

PERFORMANCE AUDIT

Blue Mountain School District Schuylkill County, Pennsylvania

August 2018



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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**EUGENE A. DePASQUALE
AUDITOR GENERAL**

Dr. David H. Helsel, Superintendent
Blue Mountain School District
685 Red Dale Road, P.O. Box 188
Orwigsburg, Pennsylvania 17961

Mrs. Anne Usuka, Board President
Blue Mountain School District
685 Red Dale Road, P.O. Box 188
Orwigsburg, Pennsylvania 17961

Dear Dr. Helsel and Mrs. Usuka:

Our performance audit of the Blue Mountain School District (District) evaluated the District's compliance with certain relevant state laws, regulations, contracts, and administrative procedures (relevant requirements). This audit covered the period July 1, 2012 through June 30, 2016, 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 complied, in all significant respects, with relevant requirements, except as detailed in our two 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 agencies we deemed necessary.

Dr. David H. Helsel

Mrs. Anne Usuka

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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". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Eugene A. DePasquale

Auditor General

August 7, 2018

cc: **BLUE MOUNTAIN 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 Blue Mountain 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, 2012 through June 30, 2016, except as otherwise indicated in the audit scope, objectives, and methodology section of the report. (See Appendix) Compliance specific to state subsidies and reimbursements was determined for the 2012-13 through 2015-16 school years.

Audit Conclusion and Results

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

Finding No. 1: The District Incorrectly Reported Nonresident Membership Data to PDE Resulting in an Overpayment of \$54,583. We found that the District incorrectly reported student resident data to the Pennsylvania Department of Education (PDE) for the 2012-13, 2013-14, and 2014-15 school years. Incorrectly reporting this resident data resulted in the District being overpaid \$54,583 in subsidy reimbursement from PDE. These reporting errors occurred because District officials misclassified some nonresident students and as a result received tuition from both the

Commonwealth and each nonresident student's district of residency (see page 9).

Finding No. 2: The District Incorrectly Reported the Number of Nonpublic School and Charter School Students Transported Resulting in a Net Underpayment of \$20,405. The District was underpaid a total of \$20,405 in transportation reimbursement from PDE. This underpayment was due to the District improperly reporting the number of charter school and nonpublic students transported by the District during the 2013-14, 2014-15, and 2015-16 school years (see page 12).

Status of Prior Audit Findings and Observations. There were no findings or observations in our prior audit report.

Background Information

School Characteristics 2016-17 School Year ^A	
County	Schuylkill
Total Square Miles	125
Number of School Buildings	5
Total Teachers	200
Total Full or Part-Time Support Staff	140
Total Administrators	16
Total Enrollment for Most Recent School Year	2,658
Intermediate Unit Number	29
District Vo-Tech School	Schuylkill Technology Center

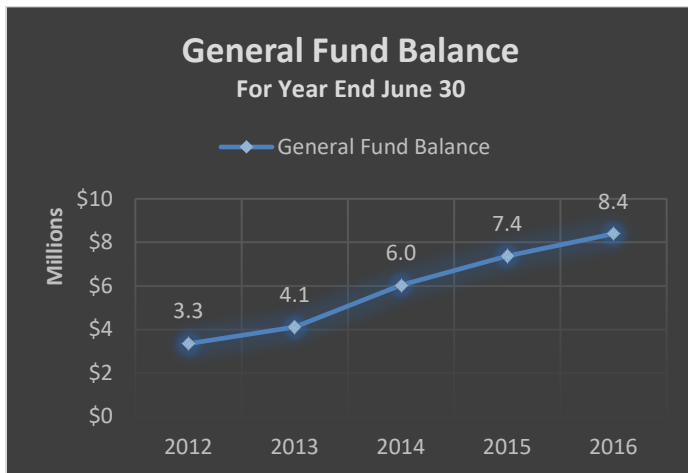
A - Source: Information provided by the District administration and is unaudited.

Mission Statement^A

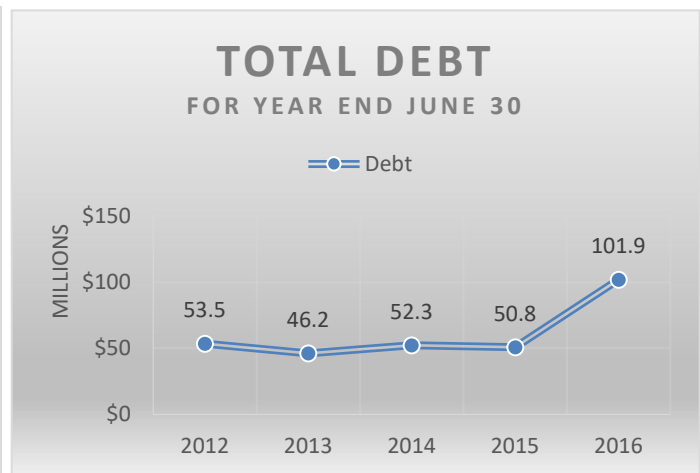
The Blue Mountain School District will provide a comprehensive educational program to prepare all students to become successful citizens.

