

# PERFORMANCE AUDIT

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## New Brighton Area School District Beaver County, Pennsylvania

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May 2018



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE  
AUDITOR GENERAL

Dr. Joseph A. Guarino, Superintendent  
New Brighton Area School District  
3225 43rd Street  
New Brighton, Pennsylvania 15066

Mr. John Ludwig, Board President  
New Brighton Area School District  
3225 43rd Street  
New Brighton, Pennsylvania 15066

Dear Dr. Guarino and Mr. Ludwig:

We have conducted a performance audit of the New Brighton 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:

- Transportation Operations
- Procurement Cards
- 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, 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 areas in the bulleted list above, except as noted in the following finding:

- The District Incorrectly Reported Transportation Data to PDE Resulting in a \$5,380 Overpayment

Dr. Joseph A. Guarino  
Mr. John Ludwig  
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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

May 8, 2018

cc: **NEW BRIGHTON AREA SCHOOL DISTRICT** Board of School Directors

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## Background Information

School Characteristics 2015-16 School Year <sup>A</sup>	
County	Beaver
<b>Total Square Miles</b>	12.28
<b>Resident Population<sup>B</sup></b>	10,958
<b>Number of School Buildings</b>	3
<b>Total Teachers</b>	116
<b>Total Full or Part-Time Support Staff</b>	60
<b>Total Administrators</b>	8
<b>Total Enrollment for Most Recent School Year</b>	1,495
<b>Intermediate Unit Number</b>	27
<b>District Vo-Tech School</b>	Beaver County Career and Technology Center

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

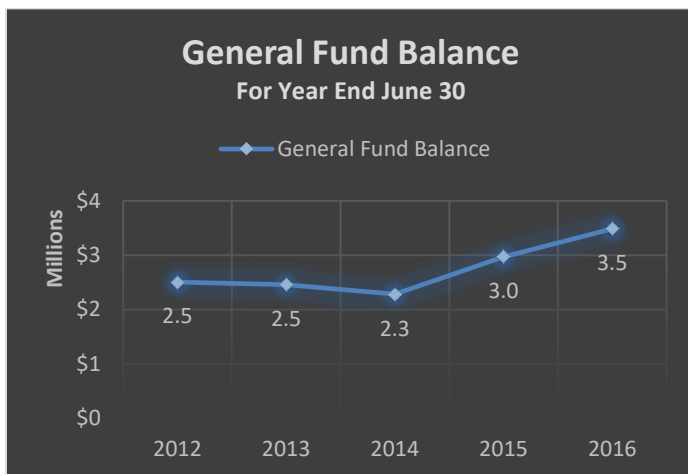
B - Source: United States Census  
<http://www.census.gov/2010census>.

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

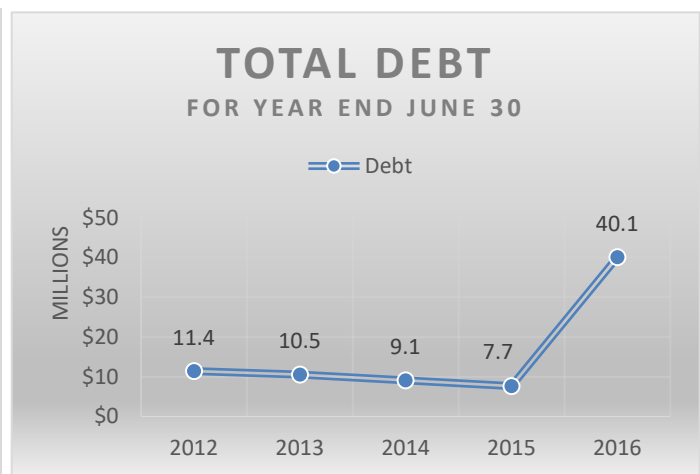
To provide the best possible education and resources in a supportive environment in order to equip students to successfully meet life's diverse opportunities and challenges.

## Financial Information

The following pages contain financial information about the New Brighton 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**.

