

PERFORMANCE AUDIT

Bangor Area School District Northampton County, Pennsylvania

May 2020



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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**EUGENE A. DePASQUALE
AUDITOR GENERAL**

Dr. William P. Haws, Superintendent
Bangor Area School District
123 Five Points Richmond Road
Bangor, Pennsylvania 18013

Mr. Michael Goffredo, Board President
Bangor Area School District
123 Five Points Richmond Road
Bangor, Pennsylvania 18013

Dear Dr. Haws and Mr. Goffredo:

Our performance audit of the Bangor Area School District (District) evaluated the application of best practices in the area of finance. In addition, this audit determined the District's compliance with certain relevant state laws, regulations, contracts, and administrative procedures (relevant requirements). This audit covered the period July 1, 2014 through June 30, 2018, except as otherwise indicated in the audit scope, objective, and methodology section of the report. 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 found that the District applied best practices in the area listed above; however, we found significant instances of noncompliance with relevant requirements as detailed in our three findings noted in this audit report. A summary of the results is presented in the Executive Summary section of the audit report.

We also evaluated the application of best practices in the area of school safety. 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 results in this report. However, we communicated the results of our review of school safety to District officials, the Pennsylvania Department of Education, and other appropriate officials as deemed necessary.

Our audit findings and recommendations have been discussed with the District's management, 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 relevant requirements. We appreciate the District's cooperation during the course of the audit.

Sincerely,

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale".

Eugene A. DePasquale
Auditor General

May 27, 2020

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

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Executive Summary

Audit Work

The Pennsylvania Department of the Auditor General conducted a performance audit of the Bangor Area School District (District). Our audit sought to answer certain questions regarding the District's application of best practices and compliance with certain relevant state laws, regulations, contracts, and administrative procedures.

Our audit scope covered the period July 1, 2014 through June 30, 2018, except as otherwise indicated in the audit scope, objectives, and methodology section of the report (see Appendix A). Compliance specific to state subsidies and reimbursements was determined for the 2014-15 through 2017-18 school years.

Audit Conclusion and Results

Our audit found that the District applied best practices and complied, in all significant respects, with certain relevant state laws, regulations, contracts, and administrative procedures, except for three findings.

Finding No. 1: The District Failed to Retain Required Supporting Documentation For Multiple Components of Its Transportation Reimbursement. The District did not comply with the record retention provision of the Public School Code (PSC) when it failed to retain adequate documentation to support student transportation data reported to the Pennsylvania Department of Education (PDE). Specifically, the District failed to retain documentation to support the number of nonpublic school and charter school students transported during the 2014-15 through 2017-18 school years. Additionally, the District failed to retain documentation to support the number of students reported to PDE as reimbursable due to living on a Pennsylvania Department of

Transportation (Penn-DOT) determined hazardous walking route (see page 8).

Finding No. 2: The District Lacked Required Documentation to Verify \$45,026 in Nonresident Foster Student Reimbursement Received. The District reported a total of 18 students to PDE for reimbursements as nonresident foster students during the audit period. The District was reimbursed \$161,036 based on the reported information. We found that the District had adequate supporting documentation for 10, or 55 percent, of the nonresident foster students reported to PDE. Of the remaining eight students reported to PDE, the District lacked the required supporting documentation for us to conclude on the accuracy of the reported residency status. The District was reimbursed \$45,026 for these eight students, and we could not confirm the accuracy of the reimbursements received (see page 13).

Finding No. 3: The District Failed in Its Legal Duty to Ensure Drivers Were Qualified and Cleared to Transport Students, Thereby Putting Them at Risk of Harm. The District failed to meet its statutory obligations related to the employment of individuals having direct contact with students during the 2019-20 school year by not maintaining complete and updated records for all bus drivers transporting students. We also found that the District was not following or monitoring adherence to its own transportation contract, which required the contractor to provide all necessary documentation to the District. Finally, the District's Board of School Directors did not approve bus drivers prior to the start of the school year. By not adequately maintaining and monitoring driver qualifications, the District could not ensure that all contracted bus drivers were properly qualified and cleared to transport students (see page 15).

Status of Prior Audit Findings and Observations.

With regard to the status of our prior audit recommendations to the District of an audit released on September 15, 2015, we found that the District partially implemented our recommendations pertaining to vocational education errors found in the prior audit (see page 20).

We found that the District did not implement our recommendations pertaining to District errors in reporting membership data for nonresident foster children. However, PDE did implement our recommendation (see page 20).

We found that the District did implement our recommendations pertaining to payments for consulting services (see page 21).

Background Information

School Characteristics 2018-19 School Year ^A	
County	Northampton
Total Square Miles	86
Number of School Buildings	5
Total Teachers	224
Total Full or Part-Time Support Staff	154
Total Administrators	22
Total Enrollment for Most Recent School Year	2,973
Intermediate Unit Number	20
District Career and Technical School	Career Institute of Technology

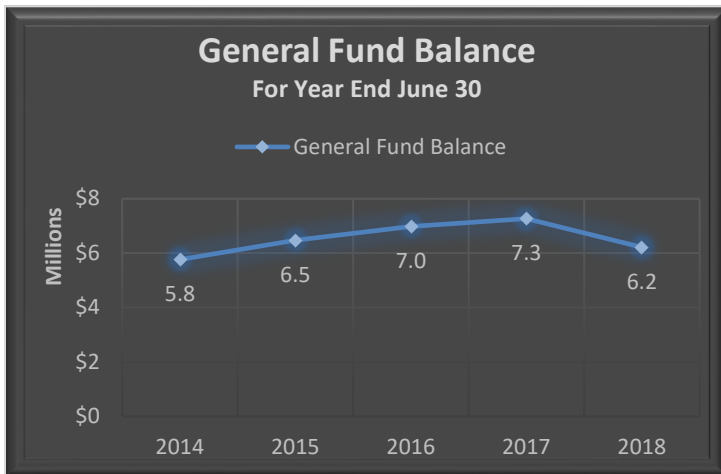
A - Source: Information provided by the District administration and is unaudited.

Mission Statement^A

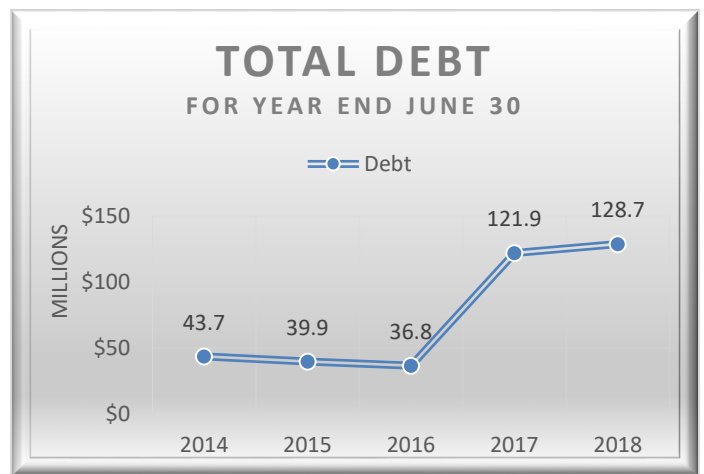
Bangor Slaters – Excellence Today; Success Tomorrow

Financial Information

The following pages contain financial information about the Bangor Area School District (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**.

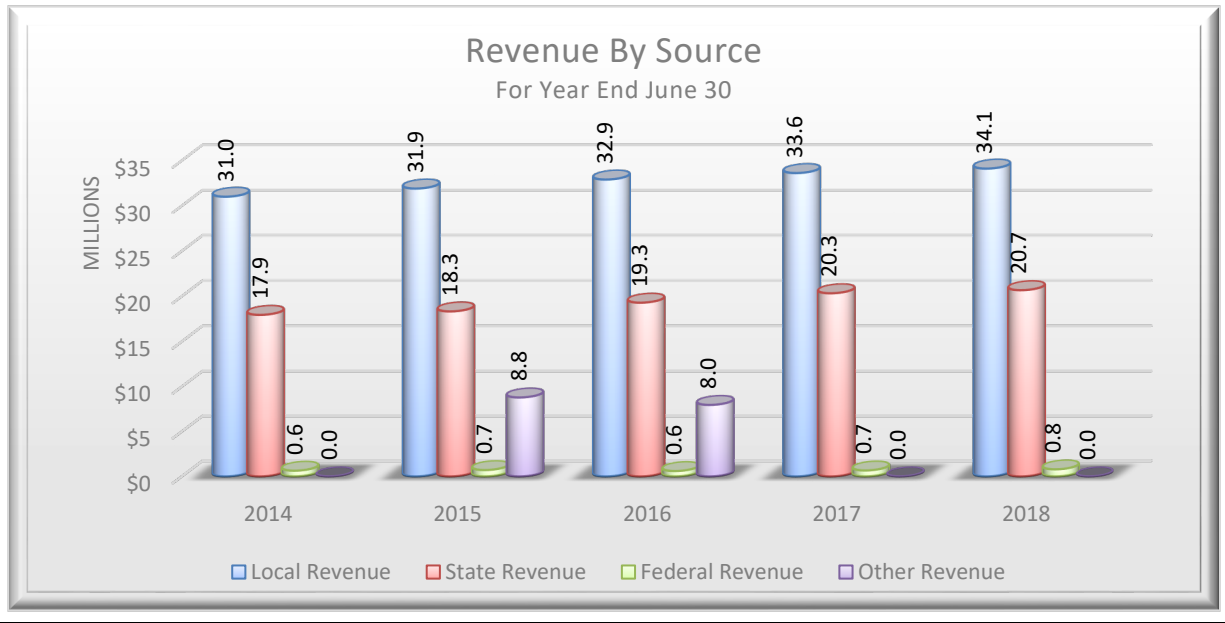
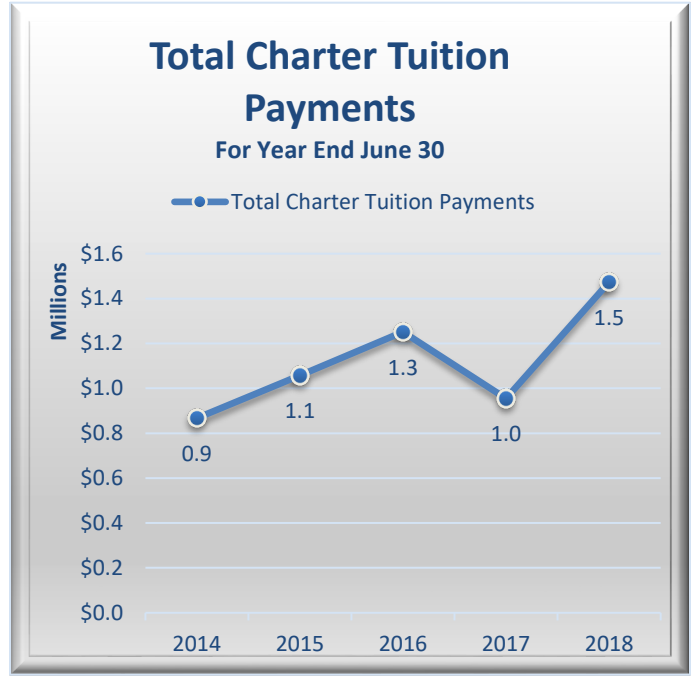
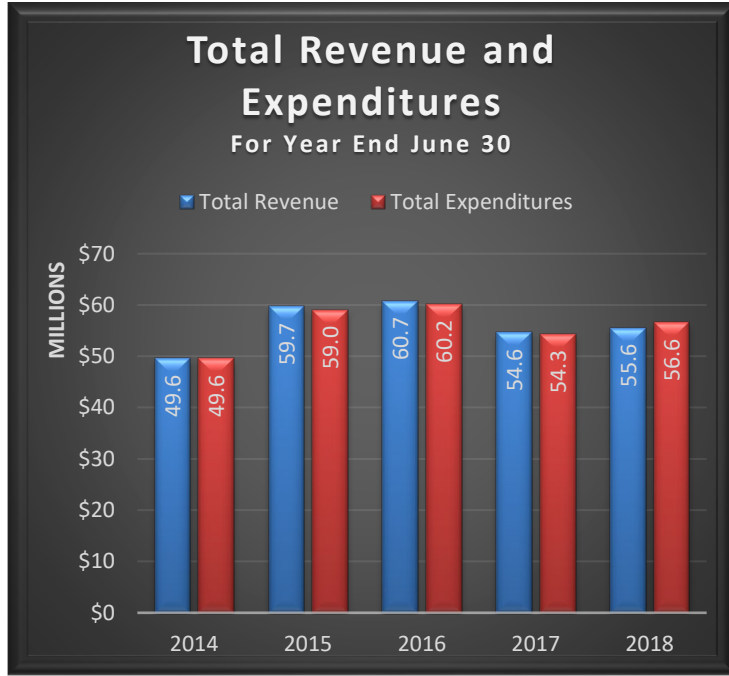


