

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:	110147003	School:	Penns Valley Area School District		CAN:	120866
Audit Period:	July 1, 2015 to June 30, 2019		Findings:	One	Recommendations:	Three

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

Attached please find the Board Resolution addressing the above referenced matter

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.

PENNS VALLEY AREA SCHOOL DISTRICT RESOLUTION

Response to Performance Audit Report for Audit Period July 1, 2015 to June 30, 2019

WHEREAS, the Commonwealth of Pennsylvania Department of the Auditor General (hereinafter "Auditor General") conducted a performance audit of the Penns Valley Area School District (hereinafter "District") for the years ending June 30, 2016, 2017, 2018 and 2019;

WHEREAS, the objectives of the audit were 1) to determine if the District ensured compliance with applicable laws and regulations governing transportation operations, and did the District receive the correct transportation reimbursement from the Commonwealth; to determine if the District ensured that bus drivers transporting District students had the required driver's license, physical exam, training, background checks, and clearances as outlined in applicable laws and if the District had monitoring procedures to ensure that all drivers had updated clearances, licenses, and physicals. 3) to determine if the District ensured all individually contracted employees who separated from the District were compensated in accordance with their contract and did the contracts comply with the Public School Code and were the final payments in accordance with the Public School Employees' Retirement System (PSERS) guidelines, 4) to determine if the District accurately reported employee payroll data to PDE and did the District receive the proper amount of social security reimbursement based on the reported data, and 5) to determine if the District submitted applications for all approved construction projects eligible for PDE reimbursements and did the District timely apply for the reimbursements and receive the correct amount of reimbursements for its eligible construction projects.

WHEREAS, the Auditor General issued the Performance Audit Report on April 8, 2021 and copies of the report were delivered directly to the members of the Board of Directors;

WHEREAS, the Auditor General's report contained one (1) compliance-related matter reported as a finding located on page six (6) through ten (10) that indicated "The District's failure to implement an internal control system resulted in a \$45,430 overpayment and an unauditible \$3.6 million in transportation reimbursements."

WHEREAS, Section 25-2541(a) of Public School Code provides, 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 pupil 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 utilized passenger capacity of vehicles for reimbursement purposes."

WHEREAS, Section 25-2543 of Public School Code provides, 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."

WHEREAS, the Auditor General recommended the District administration: 1) Develop and implement an internal control system over its regular and supplemental transportation operations, 2) Ensure that complete supporting documentation for all vehicle data is obtained, reviewed and retained in accordance with Public School Code requirements and record retention procedure should be documented and staff trained on these procedures, and 3) Complete a reconciliation of nonpublic school and charter school students to individual requests for transportation to help ensure accuracy prior to reporting data to PDE.

WHEREAS, the Auditor General recommended the Pennsylvania Department of Education: adjust the District's subsidy to correct the overpayment of \$45,430 for the audit period and determine if further subsidy adjustments are necessary due to the District's inaccurate reporting of students transported in the non-reimbursable and hazardous route categories.,

WHEREAS, District management provided the following responses and corrective action plans, agreeing with the observation:

Management believes that documentation of mileage recorded by the transportation contractors and compared to the District transportation software data, fairly represents the \$3.6 million subsidy reimbursements received by the District. The District utilized the PDE Worksheet for Computing Sample Averages to record the data submitted by the transportation contractors and followed the directions for using the Worksheet on the PDE website. Utilization of the PDE Worksheet for Computing Sample averages and the accompanying instructions do not adequately support daily miles driven to transport student to and from school. Reviews were performed to verify contractor reporting and to verify accuracy of subsequent reporting in the state transportation reporting system however no formal documentation was retained Management acknowledges improvements will be implemented to include:

Transportation personnel will participate in educational sessions provided by the Pennsylvania Association of School Business Officials (PASBO) regarding transportation reporting as available.

The District will continue its practice of administration review of the data submitted to PDE by the transportation coordinator. This review will include an acknowledgement of the review and a checklist of items reviewed and verification of backup documentation.

An Administrative Regulation (AR) shall be develop detailing the data collection, document retention, categorization, review, and reporting process. The AR will identify the documents required from contractors, non-public and charter schools, and drivers to accurately track and record mileage and student data used for transportation reporting.

