

PERFORMANCE AUDIT

Wilson School District Berks County, Pennsylvania

August 2018



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. Richard H. Faidley, Superintendent
Wilson School District
2601 Grandview Boulevard
West Lawn, Pennsylvania 19609

Mr. Matt Wolf, Board President
Wilson School District
2601 Grandview Boulevard
West Lawn, Pennsylvania 19609

Dear Dr. Faidley and Mr. Wolf:

We have conducted a performance audit of the Wilson 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:

- Transportation Operations
- Administrator Contract Buyout
- 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.

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 the Number of Nonpublic School Students Transported Resulting in a Net Overpayment of \$14,866

Dr. Richard H. Faidley
Mr. Matt Wolf
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

August 22, 2018

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

Table of Contents

	Page
Background Information	1
Finding	11
Finding – The District Incorrectly Reported the Number of Nonpublic School Students Transported Resulting in a Net Overpayment of \$14,866	11
Status of Prior Audit Findings and Observations	15
Appendix: Audit Scope, Objectives, and Methodology	16
Distribution List	19

Background Information

School Characteristics 2016-17 School Year ^A	
County	Berks
Total Square Miles	38.6
Number of School Buildings	8
Total Teachers	468
Total Full or Part-Time Support Staff	806
Total Administrators	41
Total Enrollment for Most Recent School Year	6,037
Intermediate Unit Number	14
District Vo-Tech School	Berks Career and Technology Center

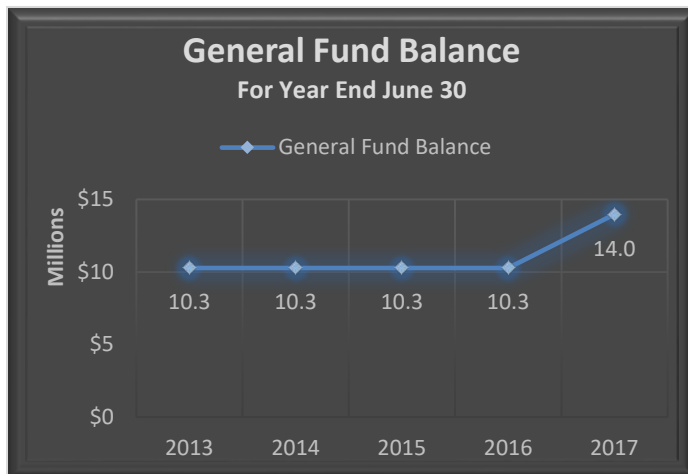
A - Source: Information provided by the District administration and is unaudited.

Mission Statement/Vision

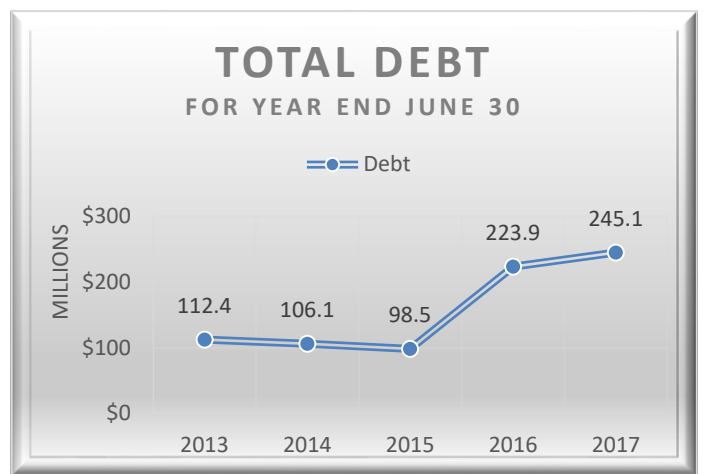
Empowering our students to create their own future.

Financial Information

The following pages contain financial information about the Wilson 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**.