Note: General Fund Balance is comprised of the District’s Committed, Assigned and Unassigned Fund Balances.



Note: Total Debt is comprised of Short-Term Borrowing, General Obligation Bonds, Authority Building Obligations, Other Long-Term Debt, Other Post-Employment Benefits, Compensated Absences and Net Pension Liability.

Financial Information Continued

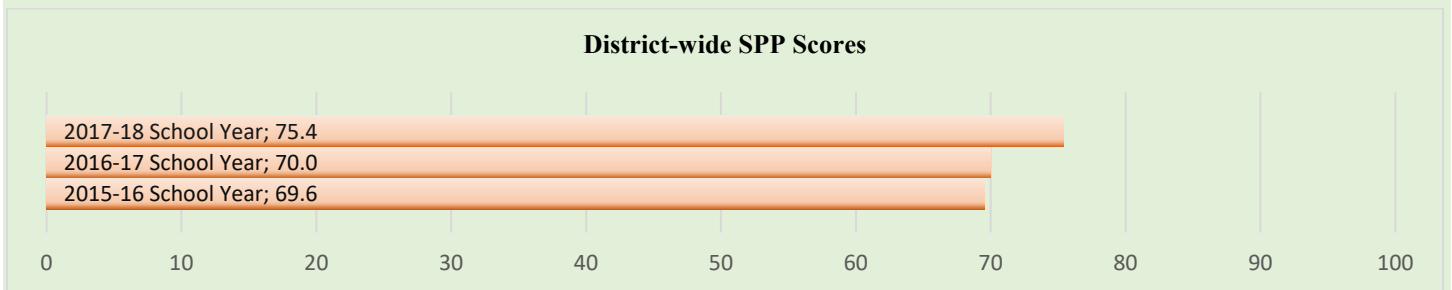


Academic Information

The graphs on the following pages present the District-wide School Performance Profile (SPP) scores, Pennsylvania System of School Assessment (PSSA) scores, Keystone Exam results, and 4-Year Cohort Graduation Rates for the District obtained from PDE's data files for the 2015-16, 2016-17, and 2017-18 school years.¹ 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. 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.²

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.³



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 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.

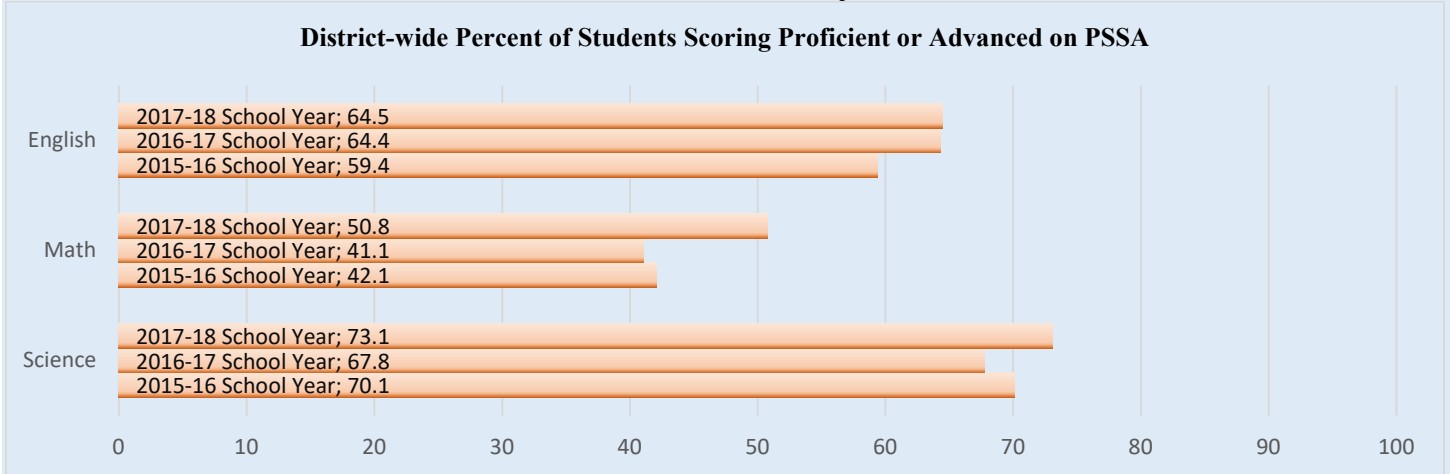
³ PDE started issuing a SPP score for all public school buildings beginning with the 2012-13 school year. For the 2014-15 school year, PDE only issued SPP scores for high schools taking the Keystone Exams as scores for elementary and middle scores were put on hold due to changes with PSSA testing. PDE resumed issuing a SPP score for all schools for the 2015-16 school year.

Academic Information Continued

What is the PSSA?

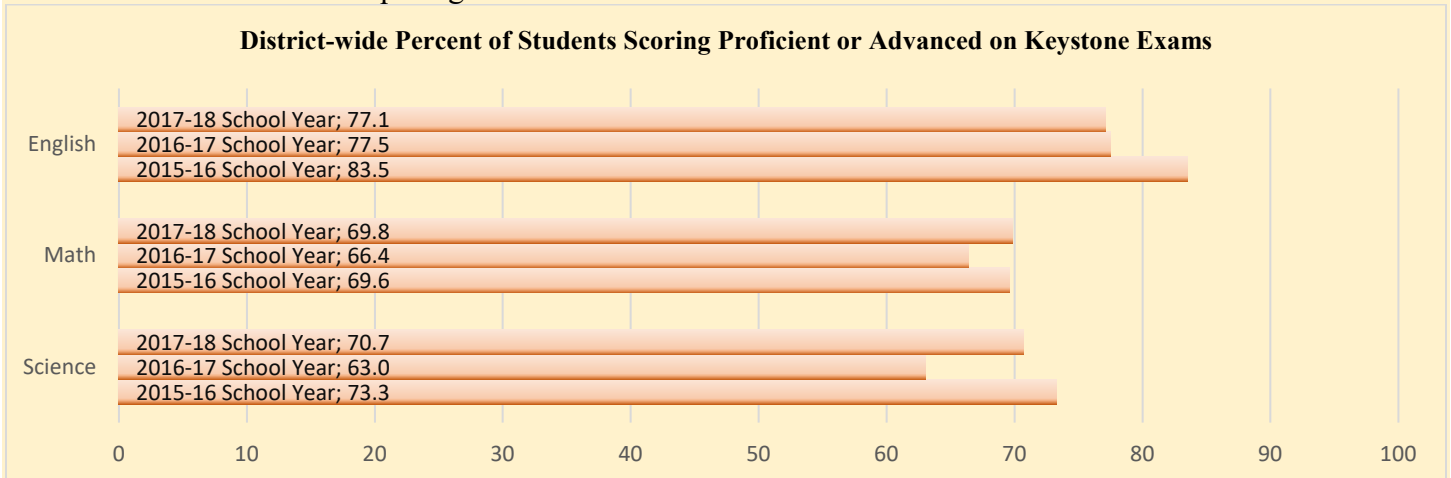
The PSSA is an annual, standardized test given across the Commonwealth to students in grades 3 through 8 in core subject areas, including English, Math and Science. The PSSAs help Pennsylvania meet federal and state requirements and inform instructional practices, as well as provide educators, stakeholders, 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.⁴ 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.

