

# PERFORMANCE AUDIT

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## Moshannon Valley School District Clearfield County, Pennsylvania

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June 2018



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE  
AUDITOR GENERAL

Dr. John W. Zesiger, Superintendent  
Moshannon Valley School District  
4934 Green Acre Road  
Houtzdale, Pennsylvania 16651

Ms. Cassandra Kitko, Board President  
Moshannon Valley School District  
4934 Green Acre Road  
Houtzdale, Pennsylvania 16651

Dear Dr. Zesiger and Ms. Kitko:

We have conducted a performance audit of the Moshannon Valley School District (District) for the period July 1, 2012 through June 30, 2016, 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:

- Administrator Contract Buy-out
- Transportation Operations
- Data Integrity
- 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 areas in the bulleted list above.

Dr. John W. Zesiger  
Ms. Cassandra Kitko  
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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

June 4, 2018

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

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## Background Information

School Characteristics 2016-17 School Year <sup>A</sup>	
County	Clearfield
<b>Total Square Miles</b>	93.5
<b>Resident Population<sup>B</sup></b>	7,887
<b>Number of School Buildings</b>	2
<b>Total Teachers</b>	72
<b>Total Full or Part-Time Support Staff</b>	49
<b>Total Administrators</b>	5
<b>Total Enrollment for Most Recent School Year</b>	889
<b>Intermediate Unit Number</b>	10
<b>District Vo-Tech School</b>	Clearfield County Career & Technology Center

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

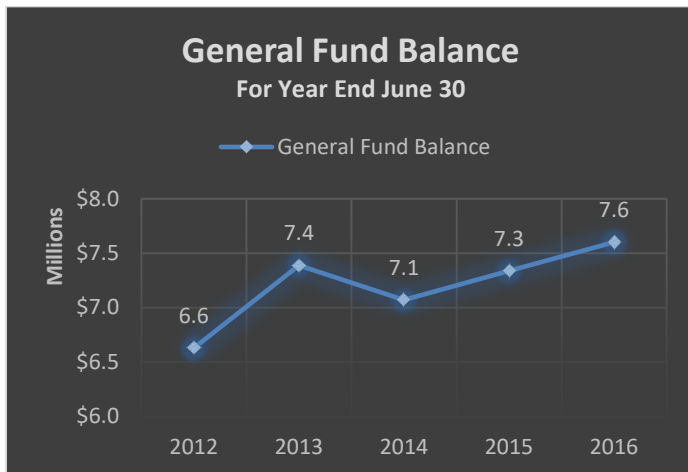
B - Source: United States Census  
<http://www.census.gov/2010census>.

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

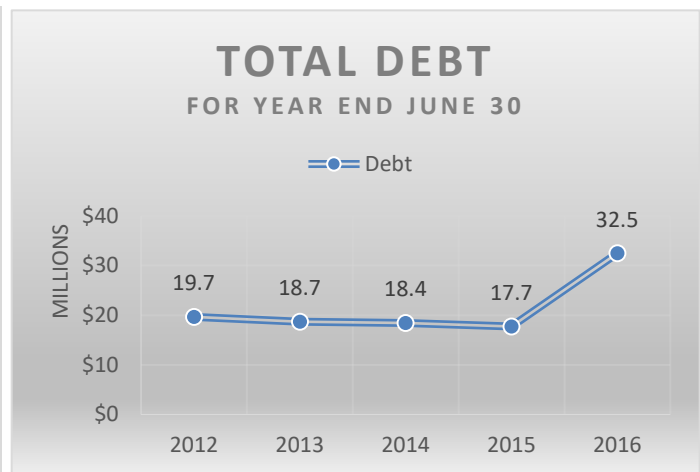
Working together to ensure every student succeeds.

## Financial Information

The following pages contain financial information about the Moshannon Valley School District (District) obtained from annual financial data reported to the Pennsylvania Department of Education (PDE) and available on PDE's public website. This information was not audited and is presented for **informational purposes only**.

