

PERFORMANCE AUDIT

North Schuylkill School District Schuylkill County, Pennsylvania

October 2019



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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**EUGENE A. DePASQUALE
AUDITOR GENERAL**

Dr. Robert J. Ackell, Superintendent
North Schuylkill School District
15 Academy Lane
Ashland, Pennsylvania 17921

Mr. Charles Hepler, Board President
North Schuylkill School District
15 Academy Lane
Ashland, Pennsylvania 17921

Dear Dr. Ackell and Mr. Hepler:

We have conducted a performance audit of the North Schuylkill School District (District) for the period July 1, 2014 through June 30, 2018, 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 Student Data
- 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 listed above.

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".

Eugene A. DePasquale
Auditor General

October 29, 2019

cc: NORTH SCHUYLKILL SCHOOL DISTRICT Board of School Directors

Table of Contents

	Page
Background Information	1
Finding	6
Status of Prior Audit Findings and Observations	7
Appendix: Audit Scope, Objectives, and Methodology	10
Appendix B: Academic Detail	13
Distribution List	17

Background Information

School Characteristics 2018-19 School Year ^A	
Counties	Schuylkill & Columbia
Total Square Miles	72
Number of School Buildings	2
Total Teachers	146
Total Full or Part-Time Support Staff	118
Total Administrators	13
Total Enrollment for Most Recent School Year	1,979
Intermediate Unit Number	29
District Vo-Tech School	Schuylkill Technology Center

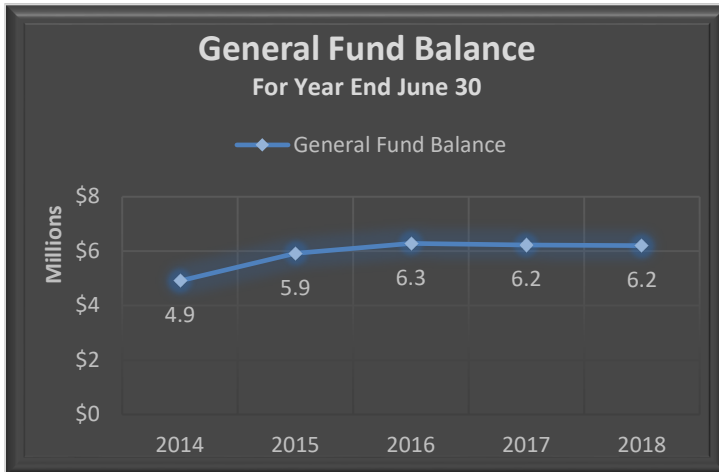
A - Source: Information provided by the District administration and is unaudited.

Mission Statement^A

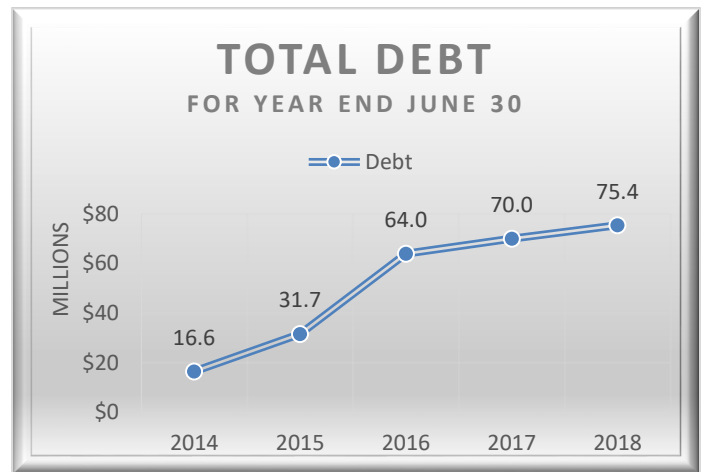
Our mission is to provide our students with opportunities designed to meet individual needs and to ensure that every child has experiences that promote growth and excellence in all academic and social development areas. Through mutual respect, our students will grow and learn in a positive atmosphere, where faculty, staff, parents and students together are enthusiastic about the learning process.