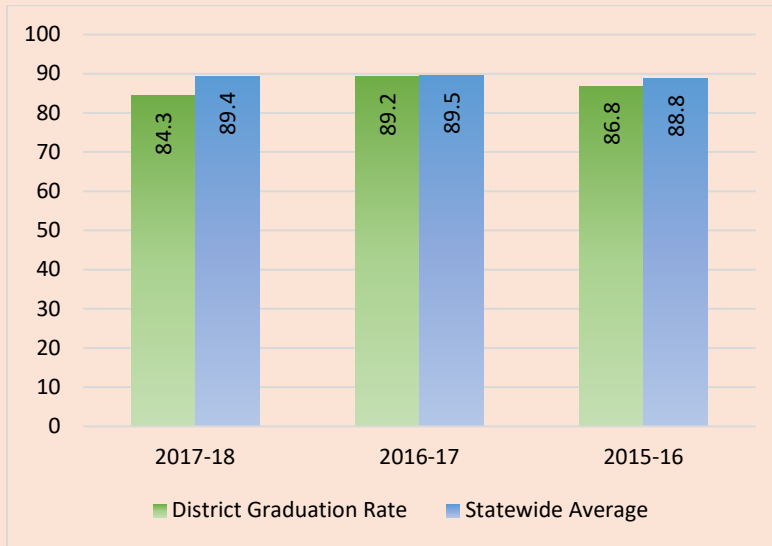


⁴ Act 158 of 2018, effective October 24, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement until the 2021-22 school year. See 24 P.S. § 1-121(b)(1).

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.⁵



⁵ PDE also calculates 5-year and 6-year cohort graduation rates. Please visit PDE's website for additional information: <http://www.education.pa.gov/Data-and-Statistics/Pages/Cohort-Graduation-Rate.aspx>.

Findings

Finding No. 1

The District Failed to Retain Required Supporting Documentation For Multiple Components of Its Transportation Reimbursement

Criteria relevant to the finding:

Record Retention Requirement

Section 518 of the Public School Code (PSC) requires that financial records of a district be retained by the district for a period of not less than six years. *See* 24 P.S. § 5-518.

Supplemental Transportation Subsidy for Public Charter School and Nonpublic School Students

The Charter School Law (CSL), through its reference to Section 2509.3 of the PSC, provides for an additional, per student subsidy for the transportation of charter school students. *See* 24 P.S. § 17-1726-A(a); 24 P.S. § 25-2509.3.

Section 1726-A(a) of the CSL (cited above) addresses the transportation of charter school students in that: “[s]tudents who attend a charter school located in their school district of residence, a regional charter school of which the school district is a part or a charter school located outside district boundaries at a distance not exceeding ten (10) miles by the nearest public highway shall be provided free transportation to the charter school by their school district of residence on such dates and periods that the charter school is in regular session whether or not transportation is provided on such dates and periods to students attending schools of the district...”

The Bangor Area School District (District) did not comply with the record retention provision of the Public School Code (PSC) when it failed to retain adequate documentation to support student transportation data reported to PDE. Specifically, the District failed to retain documentation to support the number of nonpublic school and charter school students transported during the 2014-15 through 2017-18 school years. Additionally, the District failed to retain documentation to support the number of students reported to PDE as reimbursable due to living on a Pennsylvania Department of Transportation (Penn-DOT) determined hazardous walking route.

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 based on the number of charter school and nonpublic school students transported at any time during the school year. The lack of documentation issues discussed in this finding pertain to both the District’s regular and supplemental transportation reimbursements received.

Without proper documentation, we were unable to determine the appropriateness of the District’s supplemental transportation reimbursement received for the 2014-15 through 2017-18 school years. Further, we were unable to determine the accuracy of the District’s regular transportation reimbursement received by the District for the 2014-15 school year.⁶ It is absolutely essential that records related to the District’s transportation expenses and reimbursements be retained in accordance with the PSC’s record retention provision (for a period of not less than six years) and be readily available for audit.⁷ As a state auditing agency, it is concerning to us that the District did not have the necessary and legally required documents available for audit. Periodic auditing of such documents is extremely important for District accountability and verification of accurate reporting.

⁶ The District did not retain supporting documentation for students reported as reimbursable due to living on a hazardous walking route for the 2015-16 through 2017-18 school years. However, the District’s reimbursement amount would not be affected by inaccurate hazardous walking route data for those years because the District’s aid ratio was over .5.

⁷ *See* 24 P.S. § 5-518.

*Criteria relevant to the finding
(continued):*

Section 1726-A(a) of the CSL further provides for districts to receive a state subsidy for transporting charter school students both within and outside district boundaries in that: “[d]istricts providing transportation to a charter school outside the district and, for the 2007-2008 school year and each school year thereafter, districts providing transportation to a charter school within the district shall be eligible for payments under section 2509.3 for each public school student transported.”

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. § 17-1726-A(a); 24 P.S. § 25-2509.3.

Student Transportation Subsidy

The 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.

It is also important to note that the PSC requires that all school districts annually file a sworn statement of student transportation data for both the prior and current school years with PDE in order to be eligible for the transportation subsidies. The Bangor Area School District completed this sworn statement for all four school years discussed in this finding. Further, the sworn statement of student transportation data should not be filed with the state Secretary of Education unless the data has been double-checked for accuracy by personnel trained on PDE’s reporting requirements. An official signing a sworn statement must be aware that by submitting the transportation data to PDE, he/she is asserting that the information is true and that they have verified evidence of accuracy.⁸

Supplemental Transportation Reimbursement

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.⁹ The PSC requires school districts to provide transportation services to students who reside in its district and who attend a nonpublic school or charter school, and it provides for a reimbursement from the Commonwealth of \$385 for each nonpublic school student transported by the district. This reimbursement was made applicable to the transportation of charter school students pursuant to an equivalent provision in the Charter School Law, which refers to Section 2509.3 of the PSC.¹⁰

⁸ Please note that while a sworn statement is different from an affidavit, in that a sworn statement is not typically signed or certified by a notary public but it is, nonetheless, taken under oath. *See* <https://legaldictionary.net/sworn-statement/> (accessed September 4, 2019).

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

¹⁰ *See* 24 P.S. § 17-1726-A(a) which refers to 24 P.S. § 25-2509.3. A charter school is an independent public school and educates public school students within the applicable school district. *See* 24 P.S. § 17-1703-A (relating to “Definitions”).

Criteria relevant to the finding (continued):

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).

Non-reimbursable Students

Non-reimbursable students are elementary students who reside within 1 ½ miles of their elementary school and secondary students who reside within 2 miles of their secondary school. Non reimbursable students do not include special education students or students who reside on routes determine by PennDOT to be hazardous. See 24 P.S. § 25-2541(c)(1) and (c)(2).

Sworn Statement and Annual Filing Requirements:

Section 2543 of the PSC 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 PDE in order to be eligible for the transportation subsidies. See 24 P.S. § 25-2543.

The table below shows the number of nonpublic school and charter school students reported to PDE as transported by the District during the 2014-15 through 2017-18 school year and the cumulative amount of supplemental transportation reimbursement received by the District.

Table 1

Bangor Area School District			
Supplemental Transportation Reimbursement			
School Year	Nonpublic School Students Reported	Charter School Students Reported	Supplemental Reimbursement Received¹¹
2014-15	129	1	\$ 50,050
2015-16	128	5	\$ 51,205
2016-17	122	7	\$ 49,665
2017-18	122	8	\$ 50,050
Total:	501	21	\$200,970

Regular Transportation Reimbursement

Elementary students residing less than 1.5 miles from their respective school and secondary students residing less than 2 miles from school are not eligible to be reported to PDE as reimbursable students unless they are a student enrolled in a special education program or the student resides on a PennDOT determined hazardous walking route. The table below shows the number of students reported to PDE as reimbursable due to residing on a hazardous walking route during the 2014-15 through 2017-18 school year.

Table 2

Bangor Area School District	
Regular Transportation Reimbursement	
School Year	# of Students Reported as Reimbursable Due to Residing on a Hazardous Route
2014-15	231
2015-16	200
2016-17	250
2017-18	227
Total:	908

The reported number of public hazardous route students fluctuated significantly during the 4-year audit period. Based on past accumulative experience, fluctuations in the number of students reported as residing on hazardous walking routes necessitate a review of the reported information. However, the District failed to maintain the required hazardous route

¹¹ This amount is computed by multiplying the total amount of nonpublic school and charter school students by \$385.

*Criteria relevant to the finding
(continued):*

Section 2543 of the PSC, which is titled, “**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.) Ibid.

student walking route documentation certified by PennDOT for four of the District’s five school buildings. Without this supporting documentation, we were unable to verify if the District accurately reported these students as reimbursable, or if these students should have been reported as non-reimbursable.

Lack of Internal Controls over Reporting Transportation Data

The District contracted with a transportation vendor to provide transportation services for the District during the audit period. The District relied on the contractor to provide the number of nonpublic school and charter school students, as well as, students who were reimbursable due to residing on a hazardous walking route to be reported to PDE. The District did require its contractor to provide a listing of students to be reported; however, the District did not require supporting documentation for the students. Without supporting documentation, the District was unable to reconcile the number of students reported to the supporting documentation to help ensure accurate reporting. District officials stated that they reported data provided by its contractor and did not conduct procedures to verify the accuracy and completeness of the data provided by the contractor.

Conclusion

The District did not comply with the PSC by not requiring supporting documentation from its contractor when reporting transportation data. The District is obligated to not only retain the transportation data, but also ensure that this data is accurate prior to reporting it to PDE for reimbursement. Transportation expenses and the subsequent transportation reimbursements are significant factors that can impact the District’s overall financial position. Therefore, it is in the best interest of the District to ensure that it regularly and consistently meets its fiduciary duties and complies with the PSC’s record retention requirements.

Recommendations

The *Bangor Area School District* should:

1. Immediately take the appropriate administrative measures to ensure that it retains all documentation supporting the transportation data reported to PDE, including all supporting documentation for students who are reimbursable due to residing on a hazardous walking route, in accordance with the PSC’s record retention requirements.
2. Establish a safe and adequate location to store all source documents and calculations supporting the transportation data submitted to PDE.
3. Ensure that record retention procedures are documented and staff are trained on the procedures.

Management Response

District management provided the following response:

Based on information provided by the auditor, management acknowledges that the District did not retain that level of documentation regarding the transportation data of nonpublic and charter school students for the audit period in question. Based on the recommendations contained in the audit report, the District will implement procedures with its transportation services provider to ensure that documentation for PDE reimbursement of nonpublic and charter school students is obtained and filed on an annual basis.

