

PERFORMANCE AUDIT

Altoona Area School District Blair County, Pennsylvania

March 2022



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

Dr. Charles A. Prijatelj, Superintendent
Altoona Area School District
1201 Eighth Avenue
Altoona, Pennsylvania 16602

Dr. Frank Meloy, Board President
Altoona Area School District
1201 Eighth Avenue
Altoona, Pennsylvania 16602

Dear Dr. Prijatelj and Dr. Meloy:

We have conducted a performance audit of the Altoona Area 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

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 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 \$44,818 in Transportation Reimbursement Overpayments

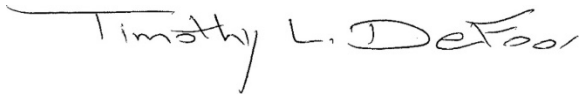
Our audit finding and recommendations have been discussed with the District's management, and their response is included in the audit report. We believe the implementation of our recommendations will improve the District's operations and facilitate compliance with legal and relevant requirements.

In addition, we identified internal control deficiencies in the area of bus driver requirements that were not significant but warranted attention of District management and those charged with governance. These deficiencies were communicated to District management and those charged with governance for their consideration.

Dr. Charles A. Prijatelj
Dr. Frank Meloy
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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 letter.

Timothy L. DeFoor
Auditor General

March 9, 2022

cc: **ALTOONA AREA SCHOOL DISTRICT** Board of School Directors

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Background Information

School Characteristics 2020-21 School Year*	
County	Blair
Total Square Miles	59.6
Number of School Buildings	11
Total Teachers	575
Total Full or Part-Time Support Staff	510
Total Administrators	43
Total Enrollment for Most Recent School Year	7,247
Intermediate Unit Number	8
District Career and Technical School	Greater Altoona Career and Technology Center

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

Mission Statement*

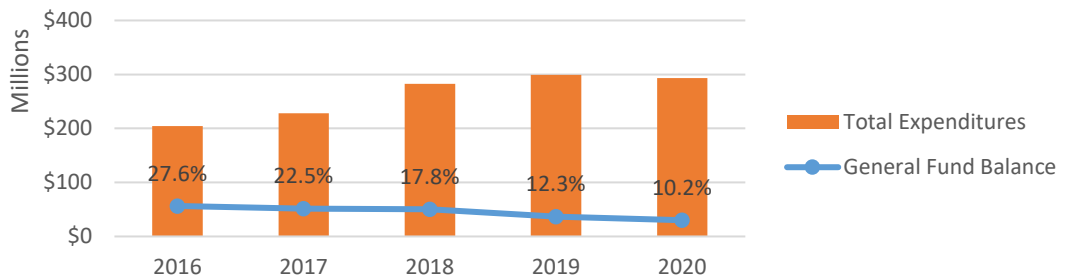
To seek to continuously improve the climate, culture and student achievement within a safe environment by fostering trust, collaboration and progressive communication.

Financial Information

The following pages contain financial information about the Altoona Area 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**.

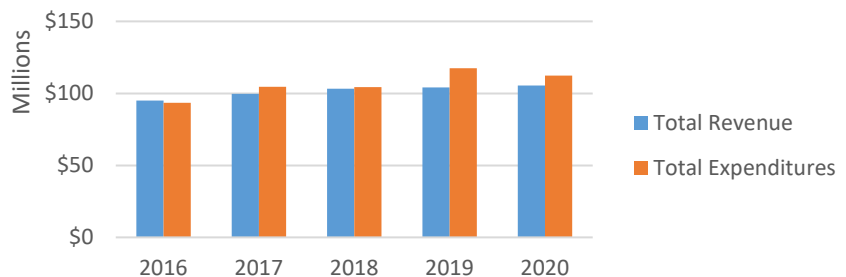
General Fund Balance as a Percentage of Total Expenditures

	General Fund Balance
2016	\$56,420,872
2017	\$51,353,925
2018	\$50,180,676
2019	\$36,889,945
2020	\$30,064,290



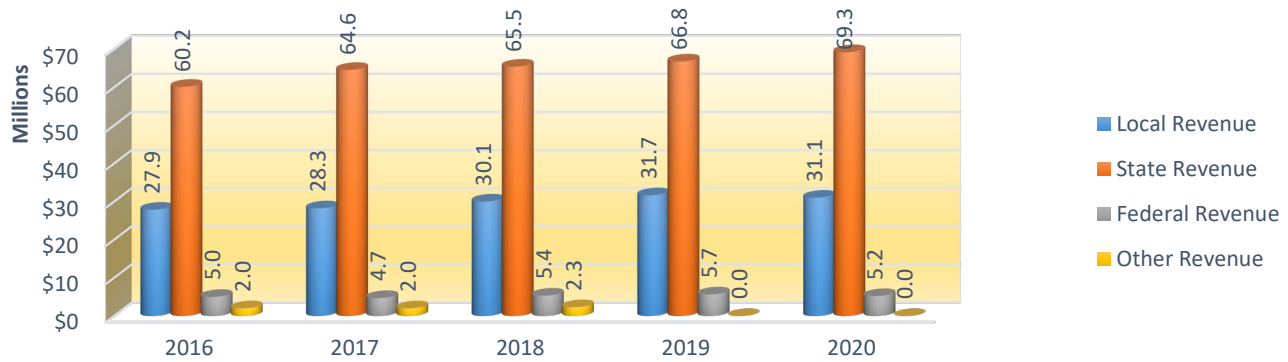
Revenues and Expenditures

	Total Revenue	Total Expenditures
2016	\$95,121,779	\$93,507,994
2017	\$99,612,692	\$104,679,637
2018	\$103,212,326	\$104,385,574
2019	\$104,171,590	\$117,462,321
2020	\$105,556,413	\$112,382,066

