

# PERFORMANCE AUDIT

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## Connellsville Area School District Fayette County, Pennsylvania

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May 2021



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR  
AUDITOR GENERAL**

Dr. Joseph A. Bradley, Superintendent  
Connellsville Area School District  
732 Rockridge Road  
Connellsville, Pennsylvania 15425

Mr. Michael Omatick, Board President  
Connellsville Area School District  
732 Rockridge Road  
Connellsville, Pennsylvania 15425

Dear Dr. Bradley and Mr. Omatick:

We have conducted a performance audit of the Connellsville Area 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:

- Bus Driver Requirements
- Administrator Separations
- Financial Stability
- Governance
- Contracting

We also evaluated the application of best practices in the area of school safety and determined the District's compliance with fire and security drill requirements. 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 areas of noncompliance and significant internal control deficiencies in the area of bus driver requirements and those deficiencies are detailed in the finding in this report titled:

The District Failed to Comply With Provisions of the Public School Code and Associated Regulations by Not Maintaining Complete Records for and Properly Monitoring Its Contracted Bus Drivers

Dr. Joseph A. Bradley

Mr. Michael Omatick

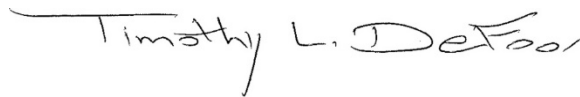
Page 2

In addition, we identified internal control deficiencies in the area of administrator separations 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 areas of financial stability, governance, and contracting.

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

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

Sincerely,

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive style with a long horizontal line extending to the left of the first letter.

Timothy L. DeFoor  
Auditor General

May 6, 2021

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

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## Background Information

School Characteristics 2019-20 School Year*	
County	Fayette
Total Square Miles	216
Number of School Buildings	6
Total Teachers	323
Total Full or Part-Time Support Staff	104
Total Administrators	23
Total Enrollment for Most Recent School Year	4,331
Intermediate Unit Number	1
District Career and Technical School	Connellsville Area Career & Technical Center

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

## Mission Statement\*

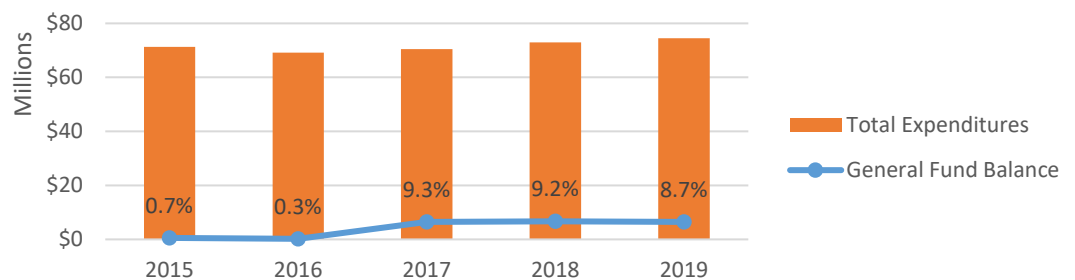
“Through the cooperative efforts of educators, parents, community and students, the Connellsville Area School District will provide a safe, diverse and challenging educational environment dedicated to helping all students become respectful, responsible, and knowledgeable life-long learners prepared to meet the challenges of an ever-changing global society.”

## Financial Information

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

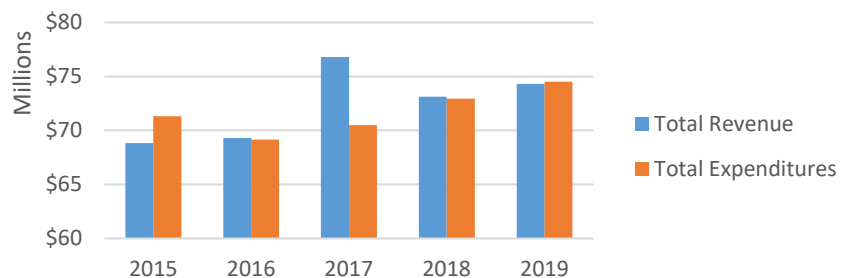
### General Fund Balance as a Percentage of Total Expenditures

	General Fund Balance
2015	\$501,162
2016	\$210,264
2017	\$6,523,053
2018	\$6,696,102
2019	\$6,498,182



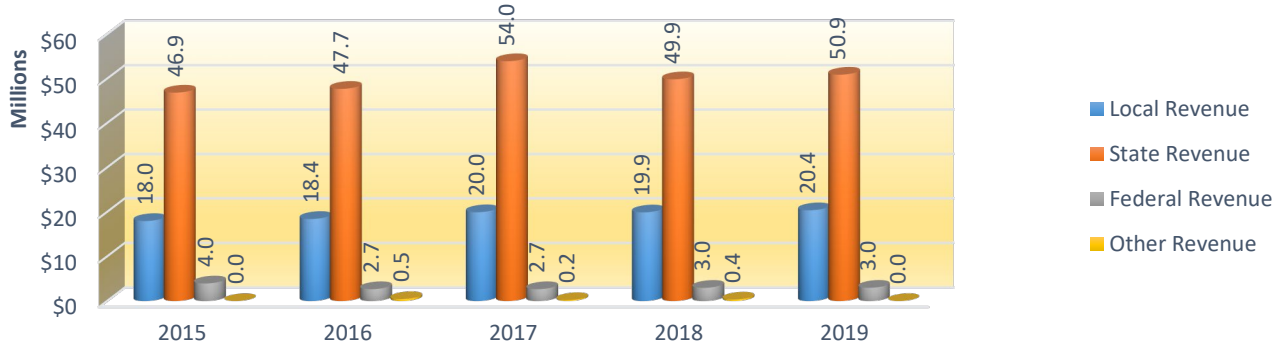
### Revenues and Expenditures

	Total Revenue	Total Expenditure
2015	\$68,818,771	\$71,326,220
2016	\$69,305,128	\$69,155,550
2017	\$76,810,126	\$70,497,330
2018	\$73,119,847	\$72,946,790
2019	\$74,321,982	\$74,519,900