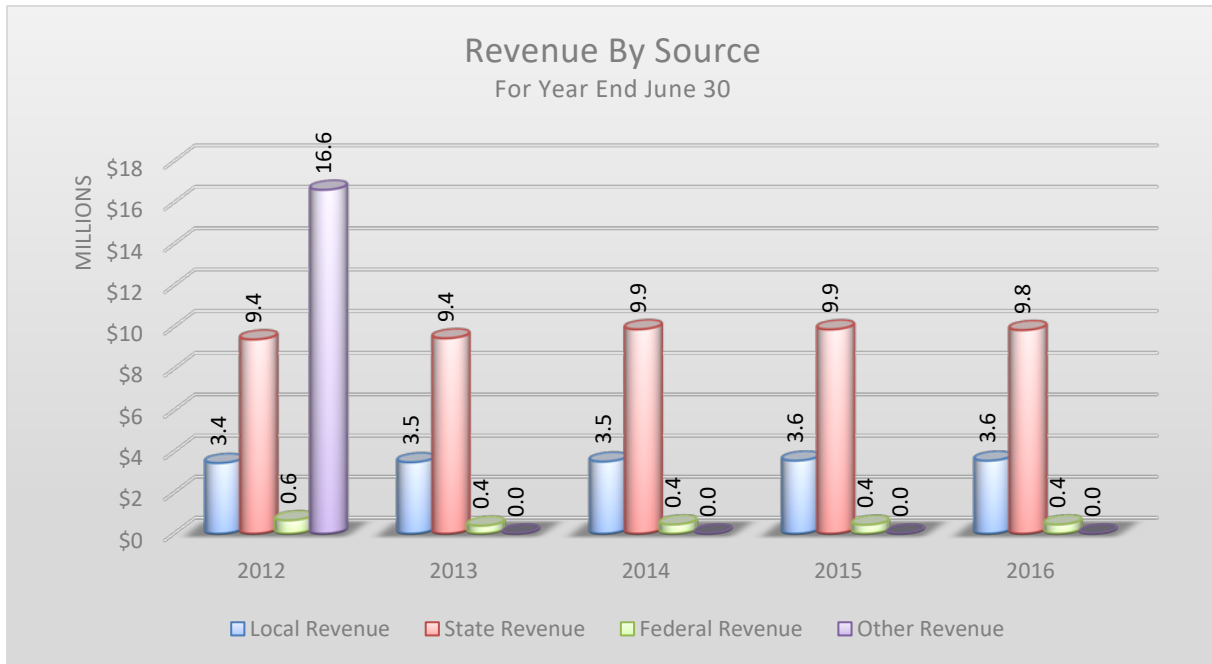
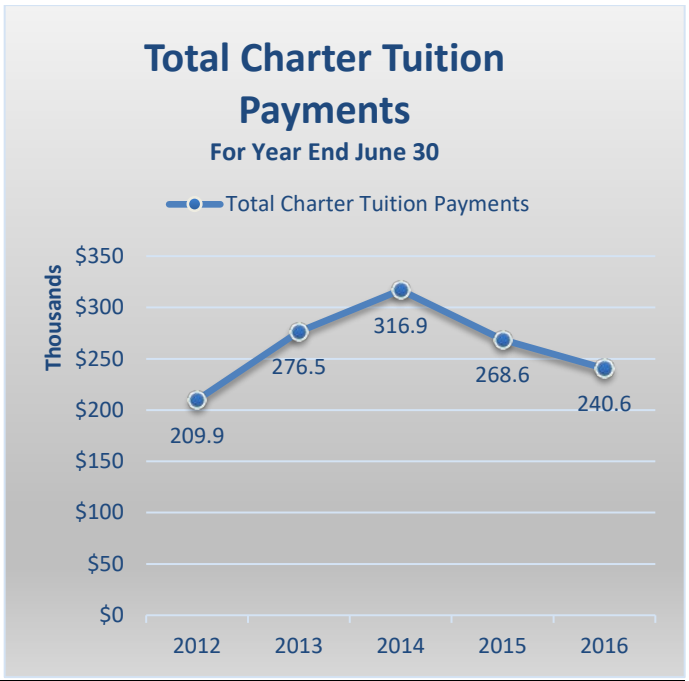
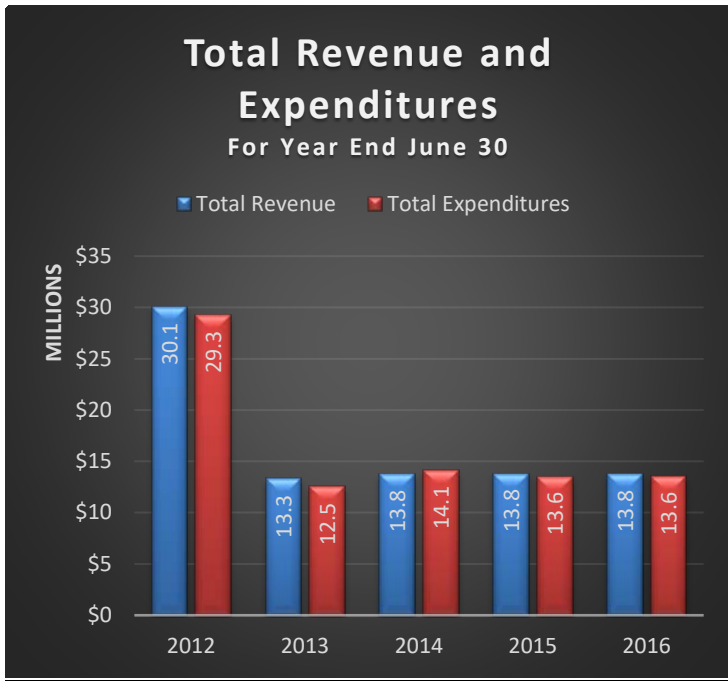


