

PERFORMANCE AUDIT

Ligonier Valley School District Westmoreland County, Pennsylvania

September 2018



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
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EUGENE A. DePASQUALE
AUDITOR GENERAL

Dr. Christine Oldham, Superintendent
Ligonier Valley School District
339 West Main Street
Ligonier, Pennsylvania 15658

Mr. Irvin Tantlinger, Board President
Ligonier Valley School District
339 West Main Street
Ligonier, Pennsylvania 15658

Dear Dr. Oldham and Mr. Tantlinger:

We have conducted a performance audit of the Ligonier Valley 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 Membership
- 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, except as noted in the following finding:

- The District Incorrectly Reported the Number of Nonpublic and Charter School Students Transported Resulting in a Net Underpayment to the District of \$17,325

Dr. Christine Oldham
Mr. Irvin Tantlinger
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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

September 10, 2018

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

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Background Information

School Characteristics 2015-16 School Year ^A	
County	Westmoreland
Total Square Miles	230.1
Number of School Buildings	4
Total Teachers	125
Total Full or Part-Time Support Staff	56
Total Administrators	9
Total Enrollment for Most Recent School Year	1,605
Intermediate Unit Number	7
District Vo-Tech School	Eastern Westmoreland Career and Technology Center

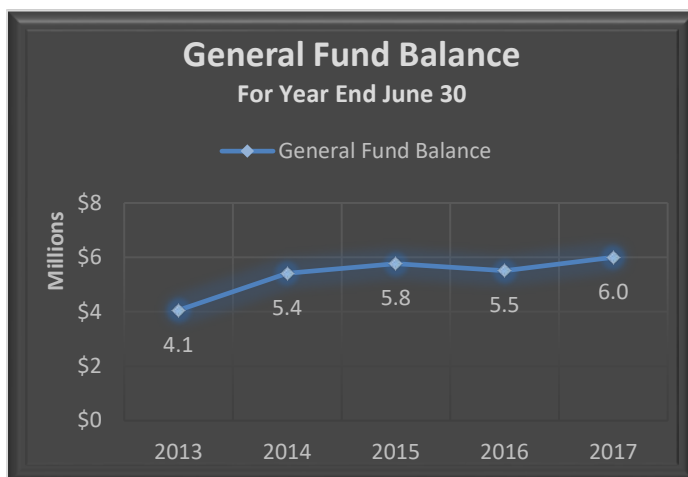
A - Source: Information provided by the District administration and is unaudited.

Mission Statement^A

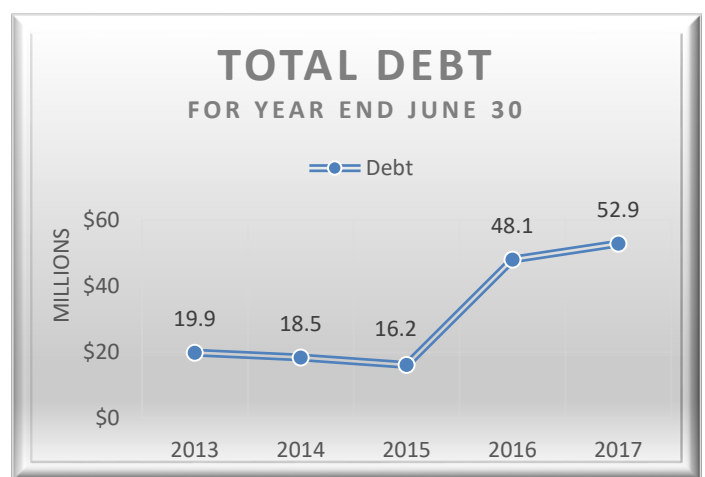
Children of the Ligonier Valley School District will be provided comprehensive educational opportunities in safe supportive environments to maximize individual potential.

