

LIMITED PROCEDURES ENGAGEMENT

Pennsbury School District
Bucks County, Pennsylvania

February 2019



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, PA 17120-0018
Facebook: Pennsylvania Auditor General
Twitter: @PAAuditorGen
www.PaAuditor.gov

EUGENE A. DePASQUALE
AUDITOR GENERAL

Dr. William J. Gretzula, Superintendent
Pennsbury School District
134 Yardley Avenue
Fallsington, Pennsylvania 19058

Mr. T.R. Kannan, Board President
Pennsbury School District
134 Yardley Avenue
Fallsington, Pennsylvania 19058

Dear Dr. Gretzula and Mr. Kannan:

We conducted a Limited Procedures Engagement (LPE) of the Pennsbury School District (District) to determine its compliance with certain relevant state laws, regulations, policies, and administrative procedures (relevant requirements). The LPE covers the period July 1, 2013 through June 30, 2017, except for any areas of compliance that may have required an alternative to this period. The engagement was conducted pursuant to authority derived from Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania and the Fiscal Code, 72 P.S. §§ 402 and 403, but was not conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

As we conducted our LPE procedures, we sought to determine answers to the following questions, which serve as our LPE objectives:

- Did the District have documented board policies and administrative procedures related to the following?
 - Internal Controls
 - Transportation Operations
 - Administrator Separations
- Were the policies and procedures adequate and appropriate, and have they been properly implemented?

Dr. William J. Gretzula

Mr. T.R. Kannan

Page 2

- Did the District correctly calculate and report transportation data to the Pennsylvania Department of Education (PDE), and did the District receive the correct amount of transportation reimbursement? (24 P.S. §§ 13-1301, -1302, -1305, -1306; 22 Pa. Code Chap. 11)
- 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 and Public School Employees' Retirement System guidelines? (24 P.S. § 10-1073(e)(2)(v))

Our engagement found that the District properly implemented policies and procedures for the areas mentioned above and complied, in all significant respects, with relevant requirements except as detailed in the finding in this report.

We also evaluated the application of best practices in the area of school safety. Due to the sensitive nature of this issue and the need for the results of this review to be confidential, we did not include the results in this report. However, we communicated the results of our review of school safety to District officials, the PDE, and other appropriate officials as deemed necessary.

The finding and our related recommendations have been discussed with the District's management, and their responses are included in the finding section of this letter. We believe the implementation of our recommendations will improve the District's operations and facilitate compliance with legal, administrative requirements, and best practices. We appreciate the District's cooperation during the conduct of the engagement.

Sincerely,



Eugene A. DePasquale
Auditor General

February 12, 2019

cc: **PENNSBURY SCHOOL DISTRICT** Board of School Directors

Table of Contents

	Page
Background Information	1
Finding	12
Finding – The District Inaccurately Reported the Number of Nonpublic and Charter School Students Transported Resulting in an Overpayment of \$43,920	12
Status of Prior Audit Findings and Observations	16
Distribution List	17

Background Information

School Characteristics 2018-19 School Year ^A	
County	Bucks
Total Square Miles	42.3
Number of School Buildings	15 ¹
Total Teachers	859
Total Full or Part-Time Support Staff	671
Total Administrators	46
Total Enrollment for Most Recent School Year	10,312
Intermediate Unit Number	22
District Vo-Tech School	Bucks County Technical High School

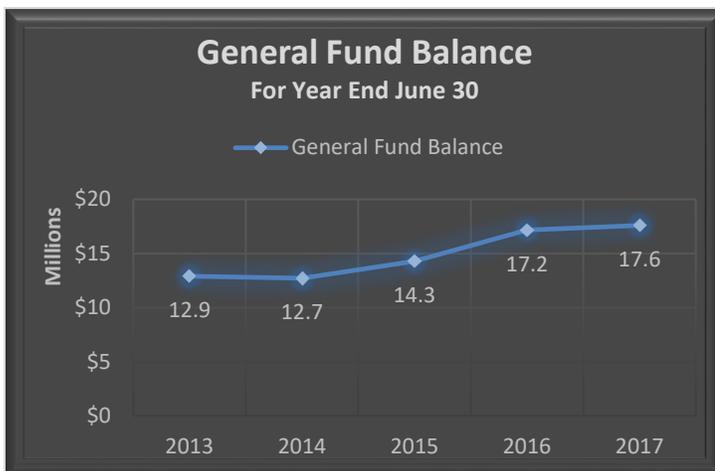
A - Source: Information provided by the District administration and is unaudited.

Mission Statement^A

Recognizing our proud traditions and diverse community, the Pennsbury School District prepares all students to become creative, ethical, and critical thinkers for lifelong success in a global society.

