

# PERFORMANCE AUDIT

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## Allentown City School District Lehigh County, Pennsylvania

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May 2022



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR  
AUDITOR GENERAL**

Dr. John D. Stanford, Superintendent  
Allentown City School District  
31 South Penn Street, P.O. Box 328  
Allentown, Pennsylvania 18105

Ms. Nancy Wilt, Board President  
Allentown City School District  
31 South Penn Street, P.O. Box 328  
Allentown, Pennsylvania 18105

Dear Dr. Stanford and Ms. Wilt:

We have conducted a performance audit of the Allentown City School District (District) for the period July 1, 2016 through June 30, 2020, except as otherwise indicated in the audit scope, objective, and methodology section of the report. We evaluated the District's performance in the following areas as further described in Appendix A of this report:

- Transportation Operations
- Bus Driver Requirements
- Nonresident Student Data
- Administrator Separations
- Financial Stability

We also evaluated the application of best practices in the area of school safety and determined compliance with certain requirements in this area, including compliance with fire and security drills. Due to the sensitive nature of this issue and the need for the results of this review to be confidential, we did not include the full results in this report. However, we communicated the full results of our review of school safety to District officials, the Pennsylvania Department of Education, and other appropriate officials as deemed necessary.

The audit was conducted pursuant to Sections 402 and 403 of The Fiscal Code (72 P.S. §§ 402 and 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 identified areas of noncompliance and significant internal control deficiencies in the area of transportation operations and those deficiencies are detailed in the finding in this report titled:

The District's Failure to Implement Adequate Internal Controls Resulted in an Unauditable \$8.5 Million in Transportation Reimbursements

Dr. John D. Stanford

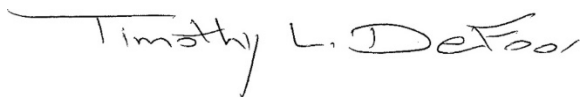
Ms. Nancy Wilt

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Our audit finding and recommendations have been discussed with the District's management and those charged with governance, and their responses are included in the audit report. We believe the implementation of our recommendations will improve the District's operations and facilitate compliance with legal and other relevant requirements. We found that the District performed adequately in the areas of bus driver requirements, nonresident student data, administrator separations, and financial stability and we did not identify any internal control deficiencies.

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

Sincerely,

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive style with a long horizontal line extending to the left of the first name.

Timothy L. DeFoor  
Auditor General

May 23, 2022

cc: ALLENTOWN CITY SCHOOL DISTRICT Board of School Directors

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## Background Information

School Characteristics 2020-21 School Year*	
County	Lehigh
Total Square Miles	17
Number of School Buildings	21
Total Teachers	1,235
Total Full or Part-Time Support Staff	880
Total Administrators	90
Total Enrollment for Most Recent School Year	16,500
Intermediate Unit Number	21
District Career and Technical School	Lehigh Career & Technical Institute

\* - Source: Information provided by the District administration and is unaudited.

## Vision Statement\*

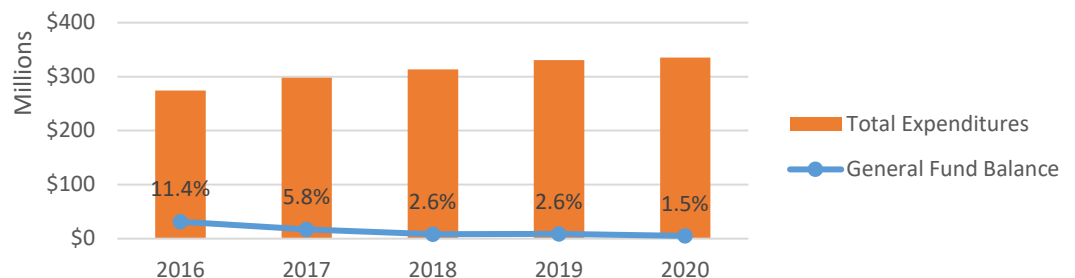
Each and every student, with the active support of the entire community, will graduate ready to thrive in a diverse and complex world.

## Financial Information

The following pages contain financial information about the Allentown City School District obtained from annual financial data reported to the Pennsylvania Department of Education (PDE) and available on PDE's public website. This information was not audited and is presented for **informational purposes only**.

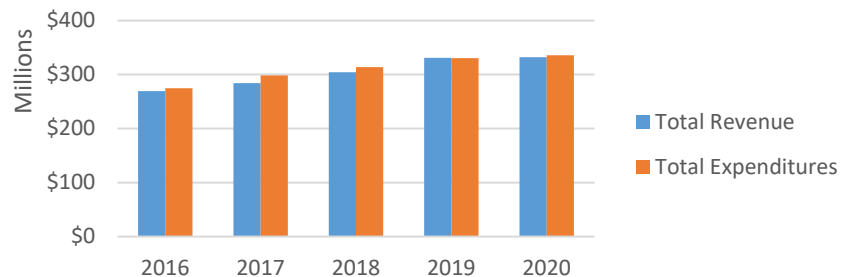
### General Fund Balance as a Percentage of Total Expenditures

	General Fund Balance
2016	\$31,347,291
2017	\$17,303,046
2018	\$8,098,667
2019	\$8,703,513
2020	\$5,095,561



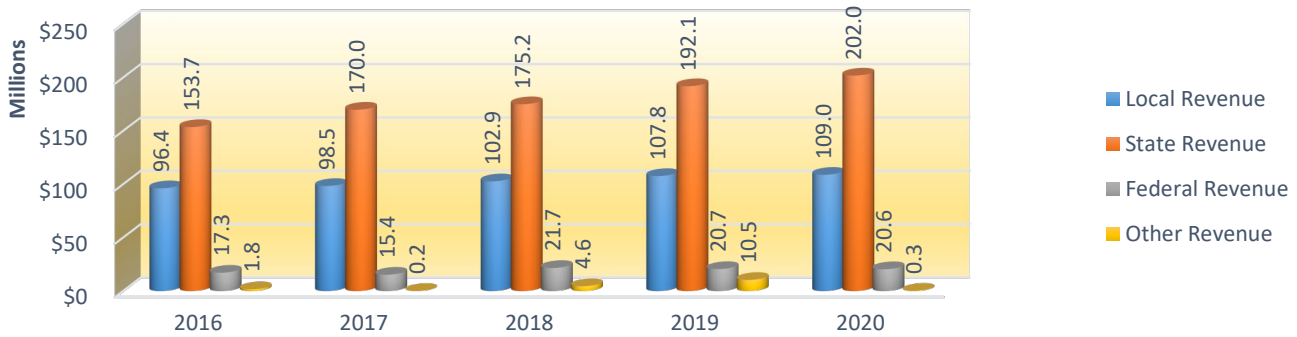
### Revenues and Expenditures

	Total Revenue	Total Expenditures
2016	\$269,129,492	\$274,564,850
2017	\$284,122,038	\$298,166,283
2018	\$304,341,464	\$313,545,843
2019	\$331,049,555	\$330,444,709
2020	\$331,930,001	\$335,537,950

