

PERFORMANCE AUDIT

Redbank Valley School District Clarion 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. John Mastillo, Superintendent
Redbank Valley School District
920 East Broad Street
New Bethlehem, Pennsylvania 16242

Dr. Chad Shaffer, Board President
Redbank Valley School District
920 East Broad Street
New Bethlehem, Pennsylvania 16242

Dear Dr. Mastillo and Dr. Shaffer:

We have conducted a performance audit of the Redbank Valley School District (District) for the period July 1, 2013 through June 30, 2017, 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:

- Student Resident Data
- Administrator Separations
- 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 (PDE), 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 bulleted areas listed above, except as noted in the following finding:

- The District Incorrectly Reported Nonresident Students to the PDE and Failed to Bill Other School Districts \$16,299 for Educating these Students

Dr. John Mastillo
Dr. Chad Shaffer
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

February 12, 2019

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

Table of Contents

	Page
Background Information	1
Finding	9
Finding – The District Incorrectly Reported Nonresident Students to the PDE and Failed to Bill Other School Districts \$16,299 for Educating these Students	9
Status of Prior Audit Findings and Observations	12
Appendix: Audit Scope, Objectives, and Methodology	13
Distribution List	16

Background Information

School Characteristics 2017-18 School Year ^A	
County	Clarion and Armstrong
Total Square Miles	165
Number of School Buildings	3
Total Teachers	86
Total Full or Part- Time Support Staff	59
Total Administrators	7
Total Enrollment for Most Recent School Year	1,132
Intermediate Unit Number	6
District Vo-Tech School	Clarion County Career Center

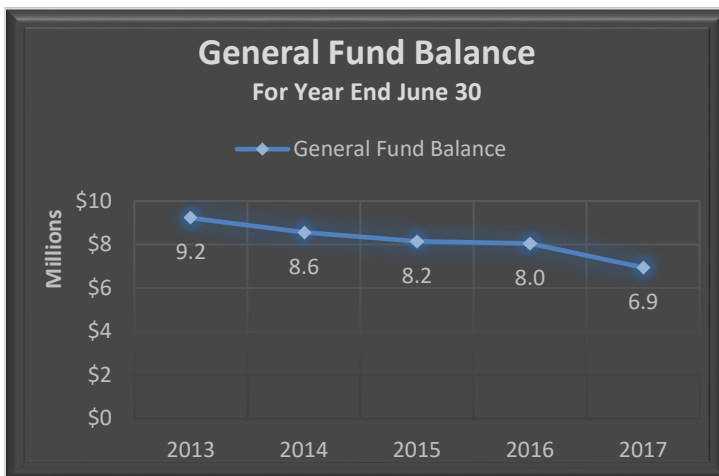
A - Source: Information provided by the District administration and is unaudited.

Mission Statement^A

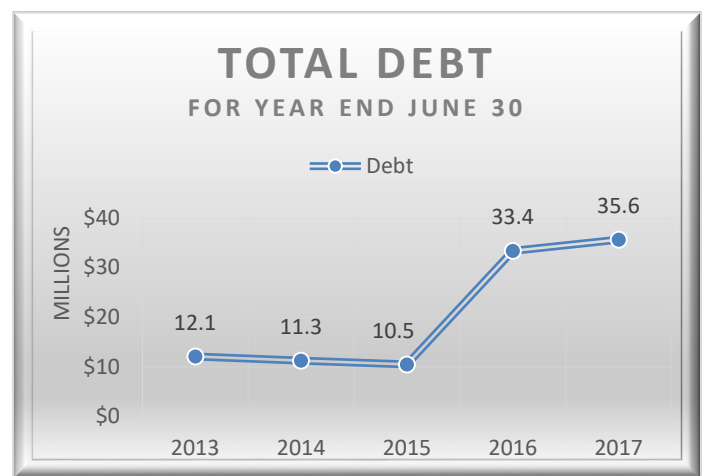
To instill the knowledge, attitudes, and skills needed for each student to achieve at his or her highest potential while providing a safe, disciplined, and inviting environment.

Financial Information

The following pages contain financial information about the Redbank Valley 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**.