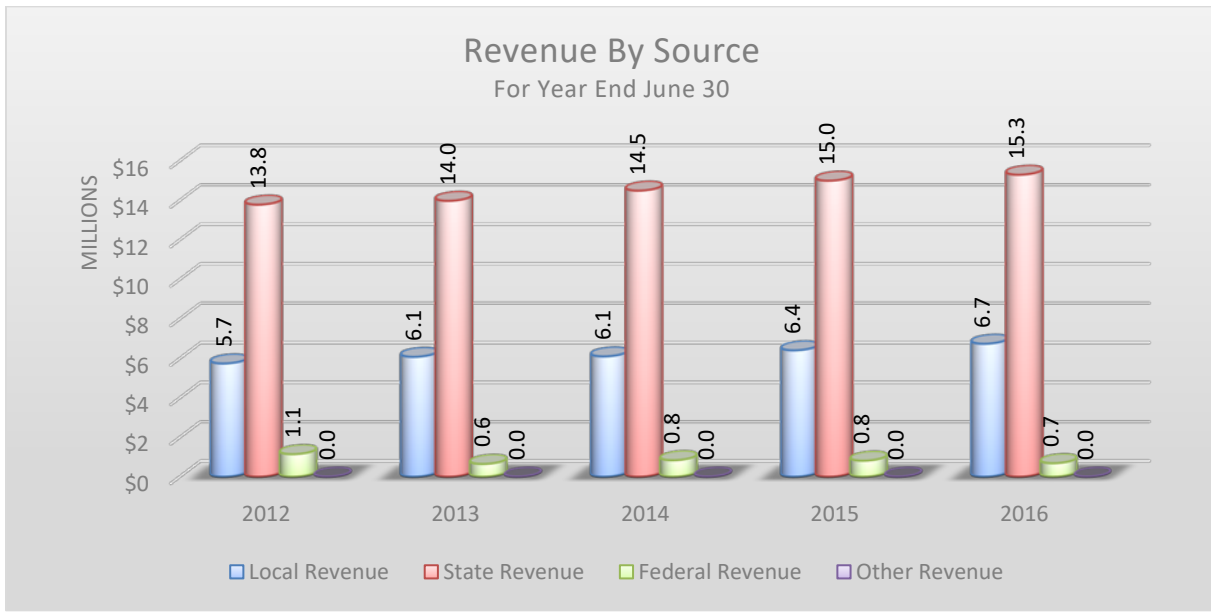
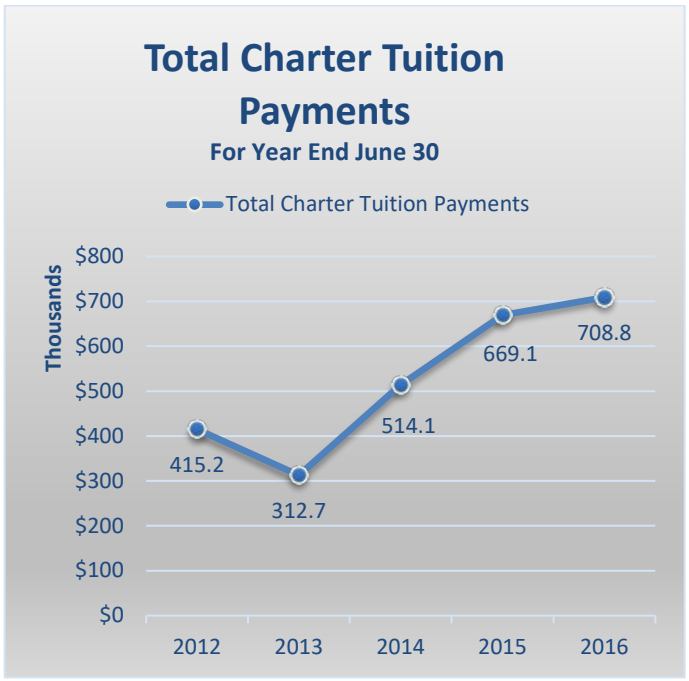
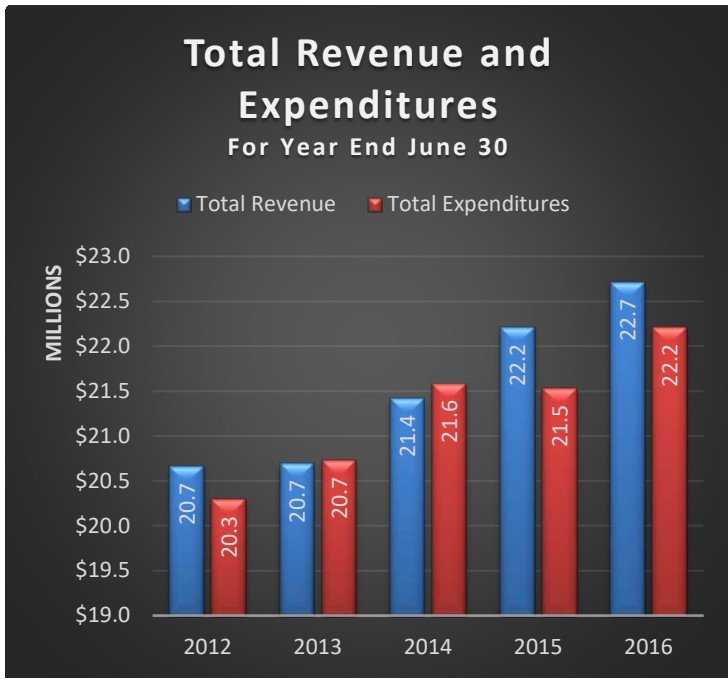