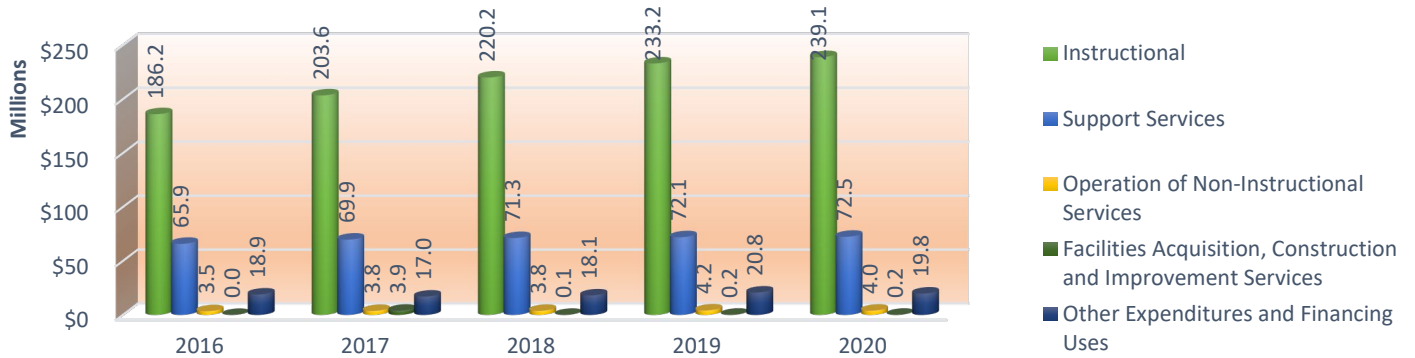


## Financial Information Continued

### Revenues by Source

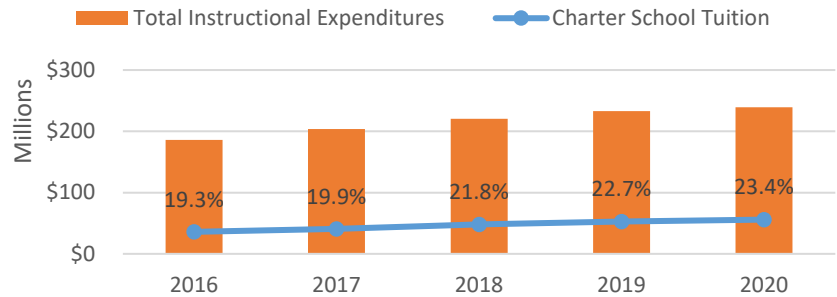


### Expenditures by Function

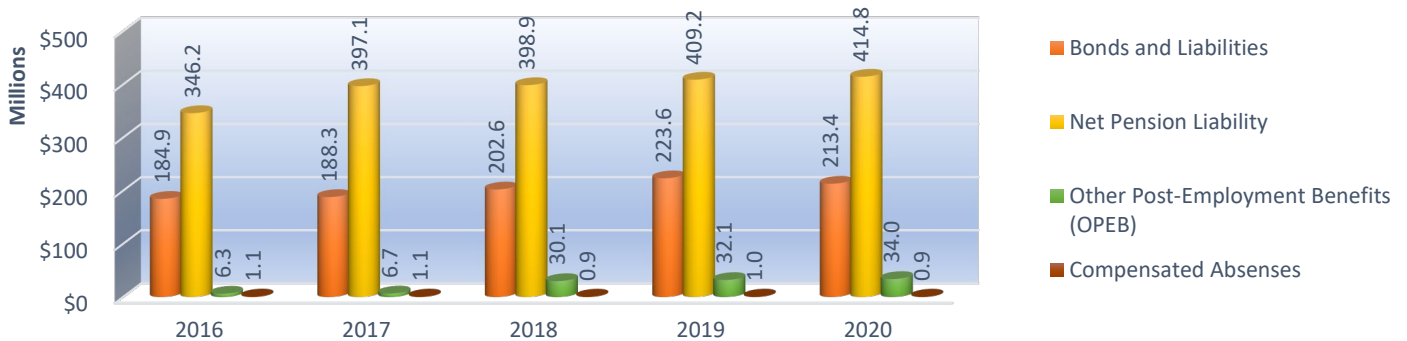


### Charter Tuition as a Percentage of Instructional Expenditures

	Charter School Tuition	Total Instructional Expenditures
2016	\$35,919,234	\$186,192,831
2017	\$40,556,087	\$203,610,580
2018	\$48,077,202	\$220,217,521
2019	\$52,986,948	\$233,222,051
2020	\$55,872,373	\$239,059,401



### Long-Term Debt

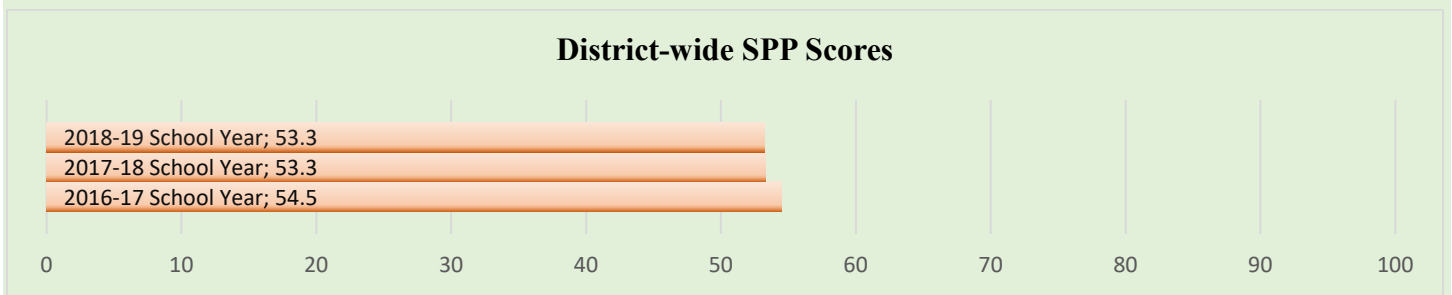


## Academic Information<sup>1</sup>

The graphs on the following pages present the District-wide School Performance Profile (SPP) scores, Pennsylvania System of School Assessment (PSSA) scores, and Keystone Exam results for the District obtained from PDE's data files for the 2016-17, 2017-18, and 2018-19 school years.<sup>2</sup> In addition, the District's 4-Year Cohort Graduation Rates are presented for the 2017-18 through 2019-20 school years.<sup>3</sup> The District's individual school building scores are presented in Appendix B. These scores are provided in this audit report for **informational purposes only**, and they were not audited by our Department.

### What is a SPP score?

A SPP score serves as a benchmark for schools to reflect on successes, achievements, and yearly growth. PDE issues a SPP score annually using a 0-100 scale for all school buildings in the Commonwealth, which is calculated based on standardized testing (i.e., PSSA and Keystone exam scores), student improvement, advance course offerings, and attendance and graduation rates. Generally speaking, a SPP score of 70 or above is considered to be a passing rate.



<sup>1</sup> PDE is the sole source of academic data presented in this report. All academic data was obtained from PDE's publicly available website.

<sup>2</sup> Due to the COVID-19 pandemic the PSSA and Keystone Exam requirements were waived for the 2019-20 school year; therefore, there is no academic data to present for this school year.

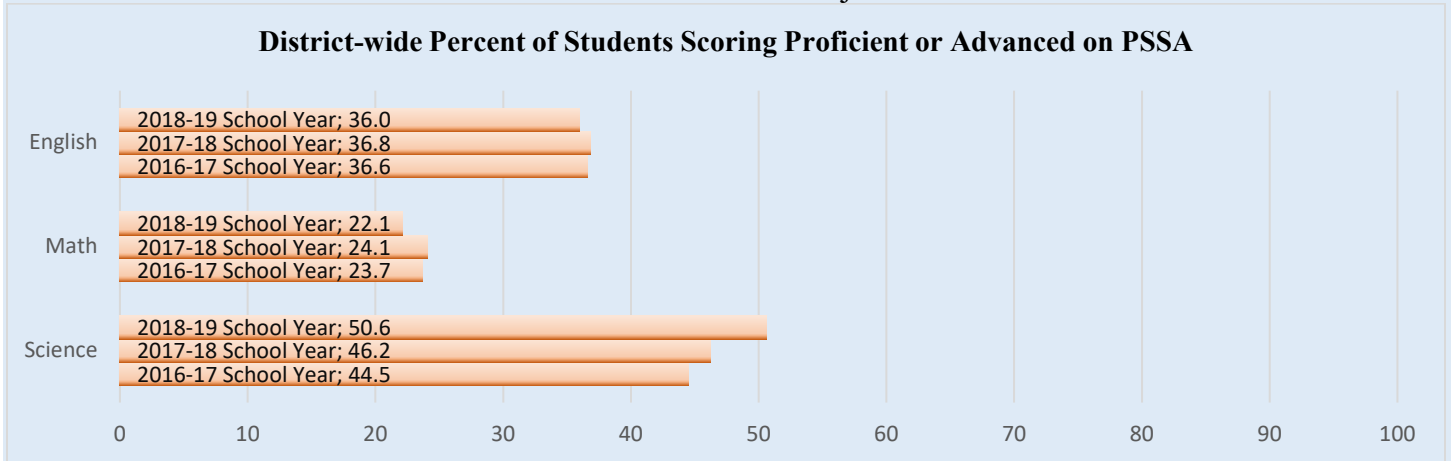
<sup>3</sup> Graduation rates were still reported for the 2019-20 school year despite the COVID-19 pandemic.

## Academic Information Continued

### What is the PSSA?

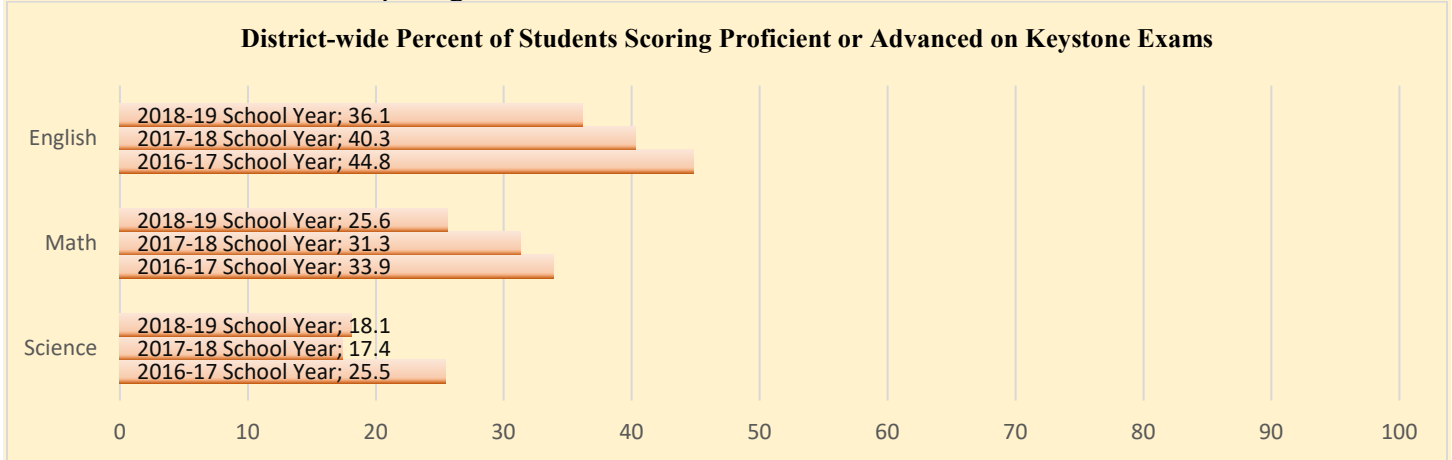
The PSSA is an annual, standardized test given across the Commonwealth to students in grades 3 through 8 in core subject areas, including English, Math and Science. The PSSAs help Pennsylvania meet federal and state requirements and inform instructional practices, as well as provide educators, stakeholders, and policymakers with important information about the state's students and schools.

