

LIMITED PROCEDURES ENGAGEMENT

Mahanoy Area School District Schuylkill County, Pennsylvania

June 2019



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE
AUDITOR GENERAL

Dr. Joie L. Green, Superintendent
Mahanoy Area School District
1 Golden Bear Drive
Mahanoy City, Pennsylvania 17948

Mr. Steve Gnall, Board President
Mahanoy Area School District
1 Golden Bear Drive
Mahanoy City, Pennsylvania 17948

Dear Dr. Green and Mr. Gnall:

We conducted a Limited Procedures Engagement (LPE) of the Mahanoy 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, 2013 through June 30, 2017, 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
 - The Right-to-Know Law
 - The Sunshine Act
- 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?

Dr. Joie L. Green

Mr. Steve Gnall

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- Did the District correctly calculate and report transportation data to the Pennsylvania Department of Education (PDE), and did the District receive the correct amount of transportation reimbursement? (24 P.S. §§ 13-1301, -1302, -1305, -1306; 22 Pa. Code Chap. 11)

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, the 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

June 3, 2019

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

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Background Information

School Characteristics 2017-18 School Year ^A	
County	Schuylkill
Total Square Miles	53
Number of School Buildings	1 ¹
Total Teachers	95
Total Full or Part-Time Support Staff	88
Total Administrators	6
Total Enrollment for Most Recent School Year	1,035
Intermediate Unit Number	29
District Vo-Tech School	Schuylkill Technology Center

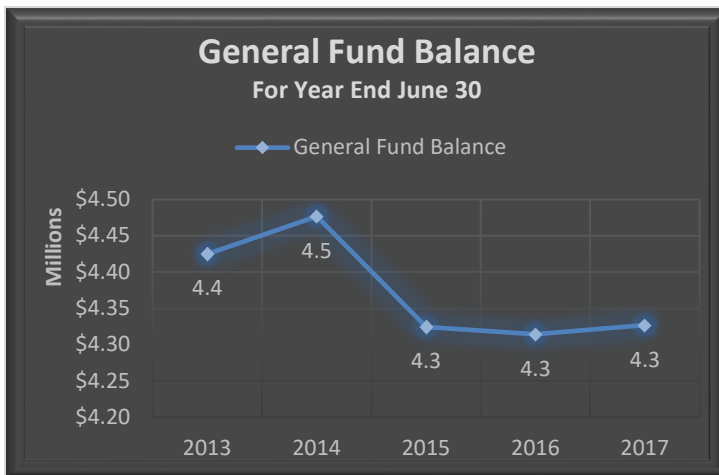
A - Source: Information provided by the District administration and is unaudited.

Mission Statement^A

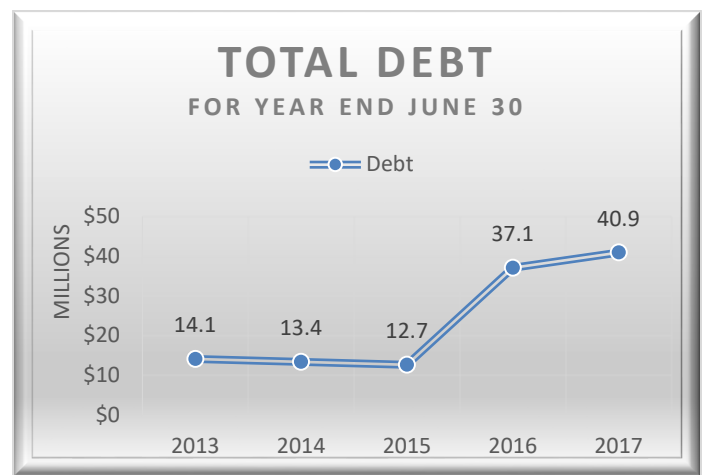
The mission of the Mahanoy Area School District in cooperation with parents and community members is to provide diverse practical educational opportunities, to enhance each student's self-esteem, to develop individual talents and interests which will encourage students to achieve their full potential, and to become productive citizens in an ever-changing global society.

Financial Information

The following pages contain financial information about the Mahanoy 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**.



