

PERFORMANCE AUDIT

Port Allegany School District McKean County, Pennsylvania

October 2016



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE
AUDITOR GENERAL

Mr. Gary M. Buchsen, Superintendent
Port Allegany School District
20 Oak Street
Port Allegany, Pennsylvania 16743

Dr. Mark Carlson, Board President
Port Allegany School District
20 Oak Street
Port Allegany, Pennsylvania 16743

Dear Mr. Buchsen and Dr. Carlson:

We have conducted a performance audit of the Port Allegany School District (District) for the period July 1, 2012 through June 30, 2015, except as otherwise indicated in the audit scope, objectives, 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:

- Hiring Practices
- Data Integrity
- Bus Driver Requirements
- Transportation Operations
- School Safety

The audit was conducted pursuant to Section 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 27, 2016

cc: **PORT ALLEGANY SCHOOL DISTRICT** Board of School Directors

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Background Information

School Characteristics 2014-15 School Year ^A	
County	McKean
Total Square Miles	171
Resident Population ^B	5,746
Number of School Buildings	2
Total Teachers	69
Total Full or Part-Time Support Staff	43
Total Administrators	7
Total Enrollment for Most Recent School Year	883
Intermediate Unit Number	9
District Vo-Tech School	Seneca Highlands AVTS

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

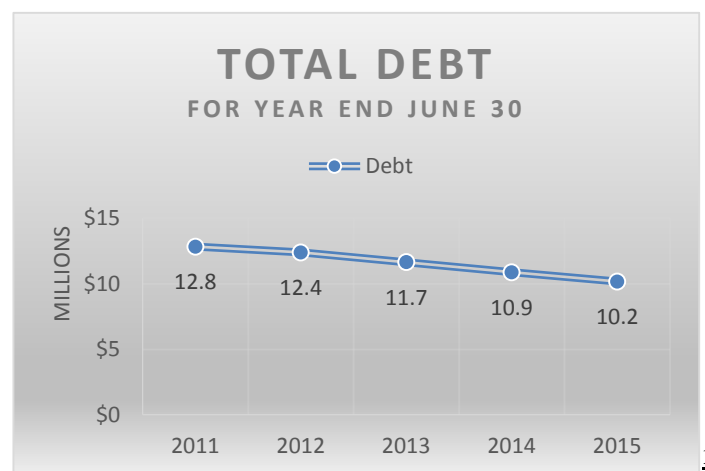
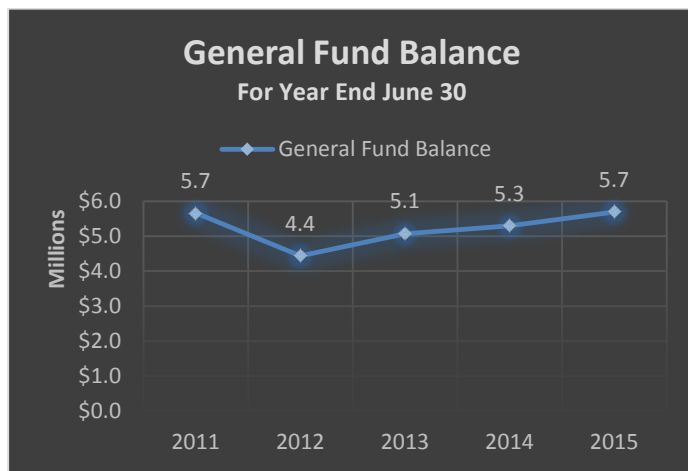
B - Source: United States Census
<http://www.census.gov/2010census>

Mission Statement^A

“The mission of the Port Allegany School District is to be the premier provider of innovative educational services which enables students to acquire and apply the knowledge necessary to become respectful, responsible, self-directed learners.”

