

PERFORMANCE AUDIT

Wilson Area School District Northampton County, Pennsylvania

February 2018



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE
AUDITOR GENERAL

Mr. Douglas Wagner, Superintendent
Wilson Area School District
2040 Washington Boulevard
Easton, Pennsylvania 18042

Mrs. Judith Herbstreith, Board President
Wilson Area School District
2040 Washington Boulevard
Easton, Pennsylvania 18042

Dear Mr. Wagner and Mrs. Herbstreith:

We have conducted a performance audit of the Wilson Area School District (District) for the period July 1, 2012, through June 30, 2016, 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:

- Contracting
- Bus Driver Qualifications
- Administrator Buyout
- School Safety

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 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

February 21, 2018

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

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Background Information

School Characteristics 2015-16 School Year ^A	
County	Northampton
Total Square Miles	20.74
Resident Population^B	16,565
Number of School Buildings	5
Total Teachers	172
Total Full or Part-Time Support Staff	147
Total Administrators	13
Total Enrollment for Most Recent School Year	2,183
Intermediate Unit Number	20
District Vo-Tech School	Career Institute of Technology

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

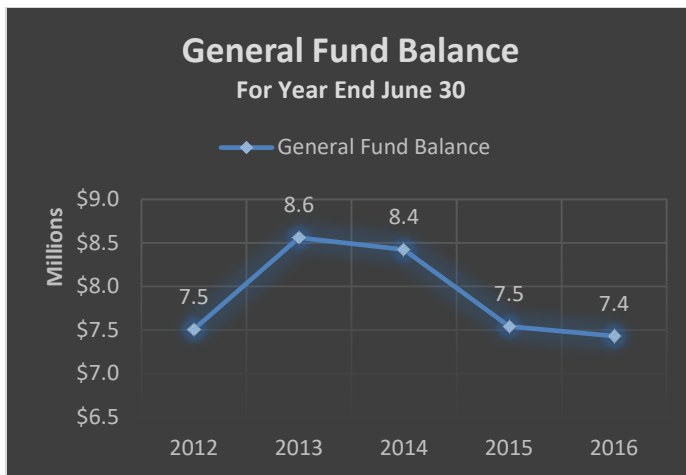
B - Source: United States Census
<http://www.census.gov/2010census>.

Mission Statement^A

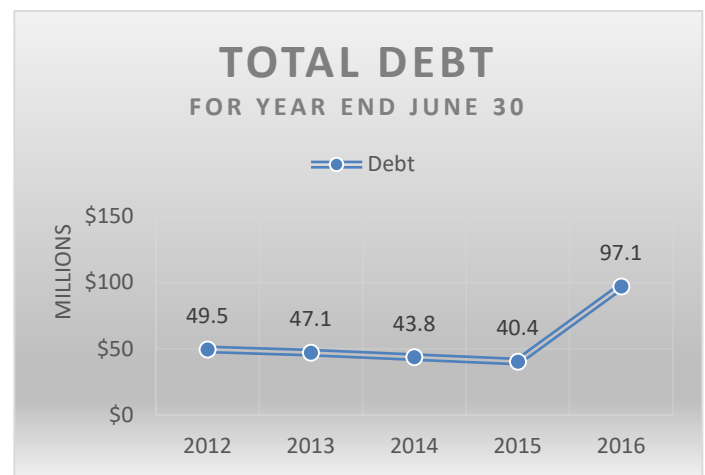
Enter to Learn.....The Wilson Area School District will provide safe environments and a variety of learning experiences that embrace diversity and allow all students to achieve to their fullest potential as responsible and productive citizens, who become life-long learners. The District and community will work in partnership to prepare our students for tomorrow's challenges so that they may.....Go forth to serve.