Financial Information

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

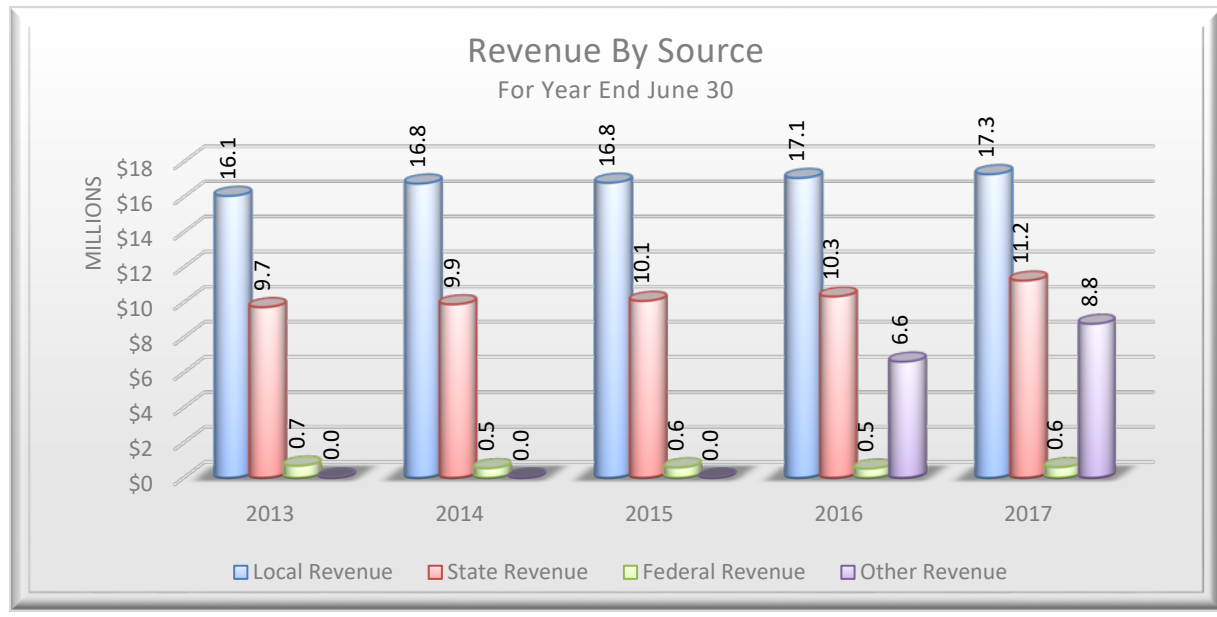
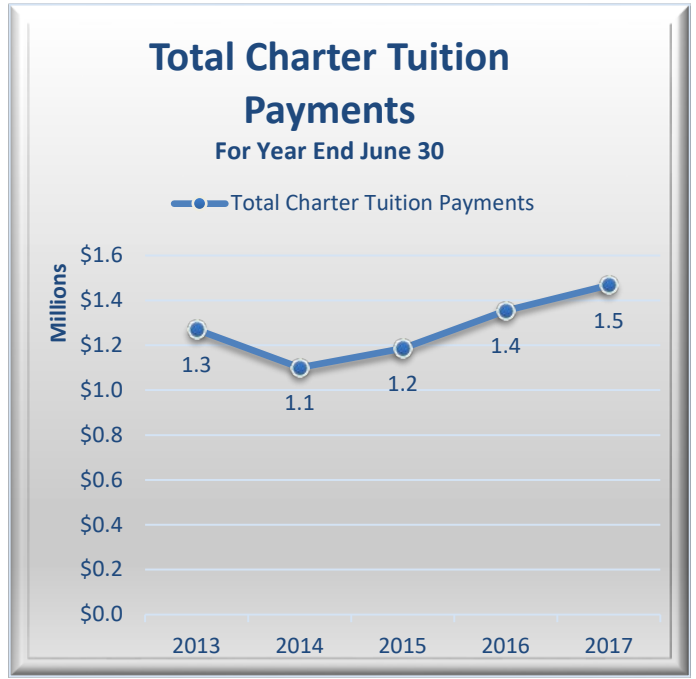
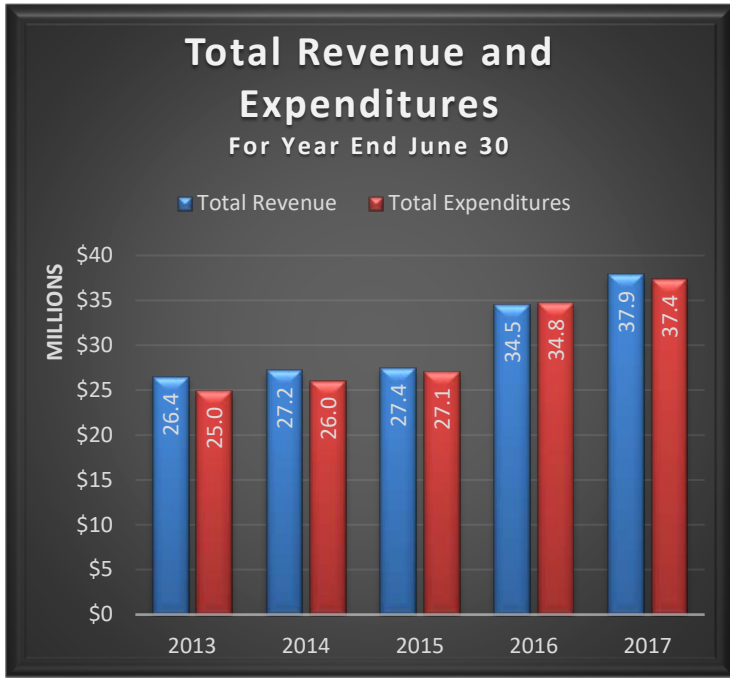


Note: General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



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.

