

## 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.

|                      |                               |                  |                             |                         |        |
|----------------------|-------------------------------|------------------|-----------------------------|-------------------------|--------|
| <b>AUN:</b>          | 125239452                     | <b>School:</b>   | Upper Darby School District | <b>CAN:</b>             | 126105 |
| <b>Audit Period:</b> | July 1, 2016 to June 30, 2020 | <b>Findings:</b> | Three                       | <b>Recommendations:</b> | Eleven |

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

Attached, please find the District's responses to all three findings. Additionally, we have attached the complete Performance Audit and referenced the corresponding pages for each finding and response.

Finding No. 1

Finding – Please see page 7-9 of the attached report.

Recommendations – Please see page 10 of the attached report.

Upper Darby School District's (Management) Response – Please see page 10-12 of the attached report.

Auditor Conclusion – “We are pleased that the District intends to implement corrective actions to address our recommendations.”

Finding No. 2

Finding – Please see page 13-17 of the attached report.

Recommendations – Please see page 17-18 of the attached report.

Upper Darby School District’s (Management) Response – Please see page 18-21 of the attached report.

Auditor Conclusion – “We are pleased that the District intends to implement corrective actions to address our recommendations.”

Finding No. 3

Finding – Please see page 22-27 of the attached report.

Recommendations – Please see page 27-28 of the attached report.

Upper Darby School District’s (Management) Response – Please see page 28-31 of the attached report.

Auditor Conclusion – “We are pleased that the District intends to implement corrective actions to address our 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.

**Title: The District's Failure to Implement Adequate Internal Controls Led to Inaccurate Reporting of Nonresident Student Data to the Pennsylvania Department of Education Resulting in an Overpayment of \$377,824**

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In response to the following:

1. Develop and implement an internal control system governing the process for categorizing and reporting foster students. The internal control system should include, but not be limited to, the following:
  - All personnel involved in categorizing and reporting nonresident student data are trained on PDE's reporting requirements.
  - A review of nonresident student data is conducted by an employee other than the employee who prepared the data before it is submitted to PDE.
  - Written procedures are developed to document the categorization and reporting process for nonresident student data.
2. Obtain updated placement information annually for all nonresident students to ensure proper categorization and perform a reconciliation of the foster student data to source documents, before reporting the data to PDE.
3. Bill tuition costs to the resident district(s) for those students in therapeutic foster placements and educated by the District.
4. Review the nonresident foster student data reported to PDE for the 2020-21 school year and determine if documentation shows that those students met the eligibility criteria to be reported as nonresident foster students. Submit revisions to PDE as necessary.

#### Categorizing and Reporting Students in Foster Care

The Upper Darby School District does have procedures in place to verify residency status of all students including but not limited to students in foster care, students experiencing homelessness, support affidavit students, students living in a multiple

occupancy setting, as well for resident students living with their parent(s)/guardian(s). The Upper Darby School District participates in Best Interest Determination(BID) meetings with foster care agencies. At this time, the Pennsylvania Department of Education does not have a formalized form or process for collecting information such as where the biological parents reside, where the caregiver(s) reside, and whether or not the caregiver(s) receive compensation. The focus for the Upper Darby School District has been on working with agencies and other school districts on providing a consistent educational environment that is in the “best interest” of the student. In the absence of a BID document provided by PDE that collects and verifies where biological parents reside, where the caregiver(s) reside, whether or not the caregiver(s) receive compensation, and whether or not the student is receiving therapeutic services; the Upper Darby School District will implement the following updated procedures:

### **Personnel Involved**

1. Director of Pupil Services / Foster Care Point of Contact
2. Child Accounting Secretary
3. Lead Registrar (Office of Central Registration)
4. Manager of Data and Information
5. School Staff, including but not limited to School Social Workers, Principals, Assistant Principals, and School Registrar

### **Written Procedures:**

1. Written Procedures
  - a. When UDSD learns that a nonresident student in foster care will enroll in our schools, or that an existing nonresident student’s placement and/or residency will change, the UDSD staff member who becomes aware of this will ask the foster care agency or the CCYA to provide written documentation to support the following for each appropriate school year:
    - i. A child welfare agency or court placed the student in the private home of a resident within Upper Darby SD (agency placement letter)
    - ii. Proof that the UDSD resident was compensated for the care of the student
    - iii. Proof that the student’s parent or legal guardian is not a resident of Upper Darby SD
    - iv. Proof that the student is not in pre-adoptive status
  - b. The UDSD staff member who becomes aware of this information and requests this documentation will inform the Office of Central Registration

so that they can begin a review of current residency status and request updated documentation