Financial Information

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

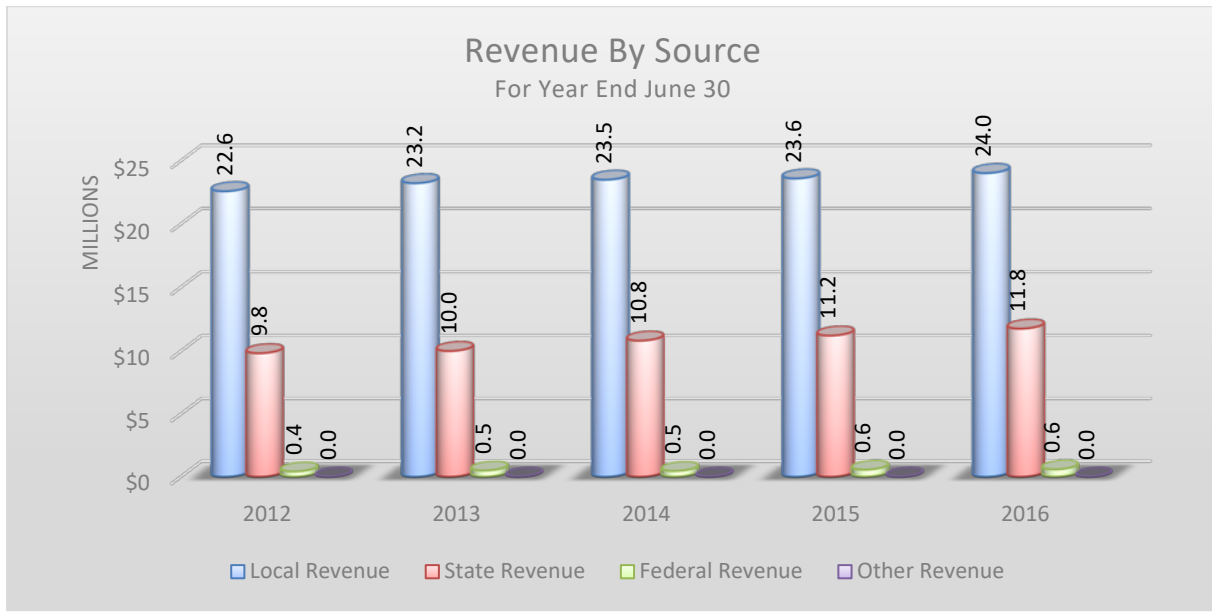
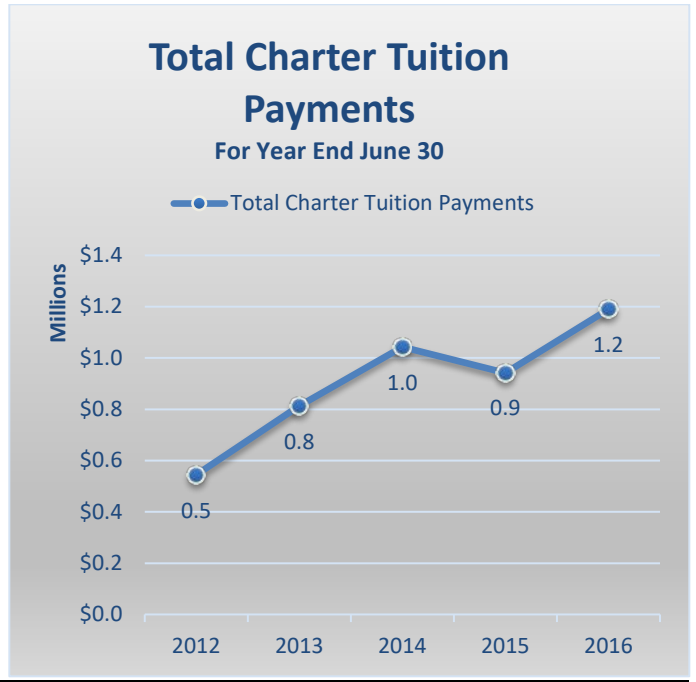
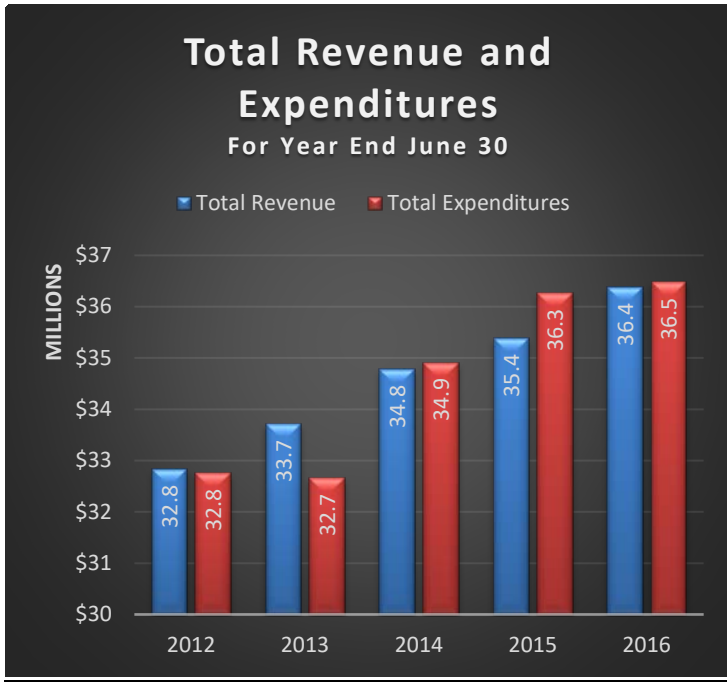