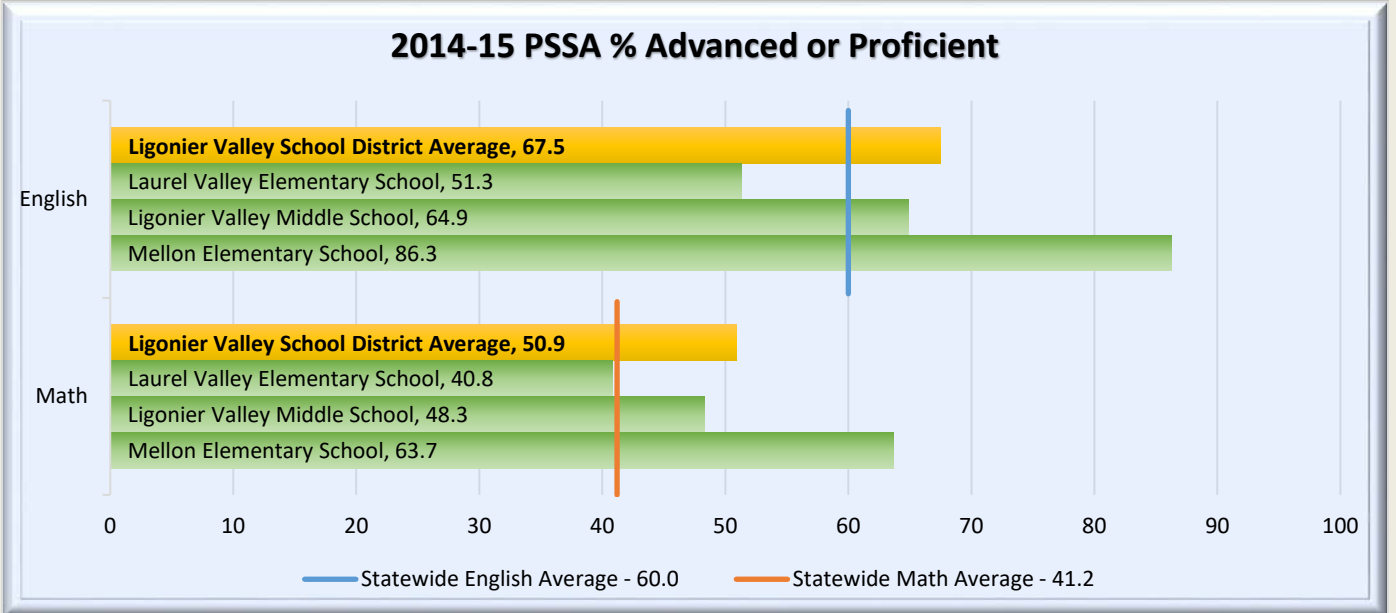
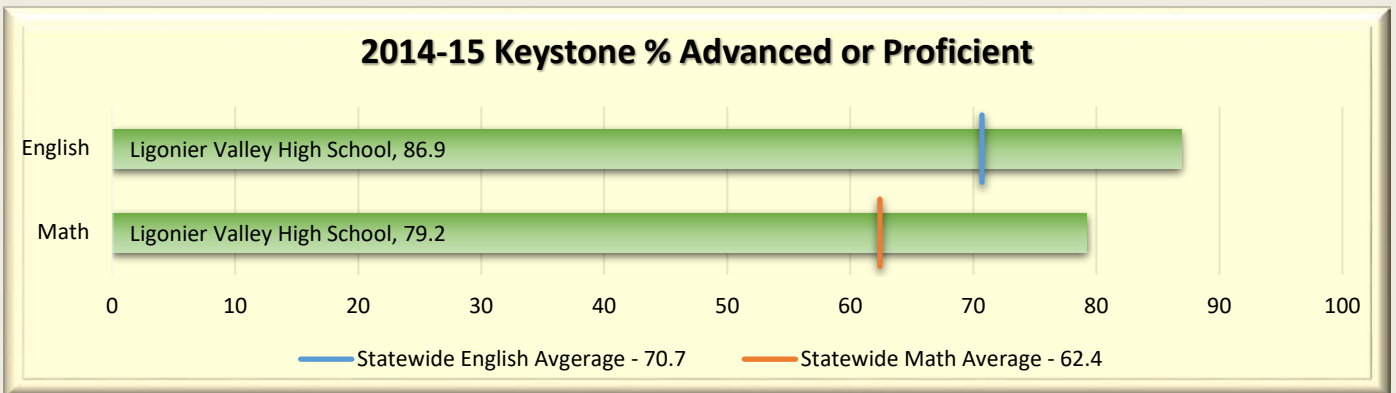
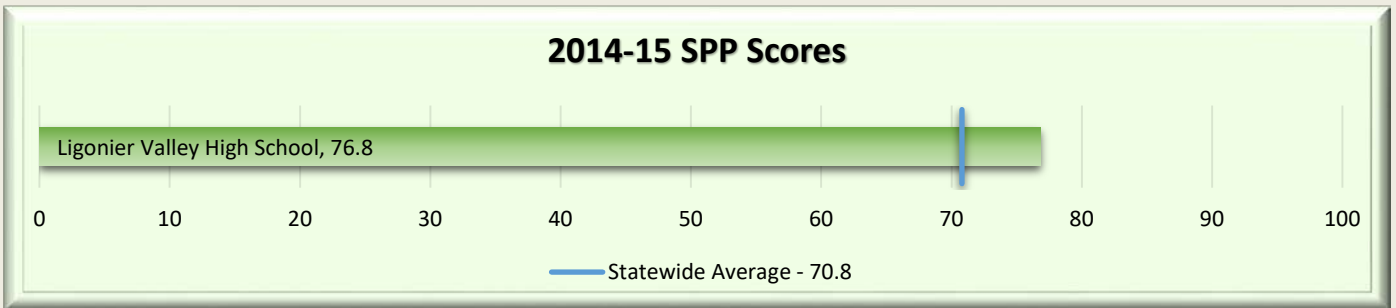
What is a 4-Year Cohort Graduation Rate?

