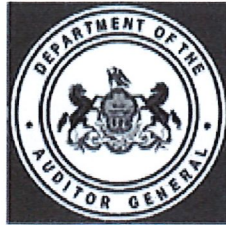


Appendix A



COMMONWEALTH OF PENNSYLVANIA PENNSYLVANIA DEPARTMENT OF THE AUDITOR GENERAL

Act 44 Auditee Reporting Form (School District Audits)

The Department of the Auditor General provides this form for every school district to report its adoption of the Department's recommendations in its most recent audit pursuant to Act 44 of 2017 amendments to The Fiscal Code regarding Auditee reporting requirements and the Department's STATEMENT OF POLICY and FORM in 4 Pa. Code Part XIV published in the Pennsylvania Bulletin on February 10, 2018.

Within **120 business days** of the publication of the audit listed below, the school district must submit a response to the Department detailing the adoption of the Department's recommendations, or the reason why recommendations have not been adopted.

AUN:	117412003	School:	East Lycoming School District	CAN:	113116
Audit Period:	July 1, 2013 to June 30, 2017	Findings:	One	Recommendations:	Two

District Response: (Textbox below will expand or attachments can be added as necessary)

The East Lycoming SD Board of School Directors at its meeting on June 25, 2019 accepted the State Audit Report for the period July 1, 2013 through June 30, 2017. The district concurs with the one finding and accepts the recommendations as provided within the state audit report.

Note: Pursuant to Section 1.5 of Act 44, if the Auditee fails to respond to the Department's recommendations within **120 business days**, the Department will notify the Governor and the Chairpersons and Minority Chairpersons of the Appropriations Committees of the Senate and the House of Representatives, which may consider an Auditee's failure to respond to the Department's audit when determining the Auditee's future appropriations.

Finding

Finding

The District Inaccurately Reported the Number of Non-reimbursable Students Transported Resulting in an Underpayment of \$25,043

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 (relating to Payments on account of pupil transportation) of the PSC 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).

We found that the East Lycoming School District (District) was underpaid \$25,043 in regular transportation reimbursements from the Pennsylvania Department of Education (PDE). This underpayment was due to the District inaccurately reporting the number of students transported who were not eligible for reimbursement during the 2016-17 school year. We did not find any errors in the number of students who were not eligible for reimbursement reported by the District to the PDE during the 2013-14 through 2015-16 school years.

School districts receive transportation reimbursement payments from the PDE. One reimbursement is based upon the number of students transported and the number of miles vehicles were in service both with and without students (regular transportation reimbursement). The other reimbursement is based upon the number of charter school and nonpublic school students transported by the District (supplemental transportation reimbursement). The issue discussed in this finding involves the District's regular transportation reimbursement received.

Non-reimbursable students are defined as elementary students residing less than 1.5 miles from school and secondary students residing less than 2 miles from school, excluding special education and vocational students, as well as students who live on a Pennsylvania Department of Transportation defined hazardous route. Districts can choose to transport these students, but if transported, the District must report these students as non-reimbursable to the PDE. Districts that transport non-reimbursable students receive a reduced regular transportation reimbursement from the PDE compared to if the students were reimbursable.

It is also important to note that the Public School Code (PSC) requires that all school districts must annually file a

*Criteria relevant to the finding
(continued):*

Non-reimbursable students

Non-reimbursable students are elementary students who reside within 1.5 miles of their elementary school and secondary students who reside within 2 miles of their secondary school. Non-reimbursable students do not include special education students or students who reside on routes determine by PennDOT to be hazardous. *See* 24 P.S. § 25-2541(b)(1).

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.

Section 2543 of the PSC, which is entitled, “Sworn statement of amount expended for reimbursable transportation; payment; withholding” of the PSC states, in part: “Annually, each school district entitled to reimbursement on account of pupil transportation shall provide in a format prescribed by the Secretary of Education, data pertaining to pupil 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.” (Emphasis added.)

sworn statement of student transportation data for the prior and current school years with the PDE in order to be eligible for the transportation subsidies. It is essential that the District accurately report transportation data to the PDE. Further, the sworn statement of student transportation data as required by the PSC should not be filed with the state Secretary of Education unless the data has been double-checked for accuracy by personnel trained on the PDE’s reporting requirements.

The District over-reported the number of non-reimbursable students transported during the 2016-17 school year. The District inaccurately reported 310 students as non-reimbursable despite those students actually being reimbursable. This reporting error resulted in the District being underpaid \$25,043 in transportation reimbursements. The District official responsible for reporting transportation data for the 2016-17 school year incorrectly reported students who were assigned to two different vehicles on the same day (one vehicle to school and a different vehicle home from school) as non-reimbursable students. District officials stated that this error occurred due to a misunderstanding of the PDE transportation requirements that occurred after the official responsible for reporting this information attended a transportation training seminar. Once we made the District aware of the reporting errors, District officials stated that non-reimbursable students were also incorrectly reported to the PDE for the 2017-18 school year. The District is currently in the process of revising these reporting errors with the PDE.

We provided the PDE with a discrepancy form detailing the errors for the 2016-17 school year to assist them in verifying the underpayment and increasing the District’s future transportation subsidies by the amount of the underpayment.

Recommendations

The *East Lycoming School District* should:

1. Annually review all students categorized as non-reimbursable to ensure that these students meet the requirements to be reported as non-reimbursable students.

*Criteria relevant to the finding
(continued):*

**Form Completion Instructions for
PDE-2089**

Number of Non-reimbursable Pupils Transported on Contracted Vehicles: Enter the number of non-reimbursable pupils (both public and nonpublic pupils) transported on contracted service vehicles. If [a district] transports elementary pupils who reside within 1.5 miles of their school or secondary pupils who reside within 2 miles of their school who are not exceptional children or not required to use a certified hazardous walking route to reach their school, they are non-reimbursable pupils. Pupils who reside as indicated above, but are being transported to/from daycare providers located beyond those distances are still non-reimbursable. The location of their residence is the deciding factor.

2. Ensure personnel in charge of calculating and reporting the number of non-reimbursable school students transported by the District are trained with regard to the PDE's transportation reporting requirements.

The Pennsylvania Department of Education should:

3. Adjust the District's future allocations to correct the reimbursement underpayment of \$25,043.

Management Response

District management provided the following response:

"Management is in agreement with the finding related to non-reimbursable students reported on the Certification of Transportation Operations for the 2016-17 school year.

As stated in the finding, the District's Business Manager misinterpreted information provided in a training session regarding the reporting of non-reimbursable students as it relates to students with alternate bus stops for daycares, babysitters, grandparents and extended families, etc.

The District's Business Manager has corrected the same reporting error for the 2017-18 school year and the district has received the revised PDE-2576, Summary of Pupil Transportation Subsidy, from the state.

Management will annually review the students categorized as non-reimbursable and ensure that staff receives the appropriate training on PDE's transportation reporting requirements."

Auditor Conclusion

We are encouraged that the District is taking measures to implement our recommendations and other corrective actions. We will determine the effectiveness of the District's corrective actions during our next audit of the District.

Status of Prior Audit Findings and Observations

Our prior audit of the East Lycoming School District resulted in no findings or observations.