

# PERFORMANCE AUDIT

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## Colonial School District Montgomery County, Pennsylvania

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April 2021



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR  
AUDITOR GENERAL**

Dr. Michael L. Christian, Superintendent  
Colonial School District  
230 Flourtown Road  
Plymouth Meeting, Pennsylvania 19462

Ms. Susan Moore, Board President  
Colonial School District  
230 Flourtown Road  
Plymouth Meeting, Pennsylvania 19462

Dear Dr. Christian and Ms. Moore:

We have conducted a performance audit of the Colonial School District (District) for the period July 1, 2015 through June 30, 2019, except as otherwise indicated in the audit scope, objective, and methodology section of the report. We evaluated the District's performance in the following areas as further described in Appendix A of this report:

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

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

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

Our audit identified areas of noncompliance and significant internal control deficiencies in the areas of transportation operations and nonresident student data and those deficiencies are detailed in the findings in this report.

In addition, we identified internal control deficiencies in the area of bus driver requirements that were not significant but warranted the attention of District management and those charged with governance. Those deficiencies were verbally communicated to District management and those charged with governance for their consideration. Finally, we found that the District performed adequately in the area of administrator separations.

Dr. Michael L. Christian

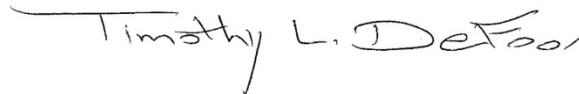
Ms. Susan Moore

Page 2

Our audit findings and recommendations have been discussed with the District, and its responses are included in the audit report. We believe the implementation of our recommendations will improve the District's operations and facilitate compliance with legal and other relevant requirements.

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

Sincerely,

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive style with a long horizontal stroke at the beginning.

Timothy L. DeFoor  
Auditor General

April 20, 2021

cc: **COLONIAL 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 Colonial 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, 2015 through June 30, 2019, 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 2015-16 through 2018-19 school years.

### **Audit Conclusion and Results**

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

#### **Finding No. 1: The District's Failure to Implement an Adequate Internal Control System Resulted in an Unauditable \$1.3 Million in Supplemental Transportation Reimbursements.**

The District did not implement an adequate internal control system over the input, calculation, and reporting of supplemental transportation data. Additionally, the District did not comply with the record retention provisions of the Public School Code when it failed to retain adequate source documentation for the supplemental transportation reimbursement received for the 2015-16 through 2018-19 school years. As a result, the accuracy of the \$1,299,375 the District received in supplemental transportation reimbursements could not be determined (see page 7).

#### **Finding No. 2: The District Failed to Implement Key Internal Controls Over the Nonresident Student Data Reported to the Pennsylvania Department of Education Resulting in an Overpayment of \$24,590.**

The District did not implement key internal controls over the categorization and reporting of nonresident student data to the Pennsylvania Department of Education (PDE). Specifically, the District did not have an adequate review process and instead relied on one employee to categorize and report certain nonresident students. The lack of key internal controls over this process resulted in a \$24,950 overpayment to the District because it inaccurately reported two nonresident students to PDE (see page 11).

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

There were no findings or observations in our prior limited procedures engagement.

## Background Information

School Characteristics 2019-20 School Year*	
County	Montgomery
Total Square Miles	30
Number of School Buildings	7
Total Teachers	450
Total Full or Part-Time Support Staff	248
Total Administrators	45
Total Enrollment for Most Recent School Year	5,225
Intermediate Unit Number	23
District Career and Technical School	Central Montco Technical High School

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

## Mission Statement\*

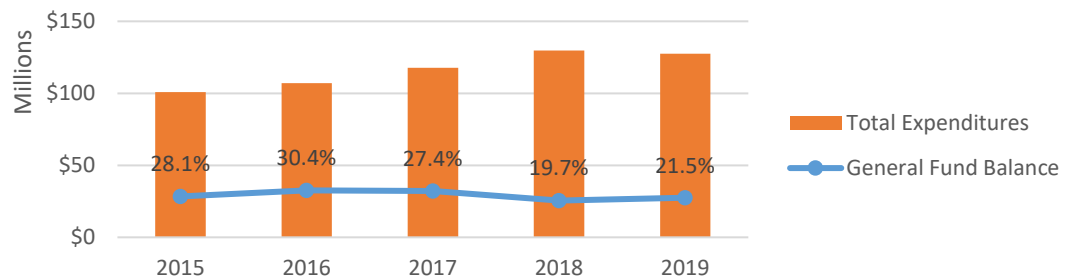
To be an innovative educational leader in preparing students to become life-long learners who are successful, contributing members of society. This quest for excellence will be achieved by promoting collaboration among all stakeholders in a mutually supportive and positive learning environment in which every member is engaged, inspired, challenged and driven by integrity and a desire to create a better future.

## Financial Information

The following pages contain financial information about the Colonial 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**.

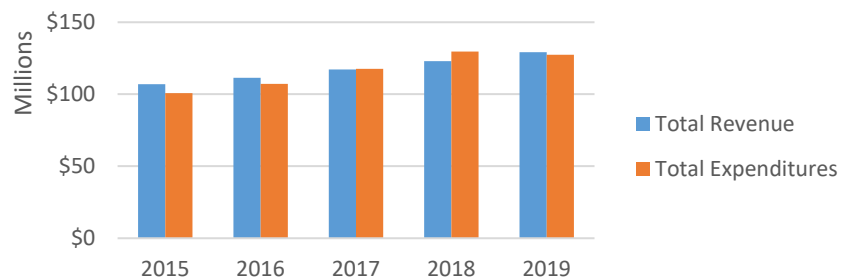
### General Fund Balance as a Percentage of Total Expenditures

	General Fund Balance
2015	\$28,316,665
2016	\$32,602,636
2017	\$32,200,740
2018	\$25,517,873
2019	\$27,408,307



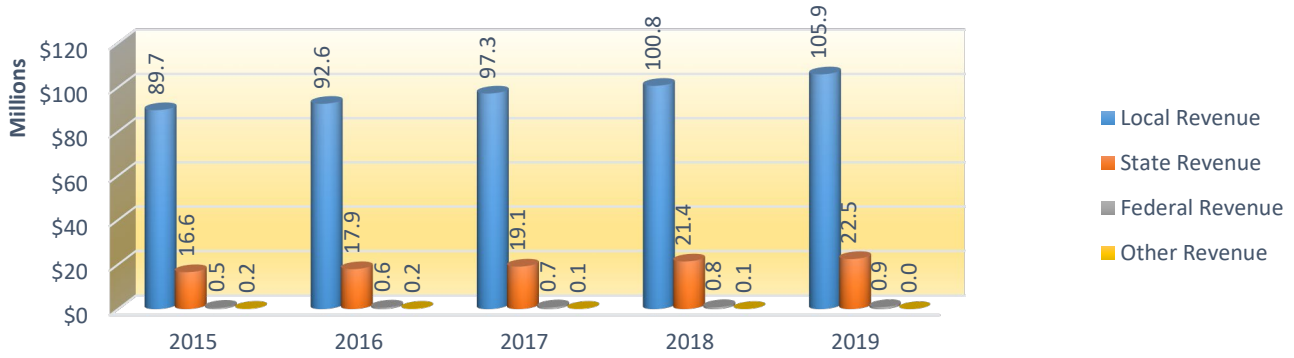
### Revenues and Expenditures

	Total Revenue	Total Expenditures
2015	\$107,029,329	\$100,779,335
2016	\$111,384,167	\$107,098,197
2017	\$117,235,391	\$117,637,285
2018	\$123,020,352	\$129,703,220
2019	\$129,309,981	\$127,419,547