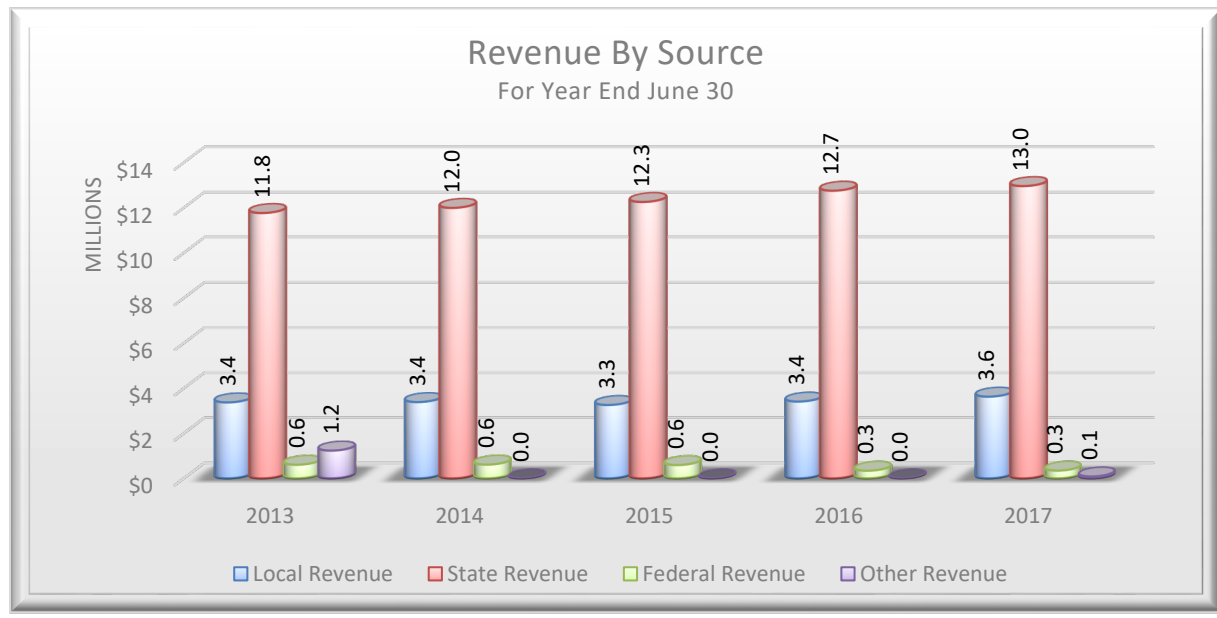
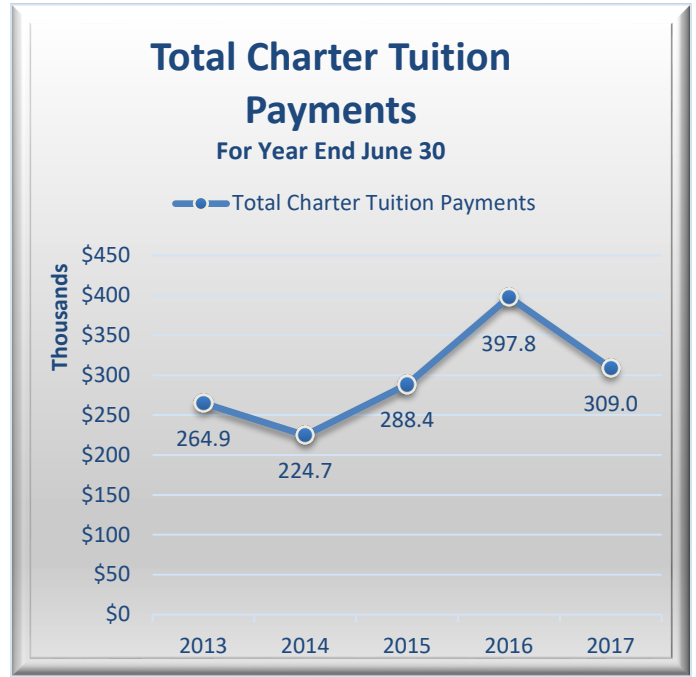
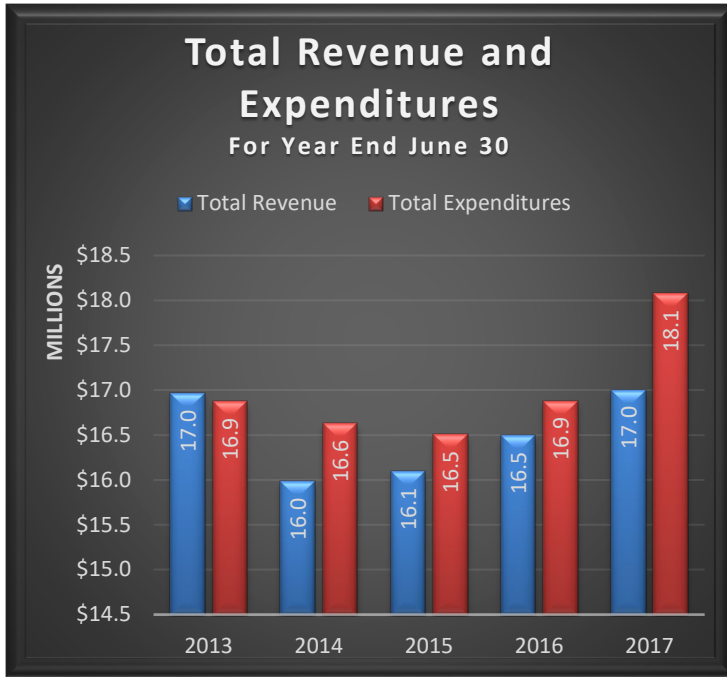


Note: General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



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.

