

# PERFORMANCE AUDIT

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## Clearfield Area School District Clearfield County, Pennsylvania

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March 2022



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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

**TIMOTHY L. DEFOOR  
AUDITOR GENERAL**

Mr. Terry W. Struble, Superintendent  
Clearfield Area School District  
P.O. Box 710  
Clearfield, Pennsylvania 16830

Mr. Larry Putt, Board President  
Clearfield Area School District  
P.O. Box 710  
Clearfield, Pennsylvania 16830

Dear Mr. Struble and Mr. Putt:

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

- Nonresident Student Data
- Bus Driver Requirements
- Transportation Operations

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

The audit was conducted pursuant to Sections 402 and 403 of The Fiscal Code (72 P.S. §§ 402 and 403), and in accordance with the Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit identified noncompliance and significant internal control deficiencies in the areas of nonresident student data and bus driver requirements. These deficiencies are detailed in the two findings of this report. A summary of the results is presented in the Executive Summary section of this report.

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

Mr. Terry W. Struble

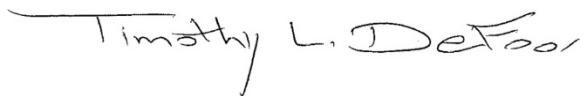
Mr. Larry Putt

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Our audit finding 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 that reads "Timothy L. DeFoor". The signature is written in a cursive style with a horizontal line above the first few letters.

Timothy L. DeFoor

Auditor General

March 22, 2022

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

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## **Executive Summary**

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### **Audit Work**

The Pennsylvania Department of the Auditor General conducted a performance audit of the Clearfield 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, 2016 through June 30, 2020, 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 2016-17 through the 2019-20 school years.

### **Audit Conclusion and Results**

Our audit found areas of noncompliance and significant internal control deficiencies as detailed in the two findings in this report.

#### **Finding No. 1: The District Inaccurately Reported Nonresident Student Data to PDE Resulting in a \$170,360 Overpayment.**

We found that the District failed to implement adequate internal controls over the identification, categorization, and reporting of nonresident student data resulting in a \$170,360 net overpayment from the Pennsylvania Department of Education. This overpayment was caused by the District inaccurately reporting the number of foster students educated by the District during the 2016-17 through 2019-20 school years (see page 7).

#### **Finding No. 2: The District Did Not Implement Adequate Internal Controls to Ensure Compliance with Driver Qualifications and Background Clearance Requirements.**

We found that the District did not implement sufficient internal controls to meet its statutory obligations under the Public School Code and associated regulations related to the employment of individuals having direct contact with students during the 2020-21 school year. Specifically, we found that the District did not timely obtain, review, and monitor bus and van driver records for the three different transportation contractors providing drivers to the District. The District's Board of School Directors (Board) failed to approve drivers for two of the three contractors providing services. Further, the Board approved both active drivers and potential substitute drivers before obtaining and reviewing all required and updated documentation to determine driver eligibility (see page 11).

#### **Status of Prior Audit Findings and Observations.**

There were no findings or observations in our prior audit report.

## Background Information

School Characteristics 2020-21 School Year*	
County	Clearfield
Total Square Miles	347.61
Number of School Buildings	2
Total Teachers	182
Total Full or Part-Time Support Staff	161
Total Administrators	14
Total Enrollment for Most Recent School Year	2,147
Intermediate Unit Number	10
District Career and Technical School	Clearfield County CTC

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

## Mission Statement\*

“Together we prepare our children for success in today’s world and their future.”

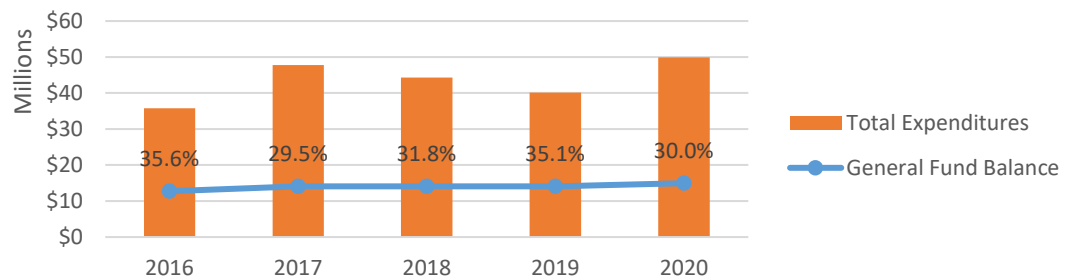
“At CASD everyone will be responsible for safety, benefit from high quality learning experiences, collaborate in their learning communities, use multiple resources for learning, and be prepared and equipped with the tools necessary so that they can succeed.”

## Financial Information

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

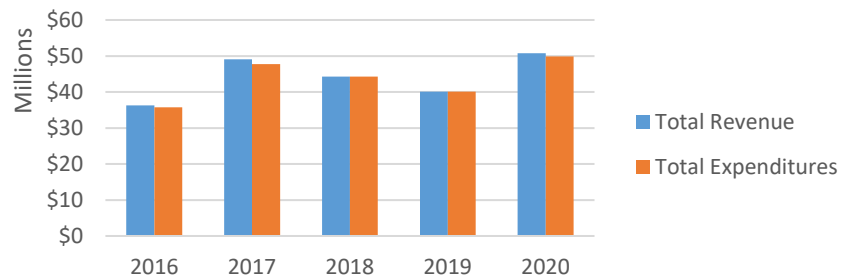
### General Fund Balance as a Percentage of Total Expenditures

	General Fund Balance
2016	\$12,735,513
2017	\$14,068,530
2018	\$14,089,161
2019	\$14,067,333
2020	\$14,962,906



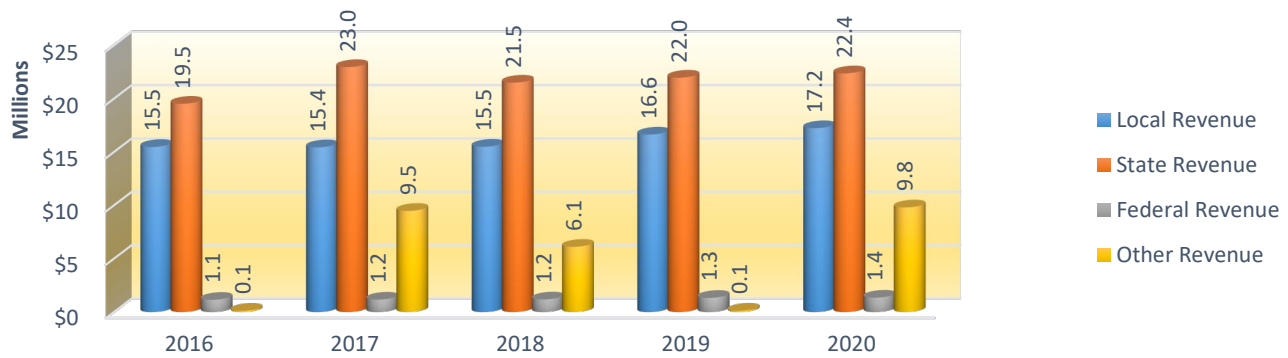
### Revenues and Expenditures

	Total Revenue	Total Expenditures
2016	\$36,280,368	\$35,740,827
2017	\$49,070,836	\$47,737,819
2018	\$44,314,181	\$44,293,551
2019	\$40,085,726	\$40,107,555
2020	\$50,784,780	\$49,889,207

