

PERFORMANCE AUDIT

Derry Township School District Dauphin County, Pennsylvania

September 2021



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

Dr. Stacy Winslow, Superintendent
Derry Township School District
30 East Granada Avenue, P.O. Box 898
Hershey, Pennsylvania 17033

Ms. Lindsay Drew, Board President
Derry Township School District
30 East Granada Avenue, P.O. Box 898
Hershey, Pennsylvania 17033

Dear Dr. Winslow and Ms. Drew:

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

- Transportation Operations
- Bus Driver Requirements

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

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

Our audit identified areas of noncompliance and significant internal control deficiencies in the area of transportation operations and those deficiencies are detailed in the finding in this report titled:

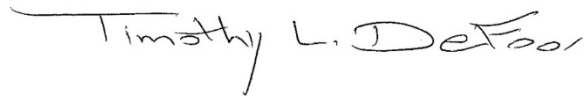
The District's Failure to Implement an Adequate Internal Control System Resulted in a Transportation Reimbursement Net Underpayment of \$65,435 to the District

Our audit finding and recommendations have been discussed with the District's management and those charged with governance, and their responses are included in the audit report. We believe the implementation of our recommendations will improve the District's operations and facilitate compliance with legal and other relevant requirements. Additionally, we found that the District performed adequately in the area of bus driver requirements and we did not identify any internal control deficiencies.

Dr. Stacy Winslow
Ms. Lindsay Drew
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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

September 23, 2021

cc: **DERRY TOWNSHIP SCHOOL DISTRICT** Board of School Directors

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Background Information

School Characteristics 2020-21 School Year*	
County	Dauphin
Total Square Miles	27
Number of School Buildings	4 ¹
Total Teachers	297
Total Full or Part-Time Support Staff	217
Total Administrators	23
Total Enrollment for Most Recent School Year	3,470
Intermediate Unit Number	15
District Career and Technical School	Dauphin County Technical School

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

Mission Statement*

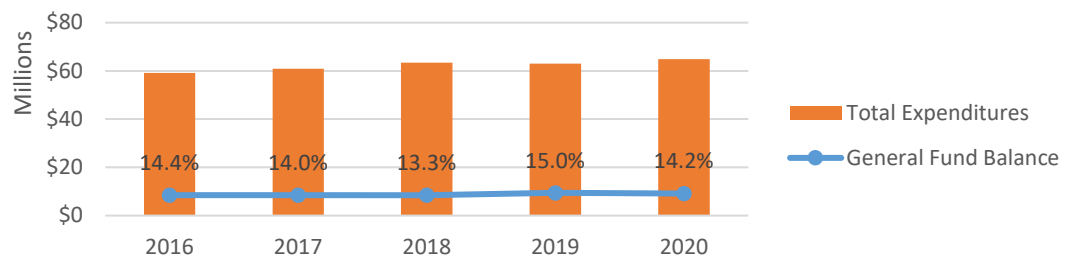
Engaging all students every day to help them achieve their greatest potential as global citizens.

Financial Information

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

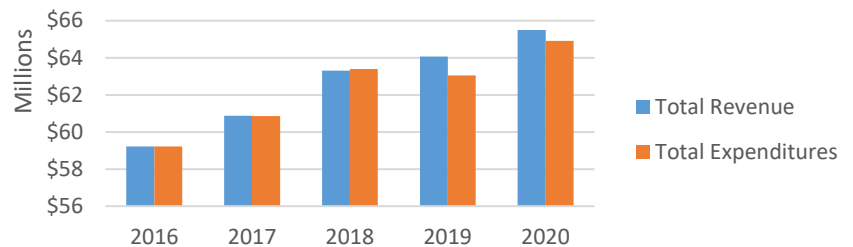
General Fund Balance as a Percentage of Total Expenditures

	General Fund Balance
2016	\$8,512,571
2017	\$8,528,745
2018	\$8,442,921
2019	\$9,454,525
2020	\$9,188,755



Revenues and Expenditures

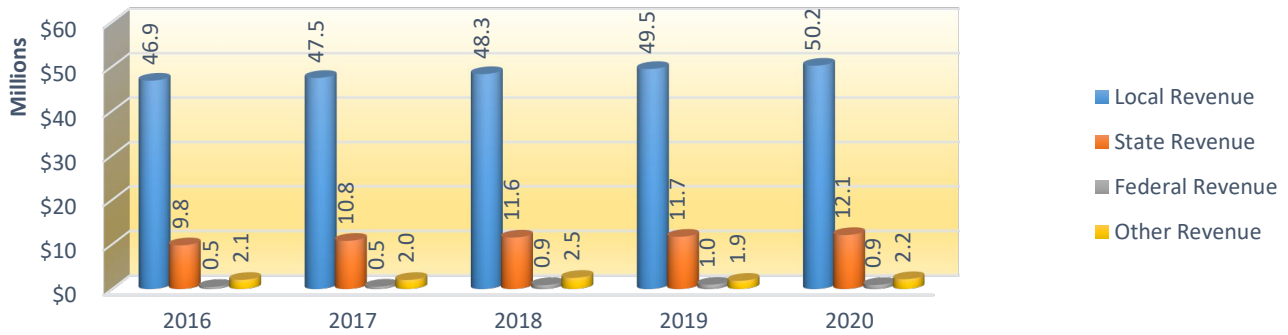
	Total Revenue	Total Expenditures
2016	\$59,219,647	\$59,219,647
2017	\$60,880,813	\$60,864,638
2018	\$63,300,655	\$63,386,478
2019	\$64,059,374	\$63,047,769
2020	\$65,495,624	\$64,911,396



