

PERFORMANCE AUDIT

Philipsburg-Osceola Area School District Clearfield County, Pennsylvania

January 2016



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, PA 17120-0018
Facebook: Pennsylvania Auditor General
Twitter: @PAAuditorGen
www.PaAuditor.gov

EUGENE A. DePASQUALE
AUDITOR GENERAL

Dr. Gregg Paladina, Superintendent
Philipsburg-Osceola Area School District
200 Short Street
Philipsburg, Pennsylvania 16866

Mrs. Rebecca Timchak, Board President
Philipsburg-Osceola Area School District
200 Short Street
Philipsburg, Pennsylvania 16866

Dear Dr. Paladina and Mrs. Timchak:

We have conducted a performance audit of the Philipsburg-Osceola Area School District (District) for the period July 5, 2013 through November 24, 2015. We evaluated the District's performance in the following areas:

- Governance
- Contracting
- School Safety
- Bus Driver Requirements

This audit was conducted pursuant to Section 403 of The Fiscal Code, 72 P.S. § 403, and in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit found that the District performed adequately in the areas listed above except as noted in the following finding:

- Failure to Obtain Required Background Clearances for Bus Drivers and Lack of Board Approval for Hiring of Bus Drivers

We appreciate the District's cooperation during the course of the audit.

Sincerely,

Eugene A. DePasquale
Auditor General

January 29, 2016

cc: **PHILIPSBURG-OSCEOLA AREA SCHOOL DISTRICT** Board of School Directors

Table of Contents

	Page
Background Information	1
Findings and Observations	4
Finding – Failure to Obtain Required Background Clearances for Bus Drivers and Lack of Board Approval for Hiring of Bus Drivers	4
Status of Prior Audit Findings and Observations	9
Appendix: Audit Scope, Objectives, and Methodology	12
Distribution List	15

Background Informationⁱ

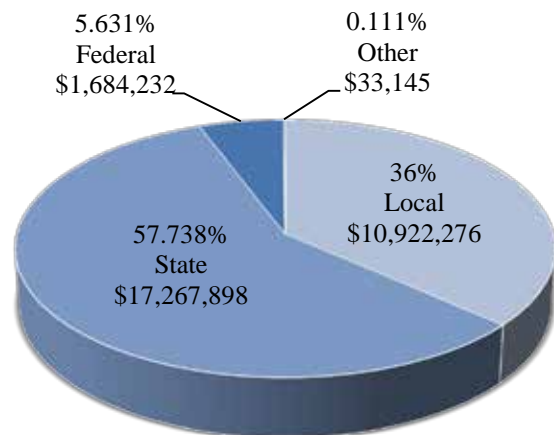
School Characteristics 2015-16 School Year ⁱⁱ	
County	Clearfield
Total Square Miles	222
Resident Population ⁱⁱⁱ	15,412
Number of School Buildings	4
Total Teachers	155
Total Full or Part-Time Support Staff	95
Total Administrators	12
Total Enrollment for Most Recent School Year	1,809
Intermediate Unit Number	Central IU 10
District Vo-Tech School	Clearfield Co. Career & Technology Center

Mission Statement

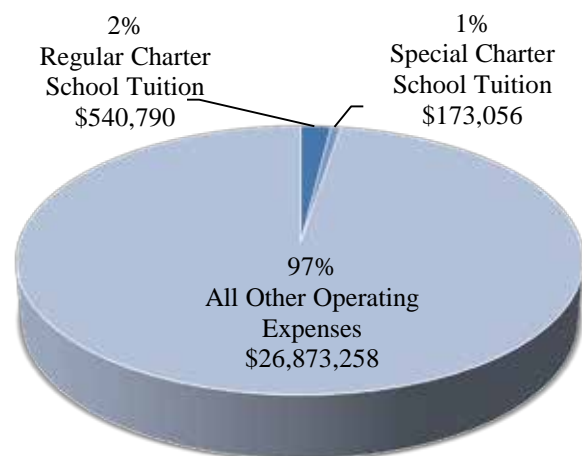
“The mission of the district is to provide a supportive educational environment to promote student learning through academic rigor, district partnerships and career-readiness programs for the development of responsible citizens in today’s world.”