Financial Information

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

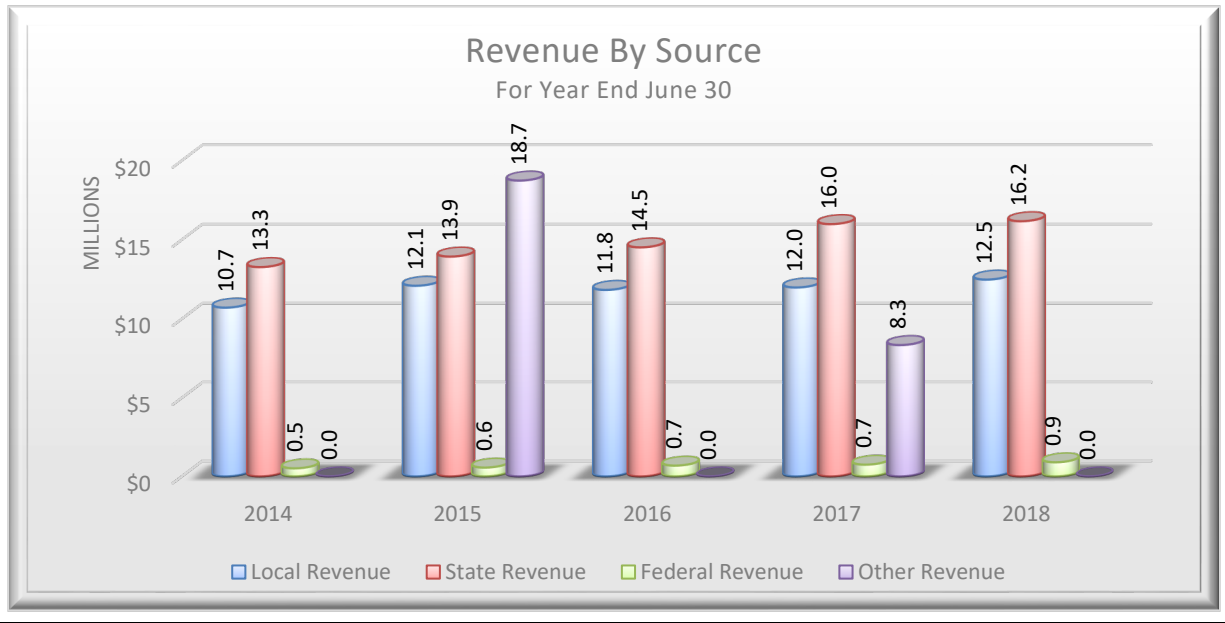
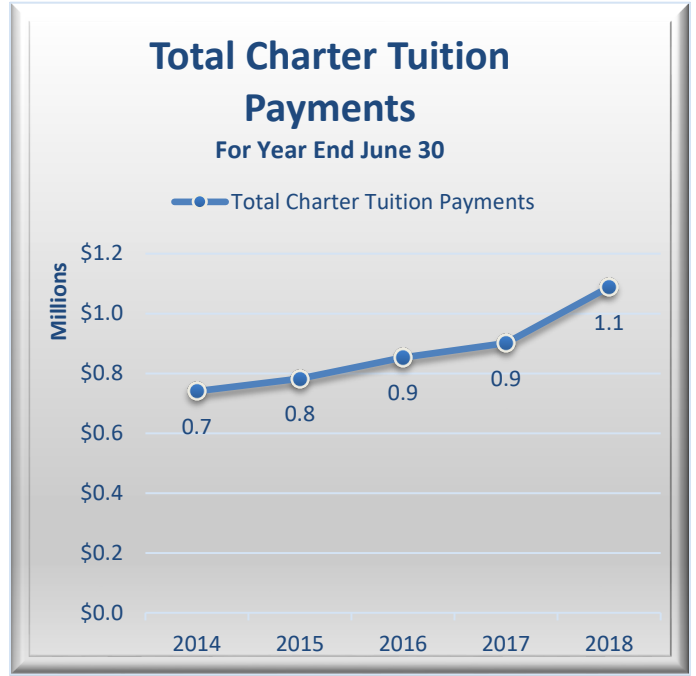
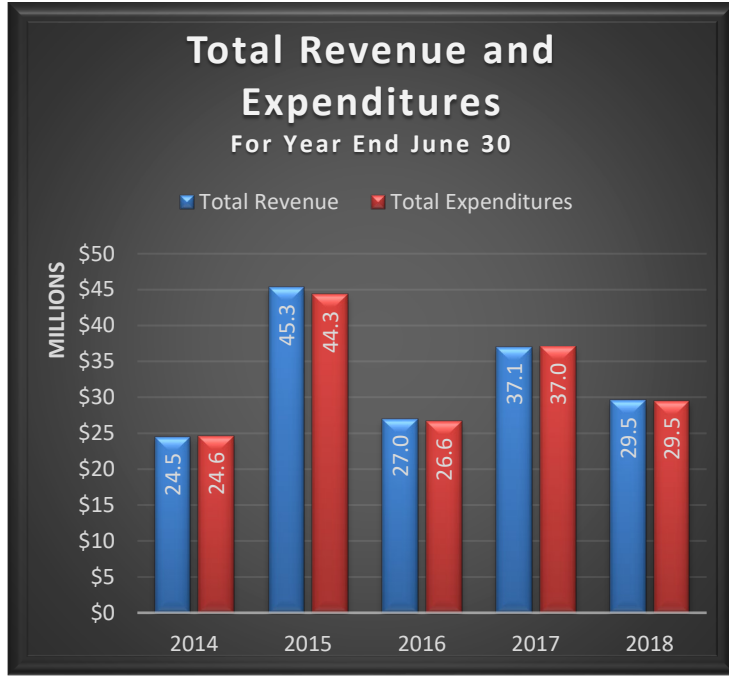