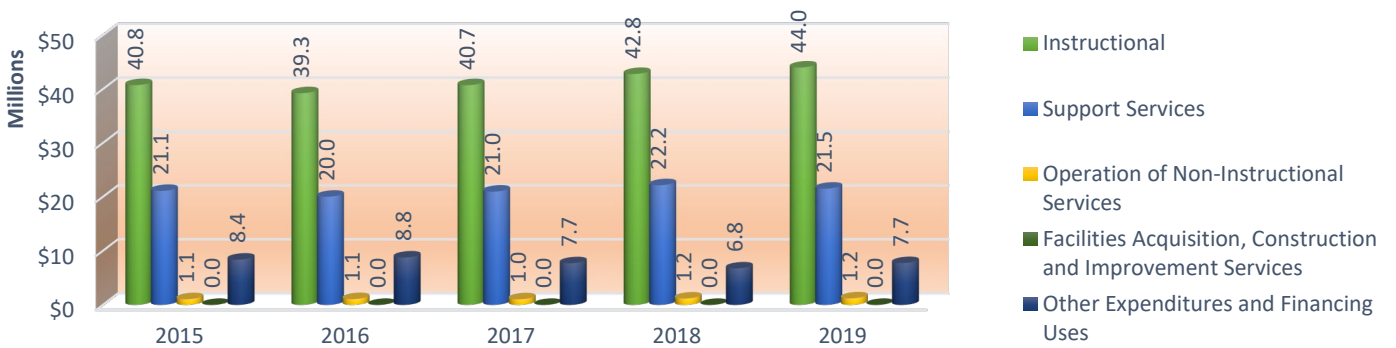


## Financial Information Continued

### Revenues by Source

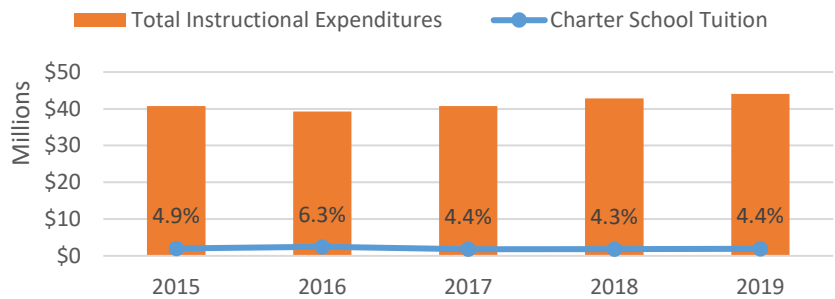


### Expenditures by Function

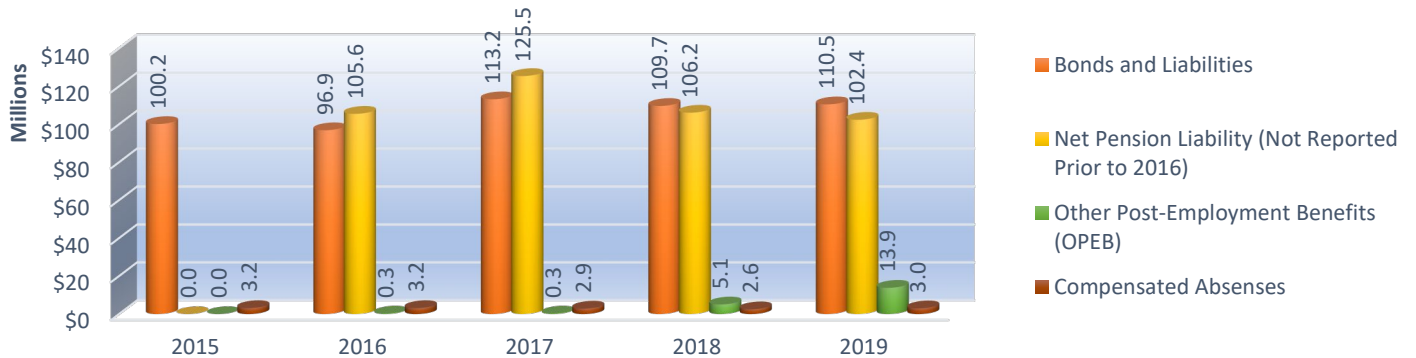


### Charter Tuition as a Percentage of Instructional Expenditures

	Charter School Tuition	Total Instructional Expenditures
2015	\$1,991,804	\$40,758,141
2016	\$2,471,892	\$39,264,557
2017	\$1,797,899	\$40,748,891
2018	\$1,836,439	\$42,829,346
2019	\$1,955,976	\$44,032,511



### Long-Term Debt

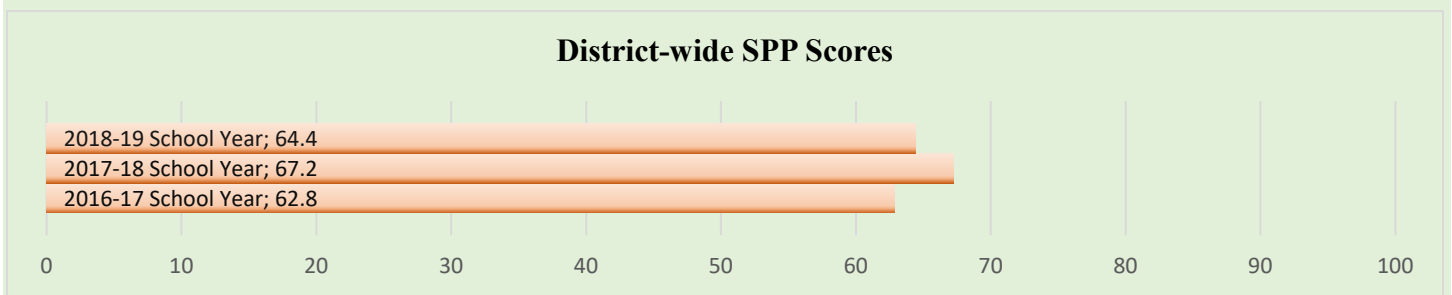


## Academic Information

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.

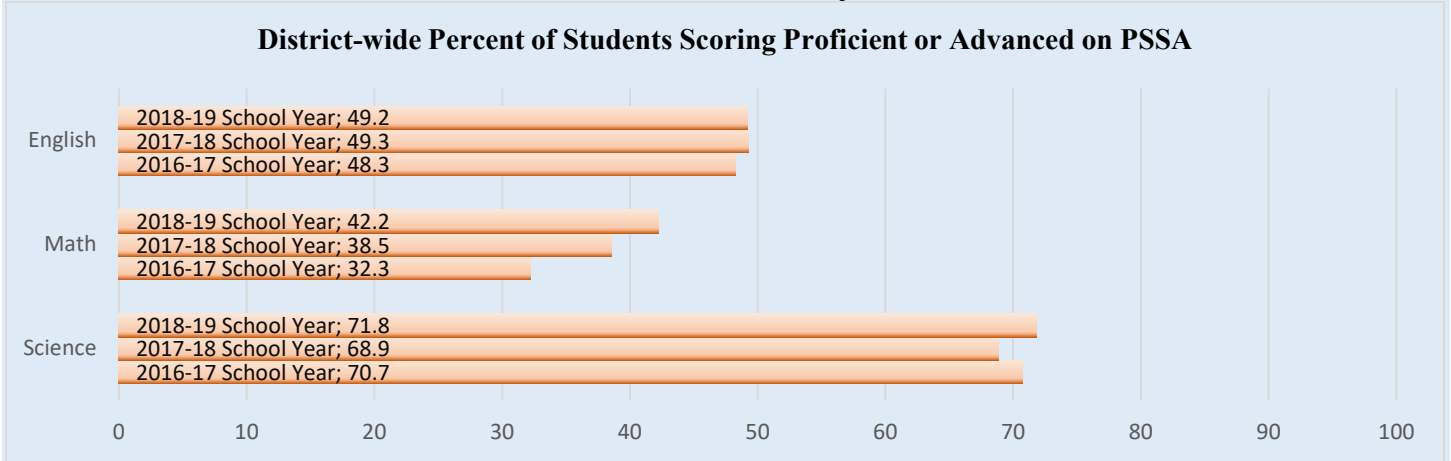
<sup>2</sup> PDE started issuing a SPP score for all public school buildings beginning with the 2012-13 school year. For the 2014-15 school year, PDE only issued SPP scores for high schools taking the Keystone Exams as scores for elementary and middle scores were put on hold due to changes with PSSA testing. PDE resumed issuing a SPP score for all schools for the 2015-16 school year.