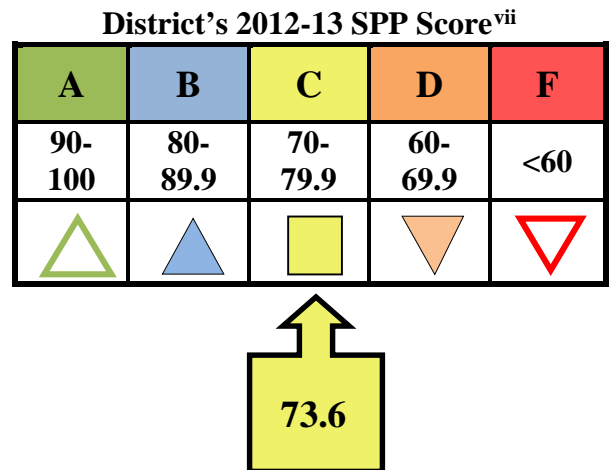
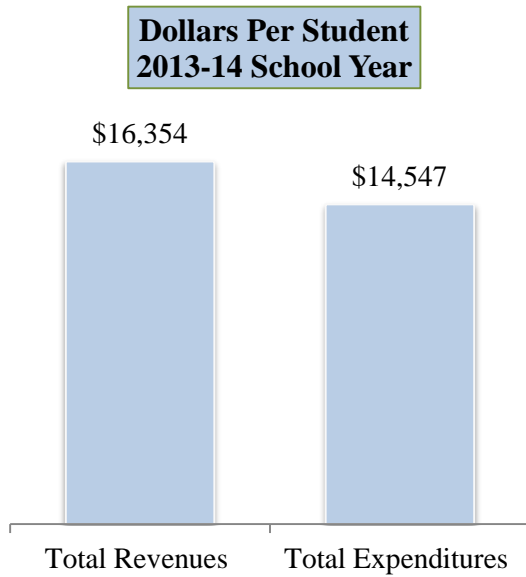
Financial Information

Revenue by Source for 2013-14 School Year

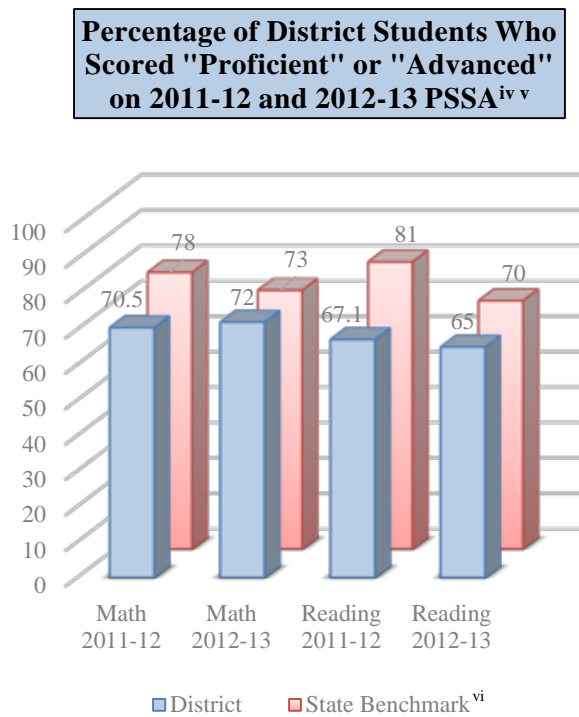


Select Expenditures for 2013-14 School Year





Academic Information



Individual Building SPP and PSSA Scores ^{viii} 2012-13 School Year						
School Building	SPP Score	PSSA % School Proficient and Advanced in Math	PSSA % Statewide Benchmark of 73% Above or Below	PSSA % School Proficient and Advanced in Reading	PSSA % Statewide Benchmark of 70% Above or Below	Federal Title I Designation (Reward, Priority, Focus, No Designation) ^{ix}
North Lincoln Hill Elem ¹	64.3	72	1	59	11	No Designation
Osceola Mills Elem	84.4	79	6	55	15	N/A
Philipsburg Elem	80.6	81	8	68	2	No Designation
Philipsburg-Osceola HS ²	74.4	68	5	82	12	N/A
Philipsburg-Osceola JHS ³	73.9	66	7	67	3	N/A

¹ Subsequent to the 2012-13 school year, the North Lincoln Elementary School became the North Lincoln Middle School.

