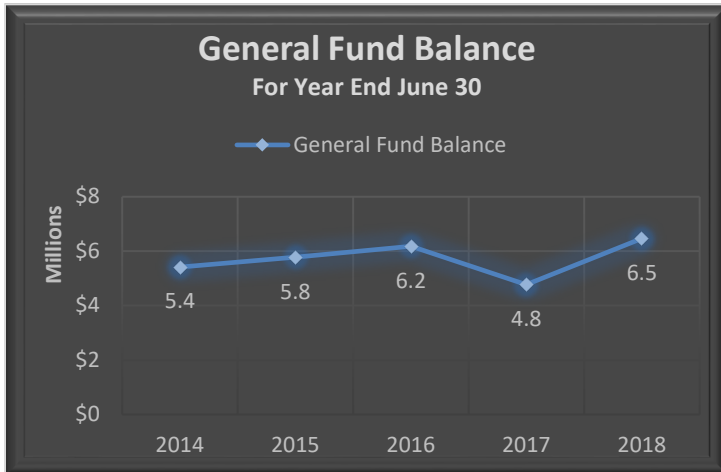
A - Source: Information provided by the District administration and is unaudited.

## Mission Statement<sup>A</sup>

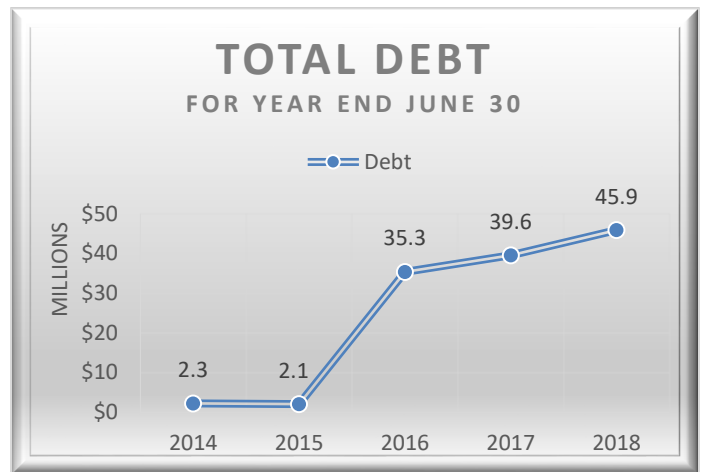
To provide a quality education in a safe, caring environment which enables the student to become a lifelong learner and a responsible member of the family and society.

## Financial Information

The following pages contain financial information about the Karns City Area 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**.

