

# PERFORMANCE AUDIT

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## Rockwood Area School District Somerset County, Pennsylvania

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March 2019



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE  
AUDITOR GENERAL

Mr. Mark Bower, Superintendent  
Rockwood Area School District  
439 Somerset Avenue  
Rockwood, Pennsylvania 15557

Mr. Irvin Kimmel Jr., Board President  
Rockwood Area School District  
439 Somerset Avenue  
Rockwood, Pennsylvania 15557

Dear Mr. Bower and Mr. Kimmel:

We have conducted a performance audit of the Rockwood Area 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:

- Nonresident Student Data
- Bidding Requirements
- Bus Driver Requirements

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

The audit was conducted pursuant to Sections 402 and 403 of The Fiscal Code (72 P.S. §§ 402 and 403), and in accordance with the Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Mr. Mark Bower  
Mr. Irvin Kimmel Jr.  
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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 Resident Data to the PDE Resulting in Overpayments of \$60,962

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

Sincerely,



Eugene A. DePasquale  
Auditor General

March 25, 2019

cc: **ROCKWOOD AREA SCHOOL DISTRICT** Board of School Directors

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## Background Information

School Characteristics 2017-18 School Year <sup>A</sup>	
County	Somerset
Total Square Miles	146
Number of School Buildings	1 <sup>1</sup>
Total Teachers	58
Total Full or Part-Time Support Staff	34
Total Administrators	7
Total Enrollment for Most Recent School Year	708
Intermediate Unit Number	8
District Vo-Tech School	Somerset County Technology Center

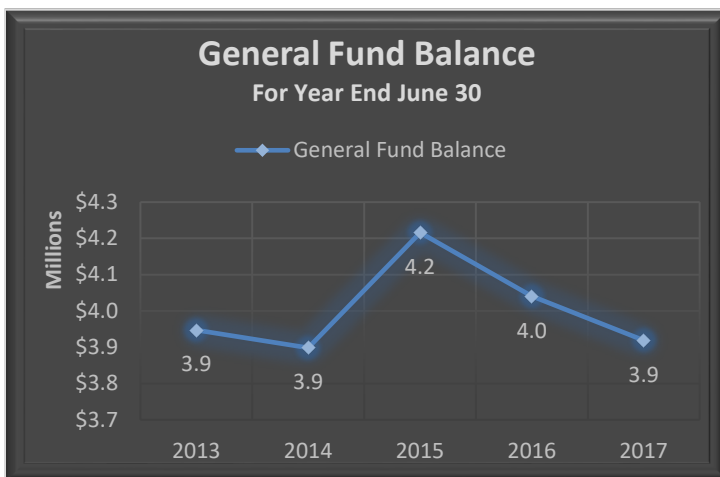
A - Source: Information provided by the District administration and is unaudited.

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

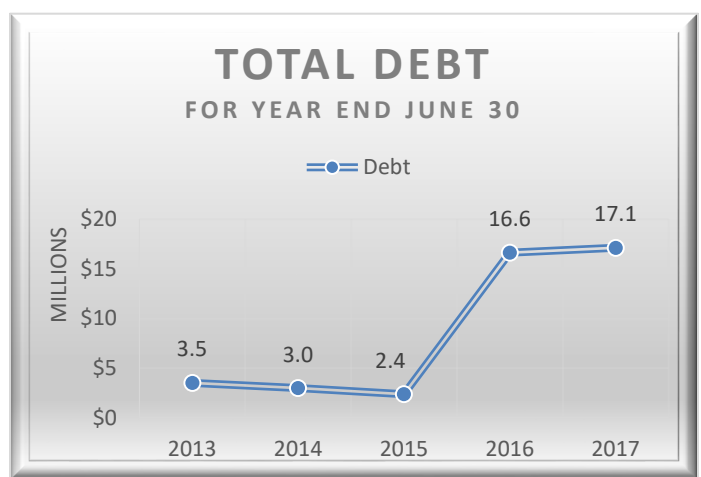
To empower students to reach their full potential as well-rounded, lifelong learners and responsible members of society.

## Financial Information

The following pages contain financial information about the Rockwood Area 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**.