The 2014-15 school year marked the first year that PSSA testing was aligned to the more rigorous PA Core Standards. The state uses a grading system with scoring ranges that place an individual student's performance into one of four performance levels: Below Basic, Basic, Proficient, and Advanced. The state's goal is for students to score Proficient or Advanced on the exam in each subject area.



### What is the Keystone Exam?

The Keystone Exam measures student proficiency at the end of specific courses, such as Algebra I, Literature, and Biology. The Keystone Exam was intended to be a graduation requirement starting with the class of 2017, but that requirement has been put on hold until the 2020-21 school year.<sup>4</sup> In the meantime, the exam is still given as a standardized assessment and results are included in the calculation of SPP scores. The Keystone Exam is scored using the same four performance levels as the PSSAs, and the goal is to score Proficient or Advanced for each course requiring the test.



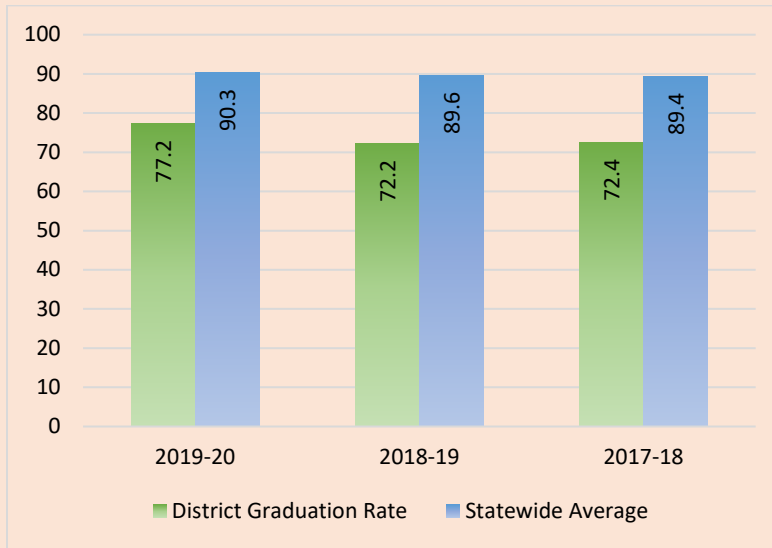
<sup>4</sup> Act 158 of 2018, effective October 24, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement until the 2021-22 school year. See 24 P.S. § 1-121(b)(1). Please refer to the following link regarding further guidance to local education agencies (LEAs) on Keystone end-of-course exams (Keystone Exams) in the context of the pandemic of 2020: <https://www.education.pa.gov/Schools/safeschools/emergencyplanning/COVID-19/Pages/Keystone-Exams.aspx>



## Academic Information Continued

### What is a 4-Year Cohort Graduation Rate?

PDE collects enrollment and graduate data for all Pennsylvania public schools, which is used to calculate graduation rates. Cohort graduation rates are a calculation of the percentage of students who have graduated with a regular high school diploma within a designated number of years since the student first entered high school. The rate is determined for a cohort of students who have all entered high school for the first time during the same school year. Data specific to the 4-year cohort graduation rate is presented in the graph below.<sup>5</sup>



<sup>5</sup> PDE also calculates 5-year and 6-year cohort graduation rates. Please visit PDE's website for additional information: <https://www.education.pa.gov/DataAndReporting/CohortGradRate/Pages/default.aspx>.

## Finding

### Finding

### The District's Failure to Implement Adequate Internal Controls Resulted in an Unauditable \$8.5 Million in Transportation Reimbursements

#### *Criteria relevant to the finding:*

##### **Student Transportation Subsidy**

The Public School Code (PSC) provides that school districts receive a transportation subsidy for most students who are provided transportation. Section 2541 (relating to Payments on account of pupil transportation) of the PSC specifies the transportation formula and criteria. See 24 P.S. § 25-2541.

##### **Total Students Transported**

Section 2541(a) of the PSC states, 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 pupils 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 the utilized passenger capacity of vehicles for reimbursement purposes..." See 24 P.S. § 25-2541(a).

We found that the Allentown City School District (District) did not implement an adequate internal control system over the input, calculation, and reporting of regular transportation data. Additionally, the District did not comply with the record retention provisions of the Public School Code (PSC) when it failed to obtain and retain adequate source documentation to support the transportation data it reported to the Pennsylvania Department of Education (PDE) for the 2016-17 through 2019-20 school years. Therefore, we could not determine the accuracy of the \$8,515,397 the District received in regular transportation reimbursements.

#### **Background**

School districts receive two separate transportation reimbursement payments from PDE. The **regular** transportation reimbursement is broadly based on the number of students transported, the number of days each vehicle was used for transporting students, and the number of miles vehicles are in service both with and without students. The **supplemental** transportation reimbursement is based solely on the number of charter school and nonpublic school students transported by the school district at any time during a school year. The issues identified in this finding pertain to the District's regular transportation reimbursements.

It is absolutely essential that records related to the District's transportation reimbursements be retained in accordance with the PSC's record retention provision (i.e., for a period of not less than six years) and be readily available for audit.<sup>6</sup> Periodic auditing of such documents is important for District accountability and verification of accurate reporting. Therefore, the District should have a strong system of internal control over its regular transportation operations that should include, but not be limited to, the following:

- Segregation of duties.
- Comprehensive written procedures.
- Training on PDE reporting requirements.

It is also important to note that the PSC requires that all school districts annually file a sworn statement of student transportation data for the prior and current school years with PDE in order to be eligible for transportation

<sup>6</sup> See 24 P.S. § 5-518.

*Criteria relevant to the finding  
(continued):*

**Sworn Statement and Annual Filing Requirements**

Section 2543 of the PSC, which is entitled, “Sworn statement of amount expended for reimbursable transportation; payment; withholding” sets forth the requirement for school districts to annually file a sworn statement of student transportation data for the prior and current school year with the Pennsylvania Department of Education (PDE) in order to be eligible for the transportation subsidies and states, 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.” (Emphasis added.) See 24 P.S. § 25-2543.

The Pennsylvania Department of Education (PDE) instructions for Local Education Agencies (LEA) on how to complete the PDE-1049. The PDE-1049 is the electronic form used by LEAs to submit transportation data annually to PDE.

<http://www.education.pa.gov/Documents/Teachers-Administrators/Pupil%20Transportation/eTran%20Application%20Instructions/PupilTransp%20Instructions%20PDE%201049.pdf>  
(Accessed on 04/04/22)

reimbursements.<sup>7</sup> The sworn statement includes the superintendent’s signature attesting to the accuracy of the reported data. Because of this statutorily required attestation, the District should ensure it has implemented an adequate internal control system so its submission to PDE can be made with the utmost confidence.

**Unauditable Regular Transportation Reimbursement of More than \$8.5 Million**

As previously stated, the regular transportation reimbursement is based on several components that are reported by a school district to PDE for use in calculating the district’s annual reimbursement amount. PDE guidelines state that school districts are required to report the number of days a vehicle is in service, the number of students assigned to each vehicle, as well as the miles per day, to the nearest tenth, that each vehicle travels with and without students. Since these components are integral to the calculation of the District’s regular transportation reimbursement, it is essential for the District to properly calculate, record, and report this information to PDE.

We found that the District did not obtain or maintain sufficient documentation of the reported information for the four years reviewed. Therefore, we were unable to verify the accuracy of the \$8,515,397 the District received in transportation reimbursements. The table below shows the student and vehicle data the District reported to PDE and the regular reimbursement the District received for each school year.

**Table**

<b>Allentown City School District Regular Transportation Data Reported to the PDE</b>			
<b>School Year</b>	<b>Number of Students Transported</b>	<b>Number of Vehicles</b>	<b>Total Reimbursement</b>
<b>2016-17</b>	6,340	146	\$2,212,174
<b>2017-18</b>	6,502	145	\$1,948,897
<b>2018-19</b>	6,672	148	\$2,034,287
<b>2019-20</b>	6,397	209	\$2,320,039
<b>Totals</b>	<b>25,911</b>	<b>648</b>	<b>\$8,515,397</b>

<sup>7</sup> See 24 P.S. § 25-2543.

*Criteria relevant to the finding  
(continued):*

**Daily Miles With:**

Report the number of miles per day, to the nearest tenth, that the vehicle traveled with pupils. If this figure changed during the year, calculate a weighted average or sample average

**Daily Miles Without:**

Report the number of miles per day, to the nearest tenth, that the vehicle traveled without pupils. If this figure changed during the year, calculate a weighted average or sample average.