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.

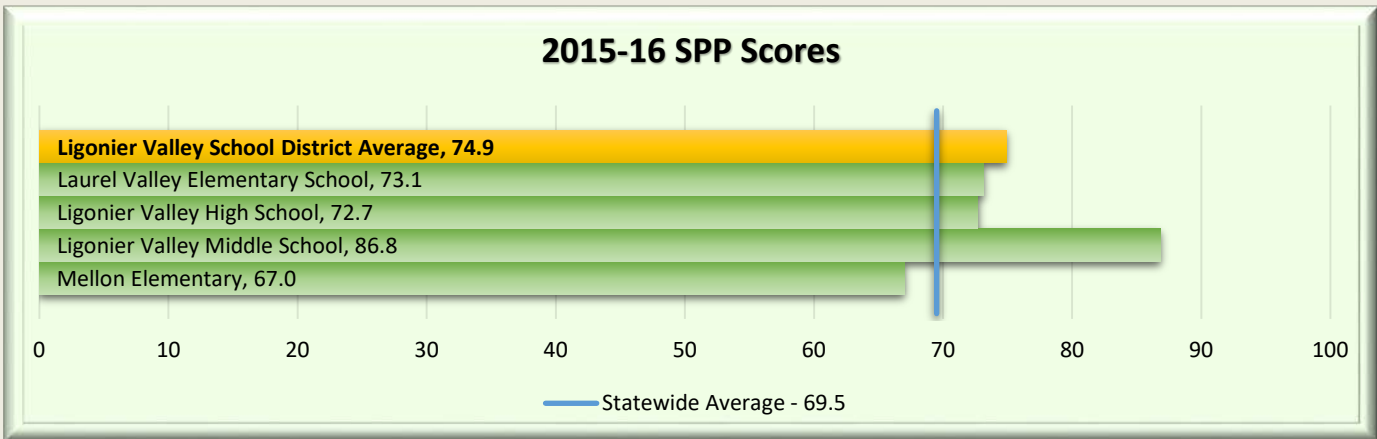
⁷ The PDE also calculates 5-year and 6-year cohort graduation rates. Please visit the PDE's website for additional information: <http://www.education.pa.gov/Data-and-Statistics/Pages/Cohort-Graduation-Rate-.aspx>.