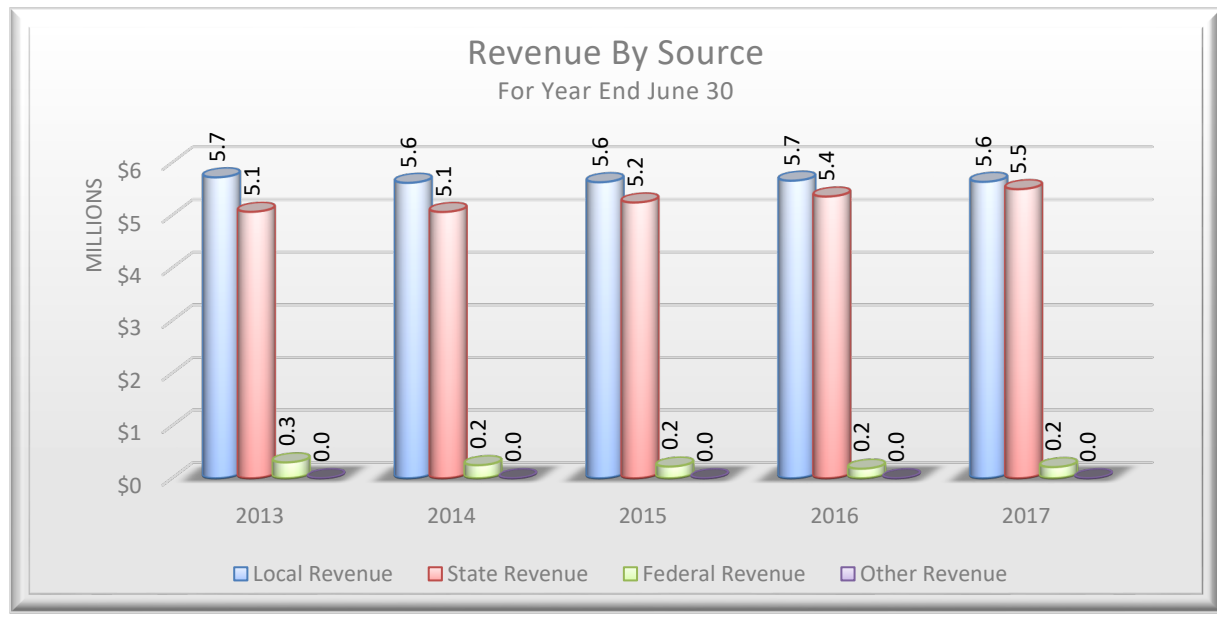
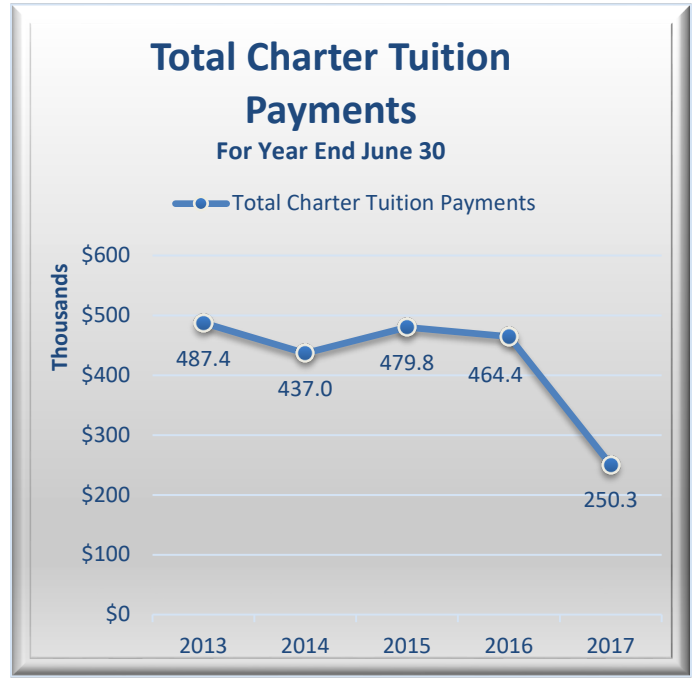
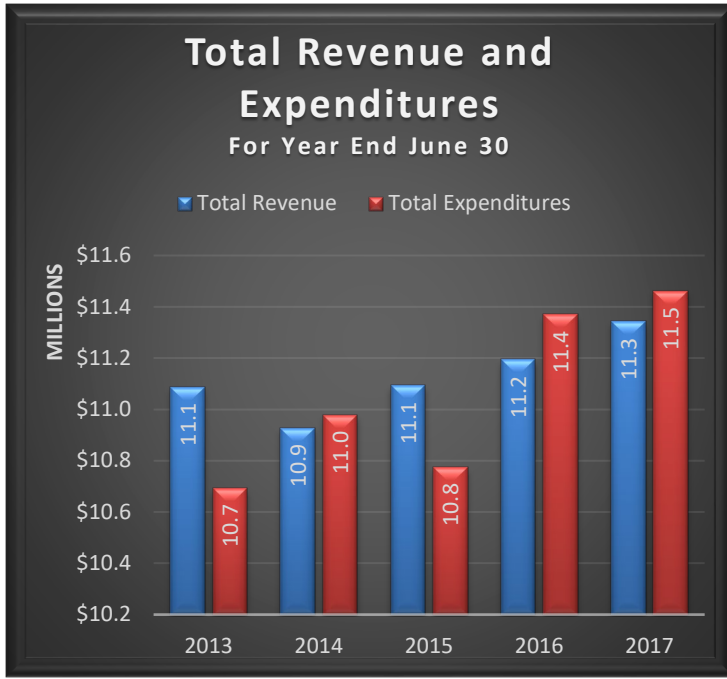
**Note:** General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