Financial Information

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



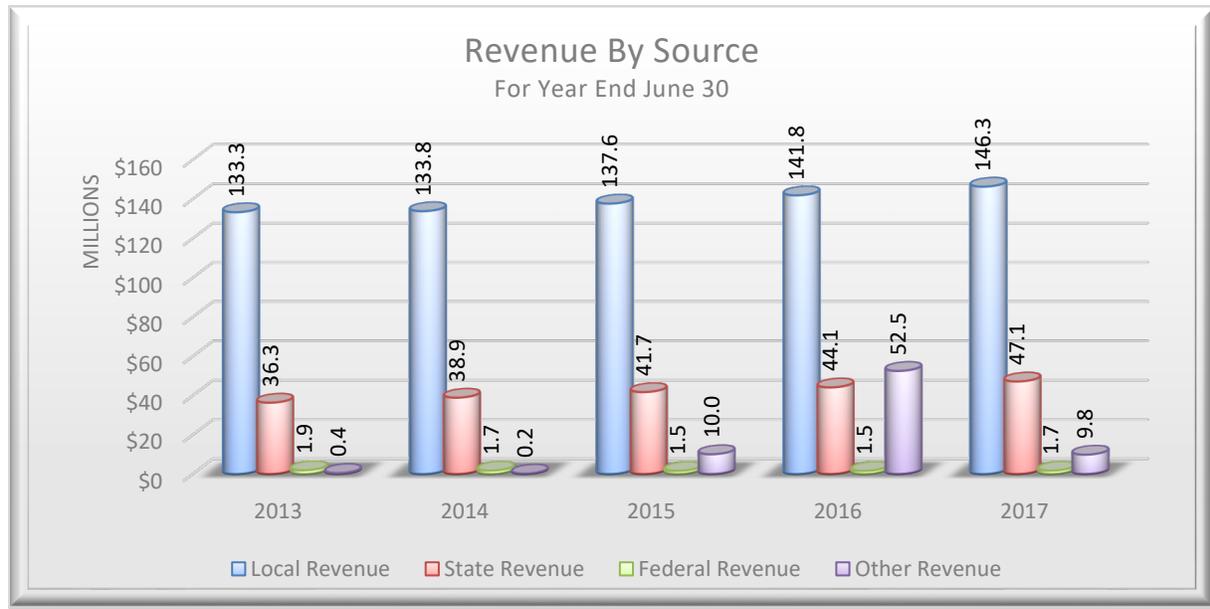
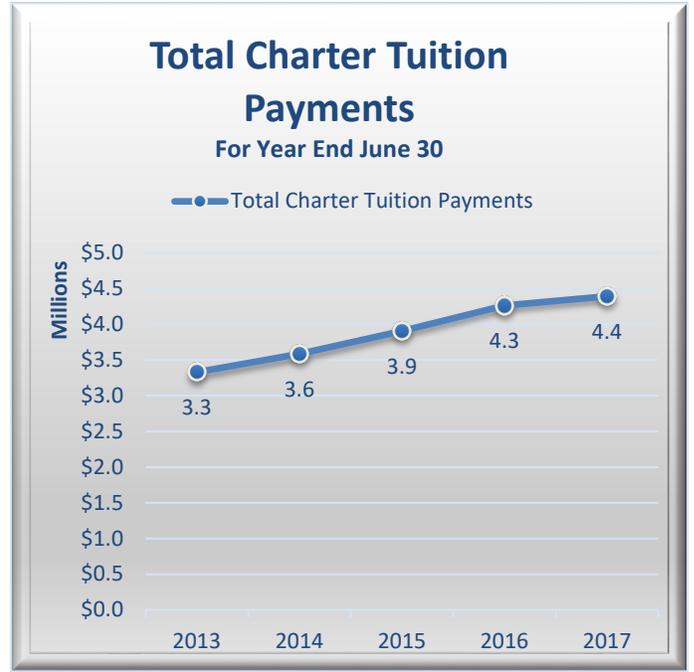
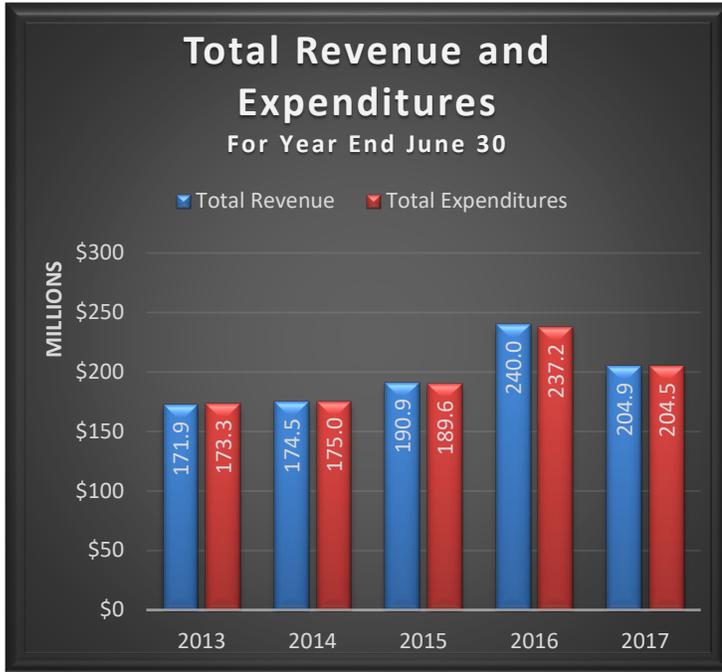
Note: General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



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

¹ Village Park Academy is not included in the academic information section of this report due to the fact that it opened during the 2018-19 school year.

Financial Information Continued



Academic Information

The graphs on the following pages present School Performance Profile (SPP) scores, Pennsylvania System of School Assessment (PSSA) scores, Keystone Exam results, and 4-Year Cohort Graduation Rates for the District obtained from the PDE's data files for the 2014-15, 2015-16 and 2016-17 school years.² These scores are provided in the District's audit report for **informational purposes only**, and they were not audited by our Department. Please note that if one of the District's schools did not receive a score in a particular category and year presented below, the school will not be listed in the corresponding graph.³ Finally, benchmarks noted in the following graphs represent the statewide average of all public school buildings in the Commonwealth that received a score in the category and year noted.⁴

What is a SPP score?

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

The PDE started issuing a SPP score for all public school buildings beginning with the 2012-13 school year. For the 2014-15 school year, the PDE only issued SPP scores for high schools taking the Keystone Exams as scores for elementary and middle schools were put on hold due to changes with PSSA testing.⁵ The PDE resumed issuing a SPP score for all schools for the 2015-16 school year.

What is the Keystone Exam?

The Keystone Exam measures student proficiency at the end of specific courses, such as Algebra I, Literature, and Biology. The Keystone Exam was intended to be a graduation requirement starting with the class of 2017, but that requirement has been put on hold until the 2020-21 school year.⁶ In the meantime, the exam is still given as a standardized assessment and results are included in the calculation of SPP scores. The Keystone Exam is scored using the same four performance levels as the PSSAs, and the goal is to score Proficient or Advanced for each course requiring the test.