2014-15 Academic Data
School Scores Compared to Statewide Averages

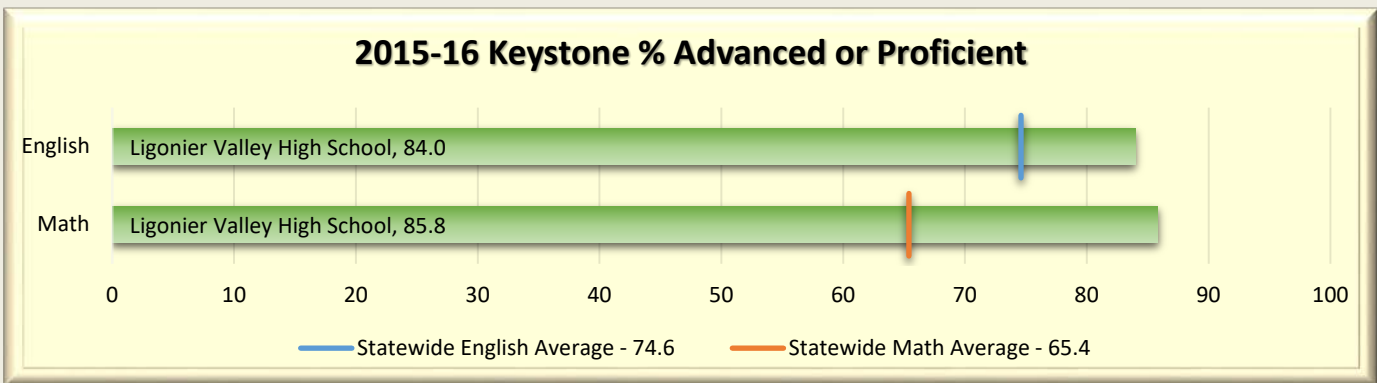


2015-16 Academic Data
School Scores Compared to Statewide Average

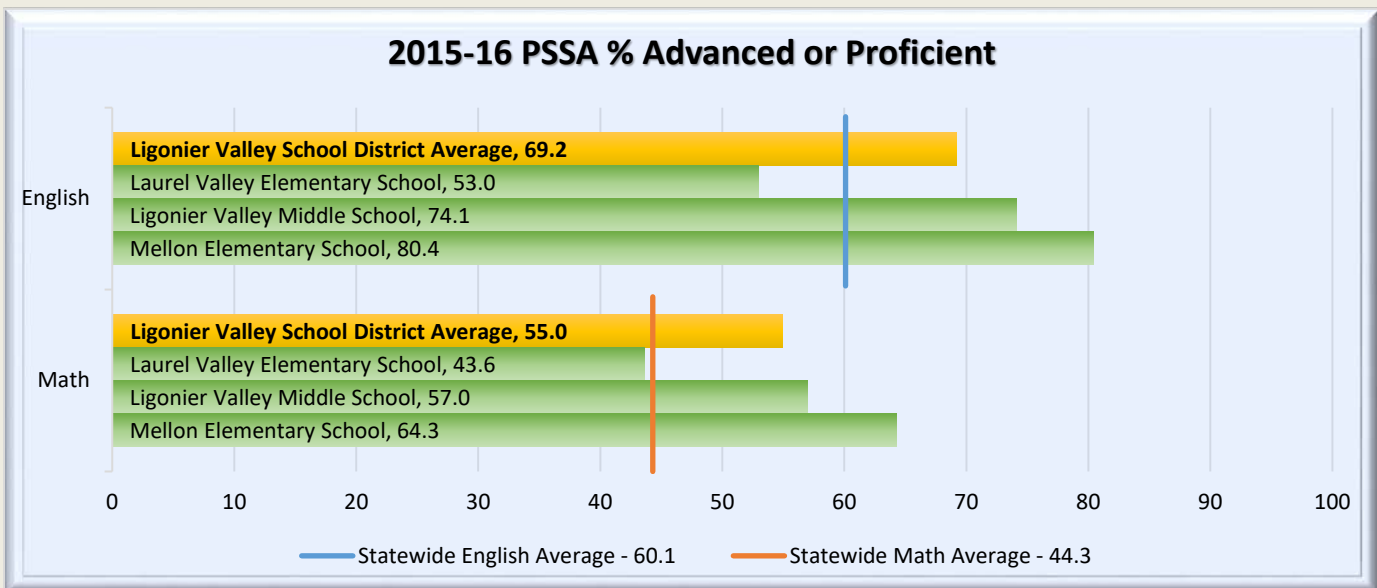
2015-16 SPP Scores



2015-16 Keystone % Advanced or Proficient

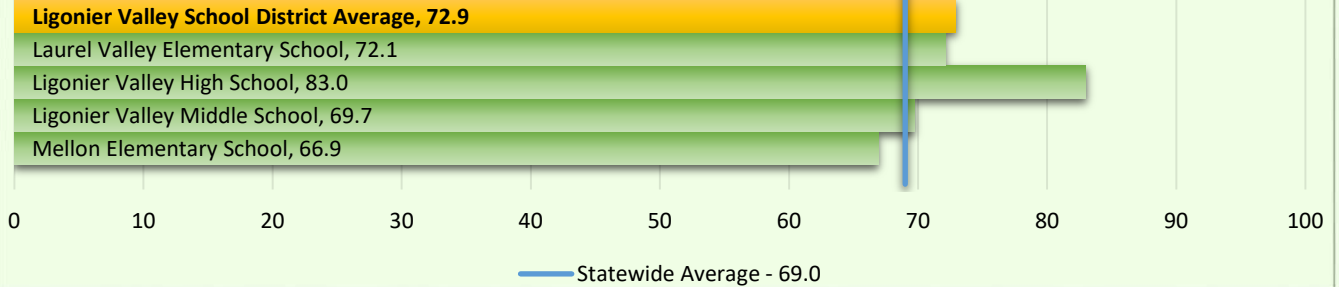


2015-16 PSSA % Advanced or Proficient

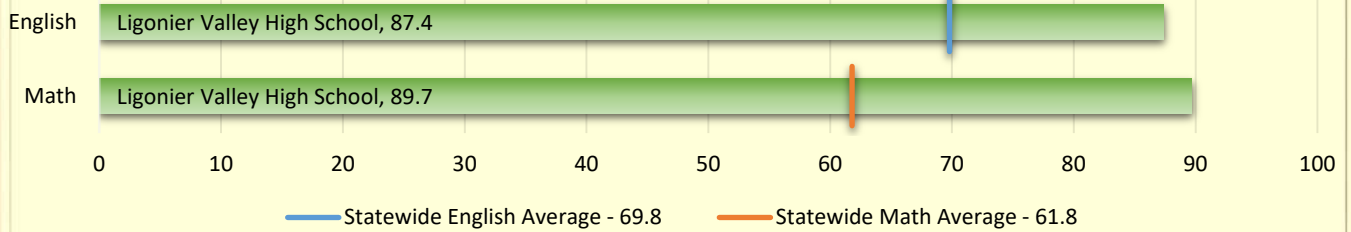


2016-17 Academic Data
School Scores Compared to Statewide Averages

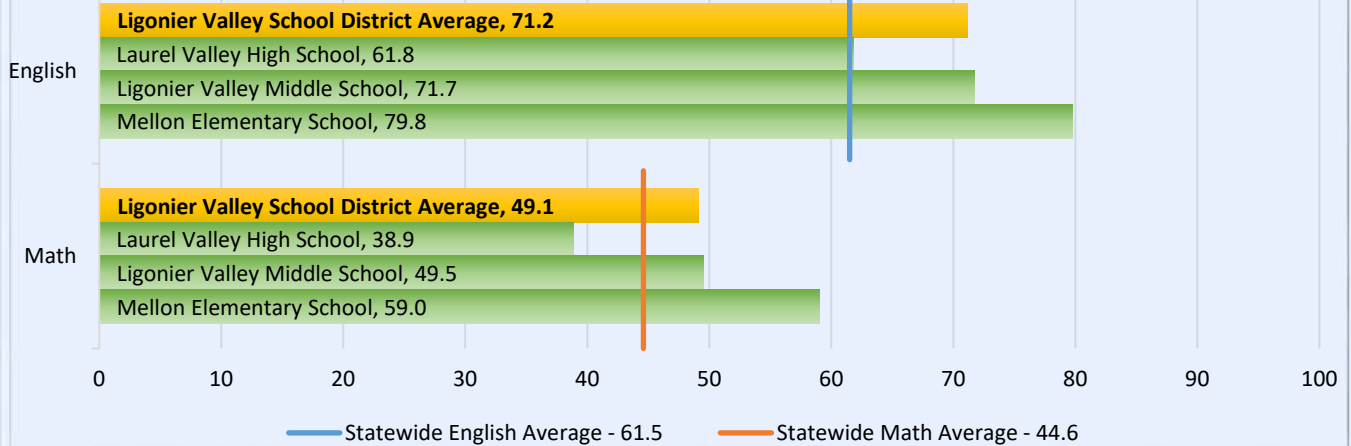
2016-17 SPP Scores



2016-17 Keystone % Advanced or Proficient

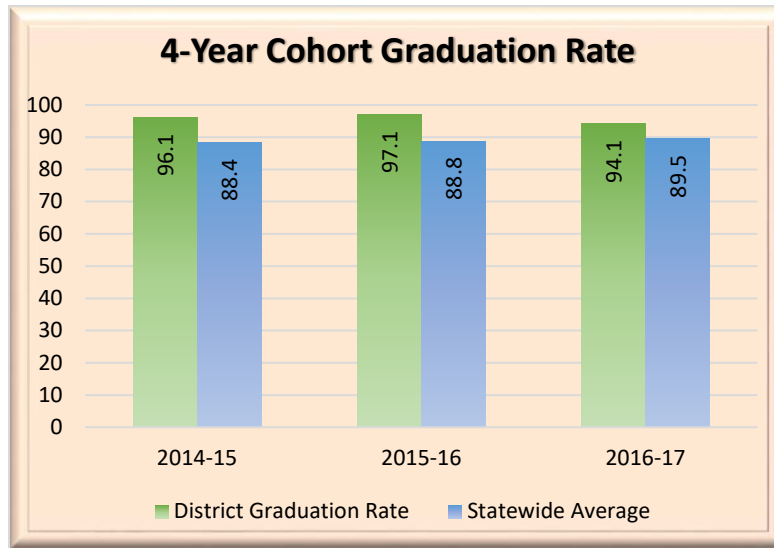


2016-17 PSSA % Advanced or Proficient



Graduation Data

District Graduation Rates Compared to Statewide Average



Finding

Finding

The District Incorrectly Reported the Number of Nonpublic and Charter School Students Transported Resulting in a Net Underpayment to the District of \$17,325

Criteria relevant to the finding:

Supplemental Transportation Subsidy for Public Charter School and Nonpublic Students

Section 1726-A(a) of the Charter School Law (CSL) through its reference to Section 2509.3 of the Public School Code (PSC) provides for an additional, per student subsidy for the transportation of charter school students. *See* 24 P.S. § 17-1726-A(a); 24 P.S. § 25-2509.3.

Section 1726-A(a) of the CSL provides for the transportation of charter school students as follows: “[s]tudents who attend a charter school located in their school district of residence, a regional charter school of which the school district is a part or a charter school located outside district boundaries at a distance not exceeding ten (10) miles by the nearest public highway shall be provided free transportation to the charter school by their school district of residence on such dates and periods that the charter school is in regular session whether or not transportation is provided on such dates and periods to students attending schools of the district. . . .”