## Academic Information Continued

### What is the PSSA?

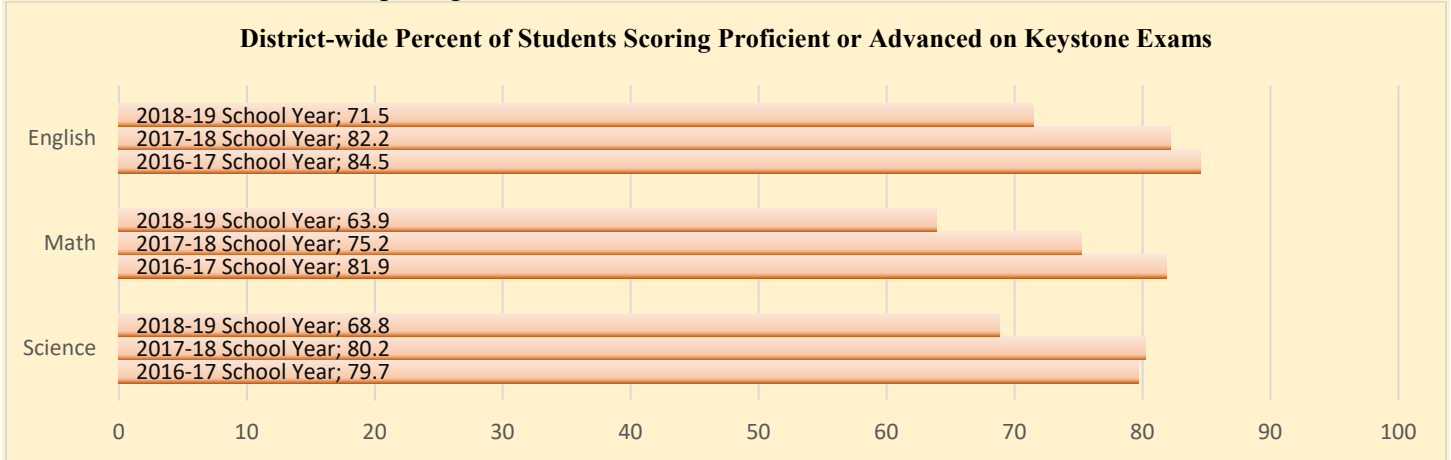
The PSSA is an annual, standardized test given across the Commonwealth to students in grades 3 through 8 in core subject areas, including English, Math and Science. The PSSAs help Pennsylvania meet federal and state requirements and inform instructional practices, as well as provide educators, stakeholders,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



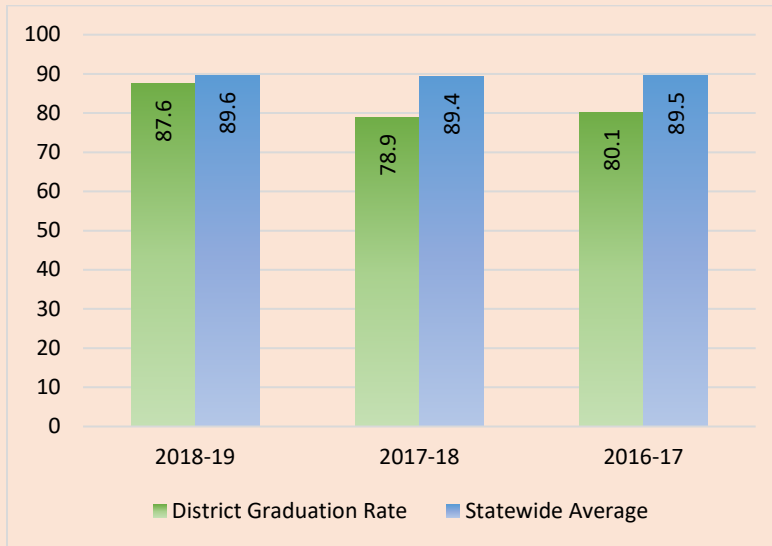
<sup>3</sup> Act 158 of 2018, effective October 24, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement until the 2021-22 school year. See 24 P.S. § 1-121(b)(1). Please refer to the following link regarding further guidance to local education agencies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

## Finding

### Finding

### The District Failed to Comply With Provisions of the Public School Code and Associated Regulations by Not Maintaining Complete Records for and Properly Monitoring Its Contracted Bus Drivers

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

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

Section 111 of the Public School Code (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).

The Connellsville Area School District (District) failed to meet its statutory obligations related to the employment of individuals having direct contact with students during the 2019-20 school year by not maintaining complete and updated records and monitoring qualifications for all drivers transporting students. We also found that the District has an outdated policy regarding contracted services that does not include the legal requirement to renew background clearances every five years. Finally, our review found discrepancies with the list of drivers approved by the District's Board of School Directors (Board). By not adequately maintaining and monitoring driver's qualifications and ensuring that the drivers list presented to the Board for approval was accurate and included all drivers, the District could not ensure that all contracted drivers were properly qualified and cleared to transport students.

#### **Background**

The District utilizes three transportation contractors to provide bus and van drivers (drivers) to transport District students. The weaknesses noted in this finding are based on the results of our testing that included drivers from all three of the contractors providing transportation services to the District.

#### **Employment Requirements**

Several state statutes, including the Public School Code (PSC) and the Child Protective Services Law (CPSL), and related regulations establish the minimum required qualifications for school bus drivers. The ultimate purpose of these requirements is to ensure the protection, safety, and welfare of the students transported on school buses.

*Criteria relevant to the finding  
(continued):*

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

As for contracted school bus drivers, Section 111(a.1)(1) specifies that 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 the Pennsylvania Department of Education (PDE), and shall be subject to a civil penalty up to \$2,500. *See* 24 P.S. § 1-111(g)(1).

Regardless of whether they hire their own drivers or use a contractor's driver, 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 is authorized to transport students with Board approval:

1. Driver qualification credentials,<sup>5</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 (PSP clearance).<sup>6</sup>
  - b. Federal Criminal History Clearance, based on a full set of fingerprints (FBI clearance).
  - c. PA Child Abuse History Clearance.

### **Failure to Meet Employee Requirements**

We obtained a list of drivers transporting students during the 2019-20 school year from the District and verified the completeness of this list with the lists obtained from the District's three contractors. We then obtained and reviewed the District's personnel files for 29 of the 227 drivers to determine whether the District complied with driver and background clearance requirements and maintained and monitored the required documentation during our review period.