² The PDE is the sole source of academic data presented in this report. All academic data was obtained from the PDE's publically available website.

³ The PDE's data does not provide any further information regarding the reason a score was not published for a specific school. However, readers can refer to the PDE's website for general information regarding the issuance of academic scores.

⁴ Statewide averages were calculated by our Department based on individual school building scores for all public schools in the Commonwealth, including district schools, charters schools, and cyber charter schools.

⁵ According to the PDE, SPP scores for elementary and middle schools were put on hold for the 2014-15 school year due to the state's major overhaul of the PSSA exams to align with PA Core standards and an unprecedented drop in public schools' PSSA scores that year. Since PSSA scores are an important factor in the SPP calculation, the state decided not to use PSSA scores to calculate a SPP score for elementary and middle schools for the 2014-15 school year. Only high schools using the Keystone Exam as the standardized testing component received a SPP score.

⁶ Act 39 of 2018, effective July 1, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement for an additional year until the 2020-21 school year. *See* 24 P.S. § 1-121(b)(1).

What is the PSSA?

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

The 2014-15 school year marked the first year that PSSA testing was aligned to the more rigorous PA Core Standards.⁷ The state uses a grading system with scoring ranges that place an individual student's performance into one of four performance levels: Below Basic, Basic, Proficient, and Advanced. The state's goal is for students to score Proficient or Advanced on the exam in each subject area.

What is a 4-Year Cohort Graduation Rate?

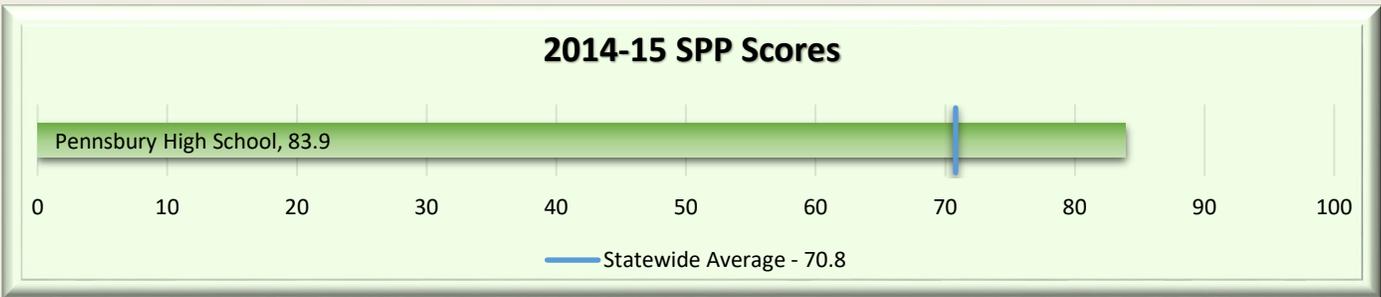
The PDE collects enrollment and graduate data for all Pennsylvania public schools, which is used to calculate graduation rates. Cohort graduation rates are a calculation of the percentage of students who have graduated with a regular high school diploma within a designated number of years since the student first entered high school. The rate is determined for a cohort of students who have all entered high school for the first time during the same school year. Data specific to the 4-year cohort graduation rate is presented in the graph.⁸

⁷ The PDE has determined that PSSA scores issued beginning with the 2014-15 school year and after are not comparable to prior years due to restructuring of the exam.

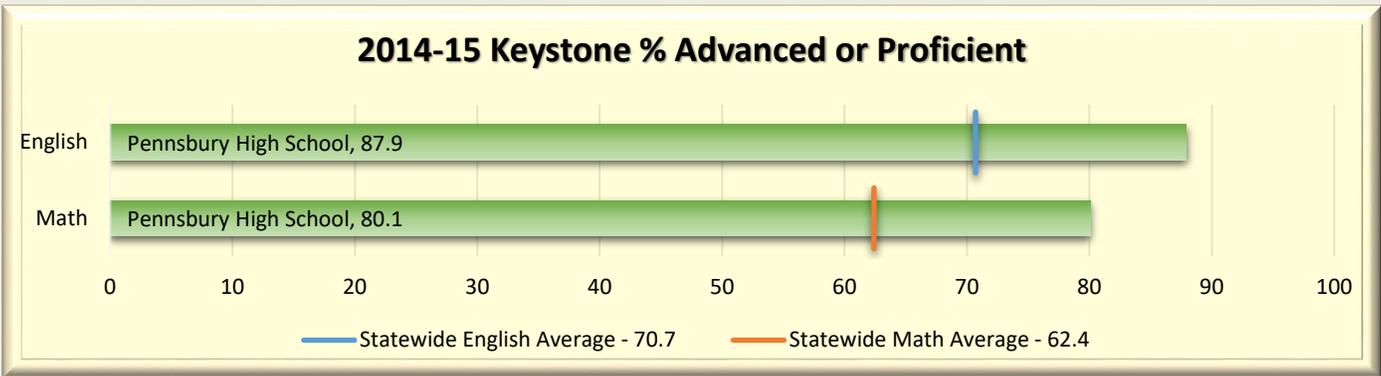
⁸ The PDE also calculates 5-year and 6-year cohort graduation rates. Please visit the PDE's website for additional information: <http://www.education.pa.gov/Data-and-Statistics/Pages/Cohort-Graduation-Rate-.aspx>.

