

PERFORMANCE AUDIT

Montoursville Area School District Lycoming County, Pennsylvania

November 2018



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



Commonwealth of Pennsylvania
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EUGENE A. DePASQUALE
AUDITOR GENERAL

Mrs. Christina Bason, Superintendent
Montoursville Area School District
50 North Arch Street
Montoursville, Pennsylvania 17754

Mr. Scott W. Konkle, Board President
Montoursville Area School District
50 North Arch Street
Montoursville, Pennsylvania 17754

Dear Mrs. Bason and Mr. Konkle:

We have conducted a performance audit of the Montoursville 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
- Contracting
- 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 Inaccurately Reported Transportation Data to the Pennsylvania Department of Education Resulting in an Overpayment to the District of \$17,214

Mrs. Christina Bason
Mr. Scott W. Konkle
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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

November 20, 2018

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

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Background Information

School Characteristics 2017-18 School Year ^A	
County	Lycoming
Total Square Miles	186
Number of School Buildings	4
Total Teachers	131
Total Full or Part-Time Support Staff	208
Total Administrators	6
Total Enrollment for Most Recent School Year	2,045
Intermediate Unit Number	17
District Vo-Tech School	Lycoming County Technical Center

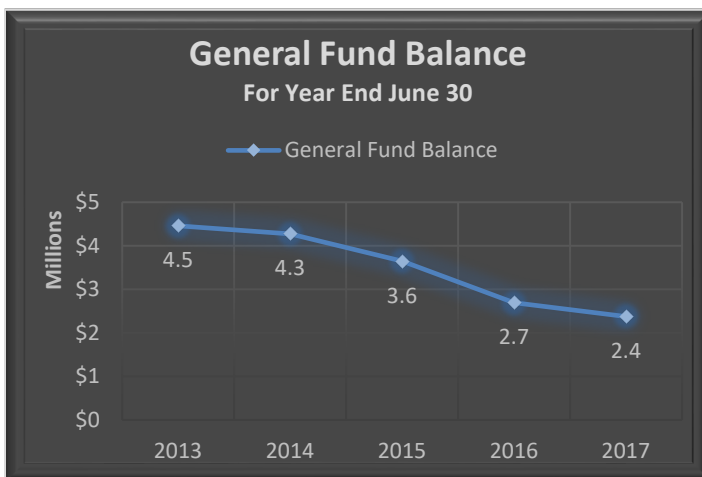
A - Source: Information provided by the District administration and is unaudited.

Mission Statement^A

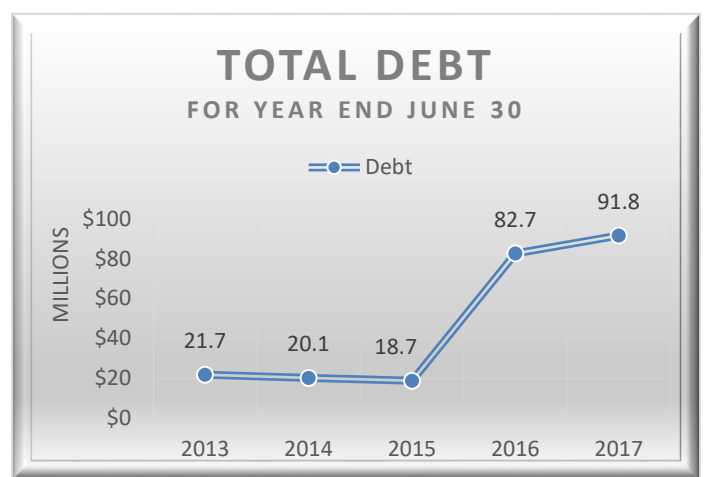
To provide comprehensive programs that emphasize the Pennsylvania and National Academic Standards. This will empower all students to use their individual abilities and capabilities to be lifelong learners and successful contributors to a global society.