Note: General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



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

Financial Information Continued

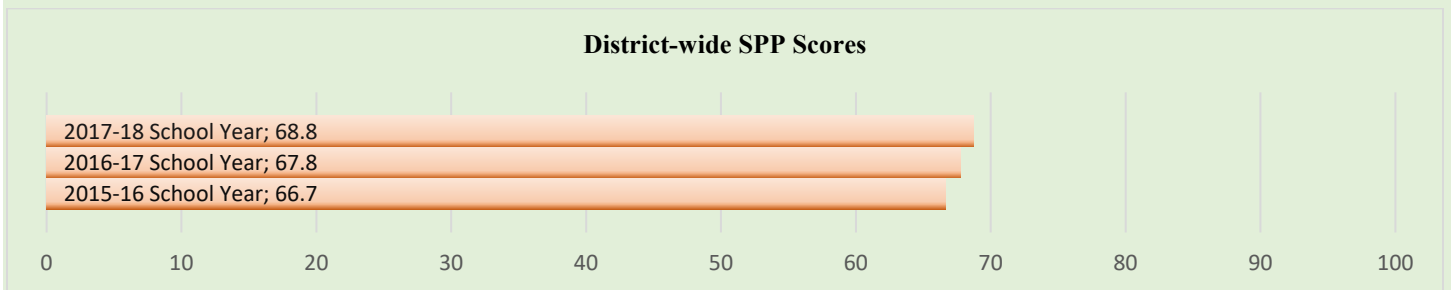


Academic Information

The graphs on the following pages present the District-wide School Performance Profile (SPP) scores, Pennsylvania System of School Assessment (PSSA) scores, Keystone Exam results, and 4-Year Cohort Graduation Rates for the District obtained from PDE's data files for the 2015-16, 2016-17, and 2017-18 school years.¹ The District's individual school building scores are presented in Appendix B. These scores are provided in this audit report for **informational purposes only**, and they were not audited by our Department. Please note that if one of the District's schools did not receive a score in a particular category and year presented below, the school will not be listed in the corresponding graph.²

What is a SPP score?

A SPP score serves as a benchmark for schools to reflect on successes, achievements, and yearly growth. PDE issues a SPP score annually using a 0-100 scale for all school buildings in the Commonwealth, which is calculated based on standardized testing (i.e., PSSA and Keystone exam scores), student improvement, advance course offerings, and attendance and graduation rates. Generally speaking, a SPP score of 70 or above is considered to be a passing rate.³



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

² 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.

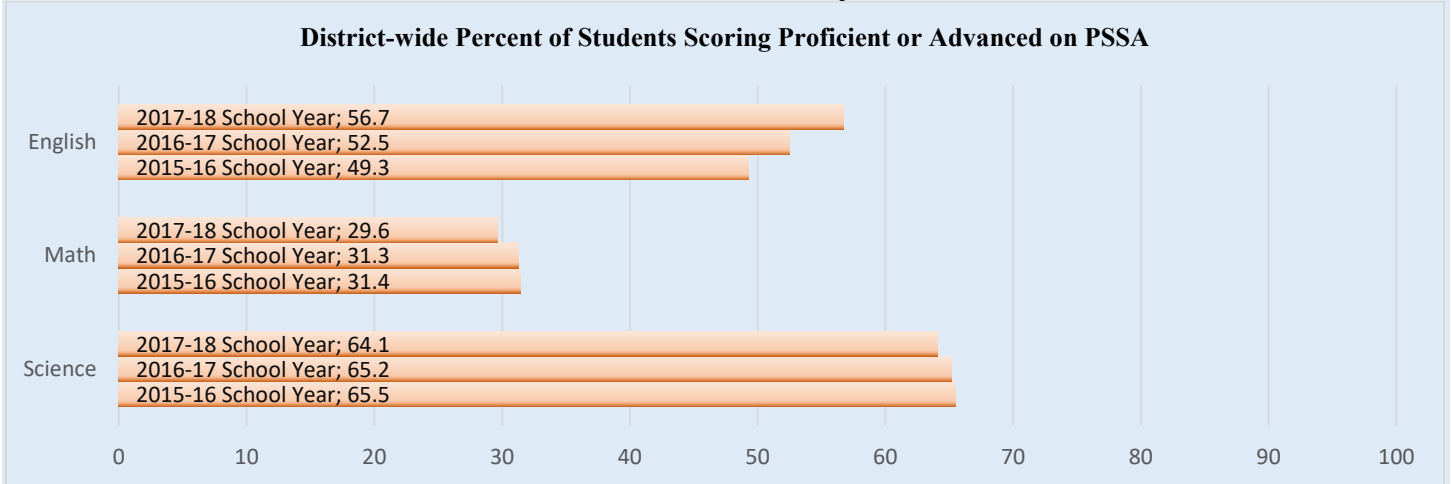
³ PDE started issuing a SPP score for all public school buildings beginning with the 2012-13 school year. For the 2014-15 school year, PDE only issued SPP scores for high schools taking the Keystone Exams as scores for elementary and middle scores were put on hold due to changes with PSSA testing. PDE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

Academic Information Continued

What is the PSSA?

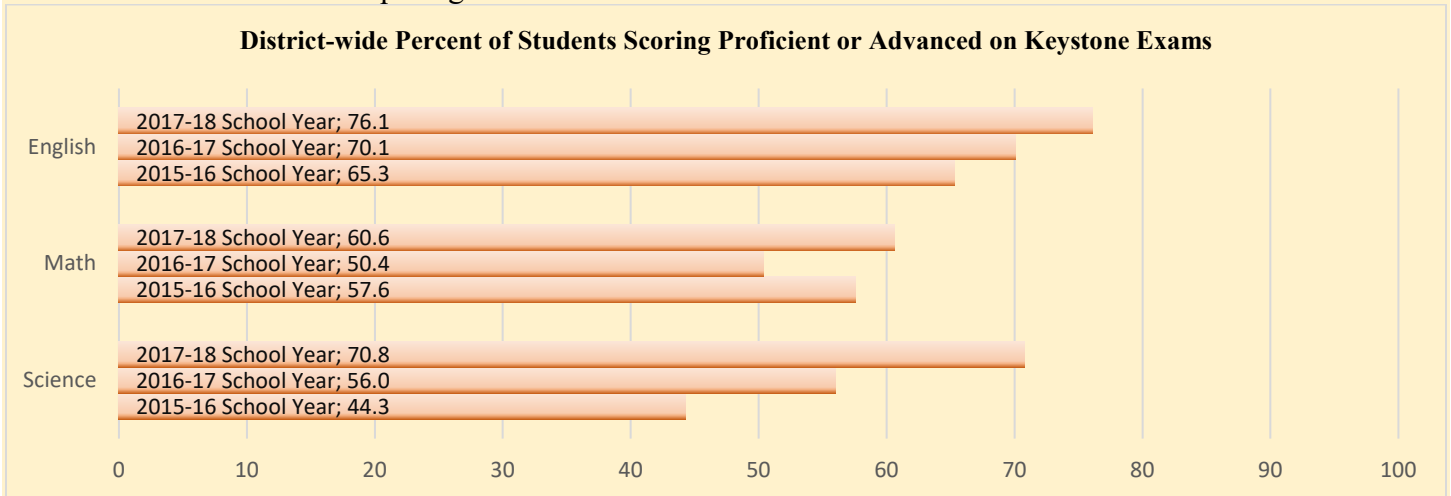
The PSSA is an annual, standardized test given across the Commonwealth to students in grades 3 through 8 in core subject areas, including English, Math and Science. The PSSAs help Pennsylvania meet federal and state requirements and inform instructional practices, as well as provide educators, stakeholders, and policymakers with important information about the state's students and schools.