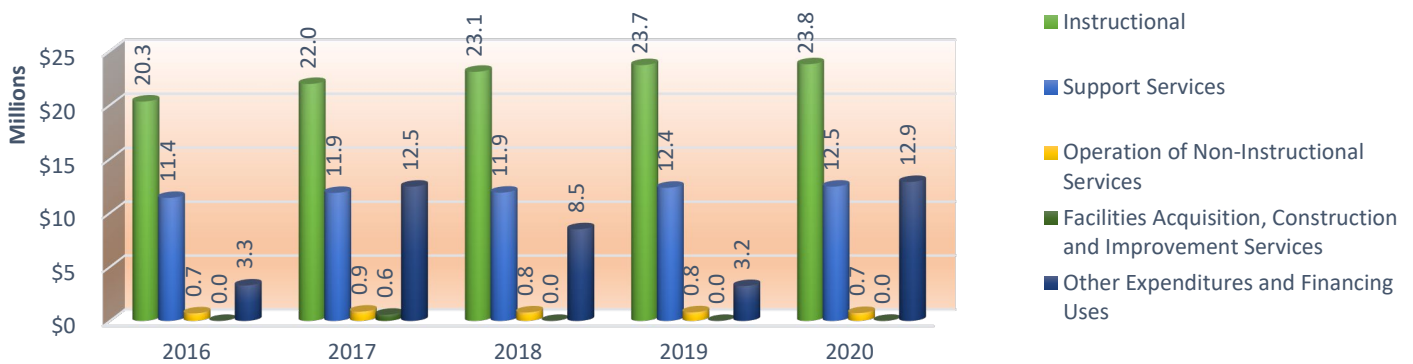


## Financial Information Continued

### Revenues by Source

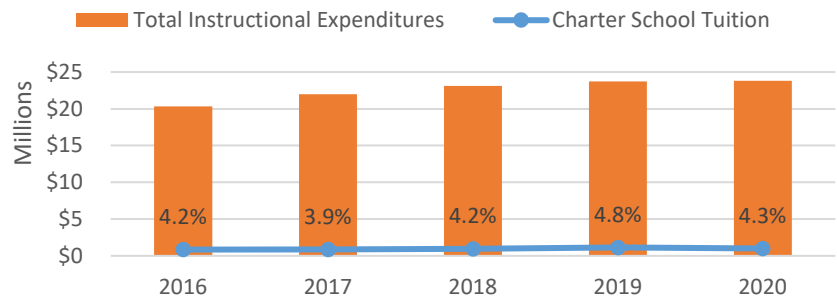


### Expenditures by Function

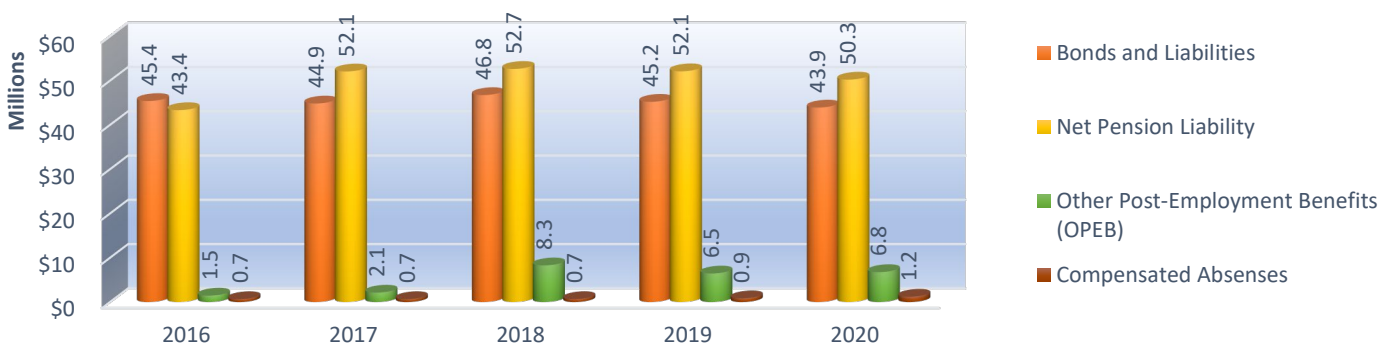


### Charter Tuition as a Percentage of Instructional Expenditures

	Charter School Tuition	Total Instructional Expenditures
2016	\$851,704	\$20,344,822
2017	\$858,153	\$21,975,813
2018	\$977,371	\$23,105,107
2019	\$1,144,709	\$23,722,782
2020	\$1,012,917	\$23,805,006