Financial Information

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

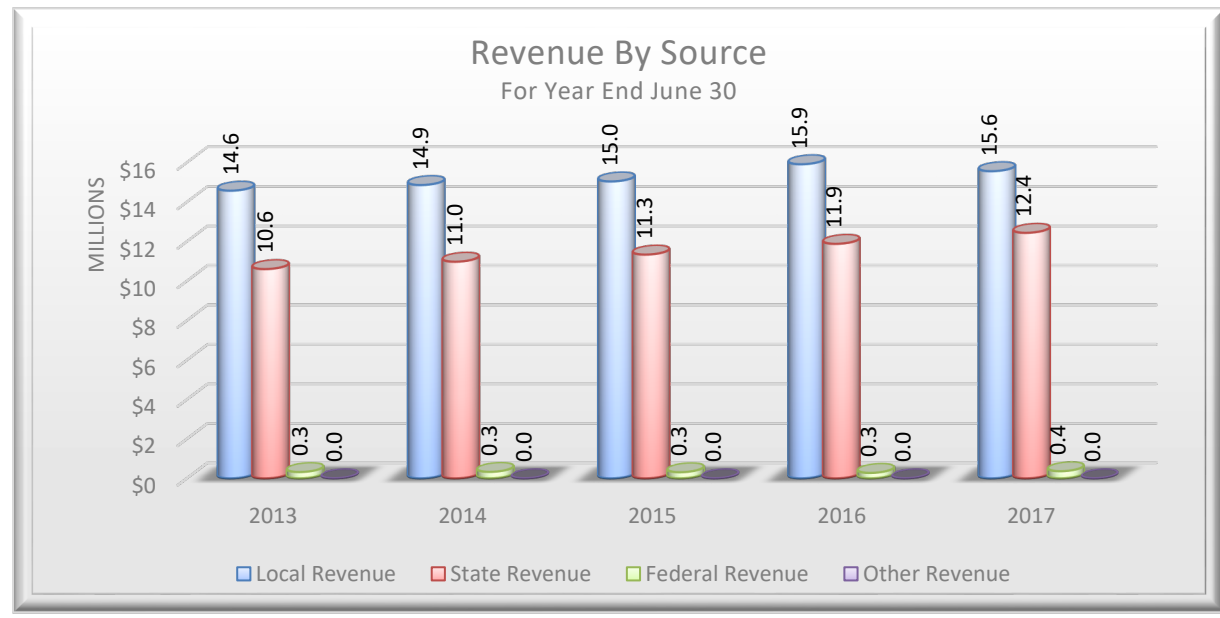
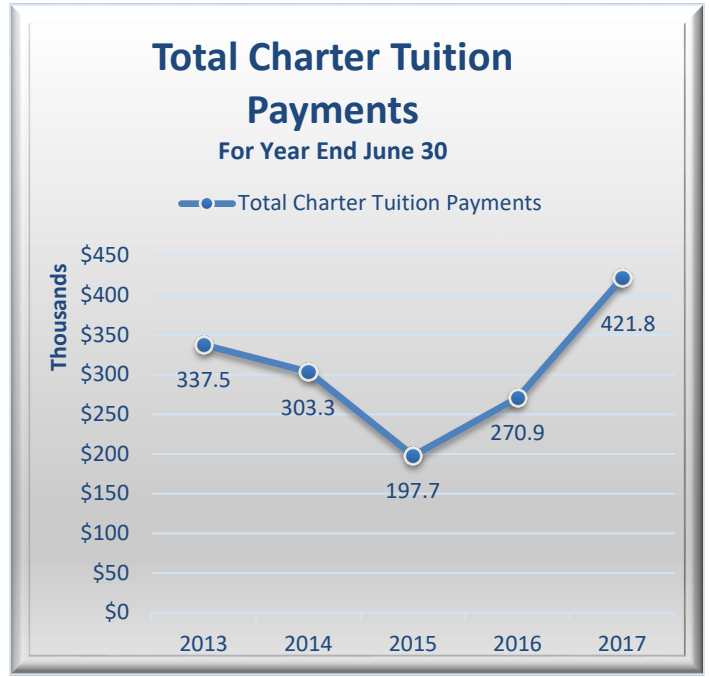
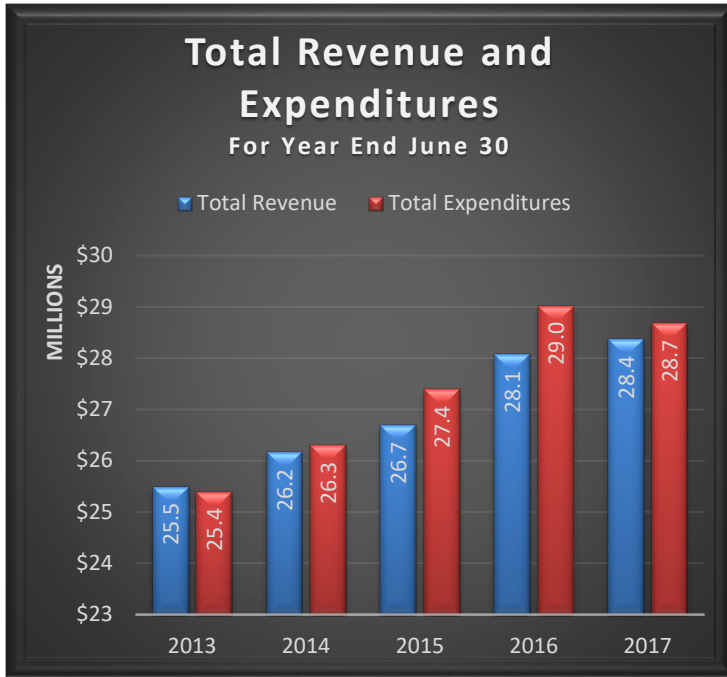


Note: General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



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.