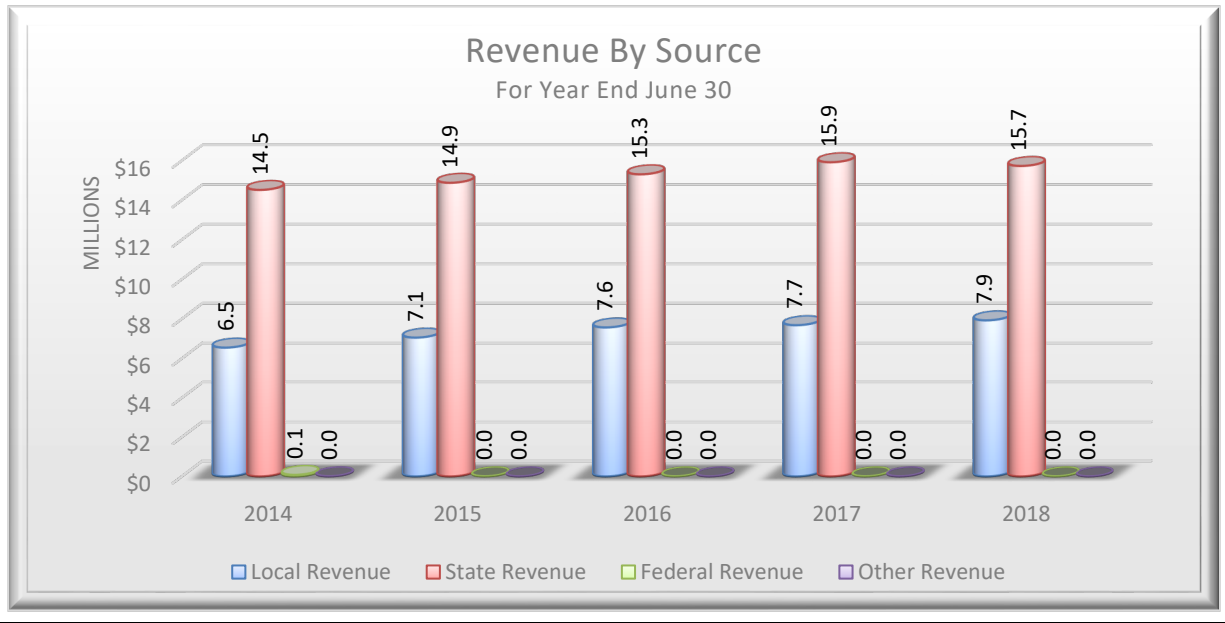
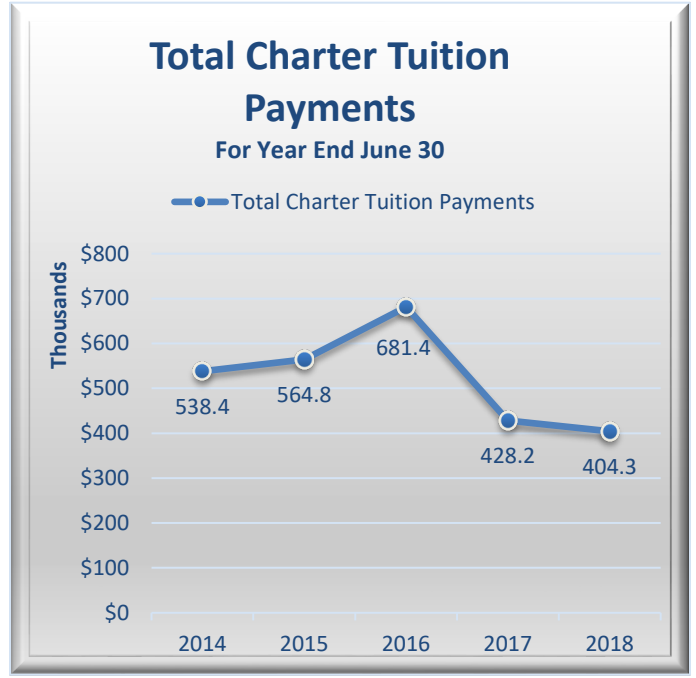
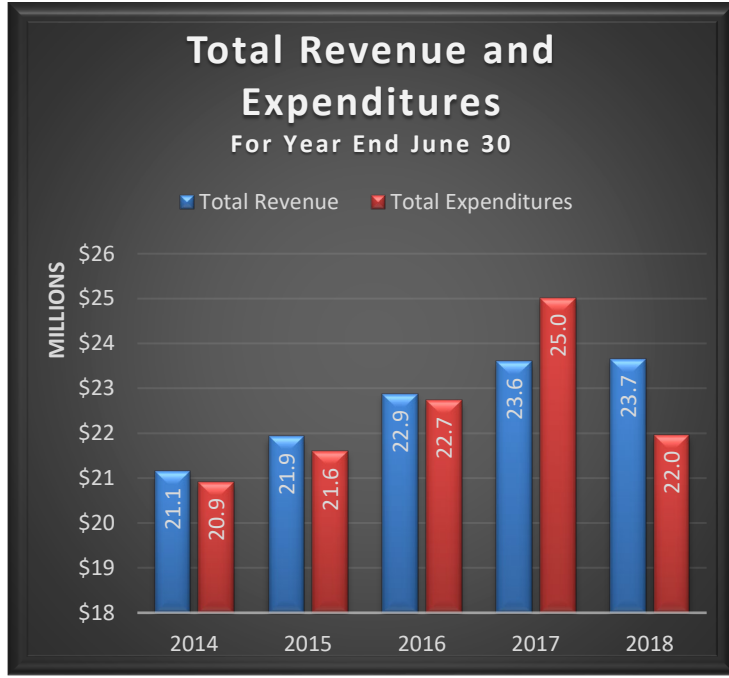


**Note:** General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



**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

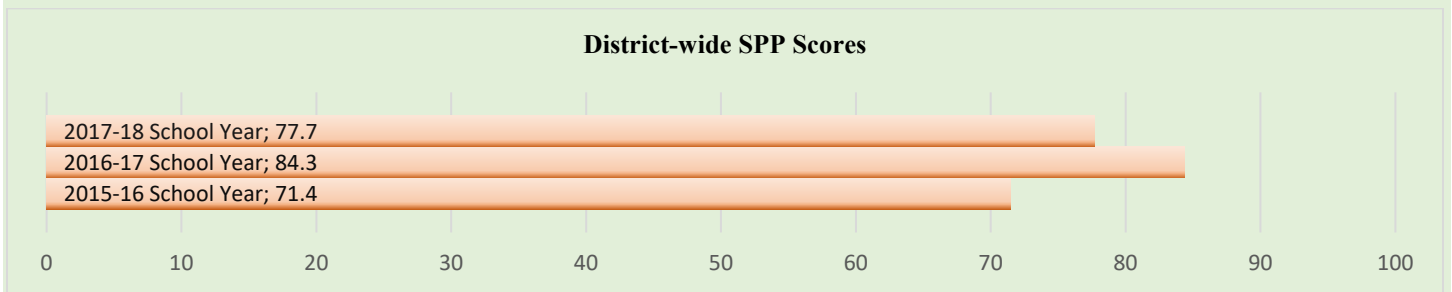


## Academic Information

The graphs on the following pages present the District-wide 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 2015-16, 2016-17, and 2017-18 school years.<sup>1</sup> The District's individual school building scores are presented in the Appendix. These scores are provided in this 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.<sup>2</sup>

### 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 annually using a 0-100 scale for all school buildings in the Commonwealth, 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.<sup>3</sup>



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<sup>1</sup> PDE is the sole source of academic data presented in this report. All academic data was obtained from PDE's publicly available website.

<sup>2</sup> 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.