Based on information provided by the auditor, management acknowledges that the District did not have PennDOT hazardous student walking route documentation for those students transported to school buildings located at the District's Five Points Richmond Road campus. However, the District did have PennDOT hazardous student walking route documentation for those students transported to its Washington Elementary school building. Furthermore, the District did obtain the required PennDOT hazardous student walking route documentation for Five Points Richmond Road prior to the completion of the audit.

Auditor Conclusion

We are encouraged that the District plans to implement procedures to ensure that nonpublic and charter school student documentation is obtained for use in filing the required PDE reports. At the time of our review of this information, the District did not have the PennDOT determined hazardous walking route documentation for students attending four of the five District buildings.

We requested that District personnel contact PennDOT to obtain their determinations of hazardous route documentation within the District boundaries. On February 4, 2020, PennDOT notified the District that they completed a review of Five Points Richmond Road, the route to the remaining four school buildings, and determined the road to be a hazardous walking route.

Without the documentation during the years we reviewed, District personnel were unable to make the determination that all elementary and secondary students transported residing within 1.5 and 2.0 miles were eligible to be reported as reimbursable due to residing on a hazardous walking route. We appreciate that the District took corrective action by obtaining the required PennDOT hazardous walking route documentation for Five Points Richmond Road. We believe that implementing our recommendations will help the District accurately report this information to PDE in the future. We will review any additional corrective actions implemented during our next audit of the District.

Finding No. 2

The District Lacked Required Documentation to Verify \$45,026 in Nonresident Foster Student Reimbursement Received

Criteria relevant to the finding:

The State Board of Education's regulations and the Pennsylvania Department of Education (PDE) guidelines govern the classifications of nonresident children placed in private homes.

Payment of Tuition

Section 1305(a) of the PSC provides for Commonwealth payment of tuition for nonresident children placed in private homes as follows:

“When a non-resident child is placed in the home of a resident of any school district by order of court or by arrangement with an association, agency, or institution having the care of neglected and dependent children, **such resident being compensated for keeping the child**, any child of school age so placed shall be entitled to all free school privileges accorded to resident school children of the district, including the right to attend the public high school maintained in such district or in other districts in the same manner as though such child were in fact a resident school child of the district.” [Emphasis added.] See 24 P.S. § 13-1305(a).

The District reported a total of 18 students to PDE for reimbursements as nonresident foster students during the audit period. The District was reimbursed \$161,036 based on the reported information. We found that the District had adequate supporting documentation for 10, or 55 percent, of the nonresident foster students reported to PDE. Of the remaining eight students reported to PDE, the District lacked the required supporting documentation for us to conclude on the accuracy of the reported residency status. The District was reimbursed \$45,026 for these eight students, and we could not confirm the accuracy of the reimbursements received.

School districts are entitled to receive Commonwealth-paid tuition for educating certain nonresident students. To be eligible to receive Commonwealth-paid tuition, the student's parent/guardian must not be a resident of the educating district and the student must have been placed in the private home of a resident within the district by order of the court or by arrangement with an association, agency, or institution.¹² Additionally, the district resident must be compensated for the care of the student.

These students are commonly referred to as “foster students” and it is the responsibility of the educating District to obtain the required documentation to correctly categorize and accurately report the number of foster students it educates to PDE. The District did not obtain the required documentation to support the categorization and reporting of 8 foster students.

The documentation lacking for the eight foster students reported to PDE during the audit period included annually updated records that would confirm if the District's resident foster parent was being compensated for care of each student and annual documentation confirming that each student continued to meet the requirements to be reported as a foster student.

After our review of supporting documentation available, we concluded that the individual responsible for determining residency status at the District was not adequately trained on the documentation necessary to support categorizing a student as a foster student. The foster students accurately reported by the District all had complete documentation in the form of agency placement letters (APLs) provided by the county children

¹² For example, the applicable county children and youth agency.

*Criteria relevant to the finding
(continued):*

Section 2503(c) of the PSC specifies the amount of Commonwealth-paid tuition on behalf of nonresident children placed in private homes by providing, in part:

“Each school district, regardless of classification, which accepts any non-resident child in its school under the provisions of section **one thousand three hundred five** . . . shall be paid by the Commonwealth an amount equal to the tuition charge per elementary pupil or the tuition charge per high school pupil, as the case may be . . .” [Emphasis added.] See 24 P.S. § 25-2503(c).

and youth agency. It was evident to us that without this provided documentation, the District did not know what documentation was needed to accurately report each student’s residency status.

The District lacked internal controls over the categorization and reporting of foster student data. The District did not have policies and procedures to assist personnel in accurately identifying a foster student and the required documentation needed to support this categorization. The District also did not have an adequate review process when a student was enrolled as a foster student. A District employee other than the official responsible for categorizing and enrolling nonresident foster students should have reviewed the documentation supporting this categorization prior to reporting information to PDE.

The *Bangor Area School District* should:

1. Ensure that District personnel responsible for enrolling students and making residency determinations are properly trained on the required documentation needed for nonresident foster students.
2. Develop policies and procedures to ensure that the District employee registering foster students is aware of what is needed to complete the registration process.
3. Ensure that District personnel other than the person categorizing foster students reviews nonresident foster student determinations for accuracy.

Management Response

District management provided the following response:

Based on information provided by the auditor, management acknowledges that the District did not retain that level of documentation needed for all nonresident, foster student determinations. Based on the recommendations contained in the audit report, the District will implement proper procedures and training with its staff to ensure sufficient documentation for PDE reimbursement. District will ensure that a second level review will be performed for accuracy on nonresident, foster student determinations.

Auditor Conclusion

We are encouraged that the District plans to implement our recommendations. We believe that implementing our recommendations will help the District accurately report nonresident foster student reimbursement information to PDE. We will review the District’s corrective actions implemented during our next audit of the District.

Finding No. 3

The District Failed in Its Legal Duty to Ensure Drivers Were Qualified and Cleared to Transport Students, Thereby Putting Them at Risk of Harm

Criteria relevant to the finding:

Chapter 23 (relating to Pupil Transportation) of the State Board of Education regulations, among other provisions, provides that the board of directors of a school district is responsible for the selection and approval of eligible operators who qualify under the law and regulations. *See*, in particular, 22 Pa. Code § 23.4(2).

Section 111 of the PSC requires state and federal criminal background checks and Section 6344(b) of the Child Protective Services Law (CPSL) requires a child abuse clearance. *See* 24 P.S. § 1-111 and 23 Pa.C.S. § 6344(b), as amended. Additionally, administrators are required to maintain copies of all required clearances. *See* 24 P.S. § 1-111(b) and (c.1) and 23 Pa.C.S. § 6344(b.1).

Furthermore, both the PSC and the CPSL now require recertification of the required state and federal background checks and the child abuse clearance every 60 months (or every five years). *See* 24 P.S. § 1-111(c.4) and 23 Pa.C.S. § 6344.4.

The District failed to meet its statutory obligations related to the employment of individuals having direct contact with students during the 2019-20 school year by not maintaining complete and updated records for all bus drivers transporting students. We also found that the District was not following or monitoring adherence to its own transportation contract, which required the contractor to provide all necessary documentation to the District. Finally, the District's Board of School Directors (Board) did not approve bus drivers prior to the start of the school year. By not adequately maintaining and monitoring driver qualifications, the District could not ensure that all contracted bus drivers were properly qualified and cleared to transport students.

Background

The District utilizes a transportation contractor to provide bus drivers to transport District students. Pursuant to the transportation contract, the contractor is supposed to provide the District with a list of drivers at the beginning of each school year, as well as the required qualification documentation for each driver. Our review found that both the District and its contractor were not adequately maintaining and monitoring required documentation.

Employment Requirements

Several state statutes and regulations establish the minimum required qualifications for school bus drivers. The ultimate purpose of these requirements is to ensure the protection, safety, and welfare of the students transported on school buses.

Regardless of whether they hire their own drivers or use a contractor's drivers, school districts are required to verify and have on file a copy of the following documents for each employed or contracted driver *before* he or she can transport students with Board approval:

1. Driver qualification credentials,¹³ including:
 - a. Valid driver's license (Commercial driver's license if operating a school bus).

¹³ Pennsylvania's Vehicle Code, 75 Pa.C.S. §§ 1508.1 (relating to Physical examinations) and 1509 (relating to Qualifications for school bus driver endorsement).

*Criteria relevant to the finding
(continued):*

With regard to criminal background checks, Sections 111(b) and (c.1) of the PSC require prospective school employees who have direct contact with children, including independent contractors and their employees, to submit a report of criminal history record information obtained from the Pennsylvania State Police, as well as a report of Federal criminal history record information obtained from the Federal Bureau of Investigation. *See* 24 P.S. § 1-111(b) and (c.1).

Moreover, Section 6344(a.1) and (b)(1) of the CPSL require school employees to obtain a Pennsylvania Child Abuse History Clearance to certify whether an applicant is named in the Statewide database as an alleged perpetrator in a pending child abuse investigation or as the perpetrator of a founded report or an indicated report. *See* 23 Pa.C.S. § 6344(a.1) and (b)(1).

As for contracted school bus drivers, Section 111(a.1)(1) specifies that all bus drivers employed by a school entity through an independent contractor who have direct contact with children must comply with Section 111 of the PSC. *See* 24 P.S. § 1-111(a.1)(1). *See also* CPSL 23 Pa.C.S. § 6344(a.1)(1).

Pursuant to Section 111(c.4) of the PSC, administrators are required to review the background clearances and determine if the clearance reports disclose information that may require further action. *See* 24 P.S. § 1-111(c.4).

- b. Valid school bus endorsement card, commonly referred to as an “S” card, indicating completion of skills and safety training (if operating a school bus).
 - c. Annual physical examination (if operating a school bus).
2. Criminal history reports/clearances:
 - a. State Criminal History Clearance (PSP clearance).
 - b. Federal Criminal History Clearance, based on a full set of fingerprints (FBI clearance).
 - c. PA Child Abuse History Clearance.