Our review found that the District did not adequately maintain and monitor required documentation of driver qualifications and clearances for its contracted drivers.

### **Expired Driver Qualification Records and Missing Background Clearances**

During our initial records review on August 20, 2020, we found that the records were incomplete for nine drivers, with some drivers having more than one missing or expired document. Specifically, we found the following issues:

- 1 driver was missing a driver's license
- 6 drivers had an expired "S" endorsement
- 2 drivers had expired physical exam forms
- 2 drivers did not have an Act 34 Criminal Record Check

<sup>5</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>6</sup> PSP refers to the Pennsylvania State Police.

*Criteria relevant to the finding  
(continued):*

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).

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

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>). PDE’s guidance emphasizes that only the school entity has authorized access to the Federal Criminal History Record Information (CHRI) online review system, and review of the CHRI online constitutes the official record. Access to the online review system is limited to authorized users for approved school entities and is not permitted for independent contractors or other schools. While contractors are **not** permitted to directly access FBI clearances from the electronic database, they are permitted to require an applicant to provide an “unofficial copy.”

District Policy 818, *Contracted Services*, adopted December 20, 2006, and last revised on March 11, 2015.

- 2 drivers did not have a Federal Criminal History Record
- 1 driver did not have an Act 151 Child Abuse Clearance Form

Additionally, we found deficiencies with some of the background clearances that were on file at the District. Specifically, our review revealed that the District was obtaining “unofficial copies” of the FBI clearances from its contractors, instead of retrieving the “official copy,” as required, from the criminal database that only schools are authorized to access.<sup>7</sup> A school’s online retrieval of the FBI clearance from the database constitutes a review of the official record, and if the individual is utilized (i.e., hired and/or had continued employment), school administrators are required to maintain a copy of the individual’s official FBI clearance in an employee file. We also found that a PSP clearance on file with the District was the “request for a clearance” and not the actual PSP clearance results. Again, the District is responsible for obtaining, maintaining, and reviewing all required background clearances in accordance with the relevant laws and regulations and PDE guidance.

After informing the District of these deficiencies, the District worked with its three contractors to obtain updated clearances and qualification documentation. As of our follow-up review on September 2, 2020, the District had obtained 9 of the 14 expired or missing documents from its contractors.

### **Discrepancies with Board Approved List of Drivers**

Our review also found discrepancies with the District’s list of board approved drivers. Specifically, we found that five drivers identified from the contractors’ lists had never been approved by the Board. Among these five drivers, one contracted driver did not have qualifications reviewed by the District’s transportation department prior to transporting students during the 2019-20 school year. Lastly, we found that two additional drivers had previously left employment with the transportation contractors, but were still on the District’s driver list and approved by the Board for the 2019-20 school year. It is vitally important that the Board be provided with accurate and updated driver lists for approval to help ensure that all driver qualifications are vetted and that the District knows who is transporting its students.

### **Lack of Adequate and Ongoing Monitoring Procedures**

The District lacked adequate and ongoing monitoring procedures of driver qualifications and clearances to ensure that all contracted transportation employees having direct contact with children were properly qualified prior to and throughout employment. While the District maintained a monitoring spreadsheet for contracted drivers, our review revealed that

<sup>7</sup> A school entity has authorized access to the Federal Criminal History Record Information (CHRI) online review system, which is used to retrieve the FBI clearance, and review of the clearance online constitutes the **official record**.

some of the expiration dates on the spreadsheet were past due but were not flagged or acted upon by the District, which indicated a failure to regularly review and update the spreadsheet. Additionally, the monitoring spreadsheet lacked a section to record the dates of the required “S” endorsement credentials for bus drivers. In order for the spreadsheet to be an effective monitoring tool, the District must be sure that it is adequately designed, updated as needed, and reviewed regularly. The lack of adequate and ongoing monitoring procedures resulted in 14 missing documents for all three contractors.

Ultimately, the District is responsible for determining both pre-employment and post-employment driver fitness, and not the contractor. As such, establishing a standardized review process and ongoing monitoring procedures is crucial to a district ensuring that its contracted bus and van drivers meet all employment requirements. This responsibility has been heightened by recent amendments to the PSC and the CPSL requiring that all clearances be renewed every five years. Without a process to monitor the expiration dates for these items, the District would be unaware of when drivers with expired credentials and/or clearances are transporting students.

### **Outdated Board Policy**

The District’s Policy No. 818, *Contracted Services*, was adopted in 2006 and last revised in 2015. The 2015 revision does not include the changes to laws and regulations related to background clearances. Specifically, the PSC and the CPSL were amended to require that all three background clearances be obtained every five years.

### **Conclusion**

The District and its Board did not meet their statutory duties to ensure that all drivers were qualified and eligible to transport students. The District and its Board failed to comply with all applicable laws, regulations, and PDE guidance documents by failing to obtain, review, and maintain all required driver qualifications and clearances and to have the Board approve an accurate list of all drivers transporting students. Additionally, the District and its Board failed to update its policy regarding contracted services to reflect the legal requirement that background clearances must be updated every five years. Finally, the District lacked an adequate process to monitor and update ongoing driver qualification requirements throughout employment. Ensuring that ongoing credential and clearance requirements are met are vital student protection, legal, and governance obligations and responsibilities placed on the District and its Board. The ultimate purpose of these requirements is to ensure the safety and welfare of students transported on school buses. The use of a contractor to provide student transportation does not negate these important legal and governance obligations and responsibilities.

## **Recommendations**

The *Connellsville Area School District* should:

1. Comply with the PSC's requirement to obtain, review, and maintain required credentials and background clearances for all contracted drivers. The maintenance of background clearances should include the official FBI clearance obtained by the District and the actual PSP clearance results.
2. Develop written procedures requiring the Board to approve a list of drivers for each contractor prior to the start of each school year, and include procedures for Board approval of contracted drivers added throughout the school year, stipulating this approval is required prior to these drivers transporting District students.
3. Develop and implement formal written procedures requiring the District to determine driver eligibility prior to employment and to conduct routine and ongoing monitoring of driver records. These procedures should ensure that all required credentials and clearances are obtained, reviewed, and on file at the District prior to individuals transporting students, and that all required documentation is continuously monitored, updated, and complete. The procedures should also require the administration to attest in an open and public meeting before the Board that the list of drivers provided for approval contains only drivers for whom the District has obtained all the required records.
4. Promptly update board policies and procedures for contracted services to address the requirements of all laws, regulations, and the PDE guidance document that governs transportation and student safety of all District students. These policies should clearly establish the District's and the Board's legal duty to ensure that drivers are qualified and have obtained all clearances, regardless of whether they are employed by contractors, before the District authorizes them to transport District students, as well as the requirement to obtain updated clearances every five years.

## **Management Response**

District management provided the following response:

"Management agrees with the Finding. The *Connellsville Area School District* will:

1. "CASD will comply with the requirement to obtain, review and maintain required clearances for all contracted employees. CASD will begin using the official FBI clearance obtained by human resources and the actual PSP clearance results.