The District has utilized and accepted multiple forms of notification for non-public and charter student transportation, including, written, electronic and verbal notices. The District believes it has other supporting documentation that may justify or further document the transportation services of and reimbursement for non-public and charter students, including private school enrollment forms and charter tuition invoices. The District will draft and mail a letter to each parent of the students identified as, "over-reported" for the audit years July 2015 to June 2019. The District will request that the parents verify that their student rode to or from school at least one time during the academic year(s) in question. The verification letter will then be signed by the parent and returned to the District to substantiate the reimbursement received. The signed verification letters will be retained by the District to support a claim to retain the reimbursement received. Going forward, the District will also

amend its practice to retain non-public and charter students on annual bus rosters and will implement an annual affirmative statement and sign-off from the non-public and charter schools. Mid-year requests for transportation additions or deletions by the non-public or charter school will be required in writing or electronic record and retained for review. The Business Manager will review transportation information received from non-public and charter schools and review the data reported on PDE-2089 by the Transportation Coordinator prior to submission to PDE.

WHEREAS, the Auditor General concludes "We are pleased to note that the District plans to address all three of our recommendations. We reiterate the importance of the District retaining all documentation that supports the transportation data reported to PDE. We will evaluate the effectiveness of the District's corrective actions during our next audit."

WHEREAS, the Pennsylvania Department of Education notified the Penns Valley Area School District in correspondence dated April 13, 2021 that a response is required from the Board of Directors regarding the Performance Audit Report issued by the Office of the Auditor General;

AND NOW, THEREFORE, BE IT RESOLVED by the Penns Valley Area School District Board of School Directors (hereinafter "Board") the following:

The Board has previously received and reviewed the Performance Audit Report of the Auditor General and is cognizant of the findings and/or observations cited in the report.

The Board hereby adopts the District administration response to the Auditor General's observation ""The District's failure to implement an internal control system resulted in a \$45,430 overpayment and an unauditable \$3.6 million in transportation reimbursements".

The Board here by directs the administration implement the corrective actions.

The Board hereby directs the District management to send this resolution to the Clayton P. Carroll, Audit Reviewer, Bureau of Budget and Fiscal Management, Department of Education, 333 Market Street - 4th Floor, Harrisburg, Pennsylvania 17126-0333.

ADOPTED, by the Penns Valley Area School District Board of School Directors, this 19th day of May, 2021.

ATTEST:



Cheaney Stover, Board Secretary

SIGNATURE:



Darren Narber, Board President

BOARD CERTIFICATION

Response to Performance Audit Report for Audit Period July 1, 2015 to June 30, 2019

I, Cheaney Stover, Board Secretary of the Penns Valley Area School District Board of School Directors hereby certify that the attached resolution was adopted by the Penns Valley Area School District Board of School Directors at a public meeting held on the 19th of May, 2021.

SEAL



Cheaney Stover, Board Secretary

Penns Valley Area School District
Corrective Action Plan
State Audit Period July 1, 2015 to June 30, 2019

Recommendation 1: Develop and implement an internal control system over its regular and supplemental transportation operations. The internal control system should include, but not be limited to, the following:

- All personnel involved in inputting, categorizing, calculating, and reporting transportation data are trained on PDE's reporting requirements.
- A review of transportation data is conducted by an employee other than the employee who prepared the data before it is submitted to PDE.
- Clear and concise written procedures are developed to document the transportation data collection, categorization, and reporting process.

Response 1:

Management believes that documentation of mileage recorded by the transportation contractors and compared to the District transportation software data, fairly represents the \$3.6 million subsidy reimbursements received by the District. The District utilized the PDE Worksheet for Computing Sample Averages to record the data submitted by the transportation contractors and followed the directions for using the Worksheet on the PDE website. Utilization of the PDE Worksheet for Computing Sample averages and the accompanying instructions do not adequately support daily miles driven to transport student to and from school. Reviews were performed to verify contractor reporting and to verify accuracy of subsequent reporting in the state transportation reporting system however no formal documentation was retained Management acknowledges improvements will be implemented to include;

Corrective Action Plan:

- Transportation personnel will participate in educational sessions provided by the Pennsylvania Association of School Business Officials (PASBO) regarding transportation reporting as available. To be completed by June 30, 2021
- The District will continue its practice of administration review of the data submitted to PDE by the transportation coordinator. This review will include an acknowledgement of the review and a checklist of items reviewed and verification of backup documentation. To begin with 2020-2021 reporting and continue.
- An Administrative Regulation (AR) shall be develop detailing the data collection, document retention, categorization, review, and reporting process. The AR will identify the documents required from contractors, non-public and charter schools, and drivers to accurately track and record mileage and student data used for transportation reporting. To be completed by August 2021.