Financial Information

The following pages contain financial information about the Blue Mountain 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**.

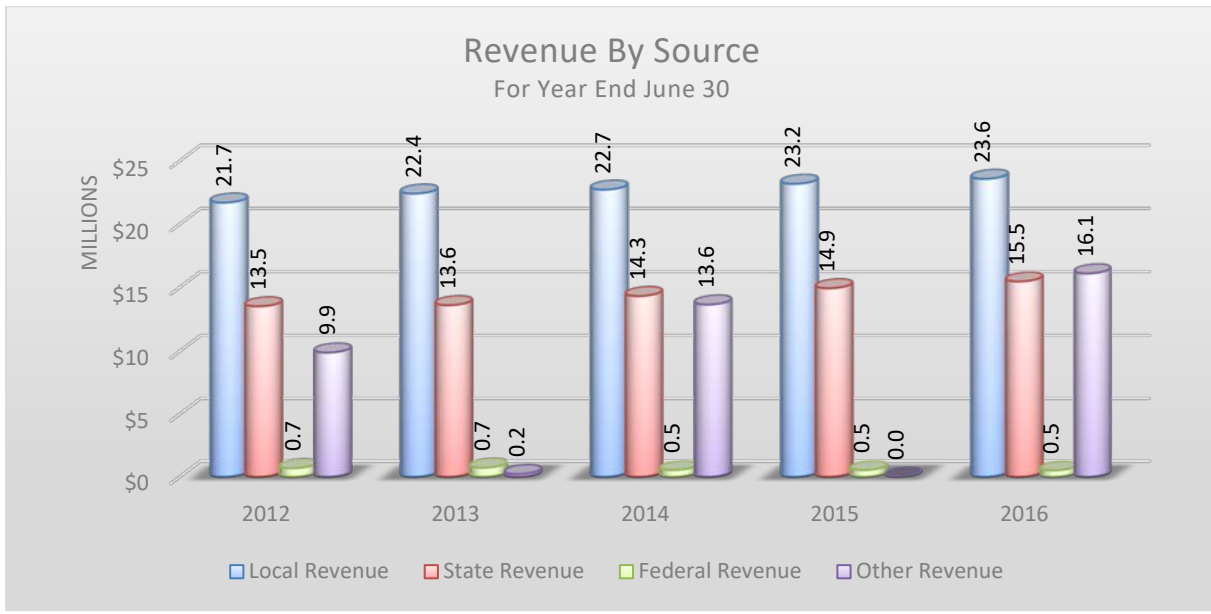
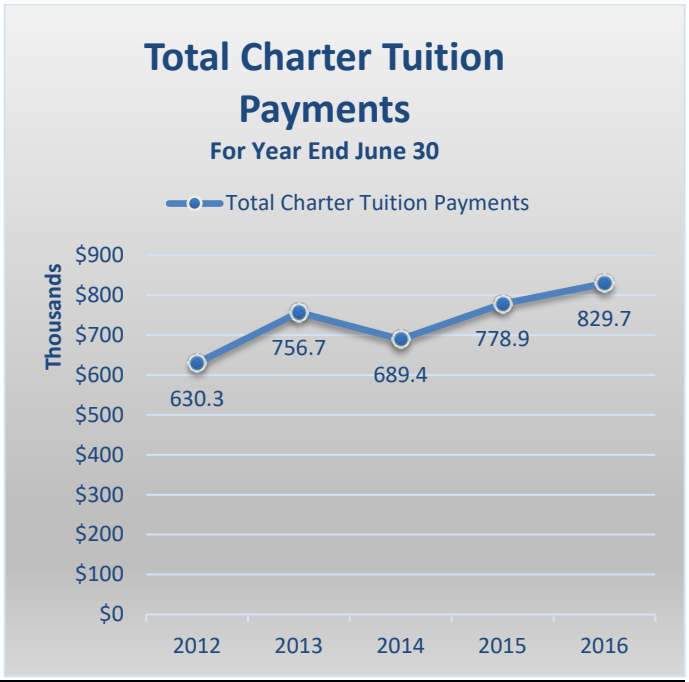
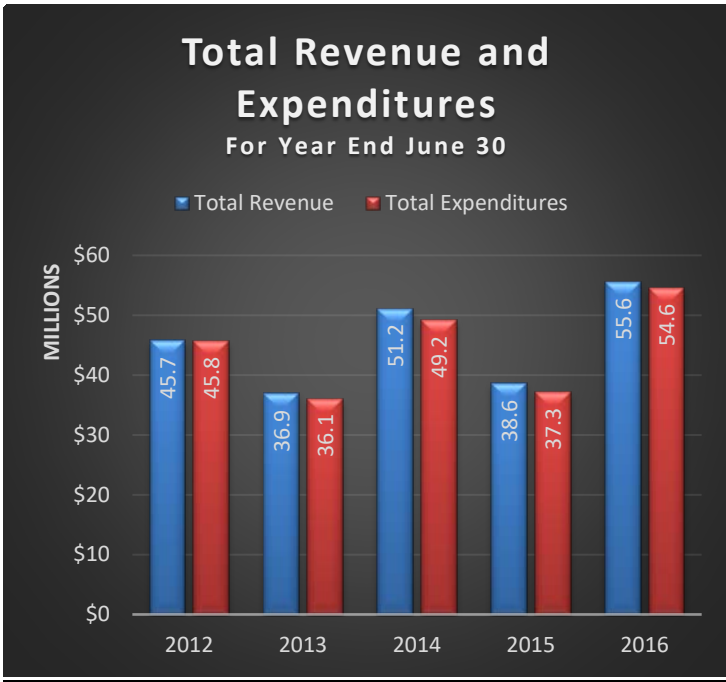