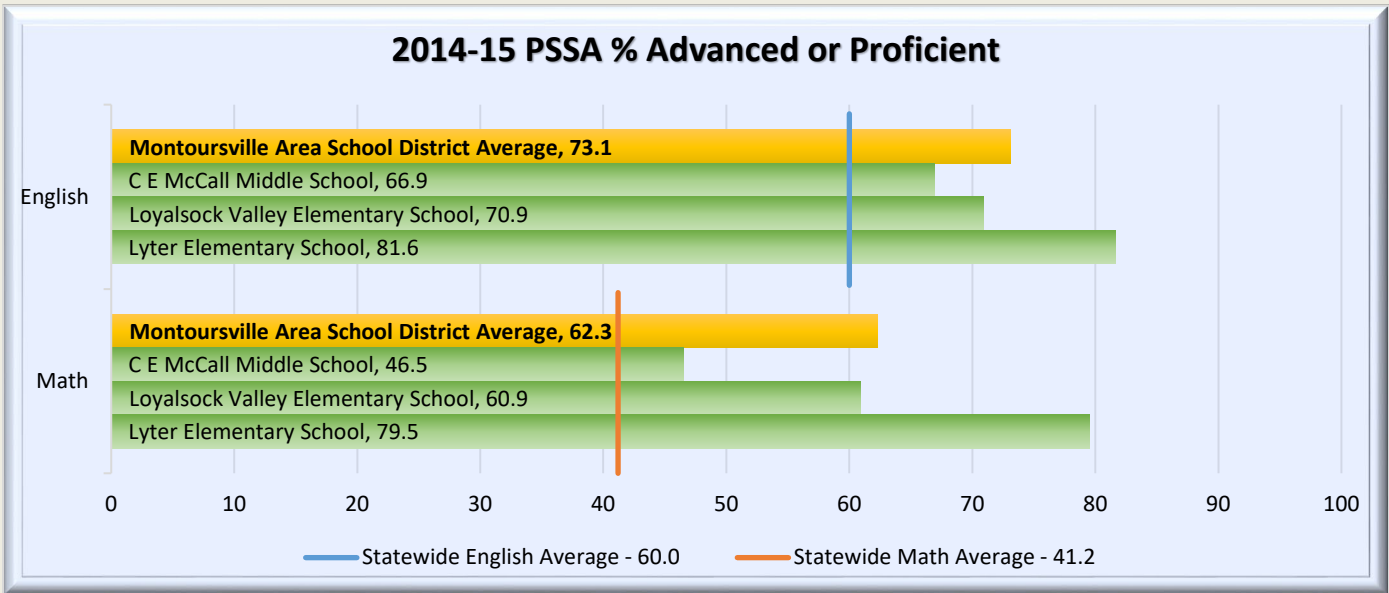
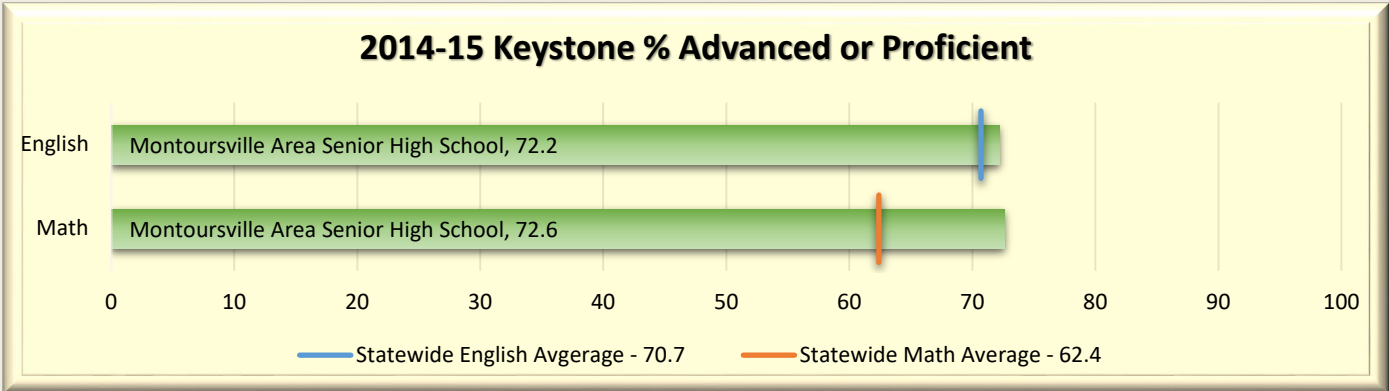
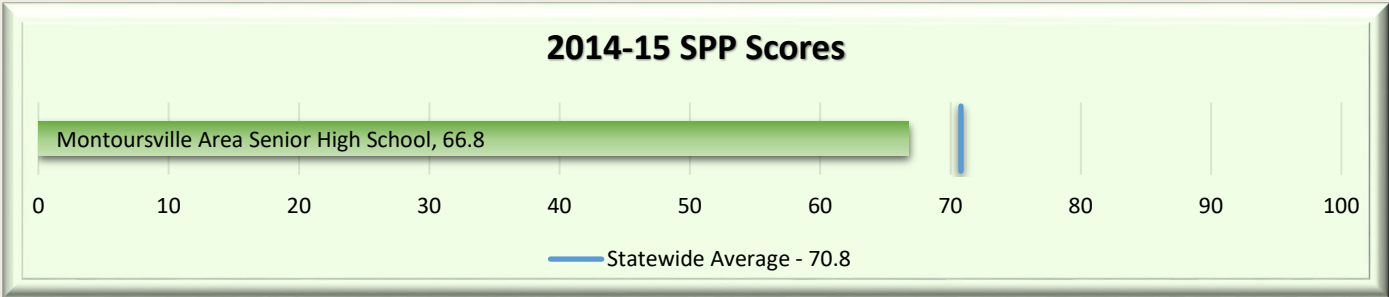
What is a 4-Year Cohort Graduation Rate?