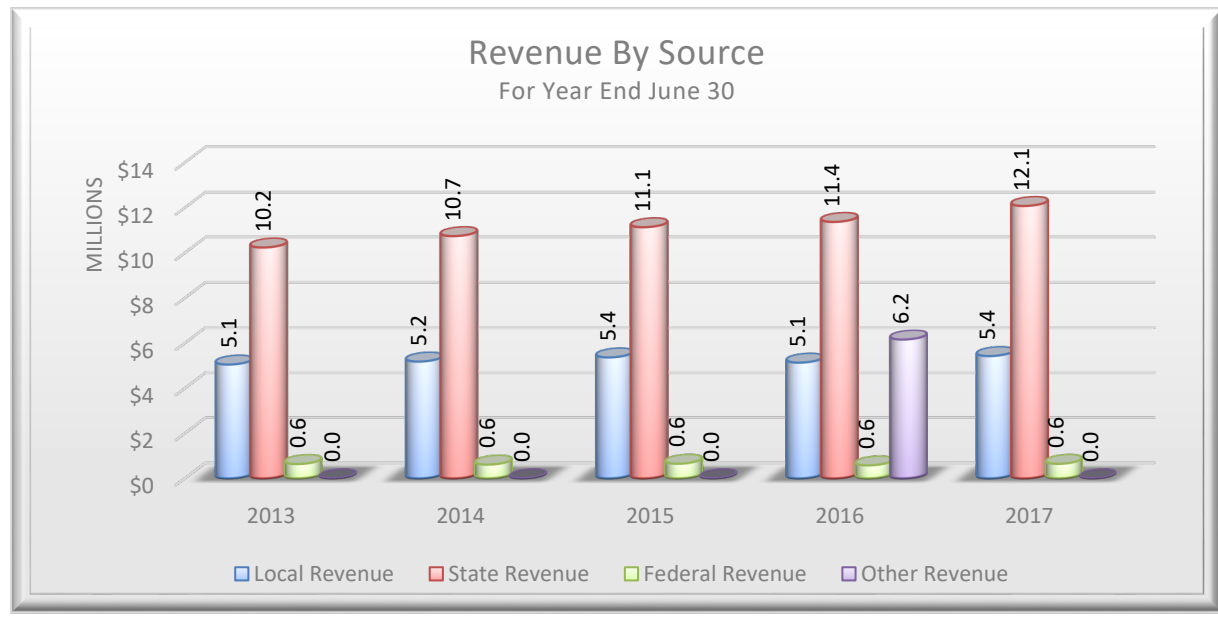
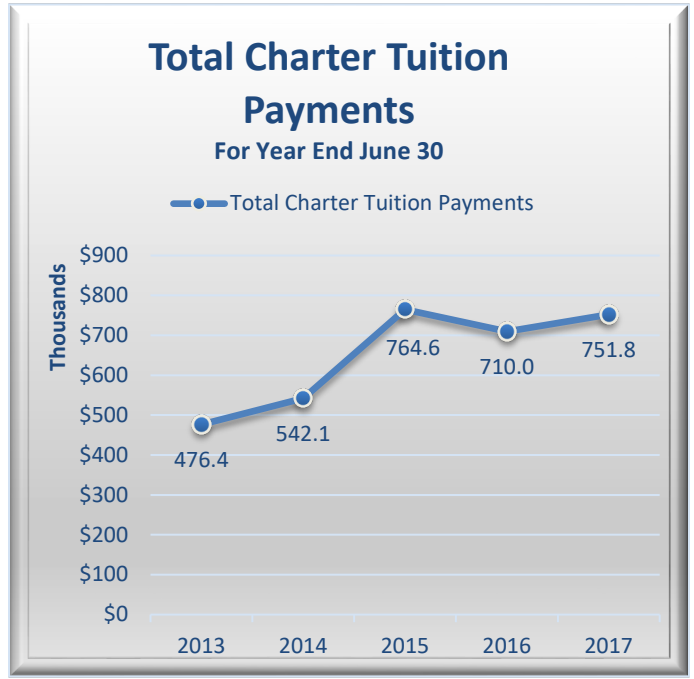
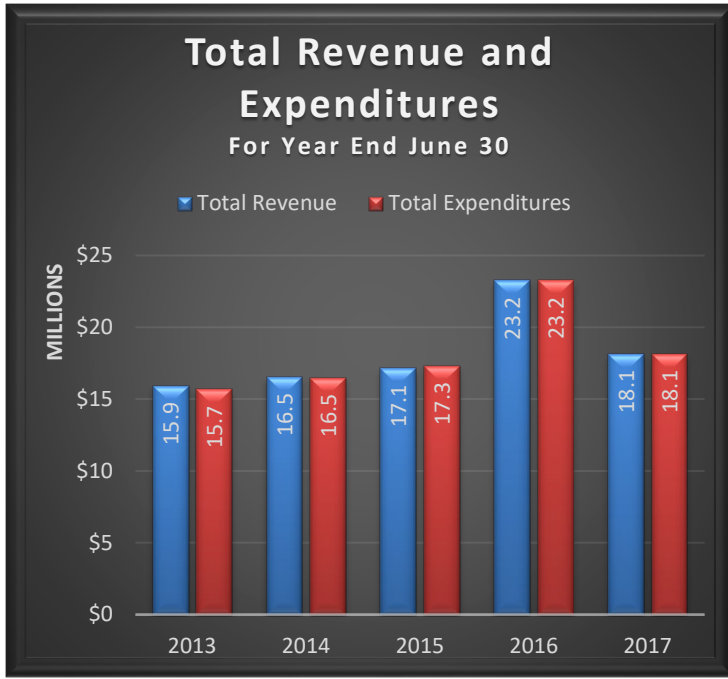
Note: General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



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.