Note: General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



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

Financial Information Continued



Academic Information

The graphs on the following pages present School Performance Profile (SPP) scores, Pennsylvania System of School Assessment (PSSA), Keystone Exam results, and 4-Year Cohort Graduation Rates for the District obtained from PDE's data files for the 2014-15 and 2015-16 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 chart.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. 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 exams), student improvement, advance course offerings, and attendance and graduation rates. Generally speaking, a SPP score of 70 or above is considered to be a passing rate.

PDE started issuing a SPP score for all public school buildings beginning with the 2012-13 school year. For the 2014-15 school year, PDE only issued SPP scores for high schools taking the Keystone Exams as scores for elementary and middle schools were put on hold due to changes with PSSA testing.⁴ PDE resumed issuing a SPP score for all schools for the 2015-16 school year.

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.

¹ PDE is the sole source of academic data presented in this report. All academic data was obtained from PDE's publically available website.

² PDE's data does not provide any further information regarding the reason a score was not published for a specific school. However, readers can refer to PDE's website for general information regarding the issuance of academic scores.

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 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 PSSA exams to align with state Common 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.

The 2014-15 school year marked the first year that PSSA testing was aligned to the more rigorous PA Core Standards.⁵ 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 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 at least 2020. 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.

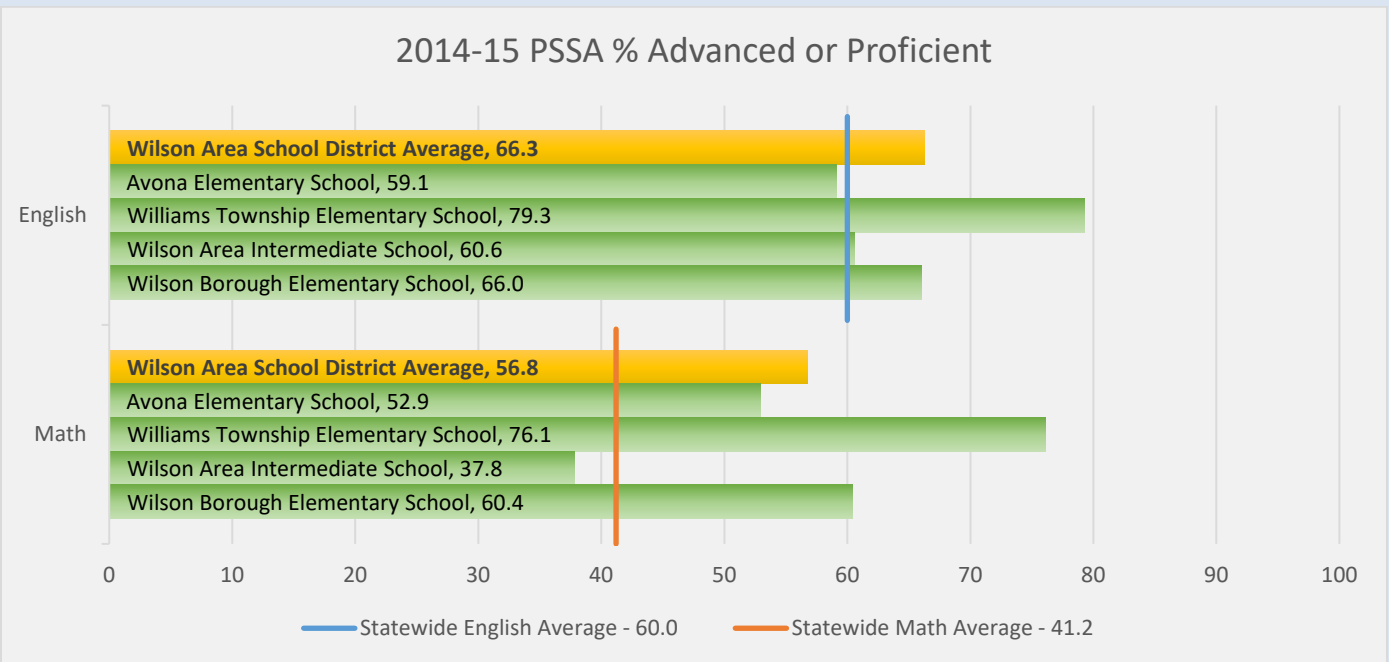
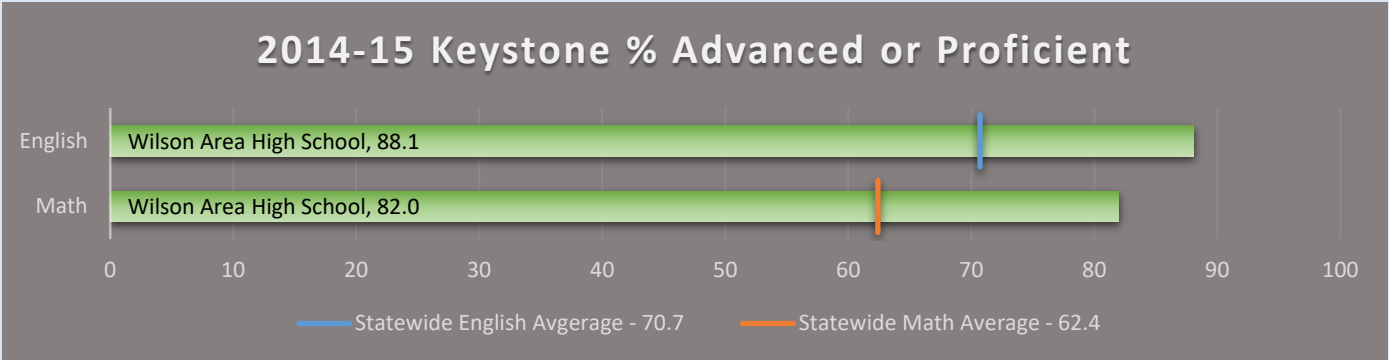
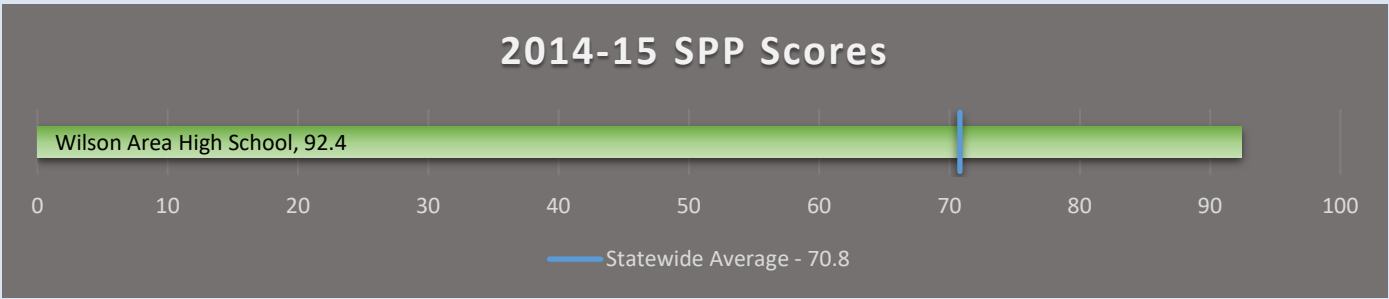
What is a 4-Year Cohort Graduation Rate?