2. “CASD will develop written procedures requiring the Board to approve a list of drivers for each contractor prior to the start of each school year, and include procedures for Board approval of contracted drivers added throughout the school year, stipulating this approval is required prior to these drivers transporting District students.
3. “CASD will implement formal written procedures requiring the District to determine driver eligibility prior to employment and to conduct routine and ongoing monitoring of driver records. These procedures will ensure that all required credentials and clearances are obtained, reviewed, and on file at the District prior to individuals transporting students, and that all required documentation is continuously monitored, updated, and complete. The procedures will require the administration to attest that the list of drivers provided for approval contains only drivers for whom the District has obtained all the required records.
4. “CASD will update board policies and procedures for contracted services to address the requirements of all laws, regulations, and the PDE guidance document that governs transportation and student safety of all District students. These policies will ensure that drivers are qualified and have obtained all clearances, as well as the requirement to obtain updated clearances every five years.”

### **Auditor Conclusion**

We are pleased that the District agreed with the finding and intends to implement corrective actions to address the recommendations noted in this report. We would like to emphasize that the safety of the District’s students should be of the utmost importance as part of the Board’s legally mandated duties. The Board must provide oversight of its transportation services by ensuring that contracted bus drivers are properly qualified and cleared to transport students *before* they have direct contact with students. We will review the actions taken by the District during our next audit.

## Status of Prior Audit Findings and Observations

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Our prior audit of the Connellsville Area School District (District) released on February 29, 2016, resulted in two findings, as shown below. As part of our current audit, we determined the status of corrective action taken by the District to implement our prior audit recommendations. We interviewed District personnel and performed audit procedures as detailed in each status section below.

### Auditor General Performance Audit Report Released on February 29, 2016

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**Prior Finding No. 1: The District's General Fund Has Been Depleted Through a Combination of Transfers to Pay Debt Obligations and to Support the District's Career and Technical Center**

Prior Finding Summary: During our prior audit of the District, we found that the District's General Fund balance had declined to \$3 million or 4.8 percent of operating expenditures, as of the fiscal year ending June 30, 2014. This decline was driven by transfers out of the General Fund to the Career and Technology Center (CTC) Fund and to the Debt Service Fund.

Prior Recommendations: We recommended that the District should:

1. Develop a long- range financial plan to address its deteriorating fund balance, its declining liquidity, and its increased long-term debt. Items for consideration should include, but not be limited to:
  - a. Establishment of a minimum required General Fund balance.
  - b. A review of the costs to operate the CTC.
  - c. A long-term debt management strategy.
  - d. Possible consolidation of schools and the corresponding sale of capital assets.
2. The Board of School Directors (Board) should require the administration to present for approval its specific plans to address management of the General Fund balance, liquidity, and support of the CTC, debt management, enrollment trends, and the potential disposition of unused or underutilized capital assets.

Current Status: The District implemented our prior audit recommendations. The District has prepared and adopted Board Policy No. 623 establishing a minimum level of fund balance to be maintained. We also found that the District has reviewed the CTC operations and has added programs designed to generate additional revenues for the CTC. The District has also developed and instituted a debt management strategy, consolidated the number of buildings, and liquidated unused capital assets.

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**Prior Finding No. 2: The District’s Former Superintendent Retroactively Authorized Unsubstantiated Overtime at a Doubled Rate for a Former Employee and Granted This Same Employee Compensatory Time as Expressly Prohibited**

Prior Finding Summary: During our prior audit of the District, we found that a former Superintendent authorized overtime payments to a former network administrator, which were outside of normal District payroll practices. We specifically found that the requests for overtime pay were submitted late, contained no description of the work performed, lacked written approval, and were paid at a rate greater than the actual rate due. Lastly, we found that in addition to authorizing this undocumented overtime pay, the former Superintendent also retroactively approved compensatory time, in violation of department policy, for this same administrator.

Prior Recommendations: We recommended that the District should:

1. Review and possibly revise its overtime authorization policies and procedures and report all overtime costs to the Board monthly.
2. Ensure a timely, routine secondary review of overtime sheets and the school building sign in sheets.
3. Establish formal board approved policy regarding the District’s payments to employees outside of the normal pay cycle.

Current Status: The District did not implement our prior audit recommendations. The District did not establish a board policy regarding pay outside of the normal pay cycle. While the District stated that it requires two administrative signatures to approve overtime pay, the District was unable to provide us with evidence of this fact because, according to District officials, there were no instances of overtime pay during the period January 7, 2019 to August 27, 2020. We will review this issue again during our next audit.

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## 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>8</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 Bus Driver Requirements, Administrator Separations, Financial Stability, Governance, Contracting, 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>9</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>10</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>8</sup> 72 P.S. §§ 402 and 403.

<sup>9</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>10</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	
Bus Drivers	Yes										X		X			X	X		
Administrator Separations	Yes										X				X				
Financial	No																		
Governance	No																		
Contracting	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.

### **Bus Driver Requirements**

- Did the District ensure that all bus drivers transporting District students are Board of School Directors (Board) approved and had the required driver’s license, physical exam, training, background checks, and clearances<sup>11</sup> as outlined in applicable laws?<sup>12</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, reviewing, and monitoring required bus driver qualification documents. We determined if all drivers were Board approved by the District. We selected 29 of the 221 drivers transporting students as of March 11, 2020 and reviewed clearance and qualification documentation to ensure the District complied with the requirements for bus drivers.<sup>13</sup> We also determined if the District had monitoring procedures to ensure records are updated as required.

**Conclusion:** The results of our procedures identified areas of noncompliance and significant internal control deficiencies related to maintaining, reviewing, and monitoring bus driver qualification requirements. Our results are detailed in the finding beginning on page 6 of this report.

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<sup>11</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>12</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>13</sup> We selected all 6 of the drivers not on the list of drivers provided by the District because we considered the District to be at a higher of risk non-compliance for those drivers. We also randomly selected an additional 23 drivers. Therefore, the combined selection of drivers is not representative of the population; accordingly, the results of this audit procedure are not, and should not be, projected to the population.

## **Administrator Separations**

- Did the District ensure all individually contracted employees who separated from the District were compensated in accordance with their contract? Also, did the contracts comply with the Public School Code and were the final payments in accordance with the Public School Employees' Retirement System (PSERS) guidelines?
- ✓ To address this objective, we assessed the District's internal controls over the process to determine final payouts for administrator separations. We reviewed the employment contracts, settlement agreements, payroll records, and leave records for the four individually contracted administrators who separated employment from the District during the period July 1, 2015 through June 30, 2019. We reviewed the documentation to determine if the individuals were compensated in accordance with the terms of their contracts and confirmed only eligible wages were reported to PSERS. We verified that the Board complied with Section 508 of the Public School Code by voting to approve each administrator's separation from employment with the District.

**Conclusion:** The results of our procedures for this objective did not disclose any reportable issues; however, we identified 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 verbally communicated to District management and those charged with governance for their consideration.