¹ The physical campus of the District contains one building that houses all grade levels as well as the administrative offices. Academic information is reported by elementary, middle school, and high school grade levels.

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.² 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.³ 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.⁴

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.⁵ 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.⁶ 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.

² 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.

³ 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.

⁴ 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.

⁵ 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.

⁶ 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.⁷ 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.

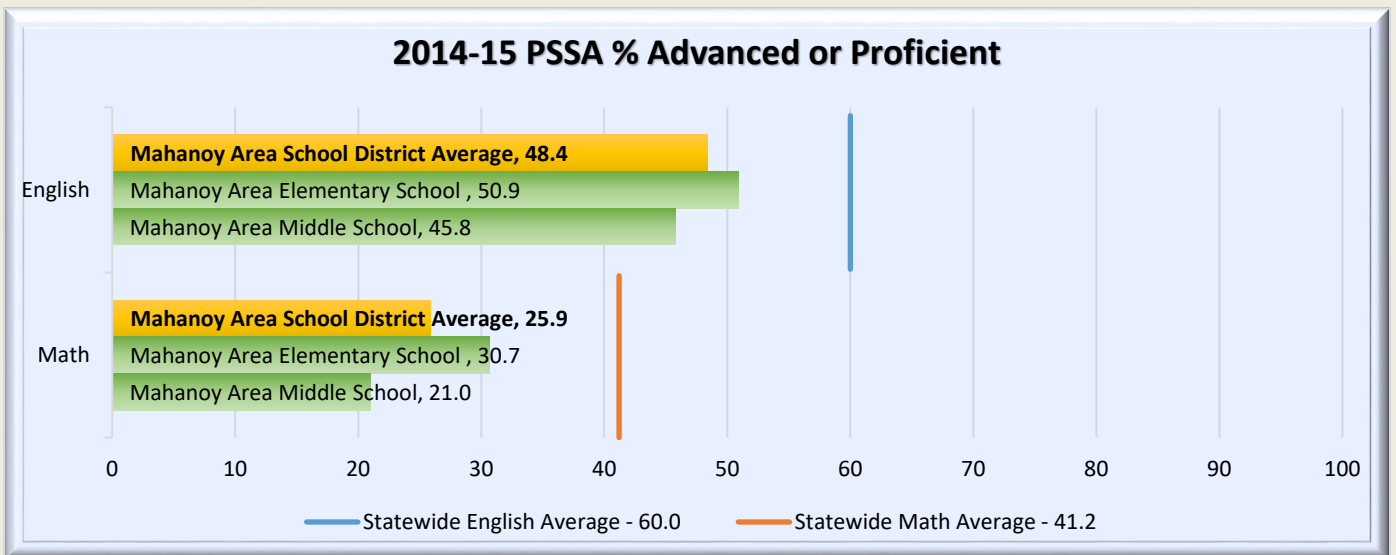
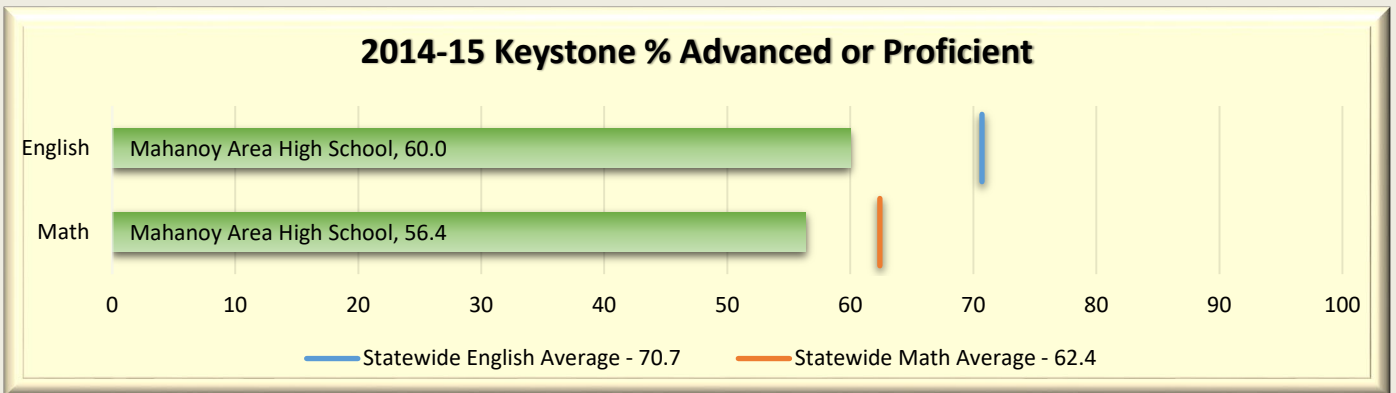
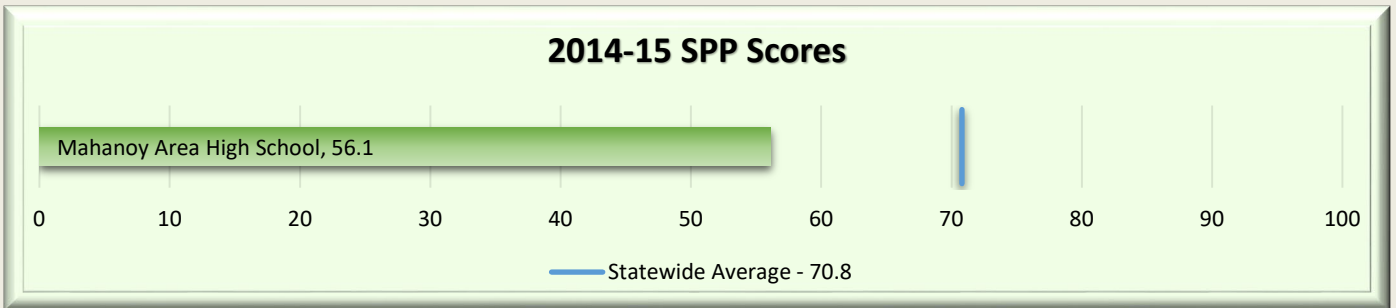
What is a 4-Year Cohort Graduation Rate?