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.¹ 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.² 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.³

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.⁴ 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.⁵ 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.

¹ 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.

² 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.

³ 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.

⁴ 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.

⁵ 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.⁶ 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.

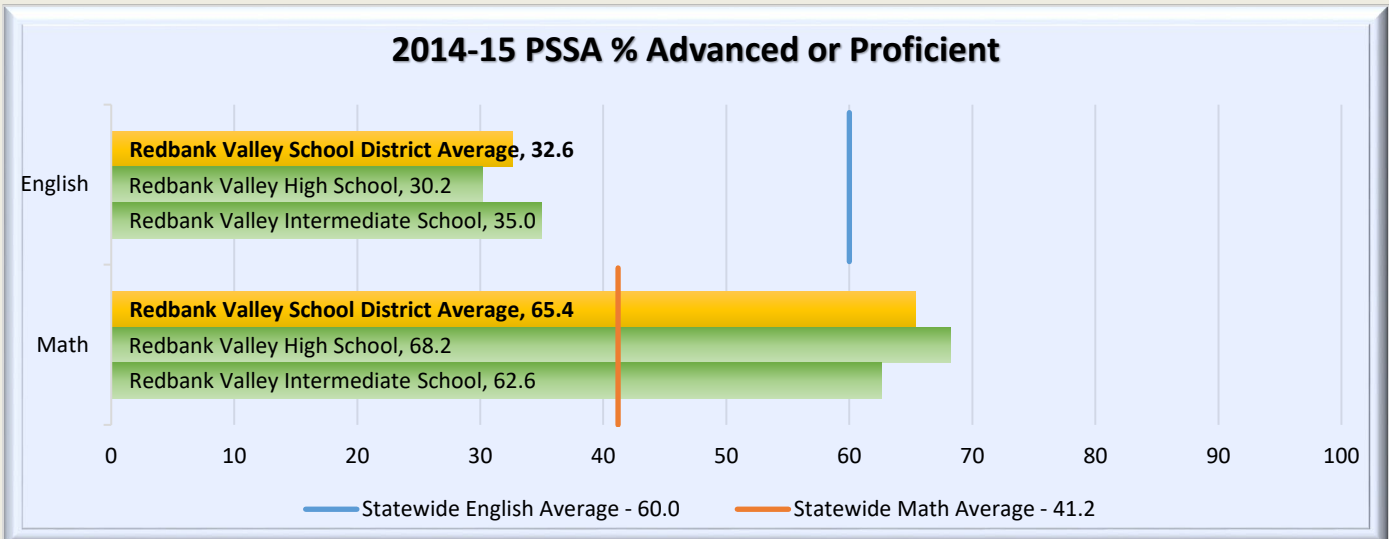
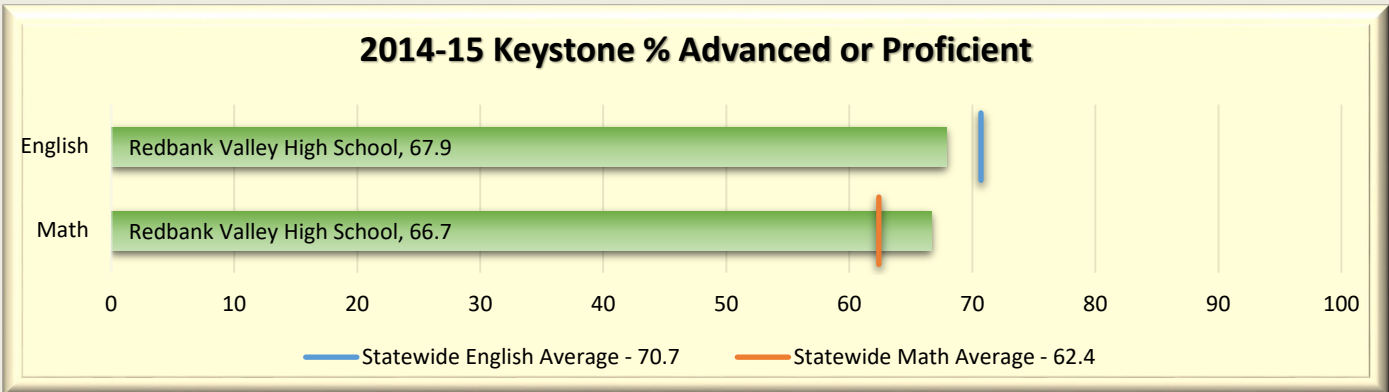
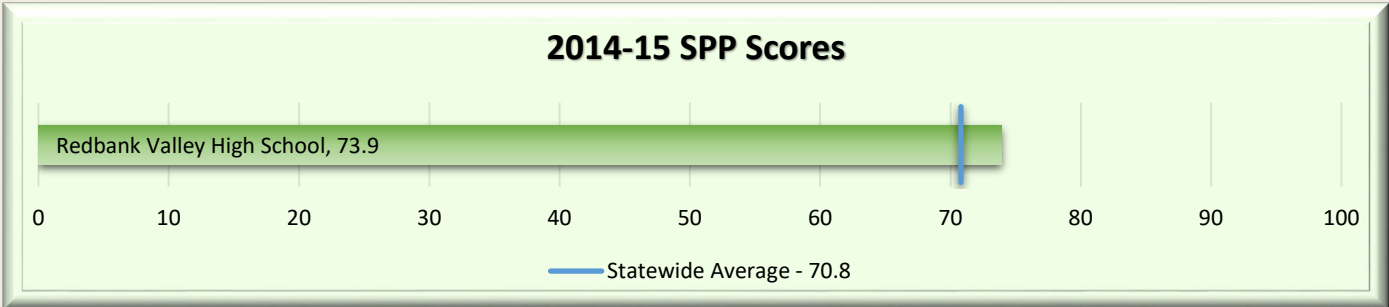
What is a 4-Year Cohort Graduation Rate?