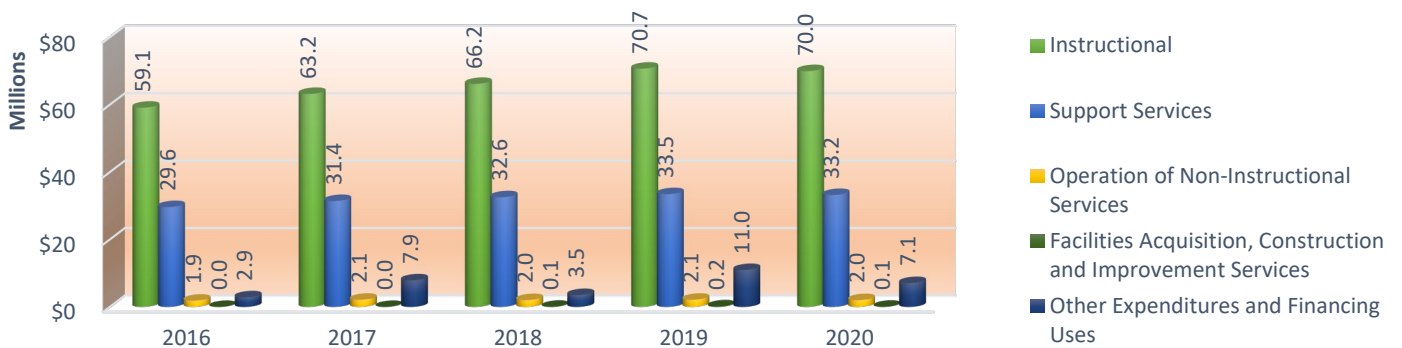


Financial Information Continued

Revenues by Source

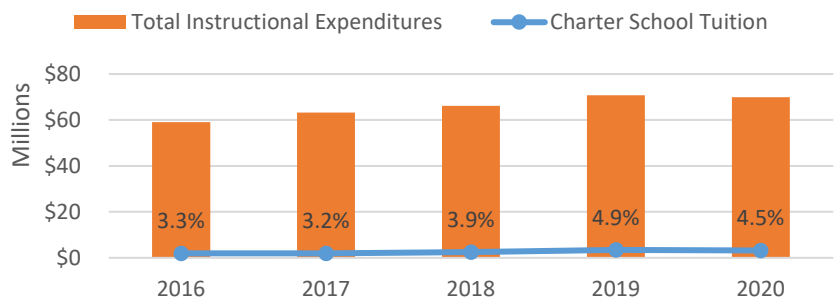


Expenditures by Function

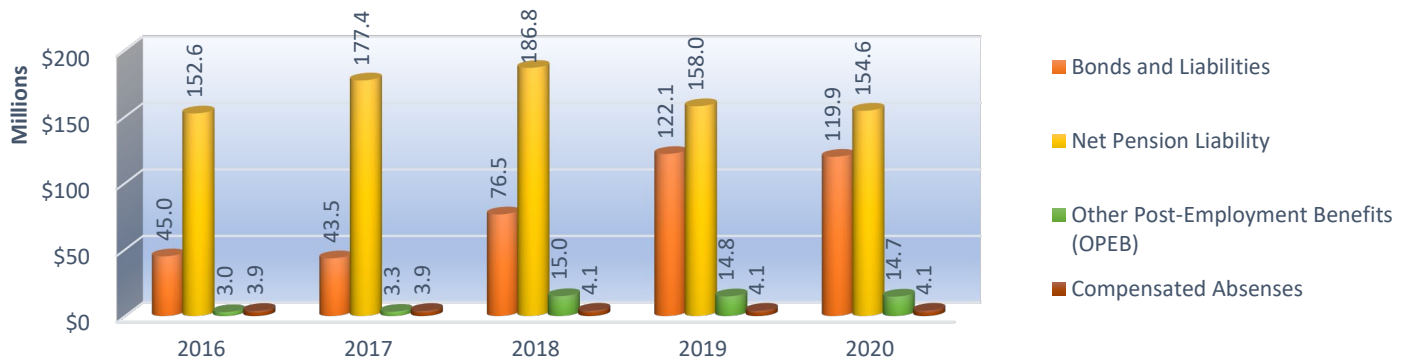


Charter Tuition as a Percentage of Instructional Expenditures

	Charter School Tuition	Total Instructional Expenditures
2016	\$1,969,131	\$59,127,236
2017	\$2,023,268	\$63,214,856
2018	\$2,579,153	\$66,189,807
2019	\$3,450,739	\$70,708,061
2020	\$3,155,112	\$69,987,997



Long-Term Debt

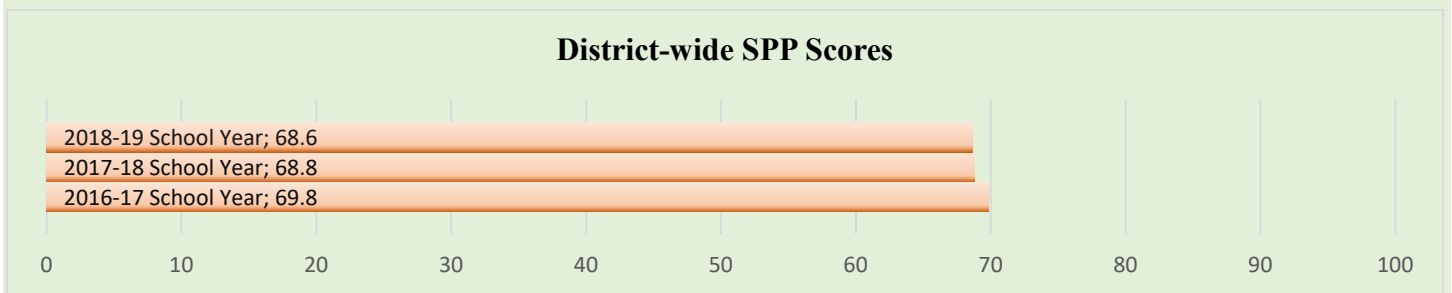


Academic Information¹

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.² In addition, the District's 4-Year Cohort Graduation Rates are presented for the 2017-18 through 2019-20 school years.³ 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.⁴



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

² 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.

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

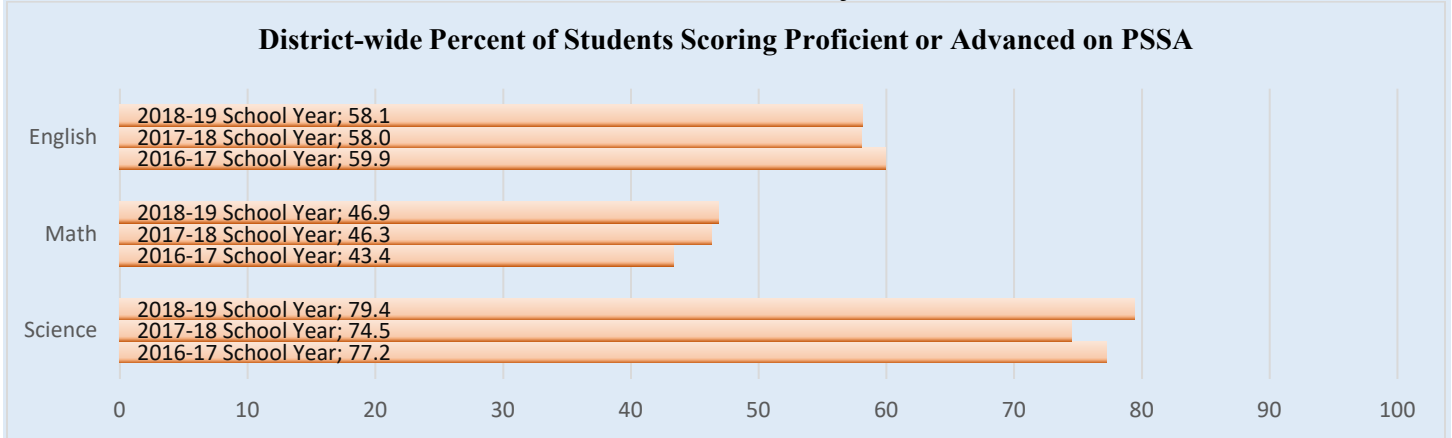
⁴ PDE started issuing a SPP score for all public school buildings beginning with the 2012-13 school year. For the 2014-15 school year, PDE only issued SPP scores for high school taking the Keystone Exams as scores for elementary and middle scores were put on hold due to changes with PSSA testing. PDE resumed issuing a SPP score for all schools for the 2015-16 school year.

Academic Information Continued

What is the PSSA?