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.⁸

⁷ 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.

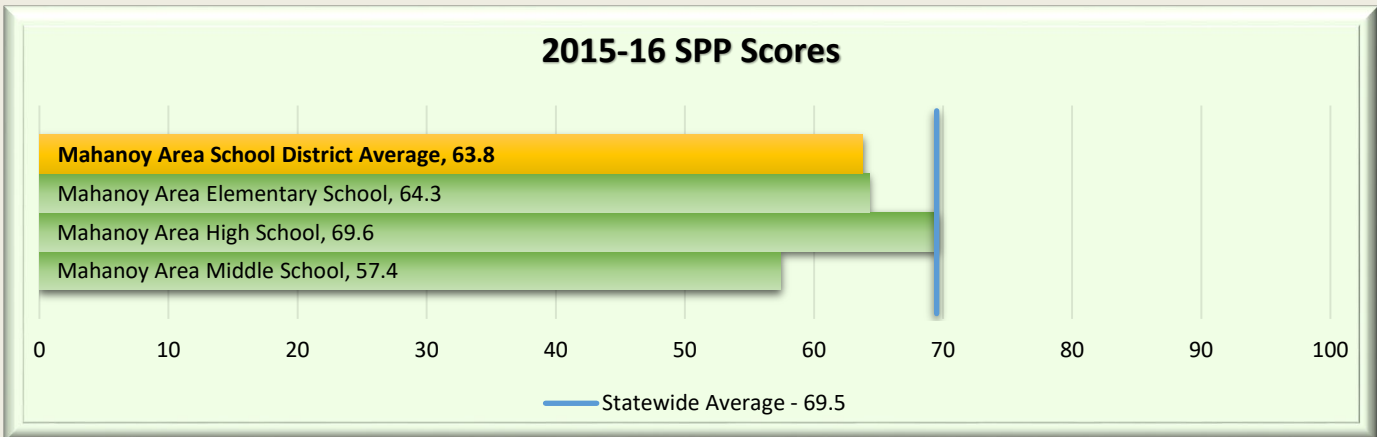
⁸ The PDE also calculates 5-year and 6-year cohort graduation rates. Please visit the PDE's website for additional information: <http://www.education.pa.gov/Data-and-Statistics/Pages/Cohort-Graduation-Rate-.aspx>.