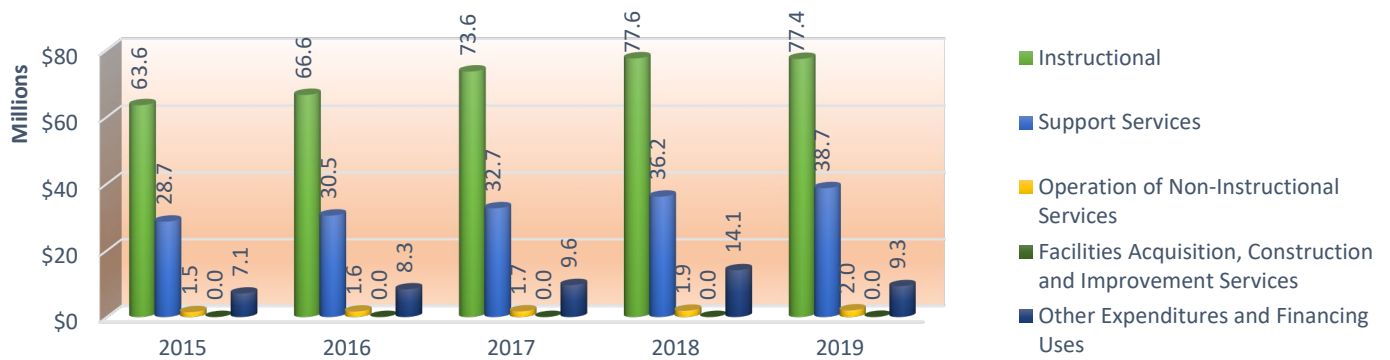


## Financial Information Continued

### Revenues by Source

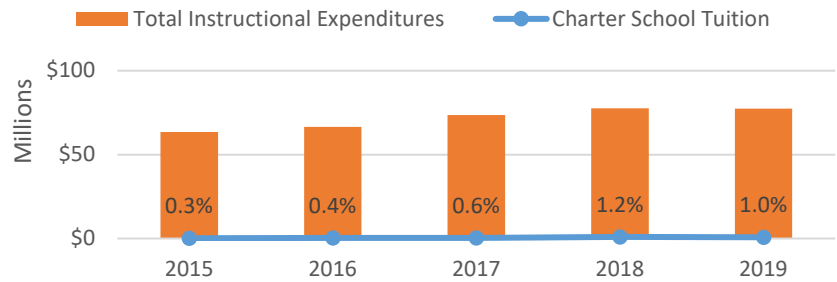


### Expenditures by Function

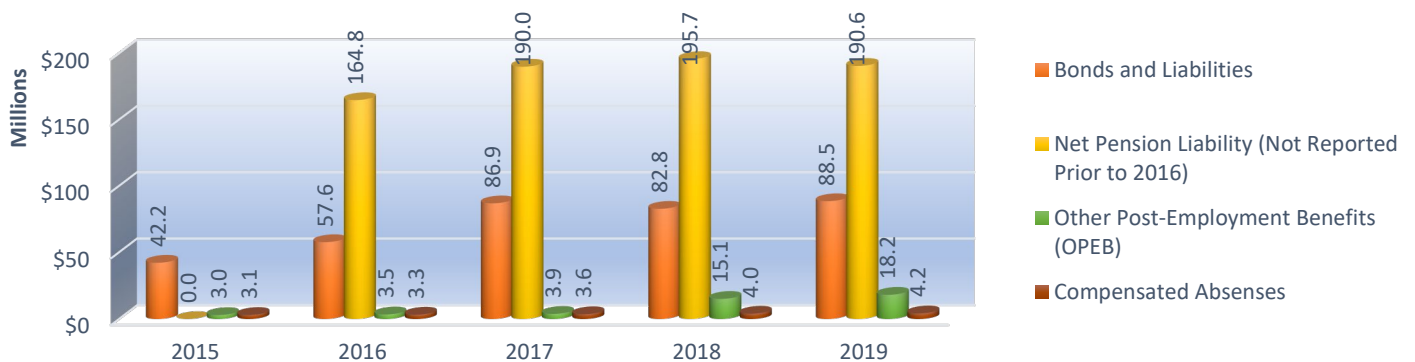


### Charter Tuition as a Percentage of Instructional Expenditures

	Charter School Tuition	Total Instructional Expenditures
2015	\$169,151	\$63,551,307
2016	\$298,784	\$66,617,015
2017	\$410,848	\$73,619,690
2018	\$955,268	\$77,564,900
2019	\$798,669	\$77,392,163



### Long-Term Debt

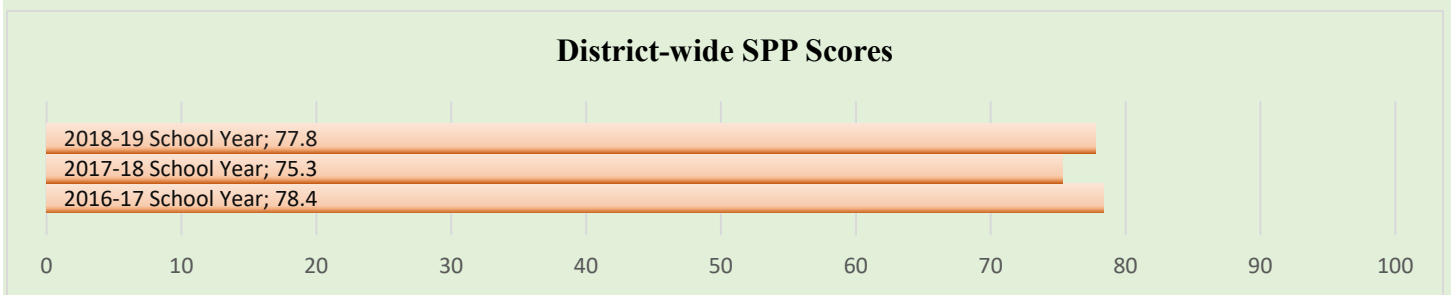


## Academic Information

The graphs on the following pages present the District-wide School Performance Profile (SPP) scores, Pennsylvania System of School Assessment (PSSA) scores, Keystone Exam results, and 4-Year Cohort Graduation Rates for the District obtained from PDE's data files for the 2016-17, 2017-18, and 2018-19 school years.<sup>1</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>2</sup>