### Long-Term Debt

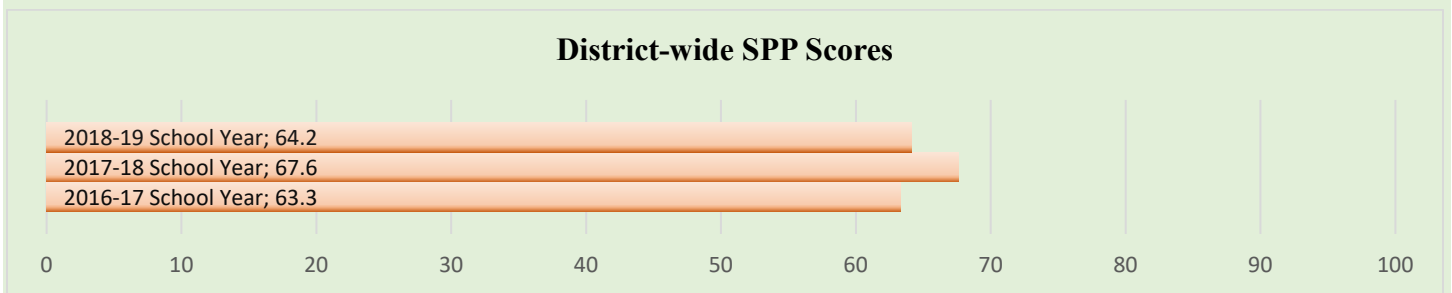


## Academic Information<sup>1</sup>

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

### What is a SPP score?

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



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

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

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

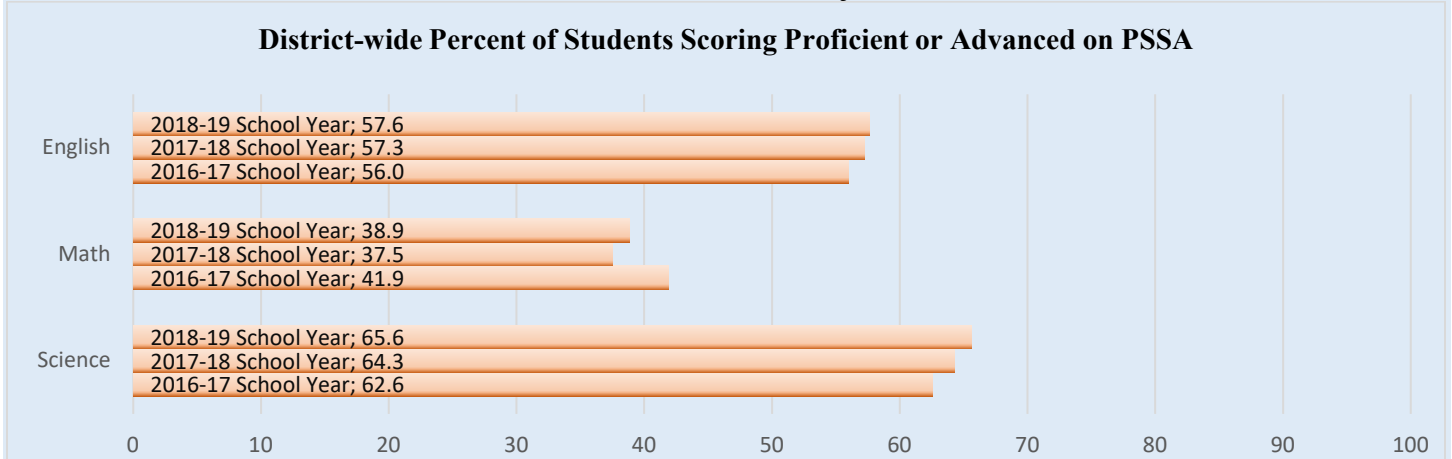


## Academic Information Continued

### What is the PSSA?

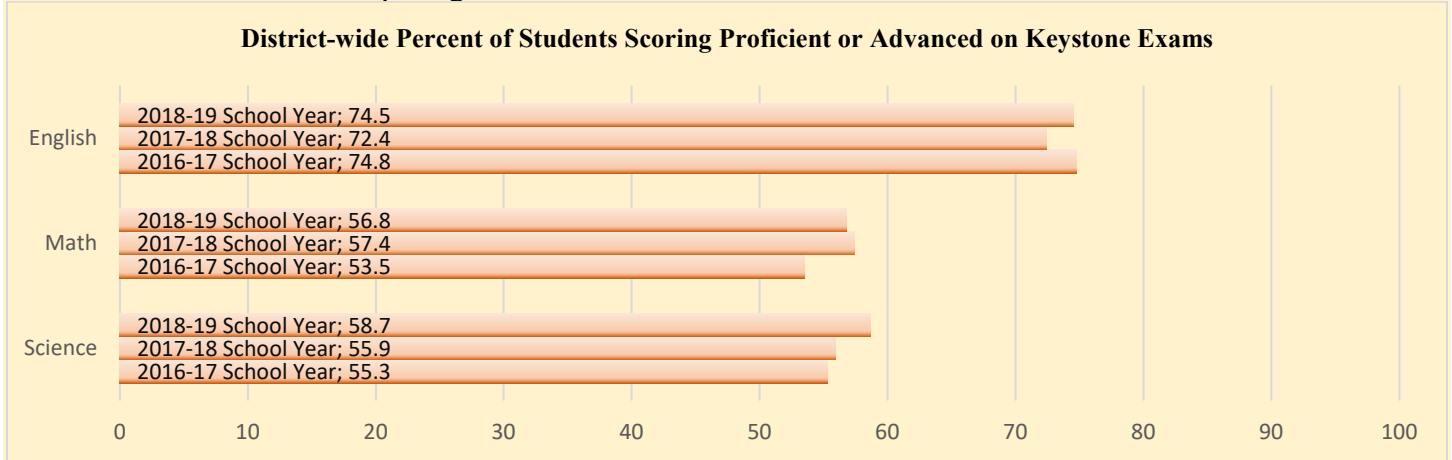
The PSSA is an annual, standardized test given across the Commonwealth to students in grades 3 through 8 in core subject areas, including English, Math and Science. The PSSAs help Pennsylvania meet federal and state requirements and inform instructional practices, as well as provide educators, stakeholders,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

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



### What is the Keystone Exam?

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

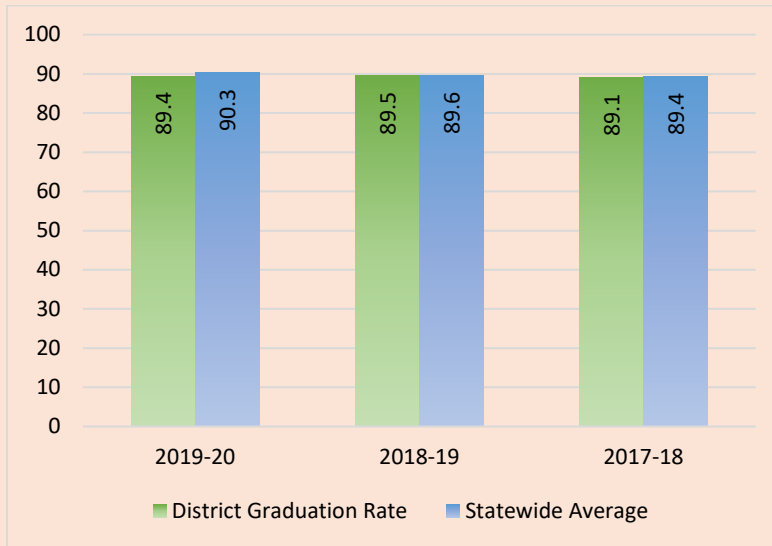


<sup>4</sup> Act 158 of 2018, effective October 24, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement until the 2021-22 school year. See 24 P.S. § 1-121(b)(1). Please refer to the following link regarding further guidance to local education agencies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

## Academic Information Continued

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

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



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

## Findings

### Finding No. 1

### The District Inaccurately Reported Nonresident Student Data to PDE Resulting in a \$170,360 Overpayment

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

State Board of Education regulations and the Pennsylvania Department of Education guidelines govern the classification of nonresident children placed in private homes.

#### **Payment of Tuition**

Section 1305(a) of the Public School Code (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).

We found that the Clearfield Area School District (District) failed to implement adequate internal controls over the identification, categorization, and reporting of nonresident student data resulting in a \$170,360 net overpayment from the Pennsylvania Department of Education (PDE). This overpayment was caused by the District inaccurately reporting the number of foster students educated by the District during the 2016-17 through 2019-20 school years.

**Background:** School districts are entitled to receive Commonwealth paid tuition for educating certain nonresident students. For a district to be eligible to receive Commonwealth paid tuition, the District must ensure that the student has met all four eligibility components:

- 1) The student’s parent/guardian must not be a resident of the educating district.
- 2) 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.<sup>6</sup>
- 3) The district resident must be compensated for the care of the student.
- 4) The student must not be in pre-adoptive status.

These students are commonly referred to as “foster students” and it is the mandate of the educating district to obtain the required documentation to correctly categorize and accurately report these students that the district educated to PDE. Further, the district must obtain updated documentation for each year that the district reports a student as a nonresident foster student.

When a school district educates students who are not foster students and who do not have residency in the district, the educating school district can bill tuition costs to the student’s district of residency. It is the responsibility of the educating district to correctly identify these students and accurately bill each student’s district of residency.

Because school districts can be eligible for additional revenue for educating nonresident students, it is essential for districts to properly identify, categorize, and report nonresident students that it educated to PDE. Therefore, school districts should have a strong system of internal

<sup>6</sup> 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).

Section 11.19(a) (relating to Nonresident child living with a district resident) of the State Board of Education’s regulations provides as follows, in part.

“(a) A nonresident child is entitled to attend the district’s public schools if that child is fully maintained and supported in the home of a district resident as if the child were the residents own child and if the resident receives no personal compensation for maintaining the student in the district. Before accepting the child as a student, the board of school directors of the district shall require the resident to file with the secretary of the board of school directors either appropriate legal documentation to show dependency or guardianship or a sworn statement that the child is supported fully without personal compensation or gain, and that the resident will assume all personal obligations for the child relative to school requirements and intends to so keep and fully support the child continuously and not merely through the school term.” See 22 Pa. Code § 11.19(a).

control over this process that should include, but not be limited to, the following:

- Training on PDE reporting requirements.
- Written internal procedures to help ensure compliance with PDE requirements.
- Reconciliations of source documents to information reported to PDE.

**Foster Student Reporting Errors**

We found that the District made a total of 23 reporting errors involving 14 distinct students.<sup>7</sup> More specifically, we found that 22 of these reporting errors involved the District inaccurately categorizing and reporting students as foster students. One reporting error was due to the District failing to accurately categorize and report one foster student that the District was eligible to receive reimbursement for educating. The following table details the reporting errors and resulting net subsidy overpayment.