2014-15 Academic Data
School Scores Compared to Statewide Averages

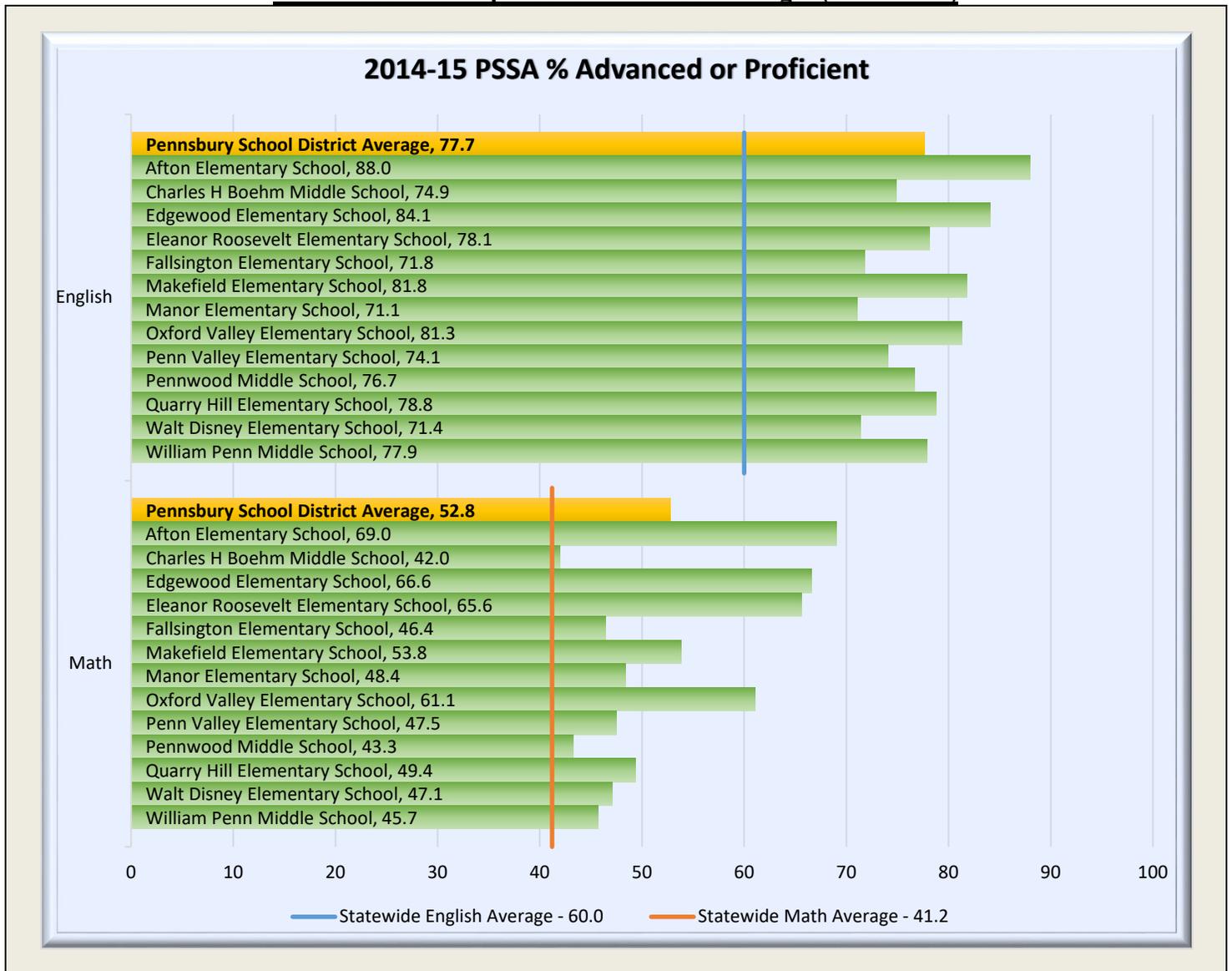
2014-15 SPP Scores



2014-15 Keystone % Advanced or Proficient

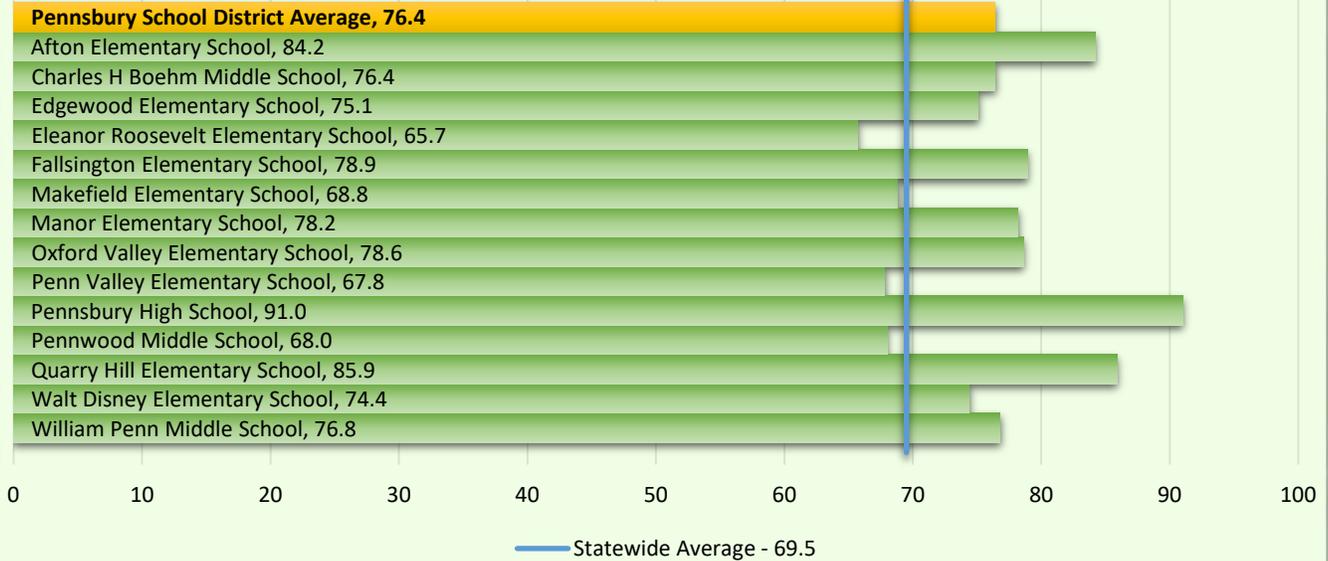


2014-15 Academic Data
School Scores Compared to Statewide Averages (Continued)