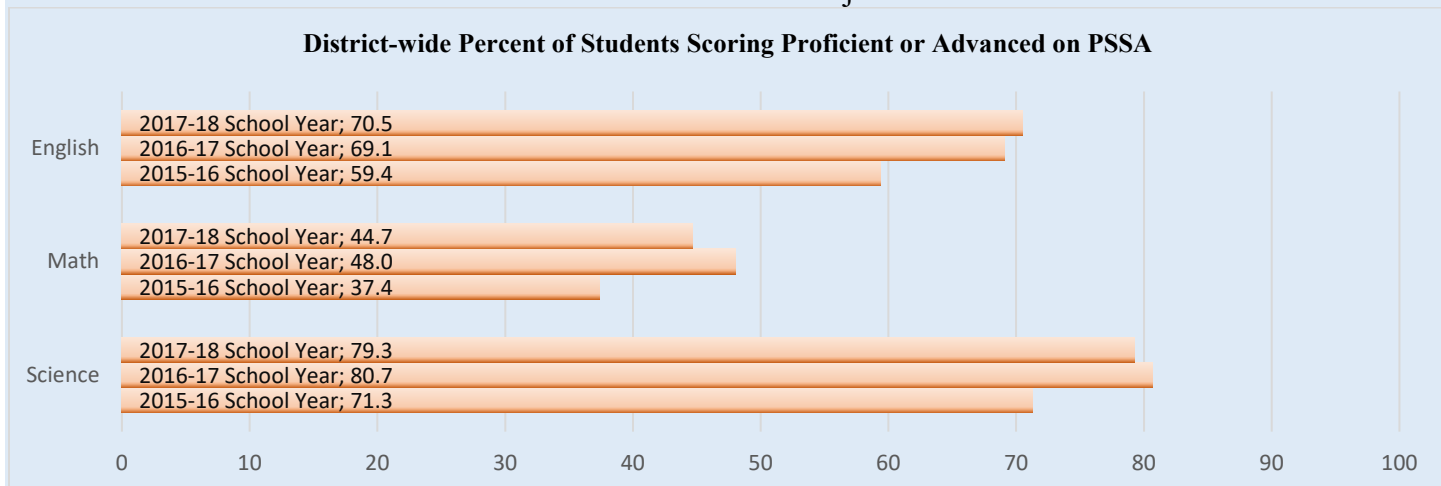
<sup>3</sup> PDE started issuing a SPP score for all public school buildings beginning with the 2012-13 school year. For the 2014-15 school year, PDE only issued SPP scores for high schools taking the Keystone Exams as scores for elementary and middle scores were put on hold due to changes with PSSA testing. PDE resumed issuing a SPP score for all schools for the 2015-16 school year.

## Academic Information Continued

### What is the PSSA?

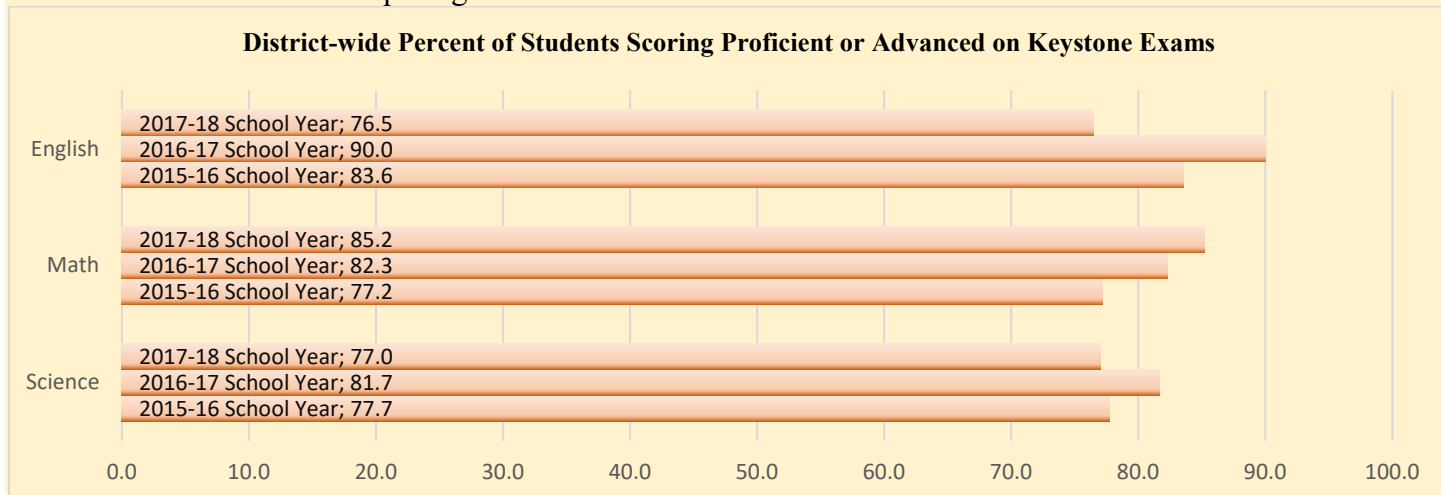
The PSSA is an annual, standardized test given across the Commonwealth to students in grades 3 through 8 in core subject areas, including English, Math and Science. The PSSAs help Pennsylvania meet federal and state requirements and inform instructional practices, as well as provide educators, stakeholders, 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. 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 the 2020-21 school year.<sup>4</sup> 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.