**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.

<sup>1</sup> Rockwood Elementary and the junior/senior high school are in one connected physical building. These schools have two separate entrances; therefore, both were reviewed as part of our safe schools objective.

## 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.<sup>2</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>3</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>4</sup>

### **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.<sup>5</sup> 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.<sup>6</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>2</sup> 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.

<sup>3</sup> 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.

<sup>4</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>5</sup> 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.

<sup>6</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>7</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?**

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.<sup>8</sup>

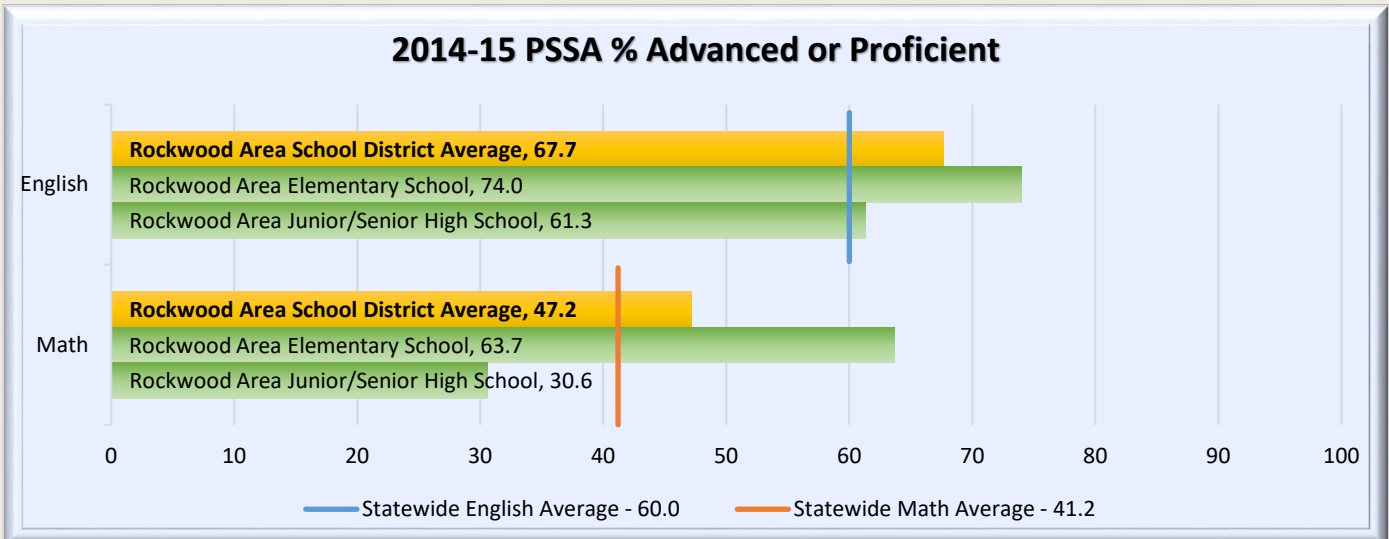
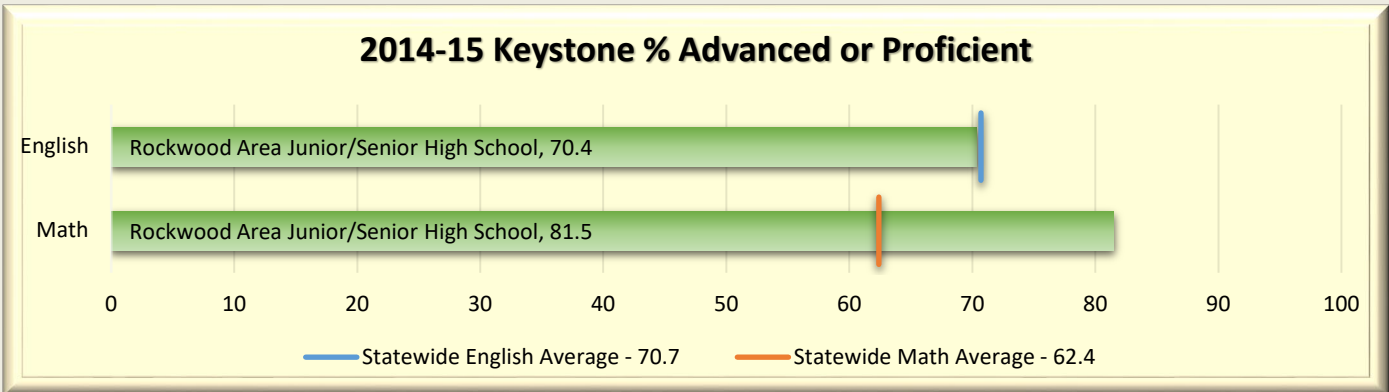
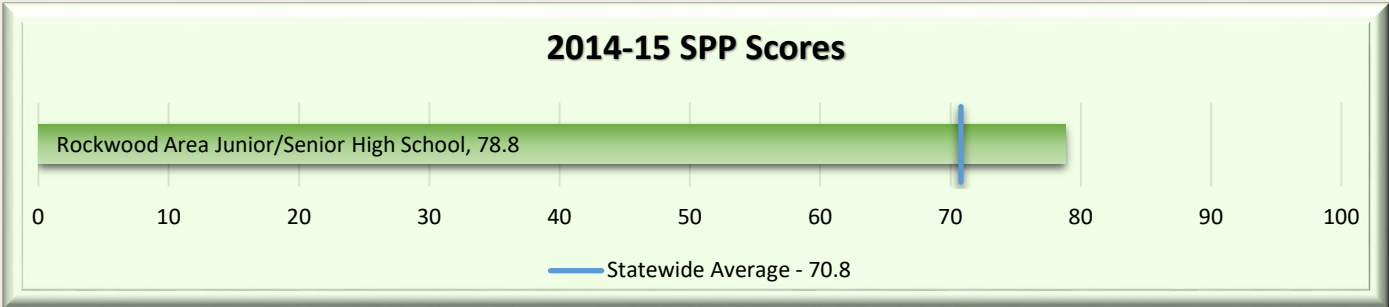
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<sup>7</sup> The PDE has determined that PSSA scores issued beginning with the 2014-15 school year and after are not comparable to prior years due to restructuring of the exam.