The Ligonier Valley School District (District) was underpaid a total of \$17,325 in transportation reimbursement from the Pennsylvania Department of Education (PDE). This underpayment was due to the District incorrectly reporting the number of nonpublic and charter school students transported by the District during the 2012-13 through 2015-16 school years.

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.⁸

If a school district provides transportation to students residing in their school district, the PSC requires school districts to provide transportation services to students who reside in its district and who attend a charter school or nonpublic school. Additionally, it provides for a reimbursement from the Commonwealth of \$385 for each nonpublic school student transported by the district. This reimbursement was made applicable to the transportation of charter school students pursuant to an equivalent provision in the Charter School Law (CSL), which refers to Section 2509.3 of the PSC.⁹

⁸ *See* Section 922.1-A(b) (relating to “Definitions”) of the PSC, 24 P.S. § 9-922.1-A(b).

⁹ *See* 24 P.S. § 17-1726-A(a), which refers to 24 P.S. § 25-2509.3. A charter school is an independent public school and educates public school students within the applicable school district. *See* 24 P.S. § 17-1703-A (relating to “Definitions”).

Criteria relevant to the finding (continued):

Section 1726-A(a) of the CSL further provides for districts to receive a state subsidy for transporting charter school students both within and outside district boundaries as follows: “[d]istricts providing transportation to a charter school outside the district and, for the 2007-2008 school year and each school year thereafter, districts providing transportation to a charter school within the district shall be eligible for payments under section 2509.3 for each public school student transported.”

Section 2509.3 of the PSC provides that each school district shall receive a supplemental transportation payment of \$385 for each nonpublic school student transported. This payment provision is also applicable to charter school students through Section 1726-A(a) of the CSL. *See* 24 P.S. § 17-1726-A(a); 24 P.S. § 25-2509.3.

Annual Filing Requirement

Section 2543 of the PSC sets forth the requirement for school districts to annually file student transportation data with the PDE in order to be eligible for the transportation subsidies. *See* 24 P.S. § 25-2543.

Additionally, instructions provided by the PDE to complete the Summary of Students Transported form (PDE-2089) specify that districts are to report the total number of nonpublic and charter school students transported to and from school.

The following table summarizes the District’s reporting errors by school year and the resulting cumulative net underpayment:

Ligonier Valley School District Nonpublic and Charter School Errors			
School Year	Nonpublic Students Over/(Under) Reported	Charter School Students Over/(Under) Reported	Overpayment/(Underpayment)¹⁰
2012-13	15	(12)	\$1,155
2013-14	8	(12)	(\$1,540)
2014-15	(21)	8	(\$5,005)
2015-16	(23)	(8)	(\$11,935)
Total	(21)	(24)	(\$17,325)

The District did not have a process in place to reconcile all requests for transportation from nonpublic and charter school students to yearly totals reported to the PDE. Additionally, the District did not have a process in place where transportation data was reviewed by someone other than the person who reported the data. We found that the District incorrectly reported nonpublic and charter school students due to the following errors:

- Nonpublic school students were overreported for the 2012-13 and 2013-14 school years due to the District double reporting certain nonpublic school students. The 15 students in the 2012-13 school year and the 8 students in the 2013-14 school year were incorrectly documented on multiple bus rosters and double counted when reported to the PDE.
- Charter school students were overreported in the 2014-15 school year due to a data entry error made by the District official responsible for reporting this information.
- Nonpublic and/or charter school students were underreported for each year reviewed due to the District failing to report all students who were transported for less than the full school year.

¹⁰ Calculated by multiplying the total column by \$385, which is the amount the PDE reimburses a school district for providing transportation service to each nonpublic and charter school student.

It is important to note that if the District transported one charter or nonpublic school student for one single day at any time during the school year, the District would be eligible for \$385 in reimbursement for that student. District officials responsible for reporting charter and nonpublic school student data to the PDE were unaware of this requirement and as a result underreported a net total of 21 nonpublic and 24 charter school students during our period reviewed. Transportation reimbursement is a significant funding source for districts, and it is imperative that this data is reported accurately.

We provided the PDE with reports detailing the nonpublic and charter school reporting errors for the 2012-13, 2013-14, 2014-15, and 2015-16 school years. The PDE requires these reports to verify the underpayment to the District. The District's future transportation subsidies can then be adjusted by the amount of the underpayment.

Recommendations

The *Ligonier Valley School District* should:

1. Maintain a complete list of the number of nonpublic and charter school students who were provided transportation for each school year by school.
2. Perform yearly reconciliations of bus rosters to student requests for transportation to ensure nonpublic and charter school students reported to the PDE are accurate.
3. Implement a procedure to have a District official, other than the person who prepares the data, to review and approve the transportation data prior to submission to the PDE to help ensure accuracy.
4. Review subsequent school years reported to the PDE and revise totals for nonpublic and charter school students as needed.