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.

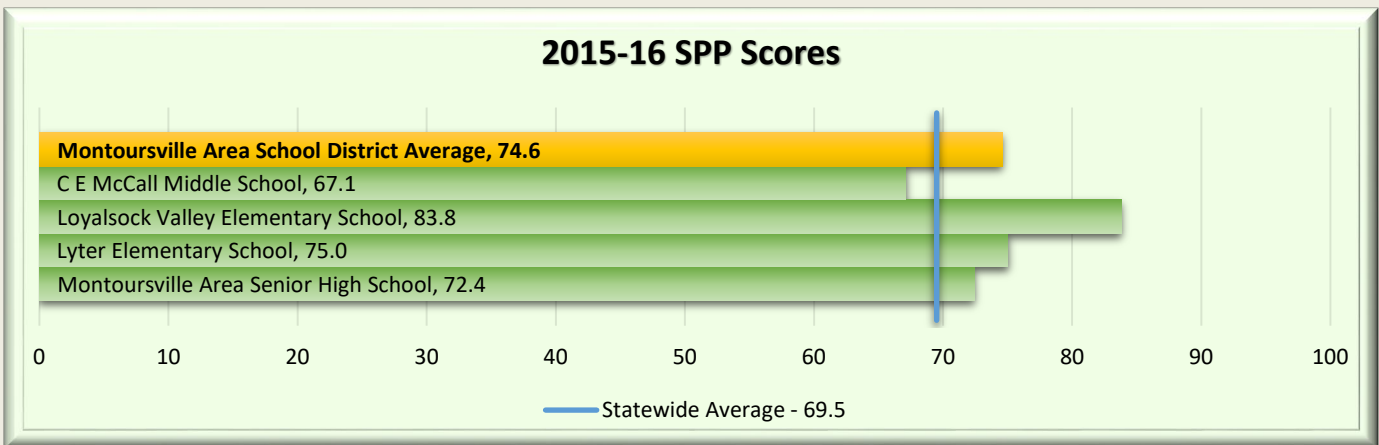
⁷ The PDE also calculates 5-year and 6-year cohort graduation rates. Please visit the PDE's website for additional information: <http://www.education.pa.gov/Data-and-Statistics/Pages/Cohort-Graduation-Rate-.aspx>.