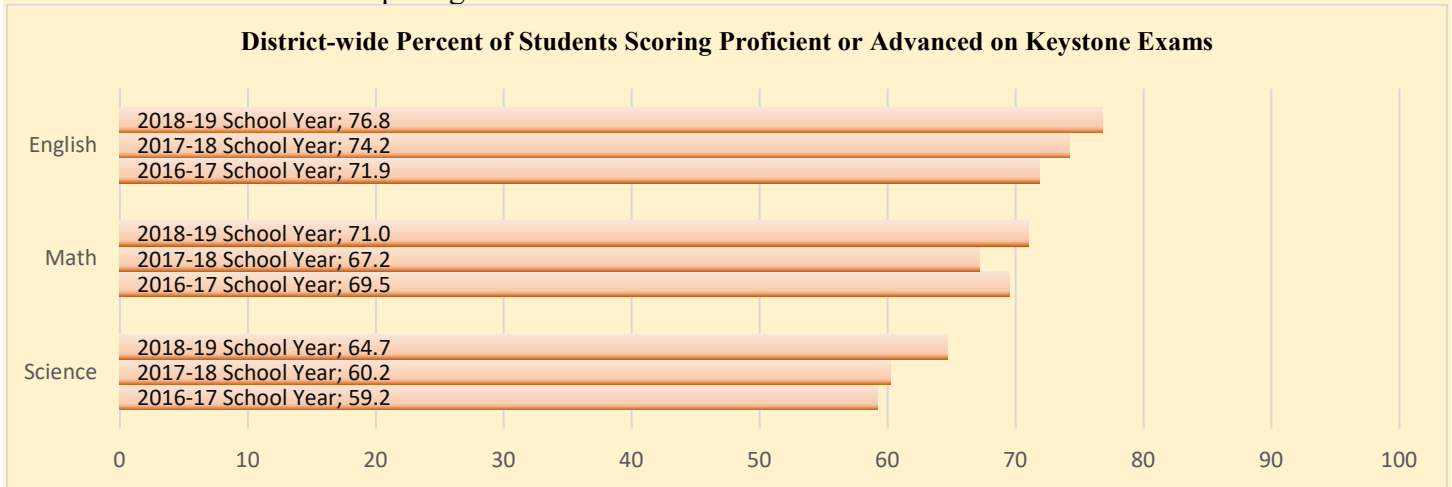
The PSSA is an annual, standardized test given across the Commonwealth to students in grades 3 through 8 in core subject areas, including English, Math and Science. The PSSAs help Pennsylvania meet federal and state requirements and inform instructional practices, as well as provide educators, stakeholders, 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.⁵ 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.

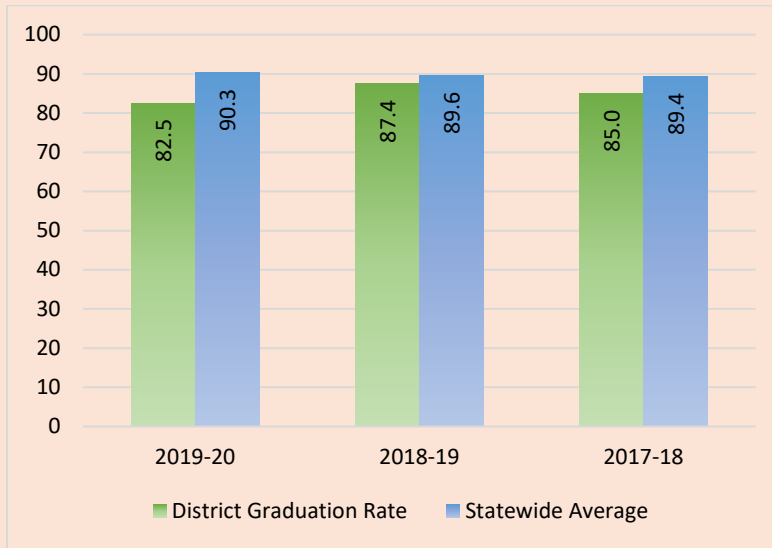


⁵ Act 158 of 2018, effective October 24, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement until the 2021-22 school year. See 24 P.S. § 1-121(b)(1). Please refer to the following link regarding further guidance to local education agencies (LEAs) 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.⁶



⁶ 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 \$44,818 in Transportation Reimbursement Overpayments

Criteria relevant to the finding:

Student Transportation Subsidy

Section 2541(a) of the Public School Code (PSC) states, in part: "School districts shall be paid by the Commonwealth for every school year on account of pupil transportation which... have been approved by the Department of Education... 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).

Sworn Statement and Annual Filing Requirements

Section 2543 of the PSC, which is entitled, "**Sworn statement** of amount expended for reimbursable transportation payment; withholding" 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." (Emphases added.) See 24 P.S. § 25-2543.

We found that the Altoona Area School District (District) did not implement an adequate internal control system over the input, categorization, calculation, and reporting of regular and supplemental transportation data. The District's failure to implement internal controls led to it having multiple inaccuracies in the transportation data it reported to the Pennsylvania Department of Education (PDE). Consequently, the District received a net overpayment of \$31,728 in regular transportation reimbursement and a net overpayment of \$13,090 in supplemental transportation reimbursement for the 2016-17 through 2019-20 school years. Cumulatively, the District was overpaid a total of \$44,818 in transportation reimbursements during the audit period.⁷

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 to transport students, and the number of miles that vehicles are in service, both with and without students. The **supplemental** transportation reimbursement is solely based on the number of nonpublic school and charter school students transported at any time during the school year.

Since the above listed components are integral to the calculation of the District's transportation reimbursements, it is essential that the District properly record, calculate, and report transportation data to PDE. Therefore, the District should have a strong system of internal control over its transportation operations that should include, but not be limited to, the following:

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

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

⁷ The District's total transportation reimbursements for each school year were as follows: \$1,984,814 during the 2016-17 school year; \$1,976,193 during the 2017-18 school year; \$1,993,382 during the 2018-19 school year; and \$1,934,460 during the 2019-20 school year.

Criteria relevant to the finding (continued):

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 1/4/22.)

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.

eligible for transportation reimbursements.⁸ The sworn statement includes the superintendent’s signature attesting to the accuracy of the reported data. Because of that 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.

Regular Transportation Reporting Errors

PDE guidelines state that the school districts are required to report the number of miles per day to the nearest tenth that each vehicle travels with and without students. Districts are also required to report the number of students assigned to each vehicle. If the miles traveled and/or students assigned changes during the school year, an average must be calculated and reported. Districts are also required to report the number of days each vehicle transported students.

We found that the District inaccurately reported transportation data for the majority of the vehicles it reported to PDE during the audit period. The District inaccurately reported transportation data for 394 of the 444, or 89 percent, of the total vehicles reported to PDE during the audit period.⁹ Additionally, the District double reported mileage, students, and number of days (transportation components) for one vehicle in the 2017-18 school year, and the District failed to report transportation components for three vehicles that transported students during the 2019-20 school year.

We summarized the errors for the audit period and calculated the total amount of regular transportation reimbursements that the District was overpaid/underpaid and present the data in Table 1 below.

Table 1

Altoona Area School District Errors in Transportation Data Reported to PDE					
School Year	Days Over/(Under) Reported	Miles Over/(Under) Reported	Students Over/(Under) Reported	Vehicles Over/(Under) Reported	Over/(Under) Payment
2016-17	(185)	(9,839)	161	-	\$ 6,178 ¹⁰
2017-18	371	5,933	237	1	\$ 6,387
2018-19	320	18,098	-	-	\$ 29,135
2019-20	(123)	(16,114)	(122)	(3)	\$ (9,972)
Total	383	(1,922)	276	(2)	\$ 31,728

⁸ See 24 P.S. § 25-2543.

⁹ We determined that the District reported inaccurate data for the following number of vehicles for each school year: 107 of 119 vehicles during the 2016-17 school year; 99 of 105 vehicles during the 2017-18 school year; 78 of 108 vehicles during the 2018-19 school year; and 110 of 112 vehicles during the 2019-20 school year.

¹⁰ The District was overpaid even though it underreported both days and mileage. This occurred due to the fact that PDE’s transportation reimbursement formula is determined by a cost allowance that is established for each vehicle reported to PDE. Despite more total errors reported by the District for days and mileage, more vehicles had errors in the number of students reported and that led to the cumulative overpayment.