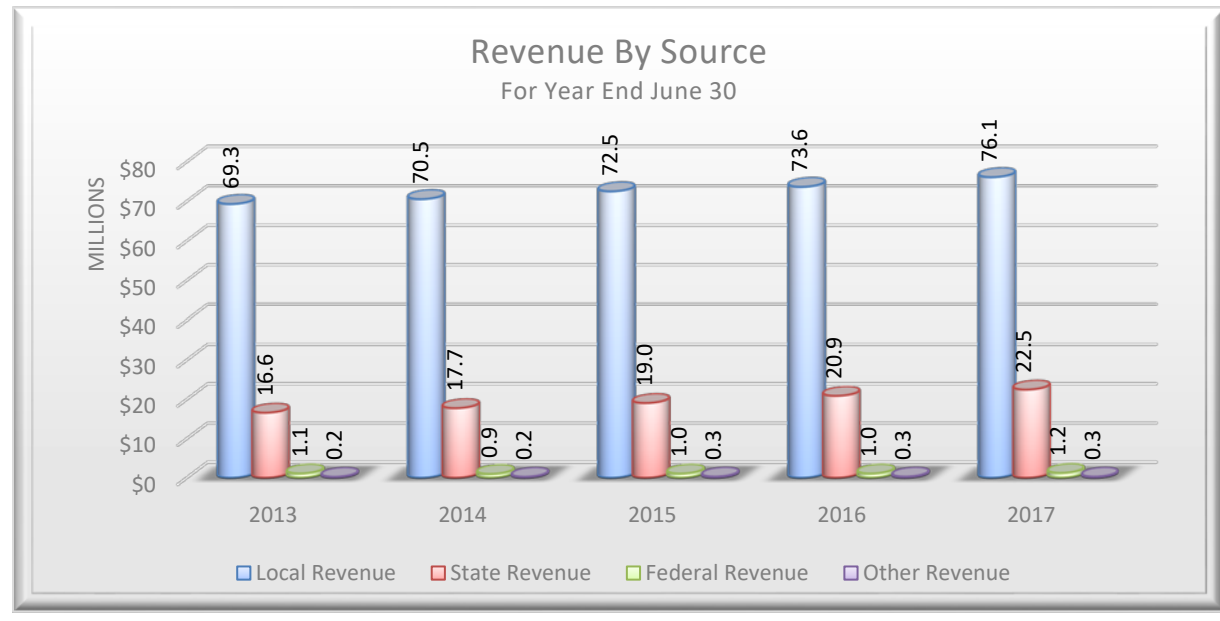
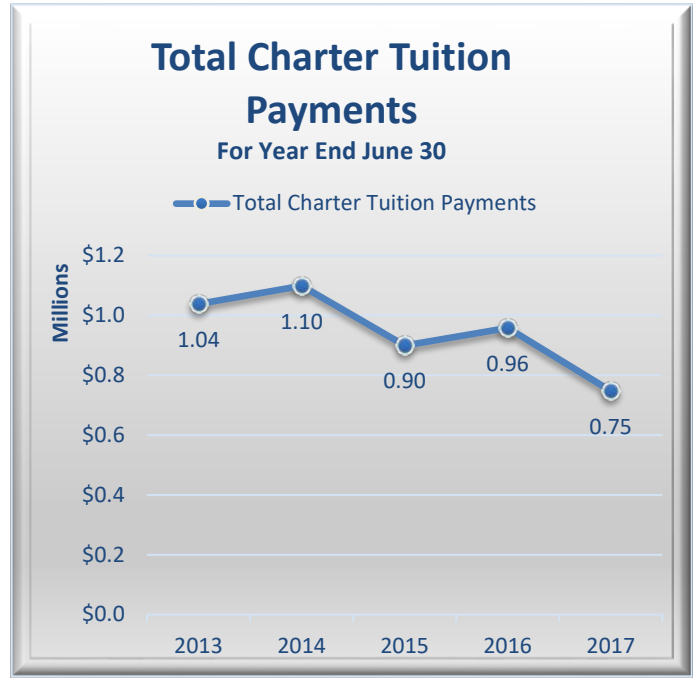
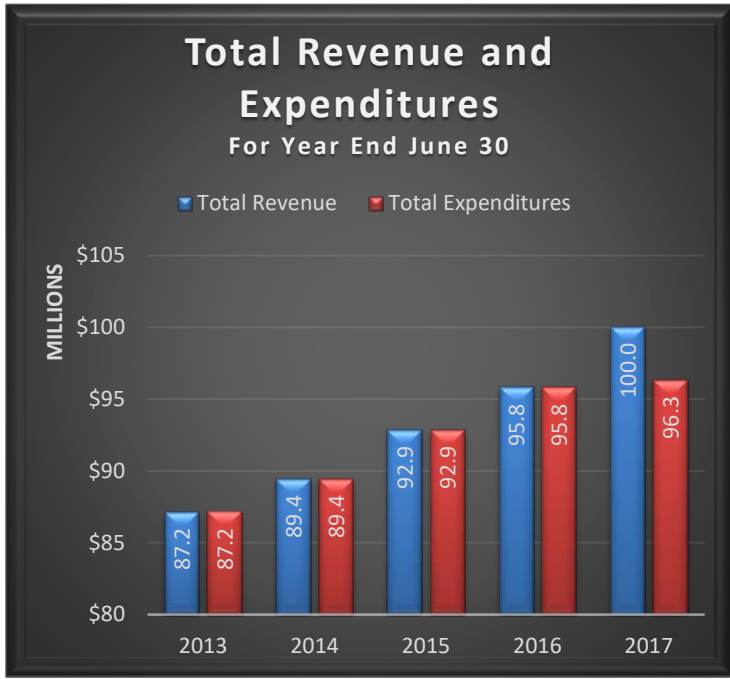


Note: General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



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 PSC 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.