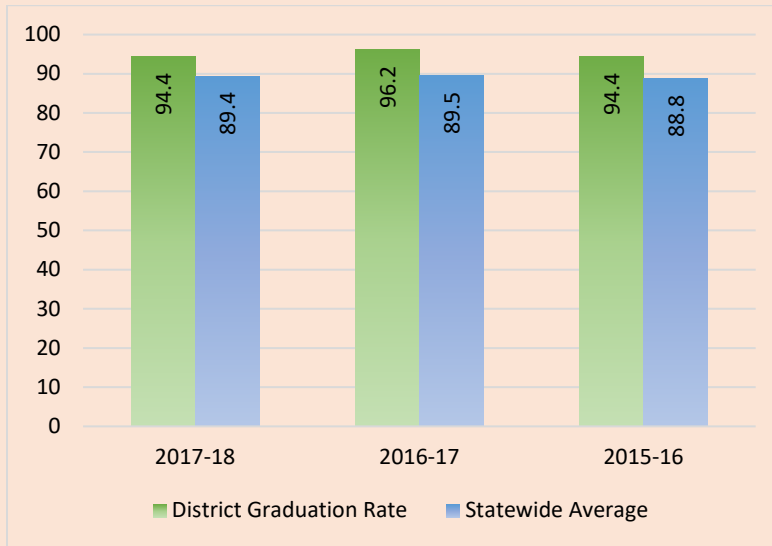
<sup>4</sup> Act 39 of 2018, effective July 1, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement for an additional year until the 2020-21 school year. See 24 P.S. § 1-121(b)(1).



## Academic Information Continued

### 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 below.<sup>5</sup>



<sup>5</sup> 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>

## Finding

### Finding

### The District Inaccurately Reported the Number of Nonpublic School Students Transported Resulting in an \$10,010 Overpayment to the District

#### *Criteria relevant to the finding:*

#### **Supplemental Transportation Subsidy for Nonpublic Students**

Section 2509.3 of the Public School Code (PSC) provides that each school district shall receive a supplemental transportation payment of \$385 for each nonpublic school student transported. *See* 24 P.S. § 25-2509.3.

Nonpublic school pupils are children whose parents are paying tuition for them to attend a nonprofit or parochial school.

#### **Sworn Statement and Annual Filing Requirement**

Section 2543 of the PSC sets forth the requirements for school districts to annually file a **sworn statement** of student transportation data for the prior and current school year with the Pennsylvania Department of Education (PDE) in order to be eligible for the transportation subsidies. *See* 24 P.S. § 25-2543.

The local education agency (including school districts) should only request subsidies for students that are transported to schools that are nonpublic or private (parent paid tuition).

The Karns City Area School District (District) was overpaid \$10,010 in transportation reimbursements from the Pennsylvania Department of Education (PDE). This overpayment was due to the District inaccurately reporting the number of nonpublic school students transported by the District during the 2014-15, 2015-16, 2016-17, and 2017-18 school years.

School districts receive two separate transportation reimbursements from PDE. One reimbursement is broadly based on the number of students transported, the number of days each vehicle was used for transporting students, and the number of miles that vehicles are in service, both with and without students (regular transportation reimbursement). The other reimbursement is based on the number of charter school and nonpublic school students transported (supplemental transportation reimbursement). The issues discussed in this finding pertain to the District's supplemental transportation reimbursement.

According to the Public School Code (PSC), a nonpublic school is defined, in pertinent part, as a nonprofit school other than a public school within the Commonwealth of Pennsylvania, wherein a resident of the Commonwealth may legally fulfill the compulsory school attendance requirements.<sup>6</sup> If school districts provide transportation services to students who reside in the district, the PSC requires school districts to provide transportation services to students attending a nonpublic school. The PSC also provides for a reimbursement from the Commonwealth of \$385 for each nonpublic school student transported by the district.

It is also important to note that the PSC requires that all school districts must 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. The Karns City Area School District completed this sworn statement for all four school years discussed in this finding. An official signing a sworn statement must be aware that by submitting the transportation data to PDE, he/she is asserting that the information is true and that they have verified evidence of accuracy.<sup>7</sup>

<sup>6</sup> *See* Section 921.1-A(b) (relating to "Definitions") of the PSC, 24 P.S. § 9-922.1-A(b).

<sup>7</sup> Please note that while a sworn statement is different from an affidavit, in that a sworn statement is not typically signed or certified by a notary public but are, nonetheless, taken under oath. *See* <https://legaldictionary.net/sworn-statement/> (accessed October 28, 2019).

*Criteria relevant to the finding (continued):*

Section 2543 of the PSC, which is entitled, “Sworn statement of the 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.” (Emphases added.)

PDE has established a **Summary of Students Transported form (PDE-2089)** and relevant instructions specifying how districts are to report nonpublic students transported to and from school.

**Number of Nonpublic School Pupils Transported**

Enter the total number of resident NONPUBLIC school pupils you transported to and from school. Documentation identifying the names of these pupils should be retained for review by the Auditor General’s staff. NONPUBLIC school pupils are children whose parents are paying tuition for them to attend a nonprofit private or parochial school. (Any child that your district is financially responsible to educate is a PUBLIC pupil.)

The following table summarizes the District’s nonpublic school student reporting errors by school year and the resulting overpayments.