**Note:** General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



**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.<sup>1</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 chart.<sup>2</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>3</sup>

### **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.<sup>4</sup> 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.

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

<sup>2</sup> 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.

<sup>3</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>4</sup> 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.<sup>5</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 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.<sup>6</sup>

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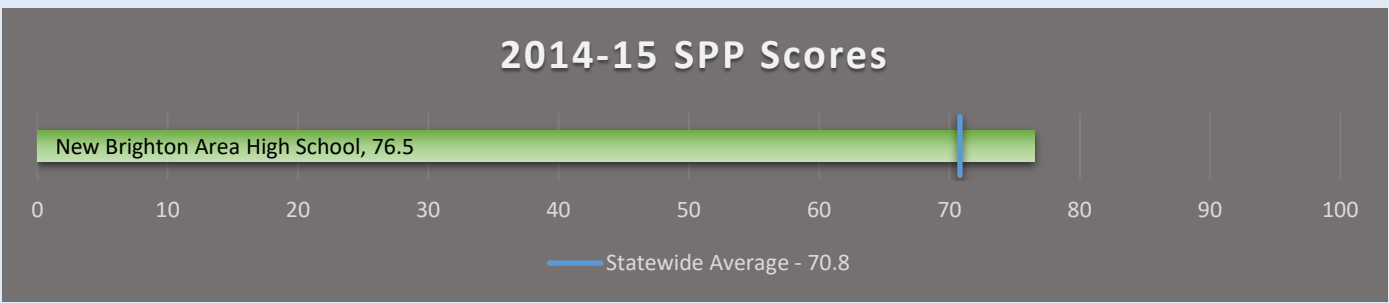
<sup>5</sup> PDE has determined that PSSA scores issued beginning with the 2014-15 school year and after are not comparable to prior years due to restructuring of the exam. (Also, see footnote 4).

<sup>6</sup> 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>.