## **Financial Stability**

- Based on an assessment of financial indicators, was the District in a declining financial position, and did it comply with all statutes prohibiting deficit fund balances and the over expending of the District's budget?
- ✓ To address this objective, we reviewed the District's annual financial reports, General Fund budgets, and independent auditor's reports for the 2015-16 through 2018-19 fiscal years. The financial and statistical data was used to calculate the District's General Fund balance, operating position, charter school costs, debt ratio and current ratio for each year of the audit period. These financial indicators were deemed appropriate for assessing the District's financial stability. The financial indicators are based on best business practices established by several agencies, including Pennsylvania Association of School Business Officials, the Colorado Office of the State Auditor, and the National Forum on Education Statistics.

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

## **Governance**

- Did the District's Board and administration follow its board policies when recruiting and hiring the District's former Superintendent?
- ✓ To address this objective, we obtained the District's board policy concerning the requirements when hiring a new Superintendent. We verified that the District followed this policy by soliciting superintendent applications from multiple individuals from a range of geographical areas. We also verified that the Superintendent hired by the District maintained a Commission Qualification Letter.

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

## **Contracting**

- Was the District's Energy Savings Contract properly Board approved, were the projected savings greater than the cost, and did the District monitor the contract to ensure guaranteed savings were achieved?
  - ✓ To address this objective, we obtained and reviewed the energy savings contract and all associated addendums entered into by the District during our audit period. We verified that the District sought proposals for this service through a Requests for Quotes. We also ensured that the District approved the energy savings contract through a public Board vote. Finally, we obtained the Preliminary Year 1 report presented to the District by the vendor on February 26, 2020 and reviewed it to ensure that the District was monitoring the costs savings per the contract.

**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>14</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, but not limited to, safety plans, training schedules, risk and vulnerability assessments, anti-bullying policies, and memorandums of understanding with local law enforcement.

**Conclusion:** Due to the sensitive nature of school safety, the results of our review of school safety are not described in our report. The results are shared with District officials, PDE's Office of Safe Schools, and other appropriate law enforcement agencies as deemed necessary.<sup>15</sup>

- Did the District comply with the fire and security drill requirements of Section 1517 of the Public School Code?<sup>16</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 a security drill was held within the first 90 days of the school year for each building in the District, and if monthly fire drill 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>14</sup> Safe Schools Act 24 P.S. § 13-1301-A *et seq.*, Emergency Management Services Code 35 Pa.C.S. § 7701.

<sup>15</sup> Other law enforcement agencies include the Pennsylvania State Police, the Office of the Attorney General, and local law enforcement with jurisdiction over the District's school buildings.

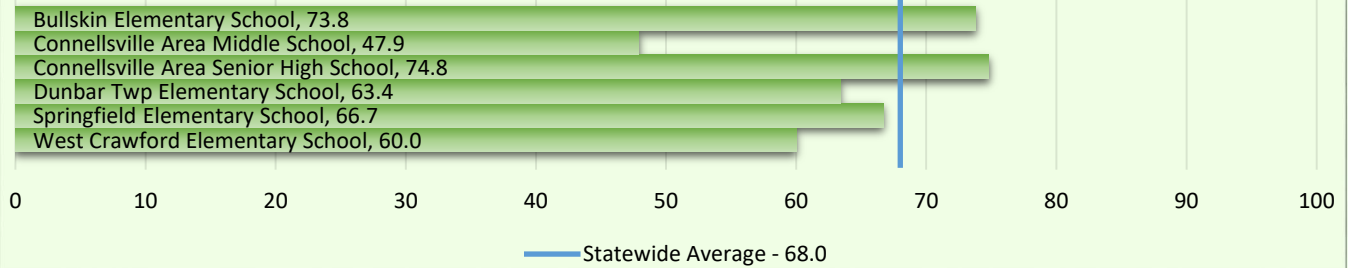
<sup>16</sup> Public School Code (Fire and Security Drills) 24 P.S. § 15-1517.

## Appendix B: Academic Detail

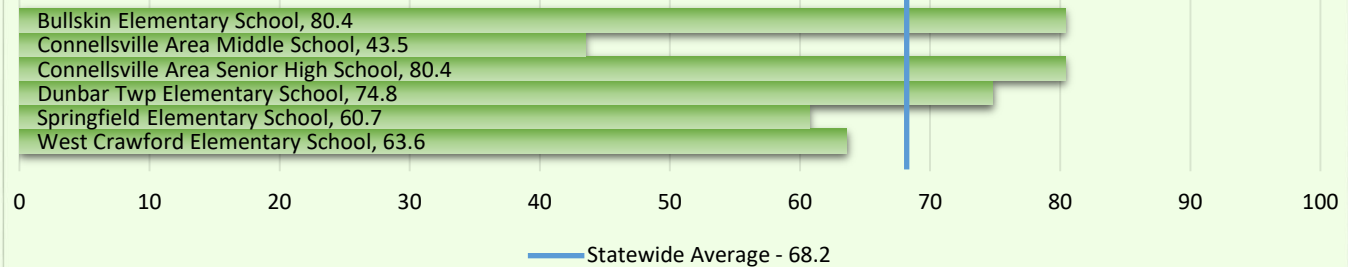
Benchmarks noted in the following graphs represent the statewide average of all public school buildings in the Commonwealth that received a score in the category and year noted.<sup>17</sup> Please note that if one of the District's schools did not receive a score in a particular category and year presented below, the school will not be listed in the corresponding graph.<sup>18</sup>

### SPP School Scores Compared to Statewide Averages

#### 2018-19



#### 2017-18

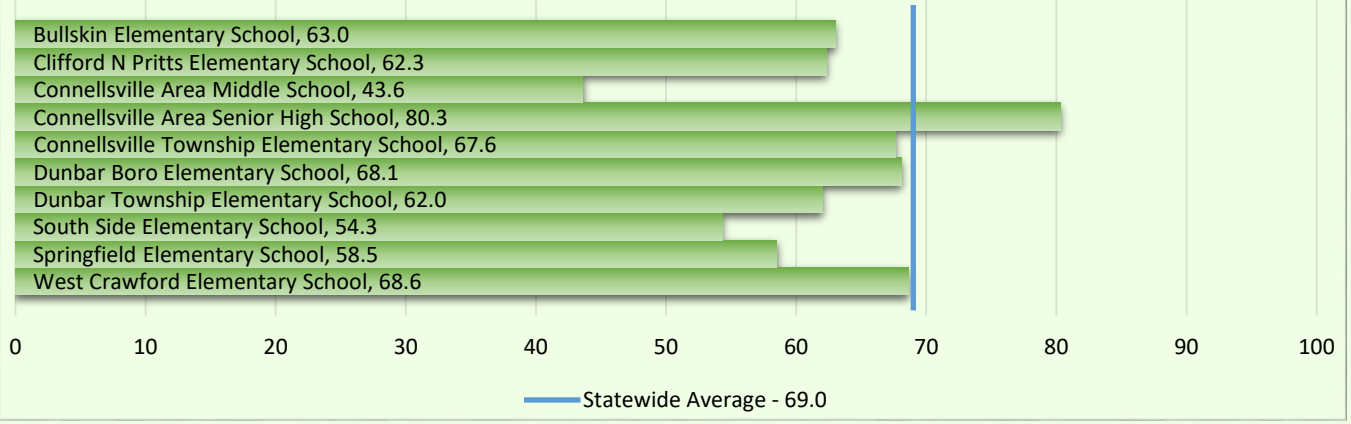


<sup>17</sup> Statewide averages were calculated by our Department based on individual school building scores for all public schools in the Commonwealth, including district schools, charters schools, and cyber charter schools.