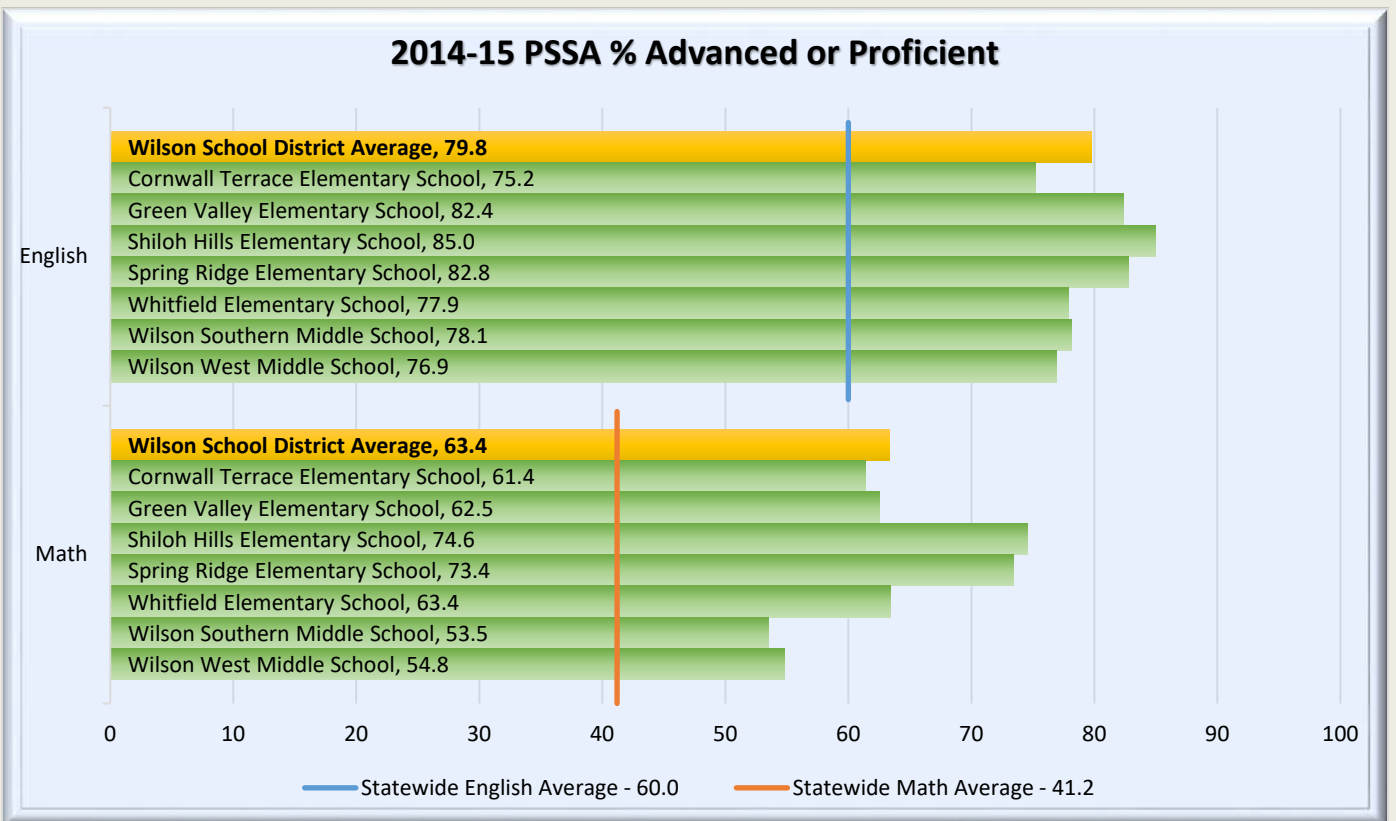
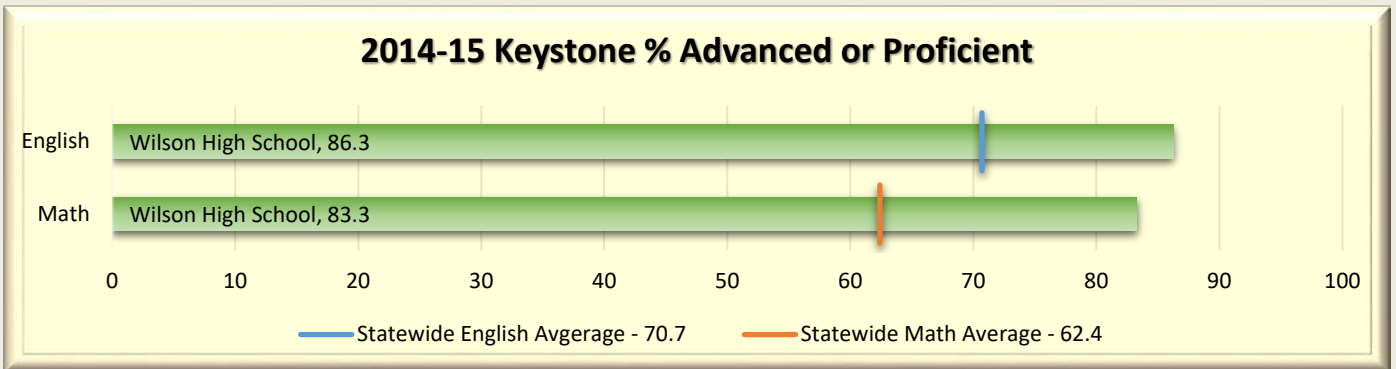
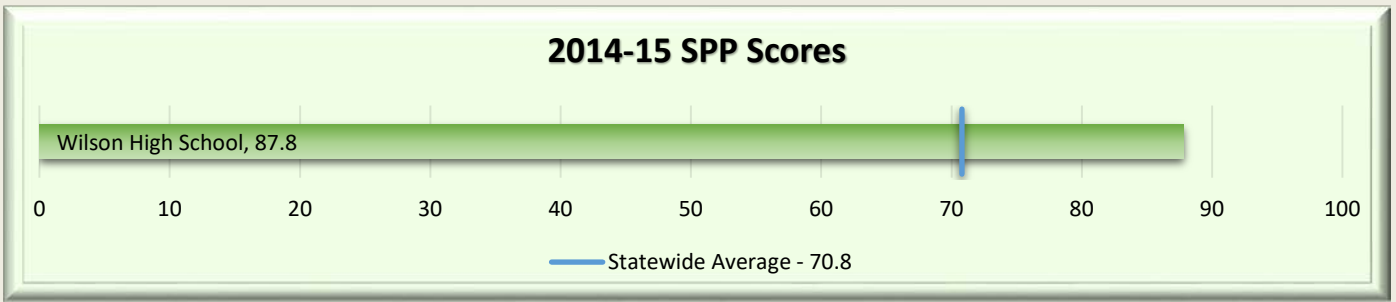
What is a 4-Year Cohort Graduation Rate?

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.