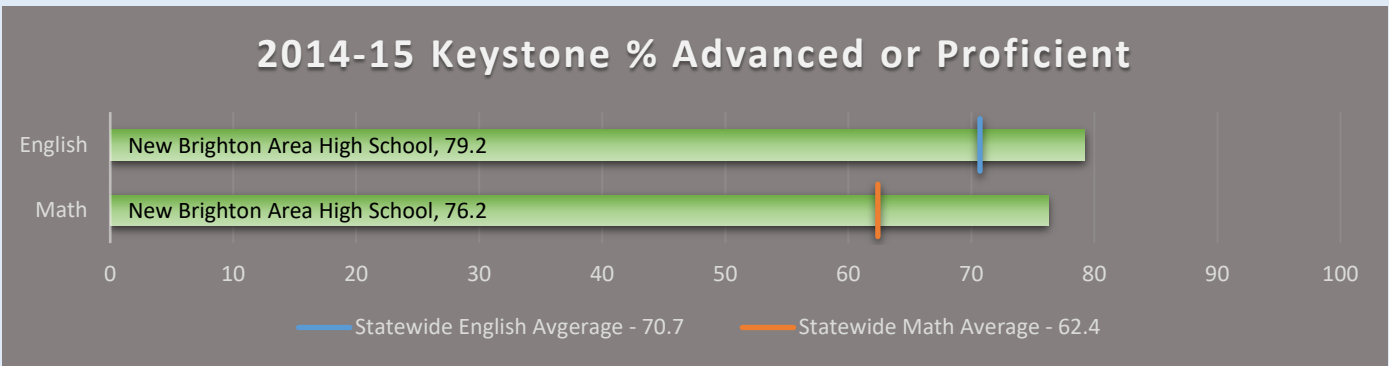


**2014-15 Academic Data**  
**School Scores Compared to Statewide Averages**

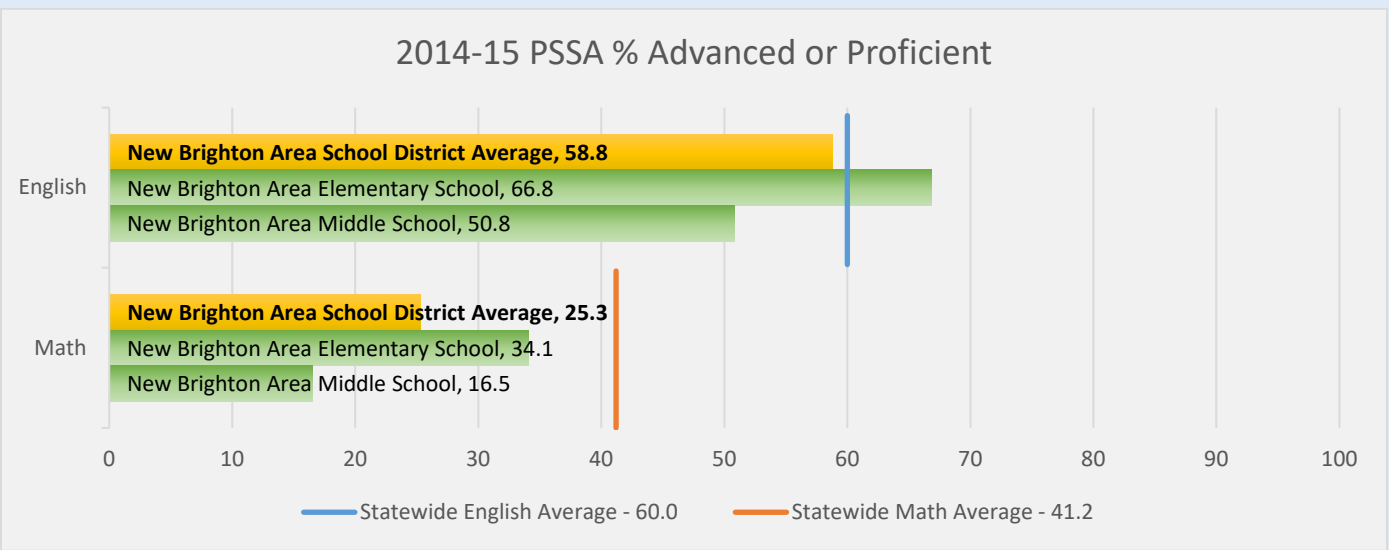