² Subsequent to the 2012-13 school year, the Philipsburg-Osceola Senior High became the Philipsburg-Osceola Junior Senior High and the Junior High was closed.

³ See Footnote No. 2

Findings and Observations

Finding

Failure to Obtain Required Background Clearances for Bus Drivers and Lack of Board Approval for Hiring of Bus Drivers

Criteria relevant to the finding:

Chapter 23 of the State Board of Education regulations provides that the Board is responsible for the selection and approval of eligible operators who qualify under the law and regulations. *See* 22 Pa. Code § 23.4(2).

Section 111 of the Public School Code (PSC), 24 P.S. § 1-111, as amended, requires state and federal criminal background checks, and Section 6344 of the Child Protective Services Law (CPSL), 23 Pa.C.S. § 6344, as amended, requires a child abuse clearance.

Specifically, Section 111(b) and (c.1) of the PSC require prospective school employees who have direct contact with children, including independent contractors and their employees, to submit a report of criminal history record information (CHRI) obtained from the Pennsylvania State Police (PSP), as well as a report of federal CHRI records obtained from the Federal Bureau of Investigations (FBI).

During our audit of the District's bus driver qualifications, we found that beginning in the 2013-14 school year, on the advice of the District's solicitor, the District's Board of School Directors (Board) no longer approved bus drivers who transported the District's students. For the period covering July 1, 2013 through June 30, 2015, the District hired 15 new drivers through a contractor. These drivers were not approved by the Board as required. The approval of bus drivers is one of the Board's most important responsibilities required by Chapter 23 of the State Board of Education regulations.

In addition, the District failed to obtain the federal CHRI reports from the FBI for 34 District bus drivers. Failure to obtain the federal CHRIs for 34 bus drivers is not only in noncompliance with Section 111 of the PSC, but it could result in the District having a school bus driver regularly transporting students who may not have been suitable to have direct contact with children.

Board Approval of Contracted Bus Drivers

The District, on advice from their solicitor, discontinued obtaining board approval for contracted bus drivers during the 2013-14 school years. In an email dated April 2, 2013, the Solicitor stated the following:

"I recommend that new (contractor's name) drivers be added to the agenda as an information item only. To have the Board approve them could, in the event of a claim, increase the District's chances of being held liable for any damages because 'approving' the drivers suggests that you took some type of affirmative step in investigating the background of the driver, and potentially negates, or at the least, reduces the effectiveness of, any transfer of responsibility to (contractor's name) under the bus contract.

*Criteria relevant to the finding
(continued):*

Section 111(e)(1)-(2) of the PSC lists convictions for certain criminal offenses, including most major criminal offenses such as criminal homicide, rape, and drug convictions, that require an absolute ban on employment.

Further, effective September 28, 2011, Act 24 added Section 111(f.1) to the PSC which provides that a ten, five, or three year *look-back period* for certain convictions be met before an individual is eligible for employment.

Section 111(g)(1) of the PSC provides that an administrator, or other person responsible for employment decisions in a school or other institution under this section who willfully fails to comply with the provisions of this section commits a violation of this act, subject to a hearing conducted by the Pennsylvania Department of Education (PDE), and shall be subject to civil penalty up to \$2,500.

In addition, Section 6344 of the Child Protective Services Law (CPSL), 23 Pa.C.S. § 6344(a.1)(1), as amended, requires a child abuse clearance.

The District is required to gather the documentation on the clearances, etc. for District files to assure compliance with the contract and laws/regulations, but the actual approval is an unnecessary step that can potentially have collateral, unintended consequences.”

State Board of Education regulations clearly provide that the responsibility of selecting and approving bus drivers lies with the Board regardless of whether the driver is employed by an independent contractor.

Criminal History Clearance

Background

Section 111 of the PSC outlines background check requirements for student teachers and the employees of public and private schools and their contractors. PDE contracted with a private company to manage the fingerprinting process and obtain federal CHRI reports from the FBI for the Commonwealth. The multi-step process begins with the prospective employee registering online or over the phone, prior to being fingerprinted. The applicant pays a \$27 fee for the fingerprinting service and for the federal CHRI to be obtained from the FBI. The CHRI is available online to the employer, and the applicant receives a paper copy in the mail.⁴ The applicant may share the paper copy of the CHRI with prospective employers.