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

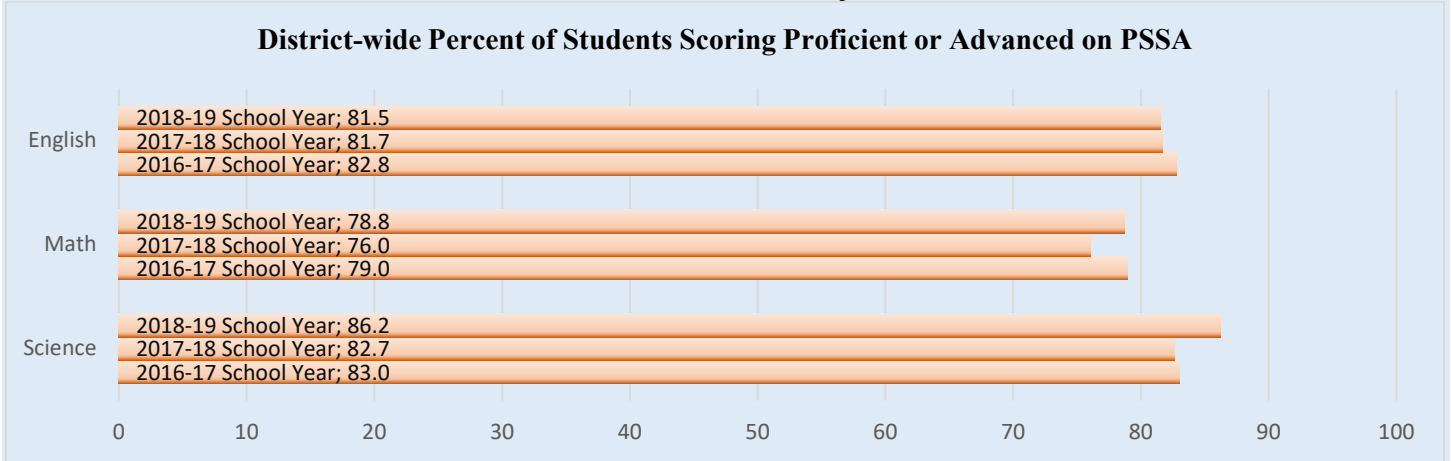


## Academic Information Continued

### What is the PSSA?

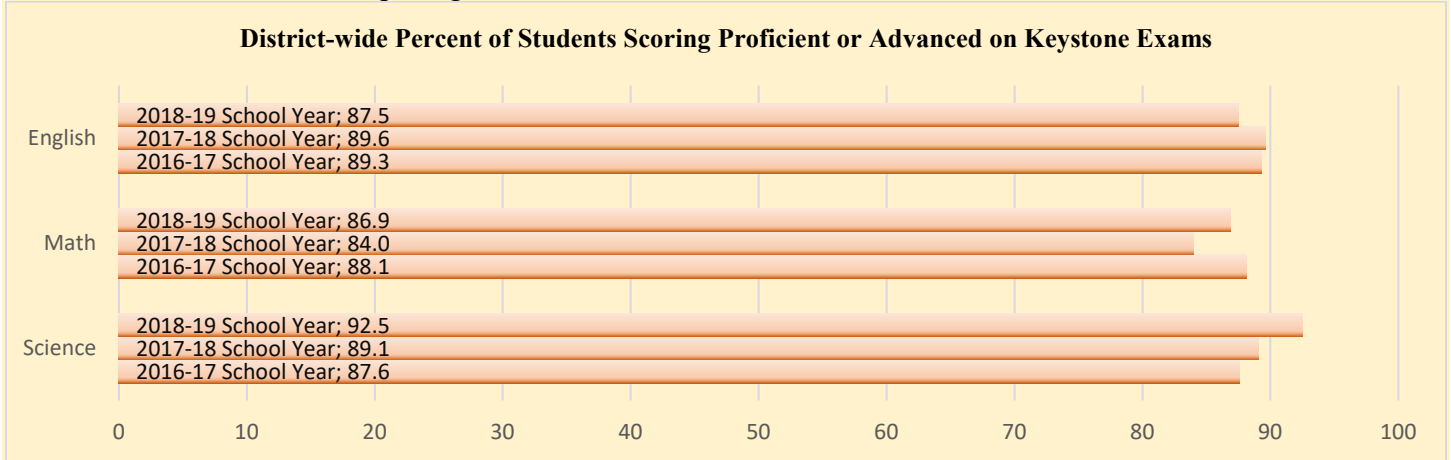
The PSSA is an annual, standardized test given across the Commonwealth to students in grades 3 through 8 in core subject areas, including English, Math and Science. The PSSAs help Pennsylvania meet federal and state requirements and inform instructional practices, as well as provide educators, stakeholders,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

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



### What is the Keystone Exam?

The Keystone Exam measures student proficiency at the end of specific courses, such as Algebra I, Literature, and Biology. The Keystone Exam was intended to be a graduation requirement starting with the class of 2017, but that requirement has been put on hold until the 2020-21 school year.<sup>3</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.

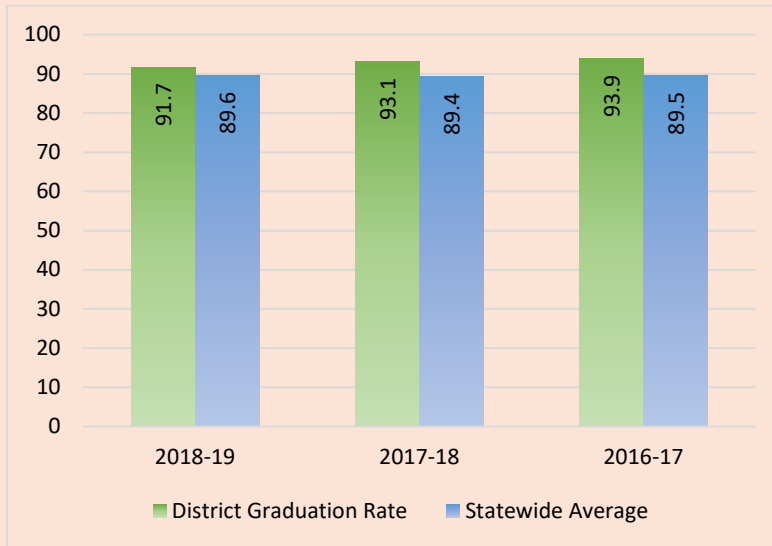


<sup>3</sup> Act 158 of 2018, effective October 24, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement until the 2021-22 school year. See 24 P.S. § 1-121(b)(1). Please refer to the following link regarding further guidance to local education agencies (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>4</sup>



<sup>4</sup> PDE also calculates 5-year and 6-year cohort graduation rates. Please visit PDE's website for additional information:  
<http://www.education.pa.gov/Data-and-Statistics/Pages/Cohort-Graduation-Rate-.aspx>.

## Findings

### Finding No. 1

### The District's Failure to Implement an Adequate Internal Control System Resulted in an Unauditable \$1.3 Million in Supplemental Transportation Reimbursements

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

Section 1361(a) of the Public School Code (PSC) requires school districts to provide free transportation to their students attending a nonpublic school located within the school district or outside the school district not exceeding ten miles by the nearest public highway. These provisions also allows school districts to receive a supplemental, state transportation subsidy of \$385 per nonpublic student pursuant to Section 2509.3 of the PSC. *See* 24 P.S. § 13-1361(a) and 24 P.S. § 25-2509.3.

Nonpublic school students are children whose parents are paying tuition for them to attend a nonprofit or parochial school.

#### **Record Retention Requirement**

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

We found that Colonial School District (District) did not implement an adequate internal control system over the input, calculation, and reporting of supplemental transportation data. Additionally, the District did not comply with the record retention provisions of the Public School Code (PSC) when it failed to retain adequate source documentation for the supplemental transportation reimbursements received for the 2015-16 through 2018-19 school years. As a result, we could not determine the accuracy of the \$1,299,375 the District received in supplemental transportation reimbursement.

**Background:** School districts receive two separate transportation reimbursement payments from the Pennsylvania Department of Education (PDE). The **regular** transportation reimbursement is broadly based on the number of students transported, the number of days each vehicle was used to transport students, and the number of miles that vehicles are in service, both with and without students. The **supplemental** transportation reimbursement is based on the number of charter and nonpublic school students transported at any time during the school year.<sup>5</sup> The documentation issues discussed in this finding pertain to the District's supplemental transportation reimbursements.

According to the PSC, a nonpublic school is defined, in pertinent part, as a nonprofit school other than a public school within the Commonwealth of Pennsylvania, wherein a resident of the Commonwealth may legally fulfill the compulsory school attendance requirements.<sup>6</sup> The PSC requires school districts to provide transportation services to students who reside in its district and who attend a nonpublic school and it provides for a reimbursement from the Commonwealth of \$385 for each nonpublic school student transported by the District. Additionally, the PSC's record retention provision requires records related to the District's supplemental transportation reimbursement be retained for a period of not less than six years.

It is essential for the District to properly identify the nonpublic school students that it transports, maintain records to support the total number of

<sup>5</sup> The District did not report any charter school students as having been transported during the audit period.

<sup>6</sup> According to the PSC, a nonpublic school is defined, in pertinent part, as a nonprofit school other than a public school within the Commonwealth of Pennsylvania, wherein a resident of the Commonwealth may legally fulfill the compulsory school attendance requirements. *See* Section 922.1-A(b) (relating to "Definitions") of the PSC, 24 P.S. § 9-922.1-A(b).