Missing and Expired Driver Qualification Records and Background Clearances

In December 2019, we obtained a list of bus drivers transporting students during the 2019-20 school year. The District provided a list of 80 drivers, and we verified the completeness of that list with the contractor. We then requested and reviewed the District’s personnel files of all 80 drivers employed by the District’s transportation contractor for our review period to determine whether the District complied with bus driver requirements, including the maintenance and monitoring of required documentation.

We determined that although some bus driver documentation was maintained at the District, the District failed to maintain complete records and properly monitor and update driver records throughout employment. Instead, the District was relying on its contractor to provide required documentation, which was not always happening and not being monitored. Specifically, on December 19, 2019, we reviewed the District’s personnel files for the 80 drivers and found that **required driver documentation was either not on file or out of date** as noted below:

- 80 drivers, or 100 percent of all drivers, were missing a valid driver’s license with the required “S” endorsement.
- 80 drivers, or 100 percent of all drivers, were missing the physical examination record.
- 3 drivers were missing the State Criminal History Clearance, and 2 had expired clearances.
- 16 drivers were missing the Federal Criminal History Clearance, and 1 had an expired clearance.
- 7 drivers were missing the PA Child Abuse History Clearance, and 1 had an expired clearance.

After review and discussion of the missing and/or expired documentation, the District then sought to obtain the records directly from the contractor. The contractor provided valid licenses and physical cards for all of its drivers. However, the contractor maintained insufficient clearance

*Criteria relevant to the finding
(continued):*

Administrators are also required to review the required documentation according to Section 111(g)(1) of the PSC. This section provides that an administrator, or other person responsible for employment decisions in a school or institution under this section who willfully fails to comply with the provisions of this section commits a violation of this act, subject to a hearing conducted by PDE, and shall be subject to a civil penalty up to \$2,500. *See* 24 P.S. § 1-111(g)(1).

Section 111(e) of the PSC lists convictions for certain criminal offenses that require an absolute ban to employment. Section 111(f.1) of the PSC requires that a ten, five, or three year look-back period for certain convictions be met before an individual is eligible for employment. *See* 24 P.S. § 1-111(e) and (f.1).

Section 8.2 of Title 22, Chapter 8 (relating to Criminal Background Checks) of the State Board of Education regulations requires, in part, “(a) School entities shall require a criminal history background check **prior to hiring an applicant or accepting the services of a contractor**, if the applicant, contractor or contractor’s employes would have direct contact with children.” [Emphasis added]. *See* 22 Pa. Code § 8.2(a).

Section 23.4 of Title 22, Chapter 23 (relating to Pupil Transportation) of the State Board of Education regulations provide that the board of directors of a school district is responsible for the selection and approval of eligible operators who qualify under the law and regulations. *See* 22 Pa. Code § 23.4(2).

documentation to support whether its drivers were qualified and cleared to transport students. For example, many of the missing clearances noted above were not on file with the contractor either. Further, most of the drivers lacking these clearances either applied or re-applied to obtain these required clearances after we initially began our review of driver qualifications. Additionally, the fact that four drivers had expired clearances further illustrates a lack of monitoring by both the contractor and the District. Consequently, the risk of using ineligible individuals to transport students was heightened.

Ultimately, as of January 22, 2020, documentation was obtained to rectify the lack of documentation that was previously missing or expired. Our review of the documents obtained from the contractor found that all of the drivers were eligible to transport students.

Both the District and the contractor stated that all drivers had valid clearances that were reviewed and approved at the time of hire. The District explained that the lack of documentation was primarily due to District personnel failing to maintain hard copies of all clearances because they were reliant on the contractor to perform this duty. Additionally, the contractor stated that all required documentation was not added to their system during conversion from a manual to an electronic filing system. Further, both the District and the contractor stated they have zero-tolerance for hiring drivers with any criminal convictions or child abuse reports. However, a guarantee of zero-tolerance cannot be obtained without 100 percent of all drivers clearances being maintained, reviewed, and approved by the District.

Lack of Board Approval of Bus Drivers

The Board did not annually approve a list of drivers prior to the start of each school year, which is a mandated procedure required by the State Board of Education Regulations designed to provide the public with assurance that the administration has determined that authorized drivers have the required qualifications and clearances.¹⁴ According to the District’s Assistant to the Superintendent, the Board does not approve a list of drivers annually because the Board’s position is that they are contracted drivers and Board approval may result in confusion that they are District employees. Consequently, the Board’s failure to provide proper oversight of this important governance duty required by state regulations undermined student safety.

¹⁴ Section 23.4(2) of Chapter 23 (Pupil Transportation) of the State Board of Education Regulations in Title 22 provides that: “[t]he board of directors of a school district is responsible for all aspects of pupil transportation programs, including the following:***(2) The selection and approval of appropriate vehicles for use in district service and eligible operators who qualify under the law and regulations.” *See* 22 Pa. Code § 23.4(2).

Criteria relevant to the finding
(continued):

See also PDE's
"Clearances/Background Check"
web site for current school and
contractor guidance
([https://www.education.pa.gov/
Educators/Clearances/Pages/default.
aspx](https://www.education.pa.gov/Educators/Clearances/Pages/default.aspx)).

Failure to Follow and Monitor Transportation Contract

The District's contract with the transportation contractor states: "[b]y August 1st of each year the Contractor shall supply the District with a list of names...of all proposed employees along with copies of the required regulatory clearances and a copy of each individual's school bus license." However, the District failed to monitor the contractor's compliance with those provisions of the contract by not maintaining complete and proper records. Further, the District failed to comply with the contract's requirements to ensure its drivers were in compliance and not in violation of all of the relevant laws. Ultimately, the failures of both the contractor and the District put students at risk of harm.

Conclusion

The District and its Board did not meet their statutory obligations to ensure that bus drivers were qualified and eligible to transport students. Specifically, the District and its Board failed to comply with all applicable laws, regulations, PDE guidance documents, and its transportation contract by failing to obtain, review, and maintain all required bus driver qualifications and clearances and to have the board approve the drivers. Additionally, the District was not monitoring and updating ongoing driver requirements throughout employment. Ensuring that ongoing credential and clearance requirements are satisfied are vital to student protection, as well as, legal and governance obligations and responsibilities placed on the District and its Board. The ultimate purpose of these requirements is to ensure the safety and welfare of students transported on school buses. The use of a contractor to provide student transportation does not in any manner negate these legal and governance obligations and responsibilities.

Recommendations

The *Bangor Area School District* should:

1. Comply with the Public School Code's requirements to obtain, review, and maintain all contracted driver credentials and background clearances.
2. Require the Board to approve a vetted list of drivers *before* the start of each school year.
3. Develop and implement formal written procedures requiring the District to determine driver eligibility prior to employment and to conduct routine and ongoing monitoring of driver records. These procedures should ensure that all required credentials and clearances are obtained, reviewed, and on file at the District prior to individuals transporting students, and that all required documentation continues to be updated and complete. The procedures should also require the administration to attest in an open and public meeting before the Board

that the list of drivers provided for approval contains only drivers for whom the District has obtained *all* of the required records.

4. Ensure that both the District and the contractor are fulfilling all of their responsibilities outlined in the transportation contract.

Management Response

District management provided the following response:

Based on the information contained in the audit report, management notes that all 80 drivers (100% of all drivers) had valid driver's licenses with the required "S" endorsement and required physical examination records. These records were filed on Drive 360, which is an online record management system maintained by the contractor and available to the District.

Due to a clerical filing error, the District was unable to provide hard copies of final clearance certificates for the following: 1) State Criminal History Clearances (3 drivers); 2) Federal Criminal History Clearances (16 drivers); and 3) PA Child Abuse History Clearances (7 drivers). However, District management did provide email records documenting correspondence between the District and contractor, which showed that the clearances were received, reviewed and approved by the District. All of the missing documentation was obtained during the audit process and showed that all of the drivers were eligible to transport students.

Based on the recommendations contained in the audit report, the District will require Board approval of a vetted list of all drivers before the start of each school year. The District will also develop and implement formal written procedures requiring the determination of driver eligibility prior to employment and to conduct routine and ongoing monitoring of driver records.

Auditor Conclusion

We are encouraged that the District plans to develop appropriate procedures to ensure it obtains and reviews all required records to show driver eligibility prior to the Board approving drivers to transport students for the District. We believe that implementing our recommendations will help the District ensure that bus drivers transporting District students have the required driver's license records, including the required "S" endorsements, the physical examination records, and the background checks and clearances as outlined in the various applicable laws. We will review the District's corrective actions implemented during our next audit of the District.

Status of Prior Audit Findings and Observations

Our prior audit of the Bangor Area School District (District) released on September 15, 2015, resulted in three 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 interviewed District personnel and performed audit procedures as detailed in each status section below.

Auditor General Performance Audit Report Released on September 15, 2015

Prior Finding No. 1: Incorrect Reporting of Vocational Education Membership Data Resulted in the District Receiving Excess Subsidy Payments of \$103,676

Prior Finding Summary: For the 2010-11 and 2011-12 school years, the District incorrectly reported vocational education student (VES) membership days to the Pennsylvania Department of Education (PDE), resulting in receipt of excess VES payments of \$103,676.

Prior Recommendations: We recommended that the District should:

1. Review District-operated vocational education program guidelines to ensure compliance with student membership reporting requirements.
2. Review vocational education reports already submitted to PDE for the school years following 2011-12 to determine if there were reporting errors for those years as well, and if so, submit revisions to PDE.

We also recommended that PDE should:

3. Adjust the District's allocation to recover the VES overpayments of \$103,676.

Current Status: The District partially implemented our prior audit recommendations. The District eliminated the VES program after the 2012-13 school year because they believed that it was unable to meet the VES program guidelines. The District did not implement our second recommendation. The District did not review and make revisions to VES reports that were submitted to PDE for the 2012-13 school year. PDE did not implement our recommendation and did not adjust the District's subsidy to recover the overpayment cited in the prior audit report.

Prior Finding No. 2: Errors in Reporting Membership Data for Non-resident Foster Children Resulted in an Underpayment to the District of \$39,583

Prior Finding Summary: Student membership reports submitted by the District to PDE for the 2010-11 and 2011-12 school years found reporting errors for foster children for the 2011-12 school year, resulting in an underpayment of \$39,583. No errors were found for the 2010-11 school year.