**Pupils Assigned:**

Report the greatest number of pupils assigned to ride this vehicle at any one time during the day. Report the number of pupils assigned to the nearest tenth. The number cannot exceed the seating capacity. If the number of pupils assigned changed during the year, calculate a weighted average or a sample average.

As illustrated in the table above, the reported number of students increased from the 2016-17 to 2017-18 school year. However, the reported number of vehicles decreased. Additionally, the reported number of students transported decreased significantly from the 2018-19 school year to the 2019-20 school year; however, the reported number of vehicles and the total reimbursement increased significantly.

Based on past accumulative experience, reported information of an inconsistent nature like this indicates possible errors and, therefore, warrants a detailed review of the reported information. In this case, we were unable to conduct a detailed review of the reported information due to the District's failure to obtain and retain appropriate supporting documentation.

**Failure to Obtain and Retain Source Documentation**

The District contracted with a transportation vendor to provide transportation services during the audit period. The District relied on the contractor to provide the vehicle data to report to PDE, including the actual mileage each vehicle traveled, with and without students. The District and its contractor were unable to provide odometer readings to support the actual mileage each vehicle traveled, with and without students for the 2016-17 through 2018-19 school years. Without actual mileage documentation, we were unable to determine the total mileage traveled for each vehicle and, therefore, we could not determine the accuracy of the District's transportation reimbursement.

While the District was able to provide odometer readings for the 2019-20 school year, there were so many unexplainable discrepancies with the reported data that we were unable to conclude with certainty on the appropriateness on that year's subsidy.

**Significant Internal Control Deficiencies**

We found the District did not have an adequate internal control system over its transportation operations. Specifically, District personnel responsible for calculating and reporting regular transportation data were not adequately trained on PDE's reporting requirements as well as on the appropriate documentation that is required to be obtained and maintained to support vehicle mileage. The District also failed to implement an adequate review process of the data received from the contractor prior to reporting that data to PDE. In addition, we found that the District lacked comprehensive written procedures to document the process for calculating and reporting transportation data to PDE.

## Recommendations

The *Allentown City School District* should:

1. Develop and implement an internal control system over its regular transportation data operations. The internal control system should include, but not be limited to, the following:
  - a. All personnel involved in inputting, calculating, and reporting transportation data are adequately trained on PDE's reporting requirements including the appropriate supporting documentation required to be obtained and maintained to support vehicle mileage.
  - b. Clear and concise written procedures are developed to document the regular transportation data collection, calculation, and reporting process. The procedures should include the record retention requirements.
  - c. 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.
2. Ensure that complete supporting documentation for all regular transportation data is obtained, reviewed, and retained in accordance with PSC requirements.

## Management Response

District management provided the following response:

“The District entered into a new transportation contract in 2019. As part of the agreement, the District requires that the average age of the 48 to 72 passenger buses serving the District by the contractor not exceed seven and one-half (7 ½) years, that vehicles provided by the contractor with capacities of 10 to 47 passengers have an average age of six (6) years, and 9 passenger or less vehicles supplied by the contractor have an average age of five (5) years. In no case, will a route vehicle providing services to the District exceed 12 years of age for any buses or vehicles.

“The contractor purchased approximately 60 new vehicles throughout the first year of the contract. As such, the number of reported vehicles increased in 2019-2020 to reflect the actual number of vehicles that were used for transporting students.

“Management will enhance our internal controls to include:

1. Periodic training on PDE reporting requirements,
2. Updating process documentation,
3. Documented review of data submitted to PDE, and
4. Monthly review and verification of the driver logs, including mileage with and without students.”

## **Auditor Conclusion**

We are pleased that the District plans to implement corrective actions based on our audit recommendations. We believe that implementing our recommendations will help ensure that the District obtains and retains all necessary transportation documentation and will provide adequate internal controls needed to ensure it accurately reports transportation data to PDE.

## Status of Prior Audit Findings and Observations

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Our prior audit of the Allentown City School District (District) released on May 25, 2016, resulted in one finding and one observation, as shown below. As part of our current audit, we determined the status of corrective action taken by the District to implement our prior audit recommendations. We interviewed District personnel and performed audit procedures as detailed in each status section below.

### Auditor General Performance Audit Report Released on May 25, 2016

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**Prior Finding:** **Errors in Reporting the Number of Nonpublic and Charter School Students Transported by the District Resulted in a Net Overpayment of Over \$1.7 Million**

Prior Finding Summary: During our prior review, the District was overpaid a total of \$1,760,990 in transportation reimbursement from the Pennsylvania Department of Education (PDE). This overpayment was due to the District improperly reporting the number of nonpublic and charter school students transported by the District during the 2010-11, 2011-12, 2012-13, and 2013-14 school years.

Prior Recommendations: We recommended that the District should:

1. Conduct a multi-year trend analysis of student data and transportation reimbursements to help ensure the accuracy of nonpublic and charter school students reported to PDE.
2. Maintain accurate lists of nonpublic and charter school students who were provided transportation, by building, for each school year.
3. Implement a monitoring process to ensure that its newly developed procedures, including the student roster reconciliations, are consistently followed.

We also recommended that PDE should:

4. Adjust the District's allocations to recover the net transportation reimbursement overpayment of \$1,760,990.

Current Status: The District did implement all of our prior recommendations. PDE is in the process of adjusting the District's allocations to recover the net transportation reimbursement overpayment of \$1,760,990. Beginning in February 2020, PDE began to deduct \$70,968 in equal bimonthly increments from the District's basic education subsidies and will continue to do so until all recoveries are satisfied.

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**Prior Observation: The District Deprived the Public of Full Transparency in Its Dealings with a Local Developer and May Have Failed to Comply with the Sunshine Act**

Prior Observation

Summary:

During our prior review on January 29, 2015, the Board of School Directors (Board) took official action on a lease and a charter school application during a public meeting. Both of these transactions involved a local property developer (Developer) who supported the approval of the charter school applicant. The Board and the current Superintendent were not transparent to the public and may not have complied with the Sunshine Act when they did not make the public aware of certain promises made by the Developer.

Prior Recommendations: We recommended that the District should:

1. Ensure it maintains the highest standard of transparency and accountability to the public when it conducts its public meetings, informational sessions, and executive sessions, and it should be mindful of all provisions of the Sunshine Act, including its preamble.

Current Status:

There have been many personnel changes within the District since the prior audit observation was written. The District's current administration believes that maintaining a more consistent staff complement will assist with ongoing compliance. The District and its Board received training on the Sunshine Act, and the District indicated it intends to follow provisions within the Act and to be as transparent as possible. Further, in October 2016, the State Ethics Commission conducted a review of the possible violations and was unable to establish a cause of action under any of the relevant provisions of the Ethics Act to initiate an investigation.

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## Appendix A: Audit Scope, Objectives, and Methodology

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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, the Pennsylvania Department of Education (PDE), and other concerned entities.

Our audit, conducted under authority of Sections 402 and 403 of The Fiscal Code,<sup>8</sup> is not a substitute for the local annual financial audit required by the Public School Code 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.

Our audit focused on the District's effectiveness and/or compliance with applicable statutory provisions and related regulations in the areas of Transportation Operations, Bus Driver Requirements, Nonresident Student Data, Administrator Separations, Financial Stability and School Safety, including fire and security drills. The audit objectives supporting these areas of focus are explained in the context of our methodology to achieve the objectives in the next section. Overall, our audit covered the period July 1, 2016 through June 30, 2020. The scope of each individual objective is also detailed in the next section.

The District's management is responsible for establishing and maintaining effective internal control to provide reasonable assurance that the District's objectives will be achieved.<sup>9</sup> *Standards for Internal Control in the Federal Government* (also known as and hereafter referred to as the Green Book), issued by the Comptroller General of the United States, provides a framework for management to establish and maintain an effective internal control system. The Department of the Auditor General used the Green Book as the internal control analysis framework during the conduct of our audit.<sup>10</sup> The Green Book's standards are organized into five components of internal control. In an effective system of internal control, these five components work together in an integrated manner to help an entity achieve its objectives. Each of the five components of internal control contains principles, which are the requirements an entity should follow in establishing an effective system of internal control. We illustrate the five components and their underlying principles in Figure 1 on the following page.

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<sup>8</sup> 72 P.S. §§ 402 and 403.

<sup>9</sup> District objectives can be broadly classified into one or more of the following areas: effectiveness of operations; reliability of reporting for internal and external use; and compliance with applicable laws and regulations, more specifically in the District, referring to certain relevant state laws, regulations, contracts, and administrative procedures.

<sup>10</sup> Even though the Green Book was written for the federal government, it explicitly states that it may also be adopted by state, local, and quasi-government entities, as well as not-for-profit organizations, as a framework for establishing and maintaining an effective internal control system. The Green Book is assessable at <https://www.gao.gov/products/GAO-14-704G>

**Figure 1: Green Book Hierarchical Framework of Internal Control Standards**

Principle	Description
<b>Control Environment</b>	
1	Demonstrate commitment to integrity and ethical values
2	Exercise oversight responsibility
3	Establish structure, responsibility, and authority
4	Demonstrate commitment to competence
5	Enforce accountability
<b>Risk Assessment</b>	
6	Define objectives and risk tolerances
7	Identify, analyze, and respond to risks
8	Assess fraud risk
9	Identify, analyze, and respond to change

Principle	Description
<b>Control Activities</b>	
10	Design control activities
11	Design activities for the information system
12	Implement control activities
<b>Information and Communication</b>	
13	Use quality information
14	Communicate internally
15	Communicate externally
<b>Monitoring</b>	
16	Perform monitoring activities
17	Evaluate issues and remediate deficiencies

In compliance with generally accepted government auditing standards, we must determine whether internal control is significant to our audit objectives. We base our determination of significance on whether an entity’s internal control impacts our audit conclusion(s). If some, but not all, internal control components are significant to the audit objectives, we must identify those internal control components and underlying principles that are significant to the audit objectives.