**2014-15 SPP Scores**



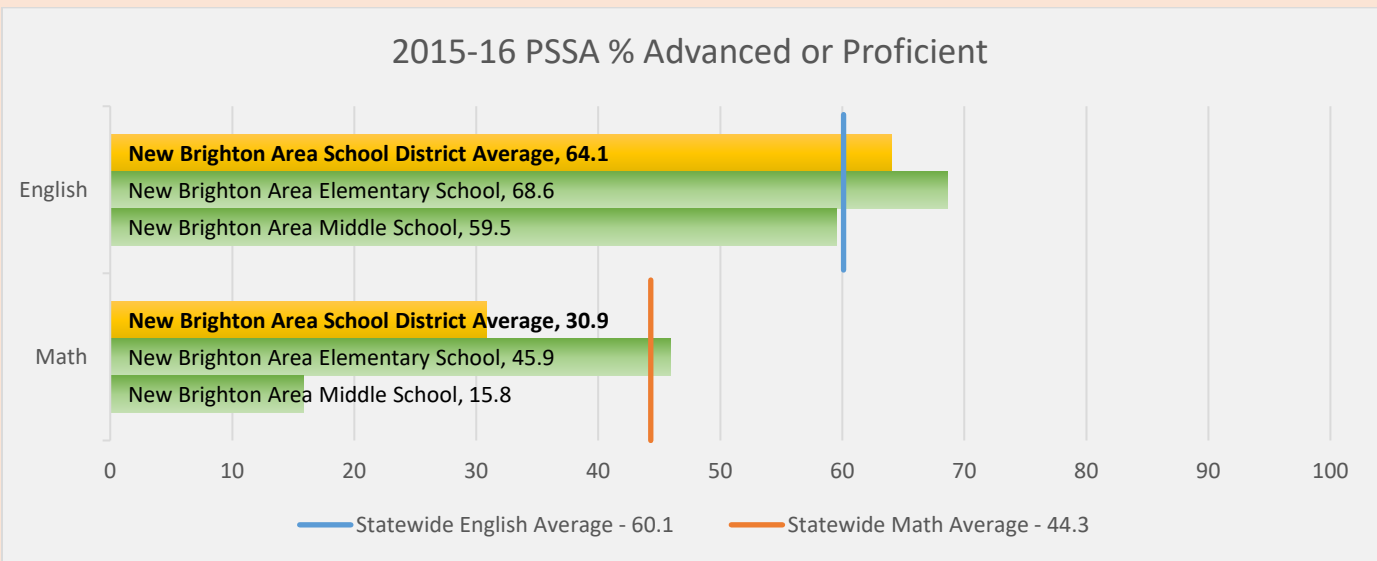
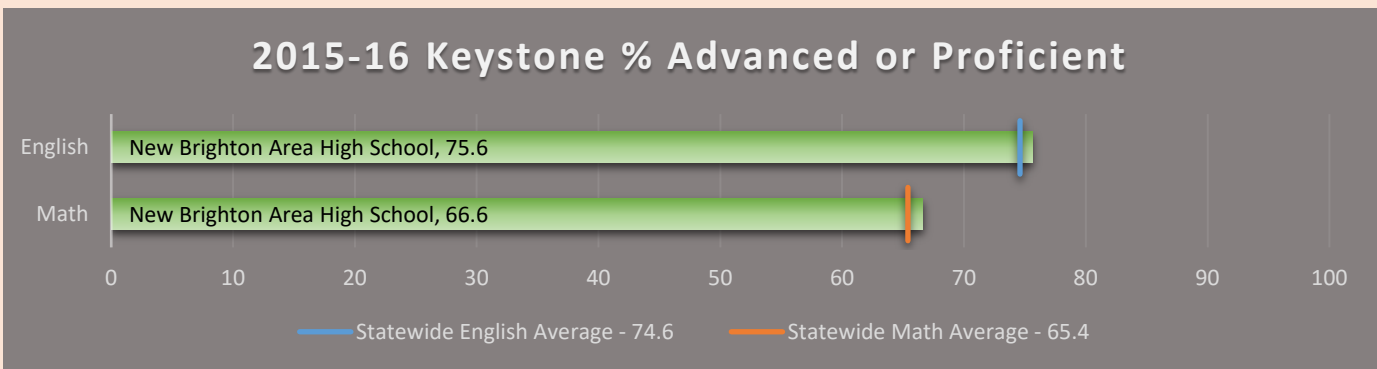
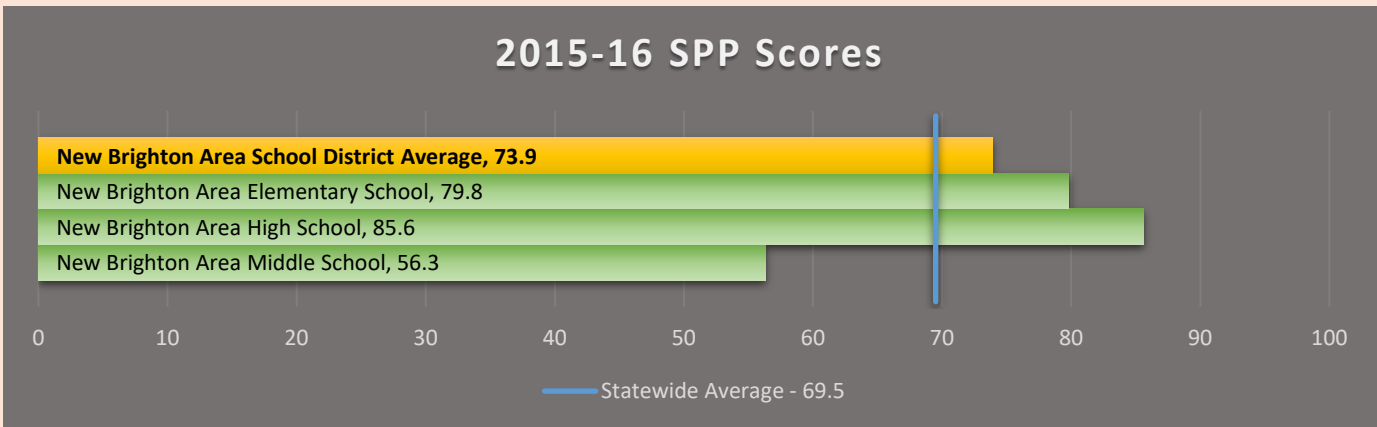
**2014-15 Keystone % Advanced or Proficient**