*Criteria relevant to the finding
(continued):*

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.

Number of Days

Report the number of days (a whole number) this vehicle provided to and from school transportation. Count any part of a day as one day. Depending upon the service the vehicle provided, this number could exceed or be less than the number of days the district was in session; however, summer school or “Extended School Year” (Armstrong v. Kline) transportation may not be included in this number. “Early Intervention” program transportation may be included). If the district received a waiver of instructional days due to a natural or other disaster (such as a hurricane), the waiver does not extend to transportation services. Only days on which transportation was actually provided may be reported.

Supplemental Transportation Subsidy for Nonpublic School Students

Section 2509.3 of the PSC provides that each school district shall receive a supplemental transportation payment of \$385 for each nonpublic school student transported. This payment provision is also applicable to charter school students through Section 1726-A(a) of the CSL. *See* 24 P.S. § 25-2509.3; 24 P.S. § 17-1726-A(a).

The District made numerous calculation and reporting errors during the audit period. For example, the District erroneously reported almost all of the 444 vehicles during the audit period as transporting students for every day of the school calendar. The District also experienced significant turnover in the employee positions responsible for calculating and reporting transportation data. Two different accountants calculated the transportation data during the audit period, and two different transportation coordinators reported the data during the audit period.

During the 2016-17 and 2019-20 school years, the District did not account for days students were transported to nonpublic schools and special education facilities. This led to underreporting of both the number of days transported and total miles traveled. In the 2017-18 and 2018-19 school years, multiple vehicles did not transport students for the entire school year; however, the District inaccurately reported these vehicles as transporting students all year which resulted in days and mileage being overreported. Additionally, the District double reported the days, mileage, and students transported for one vehicle in the 2017-18 school year. Finally, the District overreported the number of students transported in the 2016-17 and 2017-18 school years due to reporting student averages as whole numbers rather than to nearest tenth as required by PDE.

The District’s failure to report three vehicles that transported students during the 2019-20 school year was the primary reason the days, mileage, and students were underreported. In this school year, the District manually reported vehicles to PDE due to having issues when trying to upload the vehicle data to PDE. During this manual process, three vehicles that transported students were inadvertently not reported. The failure to report these vehicles, along with the multiple other errors we identified, highlights the lack of internal controls over the process of calculating and reporting transportation data during the audit period.

Supplemental Transportation Reporting Errors

According to the PSC, a nonpublic school is defined, in pertinent part, as a nonprofit school other than a public school within the Commonwealth of Pennsylvania, wherein a resident of the Commonwealth may legally fulfill the compulsory school attendance requirements.¹¹ The PSC requires school districts to provide transportation services to students who reside in its district and who attend a nonpublic school, and it provides for a reimbursement from the Commonwealth of \$385 for each nonpublic school student transported by the district. If a district transports one nonpublic school student for one day, the district is eligible for the \$385 reimbursement.

¹¹ See Section 921.1-A(b) (relating to “Definitions”) of the PSC, 24 P.S. § 9-922.1-A(b).

Criteria relevant to the finding
(continued):

Number of Nonpublic Pupils Transported

<https://www.education.pa.gov/Documents/Teachers-Administrators/Pupil%20Transportation/eTran%20Application%20Instructions/PupilTransp%20Instructions%20PDE-2089%20SummPupilsTransp.pdf>
(1/4/22)

Enter the total number of resident NONPUBLIC school pupils you transported to and from school. Documentation identifying the names of these pupils should be retained for review by the Auditor General’s staff. NONPUBLIC school pupils are children whose parents are paying tuition for them to attend a nonprofit private or parochial school. (Any child that your district is financially responsible to educate is a PUBLIC pupil.)

It is essential for the District to properly identify nonpublic school students that it transports, maintain records to support the total number of these students transported throughout the school year, and accurately report this data to PDE.

We reviewed the nonpublic student transportation data that the District reported to PDE and found that the District inaccurately reported this data for each year of the four-year audit period. The number of students the District over/underreported are detailed in Table 2 below.

Table 2

Altoona Area School District Nonpublic School Student Reporting Errors		
School Year	No. of Students Over/(Under) Reported ¹²	Over/(Under) Payment ¹³
2016-17	(31)	\$(11,935)
2017-18	24	\$ 9,240
2018-19	50	\$ 19,250
2019-20	(9)	\$ (3,465)
Total	34	\$ 13,090

Every school year, the District should obtain a written request for transportation from the parent/guardian if the student requires transportation to a nonpublic school. The District must maintain this documentation as support for the number of students it reports to PDE for the supplemental transportation reimbursement.

The District failed to prepare or retain an annual list of nonpublic school students reported to PDE for the 2016-17 through 2018-19 school years. Therefore, we asked for the individual requests for transportation for those years and found issues as illustrated in the table above. The District did maintain a list of nonpublic school students reported for the 2019-20 school year; however, we found that the District failed to report nine students who were transported after the start of the school year and had requests for transportation at that time. Similar to the numerous regular transportation errors we identified, the supplemental transportation errors are further evidence of the lack of internal controls over the District’s transportation operations.

¹² The District reported the following number of nonpublic students transported for each school year: 357 in 2016-17; 412 in 2017-18; 451 in 2018-19; and 312 in 2019-20.

¹³ Calculated by multiplying number of Students Over/(Under) Reported by \$385.

Significant Internal Control Deficiencies

Our review revealed that the District did not have an adequate internal control system over the process of inputting, categorizing, calculating, and reporting of regular and supplemental transportation data to PDE. As stated earlier in the finding, one District employee calculated transportation data and a different employee reported transportation data to PDE. The District experienced turnover during the audit period in these positions and we found that the District did not ensure that the employees who calculated the data were adequately trained on PDE's reporting requirements. Additionally, the multiple District officials who reported transportation data during the audit period did not complete a documented review of the data prior to reporting it to PDE.

The volume of errors we identified in the regular and supplemental transportation data indicates this information was reported to PDE without a review by a District employee knowledgeable about and adequately trained on PDE requirements. Finally, even though the District experienced significant turnover in the transportation data reporting area, the District did not develop or implement written procedures to help ensure that transportation data was reported accurately.

These internal control deficiencies led to the multiple reporting errors discussed in this finding and the resulting \$44,818 cumulative overpayment to the District. The amount of errors we identified demonstrate the importance of strong internal controls over the transportation data reporting system.

Future Reimbursement Adjustment: We provided PDE with reports detailing the transportation data reporting errors we identified for the 2016-17 through 2019-20 school years. We recommend that PDE adjust the District's future transportation reimbursement by the \$44,818 that we calculated as an overpayment.

Recommendations

The *Altoona Area School District* should:

1. Develop and implement an internal control system over its regular and supplemental transportation data reporting process. The internal control system should include, but not be limited to, the following:
 - All personnel involved in regular and supplemental transportation data reporting are adequately trained on PDE's reporting requirements.
 - A review of the regular and supplemental transportation data is conducted by an employee, other than the employee who prepared the data, who is knowledgeable about PDE transportation requirements before it is submitted to PDE.

- Comprehensive written procedures are developed to help ensure accurate calculation and reporting of the regular and supplemental transportation data.
2. Perform an annual reconciliation of written requests for transportation to the list of individual nonpublic school students transported prior to reporting data to PDE.
 3. Review the transportation data reported to PDE for the 2020-21 school year to determine if similar errors were made and, if necessary, submit a revised report to PDE.

The *Pennsylvania Department of Education* should:

4. Adjust the District's future transportation subsidy to resolve the \$44,818 overpayment for the regular and supplemental transportation reimbursements.