In planning our audit, we obtained a general understanding of the District’s control environment. In performing our audit, we obtained an understanding of the District’s internal control sufficient to identify and assess the internal control significant within the context of the audit objectives. Figure 2 represents a summary of the internal control components and underlying principles that we identified as significant to the overall control environment and the specific audit objectives (denoted by an “X”).

**Figure 2 – Internal Control Components and Principles Identified as Significant**

Principle →	Internal Control Significant ?	Control Environment					Risk Assessment				Control Activities			Information and Communication			Monitoring	
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
General/overall	Yes	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
Transportation	Yes				X			X	X		X		X	X	X	X	X	
Bus Drivers	Yes										X		X			X	X	
Nonresident Student Data	Yes				X			X	X		X		X	X	X	X		
Administrator Separations	Yes										X				X			
Financial Stability	No																	
Safe Schools	No																	

With respect to the principles identified, we evaluated the internal control(s) deemed significant within the context of our audit objectives and assessed those controls to the extent necessary to address our audit objectives. The results of our evaluation and assessment of the District's internal control for each objective is discussed in the following section.

### **Objectives/Scope/Methodology**

In order to properly plan our audit and to guide us in selecting objectives, we reviewed pertinent laws and regulations, the District's annual financial reports, annual General Fund budgets, and the independent audit reports of the District's basic financial statements for the July 1, 2016 through June 30, 2020 fiscal years. We conducted analytical procedures on the District's state revenues and the transportation reimbursement data. We reviewed the prior audit report and we researched current events that possibly affected District operations. 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 effectiveness in four areas as described below. As we conducted our audit procedures, we sought to determine answers to the following questions, which served as our audit objectives.

### **Transportation Operations**

- Did the District ensure compliance with applicable laws and regulations governing transportation operations, and did the District receive the correct transportation reimbursement from the Commonwealth?<sup>11</sup>
  - ✓ To address this objective, we assessed the District's internal controls for obtaining, inputting, processing, and reporting transportation data to PDE. We requested vehicle odometer readings, student rosters, school calendars, and vehicle invoices for all 439 vehicles used to transport District students during the 2016-17, 2017-18, and 2018-19 school years. However, the District could not provide the required supporting documentation needed to verify the accuracy of miles traveled, days in operation, and/or number of students reported for any of the 439 vehicles. Therefore, we were unable to determine the accuracy of the regular transportation reimbursement received from PDE for these school years. We reviewed vehicle odometer readings, student rosters, school calendars, and vehicle invoices for all 209 vehicles used to transport students during the 2019-20 school year. We attempted to verify if the District correctly calculated and reported transportation data for this school year. During this testing, we found so many unexplainable discrepancies that we were unable to conclude on the appropriateness of the regular transportation received in this school year.

**Conclusion:** The results of our procedures identified noncompliance and significant internal control deficiencies related to this objective. Our results are detailed in the Finding beginning on page 6 of this report.

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<sup>11</sup> See 24 P.S. § 25-2541(a).

## **Bus Driver Requirements**

- Did the District ensure that all bus drivers transporting District students are approved by the Board of School Directors (Board) and had the required driver's license, physical exam, training, background checks, and clearances<sup>12</sup> as outlined in applicable laws?<sup>13</sup> Also, did the District adequately monitor driver records to ensure compliance with the ongoing five-year clearance requirements and ensure it obtained updated licenses and health physical records as applicable throughout the school year?
- ✓ To address this objective, we assessed the District's internal controls for reviewing, maintaining, and monitoring the required driver qualification and clearance documents and procedures for being made aware of who transported students daily. We determined if all drivers were approved by the District's Board. We selected 19 of the 128 drivers transporting District students as of October 26, 2021 and reviewed documentation to ensure the District complied with the requirements for those drivers.<sup>14</sup> We also determined if the District had monitoring procedures to ensure that all drivers had updated clearances, licenses, and physicals

**Conclusion:** The results of our procedures did not disclose any reportable issues, and we did not identify any internal control deficiencies.

## **Nonresident Student Data**

- Did the District accurately report nonresident students to PDE? Did the District receive the correct reimbursement for these nonresident students?<sup>15</sup>
- ✓ To address this objective, we assessed the District's internal controls for obtaining, inputting, processing, and reporting nonresident membership data to PDE. We obtained documentation to determine if the 71 nonresident foster students and 2 nonresident institutionalized students reported by the District to PDE for the 2016-17 school year was accurate and that the District received the correct subsidy. We compared the District's nonresident foster student lists, and other supporting documentation, with membership reports to verify the District accurately reported the total membership days to PDE. We requested documentation for each nonresident foster student to verify that the custodial parent and/or guardian was not a resident of the District and that the foster parent received a stipend for caring for the student.

**Conclusion:** The results of our procedures did not disclose any reportable issues, and we did not identify any internal control deficiencies.

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<sup>12</sup> Auditors reviewed the required state, federal, and child abuse background clearances that the District obtained from the most reliable sources available, including the FBI, the Pennsylvania State Police, and the Department of Human Services. However, due to the sensitive and confidential nature of this information, we were unable to assess the reliability or completeness of these third-party databases.

<sup>13</sup> PSC 24 P.S. § 1-111, CPSL 23 Pa.C.S. § 6344(a.1), PSC (Educator Discipline) 24 P.S. § 2070.1a *et seq.*, State Vehicle Code 75 Pa.C.S. §§ 1508.1 and 1509, and State Board of Education's regulations 22 *Pa. Code Chapter 8*.

<sup>14</sup> We randomly selected 12 driver and judgmentally selected 7 drivers for a total test population of 19 drivers. We selected 7 drivers judgmentally because we considered them to have a higher risk of noncompliance with requirements because they weren't on the District's list of current drivers. The selection of drivers for testing was not representative of the population of drivers transporting students and the results should not be projected to that population.

<sup>15</sup> See 24 P.S. §§ 13-1301, 13-1302, 13-1305, 13-1306; 22 *Pa. Code Chapter 11*.

## **Administrator Separations**

- Did the District provide any individually contracted employees with excessive payments upon separation of employment? Did the District ensure all payroll wages reported to the Public School Employees' Retirement System (PSERS) were appropriate and accurate?
  - ✓ To address this objective, we assessed the District's internal controls over the calculation of post-employment benefits and the processing of final payments to individually contracted administrators who separated employment with the District. We reviewed the employment contracts, leave records, and payroll records for the five individually contracted administrators who separated employment from the District during the period of July 1, 2016 through September 30, 2021. We reviewed the final payouts to determine if the administrators were compensated in accordance with their contracts. We verified that leave payouts were not reported as regular wages to PSERS. We also verified that the Board complied with Section 508 of the Public School Code by voting to approve each administrator's separation from employment by the District.

**Conclusion:** The results of our procedures did not disclose any reportable issues, and we did not identify any internal control deficiencies.

## **Financial Stability**

- Based on an assessment of financial indicators, was the District in a declining financial position, and did it comply with all statutes prohibiting deficit fund balances and the over expending of the District's budget?
  - ✓ To address this objective, we reviewed the District's annual financial reports, General Fund Budgets, and independent auditor's reports for the 2015-16 through 2019-20 fiscal years. The financial and statistical data was used to calculate the District's General Fund balance, operating position, charter school costs, debt ratio, and current ratio. These financial indicators were deemed appropriate for assessing the District's financial stability. The financial indicators are based on best business practices established by several agencies, including Pennsylvania Association of School Business Officials, the Colorado Office of the State Auditor, and the National Forum of Education Statistics. In addition, we reviewed board meeting minutes and interviewed District personnel.

**Conclusion:** The results of our procedures did not identify any reportable issues.

## **School Safety**

- Did the District comply with requirements in the Public School Code and the Emergency Management Code related to emergency management plans, bullying prevention, and memorandums of understanding with local law enforcement?<sup>16</sup> Also, did the District follow best practices related to physical building security and providing a safe school environment?
  - ✓ To address this objective, we reviewed a variety of documentation including, safety plans, training schedules, safety committee meeting minutes, vulnerability assessments, anti-bullying policies, school climate surveys, after-action reports, and memorandums of understanding with local law enforcement to assess whether the District had implemented basic safety practices.

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<sup>16</sup> Safe Schools Act 24 P.S. § 13-1301-A *et seq.*, Emergency Management Services Code 35 Pa.C.S. § 7701.

**Conclusion:** Due to the sensitive nature of school safety, the results of our review for this objective are not described in our audit report, but they were shared with District officials, PDE’s Office of Safe Schools, and other appropriate law enforcement agencies deemed necessary.