Note: General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



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 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 2014-15 and 2015-16 school years.¹ These scores are provided in the District's 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 chart.² Finally, 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.³

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 using a 0-100 scale for all school buildings in the Commonwealth annually, 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.

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 schools were put on hold due to changes with PSSA testing.⁴ PDE resumed issuing a SPP score for all schools for the 2015-16 school year.

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.

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

⁴ According to PDE, SPP scores for elementary and middle schools were put on hold for the 2014-15 school year due to the state's major overhaul of the PSSA exams to align with state Common Core standards and an unprecedented drop in public schools' PSSA scores that year. Since PSSA scores are an important factor in the SPP calculation, the state decided not to use PSSA scores to calculate a SPP score for elementary and middle schools for the 2014-15 school year. Only high schools using the Keystone Exam as the standardized testing component received a SPP score.

⁵ Act 39 of 2018, effective July 1, 2018, amended the PSC to further delay the use of Keystone Exams as a graduation requirement for an additional year until the 2020-21 school year. *See* 24 P.S. § 1-121(b)(1).

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 and Math. 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.⁶ 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 a 4-Year Cohort Graduation Rate?

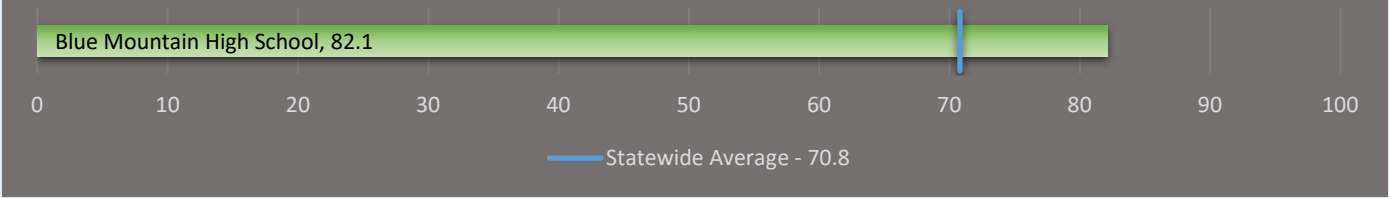
PDE collects enrollment and graduate data for all Pennsylvania public schools, which is used to calculate graduation rates. Cohort graduation rates are a calculation of the percentage of students who have graduated with a regular high school diploma within a designated number of years since the student 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.⁷

⁶ PDE has determined that PSSA scores issued beginning with the 2014-15 school year and after are not comparable to prior years due to restructuring of the exam.