*Criteria relevant to the finding (continued):*

**Sworn Statement and Annual Filing Requirements**

Section 2543 of the PSC, which is entitled, “Sworn statement of amount expended for reimbursable transportation; payment; withholding” of the PSC states, in part: “Annually, each school district entitled to reimbursement on account of pupil transportation shall provide in a format prescribed by the Secretary of Education, data pertaining to pupil transportation for the prior and current school year. . . . The Department of Education may, for cause specified by it, withhold such reimbursement, in any given case, permanently, or until the school district has complied with the law or regulations of the State Board of Education.” (Emphases added.) See 24 P.S. § 25-2543.

nonpublic school students transported throughout the school year, and report nonpublic school student data to PDE. The District must also retain records supporting this data in accordance with the PSC requirements (see the criteria box). Therefore, the District should have a strong system of internal control over its supplemental transportation operations that should include, but not be limited to, the following:

- Segregation of duties
- Written procedures
- Training on PDE reporting requirements

It is also important to note that the PSC requires that all school districts annually file a sworn statement of student transportation data for the prior and current school years with PDE in order to be eligible for transportation reimbursements.<sup>7</sup> The sworn statement includes the superintendent’s signature attesting to the accuracy of the reported data. Because of that attestation, the District should ensure it has implemented an adequate internal control system to provide the confidence it needs to sign the sworn statement.

**\$1.3 Million in Supplemental Transportation Reimbursement Unauditable**

We reviewed the nonpublic school student transportation data that the District reported to PDE and found that the District did not have adequate supporting documentation for the reported data. The number of nonpublic school students reported by the District and the supplemental reimbursement received for these students are detailed in the table below.

Colonial School District Transportation Data Reported to the PDE		
	(A)	[(A) x \$385]
School Year	Nonpublic School Students Reported to PDE	Supplemental Transportation Reimbursement Received
<b>2015-16</b>	926	\$ 356,510
<b>2016-17</b>	847	\$ 326,095
<b>2017-18</b>	846	\$ 325,710
<b>2018-19</b>	756	\$ 291,060
<b>Total</b>	<b>3,375</b>	<b>\$1,299,375</b>

The District’s procedure during the audit period was to annually obtain a written request for transportation for each nonpublic school student transported, enter this information into its transportation software, and

<sup>7</sup> See 24 P.S. § 25-2543.

report the total number of nonpublic students to PDE at the conclusion of each school year. However, due to turnover in the position responsible for reporting this data, the District was unable to locate and provide us with individual requests for transportation. Without this documentation, we were unable to audit the data reported to PDE and determine the accuracy of the supplemental transportation reimbursement received during the four-year audit period.

### **Significant Internal Control Deficiencies**

Our review revealed that the District did not have an adequate internal control system over the processing of inputting, categorizing, and reporting of supplemental transportation data to PDE. Specifically, we found that the District did not do the following:

- Ensure that the supporting documentation for all nonpublic school students is obtained and retained by the District.
- Implement adequate segregation of duties when it assigned responsibility to one employee for reporting supplemental transportation data to PDE without having another employee review the data before it was submitted to PDE.
- Develop comprehensive written procedures for obtaining and maintaining the documentation needed to accurately report nonpublic school students to PDE.

All of the above internal control deficiencies, including the District's failure to retain documentation in accordance with the PSC, resulted in our inability to audit the District's supplemental transportation reimbursements received during the four-year audit period.

### **Recommendations**

The *Colonial School District* should:

1. Develop and implement an internal control system over its supplemental transportation operations. The internal control system should include, but not be limited to, the following:
  - All personnel involved in inputting, categorizing, and reporting supplemental transportation data are trained on PDE's reporting requirements.
  - A review of supplemental transportation data is conducted by an employee other than the employee who prepared the data before it is submitted to PDE.
  - Comprehensive written procedures are developed to document the supplemental transportation data collection, categorization, and reporting process.

2. Ensure that complete supporting documentation for all nonpublic school student data is obtained, reviewed, and retained in accordance with PSC requirements. Record retention procedures should be documented and staff trained on these procedures.

### **Management Response**

District management provided the following response:

“Problem: The District recognizes that the supplemental transportation reimbursements for this audit period were not auditable. The reason is heavily related to lack of proper documentation and turnover of Transportation Staff.

“Corrective Action: The District has hired a new Director of Transportation that is well aware of the need for proper documentation and is trained/skilled in reporting information to PDE. Based on the auditors review and recommendations the following actions will take place immediately.

- An internal control system will be put in place consisting of multiple individuals signing off that the information about to be submitted to PDE is verified and correct. The Transportation Coordinator will gather the data and sign off before sending it to the Director of Transportation. The Director of Transportation will input the data into Etrans and before submitting will have the Assistant Business Manager verify and sign off. All data submitted and it’s supporting documents or files will be retained in a secure and accessible location.
- The Director of Transportation will create written procedures on how to collect, report and document all data required to be reported to PDE. This procedure will also outline the duties of each individual involved in the sign off of all documentation collected.
- In addition, all parties involved with the data collection and verification process will be trained on how the data is collected, documented, and reported to PDE.”

### **Auditor Conclusion**

We are pleased that the District has specific and detailed plans to implement corrective actions to address our recommendations. We will review the District’s corrective actions during our next audit of the District.

## Finding No. 2

## The District Failed to Implement Key Internal Controls Over the Nonresident Student Data Reported to the Pennsylvania Department of Education Resulting in an Overpayment of \$24,590

### *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**

Subsection (a) of Section 1306 (relating to Non-resident...of children's institutions) of the PSC provides for Commonwealth payment of tuition for nonresident children placed in institutions as follows:

“(a) 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, text books, 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.

We found that the District did not implement key internal controls over the categorization and reporting of nonresident student data to PDE. Specifically, the District did not have an adequate review process and instead relied on one employee to categorize and report certain nonresident students. The lack of key internal controls over this process resulted in a \$24,950 overpayment to the District because it inaccurately reported two nonresident students to PDE.

**Background:** School districts are entitled to receive Commonwealth-paid tuition for educating certain, nonresident students.<sup>8</sup> Districts are eligible to receive Commonwealth-paid tuition for educating students who have been placed in a residential center/institution by court order within the district and the student's custodial parent/guardian school district of residency cannot be verified.<sup>9</sup> If the student's custodial parent/guardian residency can be verified, the educating district is required to bill the home district for educating the student. It is the responsibility of the educating district to obtain the required documentation to properly classify all nonresident students, in order to accurately report data to PDE.

It is essential for school districts to properly identify, categorize, and report nonresident students that it has educated to PDE. Therefore, school districts should have a strong system of internal controls over this process that should include, but not be limited to, the following:

- Reconciliations of source documents to nonresident student data reported to PDE.
- Review of nonresident student determinations by an employee other than the employee who identified and categorized the nonresident student.

### **Nonresident Student Reporting Errors**

We identified two errors in the data reported to PDE for the 2017-18 school year. The District received Commonwealth-paid tuition for two students residing in a residential center/institution within the District. We found that the District had obtained documentation for both student's custodial parent/guardian residency and therefore, the District should have billed the district of residency for each of these students.

<sup>8</sup> 24 P.S. § 13-1309(b), as amended by Act 46 of 2005.

<sup>9</sup> Examples of residential centers/institutions are drug and alcohol treatment centers, detention centers, and group homes.

*Criteria relevant to the finding  
(continued):*

If the district or districts in which the institution is located does not have facilities to accommodate the children in its schools or in a joint school of which it is a member, the board of directors shall so notify the Superintendent of Public Instruction not later than July one. If the Superintendent of Public Instruction, after investigation, finds that neither the school district nor the joint school board, if any, can accommodate the non-resident inmates of the institution during the ensuing school term, he shall direct the district and the joint school board, if any, to enter into an agreement with another school district or joint school board to accept them on a tuition basis.” See 24 P.S. § 13-1306(a).