Prior Recommendations: We recommended that the District should:

1. Strengthen internal controls to ensure student membership is accurately reported in accordance with PDE guidelines as follows:
 - a. Implement PDE guidelines set forth in its PIMS user manual for inputting data.
 - b. Prepare timely reconciliations of foster children's placing-agency letters with District reports to ensure that student membership is properly classified.
 - c. Perform a timely secondary review of membership summary reports prior to submission of final reports to PDE.
2. Review reports already submitted to PDE for the school years following 2011-12 to determine if coding errors resulted in incorrect reporting for those years as well, and if so, submit revisions to PDE.

We also recommended that PDE should:

3. Adjust the District's allocations so that it can recover the underpayment of \$39,583.

Current Status:

The District did not implement our prior recommendations and more information about the District's lack of controls in this area can be found in Finding No. 2 of this report. PDE did adjust the District's reimbursement to reconcile the underpayment in June 2017.

Prior Finding No. 3: In 2012-13, the District Paid Over \$142,000 to its Former Superintendent for Consulting Services that Appear to have not been Provided. In Addition, More Than \$18,000 of Payments Were Improperly Reported as Eligible Retirement Wages

Prior Finding Summary: The Board of School Directors (Board) hired its former Superintendent as a curriculum and special education services consultant immediately upon her resignation in July 2012. Under an Agreement to Alter Employment and General Release (Agreement), the Board agreed to pay the former Superintendent \$125,000 in consulting fees, \$1,500 in doctoral stipends, and additional benefits over approximately 12 months through July 31, 2013 through the District's accounts payable. The District's administration was unable to provide our auditors with evidence that the former Superintendent performed any work for the District during the period for which she had an agreement and was paid as a consultant. As a result of this agreement, the District paid the former Superintendent a total of \$142,608 in fees and benefits for the period.

Also, the District's administration improperly reported \$18,975 of the former Superintendent's compensation during this period to the Public School Employees' Retirement System (PSERS) for inclusion in her retirement even though this

compensation was ineligible under the PSERS Employer Reference Manual guidelines.

According to the District's current Business Manager, the former Superintendent did not provide any consulting services to the District for the period for which she was paid these fees per the Agreement. In addition, the District was unable to produce any documentation defining her duties or the scope of services she was to have provided to the District. Therefore, it is unclear what benefit, if any, the District received in exchange for the \$142,608 it paid to or on behalf of the former Superintendent.

Prior Recommendations: We recommended that the District should:

1. Require all of its professional services agreements to clearly define the following:
 - Type of services to be provided
 - Time-keeping requirements
 - Criteria by which the quality of services will be gauged by the District
 - Remedies for low and non-performance of services
2. Disclose in advance to the general public the reasons for entering into consulting or other agreements with soon-to-be retired or former employees, such as superintendents.
3. Implement procedures for timely review of salary and contribution reports to ensure that only eligible compensation is reported to PSERS for retirement contributions.

The *Public School Employees' Retirement System* should:

4. Review the propriety of the compensation reported for the former Superintendent and make any necessary adjustments.

Current Status:

The District did take corrective action by addressing its professional services agreement to define types and quality of services, time-keeping requirements, and remedies for low or non-performance of services. The District has not entered into any consulting agreements with any former or soon-to-be former employees. PSERS determined the compensation were not eligible as PSERS wages and adjusted the former Superintendent's retirement account accordingly.

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,¹⁵ 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.

Scope

Overall, our audit covered the period July 1, 2014 through June 30, 2018. In addition, the scope of each individual audit objective is detailed on the next page.

The Bangor Area School District's (District) management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the District is in compliance with certain relevant state laws, regulations, contracts, and administrative procedures (relevant requirements).¹⁶ In conducting our audit, we obtained an understanding of the District's internal controls, including any information technology controls, if applicable, that we considered to be significant within the context of our audit objectives. We assessed whether those controls were properly designed and implemented. Any deficiencies in internal controls that were identified during the conduct of our audit and determined to be significant within the context of our audit objectives are included in this report.

¹⁵ 72 P.S. §§ 402 and 403.

¹⁶ Internal controls are processes designed by management to provide reasonable assurance of achieving objectives in areas such as: effectiveness and efficiency of operations; relevance and reliability of operational and financial information; and compliance with certain relevant state laws, regulations, contracts, and administrative procedures.

Objectives/Methodology

In order to properly plan our audit and to guide us in selecting objectives, we reviewed pertinent laws and regulations, board meeting minutes, annual financial reports, annual budgets, new or amended policies and procedures, and the independent audit report of the District's basic financial statements for the fiscal years July 1, 2014 through June 30, 2018. We also determined if the District had key personnel or software vendor changes since the prior audit.

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

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

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

- 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 interviewed District personnel to get an understanding of the District's procedures for obtaining and reporting transportation data to PDE. We randomly selected 10 of 72 vehicles used to transport District students during the 2016-17 school year.¹⁸ For each vehicle tested, we reviewed route documentation provided by contracted drivers, odometer readings, and bus rosters and compared them to the number of students transported and the miles with and without students reported to PDE. We verified the number of days each vehicle traveled based on the District's school calendar.
 - ✓ Additionally, we compared vehicle rosters provided by the District's contractor and compared them to the total number of nonpublic school and charter school students reported to PDE for the 2014-15 through 2017-18 school years. We requested documentation to support the accuracy of the 501 nonpublic and 21 charter school students reported as requiring transportation for the 2014-15 through 2017-18 school years; however, the District was unable to provide this documentation.
 - ✓ Finally, we compared the District's list of elementary students living within 1.5 miles and all secondary students living within 2 miles from their schools to the number of students reported as reimbursable due to residing on a hazardous walking route determined by PennDOT for the 2014-15 and 2015-16 school year. We requested documentation to support the accuracy of these

¹⁷ See 24 P.S. §§ 13-1301, 13-1302, 13-1305, 13-1306; 22 Pa. Code Chapter 11.

¹⁸ 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.

908 students transported during the 2014-15 through 2017-18 school years and found the District did not have hazardous route documentation to support the students transported to 4 of the 5 District school buildings.

See Finding No. 1 for the results of this review.

- Did the District accurately report nonresident students to PDE? Did the District receive the correct reimbursement for these nonresident students?¹⁹
 - ✓ To address this objective, we compared student lists and membership days from the District's Student Information System to the total days reported on the Membership Summary and the Instructional Time and Membership Report to ensure the District accurately reported data for nonresident foster students to PDE. To ensure the District received the correct reimbursement for nonresident foster students, we requested agency placement letters (APLs) for all 18 nonresident foster students reported by the District to PDE during the 2014-15 through 2017-18 school years. We obtained documentation for 14 of the 18 reported. For all 14 students with APLs, we verified that the custodial parent and or guardian was not a resident of the District. For only 10 of the 14 students with APLs, we verified that the foster parent received a stipend for caring for the student. We were not able to verify if the foster parent received a stipend for the remaining 4 students with APLs. The results of our review of this objective can be found in Finding No. 2 of this report.
- Did the District ensure that bus drivers transporting District students had the required driver's license, physical exam, training, background checks, and clearances²⁰ as outlined in applicable laws?²¹ Also, did the District have written policies and procedures governing the hiring of new bus drivers that would, when followed, provide reasonable assurance of compliance with applicable laws?
 - ✓ To address this objective, we obtained a list of contracted bus and van drivers transporting District students on November 25, 2019, and compared this to the District's list of drivers for the 2019-20 school year. We tested all 80 of the District drivers. We reviewed documentation to ensure the District complied with the requirements for bus drivers. We also determined if the District had written policies and procedures governing the hiring of bus drivers and if those procedures ensure compliance with bus driver hiring requirements. The results of our review of this objective can be found in Finding No. 3 of this report.
- 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 five fiscal years from 2014-15 through 2017-18 fiscal years. The financial and statistical data was used to determine the District's General Fund balance, operating position, charter school costs, debt ratio, and current ratio. These financial

¹⁹ See 24 P.S. §§ 13-1301, 13-1302, 13-1305, 13-1306; 22 Pa. Code Chapter 11.

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

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 on Education Statistics. Our review of this objective did not disclose any reportable issues.

- Did the District pursue a contract buy-out with an administrator and if so, what was the total cost of the buy-out, what were the reasons for the termination/settlement, and did the employment contract(s) comply with the Public School Code²² and Public School Employees' Retirement System (PSERS) guidelines?
 - ✓ To address this objective, we reviewed the two individually contracted administrators that left the District during the audit period. We reviewed their final pays to ensure that the administrators were paid according to the terms of their contracts, and that the information was reported correctly to PSERS. We also obtained the current superintendent's contract to ensure that it contains required PSC language. Our review of this objective did not disclose any reportable issues.

- Did the District take actions to ensure it provided a safe school environment?²³
 - ✓ To address this objective, we reviewed a variety of documentation including, safety plans, training schedules, anti-bullying policies, and fire drill documentation. Due to the sensitive nature of school safety, the results of our review of this objective area are not described in our audit report but are shared with District officials, PDE, and other appropriate agencies as deemed necessary.