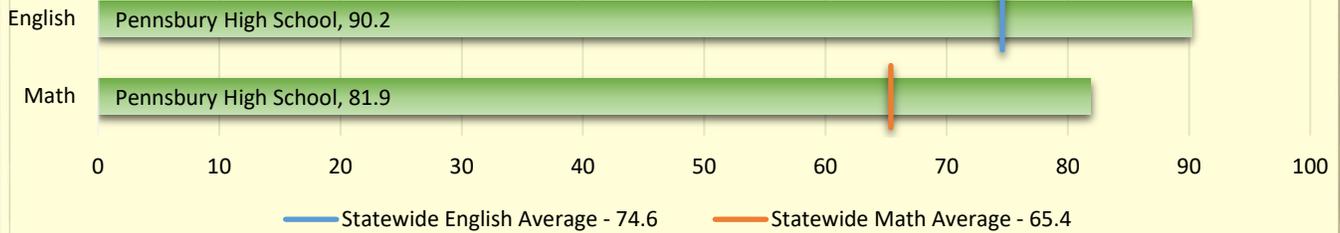


2015-16 Academic Data
School Scores Compared to Statewide Averages

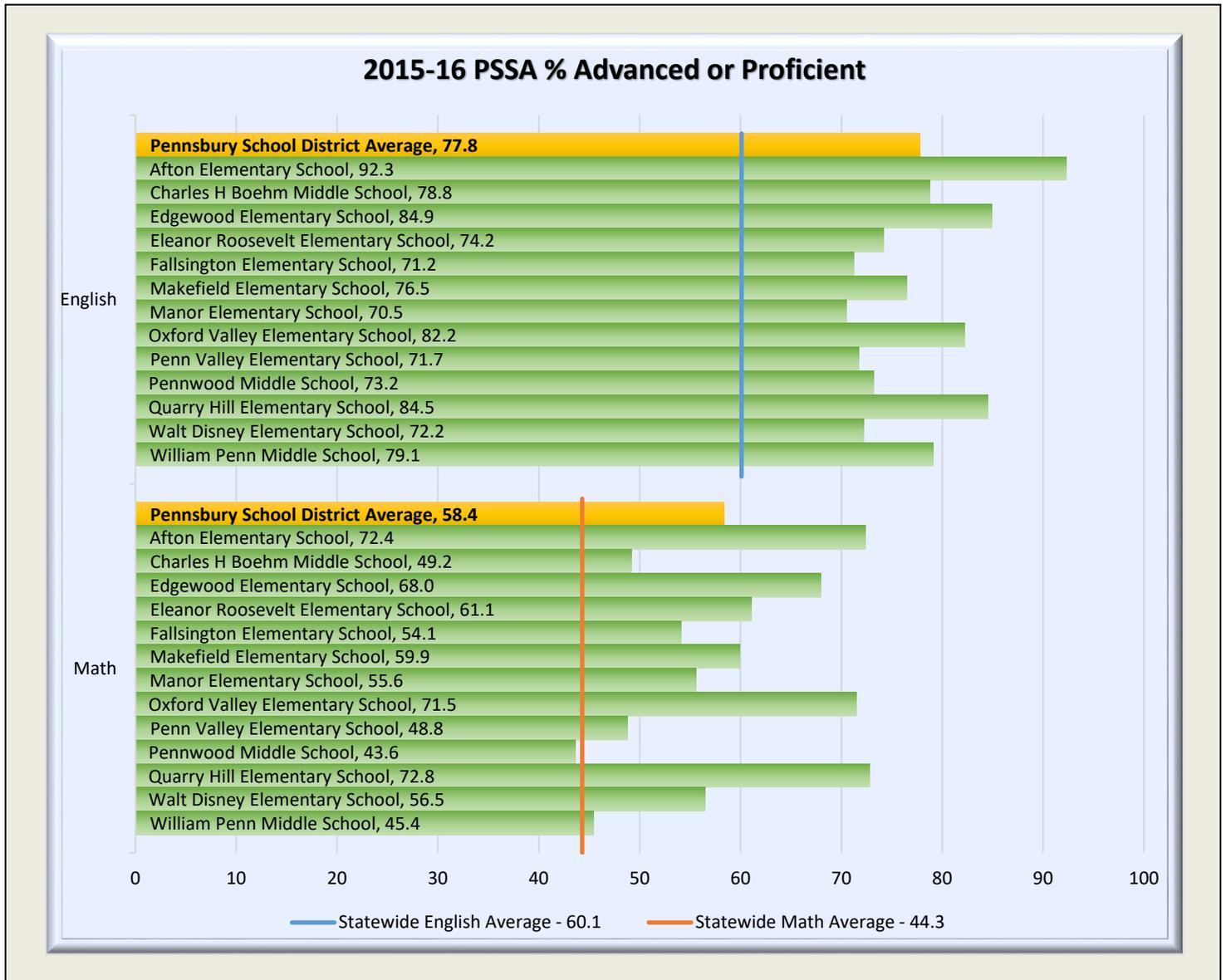
2015-16 SPP Scores



2015-16 Keystone % Advanced or Proficient

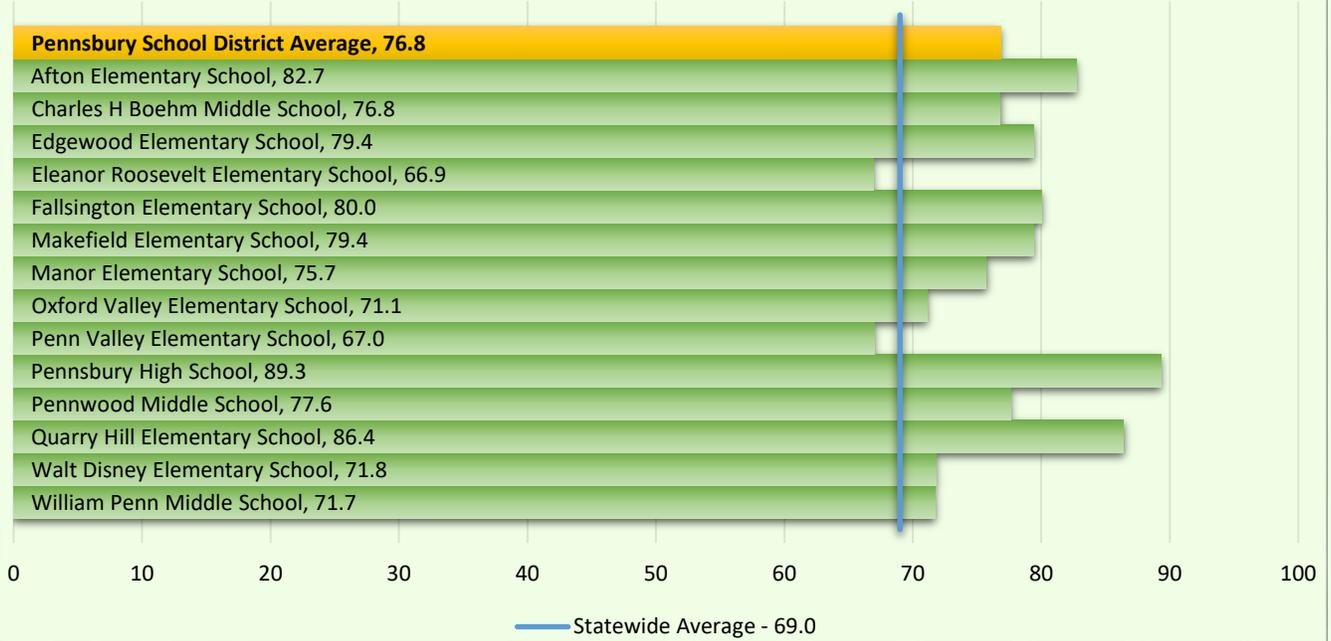


2015-16 Academic Data
School Scores Compared to Statewide Averages (Continued)

