

PERFORMANCE AUDIT

Greensburg Salem School District Westmoreland County, Pennsylvania

June 2017



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE
AUDITOR GENERAL

Dr. Eileen Amato, Superintendent
Greensburg Salem School District
1 Academy Hill Place
Greensburg, Pennsylvania 15601

Mr. Ronald Mellinger Jr., Board President
Greensburg Salem School District
1 Academy Hill Place
Greensburg, Pennsylvania 15601

Dear Dr. Amato and Mr. Mellinger:

We have conducted a performance audit of the Greensburg Salem School District (District) for the period July 1, 2012, through June 30, 2015, 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:

- Hiring Practices
- Data Integrity
- Bus Driver Requirements
- 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

June 26, 2017

cc: **GREENSBURG SALEM SCHOOL DISTRICT** Board of School Directors

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Background Information

School Characteristics 2015-16 School Year ^A	
County	Westmoreland
Total Square Miles	50
Resident Population ^B	67,000
Number of School Buildings	5
Total Teachers	193
Total Full or Part-Time Support Staff	56
Total Administrators	15
Total Enrollment for Most Recent School Year	2,800
Intermediate Unit Number	7
District Vo-Tech School	Central Westmoreland Career and Technology Center

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

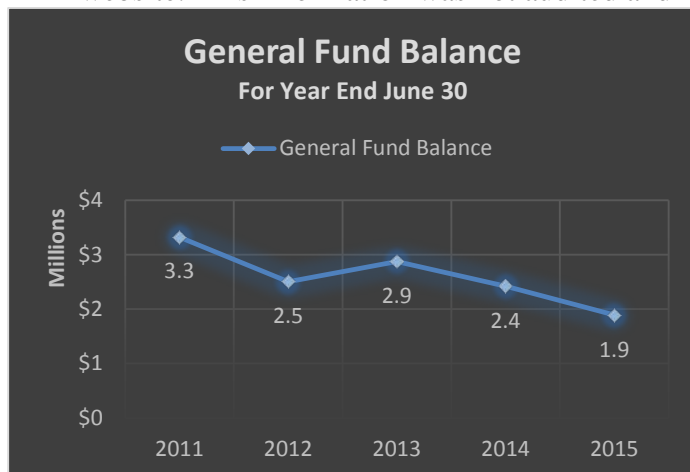
B - Source: United States Census
<http://www.census.gov/2010census>.

Mission Statement^A

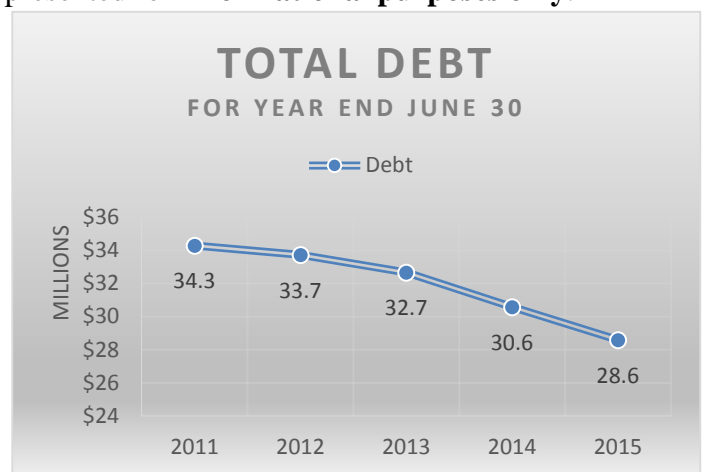
The Greensburg Salem School District will work collaboratively with the community in educating all students to become productive and responsible citizens. This will be accomplished by recognizing the value of each individual and promoting personal growth and academic achievement through the implementation of innovative strategies and the integration of current technologies in a safe and caring environment.

Financial Information

The following pages contain financial information about the 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**.