Subsection (b) of Section 1309 (relating to Cost of tuition; how fixed) of the PSC provides as follows:

“(b) For students who the Secretary of Education has determined are legal residents of Pennsylvania without fixed districts of residence, the tuition herein provided for shall be paid annually by the Secretary of Education. For all other students, the tuition herein provided shall be paid by the district of residence or the institution as the case may be, within thirty (30) days of its receipt of an invoice from the district in which the institution is located.” See 24 P.S. § 13-1309(b), as amended by Act 46 of 2005.

As a result of these reporting errors, the District received \$24,590 in Commonwealth-paid tuition that it was not eligible to receive. In both instances, the District acknowledged its failure to update its student information system (SIS) and Pennsylvania Information Management System (PIMS) data when each student’s custodial parent/guardian residency determination was obtained.

### **Internal Control Weaknesses**

The District assigned the responsibility for all aspects of nonresident student to one employee. Specifically, this employee was responsible for categorizing the types of nonresident student data, determining the sufficiency of supporting documentation, and reporting the data to PDE. A secondary review and a reconciliation of the nonresident student supporting documentation to data entered into SIS and PIMS would have most likely revealed the two errors previously noted and would have allowed time to correct the errors prior to reporting the data to PDE.

While our testing identified only two errors, we note the potential for more costly errors impacting the District nonresident reimbursements if the internal control weaknesses are not corrected. Implementing adequate segregation of duties that includes a review and reconciliation process should help ensure the accuracy of the nonresident student data reported to PDE. Since PDE uses that data to calculate the reimbursements provided to the District, it is imperative that the data be reviewed for accuracy prior to reporting it to PDE.

**Future Reimbursement Adjustment:** We provided PDE with a report detailing the reporting errors we identified for the 2017-18 school year. We recommend that PDE adjust the District’s future subsidy reimbursement amount by the \$24,590 that we calculated as an overpayment.

### **Recommendations**

The *Colonial School District* should:

1. Develop and implement an internal control system governing the process for categorizing and reporting nonresident student data. The internal control system should include, but not be limited to, the review of all nonresident students by an employee other than the employee who categorized each student and a reconciliation of the nonresident student data to source documents before reporting to PDE.



*Criteria relevant to the finding  
(continued):*

Subsection (c) of the Section 2503 (relating to Payments on account of tuition) of the PSC provides as follows:

“(c) 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 or section one thousand three hundred six of the act to which this is an amendment, 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, as defined in section two thousand five hundred sixty-one of the act to which this is an amendment, for each pupil so accepted. In the case of pupils attending the district’s public schools for less than a full school term, the tuition charges shall be prorated by reference to the period of time over which such pupil actually attended the district’s schools.” See 24 P.S. § 25-2503(c).

2. Develop a tracking sheet to document when an acknowledgement letter is initially received, subsequent acknowledgement letters are received, and the date nonresident student residency codes are updated within the SIS.
3. Implement procedures to ensure it bills tuition costs to the resident school district for those students placed in a residential center/institution and educated by the District.

The *Pennsylvania Department of Education* should:

4. Adjust the District’s future reimbursements to resolve the overpayment of \$24,590.

### **Management Response**

District management provided the following response:

“Colonial School District will develop and implement an internal control system for all students who fall into the non-resident category. Going forward all reports from our Student Information System (SIS) will be overseen, reviewed and signed off by the director of Pupil Services and Special Education. In addition, a tracking sheet will be updated to include the date letters of acknowledgment are received to be followed by the date the resident codes are changed in the SIS. Reports will then be generated from the SIS, reconciled, reviewed and signed off on by the Director of Pupil Services and Special Education to ensure the information is accurate prior to uploading to PIMS.”

### **Auditor Conclusion**

We are pleased that the District has plans to implement corrective actions to address our recommendations. We will review 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 Limited Procedures Engagement of the Colonial 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>10</sup> is not a substitute for the local annual financial audit required by the Public School Code of 1949, as amended. We conducted our audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit.

Our audit focused on the District's effectiveness and/or compliance with applicable statutory provisions and related regulations in the areas of Transportation Operations, Nonresident Student Data, Administrator Separations, Bus Driver Requirements, and School Safety, including fire and security drills. The audit objectives supporting these areas of focus are explained in the context of our methodology to achieve the objectives in the next section. Overall, our audit covered the period July 1, 2015 through June 30, 2019. 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>11</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>12</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>10</sup> 72 P.S. §§ 402 and 403.

<sup>11</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>12</sup> Even though the Green Book was written for the federal government, it explicitly states that it may also be adopted by state, local, and quasi-government entities, as well as not-for-profit organizations, as a framework for establishing and maintaining an effective internal control system. The Green Book is assessable at <https://www.gao.gov/products/GAO-14-704G>

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

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

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

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

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

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

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

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

## **Objectives/Scope/Methodology**

In order to properly plan our audit and to guide us in selecting objectives, we reviewed pertinent laws and regulations, the District's annual financial reports, annual General Fund budgets, and the independent audit reports of the District's basic financial statements for the July 1, 2015 through June 30, 2019 fiscal years. We conducted analytical procedures on the District's state revenues and the transportation reimbursement data. We reviewed the prior audit report and we researched current events that possibly affected District operations. We also determined if the District had key personnel or software vendor changes since the prior audit.

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

## **Transportation Operations**

- Did the District ensure compliance with applicable laws and regulations governing transportation operations, and did the District receive the correct transportation reimbursement from the Commonwealth?<sup>13</sup>
  - ✓ To address this objective, we assessed the District's internal controls for obtaining, inputting, processing and reporting nonpublic and charter school students reported to PDE as transported by the District. Initially, we ensured that the number of nonpublic and charter school students reported to PDE agreed to the District's internal lists of students. Then, we attempted to obtain all requests for transportation forms and other supporting documentation to determine if the 3,375 nonpublic students and the 19 charter school students reported as receiving transportation by the District from 2015-16 through the 2018-19 school year were accurately reported to PDE and that the District received the correct subsidy for these students.<sup>14</sup> However, due to the District's lack of supporting documentation for these students, we were unable to determine if the District reported this data accurately and was reimbursed appropriately.

**Conclusion:** The results of our procedures identified an area of noncompliance and significant internal control deficiencies related to supplemental transportation operations. Our results are detailed in Finding No. 1 beginning on page 7 of this report.

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<sup>13</sup> See 24 P.S. § 25-2541(a)

<sup>14</sup> The District reported 926 nonpublic and 0 charter school students in 2015-16, 847 nonpublic and 7 charter school students in 2016-17, 846 nonpublic and 10 charter school students in 2017-18, 756 nonpublic and 2 charter school students in 2018-19.

## **Nonresident Student Data**

- Did the District accurately report nonresident students to PDE? Did the District receive the correct reimbursement for these nonresident students?<sup>15</sup>
  - ✓ To address this objective, we assessed the District’s internal controls for obtaining, inputting, processing, and reporting nonresident membership data to PDE. We obtained documentation to determine if all 62 nonresident wards of state students reported by the District to PDE for the 2015-16, 2016-17, 2017-18, and 2018-19 school years were accurately reported and that the District received the correct subsidy.<sup>16</sup> We compared the District’s student lists of nonresident wards of state students to the total days reported to PDE. In addition, we reviewed PDE placement letters, acknowledgment forms, and PDE subsidies confirmation reports to confirm that each student was accurately classified.

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

## **Bus Driver Requirements**

- Did the District ensure that all bus drivers transporting District students are board approved and had the required driver’s license, physical exam, training, background checks, and clearances<sup>17</sup> as outlined in applicable laws?<sup>18</sup> Also, did the District adequately monitor driver records to ensure compliance with the ongoing five-year clearance requirements and ensure it obtained updated licenses and health physical records as applicable throughout the school year?
  - ✓ To address this objective, we assessed the District’s internal controls for maintaining and reviewing required bus driver qualification documents and procedures for being aware of who transported students daily. We determined if all drivers were board approved by the District. We randomly selected 53 of 206 bus and van drivers transporting District students as of March 5, 2020.<sup>19</sup> We reviewed documentation to ensure the District complied with requirements for bus drivers. We also determined if the District had monitoring procedures to ensure that all drivers had updated clearances, licenses, and health physicals.