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.⁷

⁶ 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.

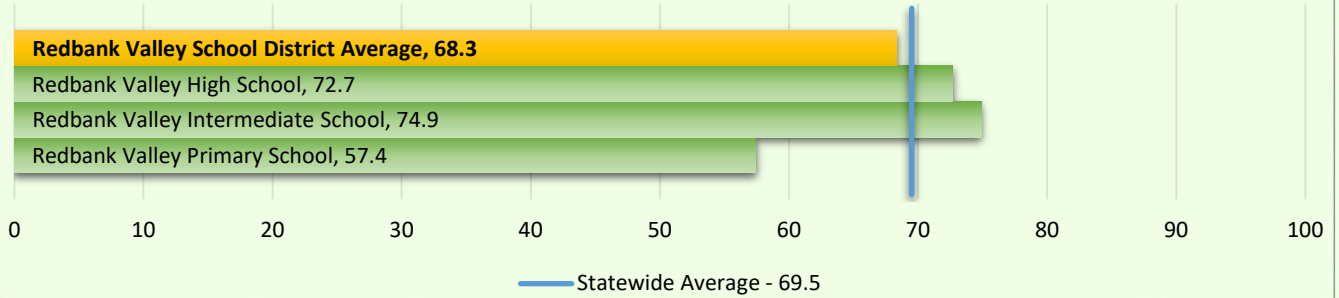
⁷ The PDE also calculates 5-year and 6-year cohort graduation rates. Please visit the PDE's website for additional information: <http://www.education.pa.gov/Data-and-Statistics/Pages/Cohort-Graduation-Rate-.aspx>.