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



What is the Keystone Exam?

The Keystone Exam measures student proficiency at the end of specific courses, such as Algebra I, Literature, and Biology. The Keystone Exam was intended to be a graduation requirement starting with the class of 2017, but that requirement has been put on hold until the 2020-21 school year.⁴ 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.

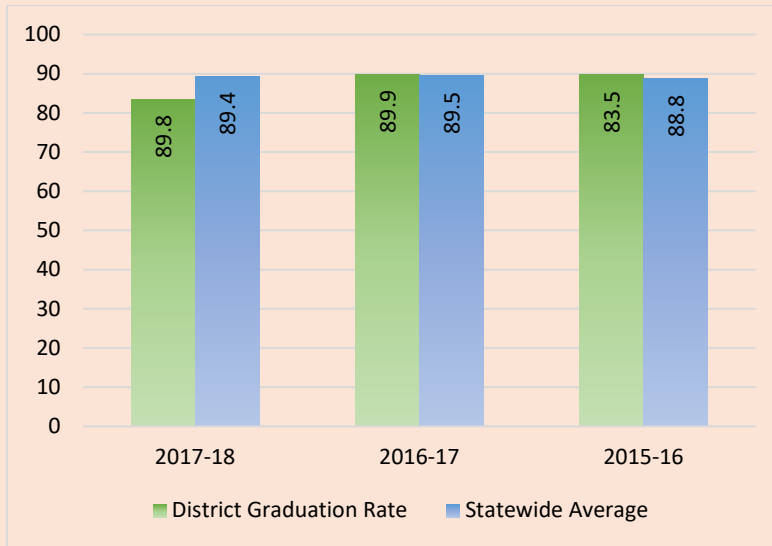


⁴ Act 39 of 2018, effective July 1, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement for an additional year until the 2020-21 school year. See 24 P.S. § 1-121(b)(1).

Academic Information Continued

What is a 4-Year Cohort Graduation Rate?

PDE collects enrollment and graduate data for all Pennsylvania public schools, which is used to calculate graduation rates. Cohort graduation rates are a calculation of the percentage of students who have graduated with a regular high school diploma within a designated number of years since the student first entered high school. The rate is determined for a cohort of students who have all entered high school for the first time during the same school year. Data specific to the 4-year cohort graduation rate is presented in the graph below.⁵



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

Finding

For the audited period, our audit of the North Schuylkill School District resulted in no findings.

Status of Prior Audit Findings and Observations

Our prior audit of the North Schuylkill School District (District) released on June 4, 2015, resulted in three findings, 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 interviewed District personnel and performed audit procedures as detailed in each status section below.

Auditor General Performance Audit Report Released on June 4, 2015

Prior Finding No. 1: Failure to Have Required Bus Driver Qualifications and a Comprehensive Board Approved List of Bus Drivers for the 2013-14 School Year on File

Prior Finding Summary: During our prior audit of the District, we found that the District did not have all of the required documents for 2 of the 39 bus drivers we reviewed. Additionally, the District failed to obtain the list of bus drivers from its transportation contractor, verify the drivers' qualifications and then obtain the Board of School Directors (Board) approval for the drivers who met the required qualifications for the 2013-14 school year.

Prior Recommendations: We recommended that the District should:

1. Establish procedures which ensures the administration obtains a list of potential drivers from its contractors, review each potential driver for required qualifications and suitability, and then require the Board to approve the list of drivers who are qualified to transport students each school year.
2. Maintain a copy of the required information for each applicant, as well as a comprehensive list of eligible bus drivers at the District for each school year.

We also recommended that the Board should:

3. Annually review and approve the list of all bus drivers, including substitute drivers, who have the required qualifications based on administration's review.

Current Status: The District implemented procedures outlined in its corrective action plan to ensure drivers have all required clearances. The District now obtains a list of potential drivers from its contractors and reviews each potential driver for required qualifications and suitability prior to Board approval. Effective August 2015, the Board began to approve the list of drivers who are qualified to transport students each school year.

Prior Finding No. 2: Ineligible Compensation Paid and Possibly Ineligible Wages Paid for Retirement

Prior Finding Summary: During our prior audit of the District, we found that a District employee was paid compensation she was not eligible to receive during a maternity leave. The compensation was subsequently reported to the Public School Employees' Retirement System (PSERS) as eligible retirement wages, which may not have been proper for the 2013-14 school year.