Recommendation 2: Ensure that complete supporting documentation for all vehicle data is obtained, reviewed, and retained in accordance with PSC requirements. Record retention procedures should be documented and staff trained on these procedures.

Response 2:

Requirements for documentation, retainage of back-up documents for monthly mileage summaries, verification of data, and acknowledgement of reviews shall be included in the Administration Regulation to be developed on transportation reporting.

Corrective Action Plan:

- An Administrative Regulation (AR) shall be develop detailing the data collection, document retention, categorization, review, and reporting process. The AR will identify the documents required from contractors, non-public and charter schools, and drivers to accurately track and record mileage and student data used for transportation reporting. To be completed by August 2021.

Recommendation 3: Complete a reconciliation of nonpublic school and charter school students to individual requests for transportation to help ensure accuracy prior to reporting data to PDE.

Response 3:

The District has utilized and accepted multiple forms of notification for non-public and charter student transportation, including, written, electronic and verbal notices. The District believes it has other supporting documentation that may justify or further document the transportation services of and reimbursement for non-public and charter students, including private school enrollment forms and charter tuition invoices. The District will draft and mail a letter to each parent of the students identified as, "over-reported" for the audit years July 2015 to June 2019. The District will request that the parents verify that their student rode to or from school at least one time during the academic year(s) in question. The verification letter will then be signed by the parent and returned to the District to substantiate the reimbursement received. The signed verification letters will be retained by the District to support a claim to retain the reimbursement received. Going forward, the District will also amend its practice to retain non-public and charter students on annual bus rosters and will implement an annual affirmative statement and sign-off from the non-public and charter schools. Mid-year requests for transportation additions or deletions by the non-public or charter school will be required in writing or electronic record and retained for review. The Business Manager will review transportation information received from non-public and charter schools and review the data reported on PDE-2089 by the Transportation Coordinator prior to submission to PDE."

Corrective Action Plan:

- District will draft and mail a letter to each parent of the students identified as, "over-reported" for the audit years July 2015 to June 2019 and request that the parents verify that their student rode to or from school at least one time during the academic year(s) in question. The verification letter will then be signed by the parent and returned to the District to substantiate the reimbursement received. The signed verification letters will be retained by the District to support a claim to retain the reimbursement receive. Complete by May 2021.
- District will implement an annual affirmative statement and sign-off from the non-public and charter school for all students seeking District transportation. Mid-year requests for transportation additions or deletions by the non-public or charter school will be required in writing or electronic record and retained for review. Complete/Implement by September 2021.
- Business Manager will review transportation information received from non-public and charter schools and review the data reported on PDE-2089 by the Transportation Coordinator prior to submission to PDE. Implement with 2021-22 reporting cycle.

Monitoring Procedures

Corrective Action Plan shall be monitored by the Business Manager and/or Superintendent, who shall place signature/initials on CAP Checklist.

Corrective Action Plan Checklist

- Transportation personnel will participate in educational sessions provided by the Pennsylvania Association of School Business Officials (PASBO) regarding transportation reporting as available. To be completed by June 30, 2021
Verification of Completion: _____ Date _____
- The District will continue its practice of administration review of the data submitted to PDE by the transportation coordinator. This review will include an acknowledgement of the review and a checklist of items reviewed and verification of backup documentation. To begin with 2020-2021 reporting and continue.
Verification of Completion: _____ Date _____
- An Administrative Regulation (AR) shall be develop detailing the data collection, document retention, categorization, review, and reporting process. The AR will identify the documents required from contractors, non-public and charter schools, and drivers to accurately track and record mileage and student data used for transportation reporting. To be completed by August 2021.
- Verification of Completion: _____ Date _____

District will draft and mail a letter to each parent of the students identified as, "over-reported" for the audit years July 2015 to June 2019 and request that the parents verify that their student rode to or from school at least one time during the academic year(s) in question. The verification letter will then be signed by the parent and returned to the District to substantiate the reimbursement received. The signed verification letters will be retained by the District to support a claim to retain the reimbursement receive. Complete by May 2021.

Verification of Completion: _____ Date _____

- District will implement an annual affirmative statement and sign-off from the non-public and charter school for all students seeking District transportation. Mid-year requests for transportation additions or deletions by the non-public or charter school will be required in writing or electronic record and retained for review. Complete/Implement by September 2021.
Verification of Completion: _____ Date _____
- Business Manager will review transportation information received from non-public and charter schools and review the data reported on PDE-2089 by the Transportation Coordinator prior to submission to PDE. Implement with 2021-22 reporting cycle.
Verification of Completion: _____ Date _____