2014-15 Academic Data
School Scores Compared to Statewide Averages

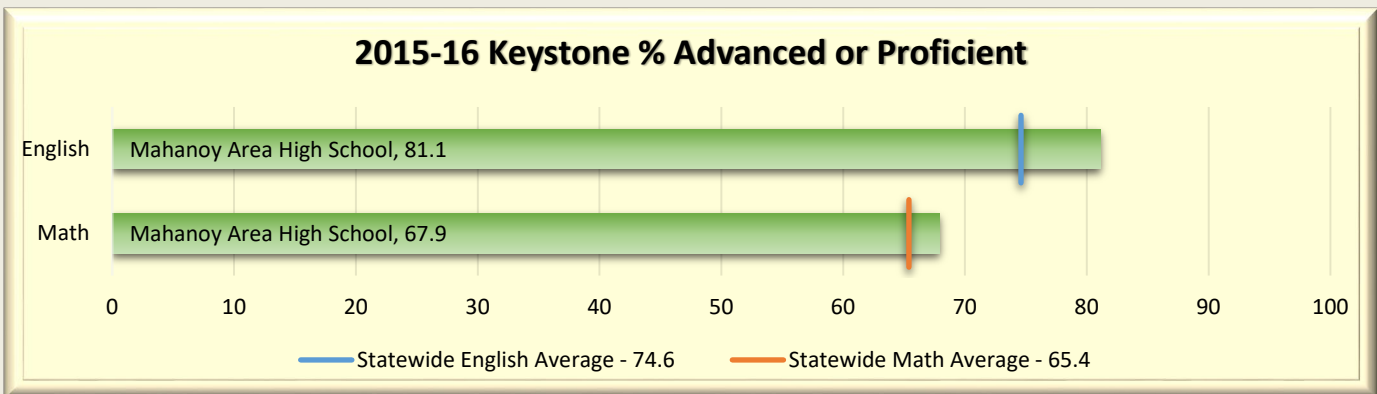


2015-16 Academic Data
School Scores Compared to Statewide Averages

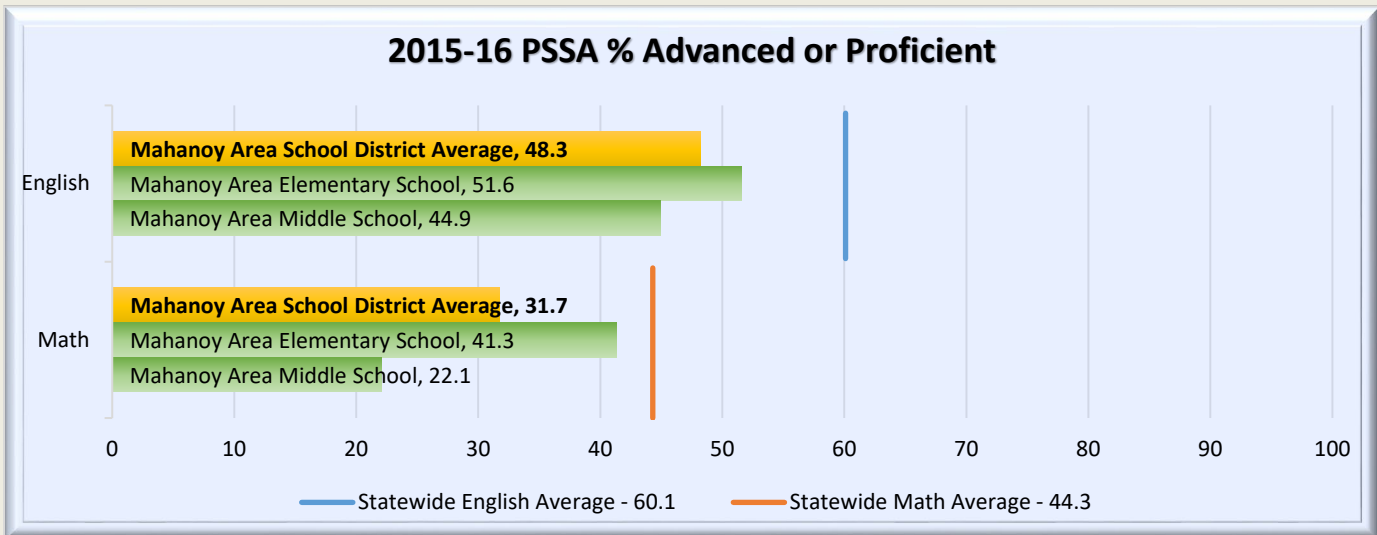
2015-16 SPP Scores



2015-16 Keystone % Advanced or Proficient

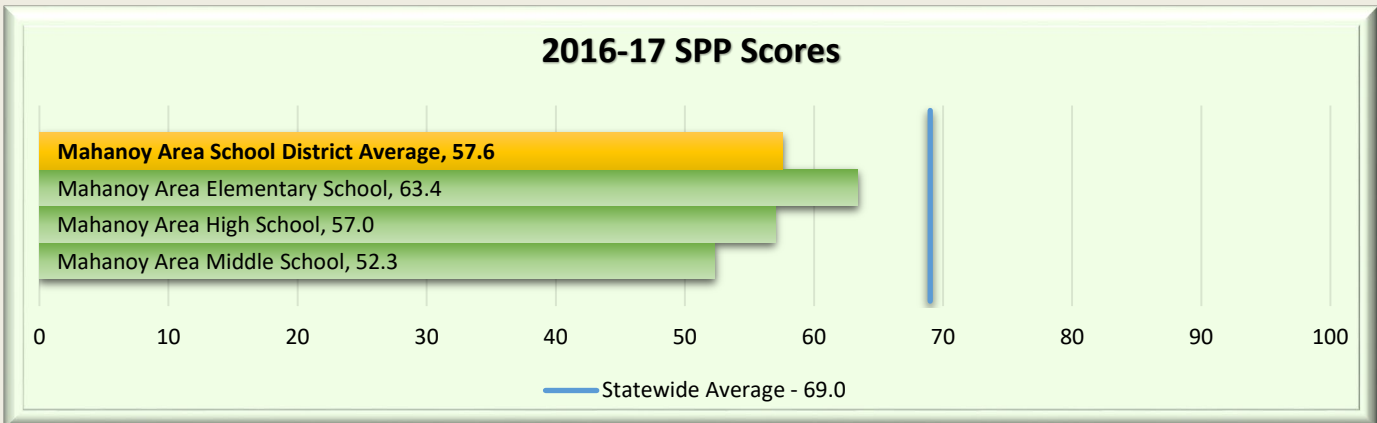


2015-16 PSSA % Advanced or Proficient

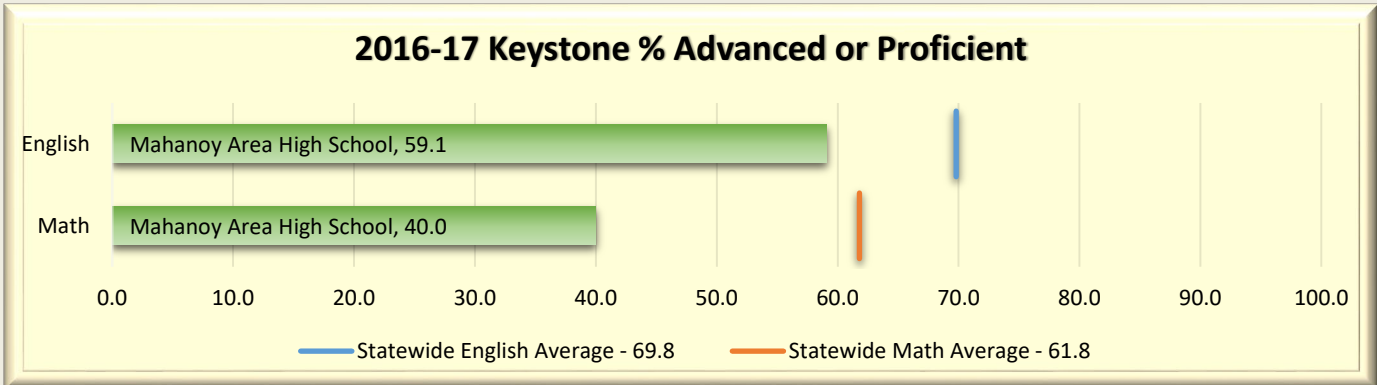


2016-17 Academic Data
School Scores Compared to Statewide Averages

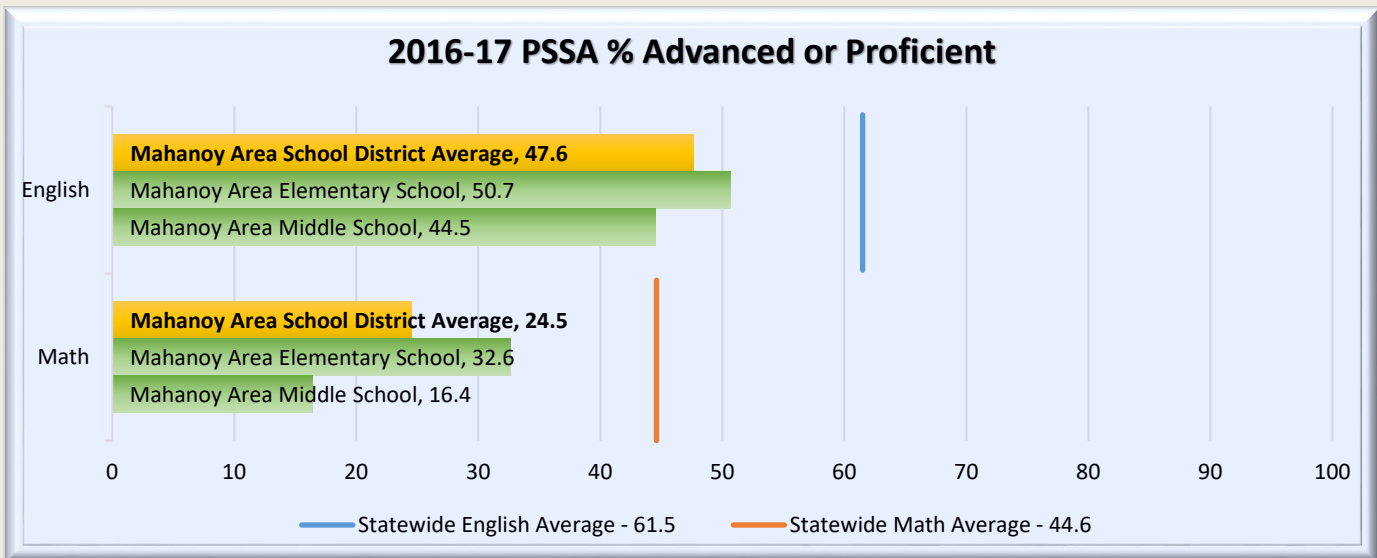
2016-17 SPP Scores



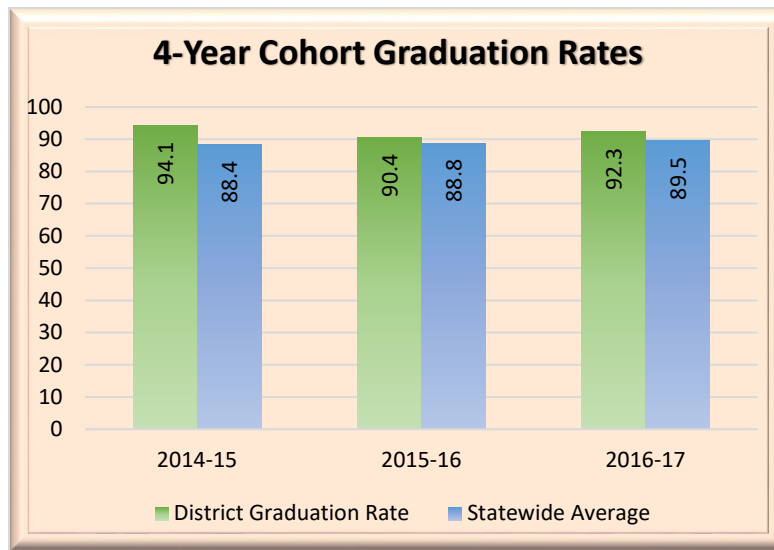
2016-17 Keystone % Advanced or Proficient



2016-17 PSSA % Advanced or Proficient



Graduation Data
District Graduation Rates Compared to Statewide Averages



Finding

Finding

Multiple Transportation Reporting Errors by the District Resulted in a Net Overpayment of \$8,434 During the 2013-14 through 2016-17 School Years

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 Mahanoy Area School District (District) was overpaid \$8,434 in transportation reimbursements from the Pennsylvania Department of Education (PDE). This net overpayment was due to the District inaccurately reporting the number of non-reimbursable students transported during the 2014-15 and 2015-16 school years. Inaccurately reporting this data resulted in the District being overpaid \$18,444 in regular transportation reimbursements. Additionally, the District inaccurately reported the number of nonpublic and charter school students transported during the 2013-14, 2014-15, 2015-16, and 2016-17 school years. These reporting errors resulted in the District being underpaid a total of \$10,010 in supplemental transportation reimbursements from the PDE. The net effect of the transportation reporting errors we identified was that the District was overpaid \$8,434.