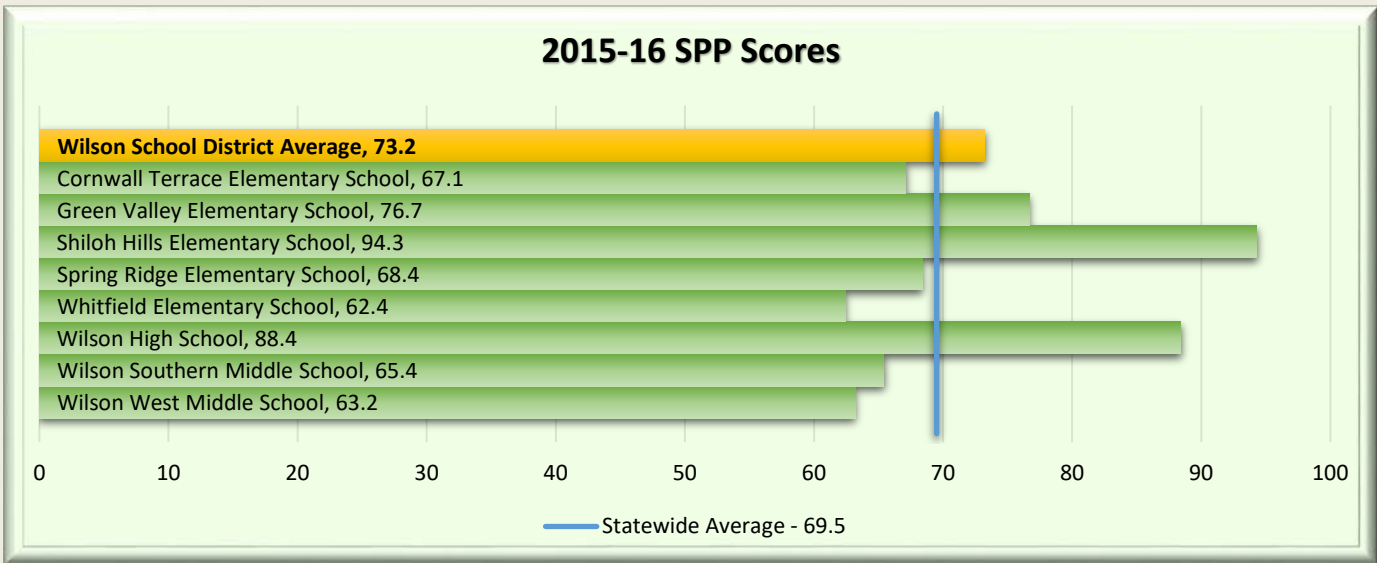
⁷ The PDE also calculates 5-year and 6-year cohort graduation rates. Please visit the PDE's website for additional information: <http://www.education.pa.gov/Data-and-Statistics/Pages/Cohort-Graduation-Rate-.aspx>.