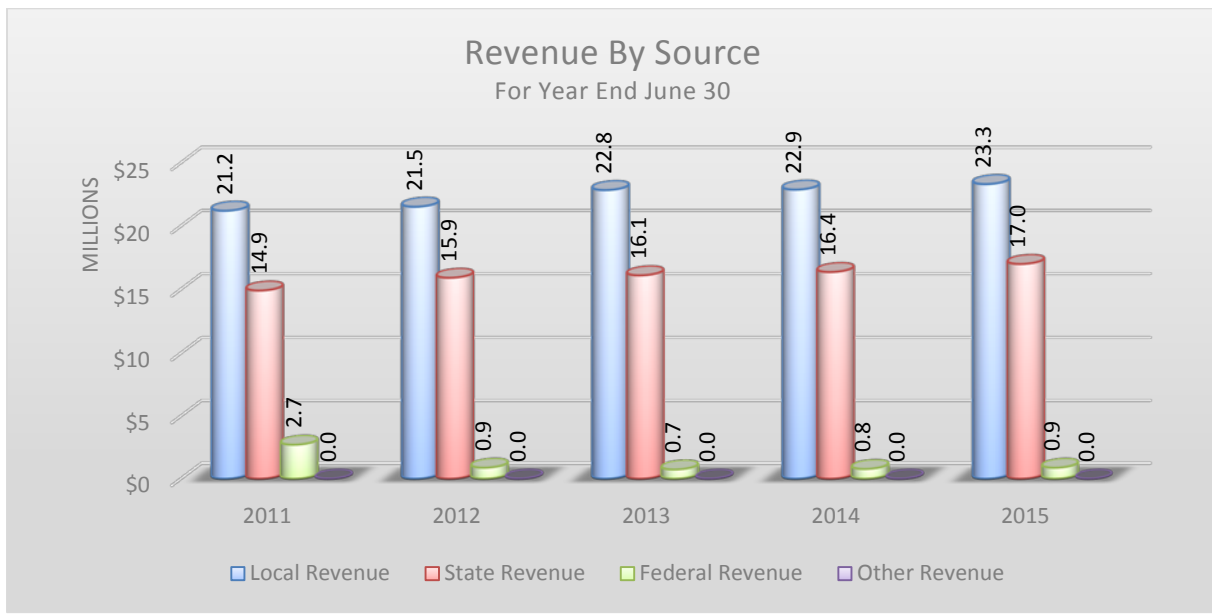
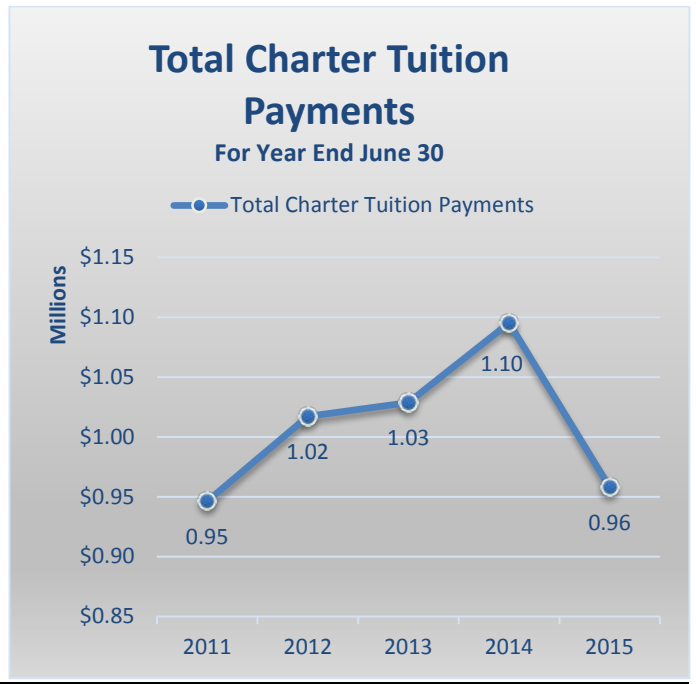
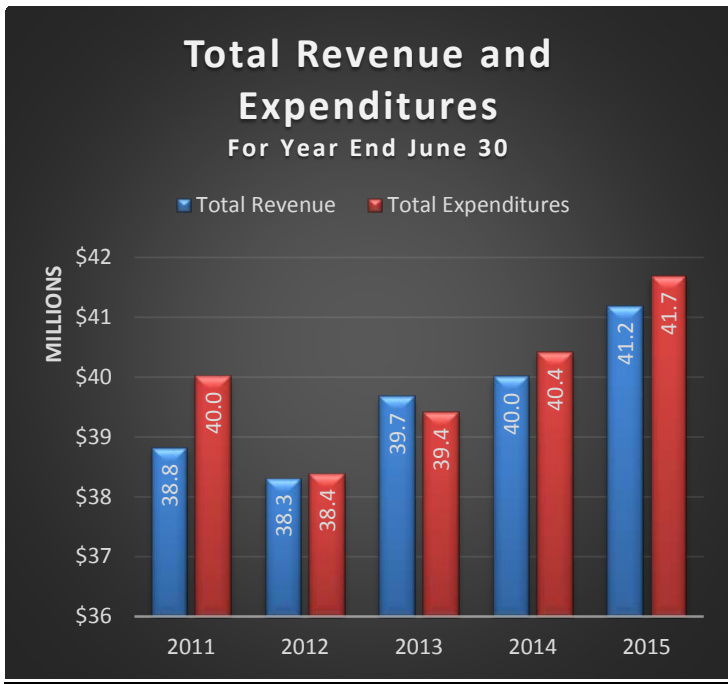