- Did the District comply with the fire and security drill requirements of Section 1517 of the Public School Code?<sup>17</sup> Also, did the District accurately report the dates of drills to PDE and maintain supporting documentation to evidence the drills conducted and reported to PDE?
  - ✓ To address this objective, we reviewed the District’s fire and security drill documentation to verify compliance with the Public School Code for the 2018-19 and 2019-20 school years. We determined if the District conducted a security drill for each building in the District within the first 90 days of each school year and if monthly fire and security drills were conducted while school was in session and in accordance with requirements. We also obtained the *Accuracy Certification Statement* that the District filed with PDE and compared the dates reported to the supporting documentation to determine if the reports were accurate.

**Conclusion:** The results of our procedures for this objective did not disclose any reportable issues.

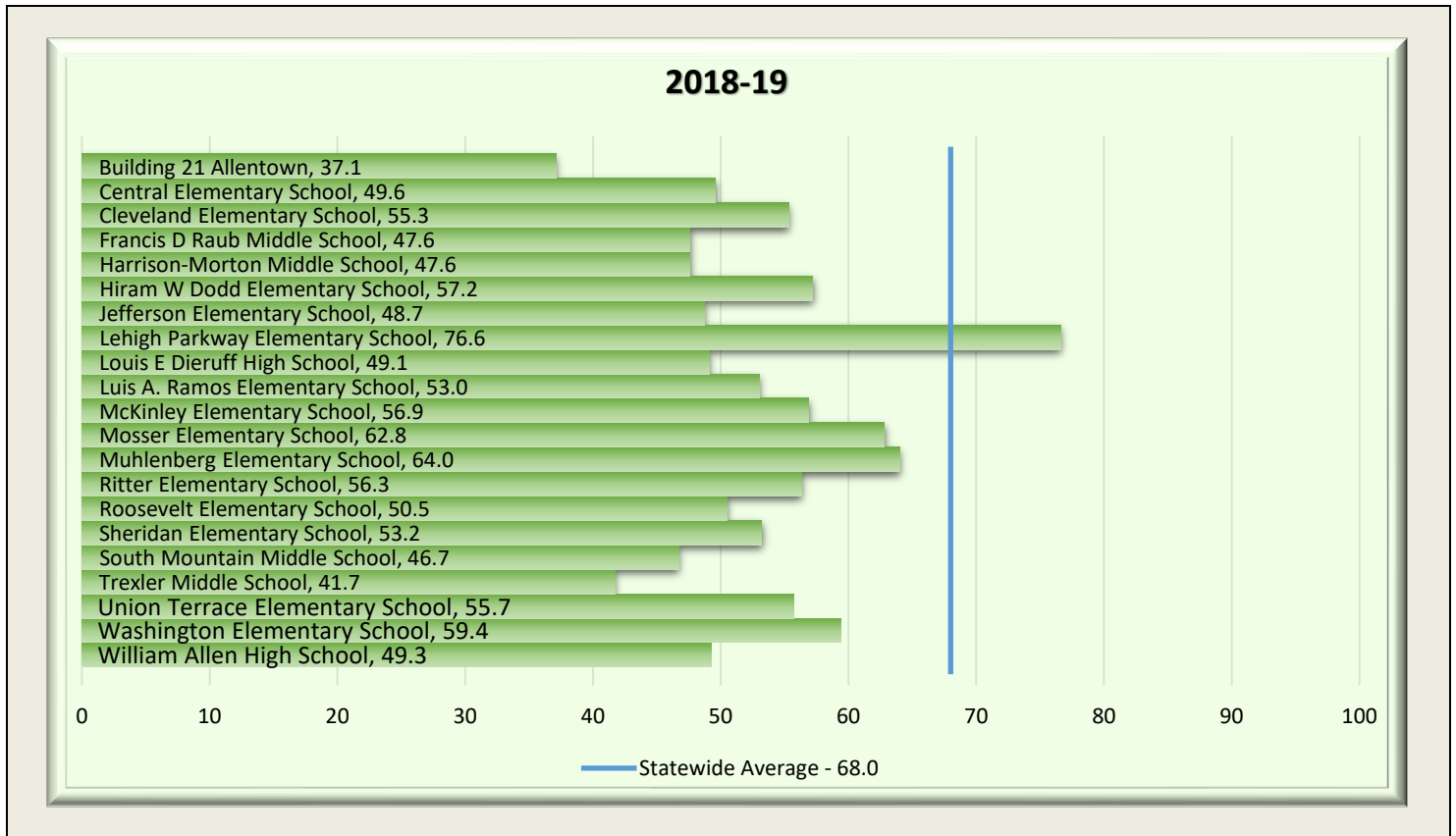
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<sup>17</sup> Public School Code (Fire and Security Drills) 24 P.S. § 15-1517.

## Appendix B: Academic Detail

Benchmarks noted in the following graphs represent the statewide average of all public school buildings in the Commonwealth that received a score in the category and year noted.<sup>18</sup> Please note that if one of the District's schools did not receive a score in a particular category and year presented below, the school will not be listed in the corresponding graph.<sup>19</sup>

**SPP School Scores Compared to Statewide Averages**

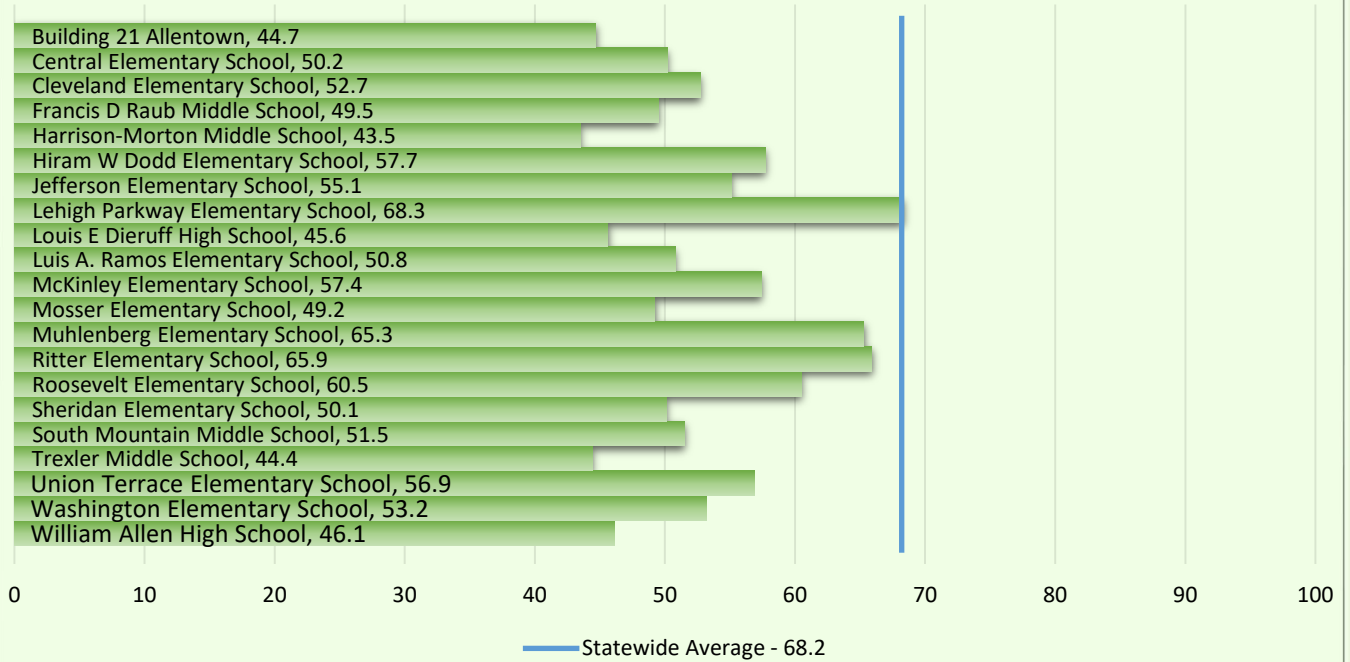


<sup>18</sup> Statewide averages were calculated by our Department based on individual school building scores for all public schools in the Commonwealth, including district schools, charters schools, and cyber charter schools.