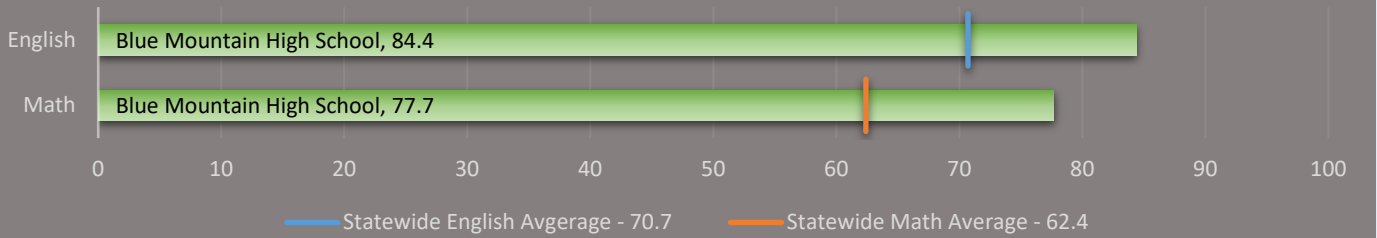
⁷ PDE also calculates 5-year and 6-year cohort graduation rates. Please visit PDE's website for additional information: <http://www.education.pa.gov/Data-and-Statistics/Pages/Cohort-Graduation-Rate-.aspx>.