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

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

<sup>16</sup> District reported the following nonresident ward of state institutional students; 5 in 2015-16, 13 in 2016-17, 28 in 2017-18, and 16 in 2018-19.

<sup>17</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>18</sup> PSC 24 P.S. § 1-111, CPSL 23 Pa.C.S. § 6344(a.1), PSC (Educator Discipline) 24 P.S. § 2070.1a *et seq.*, State Vehicle Code 75 Pa.C.S. §§ 1508.1 and 1509, and State Board of Education’s regulations 22 Pa. Code Chapter 8.

<sup>19</sup> 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.

## **Administrator Separations**

- Were all individually contracted employees who separated employment from the District compensated in accordance with their contract? Also, did all final payments to separated employees comply with the Public School Code<sup>20</sup> and Public School Employees' Retirement System (PSERS) guidelines?
  - ✓ We reviewed the contracts, payroll reports, and leave records for the only two individually contracted administrator to separate employment from the District during the period July 1, 2015 through June 30, 2019. We reviewed the final payout to determine if the administrator was compensated in accordance with her contract. We also verified that payments for unused leave were not reported as eligible wages to PSERS. Additionally, we reviewed board meeting minutes to verify that the Board of School Directors voted to approve the dismissal of the administrators in accordance with the Public School Code.

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

## **School Safety**

- Did the District comply with requirements in the Public School Code and the Emergency Management Code related to emergency management plans, bullying prevention, and memorandums of understanding with local law enforcement?<sup>21</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 all school Emergency Safety plans, Pennsylvania School Safety and Security Assessments, climate surveys, trainings for staff and students, anti-bullying policies, and memorandums of understanding with local law enforcement.
  
- Did the District comply with the fire and security drill requirements of Section 1517 of the Public School Code?<sup>22</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 fire and security drill records for the 2018-19 school year. We determined if security drills were held within the first 90 days of starting the school year for each building 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 portion of the school safety objective did not disclose any reportable issues.

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<sup>20</sup> 24 P.S. § 10-1073(e)(2)(v)

<sup>21</sup> Safe Schools Act 24 P.S. § 13-1301-A *et seq.*, Emergency Management Services Code 35 Pa.C.S. § 7701.

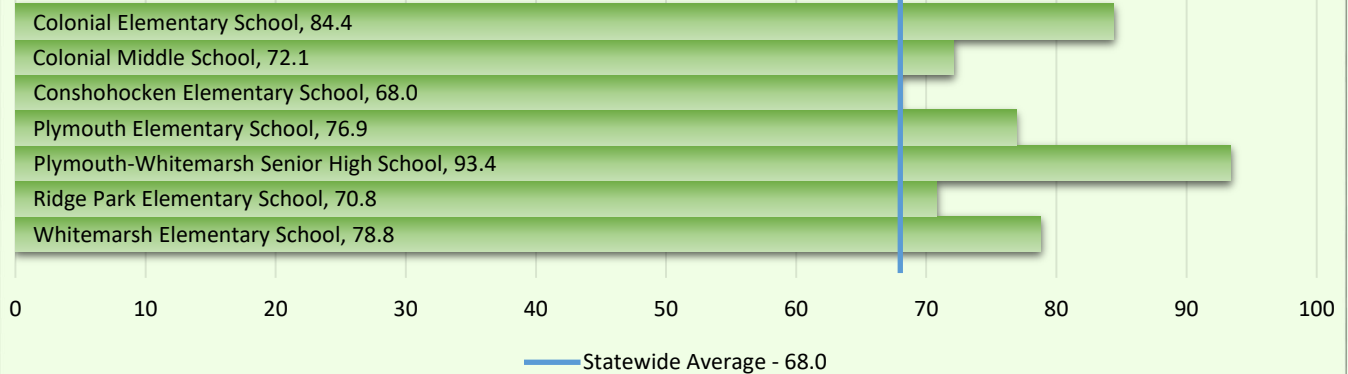
<sup>22</sup> Public School Code (Fire and Security Drills) 24 P.S. § 15-1517.

## Appendix B: Academic Detail

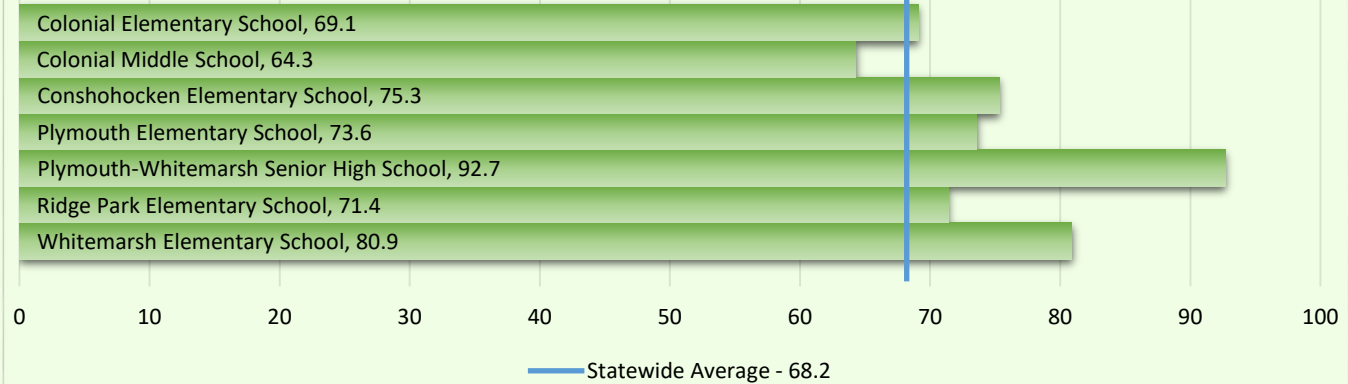
Benchmarks noted in the following graphs represent the statewide average of all public school buildings in the Commonwealth that received a score in the category and year noted.<sup>23</sup> Please note that if one of the District's schools did not receive a score in a particular category and year presented below, the school will not be listed in the corresponding graph.<sup>24</sup>

### SPP School Scores Compared to Statewide Averages

**2018-19**



**2017-18**



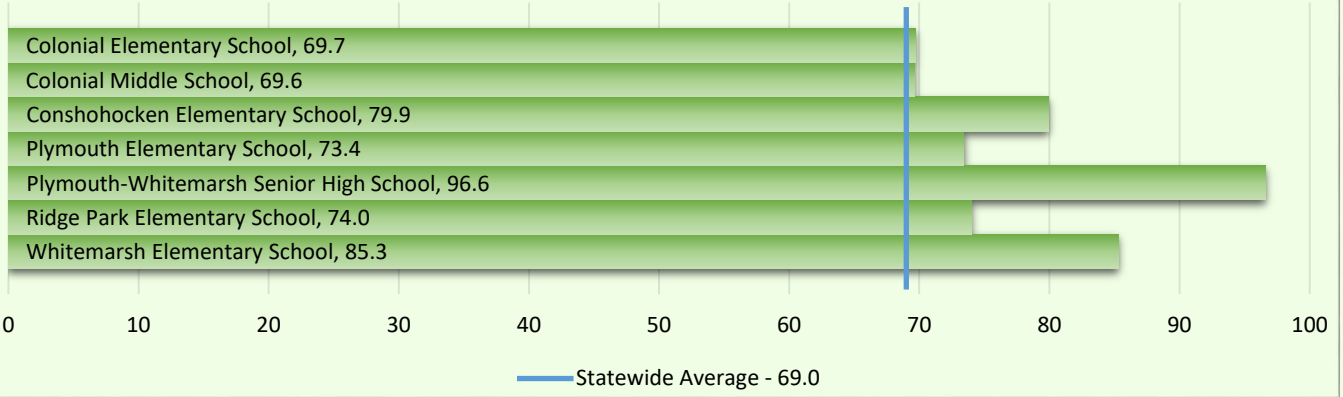
<sup>23</sup> Statewide averages were calculated by our Department based on individual school building scores for all public schools in the Commonwealth, including district schools, charters schools, and cyber charter schools.