Districts receive two separate transportation reimbursement payments from the PDE. One reimbursement is based upon the number of students transported, the number of miles vehicles were in service both with and without students, and the number of days students were transported (regular transportation reimbursement). The other reimbursement is based upon the number of charter school and nonpublic school students transported by the District (supplemental transportation reimbursement). The errors identified in this finding involve both the District’s regular and supplemental transportation reimbursement received.

It is important to note that the Public School Code (PSC) requires that all school districts must annually file a sworn statement of student transportation data for the prior and current school years with the PDE in order to be eligible for the transportation subsidies. The District filed this sworn statement for each of the 2013-14 through 2016-17 school years. It is essential that the District accurately report transportation data to the PDE and retain the support for

Criteria relevant to the finding (continued):

Non-reimbursable Students

Non-reimbursable students are elementary students who reside within 1.5 miles of their elementary school and secondary students who reside within 2 miles of their secondary school. Non-reimbursable students do not include special education students or students who reside on routes determine by PennDOT to be hazardous. See 24 P.S. § 25-2541(b)(1).

Sworn Statement and Annual Filing Requirements

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” of the PSC 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.)

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.

this transportation data. Further, the sworn statement of student transportation data required by the PSC should not be filed with the state Secretary of Education unless the data has been double-checked for accuracy by personnel trained on the PDE’s reporting requirements.

Non-reimbursable Students Transported