Prior Recommendations: We recommended that the District should:

1. Seek the advice of the District's solicitor regarding the \$9,859 payment provided to the employee for 40 days of leave.
2. If the solicitor determines that the payment was made in error then the District should recover the \$9,859 paid to the employee for leave which she was not entitled to.
3. Adhere to the Act 93 agreement and compensation language of contracts for all employees.
4. Implement procedures for reviewing all salary and employment contracts in order to ensure that only eligible service time is reported to PSERS for retirement contributions.
5. Contingent upon PSERS final determination, report to PSERS only those wages allowable for retirement purposes, as stated in the Retirement Code and the PSERS Employer's Reference Manual

We also recommended that PSERS should:

6. Review the propriety of the wages for the employee who received supplemental and service time reimbursements and make any necessary adjustments.

Current Status: According to District officials, the Solicitor advised the District to not recover the leave payment as he, management, and the Board believed the employee received the correct compensation. In September 2015, the Board amended the minutes to more clearly reflect the intent of the Board and allow for the payment in question. PSERS reviewed the propriety of the wages for the former employee. On September 2, 2015, PSERS determined the wages were not eligible PSERS contributions and adjusted the member's account. Following the Pennsylvania Department of Education's ruling, District personnel stated they would not make like payments in the future.

Prior Finding No. 3: Lack of Board Action on Required Items

Prior Finding Summary: During our prior audit of the District, we found the administration failed to include several items on the Board’s agenda for approval as required by the Public School Code (PSC).

Prior Recommendations: We recommended that the District should:

1. Review monthly board meeting agendas to ensure all items that require Board approval are included on the agenda. These required items are detailed in Chapter 23 of the State Board of Education Regulations and PSC Sections 508 and 687.

We also recommended that the Board should:

2. Familiarize themselves with Chapter 23 of the State Board of Education Regulations and PSC Sections 508 and 687 regarding the list of items that require Board approval and ensure those items are voted upon and the actions are documented in official board meeting minutes.

Current Status: Our current review of board meeting minutes and meeting agendas showed the Superintendent now completes a final review of each meeting agenda before distribution to the Board to ensure all items are Board approved in accordance with Chapter 23 of the State Board of Education Regulations and PSC Sections 508 and 687.

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,⁶ 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, 2014 through June 30, 2018. In addition, the scope of each individual audit objective is detailed on the next page.

The North Schuylkill 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).⁷ In conducting our audit, we obtained an understanding of the District's internal controls, including any information technology controls, if applicable, that we considered 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.

⁶ 72 P.S. §§ 402 and 403.

⁷ 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, 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, 2014 through June 30, 2018. 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 Student Data
- ❖ 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?⁸
 - ✓ To address this objective, we randomly selected 10 of the 41 vehicles reported to PDE for the 2015-16 school year and randomly selected 10 of the 42 vehicles reported to PDE for the 2016-17 school year.⁹ For the vehicles selected, we obtained odometer readings to verify the accuracy of miles with and without students reported to PDE. We also obtained vehicle rosters to ensure that the number of students reported to PDE was accurate. Additionally, we obtained district calendars and vehicle invoices to ensure that the number of days vehicles were used to transport students was accurately reported to PDE. 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?¹⁰
 - ✓ To address this objective, we reviewed all 10 of the nonresident students reported by the District to PDE during the 2014-15 school year and all 8 of the nonresident students reported by the District to PDE during 2015-16 school year. We obtained documentation to verify that the custodial parent and or guardian was not a resident of the District and the foster parent received a stipend for caring for the student. The student listings were compared to the total days reported on the Membership Summary and Instructional Time and Membership Report to ensure that the District received correct reimbursement for these students. Our review of this objective did not disclose any reportable issues.

⁸ See 24 P.S. §§ 13-1301, 13-1302, 13-1305, 13-1306; 22 Pa. Code Chapter 11.

⁹ 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.

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

- Did the District ensure that bus drivers transporting District students had the required driver’s license, physical exam, training, background checks, and clearances¹¹ as outlined in applicable laws?¹² 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 55 bus drivers transporting District students as of July 1, 2019.¹³ 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?¹⁴
 - ✓ To address this objective, we reviewed a variety of documentation including, safety plans, training schedules, anti-bullying policies, fire drills documentation, and after action reports. Due to the sensitive nature of school safety, the results of our review of this objective area are not described in our audit report. The results of our review of school safety are shared with District officials, PDE, and other appropriate agencies deemed necessary.

¹¹ Auditors reviewed the required state, federal and child abuse background clearances that the District obtained from the most reliable sources available, including the FBI, the Pennsylvania State Police and the Department of Human Services. However, due to the sensitive and confidential nature of this information, we were unable to assess the reliability or completeness of these third-party databases.

¹² 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*.