2014-15 Academic Data
School Scores Compared to Statewide Averages

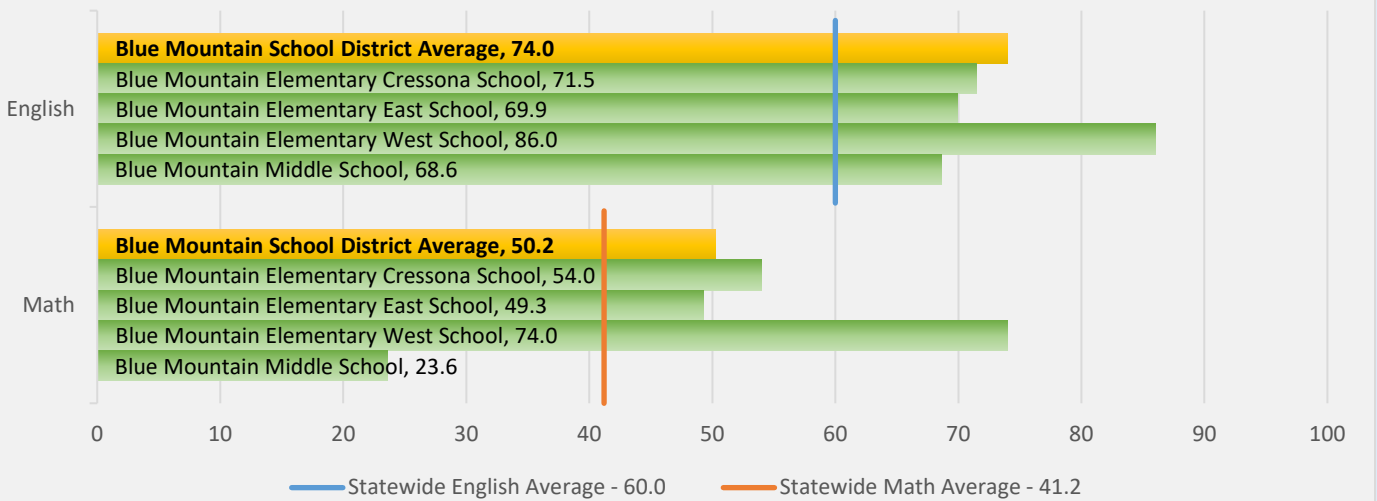
2014-15 SPP Scores



2014-15 Keystone % Advanced or Proficient

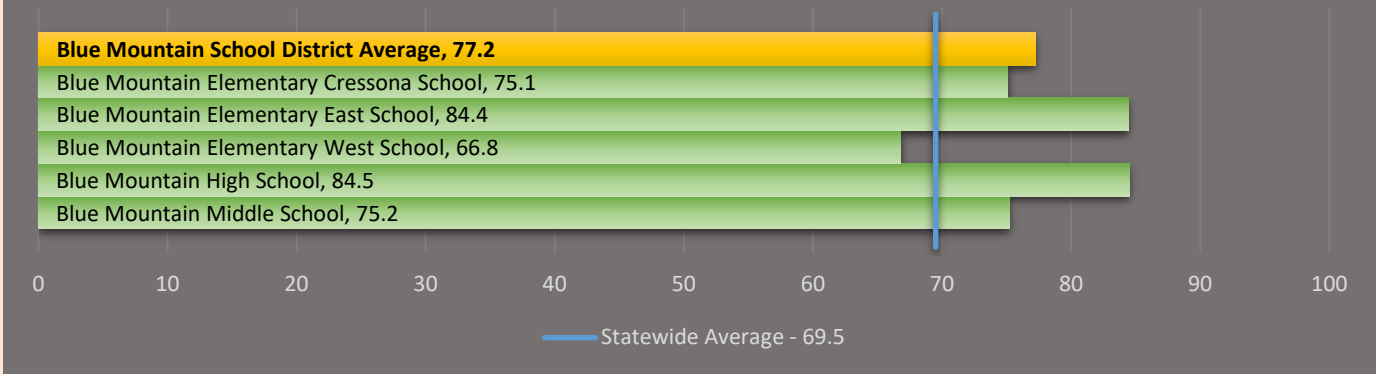


2014-15 PSSA % Advanced or Proficient

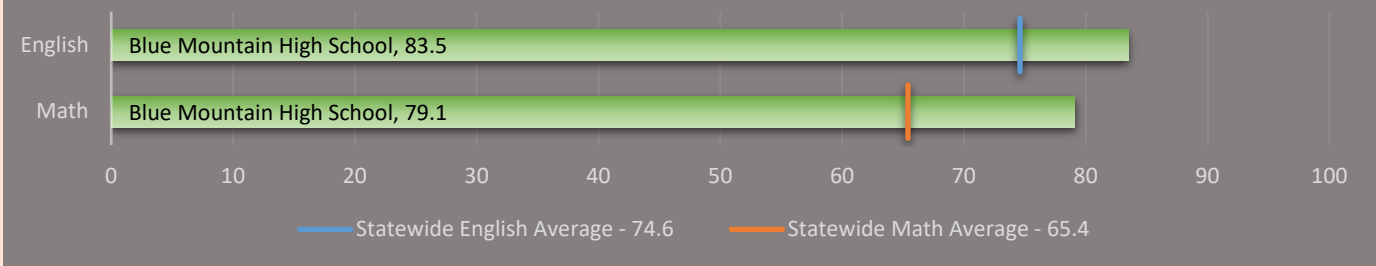


2015-16 Academic Data
School Scores Compared to Statewide Averages

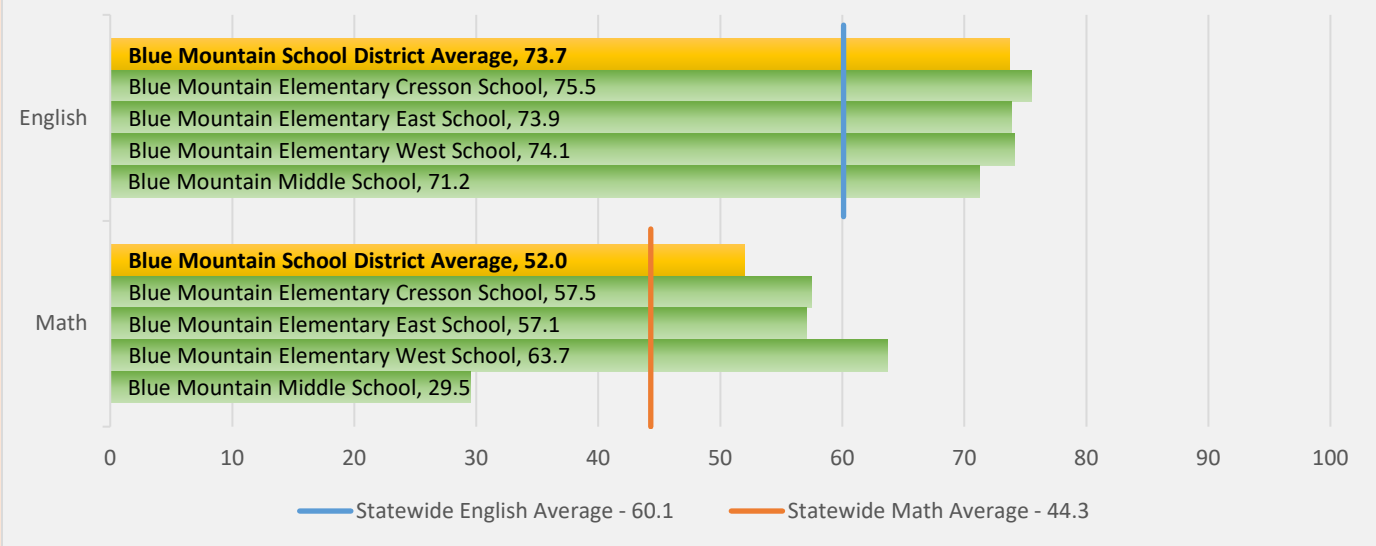
2015-16 SPP Scores



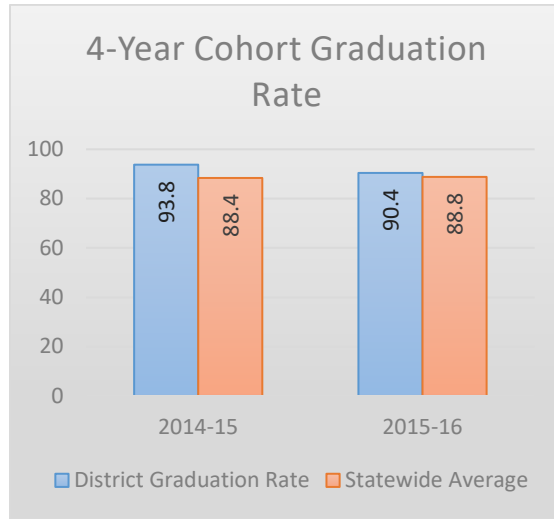
2015-16 Keystone % Advanced or Proficient



2015-16 PSSA % Advanced or Proficient



4-Year Cohort Graduation Rate



Findings

Finding No. 1

The District Incorrectly Reported Nonresident Membership Data to PDE Resulting in an Overpayment of \$54,583

Criteria relevant to the finding:

Nonresident Students

Section 1305(a) of the Public School Code (PSC) provides: “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).

Commonwealth-paid tuition on behalf of nonresident students placed in private homes

Section 2503(c) of the PSC provides, in part: “Each school district, regardless of classification, which accepts any nonresident 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 secondary pupil as the case may be. . . .” See 24 P.S. § 25-2503(c).

We found that the Blue Mountain School District (District) incorrectly reported student resident data to the Pennsylvania Department of Education (PDE) for the 2012-13, 2013-14, and 2014-15 school years. Incorrectly reporting this resident data resulted in the District being overpaid \$54,583 in subsidy reimbursements from PDE. These reporting errors occurred because District officials misclassified some nonresident students and as a result received tuition from both the Commonwealth and each nonresident student’s district of residency.

The District incorrectly reported nonresident institutionalized students placed in “host homes” within the District’s boundaries as foster home students or students who were placed in a private home by an order of the court or an arrangement with an association or agency. The District received tuition payments from both the Commonwealth and the individual student’s district of residency for these nonresident institutionalized students. In essence, the District received double tuition to educate these students. As discussed in our criteria box to the left, school districts that educate nonresident institutionalized students are required to receive tuition from the students’ district of residency, as opposed to the Commonwealth.

The following table details the District errors we identified during our review.

Blue Mountain School District		
School Year	Days Reported Incorrectly to PDE for Reimbursement	Overpayment