<sup>8</sup> 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>.

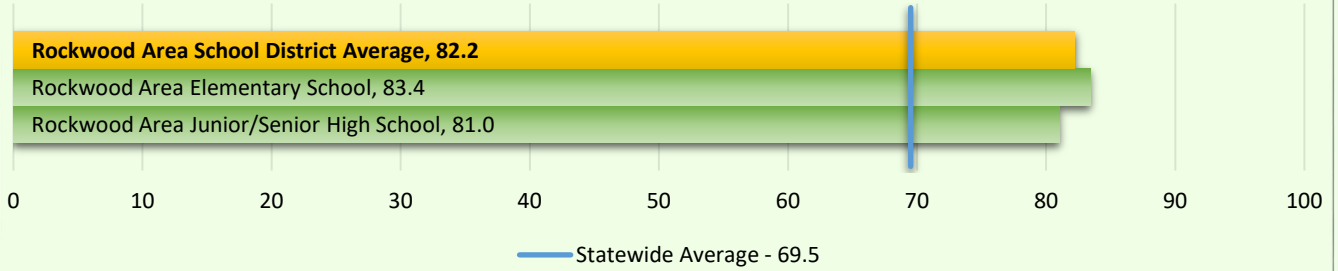


**2014-15 Academic Data**  
**School Scores Compared to Statewide Averages**

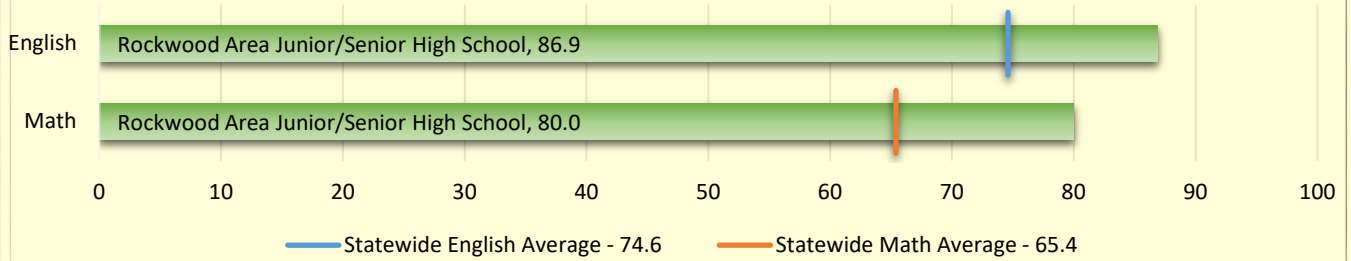


**2015-16 Academic Data**  
**School Scores Compared to Statewide Averages**

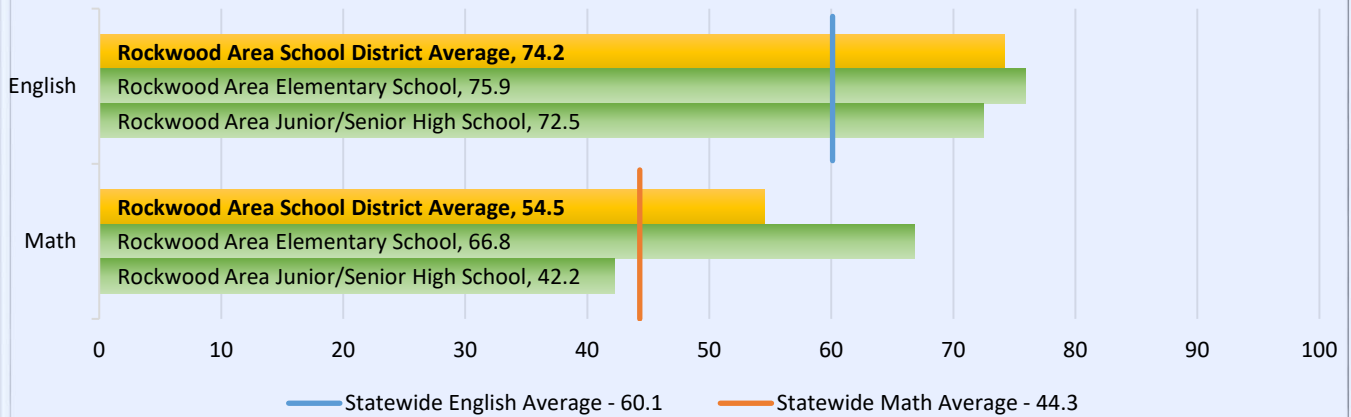