Clearfield Area School District Foster Student Data			
School Year	Number of Students Inaccurately Reported as Foster Students	Number of Foster Students Not Reported	Net Overpayment
2016-17	1	0	\$ 8,979
2017-18	7	0	\$ 56,274
2018-19	8	0	\$ 71,901
2019-20	6	1	\$ 33,206
<b>Total</b>	<b>22</b>	<b>1</b>	<b>\$170,360</b>

The majority of the errors were the result of the District inaccurately reporting students who did not meet all four of the eligibility criteria previously listed. If the District could not produce documentation to evidence compliance with the eligibility requirements, then these students should have been reported as District residents. Additionally, we found that 7 of the 22 students the District reported as foster students actually resided in neighboring school districts. Therefore, the District was not eligible to receive Commonwealth paid tuition for these students. Instead, the District should have billed the neighboring school districts a total of \$48,070 for educating these seven students. Finally, we identified one student that the District educated during the 2019-20 school year who met all of the eligibility criteria to be reported as a foster student; however, the District failed to report this student to PDE as a foster student eligible for reimbursement.

<sup>7</sup> Some students were inaccurately reported for multiple school years.

*Criteria relevant to the finding  
(continued):*

Section 2562 of the PSC specifies payments by Districts for Pupils Attending in Other Districts by providing, in part:

“For each elementary or high school pupil attending a public school of another district, the receiving district shall bill the sending district, and the sending district shall pay the amount of tuition charge per elementary pupil, or the tuition charge per high school pupil, as the case may be. In the case of pupils attending the receiving district’s public schools for less than a full school term, the tuition charge per elementary or high school pupil shall be prorated by reference to the period of time over which such pupils actually attended the receiving district’s schools.” See 24 P.S. § 25-2562.

## Significant Internal Control Deficiencies

The District’s employee who categorized and reported foster students during the audit period separated employment from the District prior to our audit. As a result, we were unable to discuss the errors we identified with this person. However, current District officials acknowledged a lack of internal controls over the process for categorizing and reporting foster student data. Specifically, the District relied solely on one employee to identify and categorize foster students. This information was not reviewed by another employee who was adequately trained on PDE requirements prior to the data being reported to PDE.

The multiple errors identified in this finding stress the need for a review of this nature and training for all employees involved in identifying, categorizing, and reporting foster student data. We also found that a reconciliation to source documents to ensure each student categorized as a foster student met the eligibility requirements was not performed during the audit period. Additionally, the District did not have written policies and procedures to assist its employees in properly identifying and categorizing foster students.

**Future Reimbursement Adjustment:** We provided PDE with documentation detailing the reporting errors we identified for the 2016-17 through 2019-20 school years. We recommend that PDE adjust the District’s future subsidy reimbursement amount by the \$170,360 that we calculated as the overpayment.

## Recommendations

The *Clearfield Area School District* should:

1. Develop and implement an internal control system governing the process for identifying and reporting nonresident foster student data. The internal control system should include, but not be limited to, the following:
  - All personnel involved in identifying and reporting nonresident data are trained on PDE’s reporting requirements.
  - A review of nonresident data is conducted by an employee, other than the employee who prepared the data, before it is submitted to PDE.
  - Clear and concise written procedures are developed to document the categorization and reporting process for nonresident student data.
2. Perform a reconciliation of the nonresident student data to source documents before the data is reported to PDE.

3. Submit a tuition bill in the amount of \$48,070 to the neighboring school districts to recover the cost of educating the seven students who reside in their districts.

The *Pennsylvania Department of Education* should:

4. Adjust the District's future reimbursements to resolve the overpayment of \$170,360.

### **Management Response**

District management provided the following response:

“The new Child Accounting Secretary has been receiving and will continue to receive the appropriate training to fulfill her job duties in the position. Other department oversight personnel as well as the Business Administrator will also receive the appropriate training to avoid these findings in the future. A team approach will be used going forward to provide the necessary support for the Child Accounting Secretary. The Business Administrator will review all documentation prior to any PDE filing or billing of another LEA. The Business Administrator has established written procedures to ensure correct residency classifications for foster students. Also, internal control procedures have been put in place to ensure that all required documentation is collected and retained for all affected students.

Finally, once the audit is completed, the District will bill the other LEA's for the billing errors noted during the audit.”

### **Auditor Conclusion**

We are encouraged that the District is taking appropriate measures to implement our recommendations along with other corrective actions. We will determine the effectiveness of the District's corrective actions during our next audit of the District.

## Finding No. 2

## The District Did Not Implement Adequate Internal Controls to Ensure Compliance with Driver Qualifications and Background Clearance Requirements

*Criteria relevant to the finding:*

### Internal Control Standards

*Standards for Internal Control in the Federal Government* (also known as the Green Book), issued by the Comptroller General of the United States in September 2014, provides a framework for management to establish and maintain an effective internal control system. Principle 10, *Design Control Activities*, Attribute 10.03, states, in part, “Management designs appropriate types of control activities for the entity’s internal control system. Control activities help management fulfill responsibilities and address identified risk responses in the internal control system. . . .” See Section 10.3 of the Green Book.

### Statutory and Regulatory Requirements

Chapter 23 (relating to Pupil Transportation) of the State Board of Education’s 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).

We found that the District did not implement sufficient internal controls to meet its statutory and regulatory obligations under the Public School Code (PSC) and associated regulations related to the employment of individuals having direct contact with students during the 2020-21 school year. Specifically, we found that the District did not timely obtain, review, and monitor bus and van driver records or monitor who was driving its school vehicles on a daily basis for the three different transportation contractors providing drivers to the District. The District’s Board of School Directors (Board) failed to approve drivers for two of the three contractors providing services. Further, the Board approved both active drivers and potential substitute drivers before District officials obtained and reviewed all required and updated documentation to determine driver eligibility.

We also found that the District was not following its own Board-approved *Contracted Services* policy and transportation contract, which require the contractors to provide all necessary documentation to the District. By not obtaining, maintaining, and monitoring complete driver records, the District could not ensure that all contracted bus drivers were properly qualified to transport students as required by state laws and regulations (see criteria box).

### Importance of Internal Controls

Several state statutes and regulations establish the minimum required qualifications for school bus and van drivers, including the PSC and the Child Protective Services Law (CPSL). The District and its Board are responsible for the selection and approval of eligible drivers who qualify under applicable laws and regulations.<sup>8</sup> Therefore, the District should have a strong system of internal controls over its driver review process that should include, but not be limited to, the following:

- Documented review of all driver credentials prior to Board approval.
- Monitoring of driver credentials to ensure current clearances, licenses, and physicals on file.
- A system to track who is driving throughout the school year to ensure the Board has authorized all drivers.

<sup>8</sup> See 22 Pa. Code § 23.4(2).

*Criteria relevant to the finding  
(continued):*

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.

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).

- Clear and concise written policies and procedures specific to reviewing and monitoring drivers, included contracted drivers.
- Training on driver qualification and clearance requirements for employees responsible for driver records.

### ***Driver Employment Requirements***

Regardless of whether the District hires its own drivers or it uses 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,<sup>9</sup> including:
  - a. Valid driver's license (Commercial driver's license if operating a school bus).
  - 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 (Pennsylvania State Police [PSP] clearance).
  - b. Federal Criminal History Clearance, based on a full set of fingerprints (FBI clearance).
  - c. PA Child Abuse History Clearance.

It is important to note that all three clearances must be obtained every five years.<sup>10</sup>

### **Insufficient Internal Controls and Over Reliance on the Contractors Resulted in Driver Documentation Deficiencies and Lack of Board Approval**

The District utilizes one primary transportation contractor and two supplemental transportation contractors to provide bus and van drivers (drivers) to transport students. The primary contractor provides both bus and van drivers. Two supplemental contractors provide van drivers only. We reviewed driver information for the 2020-21 school year. After comparing District provided driver lists and additional drivers hired during the school year who were recorded in board meeting minutes to contractor provided lists as of specified dates, we determined that the District did not have sufficient internal controls in place to ensure compliance with driver qualification and clearance requirements and board approval of all drivers. Therefore, we tested 100 percent of the driver population that included

<sup>9</sup> Pennsylvania's Vehicle Code, 75 Pa.C.S. §§ 1508.1 (relating to Physical examinations) and 1509 (relating to Qualifications for school bus driver endorsement).