2014-15 Academic Data
School Scores Compared to Statewide Averages

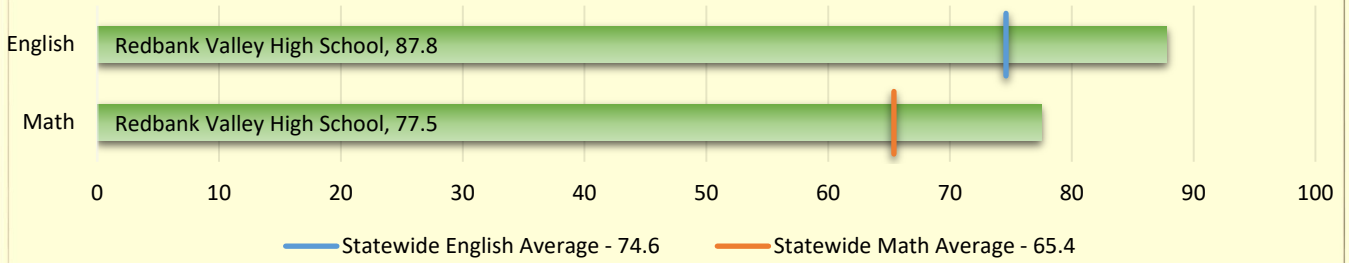


2015-16 Academic Data
School Scores Compared to Statewide Averages

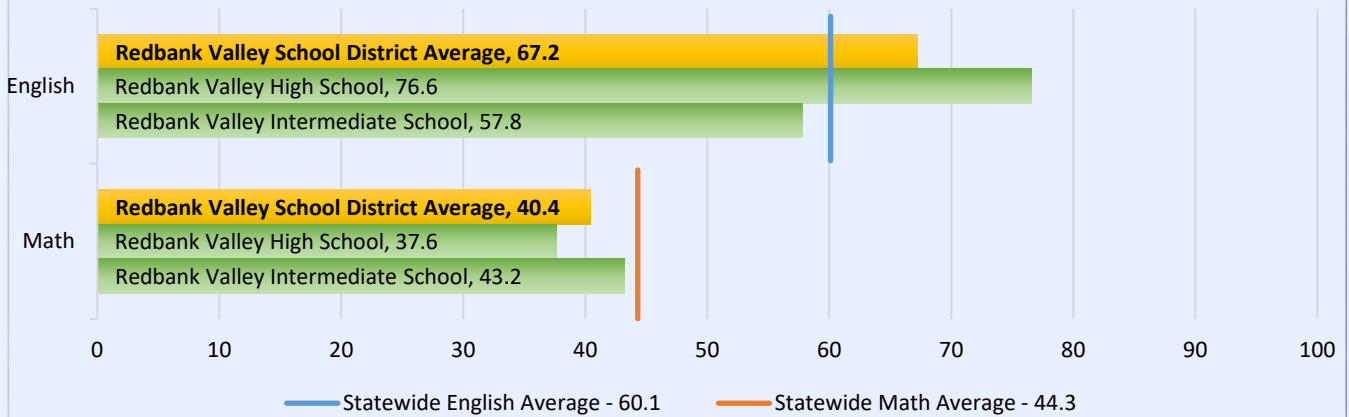
2015-16 SPP Scores



2015-16 Keystone % Advanced or Proficient

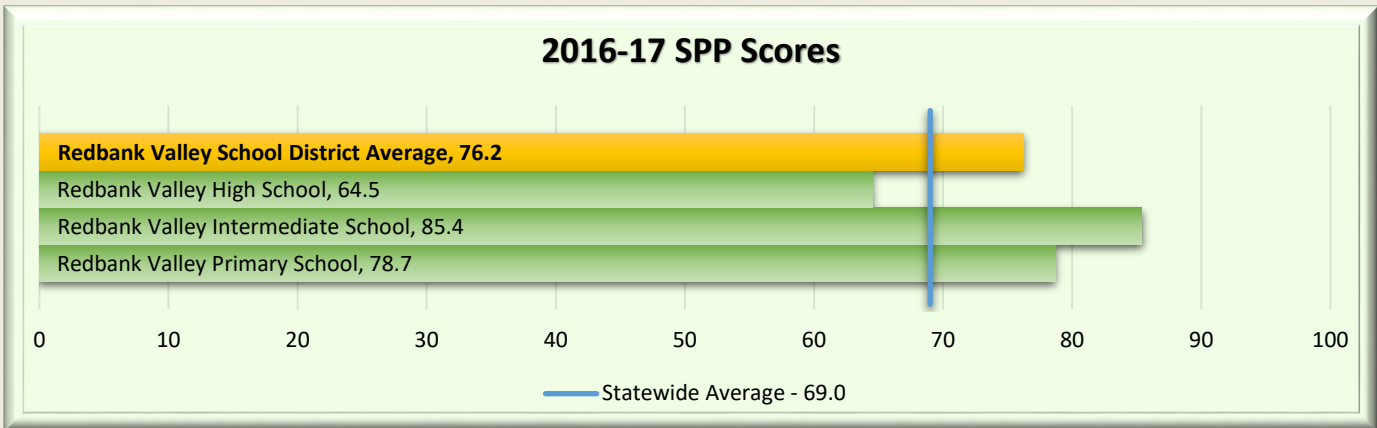