2014-15 Academic Data
School Scores Compared to Statewide Averages

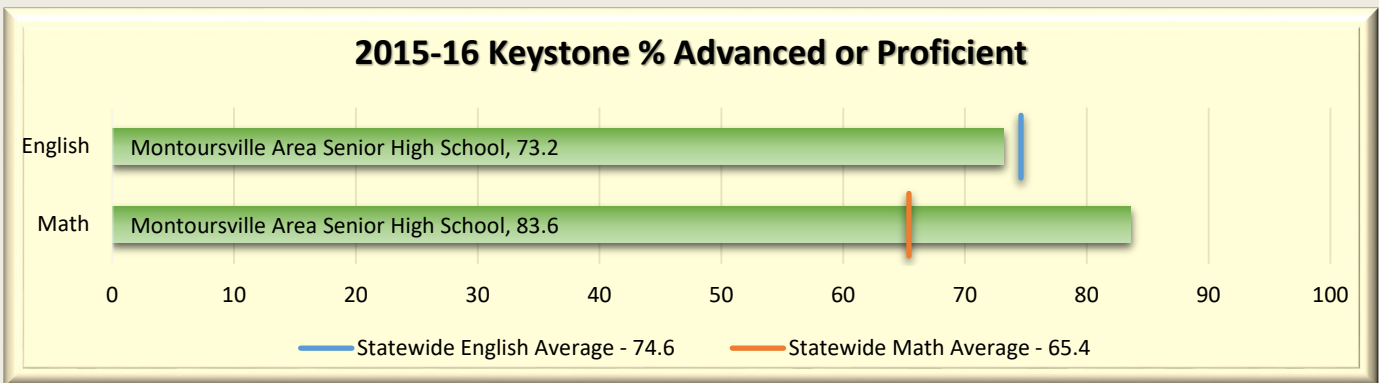


2015-16 Academic Data
School Scores Compared to Statewide Averages

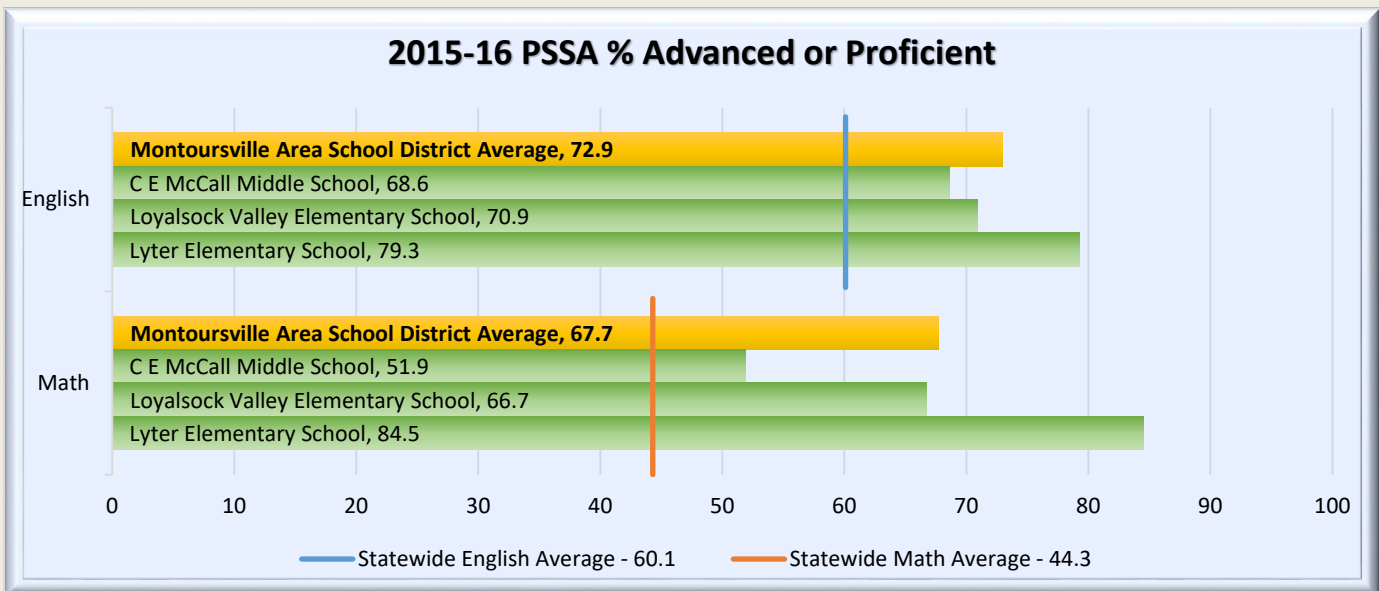
2015-16 SPP Scores



2015-16 Keystone % Advanced or Proficient

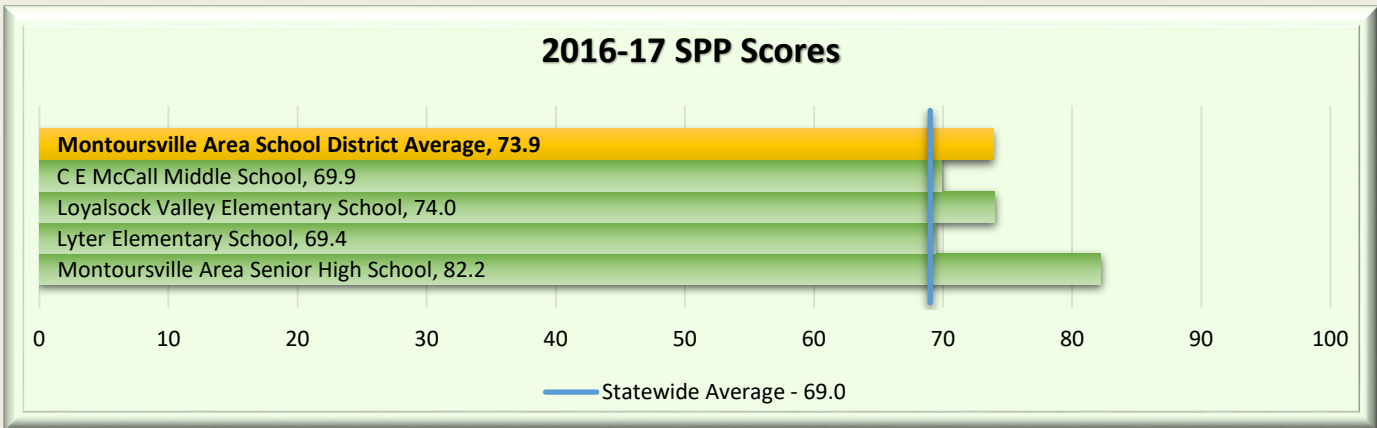