**2015-16 SPP Scores**



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

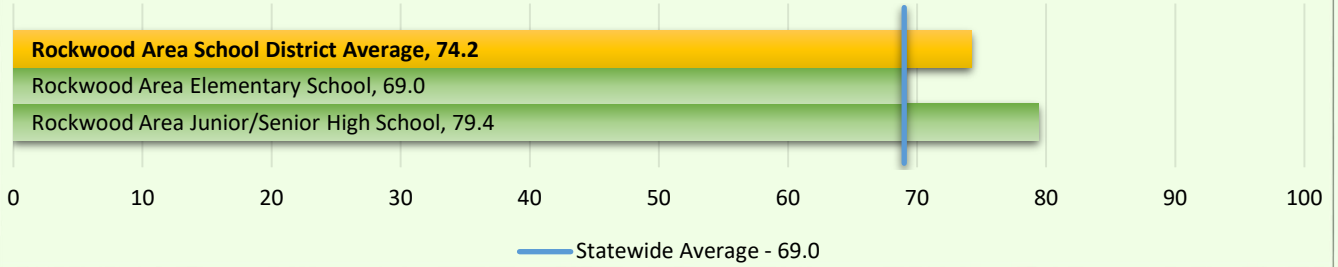


**2015-16 PSSA % Advanced or Proficient**

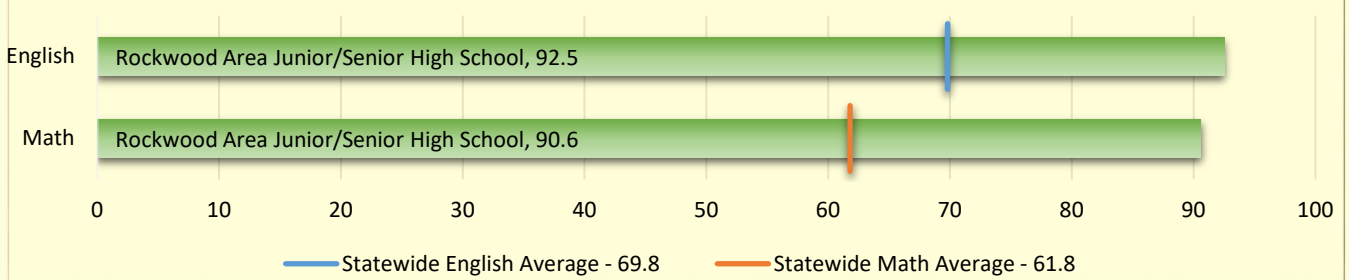


**2016-17 Academic Data**  
**School Scores Compared to Statewide Averages**

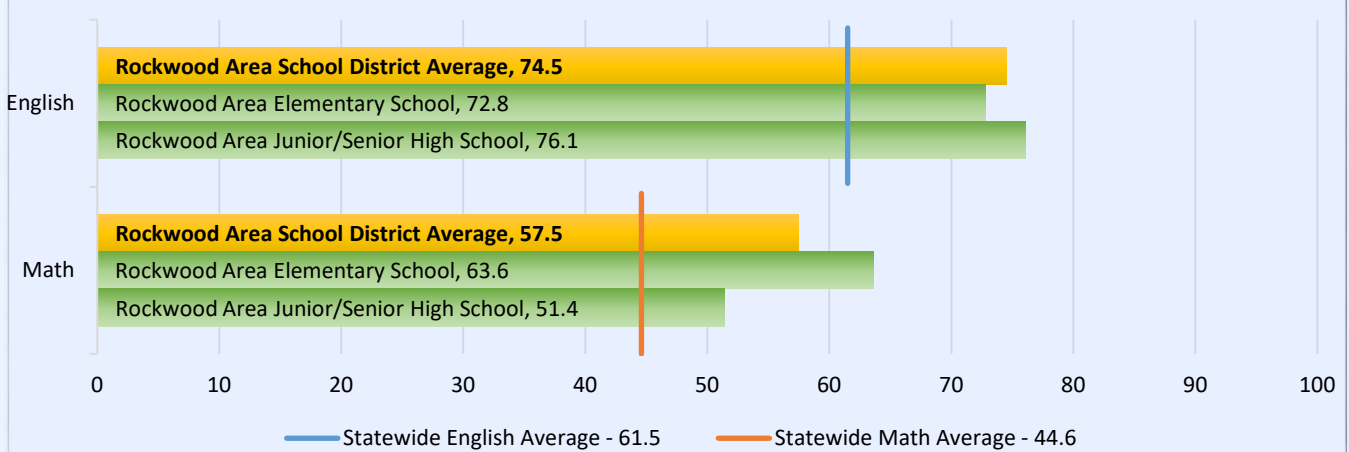
**2016-17 SPP Scores**



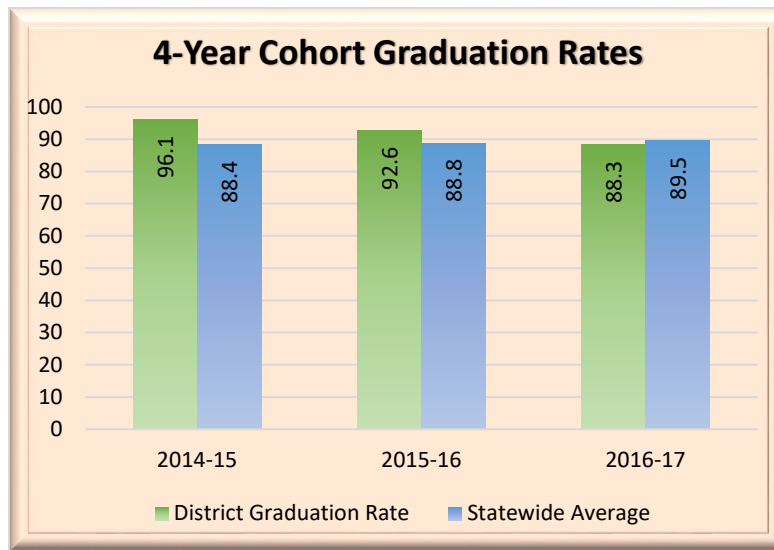
**2016-17 Keystone % Advanced or Proficient**



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



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



## Finding

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### Finding

### The District Incorrectly Reported Resident Data to the PDE Resulting in Overpayments of \$60,962

*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).

