

# PERFORMANCE AUDIT

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## Penns Manor Area School District Indiana County, Pennsylvania

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September 2019



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE  
AUDITOR GENERAL

Mr. Daren K. Johnston, Superintendent  
Penns Manor Area School District  
6003 Route 553 Highway  
Clymer, Pennsylvania 15728

Mr. Robert Packer, Board President  
Penns Manor Area School District  
6003 Route 553 Highway  
Clymer, Pennsylvania 15728

Dear Mr. Johnston and Mr. Packer:

We have conducted a performance audit of the Penns Manor Area 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:

- Nonresident Student Data
- Bus Driver Requirements

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.

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.

Our audit found that the District performed adequately in the bulleted areas listed above.

Mr. Daren K. Johnston  
Mr. Robert Packer  
Page 2

We appreciate the District's cooperation during the course of the audit.

Sincerely,

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Eugene A. DePasquale  
Auditor General

September 17, 2019

cc: **PENNS MANOR AREA SCHOOL DISTRICT** Board of School Directors

## Table of Contents

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	Page
Background Information .....	1
Finding .....	9
Status of Prior Audit Findings and Observations .....	10
Appendix: Audit Scope, Objectives, and Methodology .....	14
Distribution List .....	17

## Background Information

School Characteristics 2017-18 School Year <sup>A</sup>	
County	Indiana
Total Square Miles	86
Number of School Buildings	2
Total Teachers	69
Total Full or Part-Time Support Staff	45
Total Administrators	7
Total Enrollment for Most Recent School Year	799
Intermediate Unit Number	28
District Vo-Tech School	Indiana County CTC

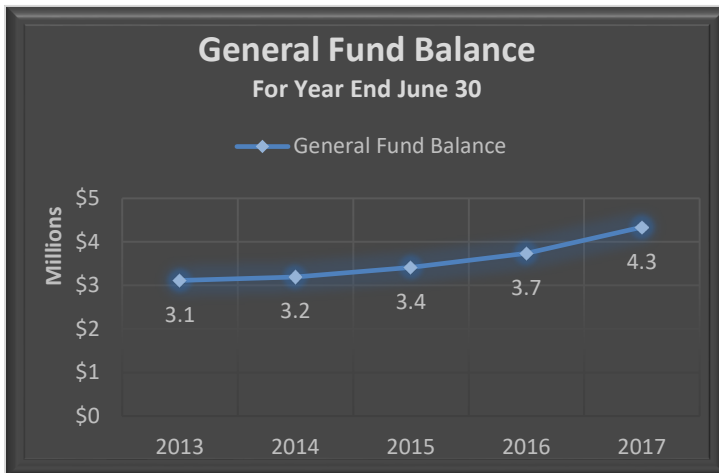
A - Source: Information provided by the District administration and is unaudited.

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

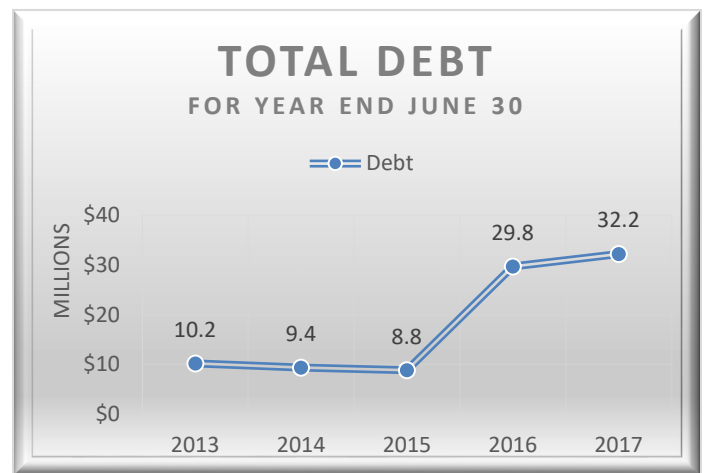
The Penns Manor Area School Community will empower each student to discover their life purpose and to achieve success.

## Financial Information

The following pages contain financial information about the Penns Manor Area 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**.