2012-13	106	\$ 5,441
2013-14	338	17,828
2014-15	615	31,314
Total	1,059	\$54,583

Criteria relevant to the finding (continued):

Nonresident inmates of children's institutions

Section 1306(a) of the PSC provides, in part, as follows: “The board of school directors of any school district in which there is located any orphan asylum, home for the friendless, children's home, or other institution for the care or training of orphans or other children, shall permit any children who are inmates of such homes, but not legal residents in such district, to attend the public schools in said district, either with or without charge for tuition, textbooks, or school supplies, as the directors of the district in which such institution is located may determine. When any home or institution having for its purpose the care and training of children and having non-resident children under its care, is located in more than one school district, educational facilities may be provided by either district as though the institution were located wholly in that district.” [Emphasis added.] See 24 P.S. § 13-1306(a).

PDE BEC 24 P.S. § 13-1306 Nonresident Students in Institutions

“School districts in which children’s institutions, including detention homes, drug and alcohol treatment centers and other similar facilities are located (referred to as host school district) are required to provide an education and, when appropriate, special education to nonresident students of the host district who are placed into the institution. This includes the right to attend the school district’s public schools if appropriate for the child.” Enrollment of these students follows the same requirements as resident students of the school district.

The District identified its nonresident student reporting error during the 2015-16 school year. Consequently, the District correctly classified and reported nonresident data to PDE for the 2015-16 school year. Additionally, the District correctly billed only the nonresident institutionalized students’ individual district of residency to educate these students.

We provided PDE with reports detailing the errors we identified for the 2012-13, 2013-14, and 2014-15 school years. PDE requires these reports to verify the overpayments to the District. The District’s future subsidy will be adjusted by the amount of the overpayment.

Recommendations

The *Blue Mountain School District* should:

1. Prior to submission to PDE, review the resident status of all nonresident students and reconcile these classifications to tuition billing reports to ensure that students are reported correctly and the correct entity is billed.