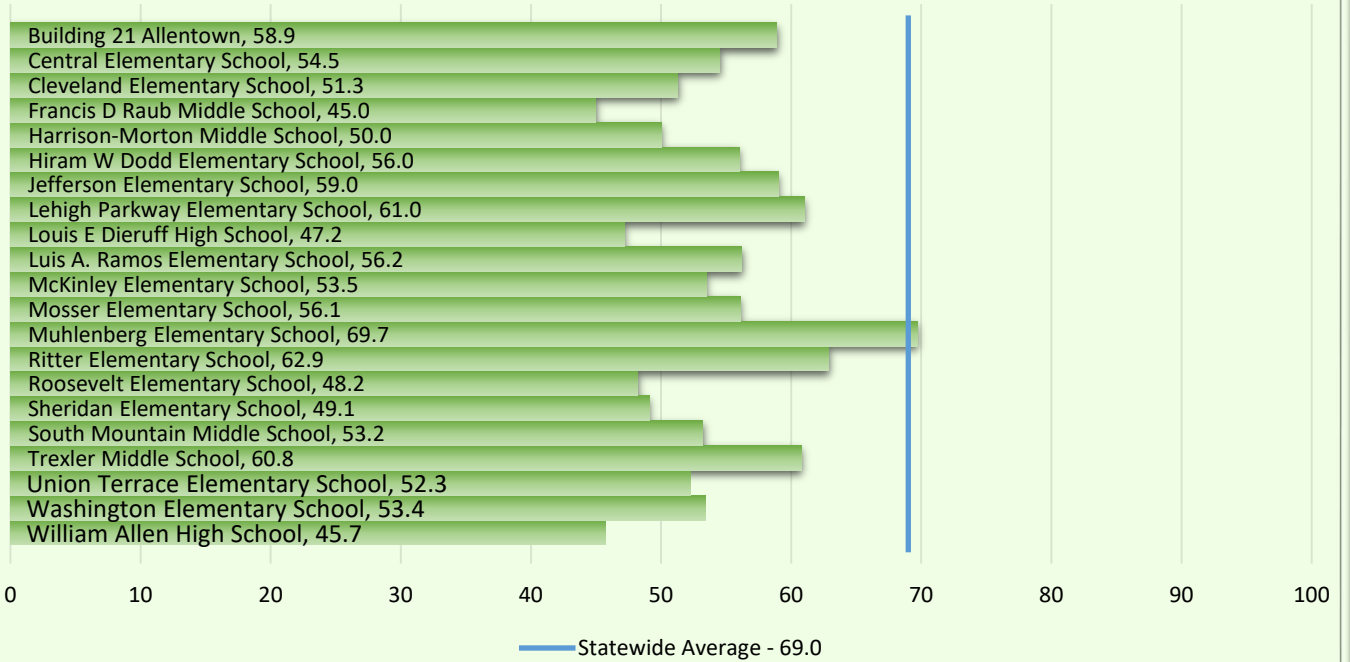
<sup>19</sup> PDE's data does not provide any further information regarding the reason a score was not published for a specific school. However, readers can refer to PDE's website for general information regarding the issuance of academic scores.