<sup>18</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)**

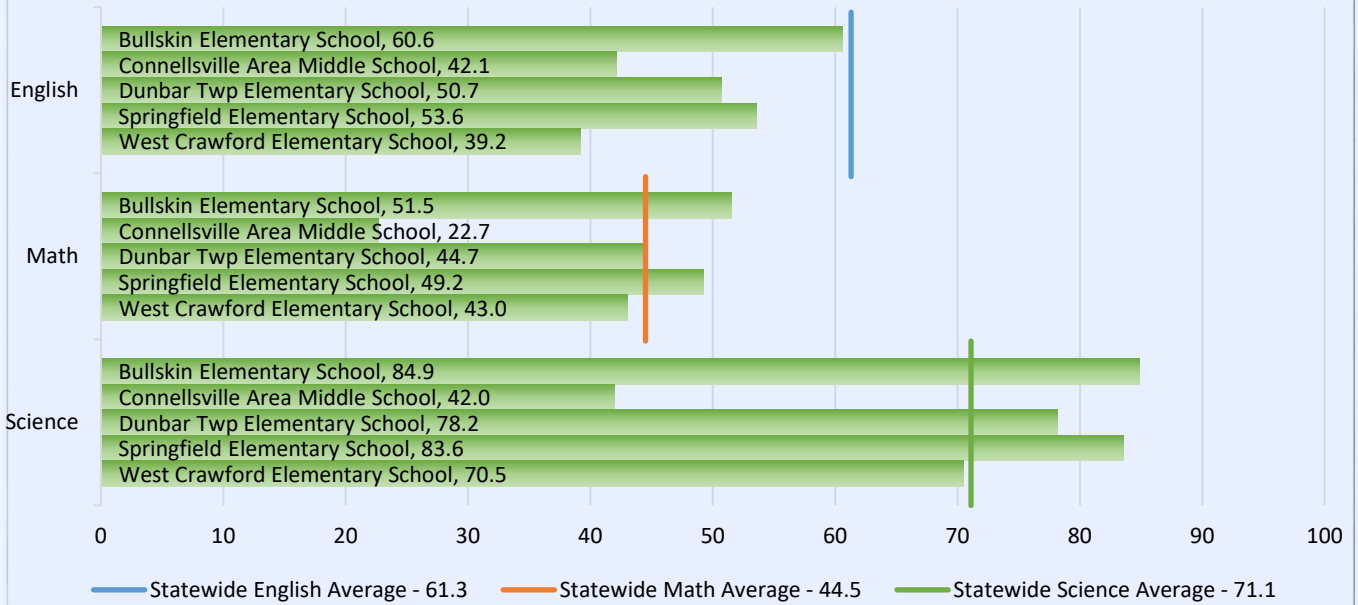
**2016-17**



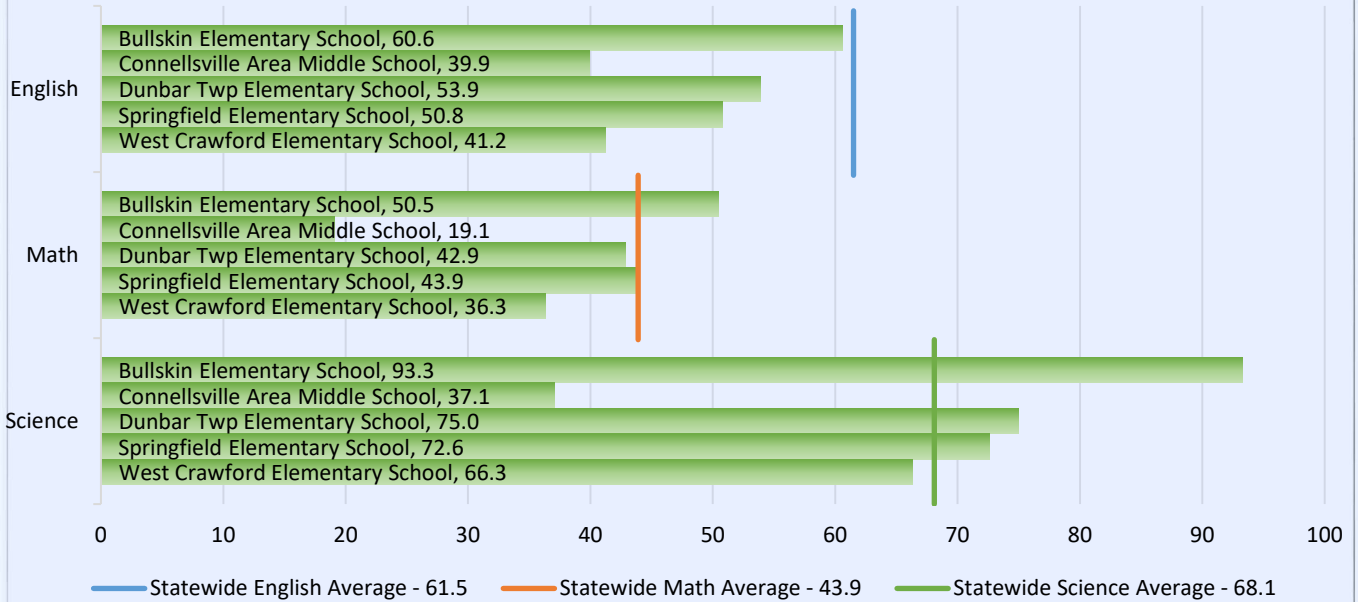


**PSSA Advanced or Proficient Percentage  
School Scores Compared to Statewide Averages**

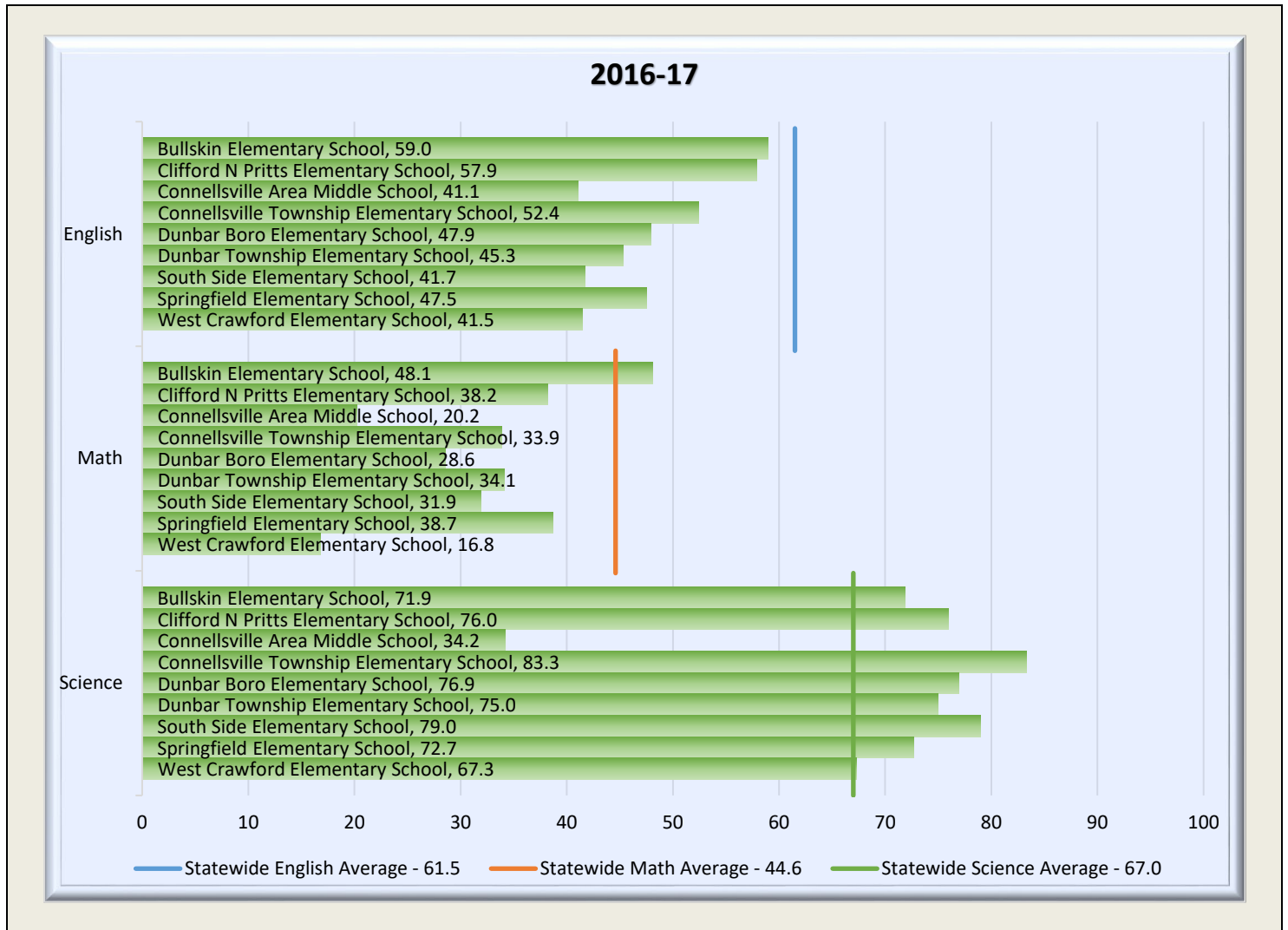
**2018-19**



**2017-18**

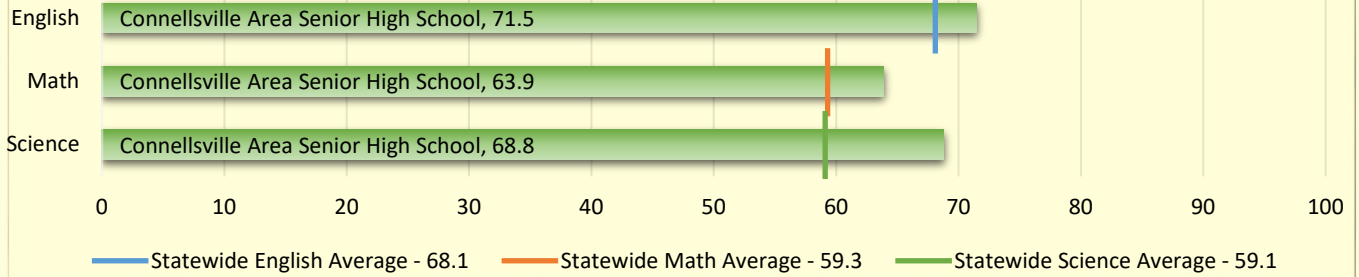