**Note:** General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



**Note:** Total Debt is comprised of Short-Term Borrowing, General Obligation Bonds, Authority Building Obligations, Other Long-Term Debt, Other Post-Employment Benefits, Compensated Absences and Net Pension Liability.

## Financial Information Continued



## Academic Information

The graphs on the following pages present School Performance Profile (SPP) scores, Pennsylvania System of School Assessment (PSSA) scores, Keystone Exam results, and 4-Year Cohort Graduation Rates for the District obtained from PDE's data files for the 2014-15 and 2015-16 school years.<sup>1</sup> 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 chart.<sup>2</sup> 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.<sup>3</sup>

### **What is a SPP score?**

A SPP score serves as a benchmark for schools to reflect on successes, achievements, and yearly growth. PDE issues a SPP score 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.

PDE started issuing a SPP score for all public school buildings beginning with the 2012-13 school year. For the 2014-15 school year, PDE only issued SPP scores for high schools taking the Keystone Exams as scores for elementary and middle school scores were put on hold due to changes with PSSA testing.<sup>4</sup> PDE resumed issuing a SPP score for all schools for the 2015-16 school year.

### **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.

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

<sup>2</sup> PDE's data does not provide any further information regarding the reason a score was not published for a specific school. However, readers can refer to PDE's website for general information regarding the issuance of academic scores.

<sup>3</sup> 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.

<sup>4</sup> According to 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 state Common 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.

The 2014-15 school year marked the first year that PSSA testing was aligned to the more rigorous PA Core Standards.<sup>5</sup> The state uses a grading system with scoring ranges that place an individual student's performance into one of four performance levels: Below Basic, Basic, Proficient, and Advanced. The state's goal is for students to score Proficient or Advanced on the exam in each subject area.

### **What is the Keystone Exam?**

The Keystone Exam measures student proficiency at the end of specific courses, such as Algebra I, Literature, and Biology. The Keystone Exam was intended to be a graduation requirement starting with the class of 2017, but that requirement has been put on hold until at least 2020. 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.

### **What is a 4-Year Cohort Graduation Rate?**

PDE collects enrollment and graduate data for all Pennsylvania public schools, which is used to calculate graduation rates. Cohort graduation rates are a calculation of the percentage of students who have graduated with a regular high school diploma within a designated number of years since the student first entered high school. The rate is determined for a cohort of students who have all entered high school for the first time during the same school year. Data specific to the 4-year cohort graduation rate is presented in the graph.<sup>6</sup>