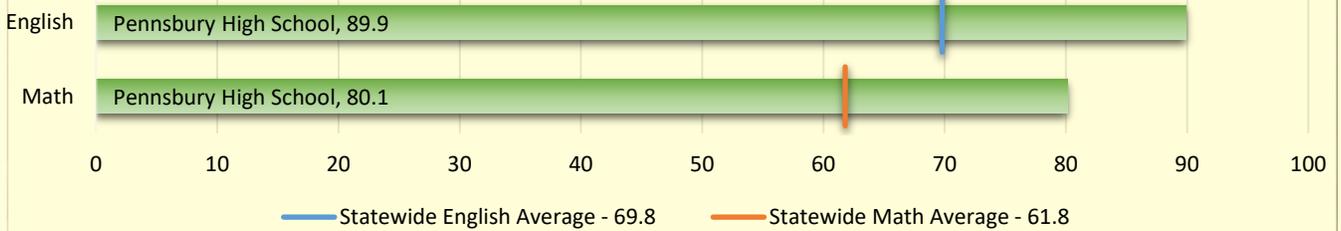


2016-17 Academic Data
School Scores Compared to Statewide Averages

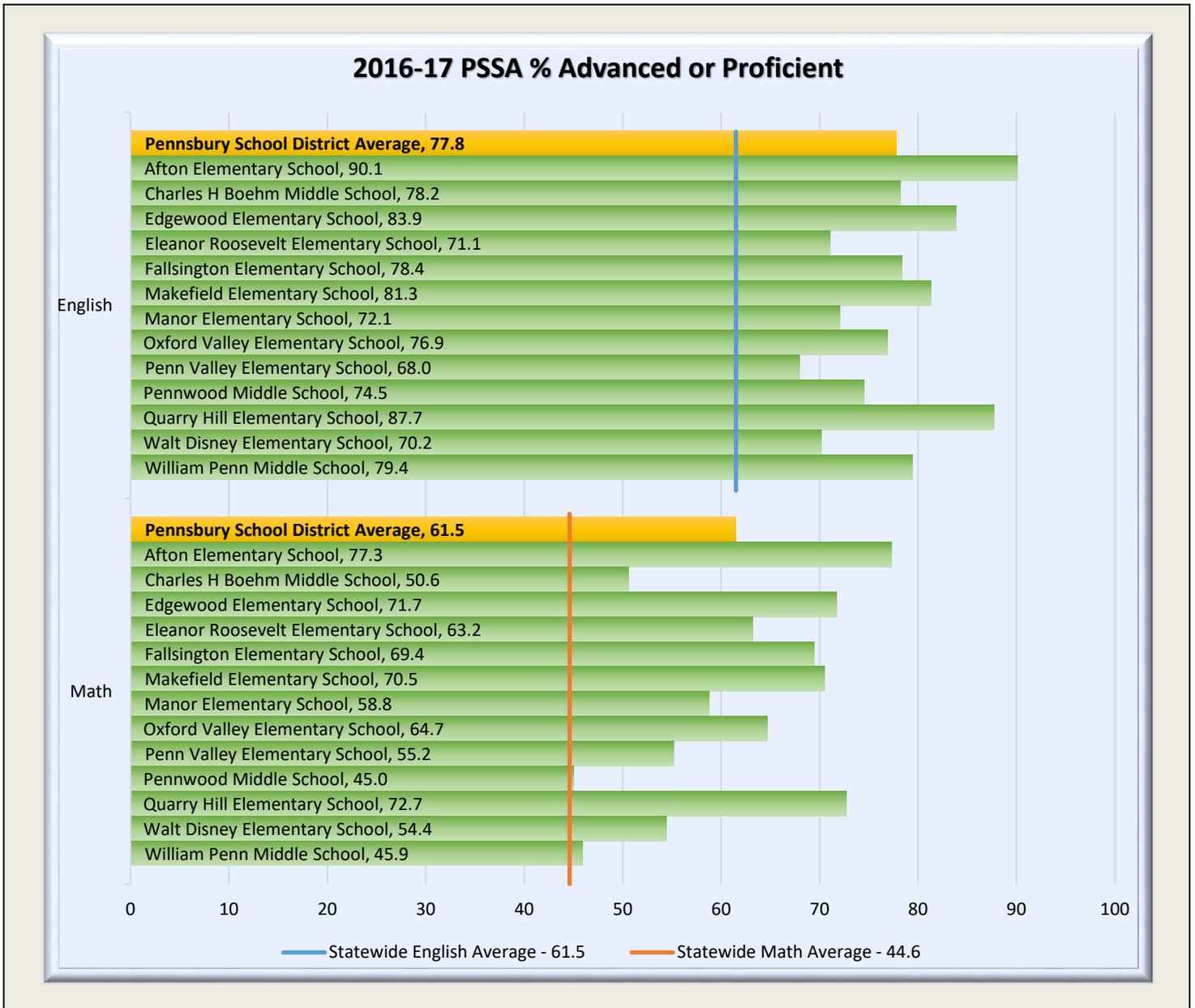
2016-17 SPP Scores



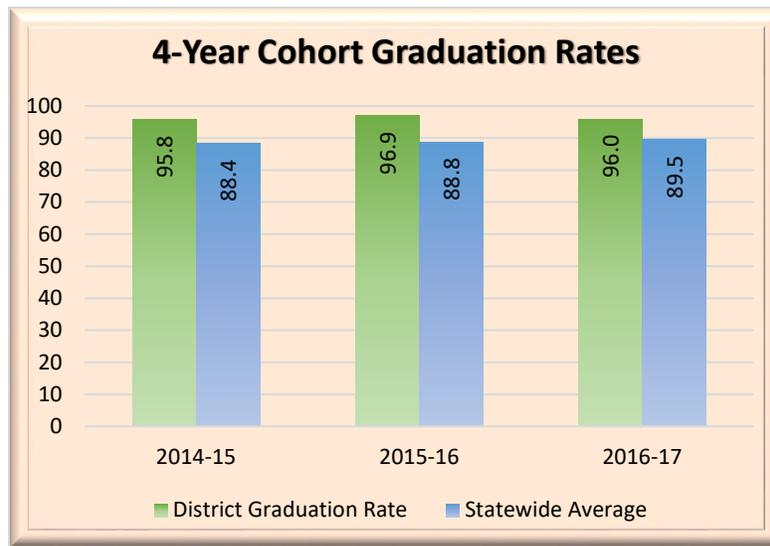
2016-17 Keystone % Advanced or Proficient



2016-17 Academic Data
School Scores Compared to Statewide Averages (Continued)



Graduation Data
District Graduation Rates Compared to Statewide Averages



Finding

Finding

The District Inaccurately Reported the Number of Nonpublic and Charter School Students Transported Resulting in an Overpayment of \$43,920

Criteria relevant to the finding:

Supplemental Transportation Subsidy for Public Charter School and Nonpublic School Students

The Charter School Law (CSL), through its reference to Section 2509.3 of the Public School Code (PSC), provides for an additional, per student subsidy for the transportation of charter school students. *See* 24 P.S. § 17-1726-A(a); 24 P.S. § 25-2509.3.

Section 1726-A(a) of the CSL (cited above) addresses the transportation of charter school students in that: “[s]tudents who attend a charter school located in their school district of residence, a regional charter school of which the school district is a part or a charter school located outside district boundaries at a distance not exceeding ten (10) miles by the nearest public highway shall be provided free transportation to the charter school by their school district of residence on such dates and periods that the charter school is in regular session whether or not transportation is provided on such dates and periods to students attending schools of the district. . . .”