Non-reimbursable students are defined as elementary students residing less than 1.5 miles from school and secondary students residing less than 2 miles from school, excluding special education and vocational students, as well as students who live on a Pennsylvania Department of Transportation defined hazardous route. Districts can choose to transport these students, but if transported, the District must report these students as non-reimbursable to the PDE. Districts that transport non-reimbursable students receive a reduced regular transportation reimbursement from the PDE compared to if the students were reimbursable.

The table below illustrates the number of non-reimbursable students reported to the PDE, the audited number of non-reimbursable students, and the overpayments to the District during the audit period.

Table 1

Mahanoy Area School District Non-reimbursable Transportation Errors			
School Year	Non-Reimbursable Students Reported to the PDE	Audited Number of Non-Reimbursable Students	Regular Transportation Reimbursement Overpayment
2013-14	128	128	\$ 0
2014-15	0	137	\$11,248
2015-16	0	129	\$ 7,196
2016-17	125	125	\$ 0
Total	253	519	\$18,444

The District official responsible for reporting transportation data to the PDE changed during the audit period. Further, the District did not have transportation reporting procedures that addressed the proper method of determining and reporting non-reimbursable students. The 2014-15 school year was the first year that the current

*Criteria relevant to the finding
(continued):*

Supplemental Transportation Subsidy for Public Charter School and Nonpublic School Students

The Charter School Law (CSL), through its reference to Section 2509.3 of the 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 (cited above) addresses the transportation of charter school students in that: “[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. . . .”