We found that the Rockwood Area School District (District) incorrectly reported student resident data to the Pennsylvania Department of Education (PDE) for the 2015-16 and 2016-17 school years.<sup>9</sup> Incorrectly reporting this resident data resulted in the District being overpaid over \$60,000 in subsidy reimbursements from the PDE. These reporting errors occurred because District officials failed to timely update individual students’ resident statuses when changes occurred.

As discussed in our criteria box, school districts are entitled to receive Commonwealth-paid tuition for educating nonresident students. To be eligible to receive Commonwealth-paid tuition, the student’s parent/guardian must not be a resident of the educating district and the student must have been placed in a private home of a resident within the district by order of the court or by arrangement with an association, agency, or institution.<sup>10</sup> These students are commonly referred to as “foster students” and it is the requirement of the educating district to obtain the required documentation to correctly categorize and accurately report the number of foster students to the PDE. The Rockwood Area School District inaccurately categorized and inaccurately reported four foster students to the PDE for part of the 2015-16 school year and all of the 2016-17 school year.

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<sup>9</sup> Student resident data was correctly reported to the PDE for the 2013-14 and 2014-15 school years.

<sup>10</sup> For example, the applicable county children and youth agency.

*Criteria relevant to the finding  
(continued):*

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 . . .” [Emphasis added.] See 24 P.S. § 25-2503(c).

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

The table below illustrates the number of nonresident students reported as educated by the District during the 2015-16 and 2016-17 school years and the corresponding amount of Commonwealth-paid tuition received by the District for these students.

Rockwood Area School District Nonresident Student Data Reported to the PDE			
School Year	Nonresident Students Reported to the PDE	# of Days Incorrectly Reported	Overpayment <sup>11</sup>
2015-16	4	436	\$21,615
2016-17	4	708	\$39,347
<b>Total</b>	<b>8</b>	<b>1,144</b>	<b>\$60,962</b>

The District accurately reported four nonresident students at the beginning of the 2015-16 school year. However, these four nonresident students were placed in pre-adoptive status on December 15, 2015.<sup>12</sup> At this time, the students are considered residents and are required by the PDE to be reported as residents. As shown in the table above, the District inaccurately reported these four students as nonresidents for the remaining 2015-16 school year and the entire 2016-17 school year.

We found that there was a lack of communication between officials at various school buildings and the District officials responsible for compiling and submitting resident data to the PDE. Pre-adoptive documents received at various school buildings in December 2015 were not communicated to the District officials responsible for reporting this information to the PDE. Additionally, the District did not require annual Agency Placement Letters (APLs) to be submitted for each nonresident student reported to the PDE. Requiring annual APLs to be completed would have helped the District to identify that residency statuses changed for the four students identified in this finding prior to the 2016-17 school year.

We provided the PDE with reports detailing the errors we identified for the 2015-16 and 2016-17 school years. The

<sup>11</sup> Commonwealth tuition is determined by identifying if the nonresident student is an elementary or secondary student and the District’s tuition rate for the applicable category.

<sup>12</sup> These students were subsequently adopted on November 19, 2016.

*Criteria relevant to the finding  
(continued):*

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 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).

PDE requires these reports to verify the overpayments to the District. The District's future subsidy reimbursements should be adjusted by the amount of the overpayment.

### **Recommendations**

The *Rockwood Area School District* should:

1. Annually obtain APLs for all nonresident students and ensure that the APLs contain all required information needed to determine the residency status of each student.
2. Establish procedures to ensure that student residency data received at the building level is communicated to District officials responsible for reporting this information to the PDE.
3. Develop procedures that reconcile the number of nonresident students reported to the PDE to individual APLs and ensure that a second level review of this reconciliation is performed.

The *Pennsylvania Department of Education* should:

4. Adjust the District's subsidy reimbursement allocations to resolve the overpayment of \$60,962.

### **Management Response**

District management provided the following response:

"The district inappropriately classified 4 students as foster children for a portion of the 2015-2016 and the entire 2016-2017 school years resulting in an overpayment of \$60,962.00 to the district. District personnel responsible for classifying and reporting attendance data were unaware of the provisions included in BEC 24 P.S. 13-1301 — 13-1306 (revised January 22, 2009) which states that children living in pre-adoptive situations are considered residents of the school district where their pre-adoptive parents reside. This was a situation that current district personnel never encountered and believed that these students would be classified as resident students when the district received the final adoption decree and paperwork from the court system. District personnel had documentation that may lead one to believe that the

adoption process was started, but no official indication or documentation was provided indication the actual process was started.