Karns City Area School District Nonpublic School Student Reporting Errors		
School Year	Number of Students Over Reported <sup>8</sup>	Overpayment <sup>9</sup>
2014-15	4	\$ 1,540
2015-16	4	\$ 1,540
2016-17	8	\$ 3,080
2017-18	10	\$ 3,850
<b>Total</b>	<b>26</b>	<b>\$10,010</b>

The District used a transportation software program to compile nonpublic school student data during the audit period. District officials were required to identify students in the software programs as public or nonpublic school students. The District inaccurately identified students attending two schools as nonpublic schools students when they should have been identified as public. Specifically, the District inaccurately reported students who were transported to a special education school as nonpublic school students. Additionally, the District inaccurately reported students enrolled in the District’s online program as being transported to nonpublic schools. The errors resulted in the over reporting of nonpublic school students and the District receiving more supplemental transportation reimbursements than it was eligible to receive.

The reporting errors identified in this finding may have been avoided had the District implemented a review process reconciling bus rosters of nonpublic school students transported to the software generated number of nonpublic school students that was used for reporting to PDE.

It is essential that the District accurately report transportation data to PDE. Further, the sworn statement of student transportation data should not be filed with the state Secretary of Education unless the data has been double checked for accuracy by personnel trained on PDE’s reporting requirements.

We provided PDE with reports detailing the nonpublic school student reporting errors for the 2014-15, 2015-16, 2016-17, and 2017-18 school years. PDE requires these reports to verify the overpayment to the District.

<sup>8</sup> The District reported 21 nonpublic school students transported during the 2014-15 school year, 27 nonpublic school students transported during the 2015-16 school year, 34 nonpublic school students transported during the 2016-17 school year, and 36 nonpublic school students transported during the 2017-18 school year.

<sup>9</sup> The overpayment is computed by multiplying the number of nonpublic school students overreported by \$385.

## **Recommendations**

The *Karns City Area School District* should:

1. Ensure that the sworn statement of student transportation data is not filed with the state Secretary of Education until the data has been properly double checked for accuracy by personnel trained on PDE's reporting requirements and has been verified by at least one other District staff member.
2. Perform yearly reconciliations of bus rosters to student requests for transportation to ensure all nonpublic and charter school students are accounted for and are accurately reported to PDE.

The *Pennsylvania Department of Education* should:

3. Adjust the District's future transportation subsidies to resolve the \$10,010 overpayment to the District.

## **Management Response**

District management provided the following response:

“The over-reporting of the number of our nonpublic students was caused by a coding error within our transportation software program. Specifically, two school sites were inadvertently coded as private schools when they should have been coded as public schools. The information was used to prepare and file the required PDE-2089 reports and contributed to an over-reporting of our nonpublic students during this time.”

“This problem has been corrected and verified in the transportation software. A procedure has been established that will ensure that the information that is in our transportation software is crosschecked against the individual nonpublic transportation request forms received for the school year before completing the PDE-2089 report.”

## **Auditor Conclusion**

We are pleased that the District has implemented a procedure that includes reconciling information in its transportation software to individual student requests for transportation. We will review the District's corrective actions as stated above and any additional actions taken during our next audit of the District.

## **Status of Prior Audit Findings and Observations**

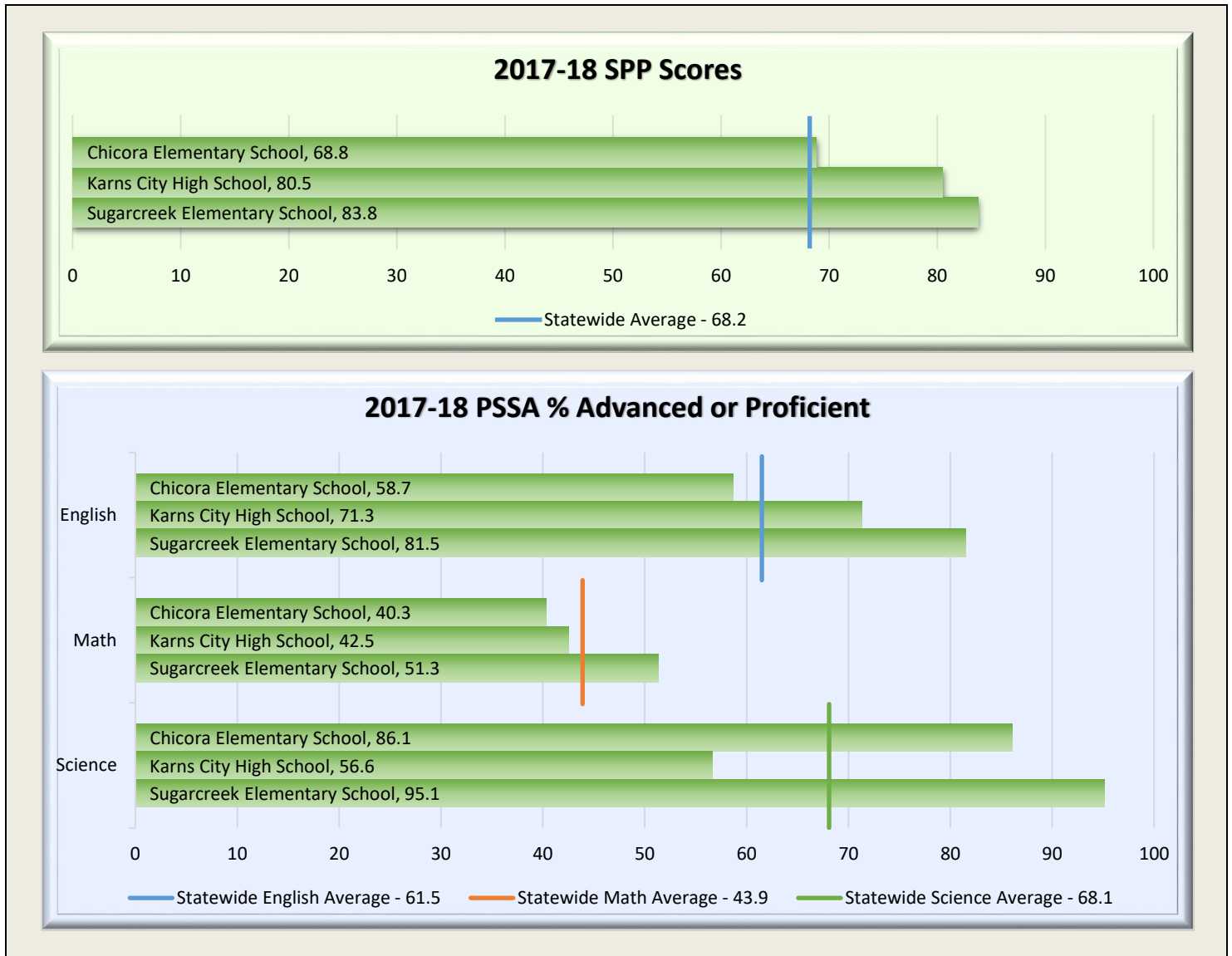
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**O**ur prior audit of the Karns City Area School District resulted in no findings or observations.