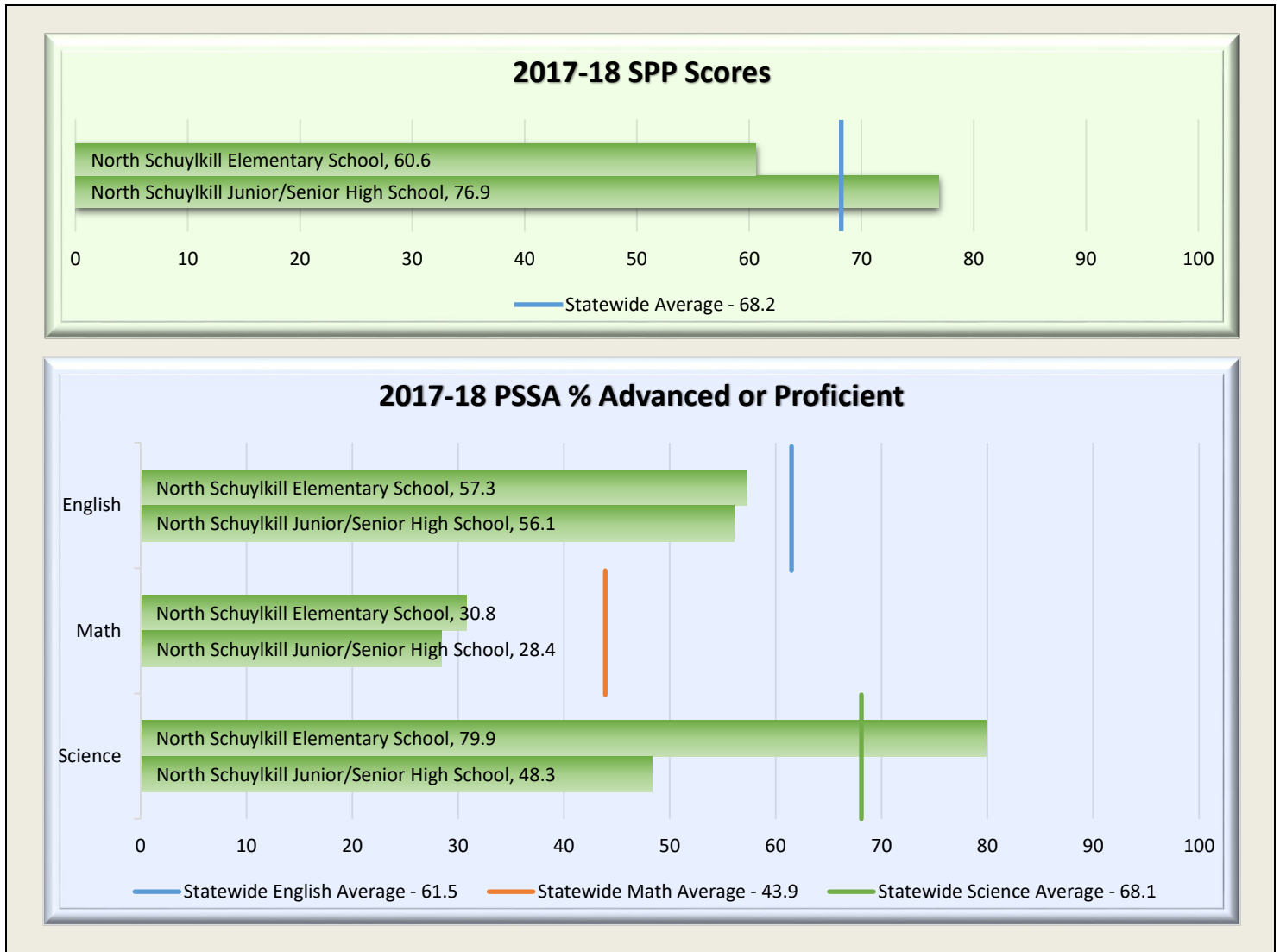
¹³ While representative selection is a required factor of audit sampling methodologies, audit sampling methodology was not applied to achieve this test objective, accordingly, the results of this audit procedure are not, and should not be, projected to the population.

¹⁴ 24 P.S. § 13-1301-A *et seq.*

Appendix B: Academic Detail

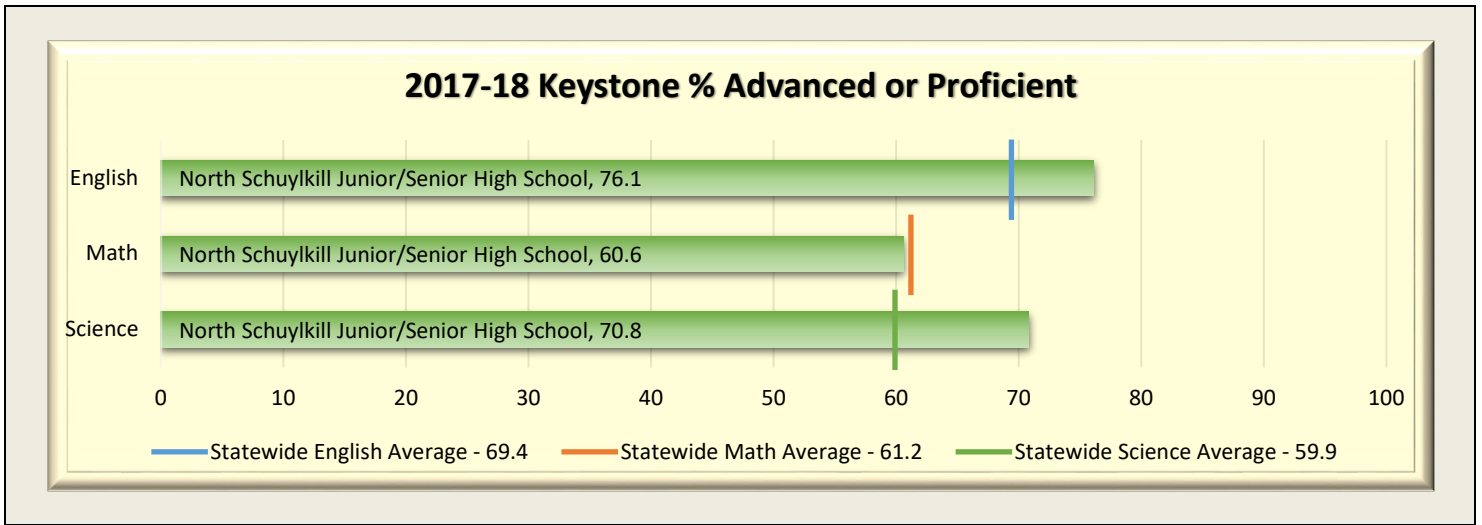
Benchmarks noted in the following graphs represent the statewide average of all public school buildings in the Commonwealth that received a score in the category and year noted.¹⁵