Management Response

District management provided the following response:

1. Internal control system deficiencies are related to employee turnover at the District and within local management of the transportation contractor. The following steps will be taken to correct the deficiencies:
 - a) A written procedure will be developed indicating daily, monthly and annual record keeping requirements.
 - b) All personnel working with transportation information will be adequately trained using resources from PDE, PASBO and communication with other Commonwealth Districts.
 - c) A data review check list will be created for use by both the primary processor and the secondary reviewer to ensure all information is accurately prepared. The check list will include, but not be limited to an itemized listing of vehicles operated monthly; mileage logs; fuel reports; non-public student listing, and driver records.
2. As part of the written procedures noted in 1.a) above the Transportation Accountant will be instructed to generate a list of non-public and charter students routed on AASD vehicles (monthly) and verify written requests are maintained for each student listed.
3. The 2020-21 report will be reviewed and verified to ensure similar errors were not made. Should any errors be identified, a correction request will be made to the Pennsylvania Department of Education, Division of Subsidy Administration (RA-eTran@pa.gov).

Auditor Conclusion

We are encouraged that the District has agreed to implement corrective actions to address all of our recommendations to, among others, retain and maintain detailed documentation to support the transportation data and to implement training for all of its personnel working with such transportation information. We will evaluate the effectiveness of the District's corrective actions during our next audit.

Status of Prior Audit Findings and Observations

Our prior audit of the Altoona Area School District (District) released on May 2, 2016, resulted in two findings, 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 reviewed the District's written response to the Pennsylvania Department of Education (PDE), interviewed District personnel, and performed audit procedures as detailed in each status section below.

Auditor General Performance Audit Report Released on May 2, 2016

Prior Finding No. 1: Errors in the District's Reporting of Transportation Data Resulted in Underpayments of Over \$220,000

Prior Finding Summary: The District was underpaid a total of \$220,922 in transportation reimbursement from PDE. The District was underpaid \$91,783 for the 2012-13 school year and \$129,139 for the 2013-14 school year. This underpayment was due to District personnel failing to report mileage for vans that were used to transport District students enrolled in the Early Intervention (EI) program. In addition, District personnel also failed to include for reimbursement the costs the District incurred for students using public transportation (fare based). In both instances, the District was eligible to be reimbursed for these costs.

Prior Recommendations: We recommended that the District should:

1. Accurately report all data elements and eligible bus/van routes in the calculation of student transportation reimbursement.
2. Retain all communication with PDE regarding the eligibility of bus routes.
3. Require personnel who are responsible for allocating transportation costs to become familiar with the account codes prior to making the allocation of transportation costs.
4. Review subsequent school years' transportation reports for accuracy and resubmit, if necessary.

We also recommended that PDE should:

5. Adjust the District's subsidy to correct the underpayment of \$220,922.

Current Status: We found the District implemented corrective actions to address all four of our recommendations. During our current audit review of transportation operations, we determined the District accurately reported bus/van routes for EI vehicles and communicated with PDE regarding the eligibility of those bus routes. In addition, the District sent personnel to training provided by professional organizations to become

familiar with the account codes dealing with transportation costs and submitted revised reports for the 2014-15 school year in March 2016.

The District received two payments during the 2019-20 fiscal year which totaled \$82,828 for the underpayments associated with the failure to report miles and vans for the EI Program during the 2012-13 and 2013-14 school years as noted in the prior audit finding. The \$138,094 underpayment for the 2012-13 and 2013-14 school years was due to the District's failure to report fare based transportation costs. This underpayment was not received by the District because it did not revise the Annual Financial Reports with the Comptroller's Office to reflect the fare based costs not reported to PDE as noted in the finding.

On November 4, 2021, the Comptroller's Office notified the District that the corrections were made to the annual financial report for both school years. As of February 16, 2022, the District has not received the \$138,094 underpayment; therefore, the District should continue to monitor state receipts until the underpayment has been received.

The current audit report contains a finding in the area of transportation, however, those issues are unrelated to the issues noted in the prior audit transportation finding.

Prior Finding No. 2: Amount Paid to Transportation Contractor Greatly Exceeds the Pennsylvania Department of Education's Final Transportation Formula Allowance

Prior Finding Summary: We found that the District's contracted student transportation expenditures for the school years ending June 30, 2013 and 2014 significantly exceeded the amount the District received in transportation reimbursement. As a result of this imbalance, District taxpayers were paying a significant share of the District's transportation expenditures.

Prior Recommendations: We recommended that the District should:

1. In conjunction with the District's solicitor, contact the contractor to re-negotiate the contract to incorporate the state's final formula allowance cost formula.
2. Routinely seek competitive bids for all the District's pupil transportation services to ensure the most efficient costs to the District and its taxpayers.
3. Prepare student transportation contracts to ensure the local share is as minimal as permitted by establishing the base rate and increases are in line with PDE's final formula allowance for all pupil transportation costs.

Current Status: We found that the District implemented all three of our prior audit recommendations. Although the District was unable to incorporate the state's final formula allowance into the contract, the District was able to negotiate a contract addendum in June 2017 to reduce transportation costs by reducing the number of vehicles needed to transport students. The District issued requests for proposals for transportation services in October 2017 and accepted the lowest bid, which resulted in a new transportation

service contract for the 2018-19 through 2022-23 school years. Finally, the District was able to reduce local share costs as a result of the June 2017 contract modification by reducing the number of vehicles required to transport District students.

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

Our audit, conducted under authority of Sections 402 and 403 of The Fiscal Code,¹⁴ 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, 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.¹⁵ *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.¹⁶ 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.

¹⁴ 72 P.S. §§ 402 and 403.

¹⁵ 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.

¹⁶ 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
Control Environment	
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
Risk Assessment	
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
Control Activities	
10	Design control activities
11	Design activities for the information system
12	Implement control activities
Information and Communication	
13	Use quality information
14	Communicate internally
15	Communicate externally
Monitoring	
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		
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?¹⁷
- ✓ To address this objective, we assessed the District's internal controls for obtaining, processing, and reporting transportation data to PDE. We reconciled the reported days, mileage, and number of students transported for all 444 vehicles reported as transporting students on the PDE-2518 (*Summary of Individual Vehicle Data for Contracted Service*) to the District created summary weighted average calculations for the 2016-17 through 2019-20 school years. Additionally, we obtained building calendars for all schools where students were transported to during the audit period and vehicle rosters for all 444 vehicles to verify that the number of students and days were accurately calculated and reported to PDE.¹⁸

In addition, we assessed the District's internal controls for inputting, processing, and reporting nonpublic school student data to PDE. We reviewed all 1,532 nonpublic students reported to PDE as transported by the District during the 2016-17 through 2019-20 school years.¹⁹ We obtained all individual requests for transportation and vehicle rosters for each year of the audit period to ensure that the District accurately categorized and reported nonpublic school students, and to also verify that the District was accurately reimbursed for these students.

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

¹⁷ See 24 P.S. § 25-2541(a).

¹⁸ The District transported students to 19 buildings in the 2016-17 school year; 23 buildings in the 2017-18 school year; 25 buildings in the 2018-19 school year; and 20 different buildings in the 2019-20 school year.

¹⁹ The District reported 357 nonpublic school students in the 2016-17 school year, 412 nonpublic school students in the 2017-18 school year, 451 nonpublic school students in the 2018-19 school year, and 312 nonpublic school students in the 2019-20 school year.

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 clearances²⁰ as outlined in applicable laws?²¹ 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 required bus driver qualification documents. We determined if all drivers were approved by the District’s Board. We randomly selected 80 of the 159 contracted drivers transporting District students as of August 31, 2021.²² We reviewed documentation to ensure the District complied with the qualification and clearance requirements for those drivers. We also determined if the District had monitoring procedures to ensure those drivers selected had updated clearances, licenses, and physicals.