## Appendix: Academic Detail

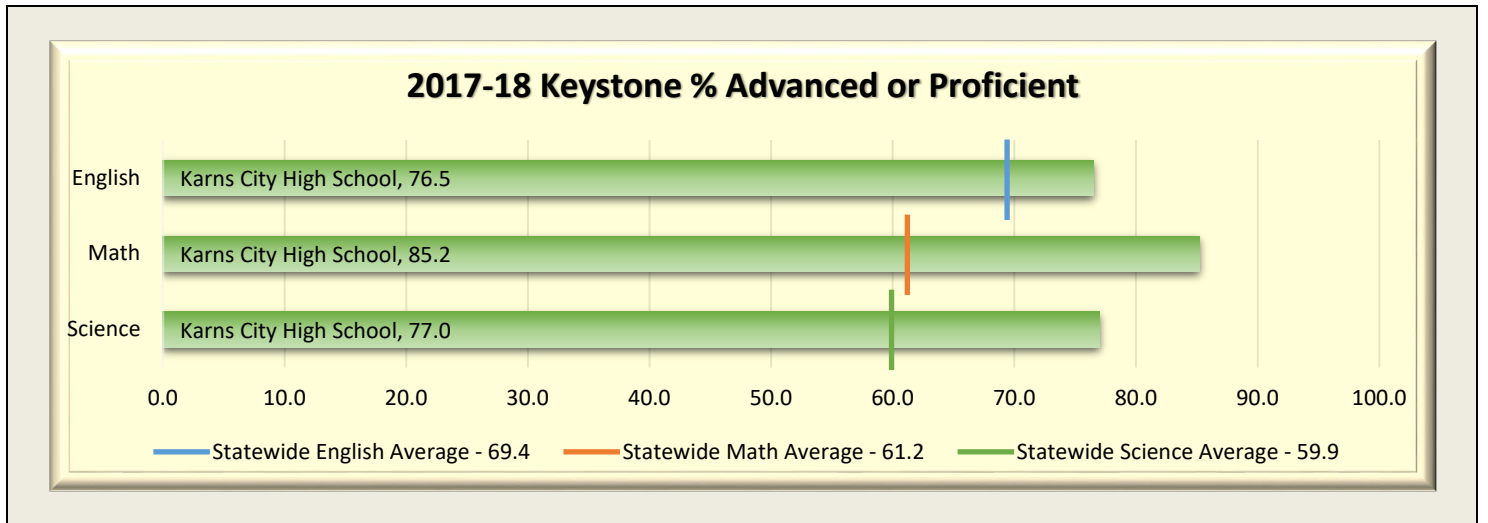
Benchmarks noted in the following graphs represent the statewide average of all public school buildings in the Commonwealth that received a score in the category and year noted.<sup>10</sup>

### 2017-18 Academic Data School Scores Compared to Statewide Averages



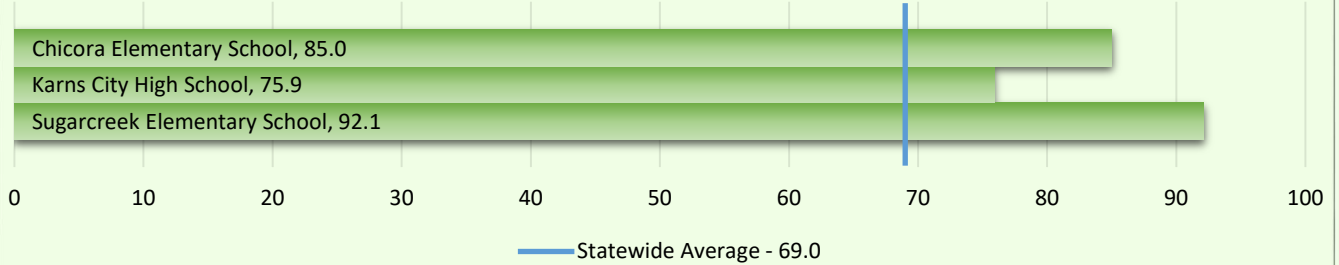
<sup>10</sup> Statewide averages were calculated by our Department based on individual school building scores for all public schools in the Commonwealth, including district schools, charters schools, and cyber charter schools.