The Pennsbury School District (District) was overpaid a total of \$43,920 in transportation reimbursements from the Pennsylvania Department of Education (PDE). This overpayment was due to the District inaccurately reporting the number of nonpublic and charter school students transported by the District during the 2013-14, 2014-15, 2015-16, and 2016-17 school years.

According to the Public School Code (PSC), a nonpublic school is defined, in pertinent part, as a nonprofit school other than a public school within the Commonwealth of Pennsylvania, wherein a resident of the Commonwealth may legally fulfill the compulsory school attendance requirements.⁹ The PSC requires school districts to provide transportation services to students who reside in its district and who attend a charter school or nonpublic school, and it provides for a reimbursement from the Commonwealth of \$385 for each nonpublic school student transported by the district. This reimbursement was made applicable to the transportation of charter school students pursuant to an equivalent provision in the Charter School Law, which refers to Section 2509.3 of the PSC.¹⁰

Districts receive two separate transportation reimbursement payments from the PDE. One reimbursement is broadly based on the number of students transported 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 nonpublic and charter school students transported (i.e., supplemental transportation reimbursement). The inaccurate reporting of nonpublic and

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

¹⁰ *See* 24 P.S. § 17-1726-A(a), which refers to 24 P.S. § 25-2509.3. A charter school is an independent public school and educates public school students within the applicable school district. *See* 24 P.S. § 17-1703-A (relating to “Definitions”).