PDE collects enrollment and graduate data for all Pennsylvania public schools, which is used to calculate graduation rates. Cohort graduation rates are a calculation of the percentage of students who have graduated with a regular high school diploma within a designated number of years since the student first entered high school. The rate is determined for a cohort of students who have all entered high school for the first time during the same school year. Data specific to the 4-year cohort graduation rate is presented in the graph.⁶

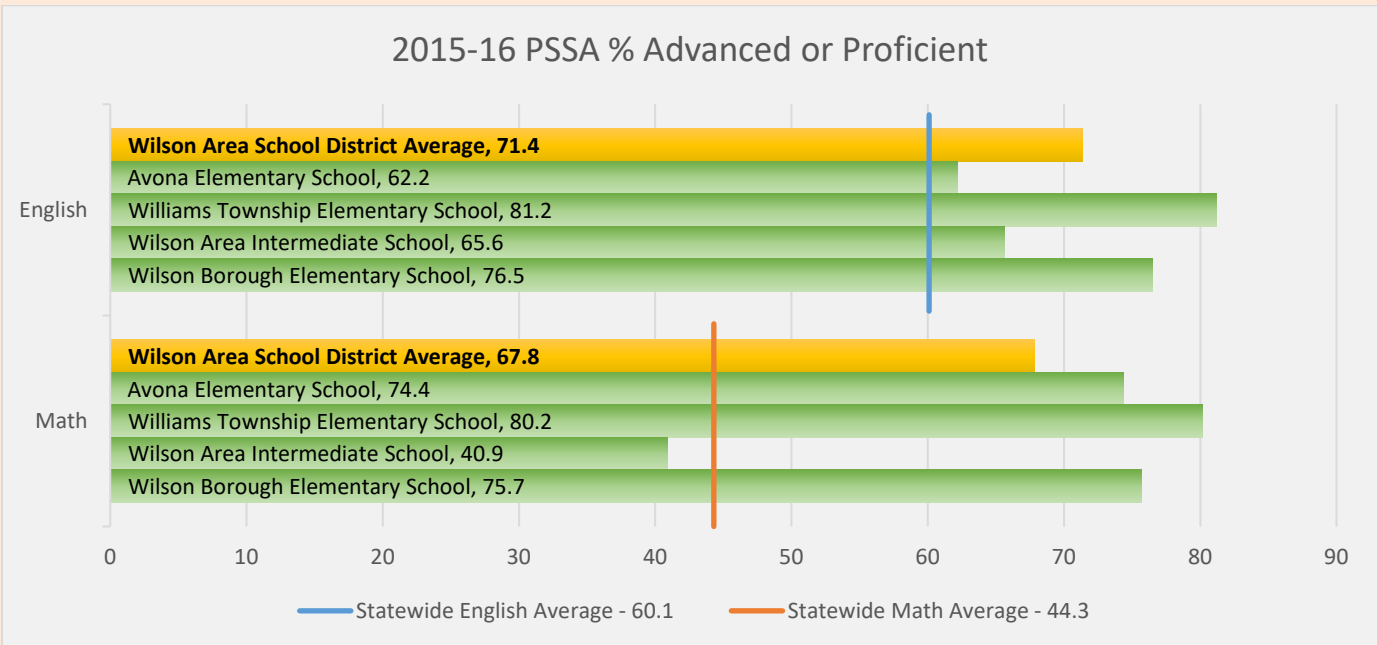
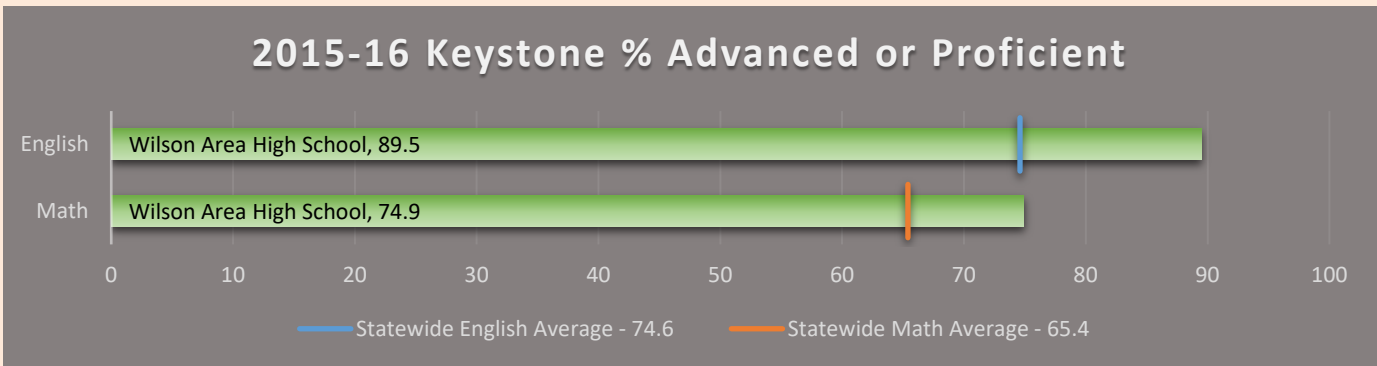
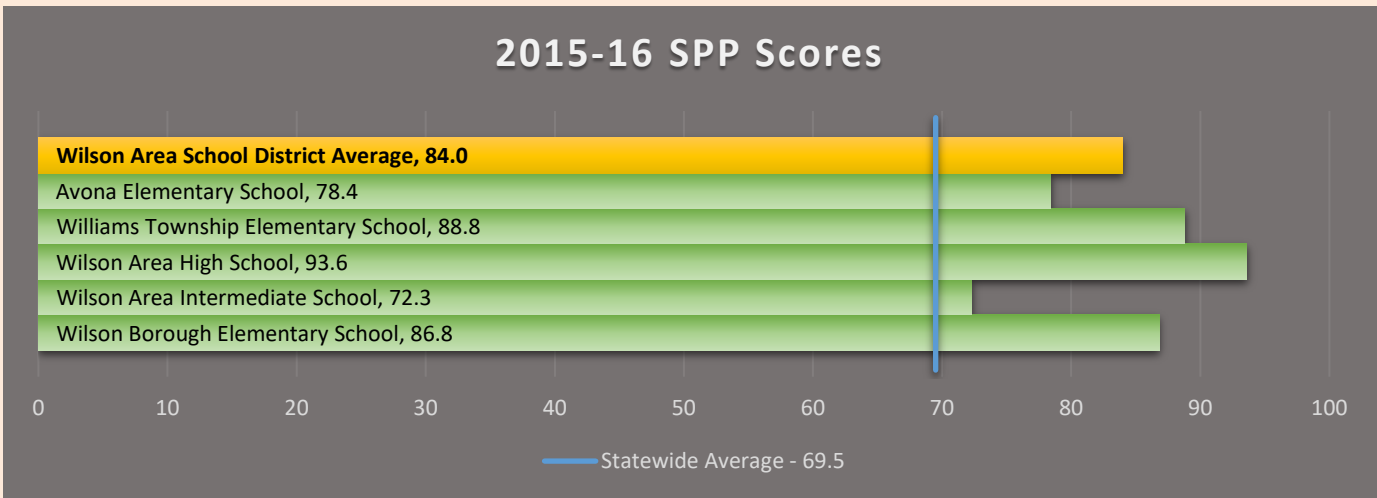
⁵ PDE has determined that PSSA scores issued beginning with the 2014-15 school year and after are not comparable to prior years due to restructuring of the exam. (Also, see footnote 4).