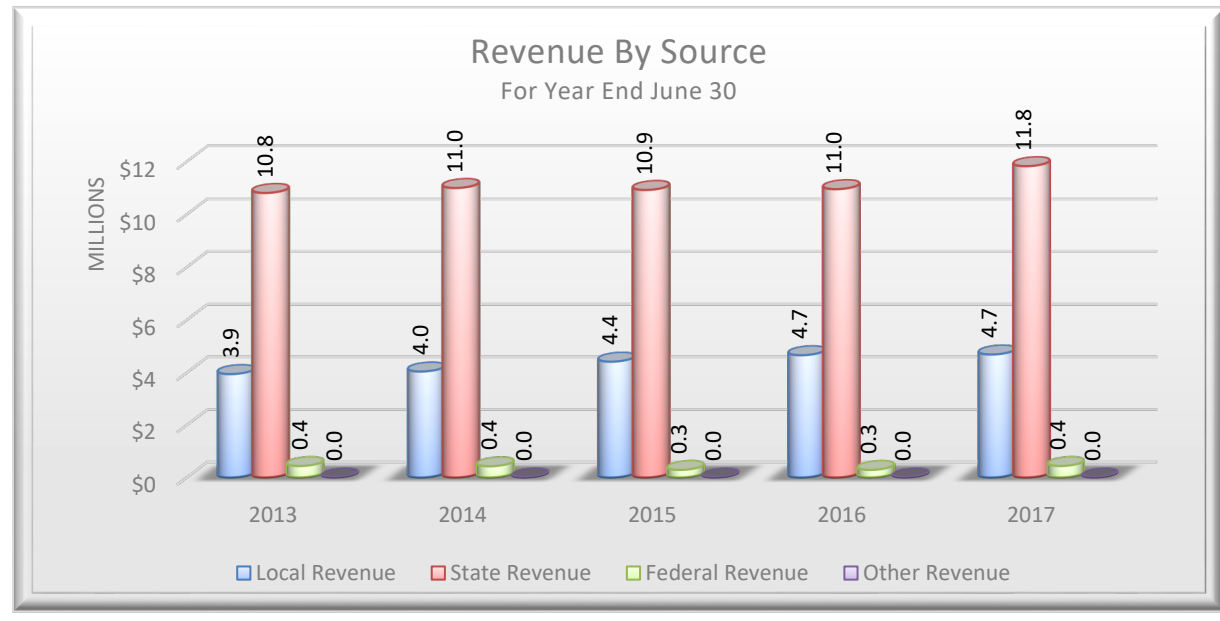
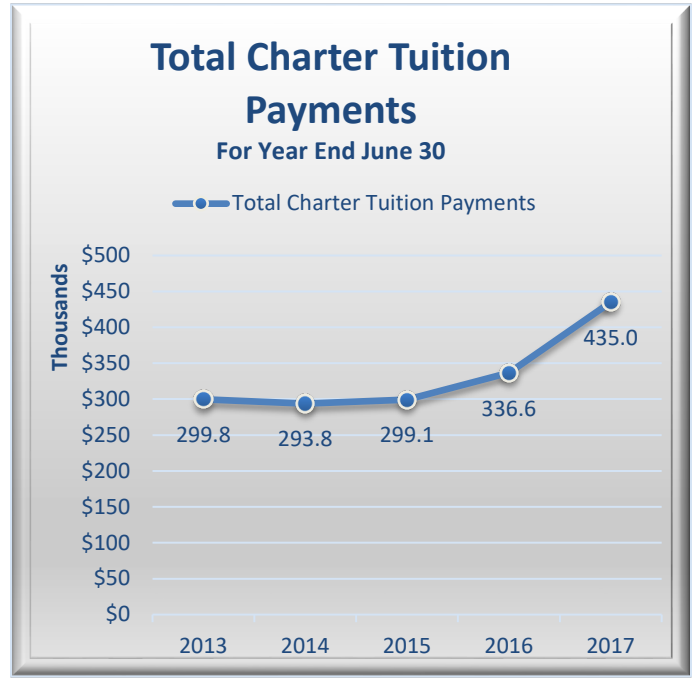
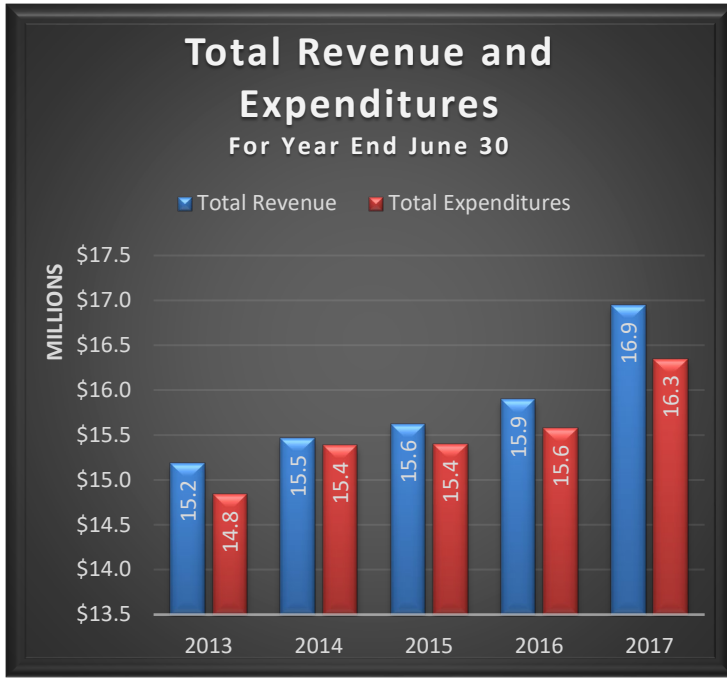