- c. The Lead Registrar with approval from the building principal and Director of Pupil Services will update eSchool to reflect the correct coding for the student and include all updated documentation in the online registration portal of the Student Information System.
- d. When a UDSD staff member learns about a student in this category, the Child Accounting Secretary will create a new folder for that student in the Shared Drive named Nonresident Student Data.
- e. When UDSD staff receives one or more of the pieces of documentation listed above, they will upload those documents to the folder labeled with the student's name in the Nonresident Student Data Shared Drive. These folders will be labeled by student name and by school year.
- f. On the last Friday of each month, the Child Accounting Secretary will coordinate with the Manager of Data and Information to ensure that the District has all up to date necessary documentation for each of our nonresident students, including those in a therapeutic foster home.
- g. When UDSD learns that a student we are educating is in a therapeutic foster placement, that staff member will inform the Child Accounting Secretary and that person will complete a 4605 and bill the resident district. The Lead Registrar will update eSchool to reflect the correct coding for the student
- h. Between June 15 and June 30 each year, the Director of Pupil Services, the Office of Central Registration and the Manager of Data and Information will review the data related to the nonresident students educated by UDSD during the previous school year, ensuring that the District has the necessary documentation to warrant the appropriate reimbursement from PDE or the resident district(s).

**Title: The District's Failure to Implement an Adequate Internal Control System Resulted in**  
**An Unauditable \$9.7 Million in Transportation Reimbursements**

**Management Comments and Reply:**

The Upper Darby School District began a renovation of 8201 Lansdowne Avenue (Location of Transportation Offices) the year prior to notification of a state audit. The District has limited space, resources, and storage for materials, and the state required odometer readings that are typically kept by the Transportation Department. These documents were misplaced when the District started a renovation project at 8201 Lansdowne Avenue. In order to prevent a loss of documentation moving forward, the District will implement an electronic record keeping process. The District has also already implemented new technologies such as a GPS system for all buses and updated bus routing software. These technologies were not in place during the years of 2016-2020.

In response to: "All personnel involved in inputting, categorizing, and reporting transportation data are trained on PDE's reporting requirements including the supporting documentation necessary to be obtained and retained."

- All appropriate transportation personnel, Supervisor of Transportation, Assistant Supervisor of Transportation, Dispatcher, Two Secretaries, and the Controller of Operations, who are involved in inputting, categorizing, and reporting transportation data have been and will continue to be trained on the Pennsylvania Department of Education's (PDE's) reporting requirements including the supporting documentation necessary to be obtained and retained. The District will document each required training/professional development in our professional development online portal. The aforementioned Transportation Personnel who are responsible for overseeing the required documentation for subsidy purposes will also receive written procedures that outline how to ensure complete and accurate data. The document will be referred to as the Transportation Subsidy Documentation Manual. The Transportation Subsidy Documentation Manual will provide detailed procedures in a) obtaining and retaining monthly vehicle mileage information, b) obtaining, verifying, and retaining public, charter, and non-public student information through three way matching, c) maintaining the District's transportation up to date fleet list, d) obtaining, reviewing and retaining the District's school bus routes, e) obtaining

and retaining the transportation contracts, f) accounting for and distribution procedures of SEPTA transpass program, and g) filing instructions of various forms and its deadlines.

- There were two highlighted deficiencies in data collection: 1) Mileage Documentation and 2) Contract documentation
  - Mileage documentation
    - First, the District does have a process for collecting mileage information and requires a sign off by bus drivers. Unfortunately, the internal documents were lost during a new construction process that started prior to the audit. Nevertheless, there is an opportunity to move toward an electronic scanning of documents that will prevent future loss of documentation.
    - Transportation created a monthly data collection dashboard to monitor its data collection performance. The monthly data collection will be reviewed by the Controller of Finance for its accuracy and completeness.
    - Transportation created an electronic filing structure to retain the data electronically in a consistent manner. The Controller of Finance and the Chief Financial Officer will have access to the file locations for their regular review. The electronic filing structure (folder located on the District server) will include a yearly record for all odometer readings and other related documents.
  - Contract documentation
    - The Transportation Department will work with the Procurement Services Department to create a standard contract template for future transportation services. The template will include references to Pennsylvania School Code that will require board approval and the date of board approval for any newly hired or contracted driver (buses and or vans, etc.).
    - Any time the District relies on contracted personnel or services to provide transportation all background check information will be collected and retained in the yearly electronic filing system folder on the District server as well as documentation located with the Human Resources Office. The District will also follow guidelines and policy for Board approval of contracted services and approval of individual contracted transportation staff. The District has included our “Contracted Request for Approval” form in this response.