2015-16 PSSA % Advanced or Proficient

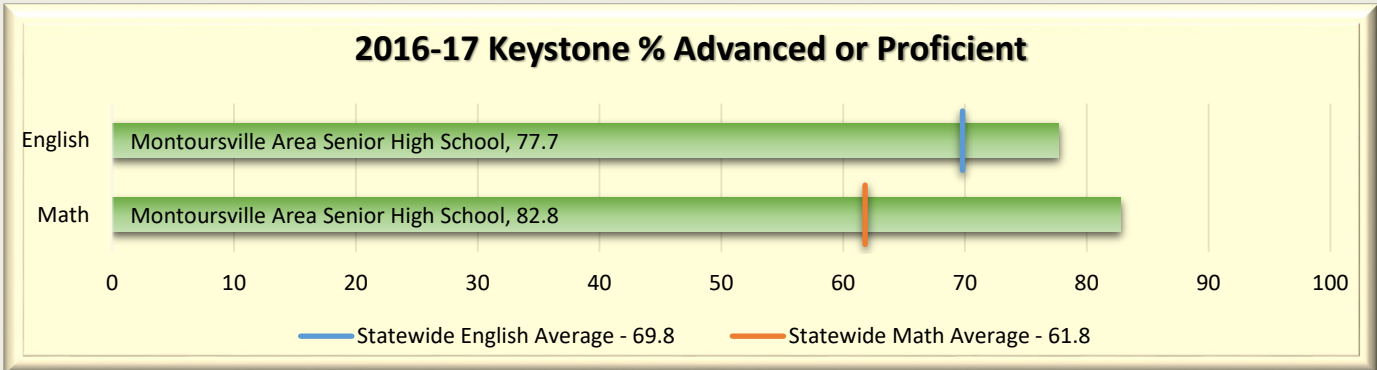


2016-17 Academic Data
School Scores Compared to Statewide Averages

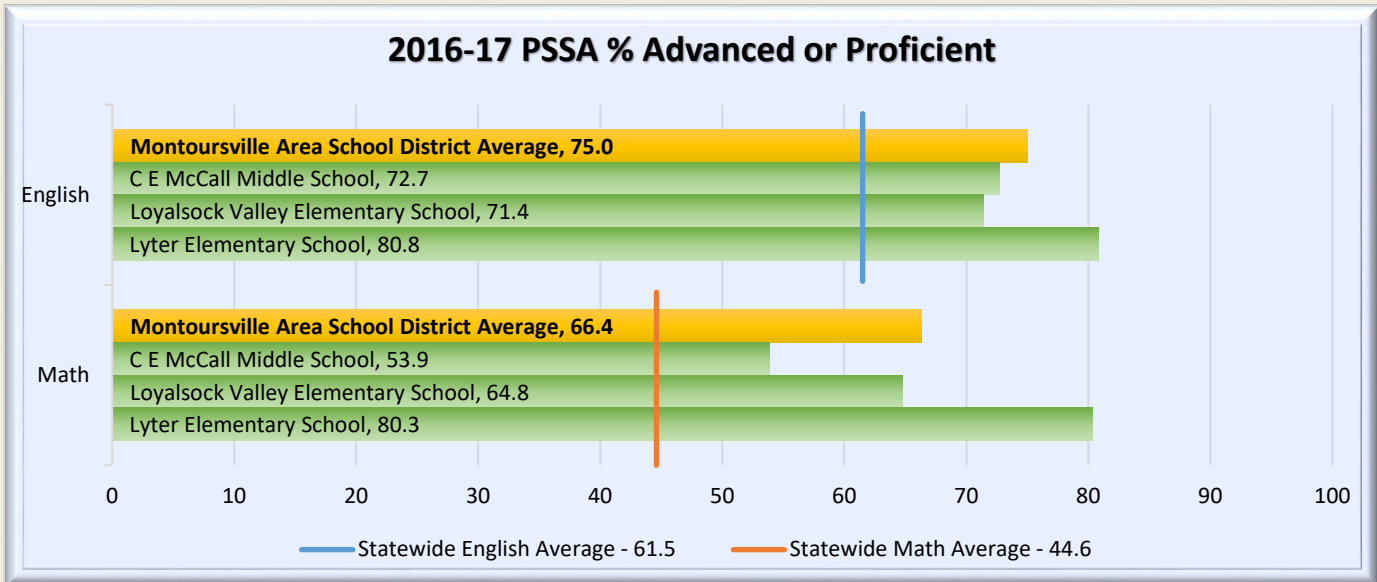
2016-17 SPP Scores



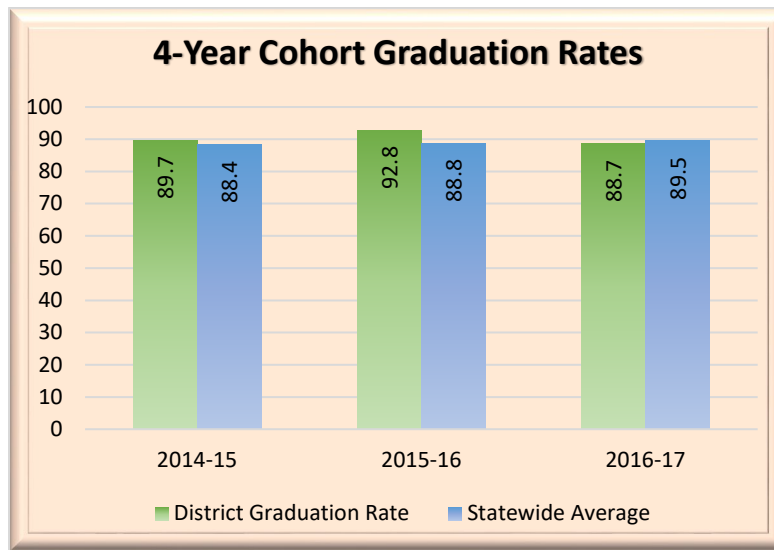
2016-17 Keystone % Advanced or Proficient