**SPP School Scores Compared to Statewide Averages (continued)**

**2017-18**



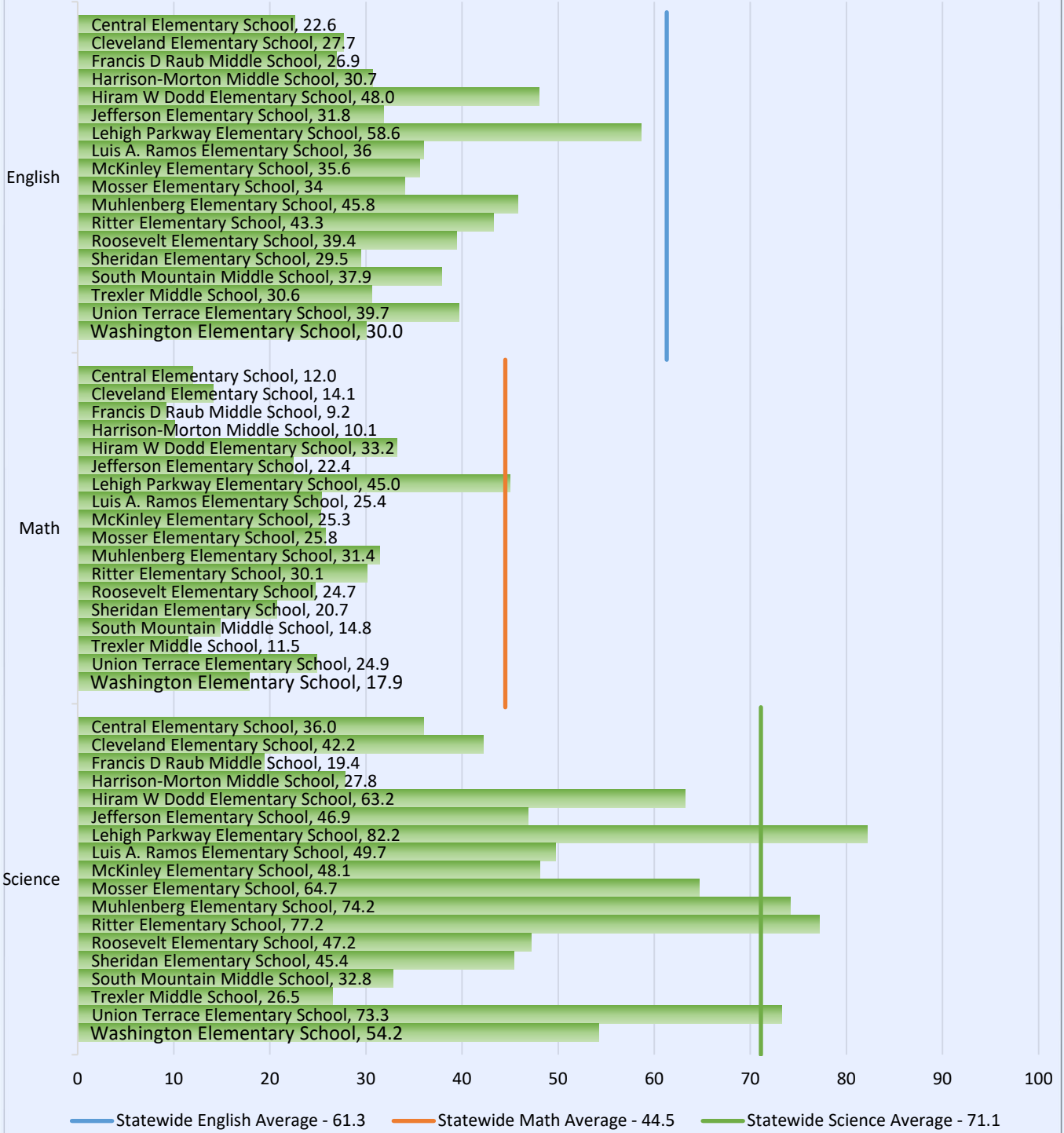
**2016-17**



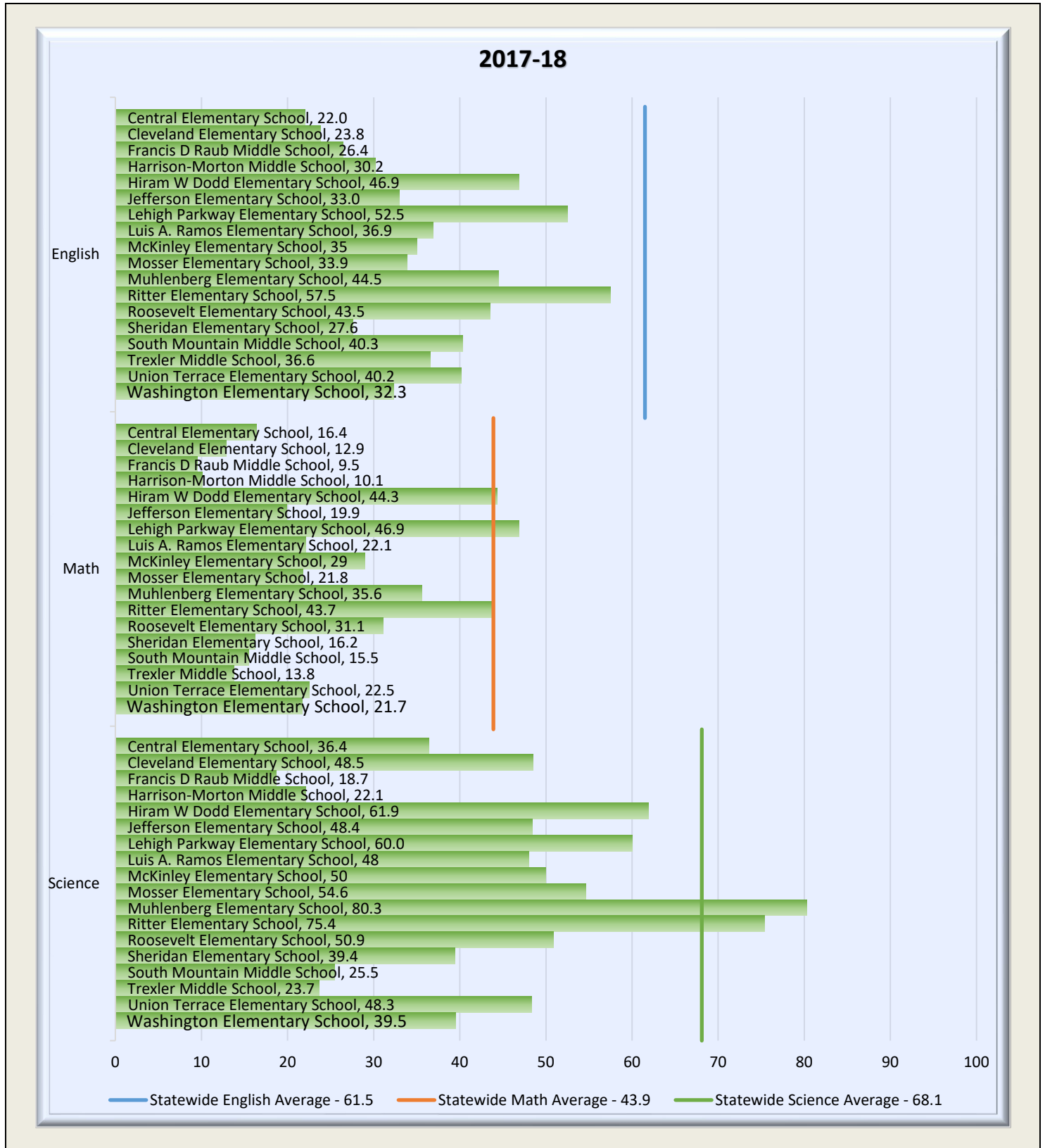


**PSSA Advanced or Proficient Percentage  
School Scores Compared to Statewide Averages**

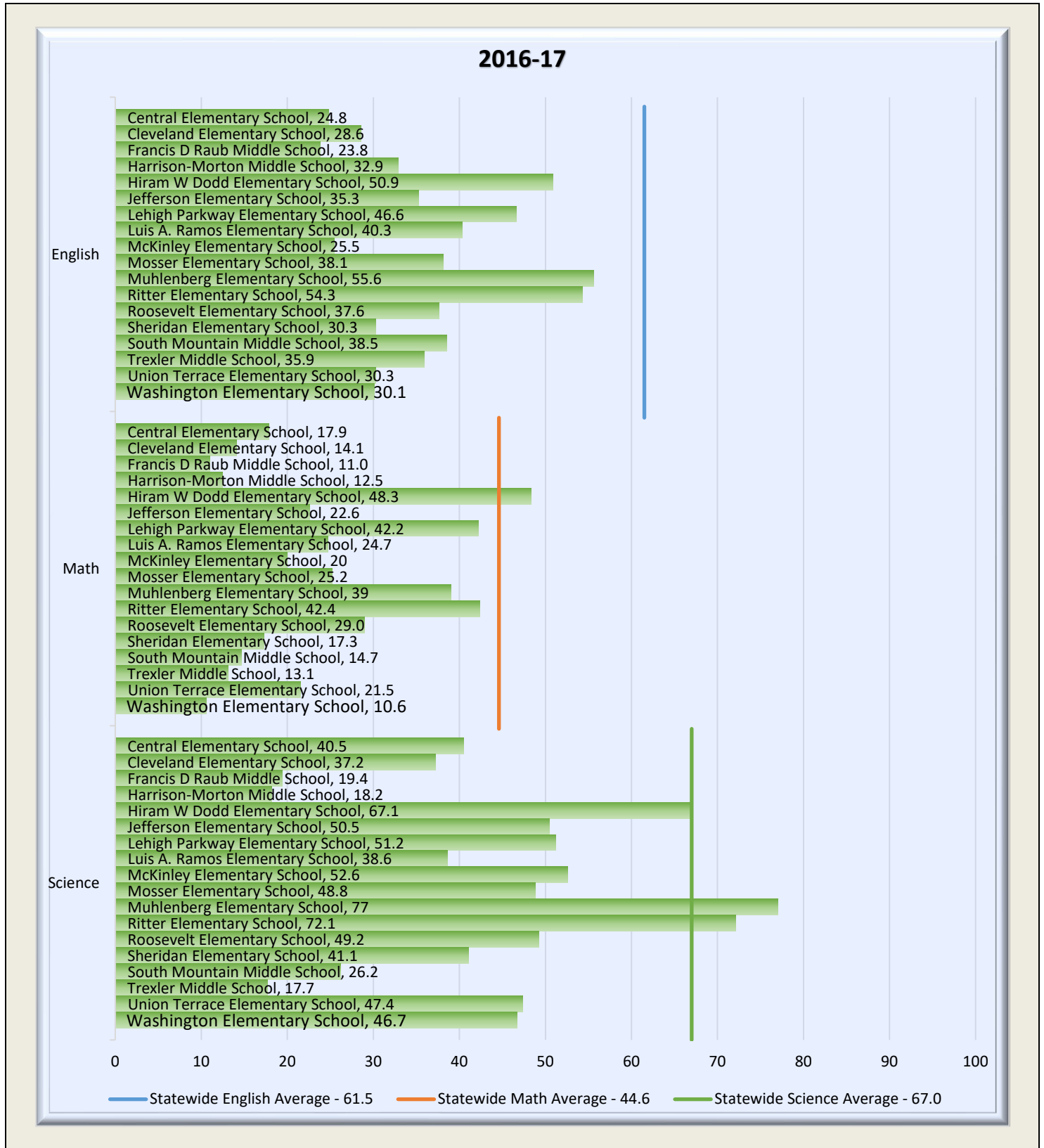
**2018-19**



**PSSA Advanced or Proficient Percentage  
School Scores Compared to Statewide Averages (continued)**

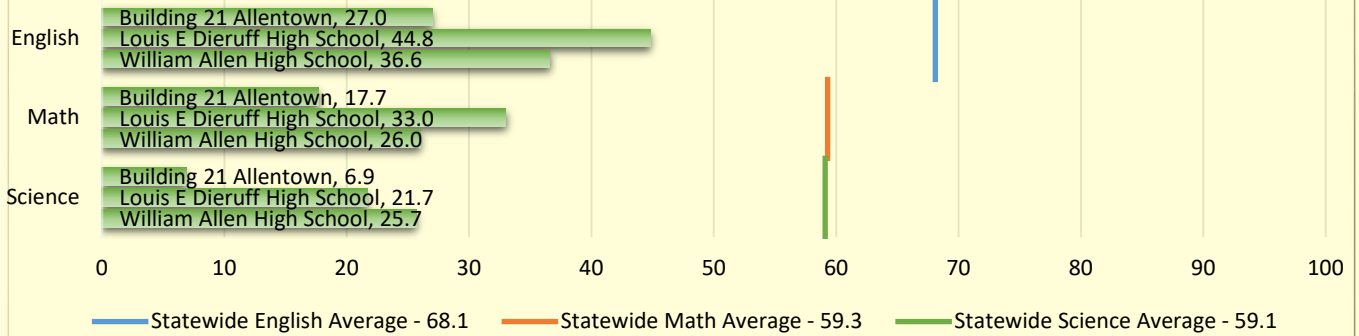


**PSSA Advanced or Proficient Percentage  
School Scores Compared to Statewide Averages (continued)**

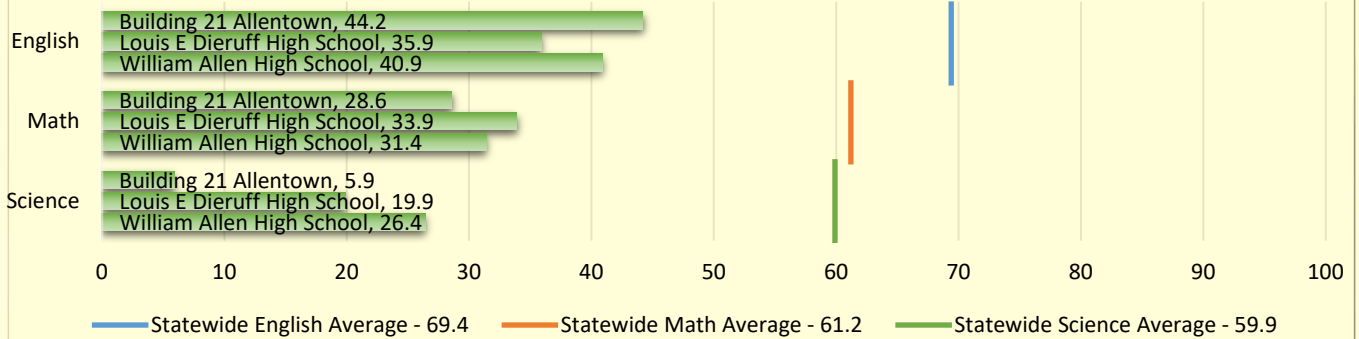


## Keystone Advanced or Proficient Percentage School Scores Compared to Statewide Averages

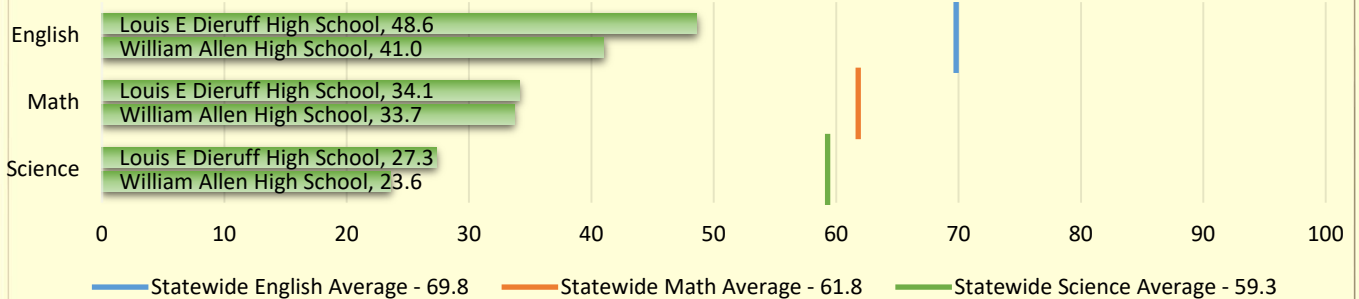
### 2018-19



### 2017-18



### 2016-17



## **Distribution List**

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