Criteria relevant to the finding (continued):

Section 1726-A(a) of the CSL further provides for districts to receive a state subsidy for transporting charter school students both within and outside district boundaries in that: “[d]istricts providing transportation to a charter school outside the district and, for the 2007-2008 school year and each school year thereafter, districts providing transportation to a charter school within the district shall be eligible for payments under section 2509.3 for each public school student transported.”

Section 2509.3 of the PSC provides that each school district shall receive a supplemental transportation payment of \$385 for each nonpublic school student transported. This payment provision is also applicable to charter school students through Section 1726-A (a) of the CSL. *See* 24 P.S. § 17-1726-A(a); 24 P.S. § 25-2509.3.

charter school students discussed in this finding affected both types of the District’s transportation reimbursements.

We found that the District inaccurately reported the number of nonpublic and charter school students transported for the 2013-14 through 2016-17 school years, which resulted in an overpayment of \$31,955 in supplemental transportation reimbursement. It follows that the District’s incorrect reporting of the number of nonpublic and charter school students transported resulted in the District also incorrectly reporting the total number of students transported. This resulted in a net overpayment of \$11,965 in regular transportation reimbursement.¹¹

It is also important to note that the PSC requires that all school districts must 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.

The following table summarizes the District’s nonpublic and charter school student reporting errors by school year and the resulting regular and supplemental transportation overpayments.

Pennsbury School District Nonpublic and Charter School Reporting Errors					
School Year	Nonpublic Students Over Reported	Charter School Students (Under) Reported	Supplemental Transportation Overpayment	Regular Transportation Overpayment	Total Annual Overpayment
2013-14	40	(17)	\$8,855	\$2,755	\$11,610
2014-15	36	(21)	\$5,775	\$2,569	\$8,344
2015-16	52	(30)	\$8,470	\$3,587	\$12,057
2016-17	43	(20)	\$8,855	\$3,054	\$11,909
Total	171	(88)	\$31,955	\$11,965	\$43,920

¹¹ Incorrectly reporting nonpublic students transported only affects a district’s regular transportation reimbursement if the district’s aid ratio is below .50. The Pennsbury School District aid ratio was below .50 for the 2013-14 through 2016-17 school years.

*Criteria relevant to the finding
(continued):*

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).

Section 2541(d) of the PSC, states, “The Commonwealth shall reimburse the school districts for the school year 1973-1974 and for each year thereafter for the approved reimbursable costs incurred in providing transportation under section 1361 for nonpublic school pupils and under section 1362 for hazardous conditions: Provided, however, that no district shall receive less than fifty percent (50%) of such approved reimbursable costs.” See 24 P.S. § 25-2541(d).

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.

The District reported charter school students as nonpublic students for each year reviewed. This reporting error did not have a supplemental monetary effect since the District is reimbursed \$385 for each charter and nonpublic school student transported. Additionally, the District reported some students transported to special education schools incorrectly as nonpublic school students. This reporting error resulted in the District being overpaid in transportation reimbursements.

It is essential that the District accurately report transportation data to the PDE and retain the documentary support for this transportation data. Further, the sworn statement of student transportation data should not be filed with the state Secretary of Education unless the data has been double checked for accuracy by personnel trained on the PDE’s reporting requirements.

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

Recommendations

The *Pennsbury School District* should:

1. Perform yearly reconciliations of all bus rosters to student requests for transportation to ensure nonpublic and charter school students are reported separately and accurately to the PDE.
2. Develop written administrative procedures for transportation reporting. These procedures should include a review of transportation data by an individual other than the person who prepared the data to provide additional assurance of the accuracy of the information before it is submitted to the PDE.
3. Ensure personnel in charge of calculating and reporting the number of nonpublic and charter school students transported by the District are properly trained with regard to the PDE’s reporting requirements.

*Criteria relevant to the finding
(continued):*

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.)

The PDE has established a Summary of Students Transported form (PDE 2089) and relevant instructions specifying how districts are to report nonpublic students transported to and from school.

Number of Nonpublic School Pupils Transported

Enter the total number of resident NONPUBLIC school pupils you transported to and from school. Documentation identifying the names of these pupils should be retained for review by the Auditor General’s staff. NONPUBLIC school pupils are children whose parents are paying tuition for them to attend a nonprofit private or parochial school. (Any child that your district is financially responsible to educate is a PUBLIC pupil.)

4. Ensure that the sworn statement of student transportation data is not filed with the State Secretary of Education until the data has been properly double checked for accuracy by personnel trained on the PDE’s reporting requirements and verified by the District’s Business Manager.

The *Pennsylvania Department of Education* should:

5. Adjust the District’s future transportation subsidy to recover the \$43,920 overpayment to the District.

Management Response

District management provided the following response:

“The District will develop written administrative procedures for transportation reporting, which will include the reconciliation of bus rosters to student requests for transportation to ensure nonpublic and charter school students are reported separately. Procedures will also ensure that data is double checked for accuracy prior to submission. In addition, the District will ensure that personnel in charge of calculating and reporting the number of nonpublic and charter school students transported by the District are properly trained in PDE reporting requirements.

Therefore, the District agrees with the finding that the number of nonpublic and charter school students transported, with particular focus on students attending alternative education programs, was inaccurately reported resulting in an overpayment of \$43,920. With transportation subsidies received during the audited 4-year period totaling \$7,863,862, the overpayment represents approximately half of one percent of subsidies received.”

Auditor Conclusion

We are encouraged that the District plans to implement written administrative procedures for transportation reporting and provide training to personnel in charge of reporting transportation data to the PDE. We will review 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 Pennsbury School District resulted in no findings or observations.

Distribution List

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

The Honorable Tom W. Wolf

Governor
Commonwealth of Pennsylvania
Harrisburg, PA 17120

The Honorable Pedro A. Rivera

Secretary of Education
1010 Harestown 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 letter is a matter of public record and is available online at www.PaAuditor.gov. Media questions about the letter 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.