**Note:** General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



**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, 2015-16 and 2016-17 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 graph.<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 schools 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 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.<sup>5</sup> 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.

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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 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.

<sup>5</sup> 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.<sup>6</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 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>7</sup>

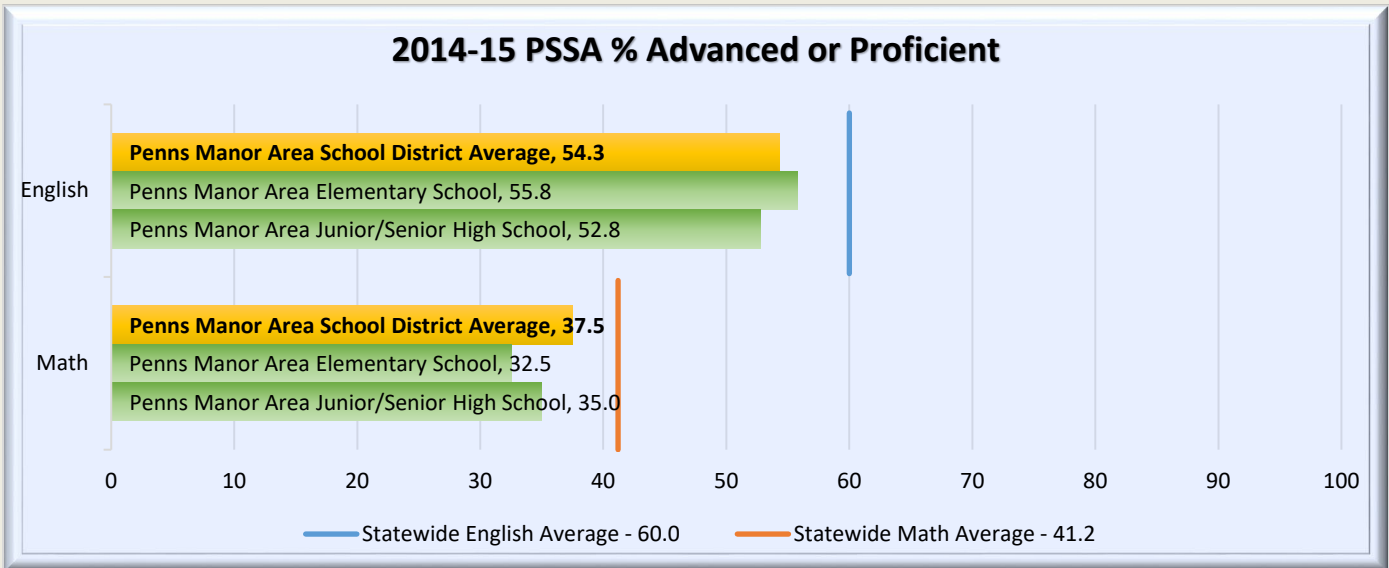
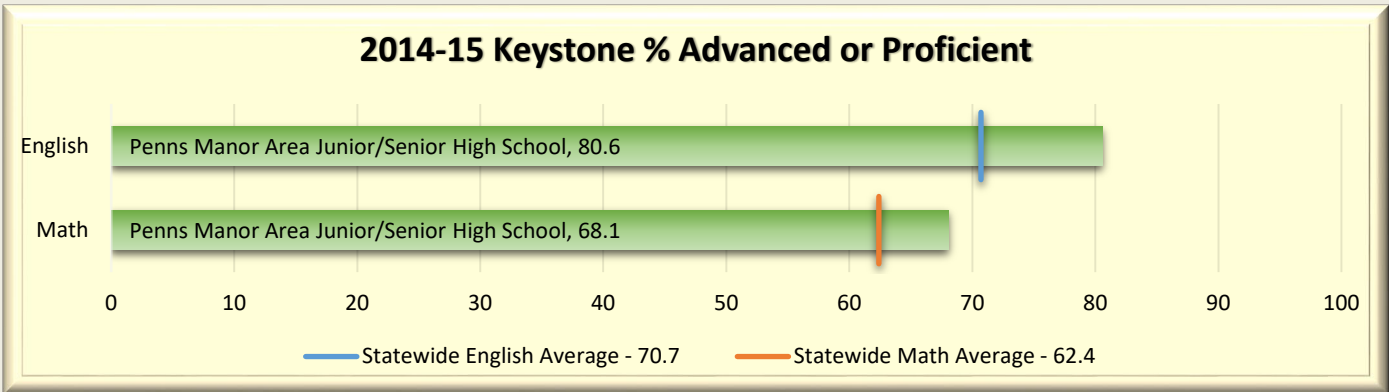
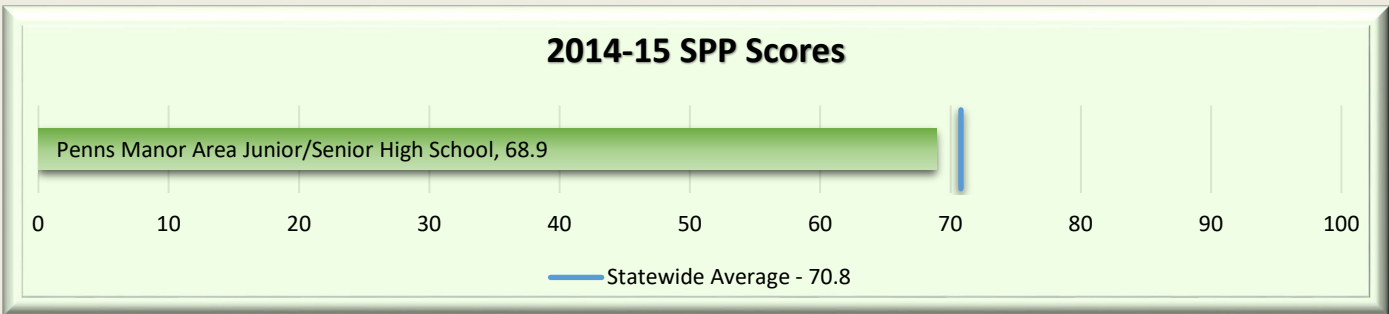
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<sup>6</sup> PDE has determined that PSSA scores issued beginning with the 2014-15 school year and after are not comparable to prior years due to restructuring of the exam.