Note: General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



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

Financial Information Continued



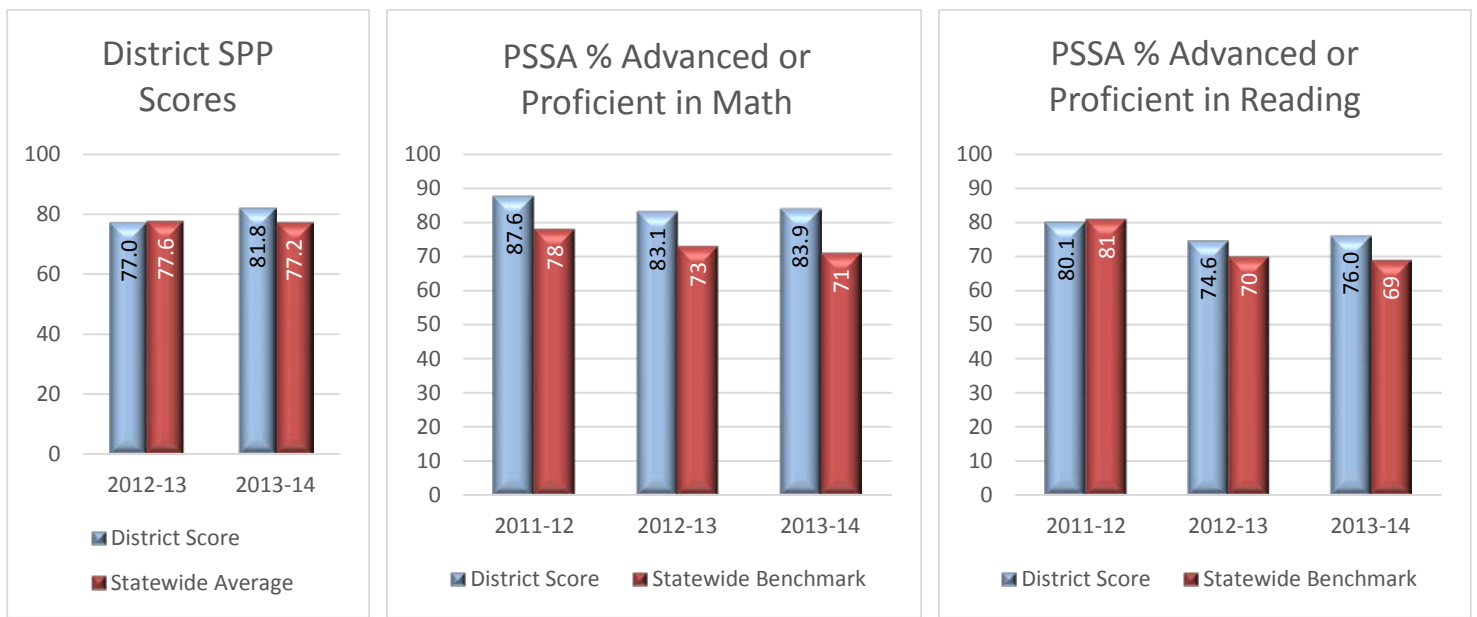
Academic Information

The following table and charts consist of School Performance Profile (SPP) scores and Pennsylvania System of School Assessment (PSSA) results for the entire District obtained from PDE's data files.¹ These scores are presented in the District's audit report for **informational purposes only**, and they were not audited by our Department.