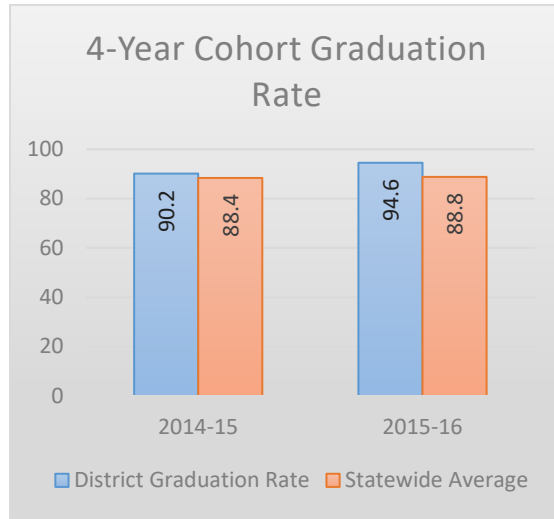
**2014-15 PSSA % Advanced or Proficient**



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



**4-Year Cohort Graduation Rate**



## Finding

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### Finding

### The District Incorrectly Reported Transportation Data to PDE Resulting in a \$5,380 Overpayment

#### *Criteria relevant to the finding:*

#### **Student Transportation Subsidy**

The Public School Code (PSC) provides that school districts receive a transportation subsidy for most students who are provided transportation. Section 2541 of the PSC (relating to Payments on account of pupil transportation) specifies the transportation formula and criteria. *See* 24 P.S. § 25-2541.

#### **Total Students Transported**

Section 2541(a) 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).

#### **Sworn Statement and Annual Filing Requirements**

Section 2543 of the PSC sets forth the requirement for school districts to annually file a sworn statement of student transportation data for the prior and current school year with PDE in order to be eligible for the transportation subsidies. *See* 24 P.S. § 25-2543.

We found that the District was overpaid \$5,380 in transportation reimbursement from the Pennsylvania Department of Education (PDE) as a result of a reporting error made by the District. This overpayment was due to the District incorrectly reporting total annual miles traveled and the number of pupils transported for 1 of the 27 vehicles used to transport District students during the 2015-16 school year.

The District's regular transportation reimbursement is based on the number of students transported and the number of miles vehicles in service both with and without students.