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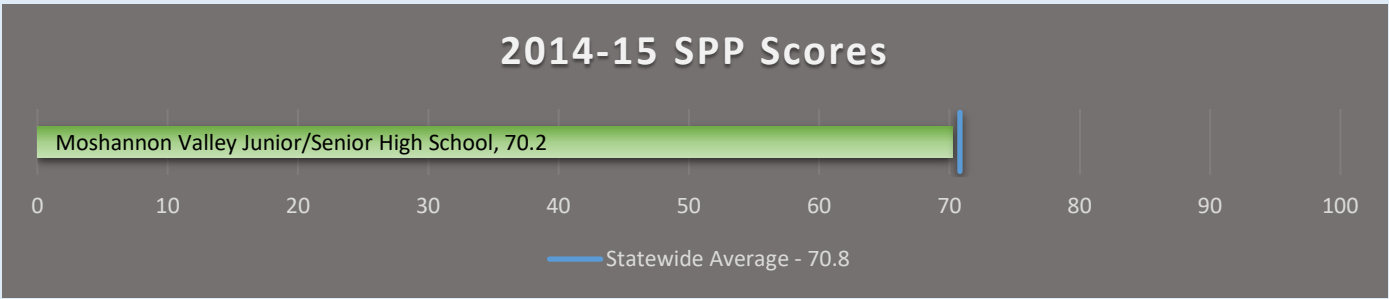
<sup>5</sup> PDE has determined that PSSA scores issued beginning with the 2014-15 school year and after are not comparable to prior years due to restructuring of the exam. (Also, see footnote 4).