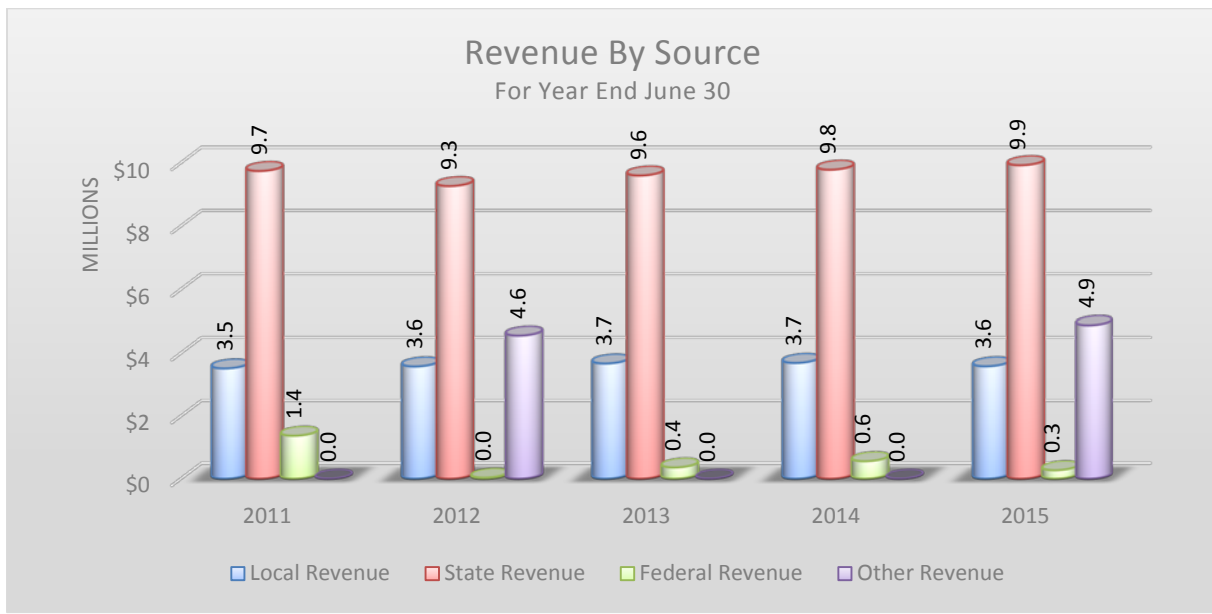
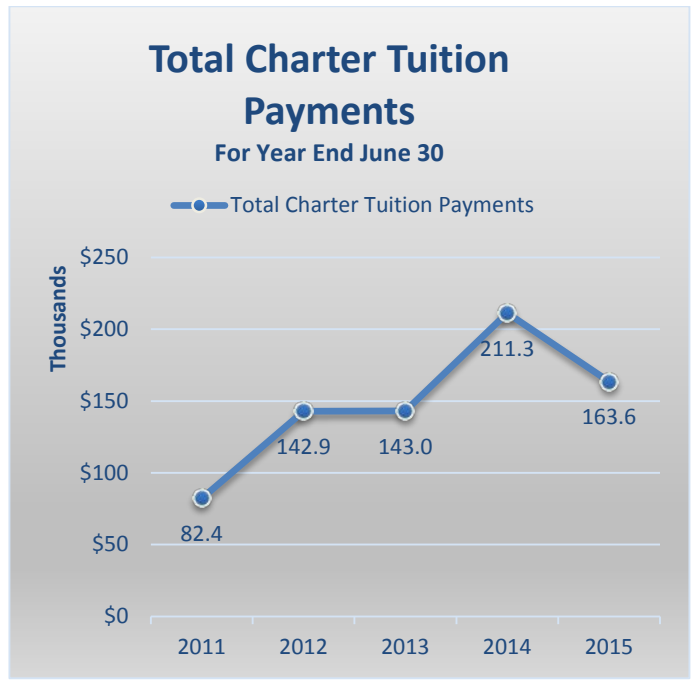
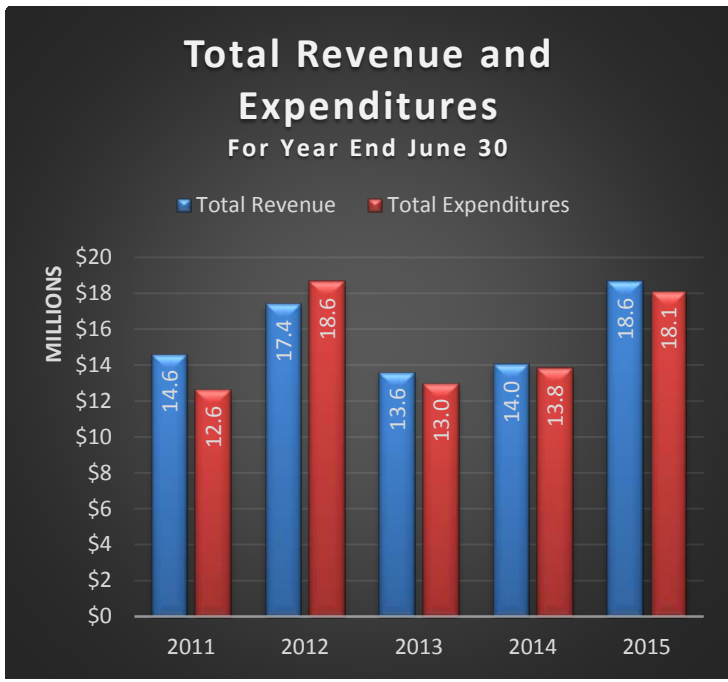
Financial Information