However, the School Administrator is required to review the official CHRI online and print a copy of the federal CHRI if the applicant is hired by the District or their contractor. The Board must select and approve a driver based on the results of the School Administrator’s review of whether the contractor properly vetted the bus driver’s qualifications, including, among others, meeting the age requirement, and successful completion of training and the physical exam, as well as possibly being disqualified under Section 111 of the PSC and Section 6344 of the CPSL. As noted in our *Criteria relevant to the finding*, any administrator or other person responsible for employment decisions in a school who willfully fails to comply with the provisions of this section commits a violation of this act,

⁴ www.pa.cogentid.com outlines the registration process.

*Criteria relevant to the finding
(continued):*

Please also note that Section 1509(a) of the Vehicle Code, 75 Pa.C.S. § 1509(a), provides the following: “(a) School bus driver requirements.--No person shall be issued an endorsement to operate a school bus unless the person: (1) has successfully completed a course of instruction as provided in subsection (c); (2) has satisfactorily passed a physical examination to be given in accordance with rules and regulations promulgated and adopted by the department; (3) is 18 years of age or older; and (4) is qualified to operate school buses in accordance with this title and the rules and regulations promulgated and adopted by the department.”

and may be subject to a PDE hearing and a civil penalty up to \$2,500. The ultimate purpose of these requirements is to ensure the safety and welfare of the students transported in school buses.

Twelve of sixty-five contracted District bus drivers during the 2014-15 school year were hired prior to April 1, 2007, and therefore were not required to have a federal CHRI on file. Of the 53 bus drivers hired after April 1, 2007, we found that the District failed to obtain the federal CHRI for 34 bus drivers (64 percent) required to have a federal CHRI on file.

The District was able to produce documentation evidencing that these 34 contracted employees started the process by registering to be fingerprinted, but the District did not obtain the federal CHRI reports from the FBI. The District also had on file the required clearances regarding the Pennsylvania Child Abuse History Clearance Report and the state CHRI. However, the federal CHRI provides detail on an individual’s criminal history that occurred outside the Commonwealth of Pennsylvania and that would not be reflected on the state CHRI.

By failing to obtain the results of the federal CHRI, the District cannot make an informed determination as to the suitability of the drivers to transport the District’s students. Section 111 of the PSC lists certain criminal offenses that are subject to an absolute ban on employment⁵ and requires that any offense similar in nature to those in the enumerated crimes involving federal crimes or crimes outside of the Commonwealth be subject to this ban as well.⁶ Since the information in the federal CHRI will not be captured by the information contained in the state CHRI, the District is taking a risk that a convicted out-of-state or federal felon could be hired.

On October 20, 2015, we notified the District’s Business Manager that the drivers’ files did not have the appropriate clearances. District officials attributed the lack of federal CHRIs on file to the District’s lack of knowledge of the requirements of Act 114 in regard to background checks and placing too much reliance on their contractor. As of

⁵ 24 P.S. § 1-111(e)(1)-(2).

⁶ 24 P.S. § 1-111(e)(3).

January 7, 2016, the District has received 17 of the 34 clearances. The 17 clearances received disclosed no issues that would call into question the drivers' suitability to transport students. However, the remaining 17 are still outstanding.

By failing to obtain the results of the federal CHRI, the District cannot make an informed determination as to the suitability of the drivers to transport the District's students. The District has failed to ensure that all requirements in regard to District bus drivers were met and in turn has not properly ensured the safety and welfare of all District students.

Recommendations

The *Philipsburg-Osceola Area District* should:

1. Immediately obtain approval from the District's Board for the 15 bus drivers cited in the finding. In the future, obtain approval prior to allowing the driver to have direct contact with the District's students in accordance with State Board of Education regulations.
2. Immediately verify that all required clearances have been obtained, reviewed, and are on file at the District to ensure the safety of District students.
3. Provide training to transportation personnel to enable them to become familiar with the documentation required by law and by school policy to assure that all drivers possess all clearances.

Management Response

Management stated the following:

"The District understands the importance of obtaining clearances. We will ensure the process of obtaining and reviewing this paperwork for transportation hires is followed.

Concerning the issue of Board approval for transportation hires, this was done on the advice of our solicitor. The practice has been discontinued after the audit found the practice to be in appropriate."

Auditor Conclusion

We are pleased that the District plans to ensure that the Board approves all future new hires of bus drivers. We will review this process during our next audit of the District.