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

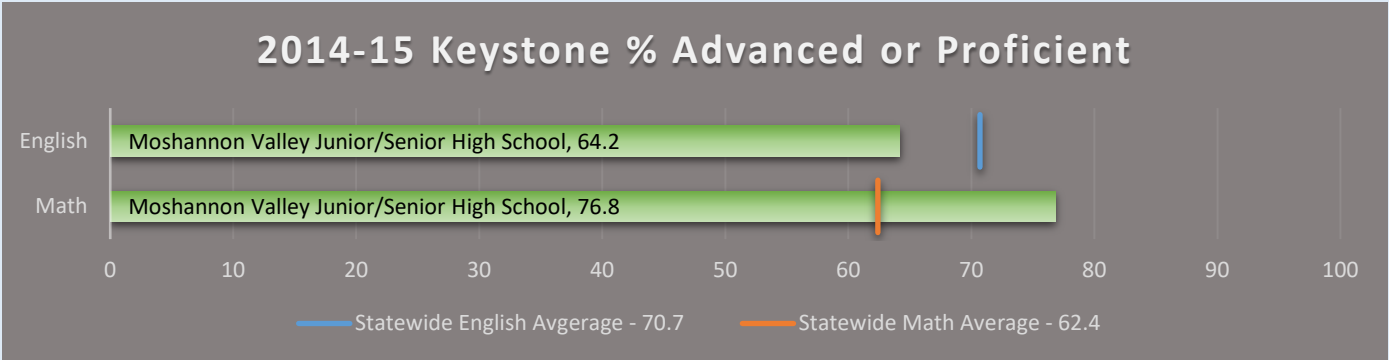


**2014-15 Academic Data**  
**School Scores Compared to Statewide Averages**

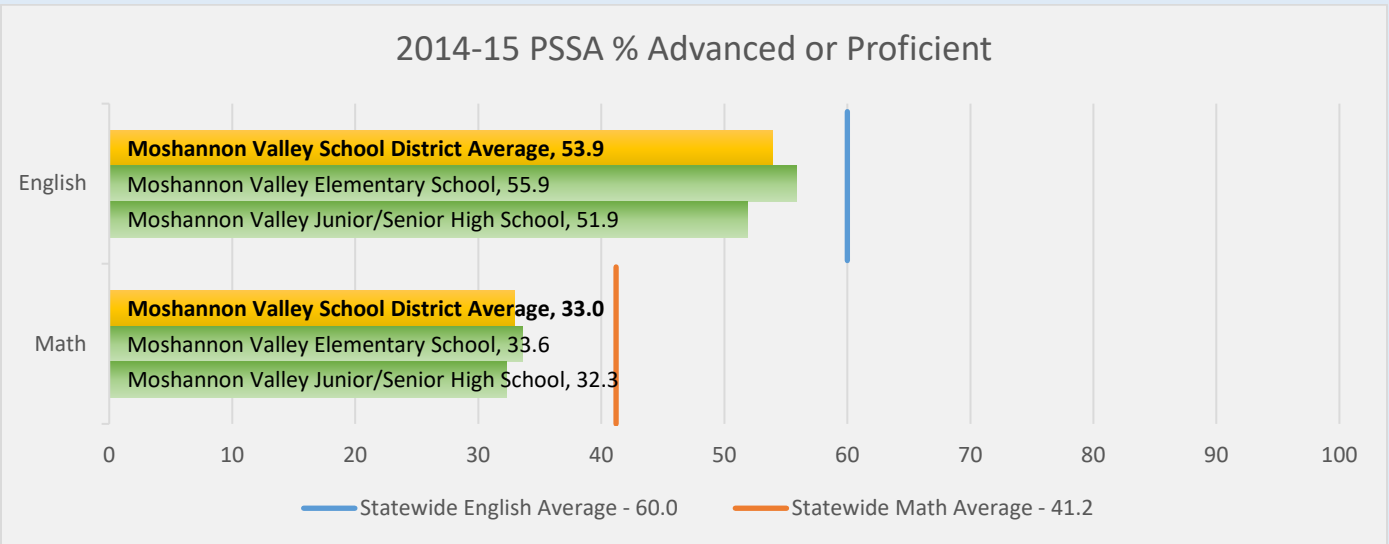
**2014-15 SPP Scores**



**2014-15 Keystone % Advanced or Proficient**

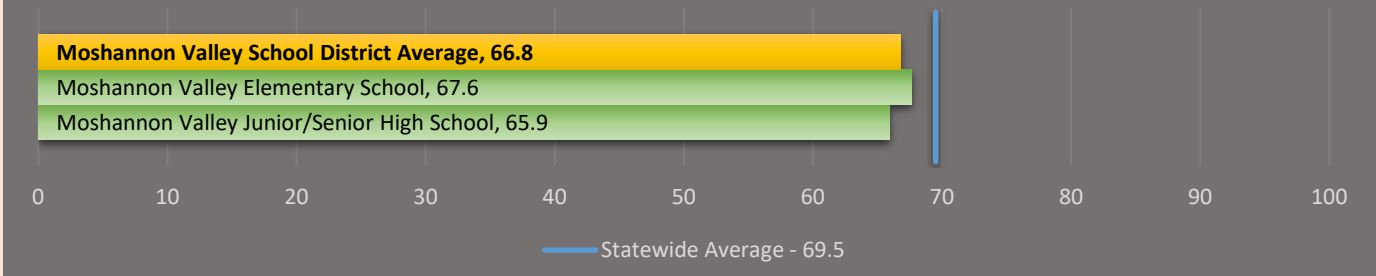


**2014-15 PSSA % Advanced or Proficient**

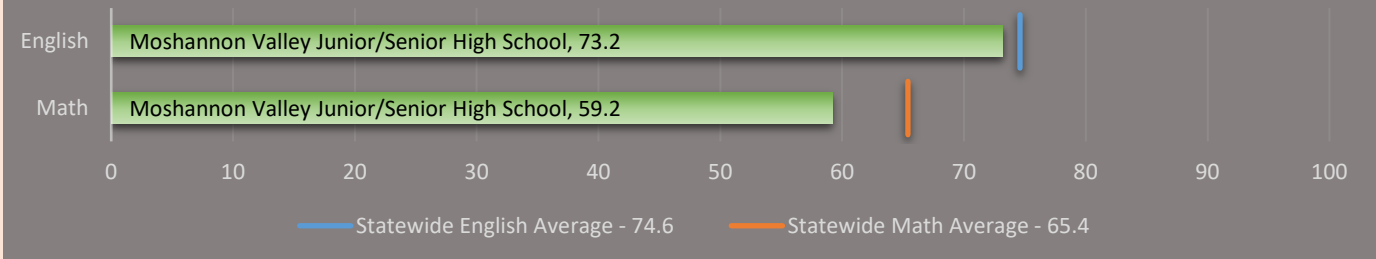


**2015-16 Academic Data**  
**School Scores Compared to Statewide Averages**

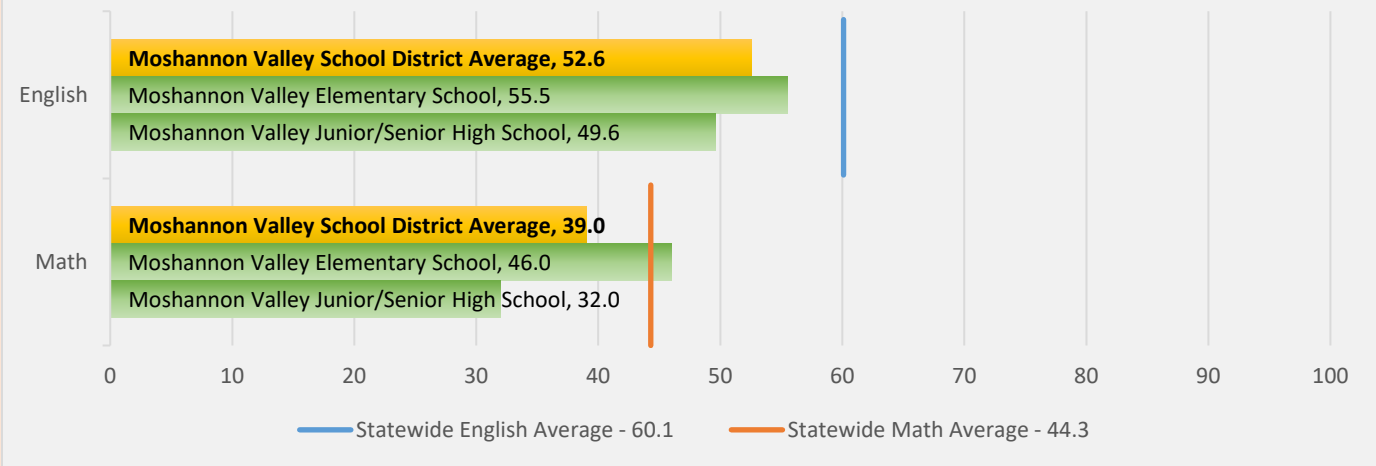
**2015-16 SPP Scores**



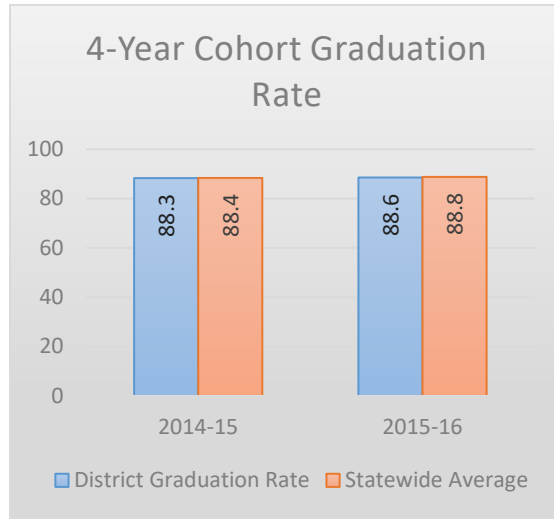
**2015-16 Keystone % Advanced or Proficient**



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



### 4-Year Cohort Graduation Rate



## **Finding**

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**F**or the audited period, our audit of the Moshannon Valley School District resulted in no findings.

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

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**O**ur prior audit of the Moshannon Valley School District (District) released on July 24, 2014, resulted in one finding, as shown below. As part of our current audit, we determined the status of corrective action taken by the District to implement our prior audit recommendations. We reviewed the District's written response provided to the Pennsylvania Department of Education (PDE), interviewed District personnel, and performed audit procedures as detailed in each status section below.

### **Auditor General Performance Audit Report Released on July 24, 2014**

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**Prior Finding:**                      **Errors in Pupil Transportation Reports Resulted in an Underpayment of \$56,098**

Prior Finding Summary: We found that the District incorrectly reported to PDE the number of miles transported with and without students, the greatest number of students transported, and the number of days transported for the 2010-11 and 2011-12 school years. These errors resulted in underpayments of \$26,238 and \$29,860 for the 2010-11 and 2011-12 school years, respectively.

Prior Recommendations: We recommended that the District should:

1. Conduct an annual internal review to ensure the number of days of service, daily mileage, and pupil counts are accurately recorded and reported to PDE.
2. Perform a review of subsequent years' data to ensure supporting documentation was prepared, ensure accurate data was reported, and resubmit, if necessary, to PDE.