The following pages contain financial information about the 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**.



¹ Total Debt is comprised of Short-Term Borrowing, General Obligation Bonds, Authority Building Obligations, Other Long-Term Debt, Other Post-Employment Benefits and Compensated Absences.

Financial Information Continued



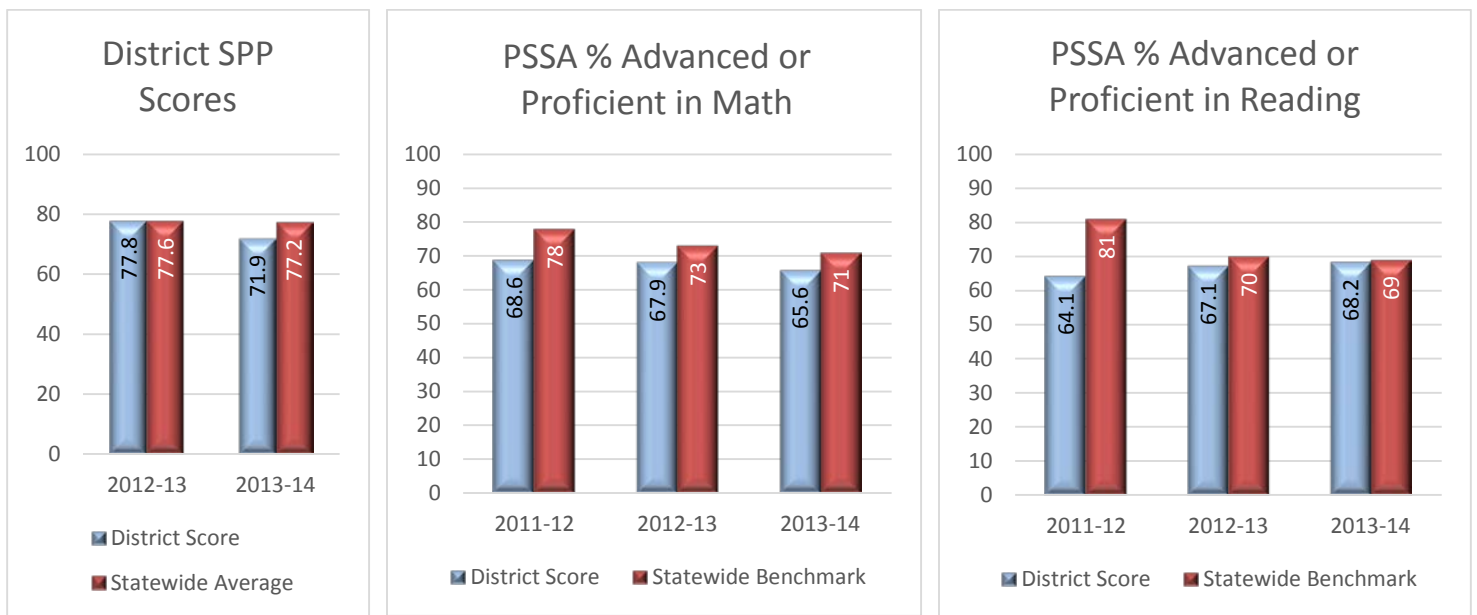
Academic Information

The following table and charts consist of School Performance Profile (SPP) scores and Pennsylvania System of School Assessment (PSSA) results for the entire District obtained from PDE's data files.² These scores are presented in the District's audit report for **informational purposes only**, and they were not audited by our Department.

SPP benchmarks represent the statewide average of all district school buildings in the Commonwealth.³ PSSA benchmarks and goals are determined by PDE each school year and apply to all public school entities.⁴ District SPP and PSSA scores were calculated using an average of all of the individual school buildings within the District. Scores below SPP statewide averages and PSSA benchmarks/goals are presented in red.

Districtwide SPP and PSSA Scores

District	SPP Scores		PSSA % Advanced or Proficient in Math			PSSA % Advanced or Proficient in Reading		
	2012-13	2013-14	2011-12	2012-13	2013-14	2011-12	2012-13	2013-14
<i>Statewide Benchmark</i>	77.6	77.2	78	73	71	81	70	69
<i>Port Allegany SD</i>	77.8	71.9	68.6	67.9	65.6	64.1	67.1	68.2
<i>SPP Grade⁵</i>	C	C						



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