<sup>24</sup> PDE's data does not provide any further information regarding the reason a score was not published for a specific school. However, readers can refer to PDE's website for general information regarding the issuance of academic scores.



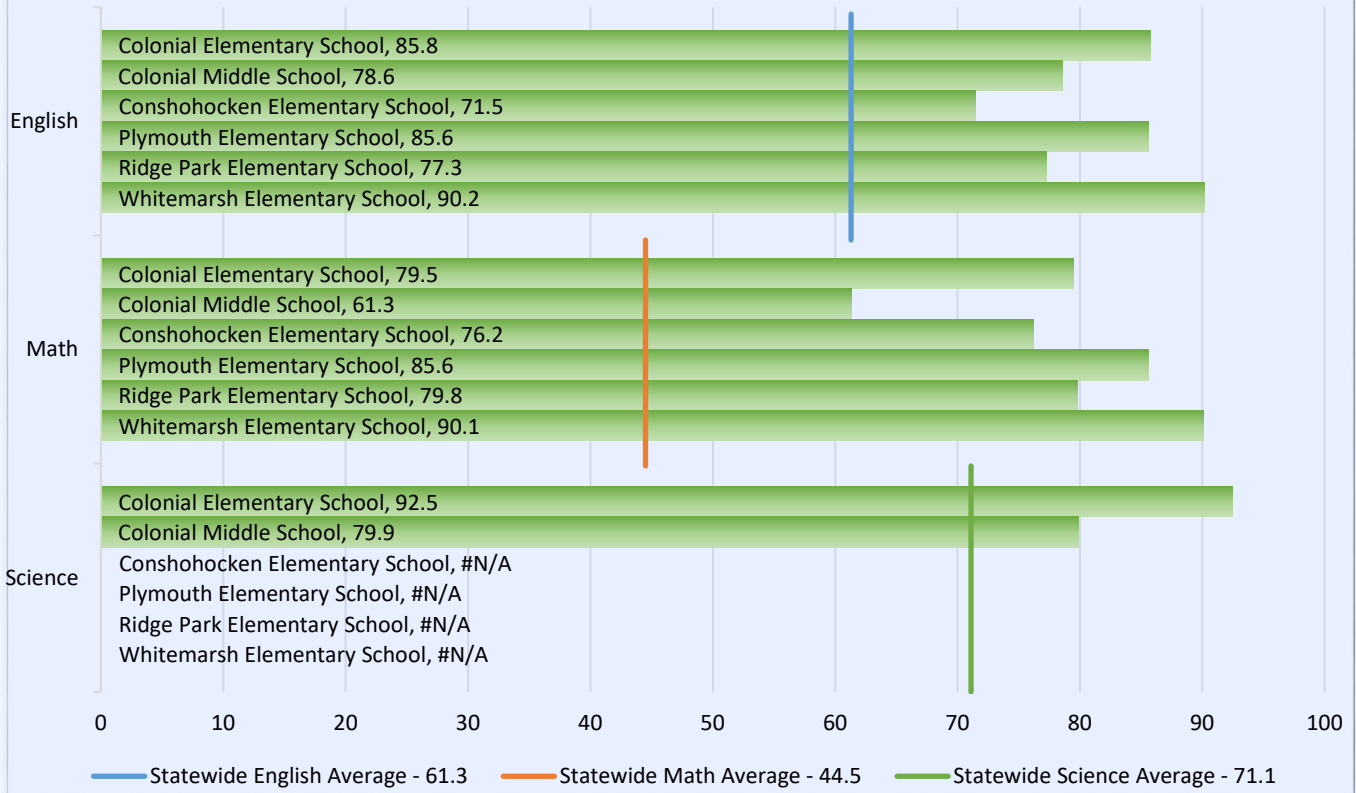
**SPP School Scores Compared to Statewide Averages (continued)**

**2016-17**



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

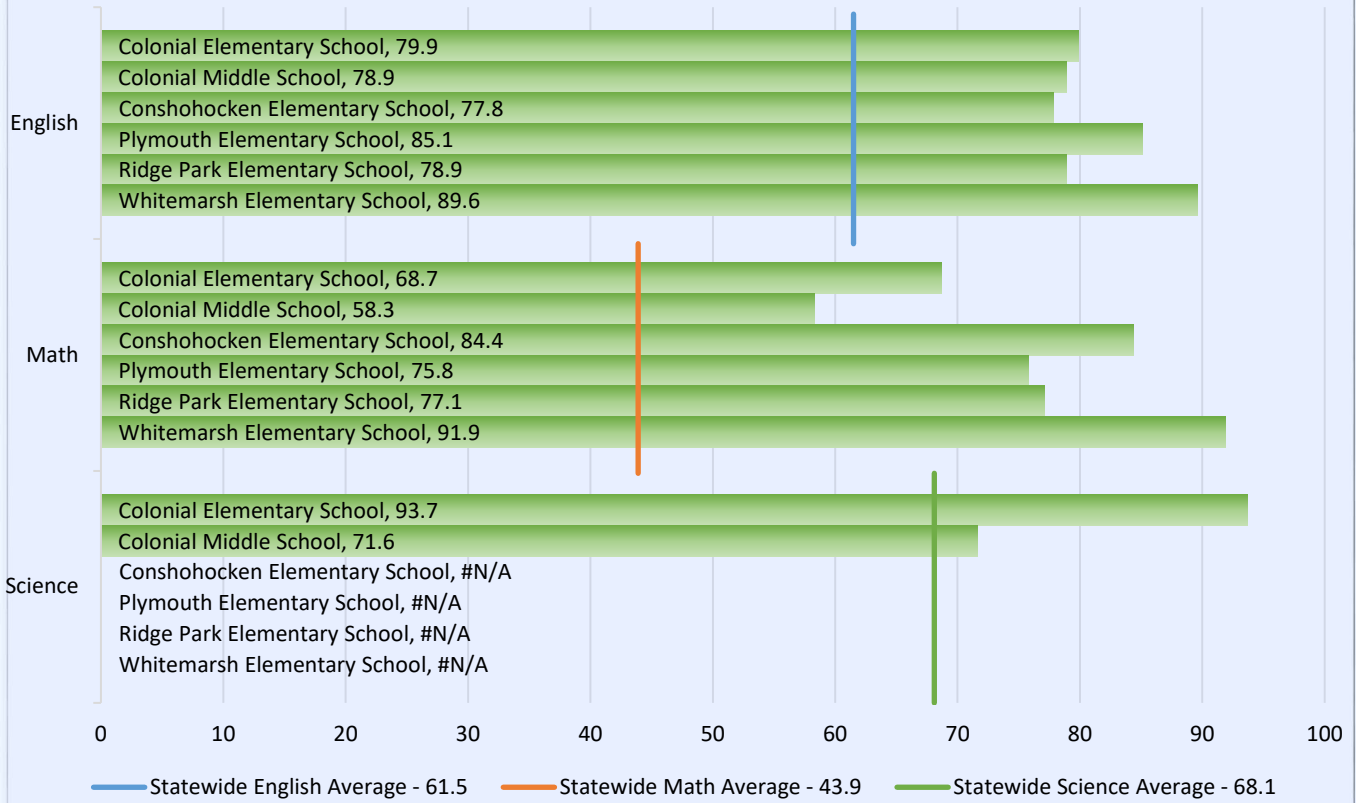
**2018-19**



#N/A: Students in grades 4 and 8 are administered the Science PSSAs. The Conshohocken, Plymouth, Ridge Park, and Whitemarsh elementary schools are kindergarten through grade 3 schools; therefore, Science PSSAs are not administered to these schools' students.

