

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.

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|---------------|-------------------------------|-----------|----------------------------------|------------------|--------|
| AUN: | 101264003 | School: | Laurel Highlands School District | CAN: | 124822 |
| Audit Period: | July 1, 2016 to June 30, 2020 | Findings: | Three | Recommendations: | Nine |

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

Department of Auditor General, please be aware of the following:

In regard to finding one (1), **the District's Failure to Implement an Adequate Internal Control System Resulted in a \$45,045 Overpayment and an Unauditable \$4.7 Million in Transportation Reimbursements**, and associated recommendations, the Laurel Highlands SD response is as follows.

The District takes careful and deliberate steps to ensure that all transportation documentation required under school code is adhered to at levels equal to or above standard guidelines. To that end, the District does acknowledge the oversight in reporting nonpublic ridership. Likewise, internal controls have been established to prevent future gaps in data; thereby ensuring all reports and documentation are aligned to reporting criteria. As a result of the

findings, the District will implement and maintain updated training if available to those individuals responsible for documenting transportation operations and adhere to the audit team-cited recommendations.

In regard to finding two (2), **the District's Failure to Implement Adequate Internal Controls Led to the District Inaccurately Reporting Nonresident Student Data to PDE Resulting in a \$35,386 Overpayment**, and associated recommendations, the Laurel Highlands SD response is as follows.

Due to the movement from Foster Care to Adoption over a long period of time, the District agrees with the findings. However, the District would like to note that this oversight is not indicative of normal operating procedures. Likewise, internal procedures, protocols, and training of needed parties have been put in place and will be maintained to prevent future episodes. Additionally, the District will adhere to the audit team-cited recommendations moving forward.

In regard to finding three (3), **the District Did Not Ensure that Its Contracted Bus Drivers Had All the Required Clearances and Qualifications**, and associated recommendations, the Laurel Highlands SD response is as follows.

Due to the numerous issues and challenges associated with COVID-19, the Laurel Highlands SD (District) was not spared as we encountered identical stresses the nation experienced with the lack of and, ebb and flow of drives. Likewise, the driver list we received from the bus vendor was splattered with drivers who were leaving and coming on as employees. In addition, most if not all transportation vendors experienced delays in services from State and Federal verification systems. To that end, it is not customary and/or common practice for the District to experience the level of oversight stated in the audit summary. Conversely, the District takes the health, safety, and welfare of students as a top priority, and in similar cases, establishes and maintains a high degree of safety protocols to ensure the PDE code is being held to the highest standard.

In an effort to correct the oversights cited in the audit, the District has implemented an internal control system whereby we are able to access the vendor's driver qualification, and background clearances as they are submitted as opposed to having access onetime at the start of the school year. Second, we will cease allowing a driver who has approved clearances to work and becomes eligible for employment between School Board meetings to drive. In short, we will advise the vendor and potential driver that until the official school board meeting and approval vote no employment will take place. Finally, we will establish and maintain an internal control system to cross-reference the driver qualification and background clearance verification process that includes District personnel to authenticate all driver clearance documentation in alignment with cited Auditor General's recommendations.

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.