In response to: “Clear and concise written procedures are developed to document the regular and supplemental transportation data collection, categorization, and reporting process.”

- The Controller of Operations and the Controller of Finance will hold a professional development class that will be captured in our professional development portal. The professional development class will go over all aspects of subsidy data collection with all employees of the Transportation Department who are responsible for collection of supplemental transportation data, categorization, and reporting process before the beginning of each school year and at the conclusion of that year.
- A written procedure manual will be provided to employees during the professional development class. The written procedure will include the following information:
  - o Source of the data
  - o Responsible parties
  - o Reviewer and approver of each data
  - o Frequency of data collection
  - o Physical and electronic file locations
  - o Reconciliation methods
  - o Internal deadlines to collect data
  - o Internal review schedules

In response to: “A review of the transportation data is conducted by an employee other than the employee who prepared the data before it is submitted to PDE.”

- The Supervisor of Transportation is responsible for running the operations in accordance with the PDE guidelines and collecting accurate and complete information to prepare for the PDE subsidy.
- The Controller of Operations will review all aspects of transportation operations that include data collection and retention in relation to the PDE transportation subsidy.
- The Controller of Finance will perform quarterly reviews of data collection and retention and also perform the final review of the data before submitting the information to the PDE.
- The Controller of Finance will report any deficiencies in data collection to the CFO.



In response to: "A review of the transportation data is conducted by an employee other than the employee who prepared the data before it is submitted to PDE. Record retention procedures should be documented."

- The Supervisor of Transportation is responsible for running the operations in accordance with the PDE guidelines and collecting accurate and complete information to prepare for the PDE subsidy.
- The Controller of Operations will review all aspects of transportation operations that include data collection and retention in relation to the PDE transportation subsidy.
- The Controller of Finance will perform quarterly reviews of data collection and retention and also perform a final review of the data before submitting the information to the PDE. The Controller of Finance will have access to all transportation files and relevant locations where the electronic source documents are located.
- The Controller of Finance will report any deficiencies in data collection to the CFO.

In response to: "Reconcile lists of nonpublic and charter school students transported to requests for transportation prior to submitting data to PDE."

- A three-way matching will be performed. The Transportation Department will request and collect a list of students who are eligible to receive transportation from each non-public and charter school. The lists will be reviewed by the Transportation Department and Office of Central Registration prior to providing transportation.
- The Transportation Department will request updated transportation lists from each non-public and charter school in December and again in March of each year.
- An electronic file will be saved on the District server . An electronic file will be kept for each year, and it will include the list of students who are eligible for transportation from each non-public and charter school.

**Title: The District Did Not Implement Adequate Internal Controls to Ensure Compliance  
With Driver Qualifications and Background Clearance Requirements**

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**Management Comments and Reply:**

In response to the following:

1. "Provide training on Section 111 of the PSC, as well as the relevant provisions of the CPSL, the Pennsylvania Vehicle Code, and the Pennsylvania Department of Transportation regulations to staff responsible for reviewing qualifications and those tasked with maintaining up-to-date personnel files for both District employed and contracted bus and van drivers."
2. "Implement verifiable internal control procedures with a documented review process to ensure that only qualified and authorized individuals are driving for the District." "These procedures should ensure:
  - All required qualifications and clearances are obtained, reviewed, and on file at the District prior to individuals being presented to the Board for approval and/or transporting students.
  - All driver qualification and clearance documentation is monitored to ensure continued compliance with requirements, including the requirement to obtain updated clearances **every five years.**"
3. "Comply with all applicable laws and regulations to obtain, review, and maintain required qualifications and background clearances for all individuals that have direct contact with students, whether District-employed or contracted."
4. "Ensure that all contracted drivers are presented to the Board for approval in a timely manner."
5. "Implement procedures to ensure compliance with applicable Board policies."