Conclusion: The results of our procedures did not identify any reportable issues; however, we did identify internal control deficiencies that were not significant to our objective but warranted the attention of District management and those charged with governance. These deficiencies were communicated to District management and those charged with governance for their consideration.

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?²³ Also, did the District follow best practices related to physical building security and providing a safe school environment?
- ✓ To address this objective, we obtained and reviewed a variety of documentation including safety plans, training schedules, risk and vulnerability assessments, anti-bullying policies, safety committee meetings, school climate surveys, and memorandums of understanding with local law enforcement.

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.

²⁰ 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.

²¹ 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*.

²² While representative selection is a required factor of audit sampling methodologies, audit sampling methodology was not applied to achieve this test objective; accordingly, the results of this audit procedure are not, and should not be, projected to the population.

²³ Safe Schools Act 24 P.S. § 13-1301-A *et seq.*, Emergency Management Services Code 35 Pa.C.S. § 7701.

- Did the District comply with the fire and security drill requirements of Section 1517 of the Public School Code?²⁴ 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 obtained and reviewed the District’s fire/security drill records for all 11 District school buildings for the 2018-19 and 2019-20 school years. We determined if a security drill was held within the first 90 days of the school year for each building in the District and if monthly fire drills were conducted 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.

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

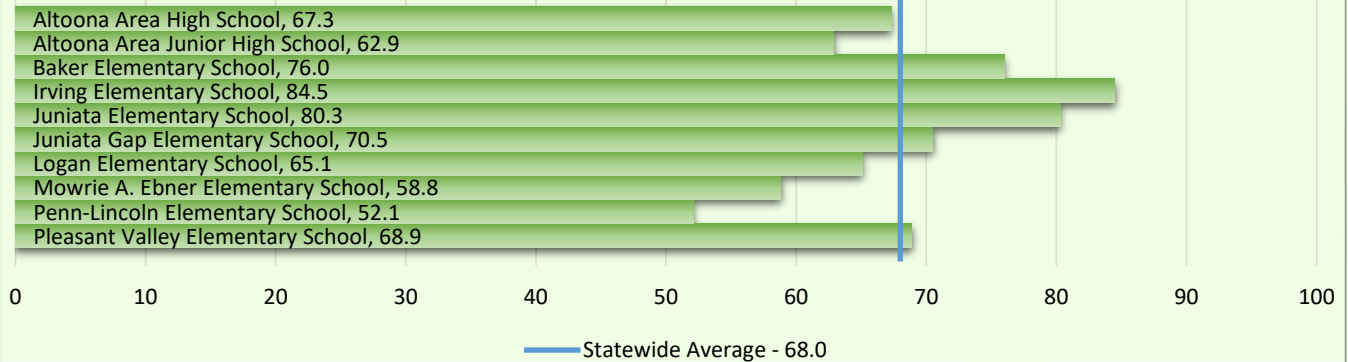
²⁴ Public School Code (Fire and Security Drills) 24 P.S. § 15-1517.

Appendix B: Academic Detail

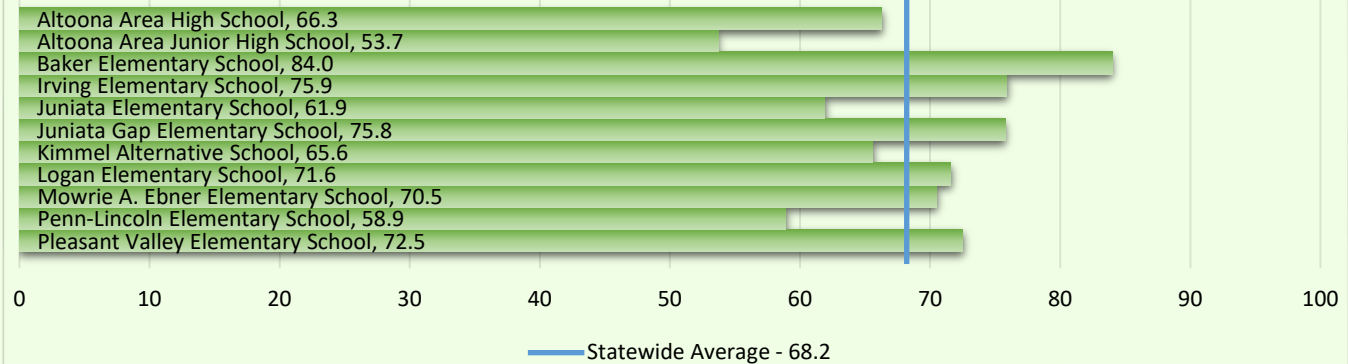
Benchmarks noted in the following graphs represent the statewide average of all public school buildings in the Commonwealth that received a score in the category and year noted.²⁵ Please note that if one of the District's schools did not receive a score in a particular category and year presented below, the school will not be listed in the corresponding graph.²⁶

SPP School Scores Compared to Statewide Averages

2018-19



2017-18

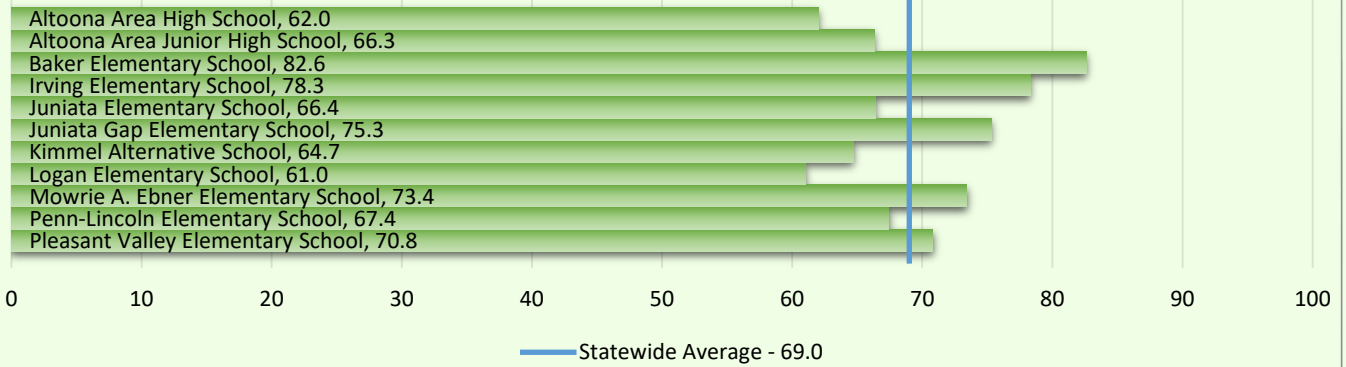


²⁵ Statewide averages were calculated by our Department based on individual school building scores for all public schools in the Commonwealth, including district schools, charters schools, and cyber charter schools.