2014-15 Academic Data
School Scores Compared to Statewide Averages

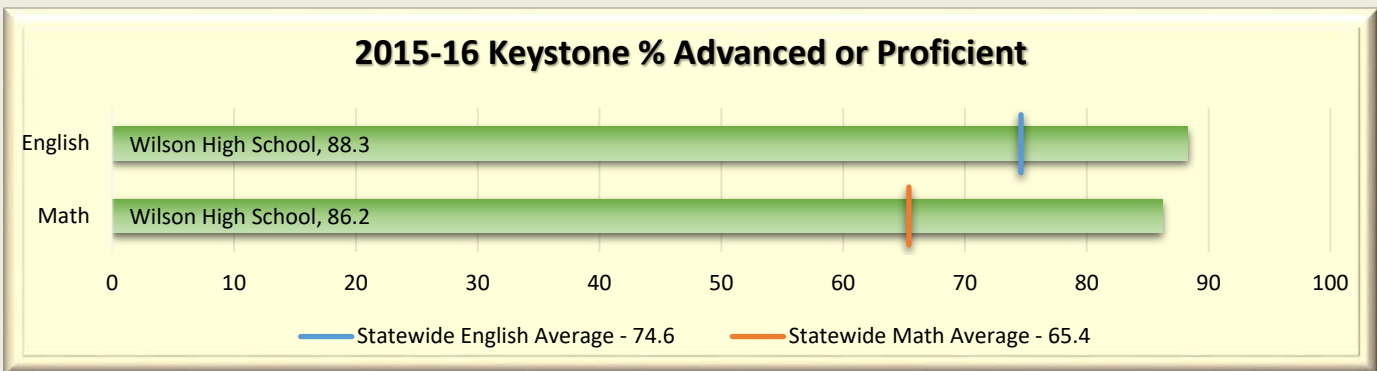


2015-16 Academic Data
School Scores Compared to Statewide Averages

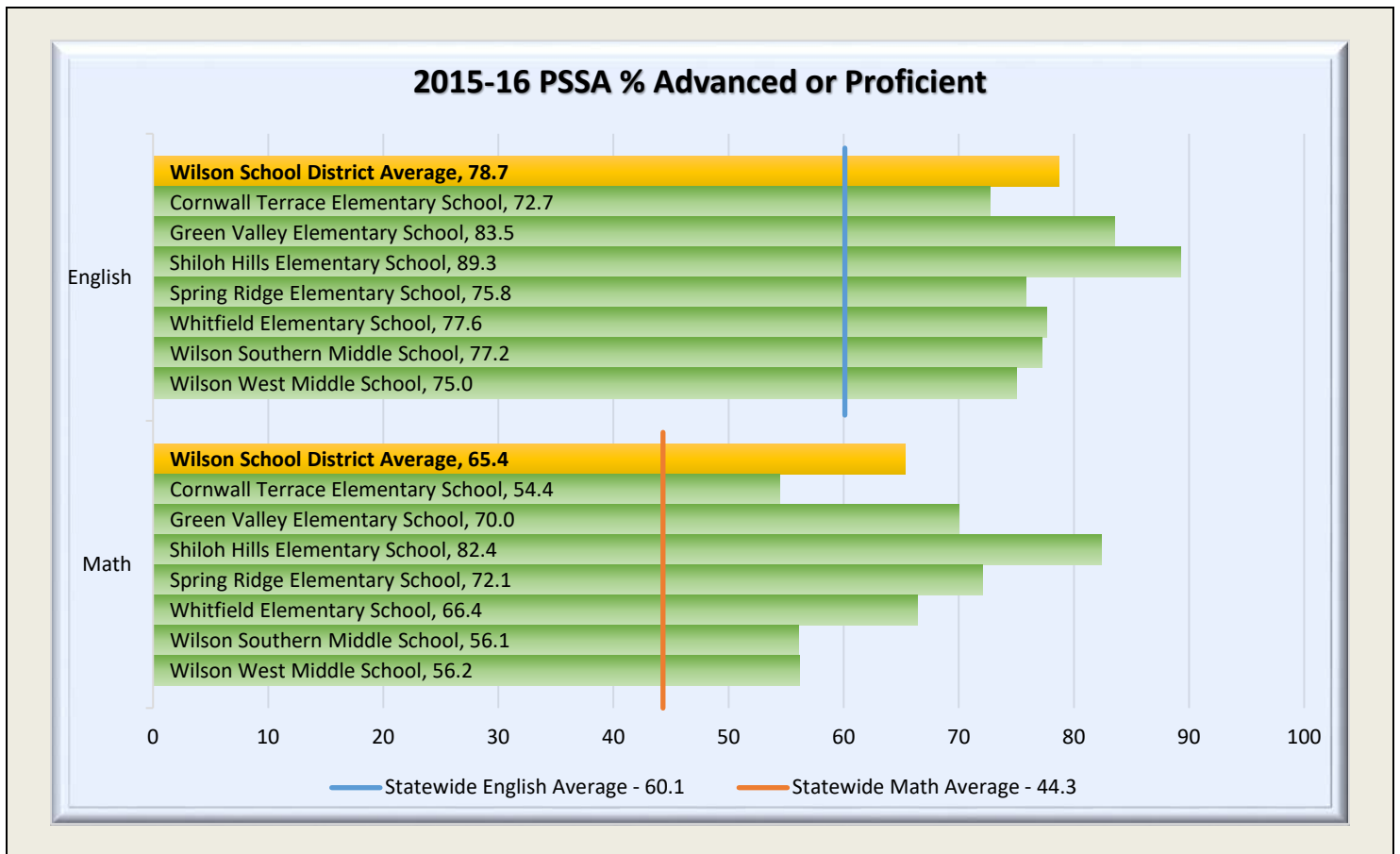
2015-16 SPP Scores



2015-16 Keystone % Advanced or Proficient

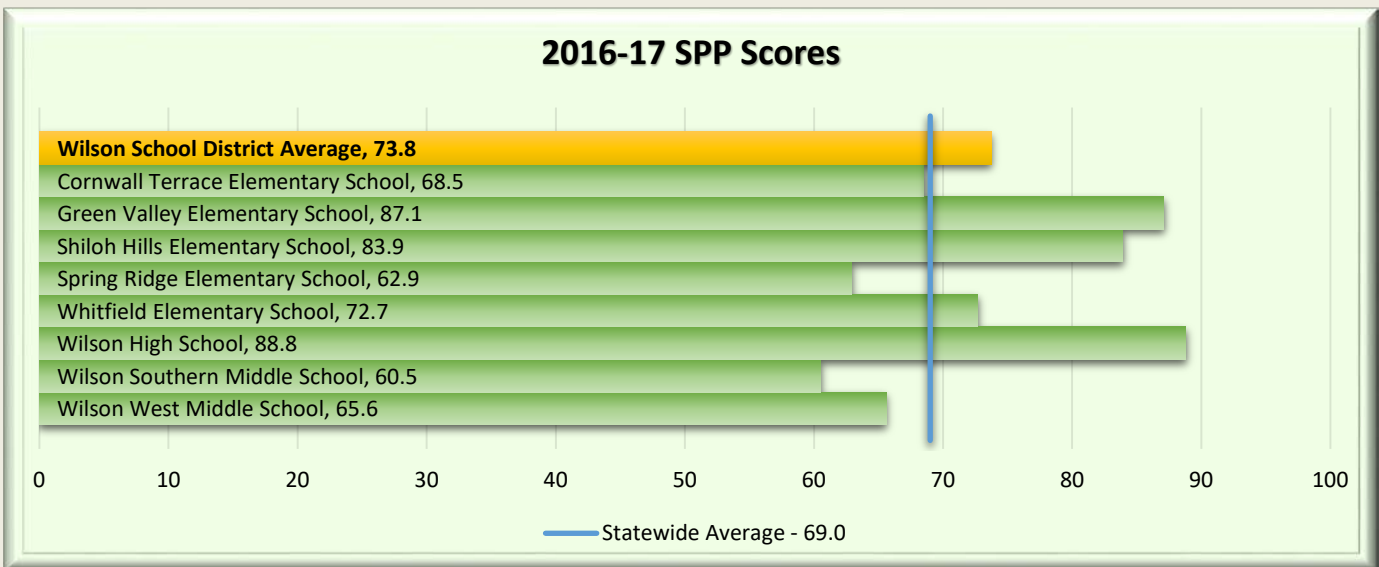


2015-16 Academic Data
School Scores Compared to Statewide Averages (continued)