2017-18 Academic Data School Scores Compared to Statewide Averages



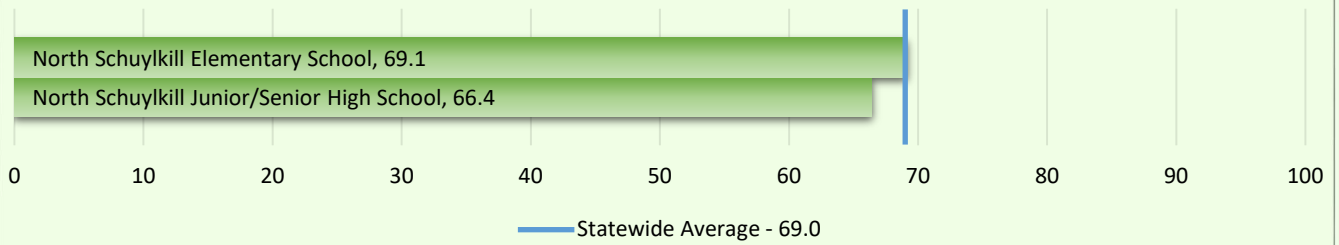
¹⁵ Statewide averages were calculated by our Department based on individual school building scores for all public schools in the Commonwealth, including district schools, charters schools, and cyber charter schools.