2016-17 PSSA % Advanced or Proficient



Graduation Data
District Graduation Rates Compared to Statewide Averages



Finding

Finding

The District Inaccurately Reported Transportation Data to the Pennsylvania Department of Education Resulting in an Overpayment to the District of \$17,214

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 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 Montoursville Area School District (District) was overpaid \$17,214 in transportation reimbursement from the Pennsylvania Department of Education (PDE). This overpayment was the result of the District improperly reporting the number of days and total approved miles traveled to transport students to and from school during the 2016-17 school year.

Districts receive two separate transportation reimbursement payments from the PDE. One reimbursement is based on the number of students transported, the number of days each vehicle was used for transporting students, and the number of miles of vehicles in service, both with and without students (i.e., regular transportation reimbursement). The other reimbursement is based on the number of charter school and nonpublic students transported (i.e., supplemental transportation reimbursement). The errors we identified in this finding impact the District’s regular transportation reimbursement.

Regular transportation reimbursement is based on several components that are reported by the District to the PDE for use in calculating the District’s annual reimbursement amount. These components include, but are not limited to, the following:

- Total number of days each vehicle is used to transport students to and from school, not including summer school or “Extended School Year” (ESY) transportation.
- Miles traveled with and without students for each vehicle.
- Students assigned to each vehicle.

Since the above components are integral to the calculation of the District’s transportation reimbursement, it is essential

*Criteria relevant to the finding
(continued):*

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 the PDE in order to be eligible for the transportation subsidies. *See* 24 P.S. § 25-2543.

Section 2543 of the PSC, which is entitled, “**Sworn statement** of amount expended for reimbursable transportation; payment; withholding,” states, in part: “Annually, each school district entitled to reimbursement on account of pupil transportation shall provide in a format prescribed by the Secretary of Education, data pertaining to pupil transportation for the prior and current school year. . . . The Department of Education may, for cause specified by it, withhold such reimbursement, in any given case, permanently, or until the school district has complied **with the law or regulations** of the State Board of Education.” (Emphases added.)

Reporting Instructions:

The PDE instructions for Local Education Agencies (LEA) on how to complete the PDE-1049. The PDE-1049 is the electronic form used by LEAs to submit transportation data annually to the PDE.

<http://www.education.pa.gov/Documents/Teachers-Administrators/Pupil%20Transportation/eTran%20Application%20Instructions/PupilTransp%20Instructions%20PDE%201049.pdf>
(accessed 9/11/18)

for the District to properly record, calculate, and report this information to the PDE. The PDE provides instructions to help school districts report this information accurately. Some of these instructions are cited in the criteria box to the left of this finding.

During the 2013-14, 2014-15, 2015-16, and 2016-17 school years, the District used several contractors for transportation services. Only one contractor provided transportation for summer emotional/behavioral support programs and ESY services.⁸

During the 2016-17 school year, the contractor used five of its eight buses to provide transportation for summer support programs and ESY services. The District incorrectly included the number of days transported and miles traveled with and without students for summer support and ESY related services in reports filed with the PDE for these five buses. This was the primary factor, which led to the District being overpaid \$17,214 in transportation reimbursement. We also found minor clerical errors in reporting miles traveled with and without students for two of the contractor’s eight buses.

Our review of the 2013-14, 2014-15, and 2015-16 school years did not disclose any reporting errors relating to the inclusion of days or mileage for summer support/ESY transportation services.

During the 2016-17 school year, new personnel who were unfamiliar with reporting requirements for summer transportation services were assigned to complete and submit transportation reports to the PDE. The District also failed to identify the errors in regard to the number of days and daily miles transported due to a lack of proper review of the transportation data prior to submission to the PDE. It is vital that the District implement a well-functioning internal control system with trained personnel for calculating its transportation reimbursements. We provided the PDE with reports detailing the errors we identified during the 2016-17 school year. The PDE requires these reports to help verify the overpayment to the District. The District’s future transportation subsidies can then be adjusted by the amount of the overpayment.

⁸ ESY services are specialized instruction and related services such as therapies provided to a child with a disability when the school or preschool program is not normally in session (i.e., in the summer or during school vacations).

*Criteria relevant to the finding
(continued):*

Daily Miles With

Report the number of miles per day, to the nearest tenth, that the vehicle traveled with pupils. If this figure changed during the year, calculate a weighted average or sample average.

Daily Miles Without

Report the number of miles per day, to the nearest tenth, that the vehicle traveled without pupils. If this figure changed during the year, calculate a weighted average or sample average.