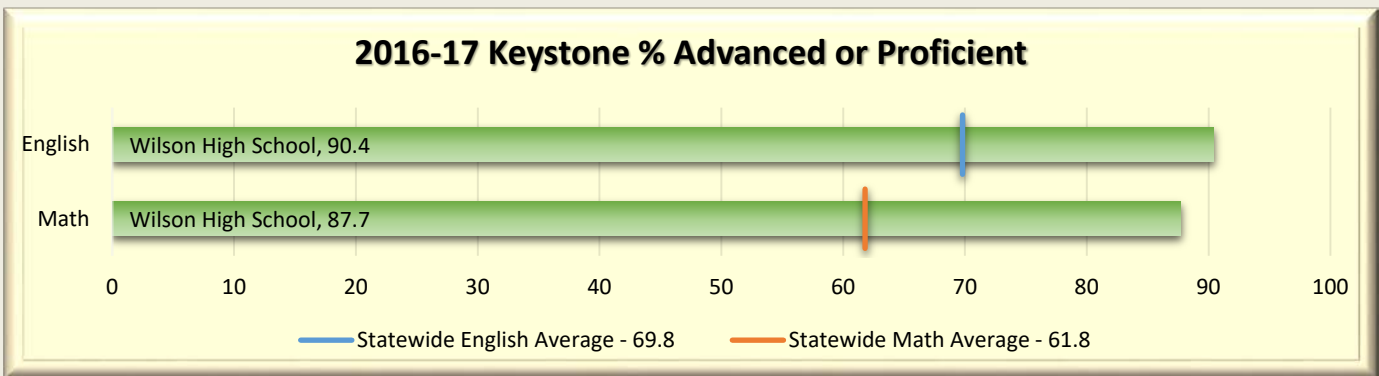


2016-17 Academic Data
School Scores Compared to Statewide Averages

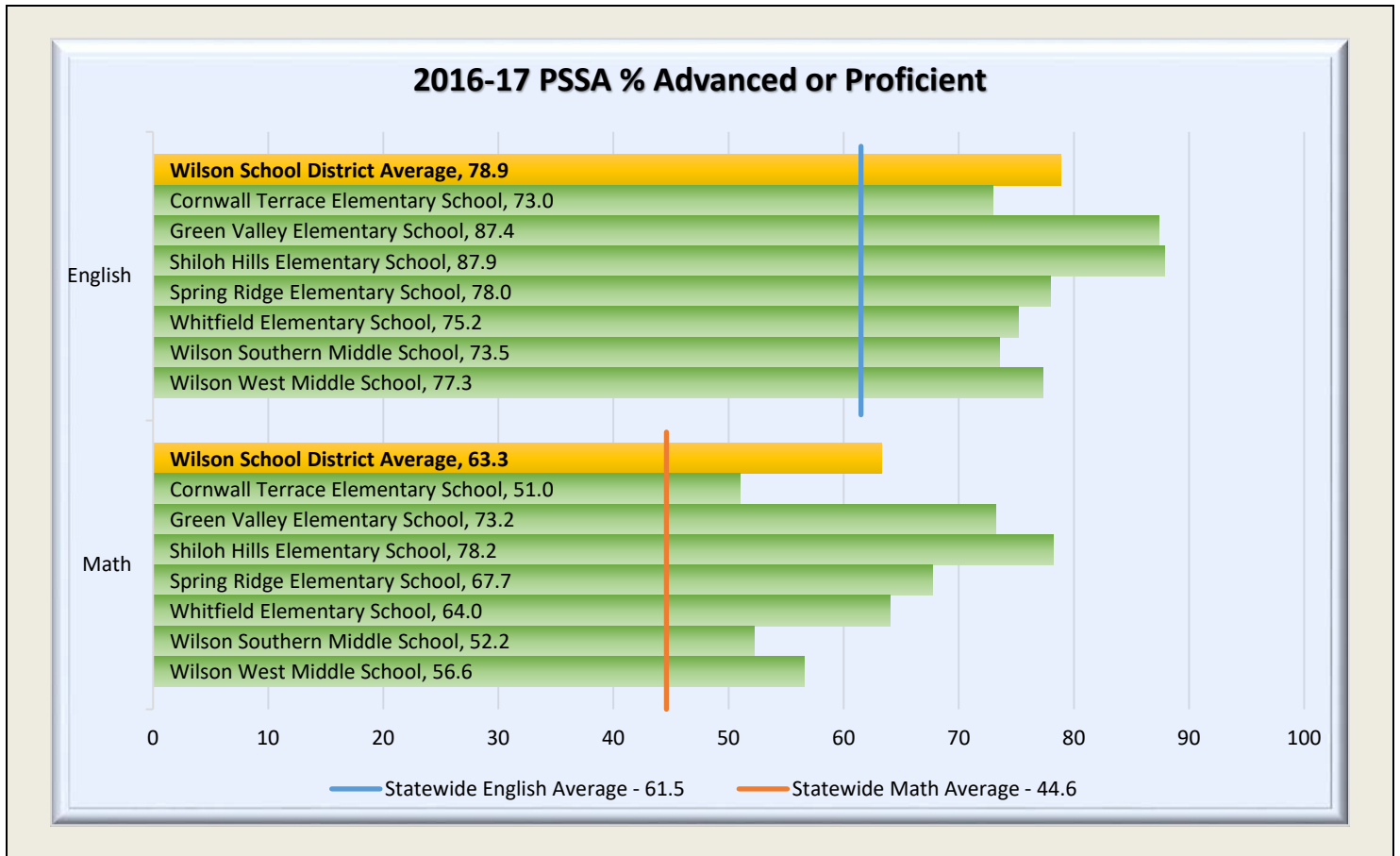
2016-17 SPP Scores



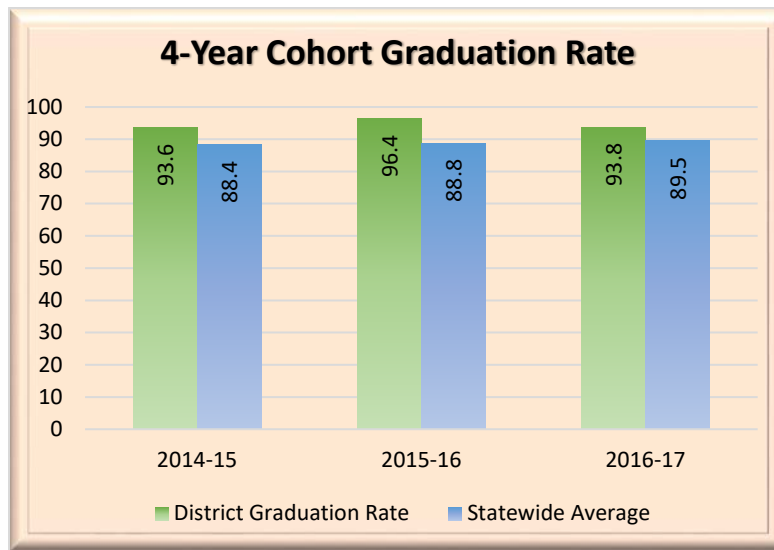
2016-17 Keystone % Advanced or Proficient