The District incorrectly reported to PDE the amount of total annual miles traveled and the number of students transported during the 2015-16 school year. The District made a data entry error in submitting mileage and student data for one bus during the 2015-16 school year. Specifically, the District incorrectly reported the identical mileage and number of students for two buses. This error resulted in the District overstating approved annual mileage and number of students transported and resulted in the District being overpaid in transportation reimbursement from PDE. The District correctly reported total annual miles and number of students transported in the 2012-13, 2013-14, and 2014-15 school years and was reimbursed correctly for these years.

It is vital for the District to closely review its total annual miles and number of students transported prior to submitting this data to PDE. We will submit the errors discussed in this finding to PDE so PDE can adjust future District subsidies to correct this overpayment.

## **Recommendations**

The *New Brighton Area School District* should:

Ensure that all transportation data reported by the District to PDE is reviewed by someone other than the person entering the data, prior to submission to PDE.

The *Pennsylvania Department of Education* should:

Adjust the District's future allocations to correct the reimbursement overpayment of \$5,380.

## **Management Response**

District management provided the following response:

“District will institute procedure to have a second person review and compare the information loaded into E-trans against the source documents provided by the busing contractor. This is to ensure that the correct information is submitted to PDE for transportation reimbursement calculation. Once the second person has reviewed the information, both parties will compare their notes on the submission prior to the submission being finalized. In the event of a discrepancy in their findings a third individual will be asked to review and compare against the initial two reviewers, upon which all three will compare notes together and review the final submission log for accuracy.”

## **Auditor Conclusion:**

We are pleased the District plans to implement our recommendation. We will review the effectiveness of the District's review process and 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 New Brighton 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>7</sup> 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 New Brighton Area School District's (District) management is responsible for establishing and maintaining effective internal controls<sup>8</sup> 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.

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<sup>7</sup> 72 P.S. §§ 402 and 403.

<sup>8</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, 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
- ✓ Procurement Cards
- ✓ 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?<sup>9</sup>
  - To address this objective, we randomly selected 10 of the 27 vehicles used by the District contractors during the 2015-16 school year and reviewed documentation to verify total approved annual miles, number of pupils transported, and the number of days of service.<sup>10</sup> After identifying a duplication error for one vehicle in the 2015-16 school year, we reviewed all vehicles used to transport District students during the 2012-13, 2013-14, and 2014-15 school years to ensure that this error was not made. We also verified all 37 nonpublic and 21 charter school students reported by the District to PDE as transported during the 2015-16 school year. See the finding in this report for the results of our review of this objective.
- ✓ Did the District have board-approved policies and/or procedures over its procurement cards in order to safeguard the use of public funds, and were these procedures followed?
  - To address this objective, we obtained and reviewed the District procurement card procedures and interviewed District officials about these procedures. We randomly selected 10 of the 68 procurement card invoices issued during the 2015-16 school year and reviewed to ensure that the District is requiring receipts

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<sup>9</sup> See 24 P.S. §§ 13-1301, 13-1302, 13-1305, 13-1306; 22 Pa. Code Chapter 11.

<sup>10</sup> 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.



for all procurement card purchases and that all purchases are approved by the business manager in accordance with District procedures.<sup>11</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>12</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 randomly selected 10 of the 34 bus drivers employed by District bus contractor(s) and transporting District students, as of August 28, 2017.<sup>13</sup> 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?<sup>14</sup>
  - To address this objective, we reviewed a variety of documentation including, safety plans, training schedules and anti-bullying policies. Due to the sensitive nature of school safety, the results of our review of this objective are not described in our report. The results of our review of school safety are shared with the District officials and, if deemed necessary, other appropriate officials.

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<sup>11</sup> 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.

<sup>12</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>13</sup> 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.

<sup>14</sup> 24 P.S. § 13-1301-A *et seq.*

## **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  
Room 129 - Finance Building  
Harrisburg, PA 17120

**Mrs. Danielle Mariano**

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Bureau of Budget and Fiscal Management  
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Executive Director  
Pennsylvania School Boards Association  
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Mechanicsburg, PA 17050

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