<sup>7</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>.

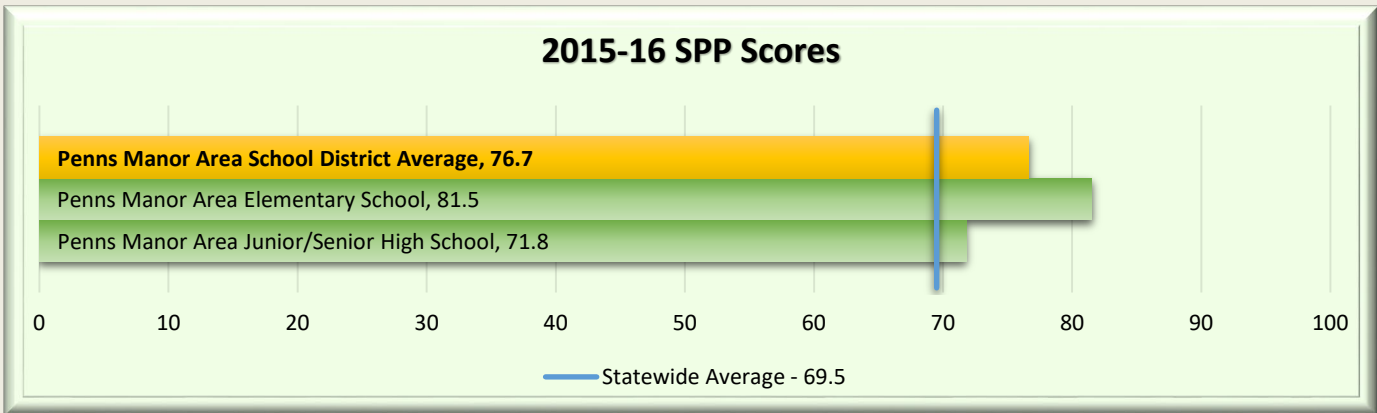


**2014-15 Academic Data**  
**School Scores Compared to Statewide Averages**

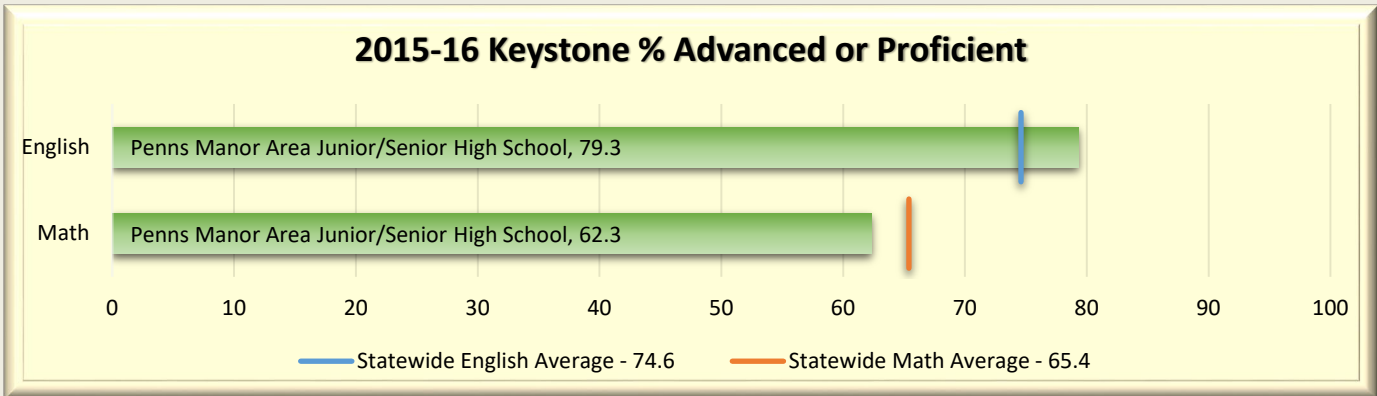


**2015-16 Academic Data**  
**School Scores Compared to Statewide Averages**

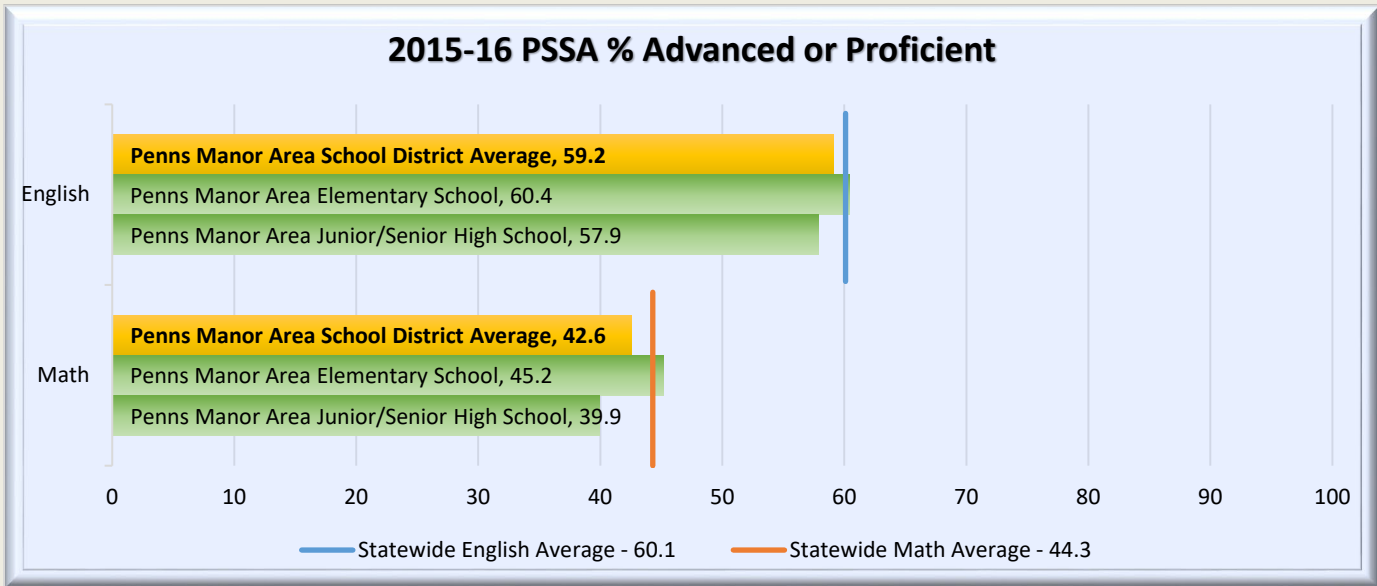
**2015-16 SPP Scores**



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

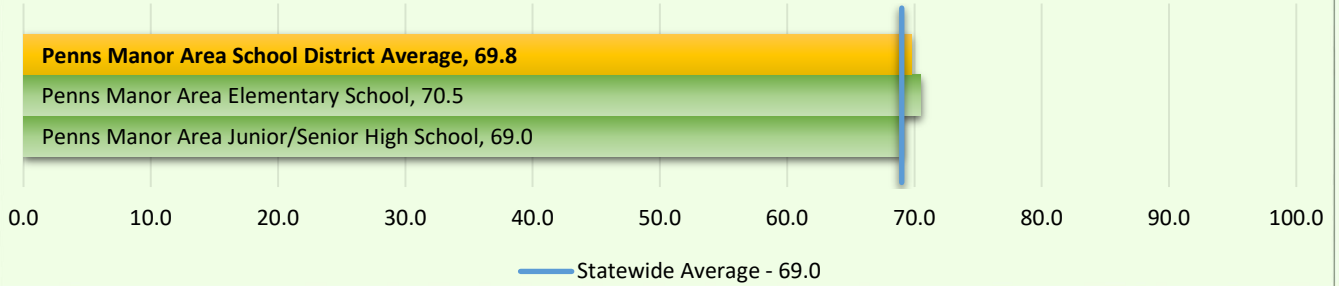


**2015-16 PSSA % Advanced or Proficient**

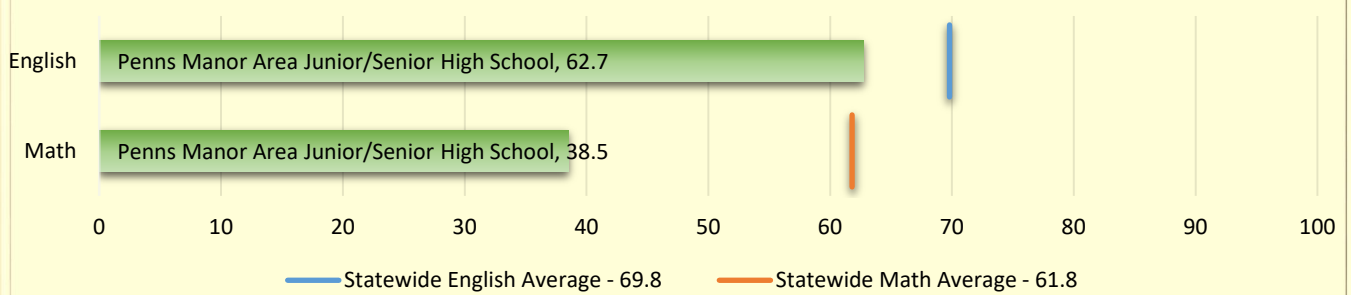


**2016-17 Academic Data**  
**School Scores Compared to Statewide Averages**

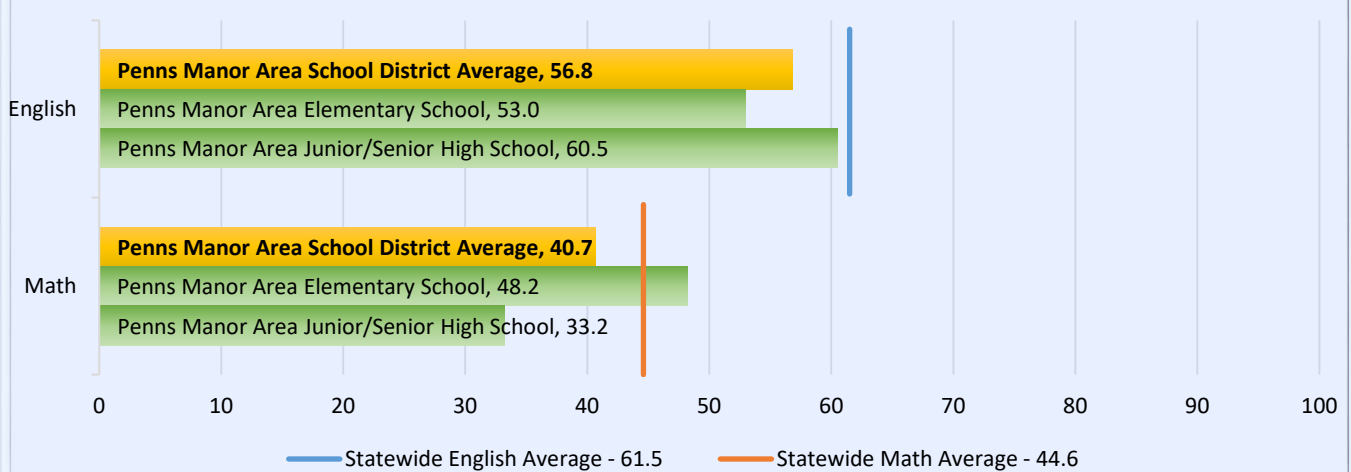
**2016-17 SPP Scores**



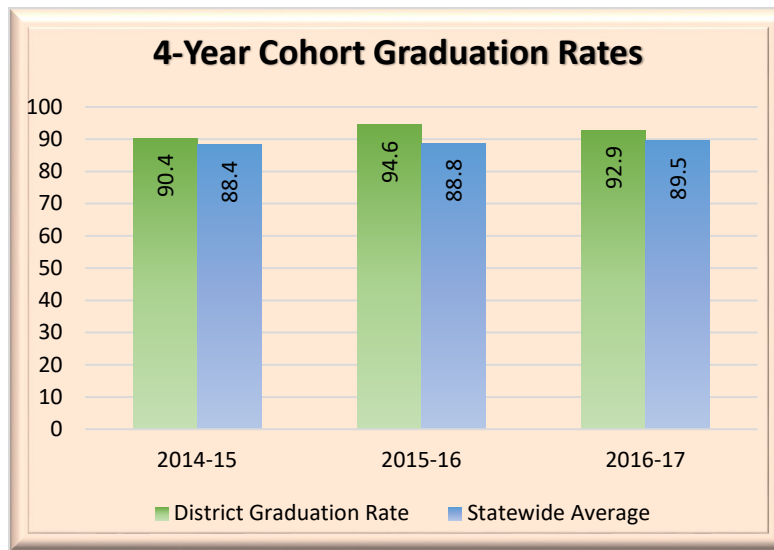
**2016-17 Keystone % Advanced or Proficient**



**2016-17 PSSA % Advanced or Proficient**



**Graduation Data**  
**District Graduation Rates Compared to Statewide Averages**



## **Finding**

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**F**or the audited period, our audit of the Penns Manor Area School District resulted in no findings.

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