³ Statewide averages for SPP scores were calculated based on all district school buildings throughout the Commonwealth, excluding charter and cyber charter schools.

⁴ PSSA benchmarks apply to all district school buildings, charters, and cyber charters. In the 2011-12 school year, the state benchmarks reflect the Adequate Yearly Progress targets established under No Child Left Behind. In the 2012-13 and 2013-14 school years, the state benchmarks reflect the statewide goals based on annual measurable objectives established by PDE.

⁵ The following letter grades are based on a 0-100 point system: A (90-100), B (80-89), C (70-79), D (60-69), F (59 or below).

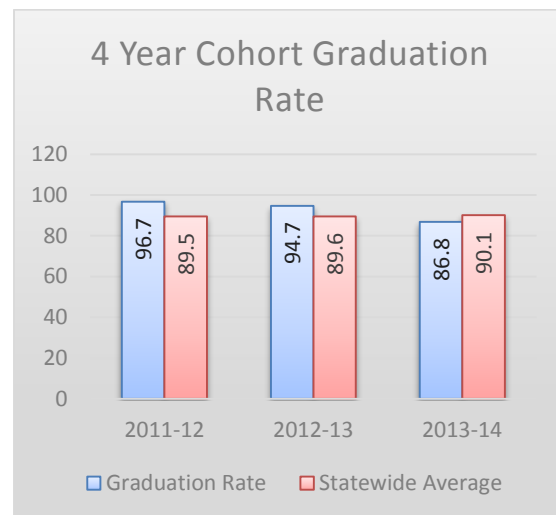
Individual School Building SPP and PSSA Scores

The following table consists of SPP scores and PSSA results for each of the District's school buildings. Any blanks in PSSA data means that PDE did not publish a score for that school for that particular year.⁶

School Name	SPP Scores		PSSA % Advanced or Proficient in Math			PSSA % Advanced or Proficient in Reading		
	2012-13	2013-14	2011-12	2012-13	2013-14	2011-12	2012-13	2013-14
<i>Statewide Benchmark</i>	77.6	77.2	78	73	71	81	70	69
<i>Port Allegany Elementary School</i>	79.9	64.1	68.1	72.3	65.3	59.5	66.0	59.9
<i>Port Allegany Junior Senior High School</i>	75.6	79.7	69.0	63.5	65.9	68.7	68.1	76.5

4 Year Cohort Graduation Rates

The 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.⁷



⁶ PDE's data does not provide any further information regarding the reason a score was not published.

⁷ <http://www.education.pa.gov/Data-and-Statistics/Pages/Cohort-Graduation-Rate-.aspx#.V1BFcdTD-JA>.