<sup>10</sup> 24 P.S. § 1-111(c.4) and 23 Pa.C.S. § 6344.4.



*Criteria relevant to the finding  
(continued):*

As for contracted school bus drivers, Section 111(a.1)(1) specifies that bus drivers employed by a school entity through an independent contractor who have direct contact with children must also 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).

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) to 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).

drivers from all three contractors. The District's procedures for obtaining, reviewing, and monitoring driver requirements were considered before and after testing.

The internal control weaknesses we identified are described in the following narrative.

### **No Records for or Board Approval of Drivers for Supplemental Contractors**

Our review determined that the Board did not approve the 16 van drivers from the two supplemental contractors, as required by the PSC. Additionally, the District did **not** maintain or review driver qualifications and background clearances for drivers utilized by these two supplemental contractors. Instead, the District placed complete reliance on the contractor to ensure driver requirements were met. Further, the District did not have a transportation contract with these two contractors to memorialize agreed upon terms and conditions. The District indicated that it was not maintaining records for or Board approving van drivers because it was unaware of the requirements to do so.

### **Documentation Deficiencies Including All Three Contractors**

While the District was not maintaining records for the 16 drivers from the two supplemental contractors prior to our audit as stated above, the District did obtain documentation from these two contractors prior to our onsite testing of driver qualifications and clearances. As such, our testing procedures included reviewing the District's files from the three contractors for all 83 drivers identified as driving for the District during the 2020-21 school year.

We found that copies of documentation required to be on file at the District were expired and/or missing for 78 of the 83 contracted drivers (94 percent). Multiple drivers had more than one deficiency with required documentation, including all ten newly hired drivers during the 2020-21 school year. These documentation deficiencies occurred because the District was relying on its contractors to provide updated and current documentation without an adequate internal review process or ongoing monitoring system to provide independent oversight.

After presenting the results of our review to District officials, they were able to obtain updated copies for the expired and/or missing documentation from the three contractors for 55 of the 78 drivers. The District did not obtain or provide the expired and/or missing documentation for the remaining 23 drivers so the District could not provide assurances that the drivers met all clearance and qualification requirements.

*Criteria relevant to the finding  
(continued):*

Section 8.2 of Title 22, Chapter 8 (relating to Criminal Background Checks) of the State Board of Education's 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 employees would have direct contact with children." (Emphasis added.) See 22 Pa. Code § 8.2(a).

**Board Policy**

Board Policy 818, *Contracted Services*, states that the Board is required by law to ensure that independent contractors and their employees comply with the mandatory background check requirements for criminal history and child abuse.

**Transportation Contract**

The District's transportation contract with its primary contractor to provide bus and van drivers states requires that every driver is required to meet all three background clearance requirements and that evidence of this documentation must be presented to the Coordinator of Transportation prior to their operation of any vehicle under this contract.

**PDE Guidance Document**

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>).

Further, see PDE's "Background Checks Portability" web site guidance regarding aligning school policies concerning background checks for employees and contractors with the provisions of the PSC and CPSL (<https://www.education.pa.gov/Educators/Clearances/FAQ/Pages/Portability.aspx#>).

Whether or not a contractor is utilized, it is ultimately the District's responsibility to determine driver fitness and eligibility before drivers begin transporting students and then to monitor eligibility for continued employment. As such, establishing a standardized review process and ongoing monitoring procedures is crucial to a District ensuring that its contracted drivers meet all employment requirements. This responsibility has been heightened by recent amendments to the PSC and CPSL requiring that all background clearances be renewed every five years. Without a process to monitor the expiration dates of clearances and driver qualifications, the District would be unaware if drivers with expired clearances and/or qualifications are transporting students.

According to District officials, the Transportation Coordinator is in daily communication with the primary contractor, but the District relied on the contractors to hire qualified individuals and monitor whether or not the drivers stayed current with their credentials. The District was not independently monitoring that all required driver documentation was obtained and current.

**Failure to Board Approve Drivers for the Primary Contractor**

As stated above, we determined that the District did **not** have a process in place to Board approve drivers for two of its supplemental contractors providing van drivers. As such, none of the individuals driving for these two contractors were Board approved, as required. In addition to the 16 individuals driving for these two supplemental contractors without Board approval, we found that three individuals driving for the primary contractor were also never Board approved.

The requirement to Board approve drivers is designed to provide the public with assurance that District administration has determined that authorized drivers have the required qualifications and clearances on file *prior to* employment and driving District students. The District indicated that it was aware of the requirement to Board approve bus drivers, but it was unaware that van drivers also needed to be Board approved.

**Noncompliance with Board Policy and Transportation Contract**

By not adequately maintaining and monitoring required driver documentation, as noted earlier, the District failed to follow its own Board Policy No. 818, *Contracted Services Personnel*, which requires the District to ensure that the contractor and contracted employees comply with mandatory background check requirements. Further, the 2015 revision to the District's contracted service policy does not incorporate all the significant changes to laws and regulations that were made to the PSC and the CPSL related to the requirement to obtain updated background clearances every five years.

Additionally, the District did not enforce compliance with provisions in its transportation contract with the primary contractor by not ensuring that the contractor was providing all required background clearances to the District.

## **Conclusion**

The District and its Board did not meet their statutory and regulatory requirements to ensure that all drivers were qualified and eligible to transport students by not having adequate internal controls in place to properly oversee its contracted drivers. Specifically, the District and its Board did not comply with all applicable laws, regulations, its own board policy, and PDE guidance documents when it failed to have the Board approve **all** drivers and failed to obtain, review, and monitor all required driver qualifications and clearances.

Ensuring that ongoing credential and clearance requirements are satisfied is a vital student protection obligation and responsibility 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 and vans. The use of a contractor to provide student transportation does not alleviate the District from its responsibility to ensure compliance with requirements for driver qualifications and background clearances.

## **Recommendations**

The *Clearfield Area School District* should:

1. Implement verifiable internal control procedures with a documented review process to ensure that only qualified and authorized individuals are driving for the District.
  - These procedures should ensure:
    - The District obtains a comprehensive list of drivers at the beginning of each school year that is maintained and updated throughout the school year with any changes.
    - All required qualification and clearance documents are obtained, reviewed, and on file at the District and that individual drivers assessed by District administration are presented to the Board for approval prior to transporting students.
    - All driver qualification and clearance documentation is monitored on a regular basis sufficient to ensure continued compliance with requirements.
2. Comply with all applicable laws and regulations to obtain, review, and maintain required qualification and clearance documentation for all drivers.

3. Ensure that all drivers determined to be eligible to transport students are presented to the Board for approval prior to transporting students, including new drivers added throughout the school year.
4. Implement procedures to ensure compliance with the Board's *Contracted Services* policy and transportation contract, and promptly update the Board's policy for contracted services to align with provisions of the PSC and CPSL, including the requirement to obtain updated clearances every five years.

### **Management Response**

District management provided the following response:

“In the past the district worked closely with the bus and van companies to monitor driver qualifications, but the district did not independently maintain a log of the driver qualifications. However, all driver federal background checks were initiated and reviewed by the district prior to hiring the drivers. The district has developed internal controls for driver qualifications and has begun implementing those controls in the 2021-2022 school year.

“The district has always maintained a written contract with its independent bus contractor. However, the district has never maintained a written contract with its van contractors. The district will draft and maintain written contracts with its van contractors beginning with the 2022-2023 school year.

“The district's Board policies have not been updated to reflect the most recent laws and regulations pertaining to contracted transportation services. The district will consult with PSBA to obtain any updated Board policies to ensure that they reflect the most recent laws and regulations as they pertain to contracted transportation services.”