**PSSA Advanced or Proficient Percentage  
School Scores Compared to Statewide Averages (continued)**

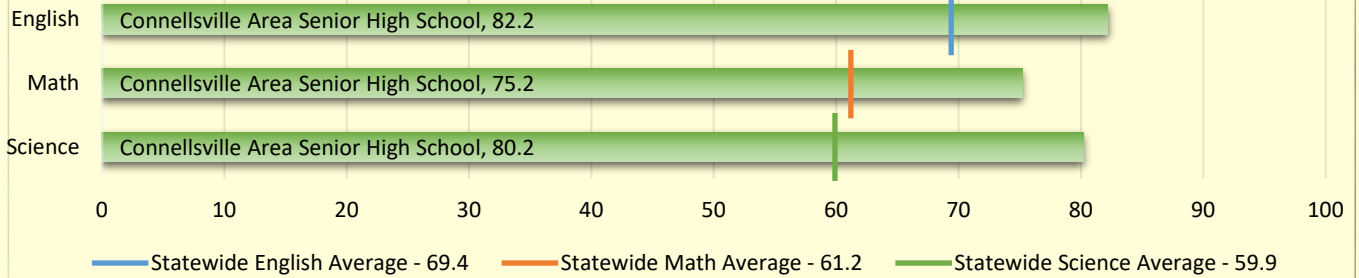


## Keystone Advanced or Proficient Percentage School Scores Compared to Statewide Averages

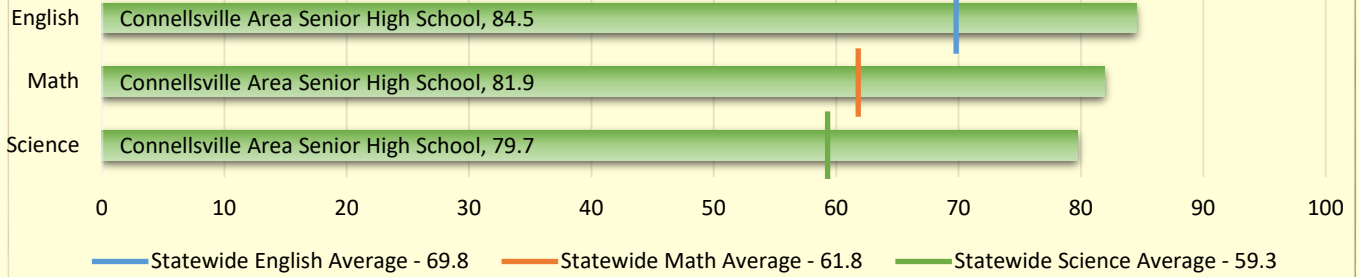
### 2018-19



### 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:

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