The Upper Darby School District will comply with the Pennsylvania Department of Education's (PDE's) requirements and law that states, "...requires that all applicants for employment in public and private schools, employees of independent contractors seeking business with public and private schools, and student teacher candidates undergo background checks if they will have direct contact with students. In addition, employment history reviews must be completed for all applicants seeking employment . This Upper Darby School District Office of Human Resources will continue to rely on the following process and procedures:

The following three background checks are required:

- Department of Human Services Child Abuse History Clearance
- Pennsylvania State Police Request for Criminal Records Check
- Federal Criminal History Record Information (CHRI)

#### **New Hires:**

- All Board policies for hiring staff will be followed.
- In accordance with Upper Darby School District Policy 304: Employment of District Staff a candidate will not be employed until s/he has complied with the mandatory background check requirements for criminal history and child abuse. Procedures to ensure compliance with applicable Board policies will include:
  - Mandatory training for all administrators and employees involved in the hiring process.
  - The Assistant Superintendent for Personnel and Equity and the Supervisor of Human Resources will be provided training from the District's Solicitor related to reviewing the criminal history and child abuse clearances.
  - The Assistant Superintendent for Personnel and Equity will complete the School District Employment Authorization form for each candidate after all clearances have been submitted and reviewed.
- All clearances must be submitted with the completed application through the Upper Darby School Districts online onboarding portal(TalentEd). If all of the required clearances are not provided at the time an application is submitted, a Confidential Human Resources Secretary will continue to request the clearances from the applicant during the onboarding process. No recommended hire can begin without proper clearances and a reference check.
- All new hires must complete the Arrest/Conviction Report and Certification Form (PDE 6004) that is included in the onboarding packet.

- Upon completion of the onboarding process, and if there is no record of an infraction, arrest, or conviction on any of the submitted clearances, the clearances are then entered into the District's financial system (eFinance).
- Clearance information entered into the financial system (eFinance) will include the following:
  - Employee Name
  - Clearance Type
  - Date of Issue
  - Date of Expiration
- After the information from the clearance is entered into the finance system (eFinance), the clearances along with the completed onboarding documents are submitted to the Assistant Superintendent for Personnel and Equity for approval. The signed payroll authorization form is then distributed to the payroll/business department and school/employee location.
- Each new hire will be formally approved by a Board Resolution in the Personnel Report at the next scheduled public meeting.
- The clearances are kept in a permanent personnel file located in the personnel department.
- Clearances have to be updated every five (5) years.
- If the clearances are not updated, the employee will receive (4) four automatically generated reminders from the eFinance system starting 120 days, 90 days, 60 days and 30 days prior to the expiration date.
- A compliance report is run the first week of every month.
- If an active employee's clearances are set to expire within (30) days, a letter will be sent to the employee and their supervisor from the Supervisor of Human Resources informing them of the expiration date(s).

**Contracted Employees and Student Teacher Candidates:**

- All subcontractors seeking business with the District and student teacher candidates will provide documentation of clearances to the appropriate department within the District. All staff involved in hiring of contracted employees and student teacher candidates will be provided training on the District's onboarding of staff process and manual.
- A copy of the required clearances will be provided to the Office of Human Resources.
- If an infraction, arrest, or conviction is reported on any clearance(s), then the clearance(s) is given to the Assistant Superintendent for Personnel and Equity for further review.

- The Assistant Superintendent for Personnel and Equity will determine if the applicant is eligible to work as a contracted employee or become a student teacher. If necessary, the Assistant Superintendent for Personnel and Equity will contact the Board Solicitor for guidance and a review of clearances involving an infraction, arrest, or conviction that may prevent or terminate employment. .
- If a contracted employee or student teacher candidate is found to be ineligible based on their clearances, the Assistant Superintendent for Personnel and Equity will contact the service provider and/or the sending university or college.

**Volunteers:**

- All volunteers must complete and submit their clearances, the Disclosure Statement for Volunteers, and the volunteer application to an administrator for review.
- An administrator forwards the volunteer packet (including clearances) to the Assistant Superintendent for Personnel and Equity for approval.
- If an infraction, arrest, or conviction is reported on any submitted clearance, then that clearance(s) is given to the Assistant Superintendent of Personnel and Equity for further review.
- The Assistant Superintendent for Personnel and Equity will determine if the applicant is eligible to become a volunteer. If necessary, the Assistant Superintendent of Personnel and Equity will contact the Board Solicitor for guidance and a review of clearances involving an infraction, arrest, or conviction that may prevent the opportunity to volunteer.
- If a volunteer application is denied, the Assistant Superintendent for Personnel and Equity will contact the applicant to inform them of the status of their volunteer application.
- If there is no record of an infraction, arrest, or conviction on any of the submitted clearances, then the issue date and expiration date is entered into a database that is maintained by the Confidential Secretary and monitored by the Supervisor of Human Resources.
- A copy of the approved volunteer packet is returned to the appropriate administrator and a copy of the approved volunteer approval is maintained by the Assistant Superintendent for Personnel and Equity.