The Pennsylvania Department of Education should:

2. Adjust the District’s subsidy reimbursement allocations to resolve the overpayment of \$54,583.

Management Response

District management provided the following response:

During the 2017-2018 school year, the PIMS Coordinator discussed with me [Business Manager] her concern that she felt our therapeutic foster students were being coded incorrectly in PowerSchool.

We immediately called PDE and explained the situation.

Per guidance from PDE, the correct coding for the student should have been 1306 Institutionalized Non-Resident.

We were able to go back to 2015/2016 and the subsequent school years and correct this.

Auditor Conclusion

We are encouraged that the District took proactive measures in identifying the errors made and submitting revised membership reports to PDE for the 2015-16 and 2016-17 school years. We believe that if the District implements our recommendation it will help the District report this information correctly to PDE. We will follow-up on this matter in our next audit of the District.

Finding No. 2**The District Incorrectly Reported the Number of Nonpublic School and Charter School Students Transported Resulting in a Net Underpayment of \$20,405**

Criteria relevant to the finding:

Supplemental Transportation Subsidy for Public Charter School and Nonpublic 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 District was underpaid a total of \$20,405 in transportation reimbursement from PDE. This underpayment was due to the District improperly reporting the number of charter school and nonpublic students transported by the District during the 2013-14, 2014-15, and 2015-16 school years.⁸

According to the Public School Code (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 charter school or nonpublic 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 (CSL), which refers to Section 2509.3 of the PSC.¹⁰

⁸ The District correctly reported nonpublic and charter school students transported during the 2012-13 school year.

⁹ *See* Section 922.1-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):

Section 1726-A(a) 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.

Annual Filing Requirement

Section 2543 of the PSC sets forth the requirement for school districts to annually file student transportation data with PDE in order to be eligible for the transportation subsidies. *See* 24 P.S. § 25-2543.

Additionally, instructions provided by PDE to the districts to help complete the Summary of Students Transported form (PDE-2089) specify that districts are to report the total number of nonpublic and charter school students transported to and from school.

The following table summarizes the District’s reporting errors by school year and the resulting cumulative underpayment:

Blue Mountain School District Nonpublic and Charter School Errors			
School Year	Nonpublic Students Over/(Under) Reported	Charter School Students Over/(Under) Reported	Underpayment ¹¹
2013-14	1	(2)	\$385
2014-15	(2)	1	\$385
2015-16	(46)	(5)	\$19,635
Total	47	6	\$20,405

The District did not have a process in place to reconcile all requests for transportation from nonpublic and charter school students to yearly totals reported to PDE. Also, the District failed to report some nonpublic and charter school students who were transported for less than the entire school year as reimbursable. It is important to note that if the District transported one charter school or nonpublic student for one single day at any time during the school year, the District would be eligible for \$385 in reimbursement for that student.

In our discussion with current District officials, these District officials stated that it is likely that the District’s failure to report 46 nonpublic students transported during the 2015-16 school year was the result of not reporting students who were sporadically transported by the District to a local nonpublic school. However, the District official responsible for reporting this information is no longer employed by the District, so we were unable to have a more specific conversation regarding the nonpublic reporting errors made for the 2015-16 school year.

We provided PDE with reports detailing the nonpublic and charter school reporting errors for the 2013-14, 2014-15, and 2015-16 school years. PDE requires these reports to verify the underpayment to the District. The District’s future transportation subsidies will then be adjusted by the amount of the underpayment.

¹¹ The underpayment is computed by multiplying the net amount of Nonpublic and Charter School students not reported by \$385.

Recommendations

The *Blue Mountain School District* should:

1. Maintain a complete list of the number of nonpublic and charter school students who were provided transportation for each school year by school.
2. Perform yearly reconciliations of bus rosters to student requests for transportation to ensure nonpublic and charter school students reported to PDE are accurate.

The *Pennsylvania Department of Education* should:

3. Adjust the District's future transportation subsidy to resolve the \$20,405 underpayment to the District.

Management Response

District management provided the following response:

Bus Tracks is the software the District uses for transportation. In the past, this system was not being used to its full potential. We have a new Transportation Coordinator in the position due to the retirement of the previous coordinator. Our new coordinator took full advantage of the training offered by Bus Tracks staff. As a result, she has taken a six-hour training course to learn about what the software has to offer as well as how she can better utilize the system for more accurate reporting. As a result of the extensive training she has received, any prior reporting errors will now be correct going forward.

Auditor Conclusion

We are encouraged that the District officials have been trained on the District's transportation software. We encourage the District to specifically implement our recommendations.

Status of Prior Audit Findings and Observations

Our prior audit of the Blue Mountain School District resulted in no findings or observations.