### **Auditor Conclusion**

We are encouraged that the District is taking appropriate measures to implement our recommendations along with other corrective actions. We will determine the effectiveness of the District's corrective actions during our next audit of the District.

## **Status of Prior Audit Findings and Observations**

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**O**ur prior audit of the Clearfield Area School District resulted in no findings or observations.

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

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

Our audit, conducted under authority of Sections 402 and 403 of The Fiscal Code,<sup>11</sup> is not a substitute for the local annual financial audit required by the Public School Code of 1949, as amended. We conducted our audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit.

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

The District's management is responsible for establishing and maintaining effective internal control to provide reasonable assurance that the District's objectives will be achieved.<sup>12</sup> *Standards for Internal Control in the Federal Government* (also known as and hereafter referred to as the Green Book), issued by the Comptroller General of the United States, provides a framework for management to establish and maintain an effective internal control system. The Department of the Auditor General used the Green Book as the internal control analysis framework during the conduct of our audit.<sup>13</sup> The Green Book's standards are organized into five components of internal control. In an effective system of internal control, these five components work together in an integrated manner to help an entity achieve its objectives. Each of the five components of internal control contains principles, which are the requirements an entity should follow in establishing an effective system of internal control. We illustrate the five components and their underlying principles in Figure 1 on the following page.

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<sup>11</sup> 72 P.S. §§ 402 and 403.

<sup>12</sup> District objectives can be broadly classified into one or more of the following areas: effectiveness of operations; reliability of reporting for internal and external use; and compliance with applicable laws and regulations, more specifically in the District, referring to certain relevant state laws, regulations, contracts, and administrative procedures.

<sup>13</sup> Even though the Green Book was written for the federal government, it explicitly states that it may also be adopted by state, local, and quasi-government entities, as well as not-for-profit organizations, as a framework for establishing and maintaining an effective internal control system. The Green Book is assessable at <https://www.gao.gov/products/GAO-14-704G>

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

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

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

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

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

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

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

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

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

In order to properly plan our audit and to guide us in selecting objectives, we reviewed pertinent laws and regulations, the District’s annual financial reports, annual General Fund budgets, and the independent audit reports of the District’s basic financial statements for the July 1, 2016 through June 30, 2020 fiscal years. We conducted analytical procedures on the District’s state revenues and the transportation reimbursement data. We reviewed the prior audit report and we researched current events that possibly affected District operations. We also determined if the District had key personnel or software vendor changes since the prior audit.

Performance audits draw conclusions based on an evaluation of sufficient, appropriate evidence. Evidence is measured against criteria, such as laws, regulations, third-party studies, and best business practices. Our audit focused on the District’s effectiveness in four areas as described below. As we conducted our audit procedures, we sought to determine answers to the following questions, which served as our audit objectives.

### **Nonresident Student Data**

- Did the District accurately report nonresident students to PDE? Did the District receive the correct reimbursement for these nonresident students?<sup>14</sup>
- ✓ To address this objective, we assessed the District’s internal controls for the inputting, processing, and reporting of the 1305 student membership data. We reviewed all 66 foster students reported by the District during the 2016-17 through 2019-20 school years. We verified that each foster student’s custodial parent or guardian was not a resident of the District, and determined whether the foster parents were residents of the District, and whether the foster parents received a stipend for the care of the student by reviewing the agency placement letters. The student listings were compared to the days reported on the *Summary of Child Accounting Membership Reports* and *Instructional Time and Membership Reports* to ensure that reported data was accurate and that the District received the appropriate reimbursement.

**Conclusion:** The results of our procedures identified areas of noncompliance and significant internal control deficiencies related to this objective. The results are detailed in Finding No. 1 beginning on page 7 of this report.

### **Bus Driver Requirements**

- Did the District ensure that all bus drivers transporting District students are approved by the Board of School Directors (Board) and had the required driver’s license, physical exam, training, background checks, and clearances<sup>15</sup> as outlined in applicable laws?<sup>16</sup> Also, did the District adequately monitor

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<sup>14</sup> See 24 P.S. § 2541(a).

<sup>15</sup> Auditors reviewed the required state, federal, and child abuse background clearances that the District obtained from the most reliable sources available, including the FBI, the Pennsylvania State Police, and the Department of Human Services. However, due to the sensitive and confidential nature of this information, we were unable to assess the reliability or completeness of these third-party databases.

<sup>16</sup> PSC 24 P.S. § 1-111, CPSL 23 Pa.C.S. § 6344(a.1), PSC (Educator Discipline) 24 P.S. § 2070.1a *et seq.*, State Vehicle Code 75 Pa.C.S. §§ 1508.1 and 1509, and State Board of Education’s regulations 22 Pa. Code Chapter 8.



driver records to ensure compliance with the ongoing five-year clearance requirements and ensure it obtained updated licenses and health physical records, as applicable, throughout the school year?

- ✓ To address this objective, we assessed the District’s internal controls for obtaining, reviewing, maintaining, and monitoring the required bus driver qualification documents. We determined if all drivers were approved by the District’s Board when hired. We reviewed all 83 contracted drivers transporting District students as of May 19, 2021. We reviewed documentation to ensure the District complied with the requirements for those bus drivers. We also determined if the District had monitoring procedures to ensure that all drivers had updated licenses, clearances, and physicals.

**Conclusion:** The results of our procedures identified areas of noncompliance and significant internal control deficiencies related to this objective. The results are detailed in Finding No. 2 beginning on page 11 of this report.

### **Transportation Operations**

- Did the District ensure compliance with applicable laws and regulations governing transportation operations, and did the District receive the correct transportation reimbursement from the Commonwealth?<sup>17</sup>
- ✓ To address this objective, we assessed the District’s internal controls for inputting and categorizing nonpublic school student counts and reporting this data to PDE. We reviewed all 113 nonpublic school students reported to PDE as transported by the District during the 2016-17 through 2019-20 school years. We requested the individual requests for transportation for each student reported for each school year to determine the accuracy of the data reported to PDE and to verify that the District was accurately reimbursed for these students.

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

### **School Safety**

- Did the District comply with requirements in the Public School Code and the Emergency Management Code related to emergency management plans, bullying prevention, and memorandums of understanding with local law enforcement?<sup>18</sup> Also, did the District follow best practices related to physical building security and providing a safe school environment?
- ✓ To address this objective, we reviewed a variety of documentation including, safety plans, risk and vulnerability assessments anti-bullying policies, school climate surveys, and memorandums of understanding with law enforcement.

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

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<sup>17</sup> See 24 P.S. § 2541(a).

<sup>18</sup> Safe Schools Act 24 P.S. § 13-1301-A *et seq.*, Emergency Management Services Code 35 Pa.C.S. § 7701.

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

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

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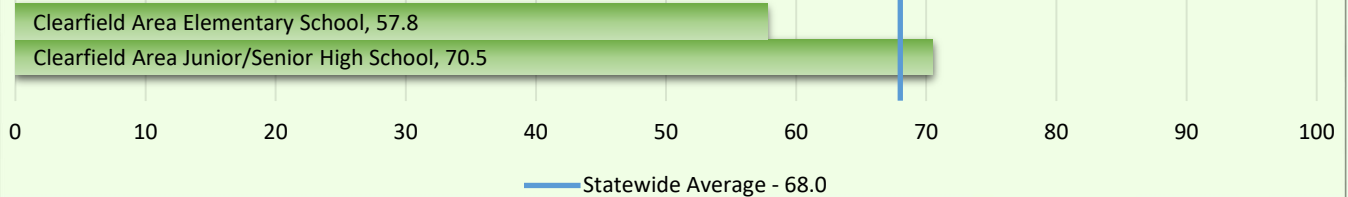
<sup>19</sup> Public School Code (Fire and Security Drills) 24 P.S. § 15-1517.