Finding(s)

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

Status of Prior Audit Findings and Observations

Our prior audit of the District resulted in no findings or observations.

Appendix: Audit Scope, Objectives, and Methodology

School performance audits allow the Pennsylvania Department of the Auditor General to determine whether state funds, including school subsidies, are being used according to the purposes and guidelines that govern the use of those funds. Additionally, our audits examine the appropriateness of certain administrative and operational practices at each local education agency (LEA). The results of these audits are shared with LEA management, the Governor, PDE, and other concerned entities.

Our audit, conducted under authority of Sections 402 and 403 of The Fiscal Code,⁸ 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, 2015. In addition, the scope of each individual audit objective is detailed on the next page.

The District's management is responsible for establishing and maintaining effective internal controls⁹ 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.

⁸ 72 P.S. §§ 402 and 403.

⁹ 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, 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 ending June 30, 2012 through June 30, 2015. 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:

- ✓ Hiring Practices
- ✓ Data Integrity
- ✓ Bus Driver Requirements
- ✓ Transportation Operations
- ✓ 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 follow the Public School Code and best practices when hiring new staff?
 - To address this objective, we obtained and reviewed the District's hiring policies and procedures. We selected the last three administrative employees hired by the District during the period July 1, 2013 through June 30, 2015, and reviewed documentation to determine if the District complied with the Public School Code District policies and procedures, and best practices as defined by state school board organizations in hiring these new employees. Our review of this objective did not disclose any reportable issues.
- ✓ Did the District ensure that the membership data it reported in the Pennsylvania Information Management System (PIMS) system was accurate, valid, and reliable? Specifically, our objective was to determine whether or not the significant fluctuations with nonresident students, as discovered during our analysis of state revenue, were justifiable.
 - To address this objective, we tested all nonresident students for three school years (2011-12, 2012-13, and 2013-14). We tested the PIMS Student Calendar Fact Template, obtained placement letters to verify students' classifications, and reviewed membership reporting forms and completed reimbursement calculations for nonresident students placed in private homes. We verified the membership days reported for such students on the District's Summary of Child Accounting and matched them to the District's School Calendar Fact Template. 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?¹⁰ Also, did the District have adequate written policies and procedures governing the hiring of new bus drivers?

- To address this objective, we randomly selected 5 of the 21 bus drivers newly hired by the District's bus contractor during the 2015-16 school year and reviewed documentation to ensure the District complied with bus driver requirements. We also determined if the District had written policies and procedures governing the hiring of bus drivers and if those procedures were sufficient to ensure compliance with bus driver hiring requirements. Our review of this objective did not disclose any reportable issues.

- ✓ In areas where the District received transportation subsidies, was the District and its contracted vendors in compliance with applicable laws¹¹ and procedures?

- To address this objective, we randomly selected 4 of the 17 vehicles used by the bus contractor to transport District students during the 2014-15 school year. We verified board approval of routes and vehicles and the data elements reported to PDE, including miles with/miles without students and the number of students transported.

In addition, we compared the amount paid to the contractor to PDE's Final Allowance calculation for the current and prior bus contractor. We completed a comparison of bus contractor-generated vehicle roster odometer readings to the bus contractor-generated fuel log odometer readings for one vehicle. Our review of this objective did not disclose any reportable issues.

- ✓ Did the District take appropriate actions to ensure it provided a safe school environment?¹²

- To address this objective, we reviewed a variety of documentation including, safety plans, training schedules, and anti-bullying policies. In addition, we conducted a follow-up review of prior deficiencies to assess whether the District had implemented basic safety practices. Due to the sensitive nature of school safety, the results of this objective are not described in our report. The results of our review of school safety are shared with District officials and, if necessary, PDE.

¹⁰ 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.

¹¹ 24 P.S. § 25-2541.

¹² 24 P.S. § 13-1301-A *et seq.*

Distribution List

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

The Honorable Tom W. Wolf

Governor
Commonwealth of Pennsylvania
Harrisburg, PA 17120

The Honorable Pedro A. Rivera

Secretary of Education
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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.