SPP benchmarks represent the statewide average of all district school buildings in the Commonwealth.² PSSA benchmarks and goals are determined by PDE each school year and apply to all public school entities.³ District SPP and PSSA scores were calculated using an average of all of the individual school buildings within the District. Scores below SPP statewide averages and PSSA benchmarks/goals are presented in red.

Districtwide SPP and PSSA Scores

District	SPP Scores		PSSA % Advanced or Proficient in Math			PSSA % Advanced or Proficient in Reading		
	2012-13	2013-14	2011-12	2012-13	2013-14	2011-12	2012-13	2013-14
<i>Statewide Benchmark</i>	77.6	77.2	78	73	71	81	70	69
<i>Greensburg Salem SD</i>	77.0	81.8	87.6	83.1	83.9	80.1	74.6	76.0
<i>SPP Grade⁴</i>	C	B						



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 Statewide averages for SPP scores were calculated based on all district school buildings throughout the Commonwealth, excluding charter and cyber charter schools.

³ PSSA benchmarks apply to all district school buildings, charters, and cyber charters. In the 2011-12 school year, the state benchmarks reflect the Adequate Yearly Progress targets established under No Child Left Behind. In the 2012-13 and 2013-14 school years, the state benchmarks reflect the statewide goals based on annual measurable objectives established by PDE.

⁴ The following letter grades are based on a 0-100 point system: A (90-100), B (80-89), C (70-79), D (60-69), F (59 or below).

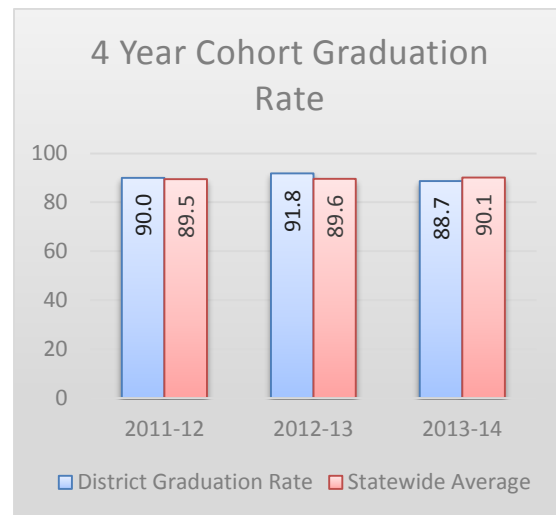
Individual School Building SPP and PSSA Scores

The following table consists of SPP scores and PSSA results for each of the District's school buildings. Any blanks in PSSA data means that PDE did not publish a score for that school for that particular year.⁵

School Name	SPP Scores		PSSA % Advanced or Proficient in Math			PSSA % Advanced or Proficient in Reading		
	2012-13	2013-14	2011-12	2012-13	2013-14	2011-12	2012-13	2013-14
<i>Statewide Benchmark</i>	77.6	77.2	78	73	71	81	70	69
<i>Amos K Hutchinson Elementary School</i>	68.8	85.4	85.4	79.9	84.6	71.8	63.4	73.6
<i>Greensburg-Salem High School</i>	77.2	70.6	73.2	74.3	73.9	76.2	85.8	77.0
<i>Greensburg-Salem Middle School</i>	78.1	77.5	93.3	87.1	87.1	84.8	77.7	78.3
<i>Metzgar Elementary School</i>	77.1	88.9	89.6	83.7	84.1	80.4	66.9	72.7
<i>Nicely Elementary School</i>	83.9	86.8	96.3	90.6	89.8	87.1	79.3	78.3

4 Year Cohort Graduation Rates

The 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.⁶



⁵ PDE's data does not provide any further information regarding the reason a score was not published.

⁶ <http://www.education.pa.gov/Data-and-Statistics/Pages/Cohort-Graduation-Rate-.aspx>.

Finding(s)

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

Status of Prior Audit Findings and Observations

Our prior audit of the District released on August 9, 2013, resulted in three findings and two observations, as shown below. As part of our current audit, we determined the status of corrective action taken by the District to implement our prior audit recommendations. We reviewed the District's November 14, 2013 written response provided to PDE, interviewed District personnel, and performed audit procedures as detailed in each status section below.