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



Graduation Data
District Graduation Rates Compared to Statewide Average



Finding

Finding

The District Incorrectly Reported the Number of Nonpublic School Students Transported Resulting in a Net Overpayment of \$14,866

Criteria relevant to the finding:

Supplemental Transportation Subsidy for Nonpublic School Students

Section 2509.3 of the Public School Code (PSC) provides that each school district shall receive a supplemental transportation payment of \$385 for each nonpublic school student transported. *See* 24 P.S. § 25-2509.3.

Student Transportation Subsidy

The PSC provides that school districts receive a transportation subsidy for most students who are provided transportation. Section 2541 of the PSC specifies the transportation formula and criteria. *See* 24 P.S. § 25-2541.

Total Students Transported

Section 2541 of the PSC states, in part: “School districts shall be paid by the Commonwealth for every school year on account of pupil transportation which, and the means and contracts providing for which, have been approved by the Department of Education, in the cases hereinafter enumerated, an amount to be determined by multiplying the cost of approved reimbursable pupils transportation incurred by the district by the district’s aid ratio. In determining the formula for the cost of approved reimbursable transportation, the Secretary of Education may prescribe the methods of determining approved mileages and the utilized passenger capacity of vehicles for reimbursement purposes.” *See* 24 P.S. § 25-2541(a).

The Wilson School District (District) was overpaid a total of \$14,866 in transportation reimbursement from the Pennsylvania Department of Education (PDE). This overpayment was due to the District improperly reporting the number of nonpublic school students (nonpublic students) transported by the District during the 2012-13, 2013-14, 2014-15, and 2015-16 school years.

According to the Public School Code (PSC), a nonpublic school is defined as a nonprofit school, other than a public school within the Commonwealth of Pennsylvania, wherein a resident of the Commonwealth may legally fulfill the compulsory school attendance requirements under the code and Title VI of the Civil Rights Act of 1964.⁸ The PSC requires school districts to provide transportation services to students who reside in its district and attend a nonpublic school, of which they are entitled to a reimbursement from the Commonwealth of \$385 for each nonpublic student transported by the district. It is important to note that if the district transports one nonpublic student at any time during the school year, the district would be eligible for \$385 in reimbursement for that nonpublic student.

Districts receive two separate transportation reimbursement payments from the PDE. One reimbursement is based on the number of students transported and the number of miles of vehicles in service, both with and without students (i.e., regular transportation reimbursement). The other reimbursement is based on the number of charter school and nonpublic students transported (i.e., supplemental transportation reimbursement).

We found that the District incorrectly reported the number of nonpublic students transported for the 2012-13 through 2015-16 school years, which resulted in a net overpayment of \$10,010 in supplemental transportation reimbursement. It follows that the District’s incorrect reporting of the number of nonpublic students transported resulted in the

⁸ *See* Section 922.1-A(b) (relating to “Definitions”) of the PSC, 24 P.S. § 9-922.1-A(b).

District also incorrectly reporting the total number of students transported. This resulted in a net overpayment of \$4,856 in regular transportation reimbursement.⁹

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

Wilson School District Nonpublic Student Reporting Errors				
School Year	Nonpublic Students Over/(Under) Reported	Supplemental Transportation Over/(Under)payment¹⁰	Regular Transportation Over/(Under)payment¹¹	Total Annual Over/(Under)payment
2012-13	(85)	(\$32,725)	(\$1,277)	(\$34,002)
2013-14	46	\$17,710	\$1,727	\$19,437
2014-15	18	\$6,930	\$1,799	\$8,729
2015-16	47	\$18,095	\$2,607	\$20,702
Total	26	\$10,010	\$4,856	\$14,866

According to current District officials, as of May 30, 2018, the District failed to reconcile rosters with requests for transportation from nonpublic students prior to reporting this information to the PDE. As stated earlier in the finding, if the District transported one nonpublic student at any time during the school year, the District would be eligible for \$385 in reimbursement for that nonpublic student. Since individual student transportation needs change annually and throughout any given school year, it is important for the District to reconcile individual requests for transportation with the final numbers reported to the PDE in order to ensure accurate reimbursement is received.

⁹ Incorrectly reporting nonpublic students transported only affects a district’s regular transportation reimbursement if the district’s aid ratio is below .50. The District aid ratio was below .50 for the 2012-13 through 2015-16 school years.

¹⁰ The overpayment/underpayment amount is computed by multiplying the number of nonpublic students reported by \$385.

¹¹ This overpayment/underpayment amount is computed by entering the change to total pupils transported into the Pennsylvania Department of Education transportation reimbursement formula. This formula takes into account, among other things, miles traveled, total students transported, age of vehicles used to transport students, and the District’s aid ratio.

*Criteria relevant to the finding
(continued):*

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

Sworn Statement and Annual Filing Requirement

Section 2543 of the PSC sets forth the requirement for school districts to annually file a sworn statement, in a format prescribed by the Secretary of Education, of student transportation data for the prior and current school year with the Pennsylvania Department of Education in order to be eligible for the transportation subsidies. See 24 P.S. § 25-2543.