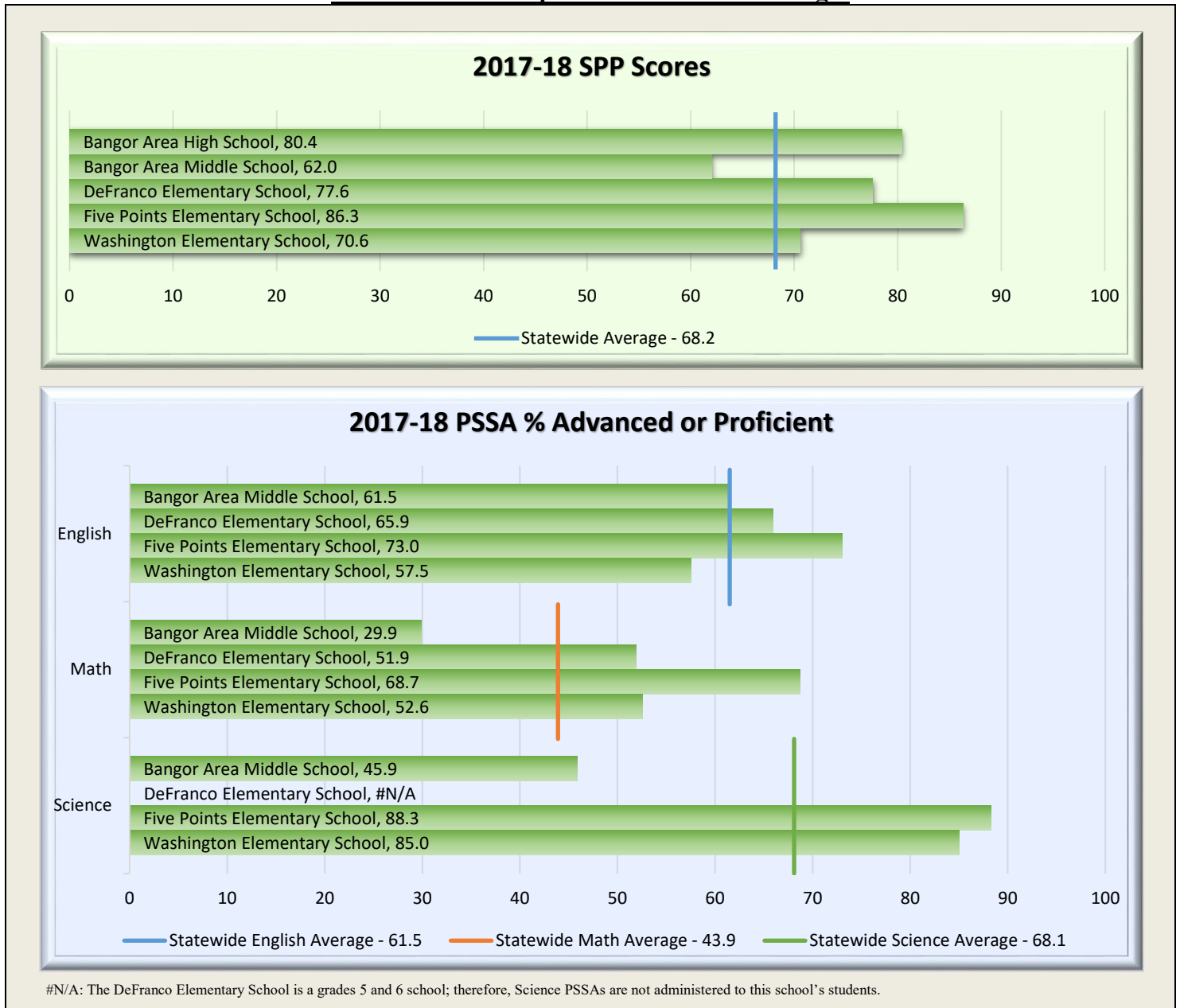
²² 24 P.S. § 10-1073(e)(2)(v).

²³ 24 P.S. § 13-1301-A *et seq.*

Appendix B: Academic Detail by Building

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.²⁴ 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.²⁵

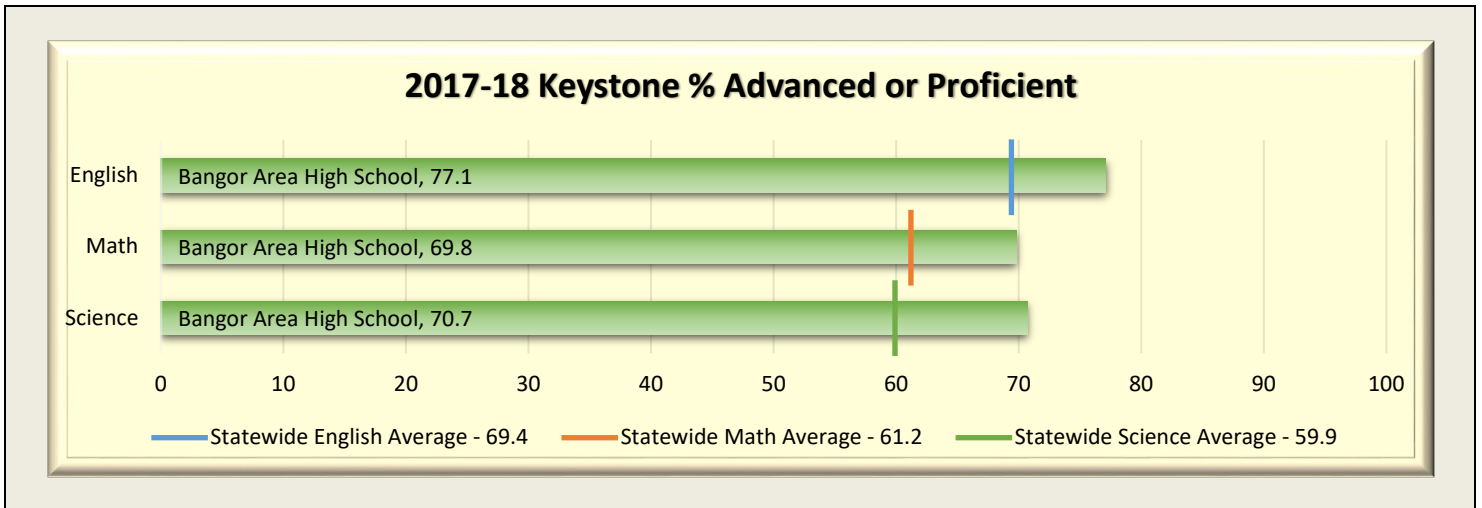
2017-18 Academic Data School Scores Compared to Statewide Averages



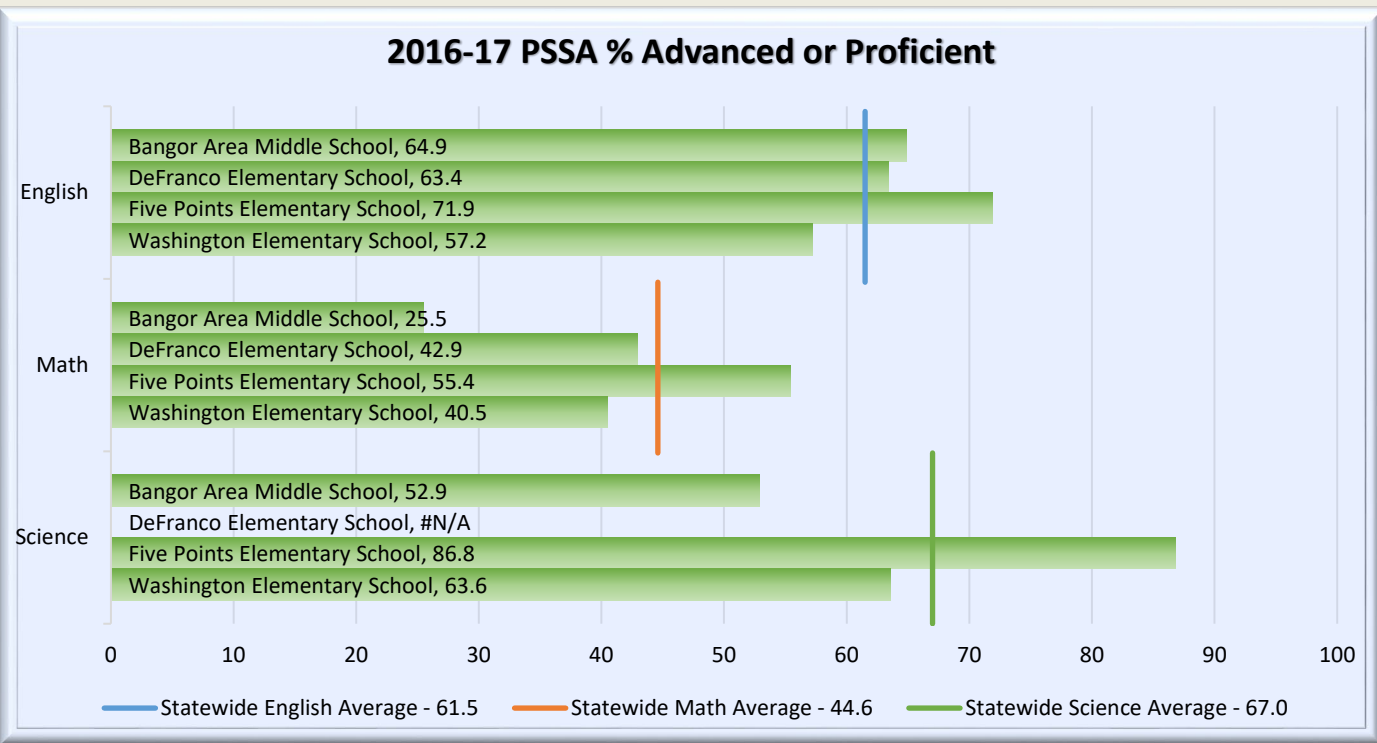
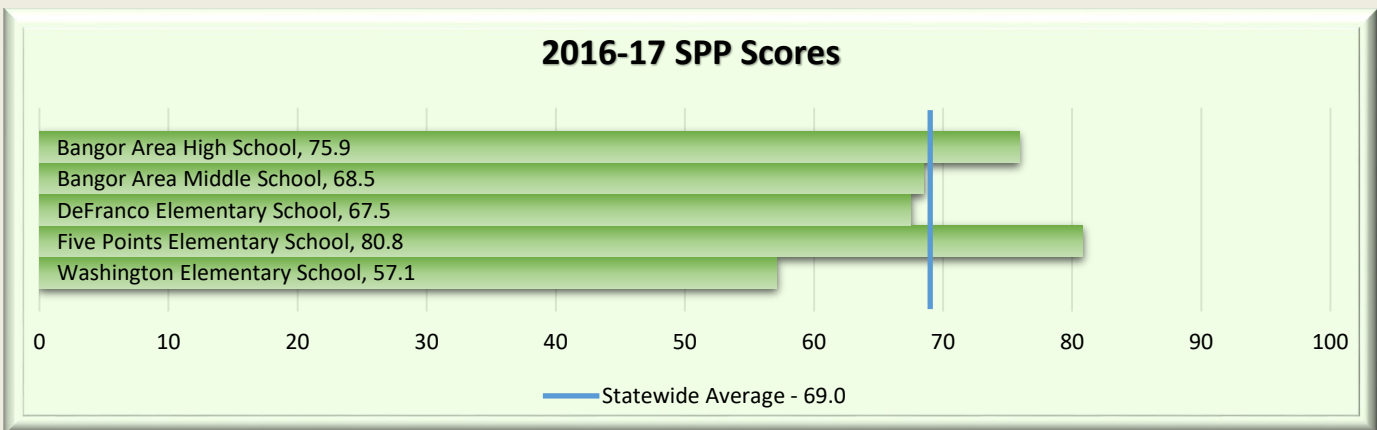
²⁴ Statewide averages were calculated by our Department based on individual school building scores for all public schools in the Commonwealth, including district schools, charters schools, and cyber charter schools.