2015-16 PSSA % Advanced or Proficient

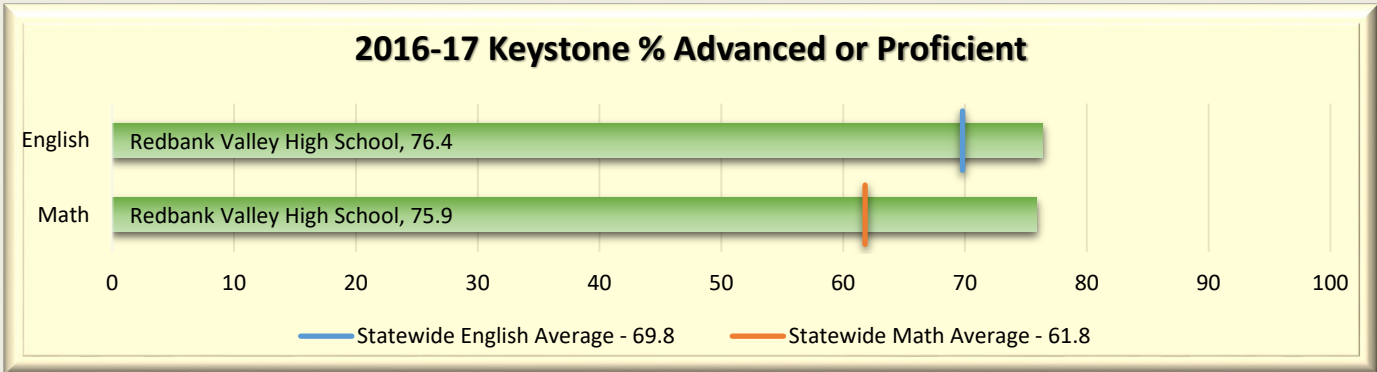


2016-17 Academic Data
School Scores Compared to Statewide Averages

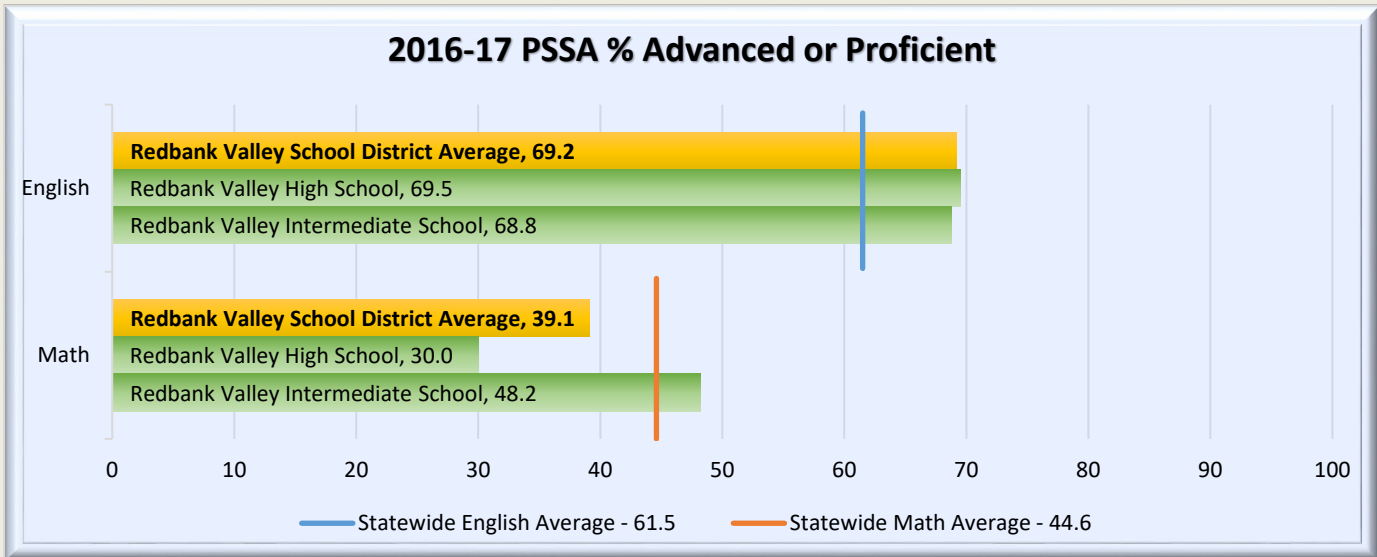
2016-17 SPP Scores



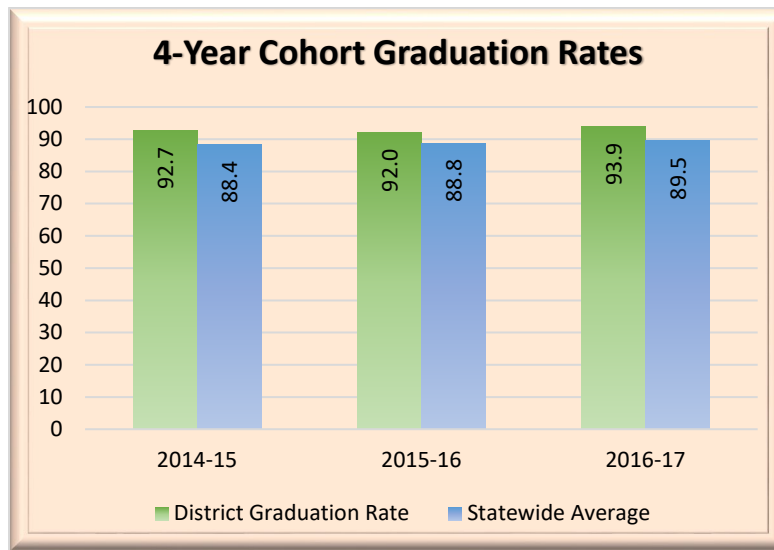
2016-17 Keystone % Advanced or Proficient