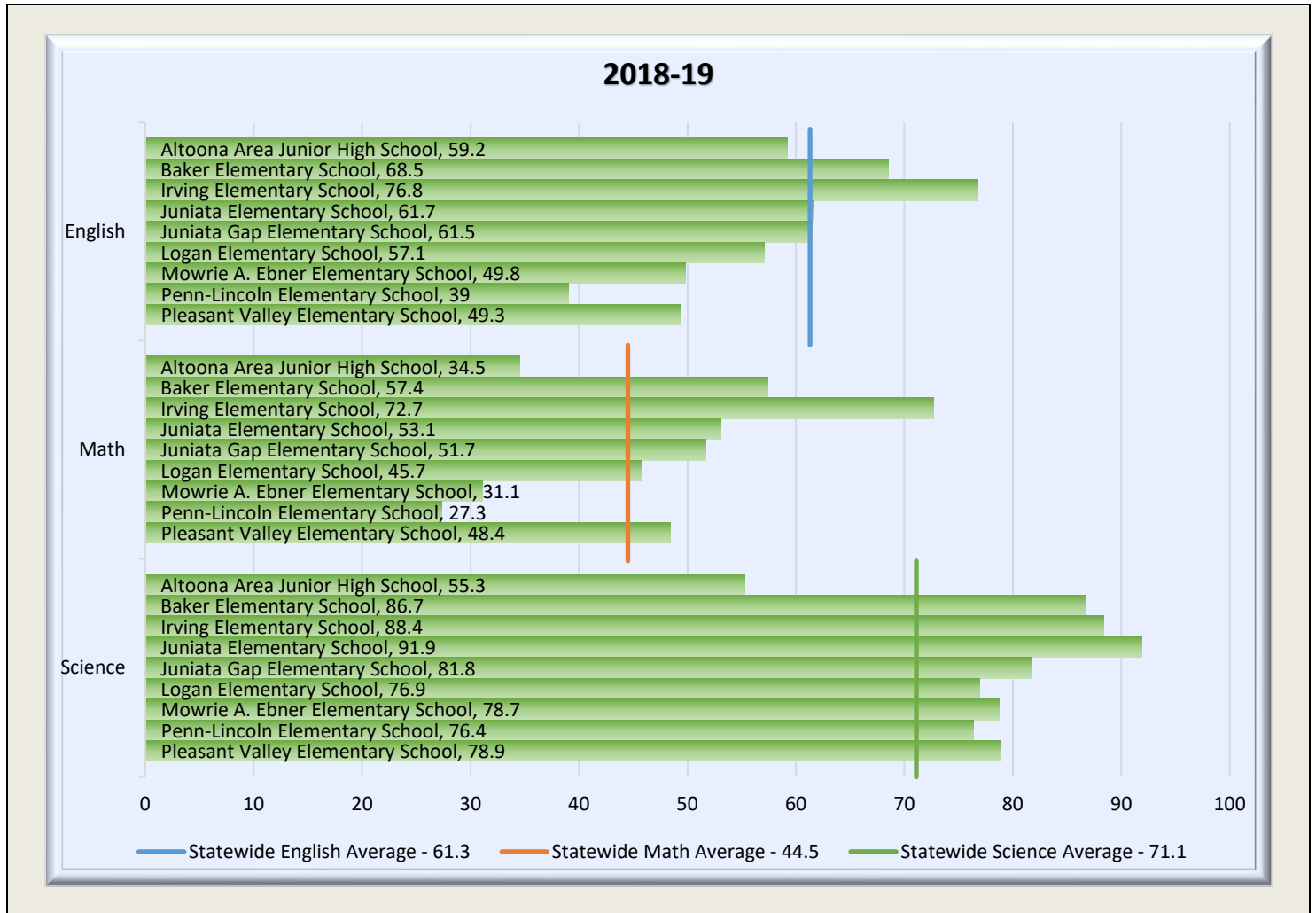
²⁶ PDE's data does not provide any further information regarding the reason a score was not published for a specific school. However, readers can refer to PDE's website for general information regarding the issuance of academic scores.

SPP School Scores Compared to Statewide Averages (continued)