Number of Days

Report the number of days (a whole number) this vehicle provided to and from school transportation. Count any part of a day as one day. Depending upon the service the vehicle provided, this number could exceed or be less than the number of days the district was in session; however, summer school or “Extended School Year” (Armstrong v. Kline) transportation may not be included in this number. “Early Intervention” program transportation may be included. If the district received a waiver of instructional days due to a natural or other disaster (such as a hurricane), the waiver does not extend to transportation services. Only days on which transportation was actually provided may be reported.

Recommendations

The *Montoursville Area School District* should:

1. Ensure personnel in charge of reporting transportation data to the PDE are trained with regard to the PDE’s reporting requirements, especially as related to summer transportation services.
2. Implement a procedure to have a District official, other than the person who prepares the reports, review transportation data prior to submission to the PDE.

The *Pennsylvania Department of Education* should:

3. Adjust the District’s subsidy to correct the overpayment of \$17,214 for the 2016-17 school year.

Management Response

District management provided the following response:

“The district included the days over summer that students were required to be transported to Extended School Year services and emotional/behavioral support programs. PDE does not reimburse for these needed services; therefore, the days over the summer should not have been included in the report.”

Corrective Action Plan:

“The transportation staff received “Driving Up Subsidy: Understand and Maximize Your Transportation Subsidy” training on May 22, 2018 provided by the Pennsylvania Association of School Business Officials. The transportation personnel will continue attending professional development opportunities as they become available.

The district will provide for an additional level of internal control by having another district office employee (who has also received proper training) review the transportation data. The employee will document all items that may need further review and provide written documentation. The employee that prepared the report will then review the items in question and provide written explanation, further documentation or will make the proper adjustment to the

report. All the review documents will be kept in the transportation binder.”

Auditor Conclusion

We are encouraged that the District is in the process of implementing corrective action and those personnel responsible for reporting transportation data to the PDE are receiving appropriate training. We will determine the effectiveness of these and any other corrective actions taken by the District during our next audit of the District.

Status of Prior Audit Findings and Observations

Our prior audit of the Montoursville Area 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,⁹ 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 Montoursville 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).¹⁰ 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.

⁹ 72 P.S. §§ 402 and 403.

¹⁰ 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
- ✓ Contracting
- ✓ 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?¹¹
 - To address this objective, we reviewed transportation reports submitted to the PDE and noticed a number of vehicles with days transported exceeding the 180-day school term. We interviewed District personnel and found one of the District's ten contractors used five of its eight buses to provide transportation for summer support programs and extended school year (ESY) services.¹² We reviewed the District's Board approved calendar, contractor invoices, and drivers' daily mileage sheets for the 2016-17 school year for all eight of the specific contractor vehicles to determine whether only eligible days and mileage were submitted to the PDE. Because errors were found, we reviewed all of the contractor's vehicles used to provide ESY transportation during the 2013-14, 2014-15, and 2015-16 school years.¹³ Our review of this objective resulted in a Finding on page 9 included in this report.
- ✓ Were all contracts, invoices, and change orders for the high school renovation project Board approved?

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

¹² This contractor was selected because we considered them to have a higher risk of non-compliance with transportation reporting requirements. Therefore, this selection is not representative of the population of transportation contractors, and the results should not be projected to that population.

¹³ Four vehicles provided ESY services for the 2013-14 school year, three vehicles for the 2014-15 school year, and four vehicles for the 2015-16 school year.

- To address this objective, we reviewed board meeting minutes, the one engineering contract and all five construction contracts associated with the high school renovation project, all 47 change orders, and all architect invoices that occurred from August 2015 to May 2018. We compared original contracted project costs to the actual final costs after all change orders. We verified that all change orders relating to the project were Board approved.

Additionally, we requested and reviewed Statements of Financial Interest forms for the District’s board members active during the 2014, 2015, 2016, and 2017 calendar years to ensure there were no related party violations in relation to the building project. 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?¹⁴ 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 38 bus drivers transporting District students as of June 25, 2018.¹⁵ 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?¹⁶

- To address this objective, we reviewed a variety of documentation including, safety plans, training schedules, anti-bullying policies, and fire and emergency drills documentation. In addition, we conducted on-site reviews at three out of the District’s four school buildings (one from each education level)¹⁷ to assess whether the District had implemented basic safety practices.¹⁸ 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 are shared with District officials, the PDE, and other appropriate agencies deemed necessary.

¹⁴ 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*.

¹⁵ While representative selection is not 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.

¹⁶ 24 P.S. § 13-1301-A *et seq.*

¹⁷ The District has two elementary schools. We performed the walk-through of the elementary school with the greatest number of pupils. 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 Basic safety practices evaluated were building security, bullying prevention, visitor procedures, risk and vulnerability assessments, and preparedness.

Distribution List

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

The Honorable Tom W. Wolf

Governor
Commonwealth of Pennsylvania
Harrisburg, PA 17120

The Honorable Pedro A. Rivera

Secretary of Education
1010 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.