

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:	121136503	School:	Palmerton Area School District	CAN:	122997
Audit Period:	July 1, 2015 to June 30, 2019	Findings:	Two	Recommendations:	Eight

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

At the school board meeting on October 19, 2021, the Superintendent publicly stated that there were deficiencies noted during the audit. A detailed presentation of the District's proposed Corrective Action Plan (CAP) was presented by the Superintendent at the November 3, 2021 school board Workshop. The CAP was formally school board approved at the regular/open meeting held on November 16, 2021. The attached school board approved CAP includes a description of the findings and observations, statements of concurrence, and corrective action steps that either have been or will be completed.

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.

Audit Finding #1:

The District's failure to implement an adequate internal control system led to inaccurate transportation data reported to PDE resulting in a \$113,217 overpayment to the District.

Statement of Concurrence:

District management agrees with Audit Finding #1 as well as the accompanying observations and recommendations. The District provides the responses and corrective actions listed below.

Description of Observation/Issue	Procedures/Resolution to Ensure Implementation	Implementation Date	Key/Responsible Person
<p>The District did not ensure that someone other than the employee responsible for reporting transportation data to PDE reviewed the data before it was submitted to PDE.</p>	<p>The District has identified a second-level reviewer. This ensures that moving forward, two people will have reviewed the data prior to forwarding the paperwork to the Superintendent for his/her signature and subsequent submission to PDE.</p> <p>The District's transportation contractor instituted a new software system in 2021, and the District's designated personnel now have access to the system. This updated system is a significant upgrade over previous methods of data collection and will result in clear and concise reporting moving forward. Previous errors that caused the over-reporting of annual mileage and number of students to PDE were the result of using year-end averages instead of monthly averages. The upgraded software program addresses these issues, providing monthly averages instead of user-calculated year-end averages. Moving forward, the District will report monthly averages to PDE. The District will ensure that it works directly with the transportation contractor to review data that is in the system prior to completing subsequent reporting forms.</p>	<p>Completed: August 2021</p>	<p>Business Manager</p> <p>Second Level Reviewer: Business Office Secretary</p>

	The District will ensure that all personnel involved in inputting, categorizing, calculating, and reporting transportation data are trained on PDE's reporting requirements.	Completed: August 2021	Business Manager Second Level Reviewer: Business Office Secretary
The District did not ensure that each non-public school student reported to PDE had an individual request for transportation on file for each year.	The District now obtains a copy of each student's transportation request form directly from the non-public school rather than relying on the transportation contractor to do this. This procedure provides a direct line of communication between the District and the non-public school rather than relying on the transportation contractor.	Completed: August 2021	Business Manager
The District did not reconcile the individual requests for transportation to the number of nonpublic school students reported to PDE.	After receiving a copy of each student's transportation request form from the non-public school, each form was reviewed and reconciled to ensure that the number of nonpublic school students reported to PDE will be correct.	Completed: August 2021	Business Manager
The District did not develop comprehensive written procedures for accurately reporting transportation data to PDE, including all vehicle data and the number of nonpublic school students transported.	The District will develop and implement an internal control system over its transportation operations by developing clear and concise written procedures to document the transportation data collection, categorization, and reporting process.	In Progress as of October 2021	Business Manager
	The District will review the transportation data reported to PDE for the 2019-2020 school year and, if necessary, submit revised reports to PDE.	In Progress as of October 2021	Business Manager

Audit Finding #2:

The District failed to comply with provisions of the public school code and associated regulations by not maintaining complete records for and properly monitoring its contracted bus drivers.

Statement of Concurrence:

District management agrees with Audit Finding #2 as well as the accompanying observations and recommendations. The District provides the responses and corrective actions listed below.


Description of Observation/Issue	Procedures/Resolution to Ensure Implementation	Implementation Date	Key/Responsible Person
The District had outdated policies regarding transportation and contracted services that did not address driver qualifications or include legal requirements for the renewal of background clearances.	<p>The first reading of the policies listed below was conducted on August 3, 2021. The second reading and adoption of the policies listed below occurred on August 17, 2021.</p> <ul style="list-style-type: none">• Policy 810- Transportation• Policy 810.1- School Bus Drivers and School Commercial Motor Vehicle Drivers• Policy 810.2- Transportation- Audio/Video Recording• Policy 810.3- School Vehicle Drivers• 810.4- Employee & Volunteer Driver History Records• 818- Contracted Services <p>Note: School board meeting agendas and minutes are attached to this CAP and also available publicly at the following link: https://www.palmerton.org/board-of-education/</p>	School board approval occurred on August 17, 2021.	Superintendent
The District did not maintain complete and updated records for all drivers transporting	The District created and implemented a system of internal controls over its bus driver review process. This internal control process now includes the following steps:	Completed: August 2021	Assistant to the Superintendent

<p>students. The District lacked internal controls to maintain and monitor bus driver qualifications.</p>	<ol style="list-style-type: none"> 1. A documented review of all bus driver credentials occurs prior to submitting the driver names to the school board for approval. 2. All bus driver paperwork is monitored to ensure current credentials, clearances, licenses, and physicals are obtained, reviewed, and on file in the District. 3. The District monitors who drives buses each day throughout the school year to ensure that all drivers have been authorized by the school board. 4. All driver qualifications and clearance documentation is monitored to ensure continued compliance with requirements. 		
<p>The District's Board of Directors approved contracted drivers without receiving a list of individual names.</p>	<p>The District has taken steps to ensure that all drivers have been fully vetted, and the appropriate paperwork is on file in the Assistant to the Superintendent's office. The District now identifies each driver by name on the school board agenda as verification that this process has occurred. The initial list of bus drivers was presented and school board approved at our August 21, 2021 meeting, which was prior to the first day of school. All new hires or subsequent additions have been and will continue to be school board approved throughout the year. For example, additional bus drivers were identified and approved at the September 21, 2021 school board meeting.</p> <p>Note: School board meeting agendas and minutes are attached to</p>	<p>School board approval occurred on August 21, 2021 and September 21, 2021.</p>	<p>Assistant to the Superintendent</p>

	<p>this CAP and also available publicly at the following link: https://www.palmerton.org/board-of-education/</p>		
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Board/Public Presentation of Audit Information


Date	Meeting Type	Information Provided
October 19, 2021	School Board Meeting	The Superintendent stated that there were deficiencies noted during the state audit.
November 3, 2021	School Board Workshop	The Superintendent formally presented the Corrective Action Plan (CAP).
November 16, 2021	School Board Meeting	The CAP was school board approved.



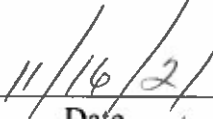
Jodi Frankelli, Ed.D.
Superintendent



Date



Kathleen Fallow
President, Board of School Directors



Date