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 in that: “[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.”

District official responsible for reporting transportation data compiled and reported the data. This District official was unfamiliar with the PDE requirements to identify and report students who were transported by the District and met the requirements to be reported as non-reimbursable.

Therefore, the District did not report non-reimbursable students during the 2014-15 and 2015-16 school years, despite transporting students who met this requirement. The District accurately reported the number of non-reimbursable students transported during the 2016-17 school year. District officials attributed the correct reporting for the 2016-17 school year to the training that was provided to the District by the District’s transportation software provider.

Nonpublic School and Charter School Students

The District was underpaid a total of \$10,010 in supplemental transportation reimbursements from the PDE. This underpayment was due to the District inaccurately reporting the number of charter school and nonpublic school students transported by the District during the 2013-14, 2014-15, 2015-16, and 2016-17 school years.

According to the 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.⁹ 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, and 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, which refers to Section 2509.3 of the PSC.¹⁰

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

¹⁰ *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”).

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

Table 2

Mahanoy Area School District Nonpublic and Charter School Transportation Errors			
School Year	Nonpublic Students Over/(Under) Reported	Charter School Students Over/(Under) Reported	Supplemental Transportation Reimbursement Over/(Underpayment)¹¹
2013-14	(1)	(1)	(\$ 770)
2014-15	(1)	(10)	(\$ 4,235)
2015-16	(3)	6	\$ 1,155
2016-17	(13)	(3)	(\$ 6,160)
Total	(18)	(8)	(\$10,010)

The cumulative net underpayment occurred because the District did not reconcile the reported number of nonpublic and charter school students to individual student requests for transportation.

The District reported to the PDE the number of nonpublic and charter school students that were transported on the first day of school. Nonpublic and charter school students who requested and were provided transportation by the District after the first day of school were not reported by the District for reimbursement. The net overpayment that the District received for the 2015-16 school year was due to the fact that the District incorrectly reported charter school students from a neighboring school district. These students were inadvertently included on a bus roster given to the District by the District’s transportation contractor and were not identified by the District prior to reporting to the PDE.

The District did not have transportation reporting procedures that addressed nonpublic school and charter school student reporting. Additionally, the District was reliant on solely one District official to compile and report transportation data during the audit period. A second level review of the District’s transportation data could have helped identify fluctuations in the data reported to the PDE.

¹¹ The underpayment is computed by multiplying the net amount of Nonpublic and Charter School students not reported by \$385.

We provided the PDE with reports detailing the non-reimbursable, nonpublic school, and charter school reporting errors for the 2013-14, 2014-15, 2015-16, and 2016-17 school years. The PDE requires these reports to verify the net overpayment to the District. The District's future transportation subsidies should be adjusted by the amount of the overpayment.

Recommendations

The *Mahanoy Area School District* should:

1. Implement a procedure to have a District official other than the person who prepares the transportation reports to the PDE review transportation data prior to submission to the PDE and provide certification to the District official signing the sworn statement that the data is complete and accurate.
2. Conduct annual multi-year trend analyses of student transportation data and transportation subsidies to help identify unexpected fluctuations. Any unexplained fluctuations should be investigated to provide additional assurances that the data is accurately reported to the PDE.
3. Ensure that all District officials responsible for reporting transportation data to the PDE have been adequately trained on the PDE's reporting guidelines for non-reimbursable students.
4. Develop written transportation reporting procedures specifically addressing the accurate reporting of non-reimbursable, nonpublic school, and charter school students.
5. Review the transportation data preliminarily submitted for the 2017-18 school year, and if similar errors are found, submit revised reports to the PDE.

The *Pennsylvania Department of Education* should:

6. Adjust the District's future allocations to recover the net overpayment of \$8,434.

Management Response

District management provided the following response:

“The District had two transportation directors during the audit period. Our previous transportation director prepared the 14-15 report and erroneously omitted reporting the non-reimbursable students. They retired and the new transportation director, when completing the 15-16 report (his first report), followed what was done the prior year (14-15). After the new director received training from both PASBO and Transfinder (our software vendor), he correctly reported the nonreimbursable students for the 16-17 and subsequent year.

The District will implement a second review of annual transportation data by someone in the District office that is familiar with PDE requirements prior to submission of annual data. In addition, the District will ensure the transportation director maintains appropriate continuing professional development to make sure they stay up on any changes related to PDE submission requirements.”

Auditor Conclusion

We are pleased that the District intends to improve its internal controls over the reporting of transportation data. We will evaluate the effectiveness of this and any other corrective action taken by the District during our next audit. We will evaluate the effectiveness of this and any other corrective action taken by the District during our next audit.

Status of Prior Audit Findings and Observations

Our prior audit of the Mahanoy Area School District resulted in no findings or observations.

Distribution List

This letter 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
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Harrisburg, PA 17126

The Honorable Joe Torsella

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Harrisburg, PA 17105

Mr. Nathan Mains

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

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