## Appendix B: Academic Detail

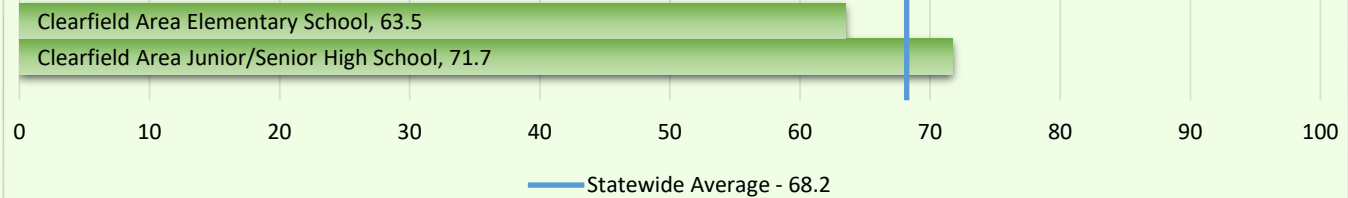
Benchmarks noted in the following graphs represent the statewide average of all public school buildings in the Commonwealth that received a score in the category and year noted.<sup>20</sup> Please note that if one of the District's schools did not receive a score in a particular category and year presented below, the school will not be listed in the corresponding graph.<sup>21</sup>

### SPP School Scores Compared to Statewide Averages

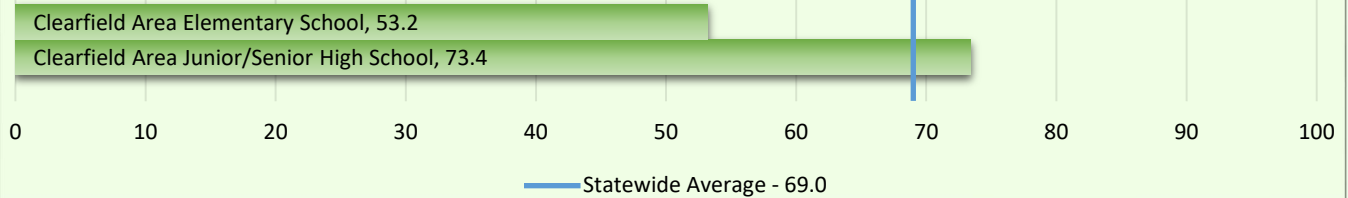
**2018-19**



**2017-18**



**2016-17**

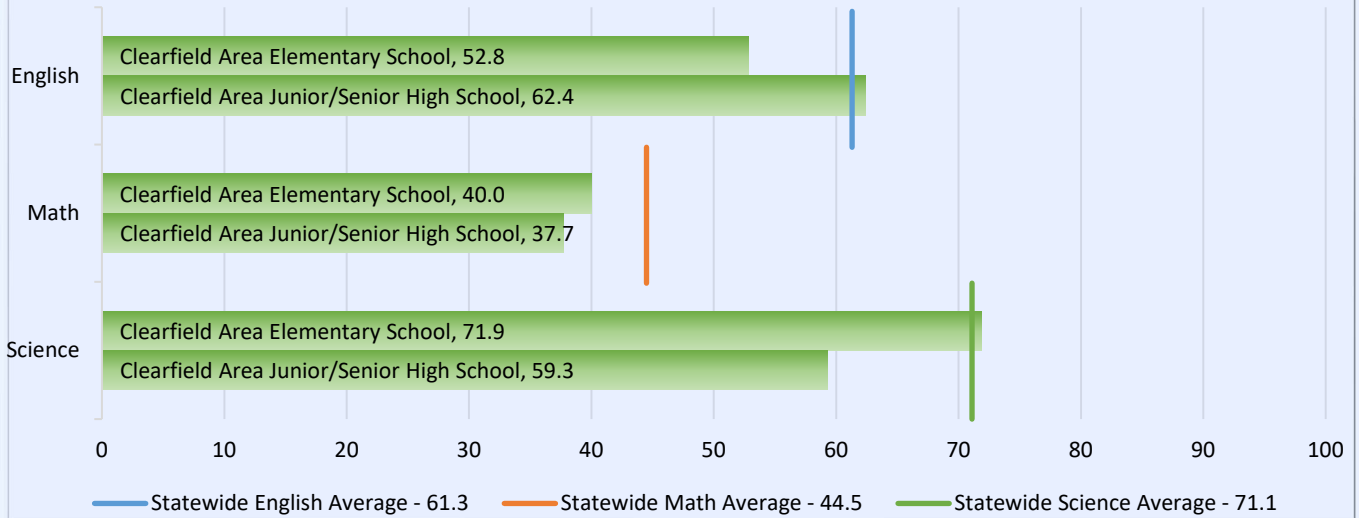


<sup>20</sup> Statewide averages were calculated by our Department based on individual school building scores for all public schools in the Commonwealth, including district schools, charters schools, and cyber charter schools.

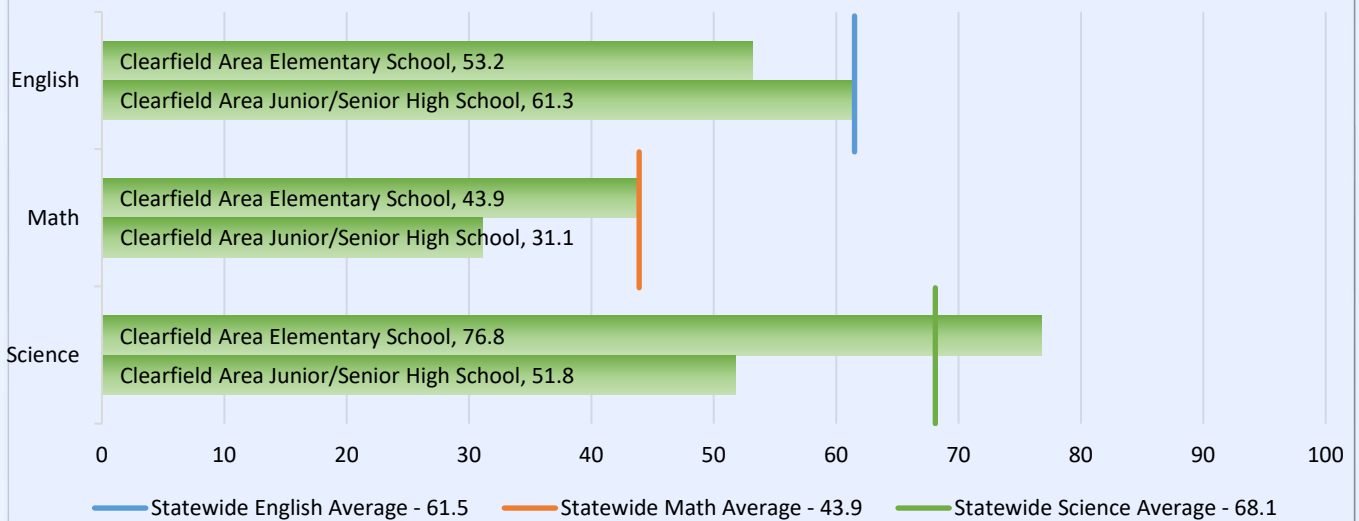
<sup>21</sup> PDE's data does not provide any further information regarding the reason a score was not published for a specific school. However, readers can refer to PDE's website for general information regarding the issuance of academic scores.