Section 2543 of the PSC entitled, “Sworn statement of amount expended for reimbursable transportation; payment; withholding” states, in pertinent part:

“Annually, each school district entitled to reimbursement on account of student transportation shall provide in a format prescribed by the Secretary of Education, data pertaining to student transportation for the prior and current school year. . . . The Department of Education may, for cause specified by it, withhold such reimbursement, in any given case, permanently, or until the school district has complied with the law or regulations of the State Board of Education.” Id.

We provided the PDE with reports detailing the nonpublic student reporting errors for this district for the 2012-13, 2013-14, 2014-15, and 2015-16 school years. The PDE requires these reports to verify the over/under payments to the District. The District’s future transportation subsidies will then be adjusted by the amount of the over/underpayment.

Recommendations

The *Wilson School District* should:

1. Maintain a complete list of nonpublic students who were provided transportation for each school year by school.
2. Perform yearly reconciliations of bus rosters to student requests for transportation to ensure the number of nonpublic students reported to the PDE are accurate.

The *Pennsylvania Department of Education* should:

3. Adjust the District’s future transportation subsidy to resolve the \$14,866 net overpayment to the District.

Management Response

District management provided the following response:

Wilson School District management agrees with the finding of incorrectly reporting the number of nonpublic school students transported during the school years 2012-2013, 2013-2014, 2014-2015, and 2015-2016. It has been determined that the cause of the problem was due to an inaccurate record keeping system of the Request for Transportation Act 372 forms which are required for each nonpublic student. The transportation routing program, Transfinder, was not accurately updated annually by Transportation Department staff in regard to nonpublic student busing assignments each of those school years.

In order to prevent such reporting errors going forward, the Transportation Department staff will maintain a complete list of nonpublic students who were provided transportation for each school year, by school, along with the respective Request for Transportation Act 372 forms. The Transportation Department staff will also perform yearly

reconciliations between the bus rosters and busing assignments maintained in the transportation routing program to the Request for Transportation Act 372 forms to ensure that the number of nonpublic students reported to PDE accurate.

Auditor Conclusion

We are encouraged that the District is in the process of implementing our recommendations. We will review this and any other corrective action taken by the District during our next audit of the District.

Status of Prior Audit Findings and Observations

Our prior audit of the Wilson School 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, the Pennsylvania Department of Education (PDE), and other concerned entities.

Our audit, conducted under authority of Sections 402 and 403 of The Fiscal Code,¹² 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 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).¹³ 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.

¹² 72 P.S. §§ 402 and 403.

¹³ 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:

- Transportation Operations
- Administrator Contract Buyout
- 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 ensure compliance with applicable laws and regulations governing transportation operations, and did the District receive the correct transportation reimbursement from the Commonwealth?¹⁴
 - To address this objective, we reviewed all the nonpublic school and charter school students reported to the PDE as transported by the District during the 2012-13, 2013-14, 2014-15, and 2015-16 school years.¹⁵ We reviewed the bus rosters, requests for transportation, and other supporting documentation to determine if the District accurately reported the number of nonpublic and charter school students transported by the District to the PDE and that the District received the correct subsidy for these students. See the Finding on page 11 for the results of our review of this objective.
- ✓ Did the District pursue contract buyouts with administrators and if so, what was the total cost of the buyouts, what were the reasons for the terminations/settlements, and did the employment contracts comply with the Public School Code¹⁶ and Public School Employees' Retirement System guidelines?

¹⁴ See 24 P.S. §§ 13-1301, 13-1302, 13-1305, 13-1306; 22 Pa. Code Chapter 11.

¹⁵ The District reported to the PDE that 182 nonpublic school students were transported during the 2012-13 school year, 300 were transported during the 2013-14 school year, 263 were transported during the 2014-15 school year, and 250 were transported during the 2015-16 school year. The District reported 3 charter school students transported during the 2014-15 school year and 0 charter school students transported during the 2012-13, 2013-14, and 2015-16 school years.

¹⁶ 24 P.S. § 10-1073(e)(v).

- To address this objective, we reviewed the employment contracts, board meeting minutes, board policies, payroll records, and Act 93 agreements for all seven administrators who separated from employment with the District during the period July 1, 2012 through February 20, 2018. 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?¹⁷ 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 randomly selected 10 of the 43 bus drivers employed by the District and the District’s bus contractors who transported District students as of March 13, 2018.¹⁸ 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.
- ✓ Did the District take actions to ensure it provided a safe school environment?¹⁹
 - To address this objective, we reviewed a variety of documentation including, safety plans, training schedules, anti-bullying policies, fire drill documentation and after action reports. In addition, we conducted on-site reviews at three out of the District’s seven school buildings (one from each educational level)²⁰ to assess whether the District had implemented basic safety practices.²¹ Due to the sensitive nature of school safety, the results of our review for this objective area 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.

¹⁷ 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*.

¹⁸ While representative selection is a required factor of audit sampling methodologies, audit sampling methodology 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.

¹⁹ 24 P.S. § 13-1301-A *et seq.*

²⁰ While representative selection is a required factor of audit sampling methodologies, audit sampling methodology 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.

²¹ 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 Harestown Building #2
333 Market Street
Harrisburg, PA 17126

The Honorable Joe Torsella

State Treasurer
Room 129 - Finance Building
Harrisburg, PA 17120

Mrs. Danielle Mariano

Director
Bureau of Budget and Fiscal Management
Pennsylvania Department of Education
4th Floor, 333 Market Street
Harrisburg, PA 17126

Dr. David Wazeter

Research Manager
Pennsylvania State Education Association
400 North Third Street - Box 1724
Harrisburg, PA 17105

Mr. Nathan Mains

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

This 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.