²⁵ 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.

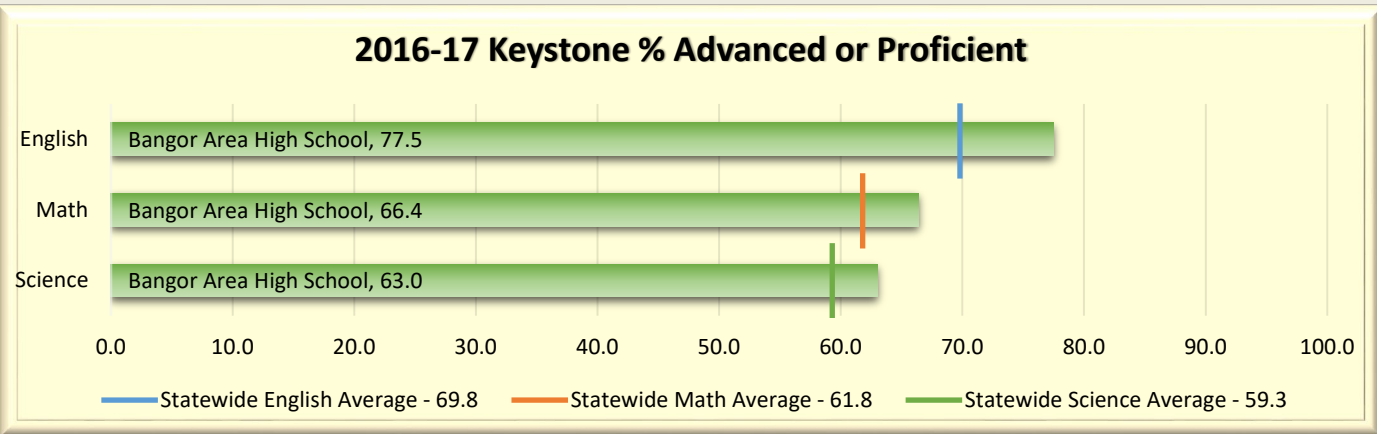
2017-18 Academic Data
School Scores Compared to Statewide Averages (continued)



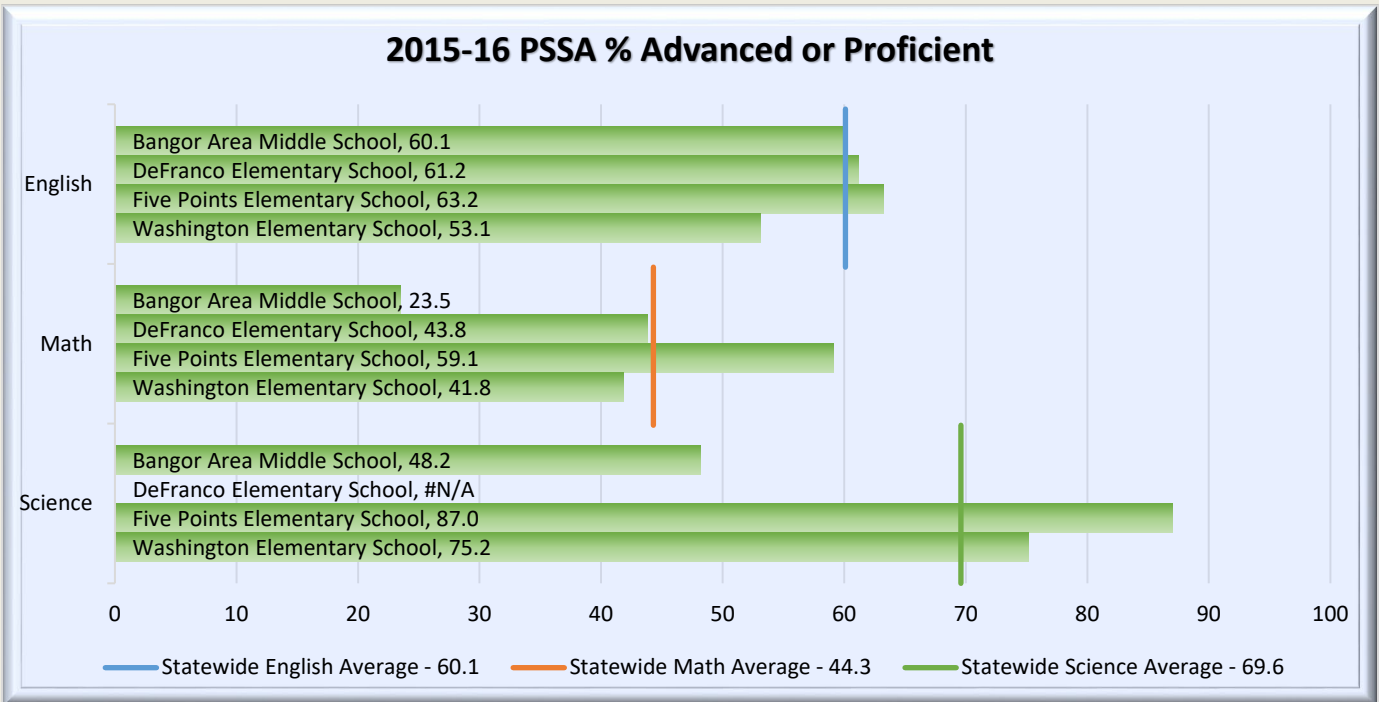
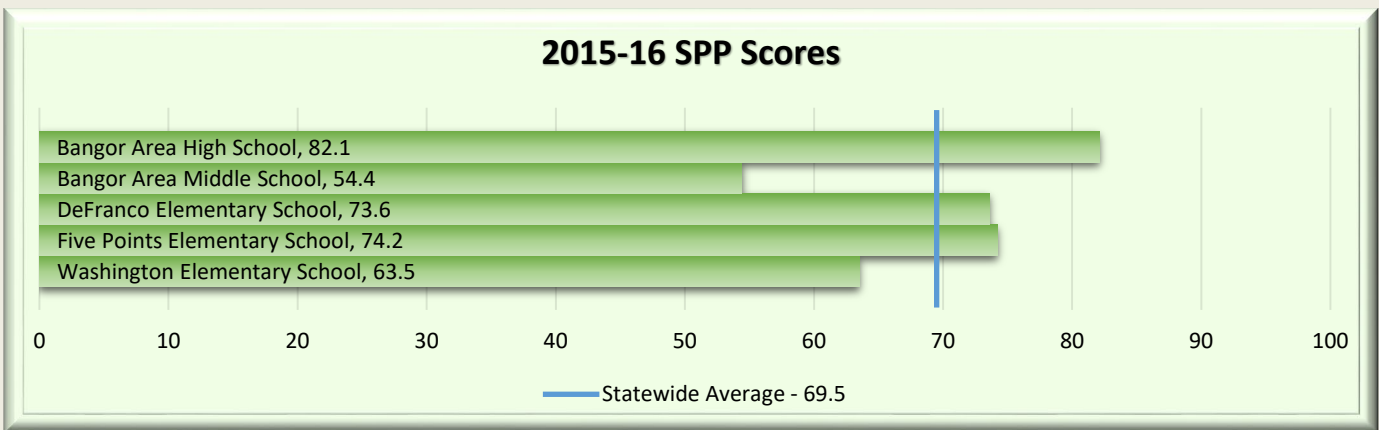
2016-17 Academic Data
School Scores Compared to Statewide Averages



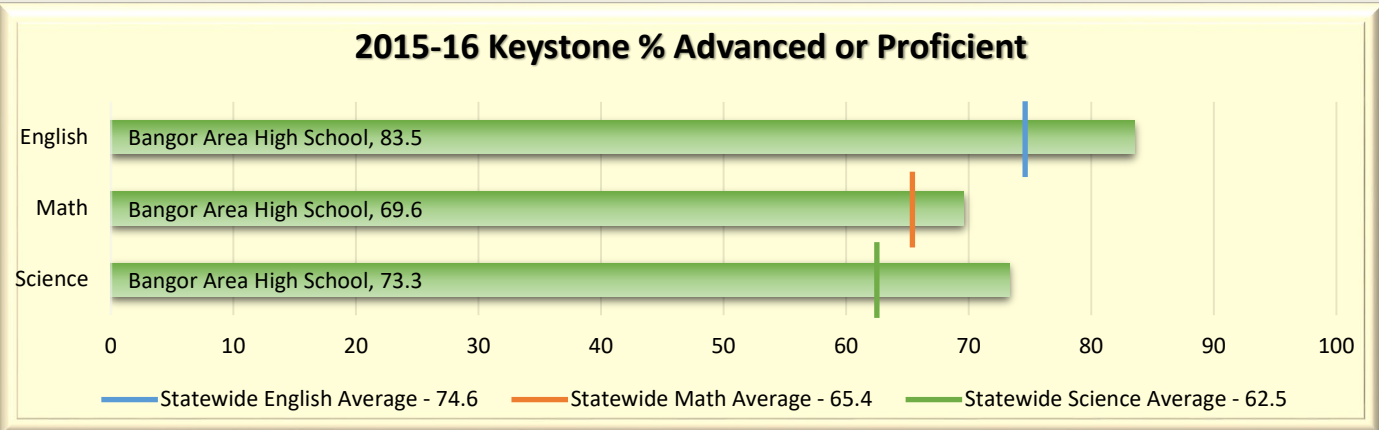
#N/A: The DeFranco Elementary School is a grades 5 and 6 school; therefore, Science PSSAs are not administered to this school's students.



2015-16 Academic Data
School Scores Compared to Statewide Averages



#N/A: The DeFranco Elementary School is a grades 5 and 6 school; therefore, Science PSSAs are not administered to this school's students.



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

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