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Our prior audit of the Penns Manor Area School District (District) released on July 8, 2015, resulted in four 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 July 8, 2015**

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**Prior Finding No. 1: Error in Reporting Pupil Membership Resulted in an Overpayment of \$11,607**

Prior Finding Summary: Our prior audit of the District found pupil membership reports submitted to the Pennsylvania Department of Education (PDE) for the 2011-12 school year were inaccurate. District personnel incorrectly reported one resident student for 177 days as a nonresident foster child instead of a resident student.

Prior Recommendations: We recommended that the District should:

1. Provide District personnel who are responsible for the submission of child accounting data into PDE with appropriate training on the residency classifications per PDE instructions.
2. Perform an internal review of all pupil membership reports and supporting documentation before submission to PDE.
3. Review subsequent school year's membership reports for accuracy and resubmit if necessary.

We also recommended that PDE should:

4. Adjust the District's future allocations to correct the overpayment of \$11,607.

Current Status: The District implemented our prior audit recommendations. Specifically, the District has provided trainings to all personnel involved in the child accounting process. The District has also implemented secondary review procedures which require a review of data prior to final submission of data to PDE. Additionally, PDE adjusted the District's subsidy payment recovering the \$11,607 overpayment cited in our prior audit.

**Prior Finding No. 2: Errors in Pupil Transportation Reports Resulted in a Net Underpayment of \$12,253**

Prior Finding Summary: Our prior audit of the District’s pupil transportation records and reports submitted to PDE for the 2010-11 and 2011-12 school years found reporting errors and lack of documentation supporting pupil counts. The reporting errors were the result of the District failing to have appropriate internal review procedures in place to ensure that transportation information provided by the contractor was accurate.