We are concerned that the District had not completed obtaining federal CHRIs for all of the contracted bus drivers. This issue was brought to the District's attention on October 20, 2015, and at the time of our last contact with the District on January 7, 2016, there continued to be contracted District bus drivers without federal CHRIs on file.

As stated in the finding, the purpose of these regulations is to ensure the safety and welfare of District students. Further, since the information in the federal CHRI will not be captured in the state CHRI, the District risks hiring a convicted out-of-state or federal felon. We continue to recommend that the District take immediate action to ensure that federal CHRIs are reviewed and on file for all bus drivers and not allow individuals without a federal CHRI on file to have contact with District students as a bus driver.

Status of Prior Audit Findings and Observations

Our prior audit of the District released on November 13, 2013, resulted in two findings. As part of our current audit, we determined the status of corrective action taken by the District to implement our prior audit recommendations. We reviewed the District's written response provided to PDE, interviewed District personnel, and performed audit procedures as detailed in each status section below.

Auditor General Performance Audit Report Released on November 13, 2013

Prior Finding No. 1: Continued Errors in Reporting Non-Resident Pupil Membership Resulted in a Foster Child Subsidy Underpayment Totaling \$238,516 (Resolved)

Prior Finding Summary:

We found that the District's non-resident pupil membership reports for the 2010-11 and 2011-12 school years included discrepancies in the reporting of non-resident children placed in private homes (foster children). These errors resulted in the District receiving less state subsidy for educating the foster children living within its borders. A similar condition was in the previous audit.

Prior Recommendations:

We recommended that the District should:

1. Immediately adopt the practice of reconciling membership data printouts from the District's child accounting software with the information uploaded into the Pennsylvania Information Management System (PIMS) database. If differences are noted, make corrections as needed.
2. Contact PDE and/or the Pennsylvania Chapter of Attendance/Child Accounting Professional Association to determine what training is available on the proper reporting of child accounting information. Once that is established, immediately enroll the District's child accounting personnel in the appropriate courses.
3. Reference the PIMS manual of reporting for proper instructions in reporting non-resident students.
4. Review membership reports submitted to PDE for years subsequent to the audit, and if errors are found, submit revised reports to PDE.

We also recommended that PDE should:

5. Adjust the District's allocations to correct the reimbursement underpayment of \$238,516.

Current Status:

During our current audit, we found that the District did implement our recommendations. We reviewed all non-resident student membership listed on the PIMS Student Calendar Fact Templates provided by the District for the 2012-13 and 2013-14 school years to see if discrepancies were present in the reporting of the district of residence, funding district, and residence status code. We obtained agency placement letters for all 1305 non-resident students reported to PDE to determine their district of residence. We also determined if non-resident 1305 membership was correctly reported on the Instructional Time and Membership Reports.

As of November 24, 2015, PDE had not adjusted the District's allocations to correct the reimbursement underpayment of \$238,516.

Prior Finding No. 2: Recurring Internal Control Weaknesses and Lack of Supporting Documentation in Pupil Transportation Reimbursement (Resolved)

Prior Finding Summary:

For the fourth consecutive audit, we found that the District's pupil transportation data contained inaccuracies. The District then reported this incorrect data to PDE for reimbursement for the 2011-12 school year. In addition, the District had no documentation to support that it received the correct amount of state transportation reimbursement for the 2010-11 school year, which totaled \$672,439.

Prior Recommendations:

We recommended that the District should:

1. Immediately contact PDE or the Pennsylvania Association of School Business Officials (PASBO) to determine what training is available regarding how to properly report and maintain transportation data.
2. Contact PASBO, PDE, or another professional organization for information on how to develop strong internal controls over the District's transportation data.

3. Immediately establish a series of policies and procedures for conducting thorough reviews of the state pupil transportation reimbursement. This process should include tracing the information in the District's database back to its original source.
4. Only report runs eligible for reimbursement.
5. Ensure that all documentation to support transportation data reported to PDE is retained for audit.
6. Perform an internal review of data before submission to PDE.
7. Review subsequent school years' transportation reports for accuracy and resubmit, if necessary.
8. Annually submit a written request to PDE outlining the cost justification layover hours.