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

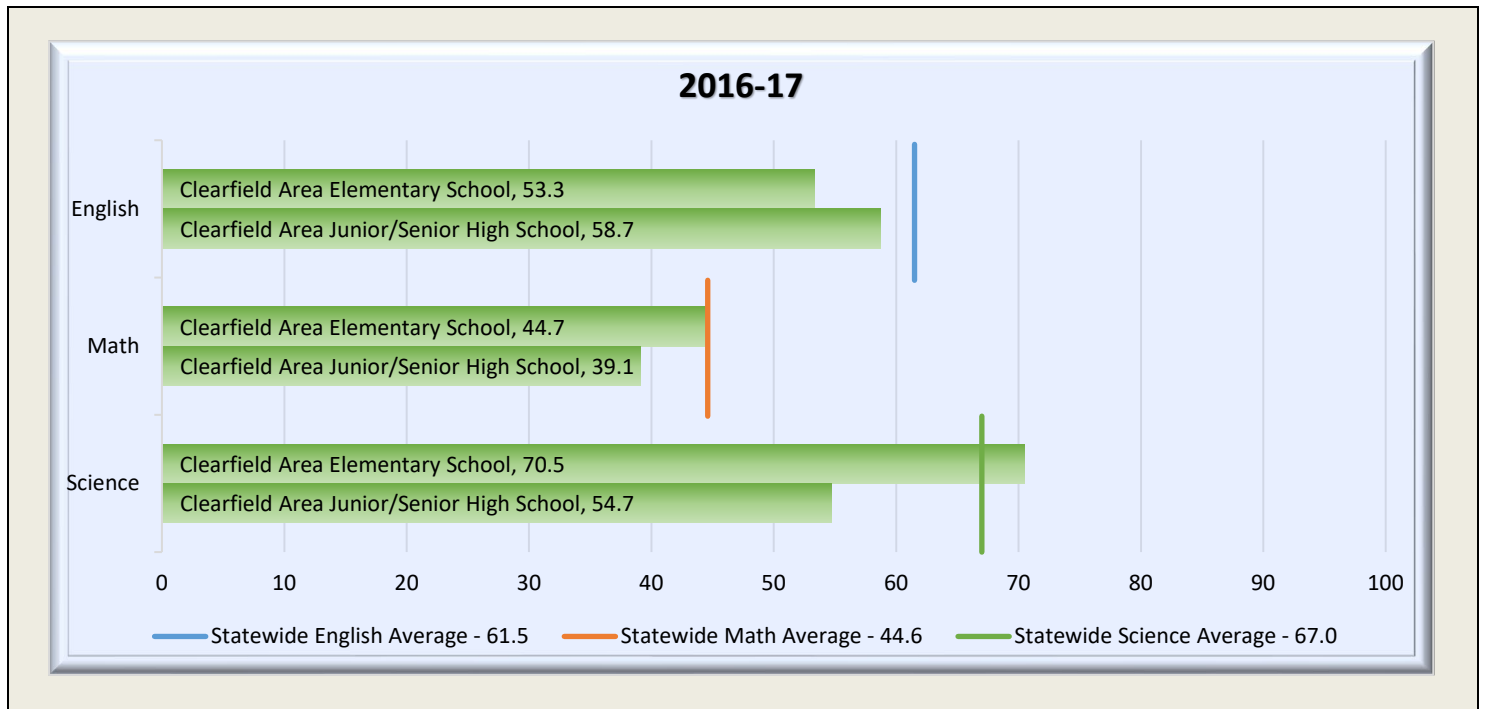
**2018-19**



**2017-18**

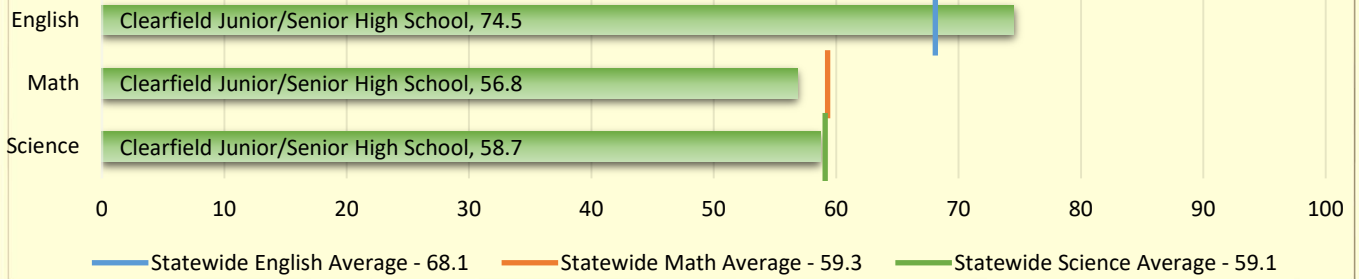


**PSSA Advanced or Proficient Percentage  
School Scores Compared to Statewide Averages (continued)**

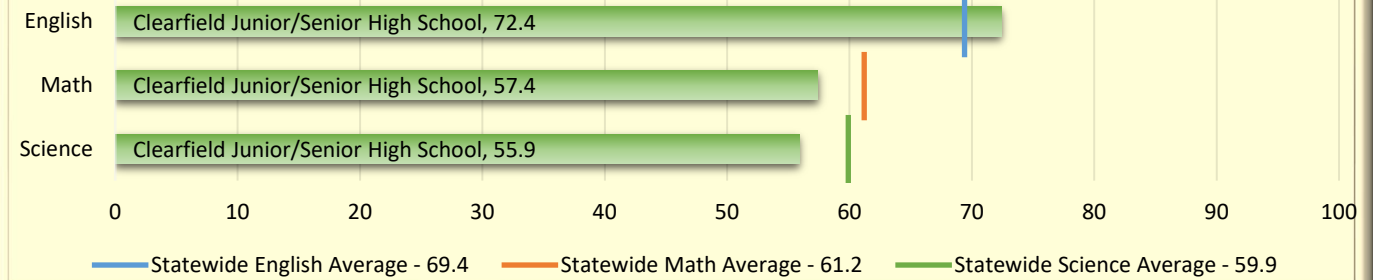


## Keystone Advanced or Proficient Percentage School Scores Compared to Statewide Averages

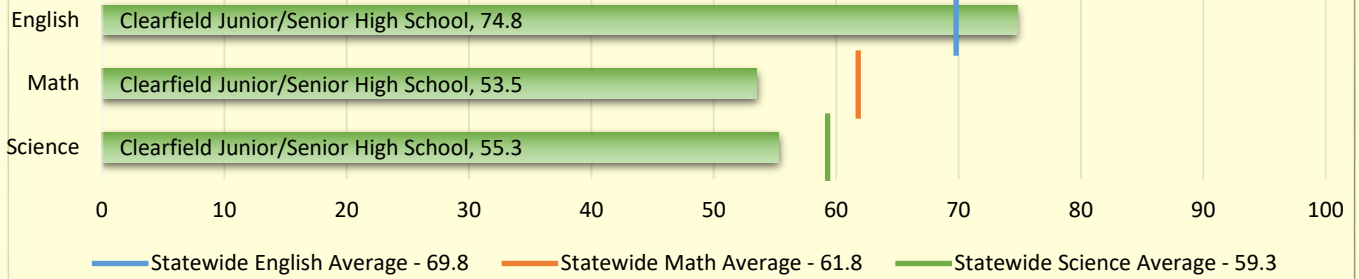
### 2018-19



### 2017-18



### 2016-17



## **Distribution List**

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

**The Honorable Tom W. Wolf**  
Governor  
Commonwealth of Pennsylvania  
Harrisburg, PA 17120

**The Honorable Noe Ortega**  
Secretary of Education  
1010 Harristown Building #2  
333 Market Street  
Harrisburg, PA 17126

**The Honorable Stacy Garrity**  
State Treasurer  
Room 129 - Finance Building  
Harrisburg, PA 17120

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

**Dr. David Wazeter**  
Research Manager  
Pennsylvania State Education Association  
400 North Third Street - Box 1724  
Harrisburg, PA 17105

**Mr. Nathan Mains**  
Executive Director  
Pennsylvania School Boards Association  
400 Bent Creek Boulevard  
Mechanicsburg, PA 17050

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