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

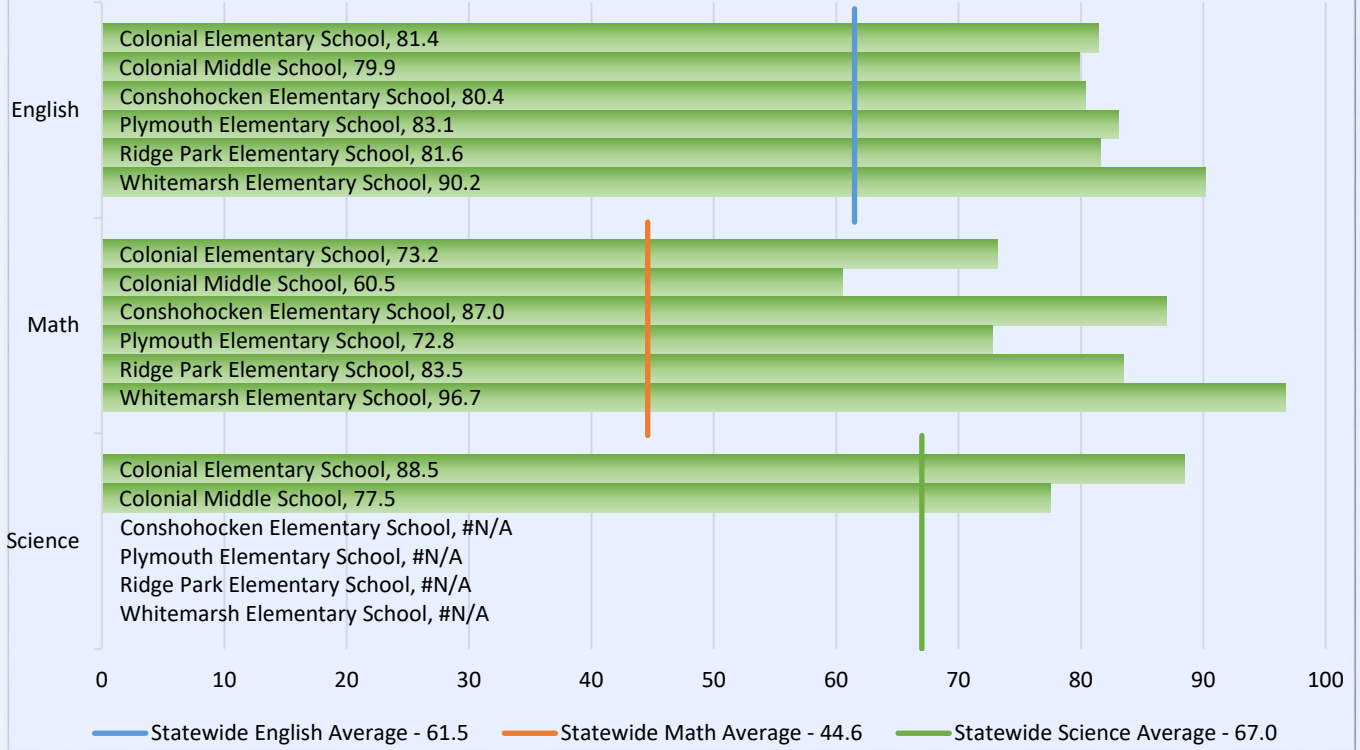
**2017-18**



#N/A: Students in grades 4 and 8 are administered the Science PSSAs. The Conshohocken, Plymouth, Ridge Park, and Whitemarsh elementary schools are kindergarten through grade 3 schools; therefore, Science PSSAs are not administered to these schools' students.

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

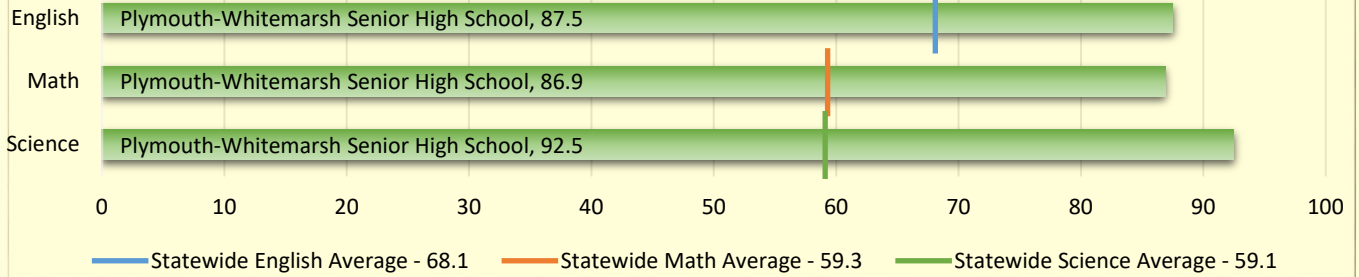
**2016-17**



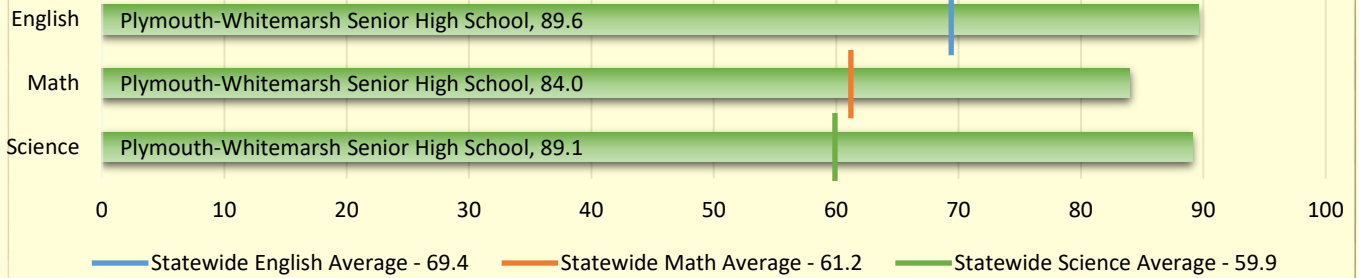
#N/A: Students in grades 4 and 8 are administered the Science PSSAs. The Conshohocken, Plymouth, Ridge Park, and Whitemarsh elementary schools are kindergarten through grade 3 schools; therefore, Science PSSAs are not administered to these schools' students.

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

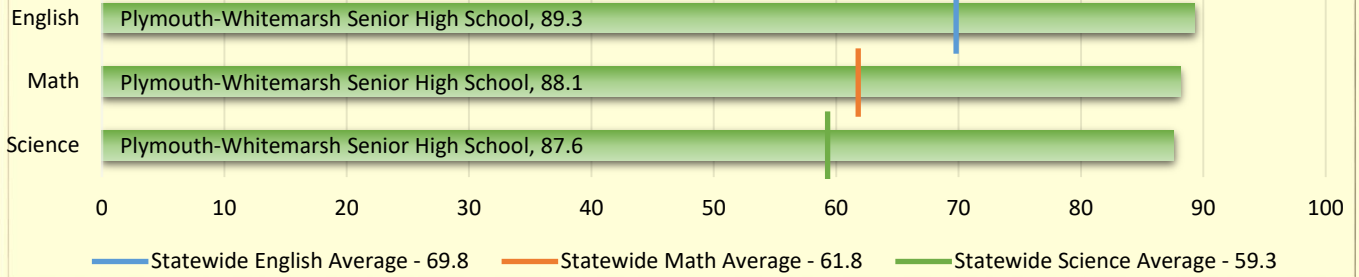
### 2018-19



### 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**  
Acting Secretary of Education  
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**The Honorable Stacy Garrity**  
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