The *Pennsylvania Department of Education* should:

5. Adjust the District's future transportation subsidy to resolve the \$17,325 underpayment to the District.

Management Response

The Ligonier Valley School District provided the following response to our finding.

“In 2012-13, a District employee was newly identified as Director of Transportation, and was unaware of the allowance to collect reimbursement on a per student (nonpublic and charter) rather than an average of ridership (regular/special ed). As a result, an average was calculated and submitted for nonpublic and charter students.

The District accepts the Department of the Auditor General’s recommendations, and will implement the following corrective action:

1. A “Request for Transportation” form will be provided to all nonpublic and charter schools.
2. The Director of Transportation will perform yearly reconciliations of bus rosters, by comparing them to transportation requests.
3. The Assistant Principal of RK Mellon Elementary School will be designated as a 2nd District official who will review and approve transportation data prior to submission to PDE.
4. The Director of Transportation and Assistant Principal of RK Mellon Elementary Schools will review school year 2016-17 and revise total for nonpublic and charter school transportation.”

Auditor Conclusion

We are encouraged that the District will implement corrective action to address our recommendations. We believe this corrective action by the District will improve the reporting of nonpublic and charter students transported.

We will determine the effectiveness of these and any other corrective action implemented by the District during our next audit.

Status of Prior Audit Findings and Observations

Our prior audit of the Ligonier 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, the Pennsylvania Department of Education (PDE), and other concerned entities.

Our audit, conducted under authority of Sections 402 and 403 of The Fiscal Code,¹¹ 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 Ligonier Valley 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).¹² 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.

¹¹ 72 P.S. §§ 402 and 403.

¹² 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 District's efficiency and effectiveness in the following areas:

- Transportation Operations
- Nonresident Membership
- 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?¹³
 - To address this objective, we reviewed all the nonpublic school and charter school students reported to the PDE as transported by the District during the 2012-13, 2013-14, 2014-15, and 2015-16 school years.¹⁴ We reviewed the bus rosters, requests for transportation, and other supporting documentation to determine if the District accurately reported the number of nonpublic and charter school students transported by the District to the PDE and that the District received the correct subsidy for these students. See the Finding on page 9 for the results of our review of this objective.
- ✓ Did the District accurately report nonresident students to the PDE? Did the District receive the correct reimbursement for these nonresident students?¹⁵
 - To address this objective, we reviewed all nine of the nonresident students reported by the District to the PDE for the 2015-16 school year. Using reports from the District's student software system, we verified the classification as

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

¹⁴ The District was reimbursed for nonpublic students as follows: 165 in the 2012-13 school year, 170 in the 2013-14 school year, 114 in the 2014-15 school year, and 86 in the 2015-16 school year. Additionally, the District was reimbursed for charter school students as follows: 6 in the 2012-13 school year, 3 in the 2013-14 school year, 23 in the 2014-15 school year, and 10 in the 2015-16 school year.

¹⁵ See 24 P.S. §§ 13-1301, 13-1302, 13-1305, 13-1306; 22 Pa. Code Chapter 11.

nonresident students, 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 admission of tuition waiver of nonresident employees' children to the District. 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?¹⁶ 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 41 bus drivers employed by the District's bus contractors and transporting District students, as of August 7, 2017.¹⁷ 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?¹⁸
 - To address this objective, we reviewed a variety of documentation including, safety plans, training schedules, anti-bullying policies, and after action reports. In addition, we conducted an on-site review at three out of the District's four school buildings (one from each educational level)¹⁹ to assess whether the District had implemented basic safety practices.²⁰ In addition, we reviewed the District's Memorandum of Understanding with local law enforcement to ensure compliance with the Public School Code.²¹ Due to the sensitive nature of school safety, the results of our review of this objective are not described in our report. The results of our review of school safety are shared with the District officials, the PDE, and other appropriate officials deemed necessary.

¹⁶ 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*.

¹⁷ 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.

¹⁸ 24 P.S. § 13-1301-A *et seq.*

¹⁹ 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.

²⁰ Basic safety practices evaluated were building security, bullying prevention, visitor procedures, risk and vulnerability assessments, and preparedness.

²¹ 24 P.S. § 13-1301-A (c).

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 Joe Torsella

State Treasurer
Room 129 - Finance Building
Harrisburg, PA 17120

Mrs. Danielle Mariano

Director
Bureau of Budget and Fiscal Management
Pennsylvania Department of Education
4th Floor, 333 Market Street
Harrisburg, PA 17126

Dr. David Wazeter

Research Manager
Pennsylvania State Education Association
400 North Third Street - Box 1724
Harrisburg, PA 17105

Mr. Nathan Mains

Executive Director
Pennsylvania School Boards Association
400 Bent Creek Boulevard
Mechanicsburg, PA 17050

This report is a matter of public record and is available online at www.PaAuditor.gov. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: News@PaAuditor.gov.