The district administration will review BEC 24 P.S. 13-1301 — 13-1306 (Enrollment of Students) with those individuals at the elementary and secondary levels that are responsible for classifying and reporting attendance data to PDE.

The district will obtain and keep on file annual placement letters for every nonresident student classified and reported as a nonresident student on the attendance report submitted to PDE. District administration and attendance personnel will collectively verify that sufficient information is contained in the annual placement letter to ensure proper classification and reporting of these students to PDE.

Student residency data and information received at the elementary and secondary level buildings must be dated at the time of receipt and copies of this data are to be kept on file in the elementary or secondary office. Additionally, a copy of the information must immediately be sent to district personnel responsible for classifying and reporting student attendance data.

All annual placement letters must be kept on file with the district employees responsible for classifying and recording of student attendance data. These individuals will verify that an annual placement letter is on file for each student classified as a nonresident student for attendance purposes. In addition, the business manager and the PIMS coordinator will verify the same as part of their final review of district attendance data prior to submission to PDE.”

### **Auditor Conclusion**

We are pleased that the District has begun the implementation of our recommendations. We will evaluate the effectiveness of these actions along with any other corrective action taken by the District during our next audit.



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

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**O**ur prior audit of the Rockwood Area School District resulted in no findings or observations.

## **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>13</sup> is not a substitute for the local annual financial audit required by the Public School Code (PSC) 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 Rockwood 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>14</sup> 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.

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<sup>13</sup> 72 P.S. §§ 402 and 403.

<sup>14</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, 2013 through June 30, 2017. 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 performance in the following areas:

- ✓ Nonresident Student Data
- ✓ Bidding Requirements
- ✓ 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?<sup>15</sup>
  - To address this objective, we reviewed the documentation for all nonresident foster students in the 2012-13 through 2016-17 school years.<sup>16</sup> We requested documentation to verify that the custodial parent or guardian was not a resident of the District and the foster parents 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 Membership Report, and agency placement letters to ensure that reporting was accurate and that the District received the correct reimbursement for these students. The results of our review of this objective can be found in the finding on page 9 in this report.
- ✓ Did the District comply with the PSC's bidding and/or quote requirements?<sup>17</sup>
  - To address this objective, we reviewed the District's two school renovation projects that occurred during our audit period. The District renovated its auditorium during the 2015-16 school year and renovated its elementary school gymnasium during the 2016-17 school year. We interviewed District officials to understand the process of ensuring that the District complied with the PSC's bidding requirements. Additionally, we reviewed invoices to ensure that the District solicited bids when required or used the Commonwealth's cooperative

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<sup>15</sup> See 24 P.S. §§ 13-1301, 13-1302, 13-1305, 13-1306; 22 Pa. Code Chapter 11.

<sup>16</sup> The District reported one student in the 2012-13 school year, four students in the 2013-14 school year, four students in the 2014-15 school year, and four students in the 2015-16 school year.

<sup>17</sup> 24 P. S. § 8-807.1 (a.2).

purchasing contract.<sup>18</sup> 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?<sup>19</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?
  - To address this objective, we reviewed qualifications for all 26 bus drivers transporting District students as of September 5, 2018. 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>20</sup>
  - To address this objective, we reviewed a variety of documentation including, safety plans, training schedules, fire drill documentation, anti-bullying policies, and after action reports. In addition, we conducted on-site reviews at both of the District’s school buildings to assess whether the District had implemented basic safety practices.<sup>21</sup> Due to the sensitive nature of school safety, the full 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 the District officials, the PDE, and other appropriate agencies.

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<sup>18</sup> Cooperative purchasing—specifically, this was Costars—is the Commonwealth of Pennsylvania’s cooperative purchasing program, [www.dgs.pa.gov](http://www.dgs.pa.gov), accessed March 4, 2019.

<sup>19</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*.

<sup>20</sup> 24 P.S. § 13-1301-A *et seq.*

<sup>21</sup> Basic safety practices evaluated were building security, bullying prevention, visitor procedures, risk and vulnerability assessments, and preparedness.

## **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  
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Harrisburg, PA 17120

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**Mr. Nathan Mains**

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

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