We recommended that PDE should:

3. Adjust the District's future allocations to correct the underpayments of \$56,098.

Current Status: The District implemented our prior audit recommendations. An annual internal review of transportation data is performed prior to the District submitting this data to PDE. District personnel reviewed and submitted revised transportation reports for the 2012-13 school year. As a result of the revisions, the District received an additional \$16,939 in transportation subsidies for the 2012-13 school year.

In February 2017, PDE allocated an additional \$26,238 to the District to correct the underpayment found in our prior audit for the

2010-11 school year; however, PDE has not made adjustments to the errors we noted during the 2011-12 school year.

## **Appendix: Audit Scope, Objectives, and Methodology**

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

Our audit, conducted under authority of Sections 402 and 403 of The Fiscal Code,<sup>7</sup> 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, 2012, through June 30, 2016. In addition, the scope of each individual audit objective is detailed on the next page.

The Moshannon Valley School District's (District) management is responsible for establishing and maintaining effective internal controls<sup>8</sup> to provide reasonable assurance that the District is in compliance with certain relevant state laws, regulations, contracts, and administrative procedures (relevant requirements). 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.

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<sup>7</sup> 72 P.S. §§ 402 and 403.

<sup>8</sup> 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, 2012 through June 30, 2016. 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:

- ✓ Administrator Contract Buyout
- ✓ Transportation Operations
- ✓ Data Integrity
- ✓ 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 pursue a contract buyout with an administrator and if so, what was the total cost of the buyout, what were the reasons for the termination/settlement, and did the employment contract(s) comply with the Public School Code<sup>9</sup> and the Public School Employees' Retirement System guidelines?
  - To address this objective, we reviewed the contracts, board meeting minutes, leave reports, and payroll records for the former Superintendent who separated employment from the District on June 30, 2015. We reviewed the current Superintendent's contract to ensure it contained the proper language regarding termination/settlement. Our review of this objective did not disclose any reportable issues.
- ✓ 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?<sup>10</sup>
  - To address this objective, we selected 10 of the 27 vehicles reported to PDE as transporting District students during the 2012-13 school year. We selected these ten vehicles because the District submitted revised transportation data for these

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<sup>9</sup> 24 P.S. § 10-1073(e)(2)(v).

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



vehicles to PDE after our prior audit.<sup>11</sup> We verified that the daily miles traveled with and without students along with the number of days vehicles transported students were accurately reported to PDE. Additionally, we verified that the District implemented our prior audit recommendations and reported sample averages of mileage and pupil counts to PDE for the 2013-14 and 2014-15 school years. Our review of this objective did not disclose any reportable issues.

- ✓ Did the District accurately report nonresident students to PDE? Did the District receive the correct reimbursement for these nonresident students?<sup>12</sup>
  - To address this objective, we reviewed all 15 nonresident students educated by the District and reported to PDE for the period July 1, 2012 through June 30, 2014. We obtained placement letters and registration forms to determine if the nonresident students were properly coded as such and accurately reported to PDE. Finally, we determined if the District received the correct amount of nonresident reimbursement. 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?<sup>13</sup> 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 33 bus drivers employed by the District's bus contractors, as of December 5, 2017.<sup>14</sup> 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, would 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?<sup>15</sup>
  - To address this objective, we reviewed a variety of documentation including, safety plans, training schedules, and anti-bullying policies. We followed up on the weaknesses noted in the prior audit and determined if corrective action was taken. Due to the sensitive nature of school safety, the results of our review of this

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<sup>11</sup> The transactions were selected because we considered them to have a higher risk of inaccurate reporting. Therefore, the selection is not representative of the population of vehicles, and the results should not be projected to that population.

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

<sup>13</sup> 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.

<sup>14</sup> 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.

<sup>15</sup> 24 P.S. § 13-1301-A *et seq.*

objective are not described in our report. The results of our review of school safety are shared with the District officials, PDE and, if deemed necessary, other appropriate agencies.

## **Distribution List**

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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  
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**The Honorable Joe Torsella**

State Treasurer  
Room 129 - Finance Building  
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**Mr. Nathan Mains**

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

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