Appendix: Audit Scope, Objectives, and Methodology

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

Our audit, conducted under authority of Sections 402 and 403 of The Fiscal Code,¹² 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, 2012 through June 30, 2016. In addition, the scope of each individual audit objective is detailed on the next page.

The Blue Mountain 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).¹³ In conducting our audit, we obtained an understanding of the District's internal controls, including any information technology controls, which we consider to be significant within the context of our audit objectives. We assessed whether those controls were properly designed and implemented. Any deficiencies in internal controls that were identified during the conduct of our audit and determined to be significant within the context of our audit objectives are included in this report.

¹² 72 P.S. §§ 402 and 403.

¹³ 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, academic performance data, 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, 2012 through June 30, 2016. 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:

- ✓ Data Integrity
- ✓ Transportation Operations
- ✓ Administrator Contract Buyout
- ✓ Bus Driver Requirements
- ✓ School Safety

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

- ✓ Did the District accurately report nonresident students to PDE? Did the District receive the correct tuition reimbursement for these nonresident students?¹⁴
 - To address this objective, we interviewed District personnel regarding the District process for reporting nonresident students and reviewed tuition bills. We also reviewed agency placement letters for all 21 nonresident foster students reported to PDE for the 2013-14 and 2014-15 school years. For the 2012-13 school year, we reviewed both nonresident students. Finally, we confirmed the accuracy of the District's 2015-16 school year nonresident student adjustments, which were submitted to PDE prior to our audit. See Finding No. 1 on page 9 for the results of our review of this objective.
- ✓ Did the District accurately report to PDE the number of nonpublic and charter school students transported, and did the District receive the correct supplemental transportation reimbursement from the Commonwealth for transporting nonpublic and charter school students?¹⁵
 - To address this objective, we reviewed the transportation data reported to PDE for the 2012-13, 2013-14, 2014-15, and 2015-16 school years to determine the accuracy of the reported number of all nonpublic and charter school students the

¹⁴ See 24 P.S. §§ 13-1301, 13-1302, 13-1305, 13-1306; 22 Pa. Code Chapter 11.

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

District transported.¹⁶ We reviewed the bus rosters, requests for transportation, and other supporting documentation to determine if the District accurately reported the number of nonpublic and charter school students transported by the District to PDE and that the District received the correct subsidy for these students. See Finding No. 2 for the results of our review of this objective.

- ✓ Did the District pursue a contract buyout with an administrator and if so, what was the total cost of the buyout, what were the reasons for the termination/settlement, and did the employment contract(s) comply with the Public School Code¹⁷ and Public School Employees' Retirement System (PSERS) guidelines?
 - To address this objective, we reviewed the contracts, board meeting minutes, board policies, and payroll records for all three administrators who separated employment from the District during the period July 1, 2012 through May 4, 2018. We verified the reasons for the separation and whether the total cost of the separation was made public during board meetings. We reviewed payroll records to ensure that these payments were correctly reported to PSERS. Our review of this objective did not disclose any reportable issues.

- ✓ Did the District ensure that bus drivers transporting District students had the required driver's license, physical exam, training, background checks, and clearances as outlined in applicable laws?¹⁸ 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 randomly selected 10 of the 37 bus drivers employed by the District bus contractors who transported District students, as of December 5, 2017.¹⁹ 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, when followed, ensure compliance with bus driver hiring requirements. Our review of this objective did not disclose any reportable issues.

¹⁶ The District reported 23 charter school students in the 2012-13 school year, 22 in the 2013-14 school year, 21 in the 2014-15 school year, and 22 in the 2015-16 school year. The District reported 119 nonpublic school students in the 2012-13 school year, 110 in the 2013-14 school year, 107 in the 2014-15 school year, and 75 in the 2015-16 school year.

¹⁷ 24 P.S. § 10-1073(e)(2)(v).

¹⁸ 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*.

¹⁹ 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.

- ✓ Did the District take actions to ensure it provided a safe school environment?²⁰
 - To address this objective, we reviewed a variety of documentation including, safety plans, training schedules, anti-bullying policies, and fire drill documentation. In addition, we conducted on-site reviews at three out of the District's five school buildings²¹ (one from each educational level) to assess whether the District had implemented basic safety practices.²² Due to the sensitive nature of school safety, the results of our review for this objective area are not described in our audit report. The results of our review of school safety are shared with District officials, PDE, and other appropriate agencies deemed necessary.

²⁰ 24 P.S. § 13-1301-A *et seq.*

²¹ 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.

²² Basic safety practices evaluated were building security, bullying prevention, visitor procedures, risk and vulnerability assessments, and preparedness.

Distribution List

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

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