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

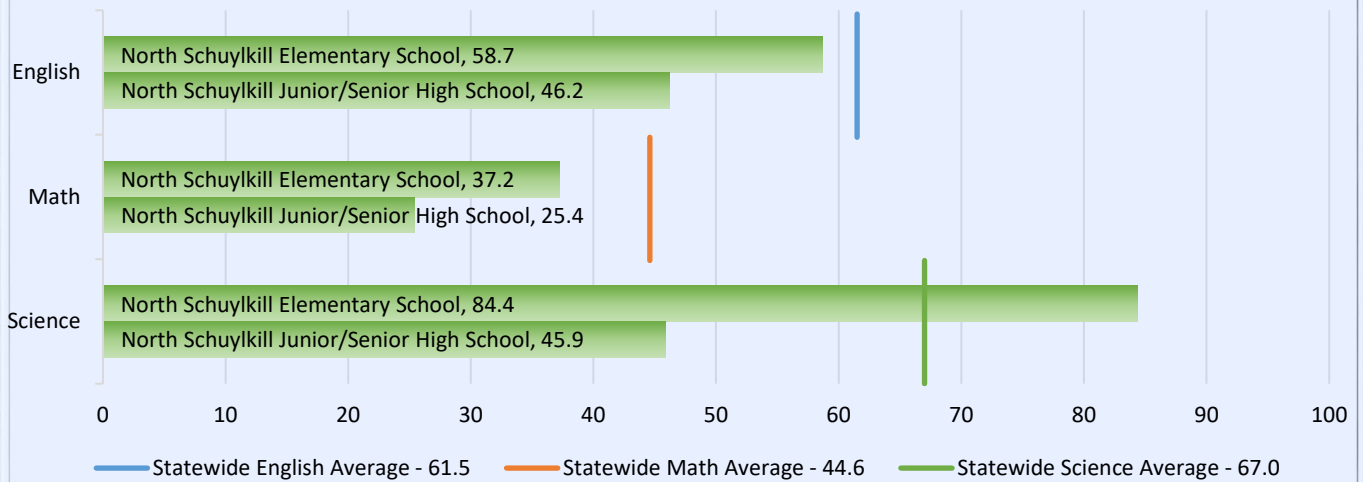


2016-17 Academic Data
School Scores Compared to Statewide Averages

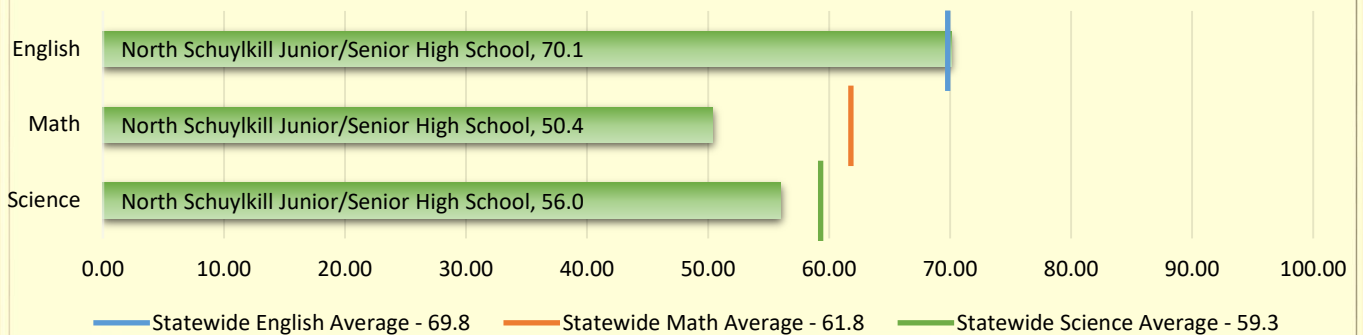
2016-17 SPP Scores



2016-17 PSSA % Advanced or Proficient

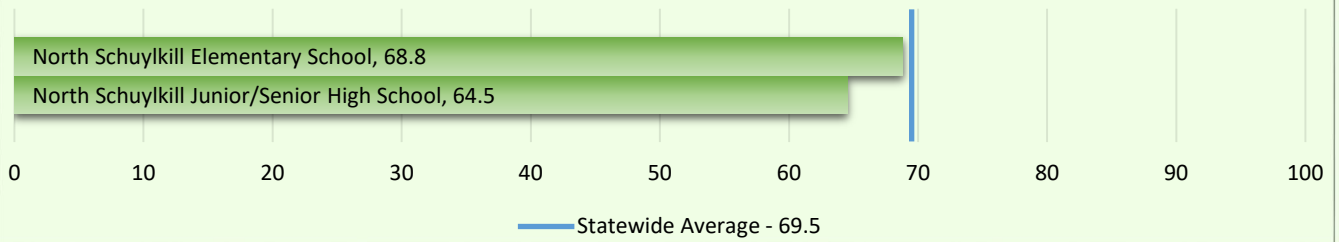


2016-17 Keystone % Advanced or Proficient

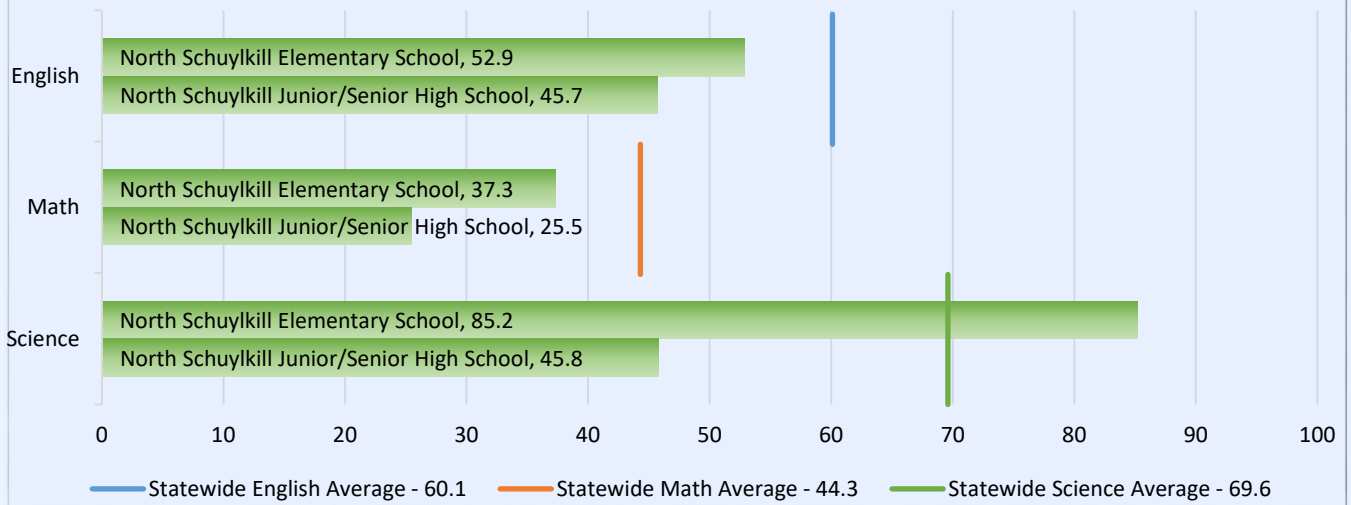


2015-16 Academic Data
School Scores Compared to Statewide Averages

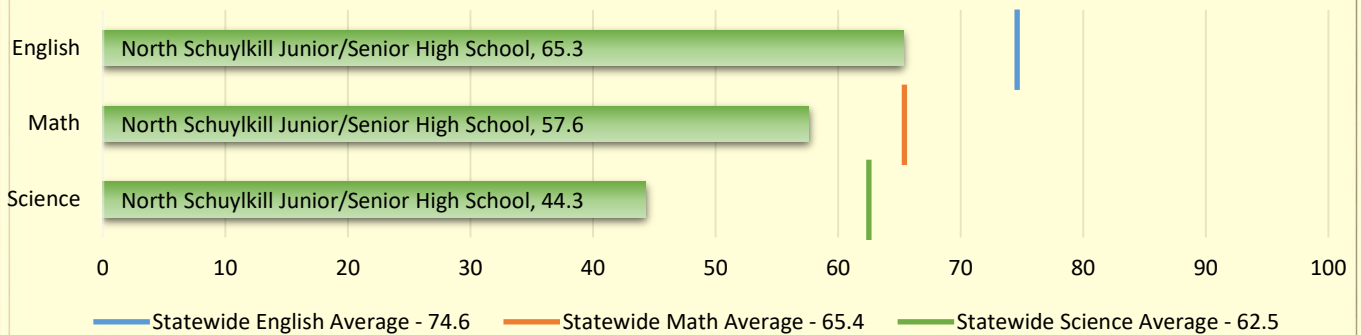
2015-16 SPP Scores



2015-16 PSSA % Advanced or Proficient



2015-16 Keystone % Advanced or Proficient



Distribution List

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

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Harrisburg, PA 17120

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