**2017-18 Academic Data**  
**School Scores Compared to Statewide Averages (continued)**

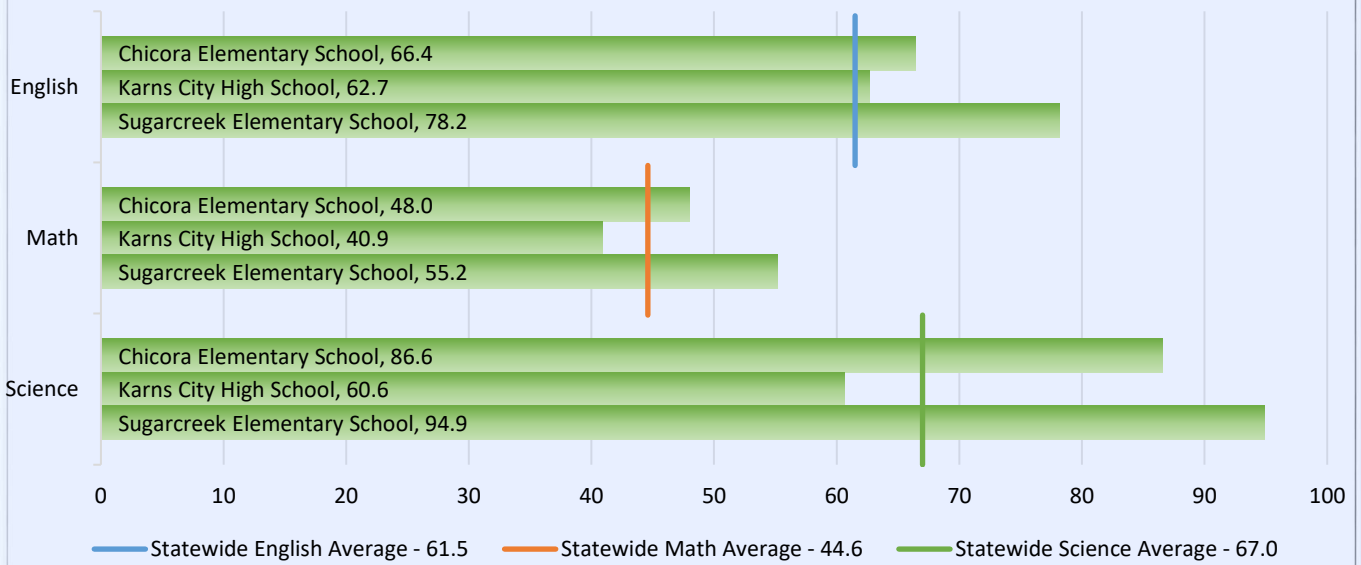


**2016-17 Academic Data**  
**School Scores Compared to Statewide Averages**

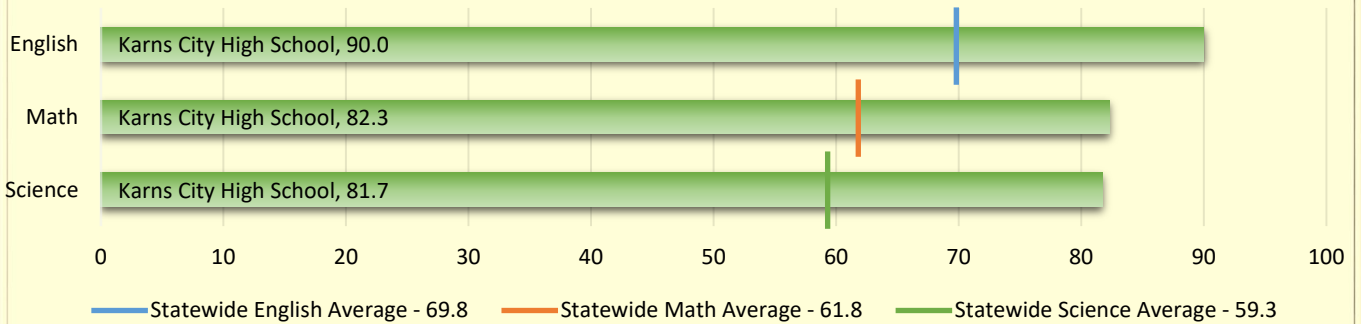
**2016-17 SPP Scores**



**2016-17 PSSA % Advanced or Proficient**



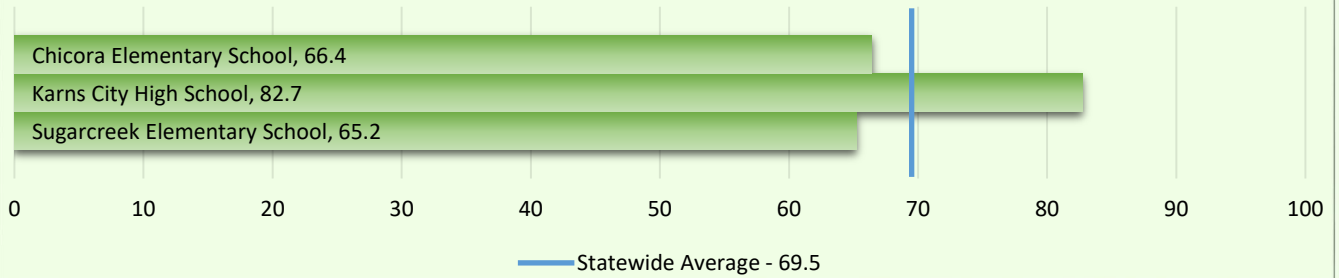
**2016-17 Keystone % Advanced or Proficient**



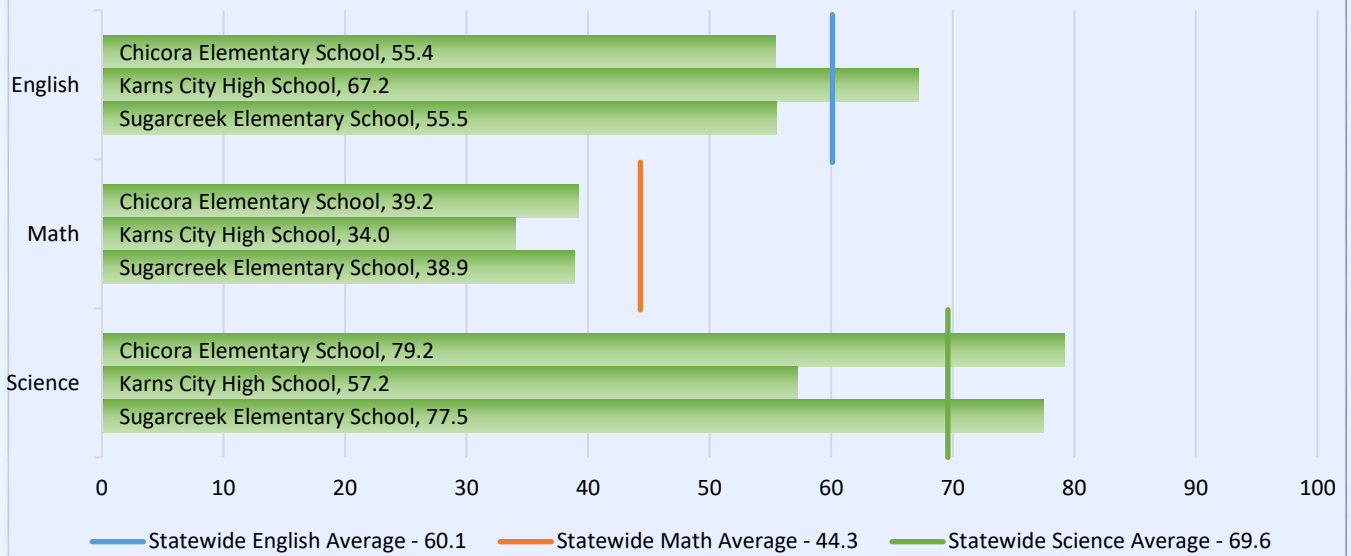