Current Status:

During our current audit of the District's 2012-13 and 2013-14 school years' transportation data, we reviewed bus route sheets and determined that the District reported only the routes that were eligible for reimbursement. We reviewed students transported on nonpublic and hazardous bus routes to determine accuracy and found that students transported on hazardous bus routes were accurately reported; however, the nonpublic students were over-reported by 19 students for the 2012-13 school year. This over-reporting led to the District being overpaid \$7,315.

No reporting errors were found for the 2013-14 school year. Due to the insignificant monetary error discovered in the 2012-13 school year and the issue being resolved in the 2013-14 school, we consider this status resolved.

Appendix: Audit Scope, Objectives, and Methodology

School performance audits allow the Pennsylvania Department of the Auditor General to determine whether state funds, including school subsidies, are being used according to the purposes and guidelines that govern the use of those funds. Additionally, our audits examine the appropriateness of certain administrative and operational practices at each local education agency (LEA). The results of these audits are shared with LEA management, the Governor, PDE, and other concerned entities.

Our audit, conducted under authority of Section 403 of The Fiscal Code,¹ is not a substitute for the local annual financial audit required by the PSC of 1949, as amended. We conducted our audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit.

Scope

Overall, our audit covered the period July 5, 2013 through November 24, 2015. In addition, the scope of each individual audit objective is detailed on the next page.

While all districts have the same school years, some have different fiscal years. Therefore, for the purposes of our audit work and to be consistent with PDE reporting guidelines, we use the term *school year* rather than fiscal year throughout this report. A school year covers the period July 1 through June 30.

The District's management is responsible for establishing and maintaining effective internal controls² to provide reasonable assurance that the District is in compliance with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures (relevant requirements). In conducting our audit, we obtained an understanding of the District's internal controls, including any information technology controls, that we consider to be significant within the context of our audit objectives. We assessed whether those controls were properly designed and implemented. Any deficiencies in internal controls that were identified during the conduct of our audit and determined to be significant within the context of our audit objectives are included in this report.

¹ 72 P.S. § 403.

² Internal controls are processes designed by management to provide reasonable assurance of achieving objectives in areas such as: effectiveness and efficiency of operations; relevance and reliability of operational and financial information; and compliance with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures.

Objectives/Methodology

In order to properly plan our audit and to guide us in selecting objectives, we reviewed pertinent laws and regulations, board meeting minutes, academic performance data, financial reports, annual budgets, and new or amended policies and procedures. We also determined if the District had key personnel or software vendor changes since the prior audit.

Performance audits draw conclusions based on an evaluation of sufficient, appropriate evidence. Evidence is measured against criteria, such as laws, regulations, third-party studies, and best business practices. Our audit focused on the District's efficiency and effectiveness in the following areas:

- Governance
- Contracting
- School Safety
- Bus Driver Requirements

As we conducted our audit procedures, we sought to determine answers to the following questions, which served as our audit objectives:

- Ü Did the LEA's Board and administration maintain best practices in overall organizational governance?
 - To address this objective, we conducted in-depth interviews with the current Superintendent and his or her staff, reviewed board meeting books, policies and procedures, and reports used to inform the Board about student performance, progress in meeting student achievement goals, budgeting and financial position, and school violence data to determine if the Board was provided sufficient information for making informed decisions.
- Ü Did the District ensure that its significant contracts were current and were properly obtained, approved, executed, and monitored?
 - To address this objective, we reviewed the District's procurement and contract monitoring policies and procedures. We obtained a listing of 371 vendors paid during the 2014-15 school year and from that list, we selected five of the vendors with the largest contracts in the areas of Food Service, Transportation Service, Engineering Services for construction projects, and General Consulting Services for Academics, for detailed testing. Testing included a review of the procurement documents to determine if the contract was procured in accordance with the PSC and District policies. We also reviewed documents to determine if the District properly monitored the selected contracts. Finally, we reviewed board meeting minutes and the Board's Statements of Financial Interest to determine if any board member had a conflict of interest in approving the selected contracts.