2016-17 PSSA % Advanced or Proficient



Graduation Data
District Graduation Rates Compared to Statewide Averages



Finding

Finding

The District Incorrectly Reported Nonresident Students to the PDE and Failed to Bill Other School Districts \$16,299 for Educating these Students

Criteria relevant to the finding:

Section 1305(a) of the Public School Code (PSC) provides for Commonwealth payment of tuition for nonresident children placed in private homes as follows:

“When a non-resident child is placed in the home of a resident of any school district by order of court or by arrangement with an association, agency, or institution having the care of neglected and dependent children, **such resident being compensated for keeping the child**, any child of school age so placed shall be entitled to all free school privileges accorded to resident school children of the district, including the right to attend the public high school maintained in such district or in other districts in the same manner as though such child were in fact a resident school child of the district.” [Emphasis added.] See 24 P.S. 13-1305(a).

Section 2503(c) of the PSC specifies the amount of Commonwealth-paid tuition on behalf of nonresident children placed in private homes by providing, in part:

“Each school district, regardless of classification, which accepts any non-resident child in its school under the provisions of section one thousand three hundred five . . . shall be paid by the Commonwealth an amount equal to the tuition charge per elementary pupil or the tuition charge per high school pupil, as the case may be . . .” See 24 P.S. 25-2503(c).

We found that the Redbank Valley School District (District) incorrectly reported student resident data to the Pennsylvania Department of Education (PDE) for the 2013-14 through 2016-17 school years. Inaccurately reporting this data for four students resulted in the District being overpaid \$11,783 in subsidy reimbursement from the Commonwealth. The cost to educate these nonresident students should have been borne by each individual student’s district of residency and not by the Commonwealth.

Additionally, the District incorrectly reported one nonresident student educated by the District as a resident and in turn failed to bill and collect \$4,516 in tuition from that student’s district of residency. In total, the District incorrectly reported these five nonresident students to the PDE and failed to bill and collect \$16,299 in tuition payments from other districts.

These five nonresident students incorrectly reported to the PDE were educated by the District after being placed in foster or therapeutic care homes within the District by an agency caring for these children.⁸ The reporting errors occurred due to District officials being unaware of the appropriate reporting requirements for the five nonresident students.

The District failed to bill and collect tuition payments from each of these nonresident student’s district of residency as outlined in the Public School Code (PSC). The District incorrectly reported four of these nonresident students as nonresident foster students and incorrectly received \$11,783 in subsidy reimbursements from the Commonwealth for these students. The District educated

⁸ For example, the relevant county children and youth agency.

*Criteria relevant to the finding
(continued):*

State Board of Education regulations and PDE guidelines govern the classification of nonresident children placed in private homes.

Subsection (a) of Section 11.19 (relating to Nonresident child living with a district resident) of the State Board of Education's regulations provides as follows, in part.

(a) A nonresident child is entitled to attend the district's public schools if that child is fully maintained and supported in the home of a district resident as if the child were the resident's own child and if the resident receives no personal compensation for maintaining the student in the district. Before accepting the child as a student, the board of school directors of the district shall require the resident to file with the secretary of the board of school directors either appropriate legal documentation to show dependency or guardianship or a sworn statement that the child is a resident of the district, the child is supported fully without personal compensation or gain, and that the resident will assume all personal obligations for the child relative to school requirements and intends to so keep and fully support the child continuously and not merely through the school term." See 22 Pa. Code § 11.19(a).

and incorrectly reported the fifth nonresident student placed in a therapeutic care home as a resident student and failed to bill and collect \$4,516 in tuition payments from that student's home district. These reporting errors resulted in the five nonresident students' home districts not paying tuition for students educated by the Redbank Valley School District.

The PSC provides for Commonwealth payment of tuition for nonresident children placed in private homes by order of court or by the arrangement with an association, agency, or institution having the care of the child. These students are referred to as "foster children," and it is each district's responsibility to identify these students, obtain supporting documentation that each student meets these requirements, and report these students annually to the PDE. The District reported four of its nonresident students incorrectly as foster students and, as a result, the Commonwealth incorrectly paid their tuition. Additionally, the District incorrectly reported one nonresident student as a resident.

These students were residents of other school districts and placed in the District for treatment purposes based on medical necessity, and the District should have billed and collected tuition from each student's home district of residency.

Recommendations

The *Redbank Valley School District* should:

1. Identify the five students' home districts and bill each respective district the appropriate tuition amount for educating these students.
2. Ensure that District officials responsible for reporting nonresident students are trained prior to reporting student resident data.
3. Review membership reports submitted to the PDE for years subsequent to the audit, and if errors are found, submit revised reports to the PDE.