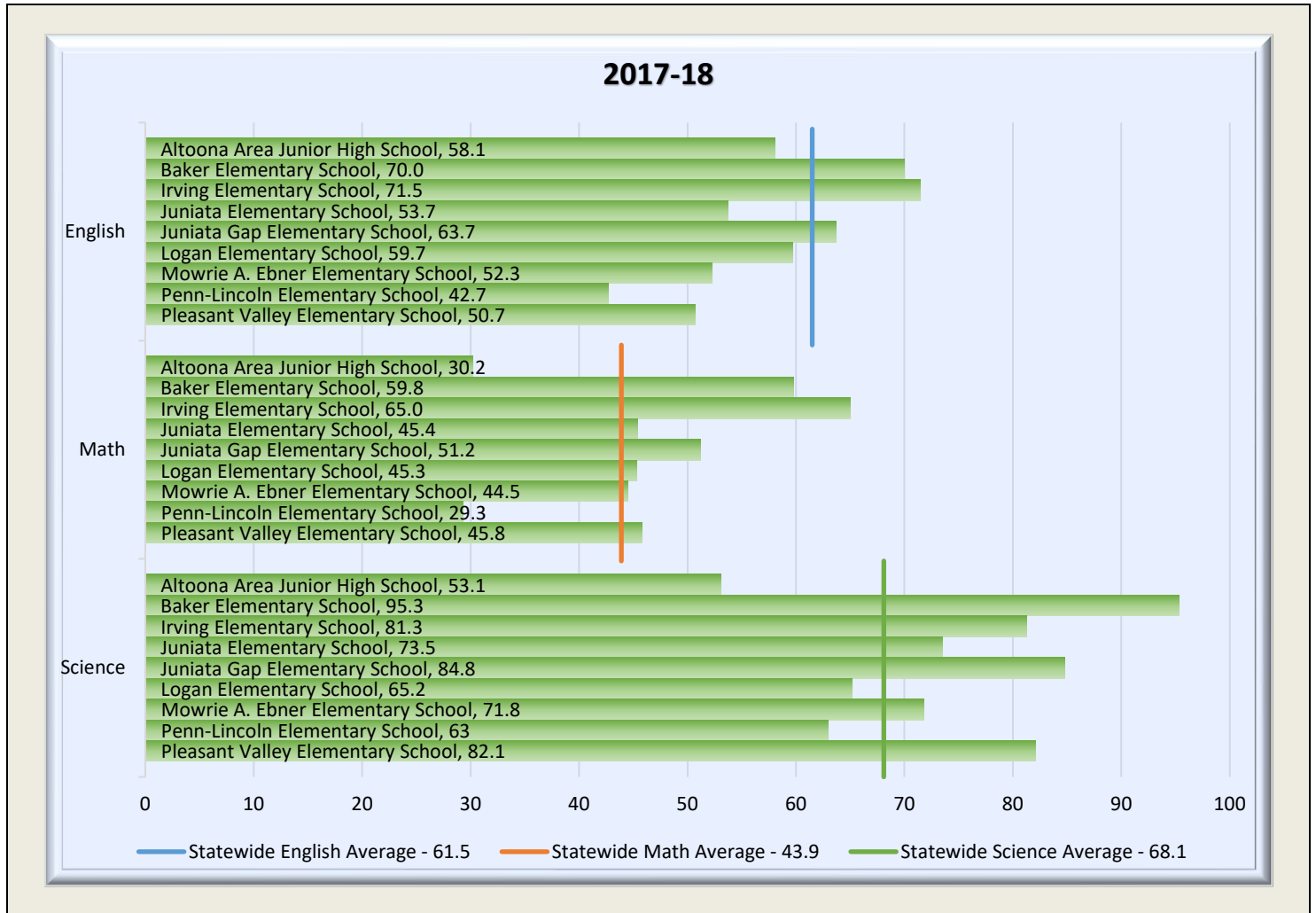
2016-17



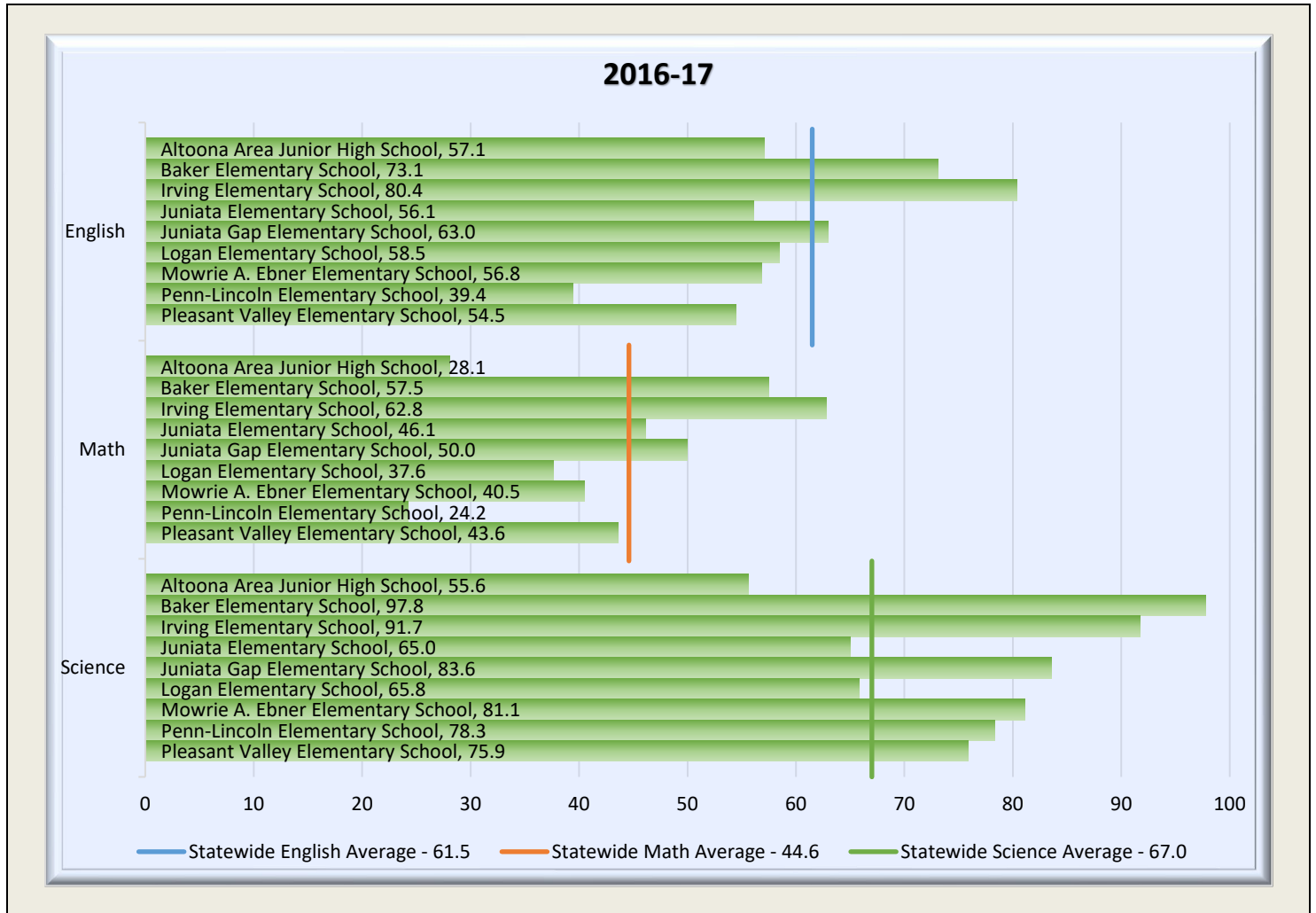
**PSSA Advanced or Proficient Percentage
School Scores Compared to Statewide Averages**



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

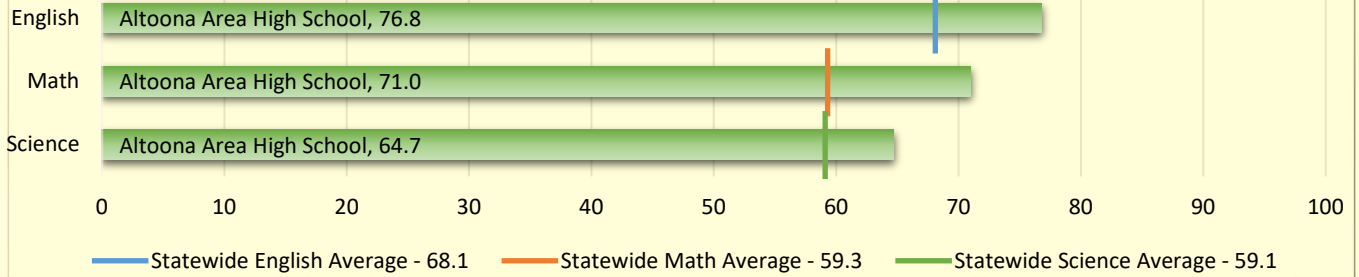


**PSSA Advanced or Proficient Percentage
School Scores Compared to Statewide Averages (continued)**

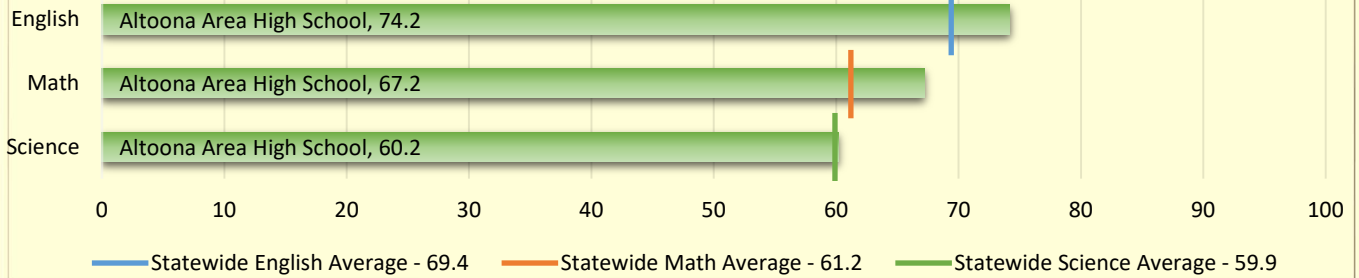


Keystone Advanced or Proficient Percentage School Scores Compared to Statewide Averages

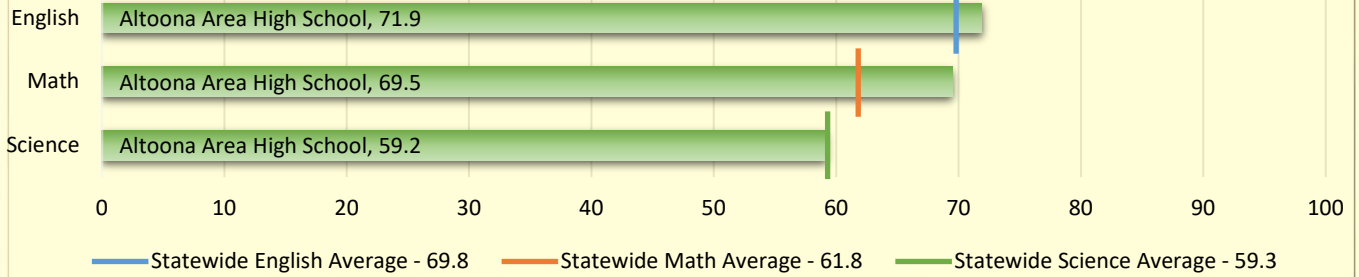
2018-19



2017-18



2016-17



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