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 were accurately recorded and reported to PDE.
2. Perform a review of subsequent years’ data to ensure supporting documentation was prepared and ensure accurate data was reported and resubmitted, if necessary, to PDE.

We also recommended that PDE should:

3. Adjust the District’s future allocations to correct the net underpayment of \$12,253.

Current Status: The District has implemented our prior audit recommendations. The District has established an internal review process in which all transportation data is reviewed for accuracy prior to submission to PDE. Additionally, PDE made the subsidy adjustment correcting the underpayment of \$12,253 cited in our prior audit.

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**Prior Finding No. 3: The District’s Administration Failed to Obtain Board Approval for Three Contracts with Outside Education Agencies Totaling \$384,675**

Prior Finding Summary: Our prior audit of the District found the District’s administration violated the Public School Code, and its own policy, by failing to ensure that the Board of School Directors (Board) approved three contracts with outside education agencies

Prior Recommendations: We recommended that the District should:

1. Require that a contract or written agreement be approved by an affirmative vote of the Board and executed prior to engaging in any business with outside vendors.
2. Ensure that any contract entered into is reviewed by the District's solicitor.
3. Prepare written administrative procedures that describe the process that the District follows in order to ensure it complies with the law and the District's contracting policy.

We also recommended that PDE should:

4. Ensure that all service contracts had adequate explanations of the process the District will use to monitor the vendor's performance.

Current Status: The District implemented our prior audit recommendations. All District contracts are now subject to public board approval and solicitor review. The District did develop administrative procedures relating to contracting; however, these procedures were not implemented until June 10, 2019.

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**Prior Finding No. 4: The Board of School Directors Failed to Regularly Update and Review Its Policies and the Administration Lacked Written Administrative Procedures**

Prior Finding Summary: Our prior audit of the District found the Board failed to review and update its policies regularly.

Prior Recommendations: We recommended that:

1. The Board and the Administration should receive additional training regarding best practices in developing, adopting, and tracking board policy.
2. The Board should adopt a policy for regularly updating and revising its existing policies. This policy should have indicated that the District's solicitor must review all policies.
3. The Board and the Administration should review all of the District's Board updated policies to ensure that they are in alignment with District goals, priorities, resources, and practices. The Board should consider establishing a standing policy committee to perform this task.



4. The Board and the Administration should develop a process for recording the date when a policy is adopted and when it next needs to be reviewed and revised. Then a staff member should be assigned to monitor this information on an ongoing basis.
5. The Board should require the Superintendent to provide it with administrative procedures that indicate appropriate implementation of key board policies in areas such as budget and finance, curriculum, and community engagement.

Current Status:

The District implemented our prior audit recommendations and now regularly reviews and updates its policies. Specifically, we found that the District has contracted with the Pennsylvania School Boards Association for policy updates. We also found the District's Superintendent is tasked with routinely reviewing District policies and that procedures have been enacted to ensure that the policy updates are properly and timely adopted and implemented.

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

Our audit, conducted under authority of Sections 402 and 403 of The Fiscal Code,<sup>8</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, 2014 through June 30, 2018. In addition, the scope of each individual audit objective is detailed on the next page.

The Penns Manor 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).<sup>9</sup> 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.

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<sup>8</sup> 72 P.S. §§ 402 and 403.

<sup>9</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, 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:

- ✓ 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 accurately report nonresident students to PDE? Did the District receive the correct reimbursement for these nonresident students?<sup>10</sup>
  - To address this objective, we reviewed all three nonresident students reported by the District to PDE for the 2014-15 and 2015-16 school years. We obtained documentation to verify that the custodial parent 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 compensation for these students. 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<sup>11</sup> as outlined in applicable laws?<sup>12</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?

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

<sup>11</sup> 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.

<sup>12</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.

- To address this objective, we randomly selected 12 of the 124 bus drivers transporting District students as of June 14, 2019.<sup>13</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 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>14</sup>
  - To address this objective, we reviewed a variety of documentation including, safety plans, training schedules, anti-bullying policies, fire drills, 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.

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<sup>13</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>14</sup> 24 P.S. § 13-1301-A *et seq.*

## **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  
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  
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**Dr. David Wazeter**

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**Mr. Nathan Mains**

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

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