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

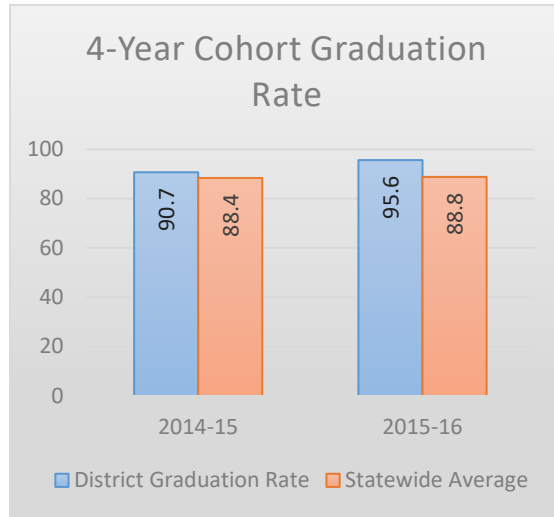
2014-15 Academic Data
School Scores Compared to Statewide Averages



2015-16 Academic Data
School Scores Compared to Statewide Averages



4-Year Cohort Graduation Rate



Finding(s)

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

Status of Prior Audit Findings and Observations

Our prior audit of the Wilson Area School District (District) released on April 15, 2015, resulted in one finding, as shown below. As part of our current audit, we determined the status of corrective action taken by the District to implement our prior audit recommendations. We interviewed personnel and performed audit procedures as detailed in each status section below.

Auditor General Performance Audit Report Released on April 15, 2015

Prior Finding No. 1: Possible Inaccurate Reporting of Retirement Wages

Prior Finding Summary: During our prior audit of the District, we found that retirement wages for a former Business Manager may have been overstated in reports submitted to the Public School Employees' Retirement System (PSERS) for the 2011-12 school year. The possible ineligible wages reported for the former Business Manager totaled \$26,441.

Prior Recommendations: We recommended that the District should:

1. Ensure that District personnel report to PSERS only compensation allowable for retirement purposes, as stated in PSERS regulations and guidelines.
2. Implement procedures for reviewing all salary and employment contracts in order to ensure that only eligible service time is being reported to PSERS for retirement contributions.
3. If the questionable compensation is determined by PSERS to be ineligible retirement compensation, then return the portion of wages which was incorrectly withheld to the former Business Manager.

We also recommended that PSERS should:

4. Review the propriety of the compensation paid during the 2011-12 school year; as well as credited time of employment as of March 30, 2012, for the above mentioned employee and make any necessary adjustments.

Current Status: Our review found that the District implemented our prior recommendations. PSERS determined that the payments for 54 days totaling \$26,441 were ineligible; therefore, the appropriate adjustments were made to his eligible wages and service time. The contributions determined ineligible by PSERS were returned to the District in

July 2015. The District then returned the \$1,983 of ineligible contributions to the former Business Manager on December 22, 2015. During our current audit review, we found that the District accurately reported retirement wages for contracted employees who separated from employment with the District during our audit period.