- Ü Did the District take appropriate actions to ensure it provided a safe school environment?
 - To address this objective, we reviewed a variety of documentation including, safety plans, training schedules, anti-bullying policies, and after action reports. In addition, we conducted an on-site review at one out of the District's four school buildings to assess whether the District had implemented basic safety practices.
- Ü Did the District ensure that bus drivers transporting District students had the required driver's license, physical exam, training, background checks, and clearances as outline in applicable laws?³ Also, did the District have adequate written policies and procedures governing the hiring of new bus drivers?
 - To address this objective, we selected 5 of the 15 bus drivers hired by the District's bus contractors during the school years July 1, 2013 through June 30, 2015, and reviewed documentation to ensure the District complied with bus driver's requirements. After this initial testing, we expanded our testing to include all 65 drivers that transported District students in the 2014-15 school year. We also determined if the District had written policies and procedures governing the hiring of bus drivers and if those procedures were sufficient to ensure compliance with bus driver hiring requirements.

³ 24 P.S. § 1-111, 23 Pa.C.S. § 6344(a.1), 24 P.S. § 2070.1a *et seq.*, 75 Pa.C.S. §§ 1508.1 and 1509, and 22 *Pa. Code Chapter 8*.

Distribution List

This report was initially distributed to the Superintendent of the District, the Board of School Directors, and the following stakeholders:

The Honorable Tom W. Wolf

Governor
Commonwealth of Pennsylvania
Harrisburg, PA 17120

The Honorable Pedro A. Rivera

Secretary of Education
1010 Harristown Building #2
333 Market Street
Harrisburg, PA 17126

The Honorable Timothy Reese

State Treasurer
Room 129 - Finance Building
Harrisburg, PA 17120

Mrs. Danielle Mariano

Director
Bureau of Budget and Fiscal Management
Pennsylvania Department of Education
4th Floor, 333 Market Street
Harrisburg, PA 17126

Dr. David Wazeter

Research Manager
Pennsylvania State Education Association
400 North Third Street - Box 1724
Harrisburg, PA 17105

Mr. Lin Carpenter

Assistant Executive Director for Member Services
School Board and Management Services
Pennsylvania School Boards Association
P.O. Box 2042
Mechanicsburg, PA 17055

This report is a matter of public record and is available online at www.PaAuditor.gov. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: news@PaAuditor.gov.

ⁱ Source: School district, PDE, and U.S. Census data.

ⁱⁱ Source: Information provided by the District administration.

ⁱⁱⁱ Source: United States Census <http://www.census.gov/2010census>

^{iv} PSSA stands for the Pennsylvania System of School Assessment (PSSA), which is composed of statewide, standardized tests administered by PDE to all public schools and the reporting associated with the results of those assessments. PSSA scores in the tables in this report reflect Reading and Math results for the “All Students” group for the 2011-12 and 2012-13 school years.

^v PSSA scores, which are Pennsylvania’s mandatory, statewide academic test scores, are issued by PDE. However, the PSSA scores issued by PDE are collected by an outside vendor, Data Recognition Corporation (DRC). The Pennsylvania Department of the Auditor General and KPMG issued a significant weakness in internal controls over PDE’s compilation of this academic data in the Single Audit of the Commonwealth of Pennsylvania for the fiscal year ended June 30, 2014, citing insufficient review procedures at PDE to ensure the accuracy of test score data received from DRC.

^{vi} In the 2011-12 school year, the state benchmarks reflect the Adequate Yearly Progress targets established under No Child Left Behind. In the 2012-13 school year, the state benchmarks reflect the statewide goals based on annual measurable objectives established by PDE.

^{vii} SPP stands for School Performance Profile, which is Pennsylvania’s new method for reporting academic performance scores for all public schools based on a scale from 0% to 100% implemented in the 2012-13 school year by PDE.

^{viii} *Ibid.* Additionally, federal Title I designations of Priority, Focus, Reward, and No Designation are new federal accountability designations issued by PDE to Title I schools only beginning in the 2012-13 school year. Priority schools are the lowest 5%, focus schools are the lowest 10%, and reward schools are the highest 5% of Title I schools. All Title I schools not falling into one of the aforementioned percentage groups are considered “No Designation” schools. The criteria used to calculate the percentage rates is determined on an annual basis by PDE.

^{ix} Title I Federal accountability designations for Title I schools originate from PDE and are determined based on the number of students at the school who receive free and/or reduced price lunches. School lunch data is accumulated in PDE’s CN-PEARS system, which is customized software developed jointly with an outside vendor, Colyar, Inc. The Pennsylvania Department of the Auditor General and KPMG issued a significant deficiency in internal controls over the CN-PEARS system in the Single Audit of the Commonwealth of Pennsylvania for the fiscal year ended June 30, 2014.