Auditor General Performance Audit Report Released on August 9, 2013

Prior Finding No. 1: Unqualified Earnings Improperly Reported to the Public School Employees' Retirement System

Prior Finding Summary: During our prior audit, we found District personnel reported unqualified earnings to the Public School Employees' Retirement System (PSERS) for use in calculating the District's state subsidy and employee retirement benefits.

Prior Recommendations: Our prior audit finding recommended the District should:

1. Develop strong internal controls over the reporting of its retirement information to PSERS in the form of a multi-level review and approval process.
2. Require District personnel to seek board approval in instances in which management wants to override current District policies and procedures.

We also recommended that PSERS should:

3. Review the audit test results regarding the overstatements related to the total compensation and related contributions and render an opinion on the appropriateness of the amount of compensation reported for retirement.
4. If payments are determined to be ineligible for retirement, make the necessary corrections to pension benefits and contributions.

If PSERS determines that the amount of compensation reported was improper, PDE should:

5. For the 2005-06 through 2011-12 school years, determine the amount of state reimbursement the District received for its retirement contributions and assess whether the District

received an overpayment. If overpayments are identified, PDE should make any necessary adjustments.

Current Status:

During our current review, we found that on April 9, 2014, the Board of School Directors (Board) updated Board Policy Number 000, *Board Policy/Procedure/Administrative Regulations*. This policy expressly guides that “Administrative regulations may not conflict with board policy or applicable law.” In addition, the District has established a multi-level review/approval process for the reporting of the retirement information to PSERS.

On October 8, 2013, PSERS reviewed our audit report and confirmed that unqualified wages were reported to PSERS. PSERS then calculated the employer share that should be adjusted from the District’s future allocations. As of June 13, 2017, PDE has not adjusted the District subsidies to reflect the errors found during our prior audit.

Prior Finding No. 2:

Failure to Have All School Bus Drivers’ Qualifications on File

Prior Finding Summary:

During our prior audit, we found the District had a lack of documentation needed to verify that all of the District’s drivers possessed the minimum required qualifications necessary for employment.

Prior Recommendations:

Our prior audit finding recommended that the District should:

1. Make it mandatory that all the required background documents and other driver qualification documentation is received and reviewed by the administrative staff prior to the hiring of any bus driver to serve the District.
2. Ensure that the District maintain files, separate from the transportation contractors, for all District drivers and monitors, and work with the contractor to ensure that the District’s files are up-to-date and complete.
3. Ensure that all drivers and monitors are approved by the Board prior to commencement of their duties.

Current Status:

During our current review, we found that on August 10, 2016, the District updated their Board Policy Number 810, governing Transportation operations. This policy outlines what documents must be in place prior to the bus drivers driving for the District. In addition, we found that all drivers tested had the necessary

credentials prior to driving for the District (refer to Methodology section in the appendix of this report for more information).

Prior Finding No. 3: Failure to Develop Memorandum of Understanding with Local Law Enforcement Agency

Prior Finding Summary: During our prior audit, we found the District failed to enter into a Memorandum of Understanding (MOU) with two local law enforcement agencies. In addition, the two MOUs that the District had in place were not updated until May 1, 2012, and November 1, 2012, which was after the due date of June 30, 2011.

Prior Recommendations: Our prior audit finding recommended that the District should:

1. Develop an MOU between the District and all local law enforcement agencies that have jurisdiction over school property of the District pursuant to the terms prescribed by law.
2. In consultation with the District’s solicitor, review new requirements for an MOU and other school safety areas under the Public School Code to ensure compliance with amended Safe Schools provisions enacted November 17, 2010.
3. Adopt an official board policy requiring District administration to biennially update and re-execute all MOUs with local law enforcement agencies having jurisdiction over school property and file a copy with PDE Office of Safe Schools on a biennial basis as required by law.

Current Status: During our current review, we found that on May 20, 2015, the District adopted Board Policy Number 805.1, *Relations with Law Enforcement*. This policy governs the timeline for the execution of the MOUs. We also found that the District has current MOUs in place.