The *Pennsylvania Department of Education* should:

4. Adjust the District's allocations to correct the total overpayment of \$11,783.

Management Response

District management provided the following response:

1. The District will do an audit of all children coded as 1305 status to ensure that they are coded accurately and that all documentation has been sent to the resident school District if it is required.
2. When in doubt of which status a child [sic], the District will reach out to PDE and other contacts to ensure that the child is coded correctly.
3. The District's will complete 4605's accurately and in a timely manner as well as bill resident District.
4. The District will review all years after the final audit year 16-17 to ensure the accuracy of the codes and send correct reports to PDE as necessary.

Auditor Conclusion

We are pleased that the District is implementing corrective action to address the issues noted in our finding. We believe the implementation of our recommendations will help the District accurately report student resident data to the PDE. We will review the changes the District made to their reporting process and any other correction actions taken by the District during our next audit.

Status of Prior Audit Findings and Observations

Our prior audit of the Redbank Valley School District (District) released on November 20, 2014, resulted in one observation, as shown below. As part of our current audit, we determined the status of corrective action taken by the District to implement our prior audit recommendations. We reviewed the District's written response provided to the Pennsylvania Department of Education (PDE), interviewed District personnel, and performed audit procedures as detailed in each status section below.

Auditor General Performance Audit Report Released on November 20, 2014

Prior Observation: **Continuing Internal Control Weaknesses Noted Over the Redbank Valley School District's Student Record Data**

Prior Observation

Summary:

Our prior audit of the District's controls over student data integrity for the 2011-12 school year need to be improved.

Prior Recommendations: We recommended that the District should:

1. Prepare and maintain vendor membership reports and reconcile the year-end reports to the Pennsylvania Information Management System (PIMS) instructional time and membership reports to ensure accuracy of data submitted to the PDE.
2. Establish an internal committee to ascertain that child accounting and other relevant administrators work together to ensure that all students are reconciled, accounted for, and reported correctly to the PDE.

Current Status:

The District established an internal committee to better ensure that communication occurs from building staff to the District officials responsible for reporting child accounting data to the PDE. While the District maintained vendor membership reports for the school years during our audit period, the District did not reconcile these reports to the PIMS reports. We continue to recommend that the District institute a reconciliation process of this data.

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,⁹ 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, 2013 through June 30, 2017. In addition, the scope of each individual audit objective is detailed on the next page.

The Redbank Valley 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).¹⁰ 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.

⁹ 72 P.S. §§ 402 and 403.

¹⁰ 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, 2013 through June 30, 2017. We also determined if the District had key personnel or software vendor changes since the prior audit.

During our audit, we evaluated the following objectives:

- Student Resident Data
- Administrator Separations
- 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 the PDE? Did the District receive the correct reimbursement for these nonresident students?¹¹
 - To address this objective, we reviewed all five nonresident 1305 foster students that were reported to the PDE from July 1, 2013 through June 30, 2017. We reviewed the District's student information system reports, PDE child accounting reports, and each student's agency placement letter to ensure all nonresident students were accurately reported to the PDE. Our review of this objective disclosed reportable issues as noted in the Finding on page 9 of this report.
- ✓ 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 contracts comply with the Public School Code¹² and Public School Employees' Retirement System (PSERS) guidelines?
 - To address this objective, we reviewed the contracts, settlement agreements, board meeting minutes, board policies, and payroll records for the two administrators who separated employment from the District during the period January 31, 2017 through June 30, 2018. Our review of this objective did not result in any reportable issues.

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

¹² 24 P.S. § 10-1073(e)(v).

- ✓ 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?¹³ 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, using the random number generator, we randomly selected 10 of the 46 bus drivers transporting District students as of October 15, 2018.¹⁴ 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 result in any reportable issues.

- ✓ Did the District take actions to ensure it provided a safe school environment?¹⁵
 - To address this objective, we reviewed a variety of documentation including, safety plans, training schedules, anti-bullying policies, fire drill reports, and after action reports. In addition, we conducted on-site reviews at all three of the District's school buildings to assess whether the District had implemented basic safety practices.¹⁶ Due to the sensitive nature of school safety, the results of our review of this objective are not described in our audit report. The results of our review of school safety are shared with District officials, the PDE, and other appropriate agencies deemed necessary.

¹³ 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*.

¹⁴ While representative selection is a required factor for audit sampling methodologies, audit sampling 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.

¹⁵ 24 P.S. § 13-1301-A *et seq.*

¹⁶ Basic safety practices evaluated were building security, bullying prevention, visitor procedures, risk and vulnerability assessments, and preparedness.

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
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
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 report is a matter of public record and is available online at www.PaAuditor.gov. Media questions about the report 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.