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, Pennsylvania Department of Education, and other concerned entities.

Our audit, conducted under authority of Sections 402 and 403 of The Fiscal Code,⁷ 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, 2016. In addition, the scope of each individual audit objective is detailed on the next page.

The Wilson Area School District's (District) management is responsible for establishing and maintaining effective internal controls⁸ 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.

⁷ 72 P.S. §§ 402 and 403.

⁸ 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, 2012, through June 30, 2016. 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:

- Contracting
- Bus Driver Requirements
- Administrator Buyout
- 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 ensure that its significant contracts were current and were properly obtained, approved, executed, and monitored?
 - To address this objective, we reviewed the District's procurement and contract monitoring policies and procedures. We obtained a contract list for the 2015-16 school year and selected 9 out of 37 contracts for detailed testing. Contracts were judgmentally selected based on high dollar amount or risk based on the type of transactions. Testing included a review of the procurement documents to determine if the contract was procured in accordance with the Public School Code and District policies. We also reviewed documents and interviewed District personnel to determine if the District monitored the selected contracts. Finally, we reviewed board meeting minutes and the Board of School Directors' Statements of Financial Interest to determine if any board member had a conflict of interest in approving the selected contracts. Our review of this objective did not disclose any reportable issues.⁹
- ✓ 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 written policies and procedures

⁹ The selection of vendors was not a representative selection from a larger population because we used judgment in selecting vendors based on the specific service each vendor provided. Therefore, the results of our testing should not be projected to a larger population.

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.

governing the hiring of new bus drivers that would, when followed, provide reasonable assurance of compliance with applicable laws?

- To address this objective, we randomly selected 5 of the 23 bus drivers employed by the District, during the period July 1, 2012, through October 30, 2017, and the only driver hired by the District's transportation contractor during this time period. 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, when followed, ensure compliance with bus driver hiring requirements. Our review of this objective did not disclose any reportable issues.¹¹
- ✓ Did the District pursue a contract buy-out with an administrator and if so, what was the total cost of the buy-out, what were the reasons for the termination/settlement, and did the employment contract(s) comply with the Public School Code¹² and Public School Employees' Retirement System guidelines?
 - To address this objective, we reviewed the contracts, board meeting minutes, and payroll records for the only individually contracted administrator to separate from employment during the period from July 1, 2012, through June 30, 2016. Our review of this objective did not disclose any reportable issues.
- ✓ Did the District take actions to ensure it provided a safe school environment?¹³
 - To address this objective, we reviewed a variety of documentation including, but not limited to, safety plans, training records, anti-bullying policies, and risk and vulnerability assessments. In addition, we conducted on-site reviews at two out of the District's five school buildings to assess whether the District had implemented basic safety practices.¹⁴ 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 and, if deemed necessary, PDE.¹⁵

¹¹ The selection of bus drivers was not a representative selection from a larger population because only the drivers hired during the time period identified were selected. Therefore, the results of our testing should not be projected to a larger population.

¹² 24 P.S. § 10-1073(e)(2)(v).

¹³ 24 P.S. § 13-1301-A *et seq.*

¹⁴ Basic safety practices evaluated were building security, bullying prevention, visitor procedures, risk and vulnerability assessments, and preparedness.

¹⁵ The two District buildings selected for on-site review were selected because we did not conduct on-site reviews at those buildings in prior audits. The selection of buildings was not a representative selection from a larger population because each building has distinct individual characteristics. Therefore, the results of our testing should not be projected to a larger population.

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

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1010 Harristown Building #2
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The Honorable Joe Torsella

State Treasurer
Room 129 - Finance Building
Harrisburg, PA 17120

Mrs. Danielle Mariano

Director
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Pennsylvania Department of Education
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Harrisburg, PA 17126

Dr. David Wazeter

Research Manager
Pennsylvania State Education Association
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Harrisburg, PA 17105

Mr. Nathan Mains

Executive Director
Pennsylvania School Boards Association
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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.