**2015-16 Academic Data**  
**School Scores Compared to Statewide Averages**

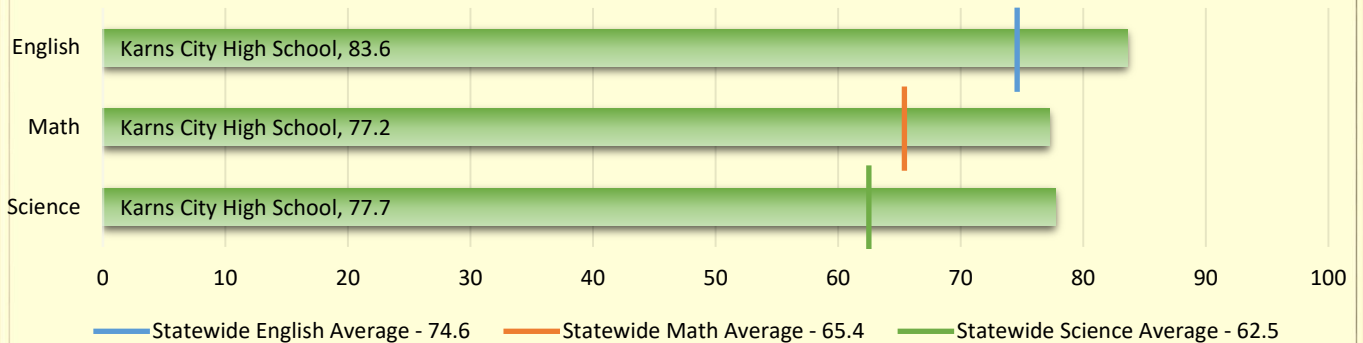
**2015-16 SPP Scores**



**2015-16 PSSA % Advanced or Proficient**



**2015-16 Keystone % Advanced or Proficient**



## **Distribution List**

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This letter was initially distributed to the Superintendent of the District, the Board of School Directors, and the following stakeholders:

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