Prior Observation No. 1: The Greensburg Salem School District’s Board Permitted Two Administrators to Receive Excessive Retirement Benefits

Prior Observation Summary: During our prior audit, we found that the District’s Board permitted two senior members of the District’s staff to unilaterally add excessive benefits to an established retirement incentive plan.

Prior Recommendations: Our prior audit observation recommended that the District should:

1. Be more prudent in the spending of taxpayer monies by requiring that all administrative staff comply with board enacted policies for retirements.
2. Prevent individual employees from amending the terms of board policies on retirement.
3. Develop appropriate policies and procedures to ensure that its Board can regularly and consistently monitor whether management is appropriately implementing its policies.

Current Status: Since our prior audit, the Board did not approve any retirement incentive plans. The District's administrative compensation plan outlines the requirements necessary to retire from the District. We stress the importance of requiring all administrative staff to comply with board approved policies for any future retirements and prevent individual employees from amending the terms of board policies on retirement.

Prior Observation No. 2: The District Lacks Sufficient Internal Controls Over Its Child Accounting Data

Prior Observation Summary:

During our prior audit, we found the District's controls over the integrity of its child accounting data for the 2009-10 school year needed to be strengthened. Specifically, the District kept on their active membership rolls students who had more than ten unexcused absences. In addition, our test found that the District did not maintain copies of the student registration forms.

Prior Recommendations: Our prior audit observation recommended that the District should:

1. Implement procedures to remove, from the active rolls of the District, any student that is absent for ten consecutive days without a valid excuse unless one of the following occurs: a) The District has been provided with evidence that the absence may be legally excused or b) Compulsory attendance prosecution has been or is being pursued.
2. Maintain the forms and relevant support documentation related to its student registrations and entry/withdrawal transactions.

Current Status:

During our current audit, we found the District implemented both of our prior recommendations, and the District has developed procedures for monitoring unexcused absences and removes any student that is absent for ten consecutive days without a valid excuse. After our prior audit, the District hired a new Pennsylvania Information Management System (PIMS) coordinator who oversees unexcused absences. We also found that the District maintains support documentation related to its student registration and entry/withdrawal transactions.

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, PDE, 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, 2015. In addition, the scope of each individual audit objective is detailed on the next pages.

The District's 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, 2015. 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:

- Hiring Practices
- Data Integrity
- School Safety
- Bus Driver Requirements

As we conducted our audit procedures, we sought to determine answers to the following questions, which served as our audit objectives:

- ✓ Did the District follow the Public School Code⁹ and the District's policy and procedures when hiring new staff?
 - To address this objective, we obtained and reviewed the District's hiring policies and procedures. We selected the most recent 3 of 16 employees hired by the District during the period June 29, 2016, through September 30, 2016, and reviewed documentation to determine if the District complied with the Public School Code and the District's policy and procedures in hiring new employees. Our review of this area did not disclose any reportable issues.
- ✓ Did the District ensure that the membership data it reported in the PIMS system was accurate, valid, and reliable?
 - To address this objective, we selected 20 out of 3,158 total registered students (5 resident, 5 nonresident, 5 intermediate units, and 5 area vocational-technical schools) from the vendor software listing for July 1, 2015, through June 30, 2016, and verified that each child was appropriately registered with the District. In addition, we randomly selected 2 out of 11 Calendar ID¹⁰ reported on the Instructional Time Membership Report and matched them to the School Calendar Fact Template. Our review of this area did not disclose any reportable issues.

⁹ 24 P.S. § 5-508, 24 P.S. § 11-1106, and 24 P.S. § 11-1111.

¹⁰ A Calendar ID provides a unique identifier for each school calendar reported in PIMS, PIMS Manual, 2015-16 school year, page 32.

- ✓ 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?¹¹ 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 5 of the 12 bus drivers hired by the District bus contractors, during the period July 1, 2015, through June 30, 2016, and 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, when followed, those procedures ensure compliance with bus driver hiring requirements. Our review of this area did not disclose any reportable issues.

- ✓ Did the District take actions to ensure it provided a safe school environment?¹²
 - 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, PDE.

¹¹ 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.*

¹² 24 P.S. § 13-1301-A *et seq.*

Distribution List

This report was initially distributed to the Superintendent of the District, the Board of School Directors, and the following stakeholders:

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