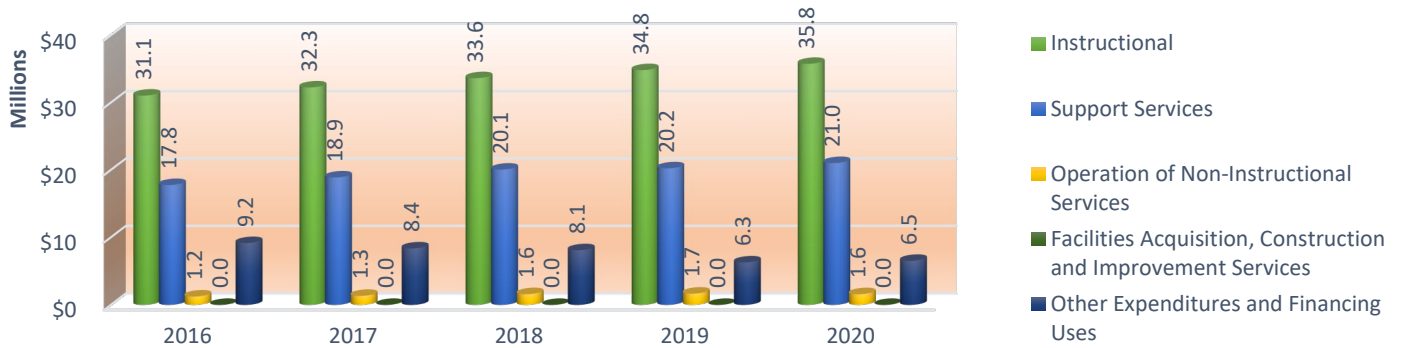
¹ The District's early childhood center and the primary elementary center are in the same physical building; however, academic data is presented separately.

Financial Information Continued

Revenues by Source

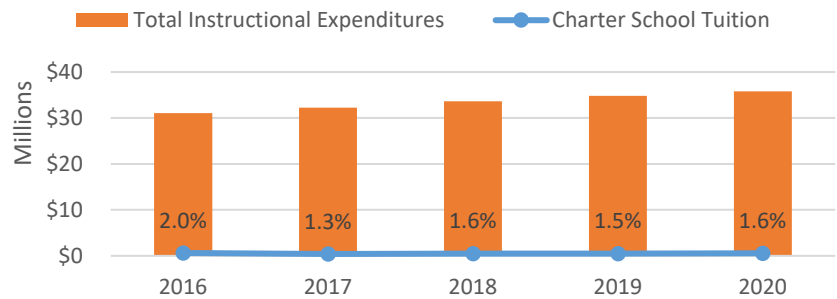


Expenditures by Function

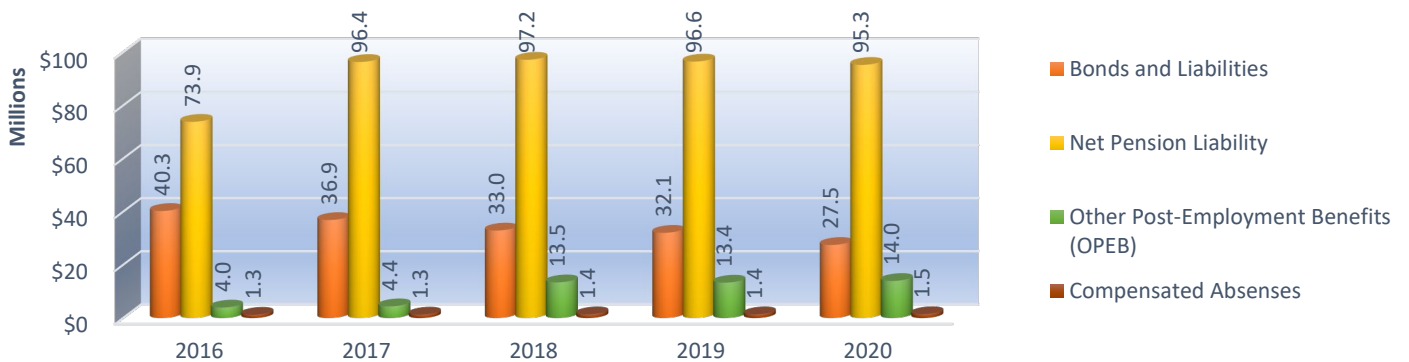


Charter Tuition as a Percentage of Instructional Expenditures

	Charter School Tuition	Total Instructional Expenditures
2016	\$622,431	\$31,050,258
2017	\$406,498	\$32,262,238
2018	\$524,583	\$33,638,549
2019	\$508,502	\$34,829,455
2020	\$579,168	\$35,764,217



Long-Term Debt

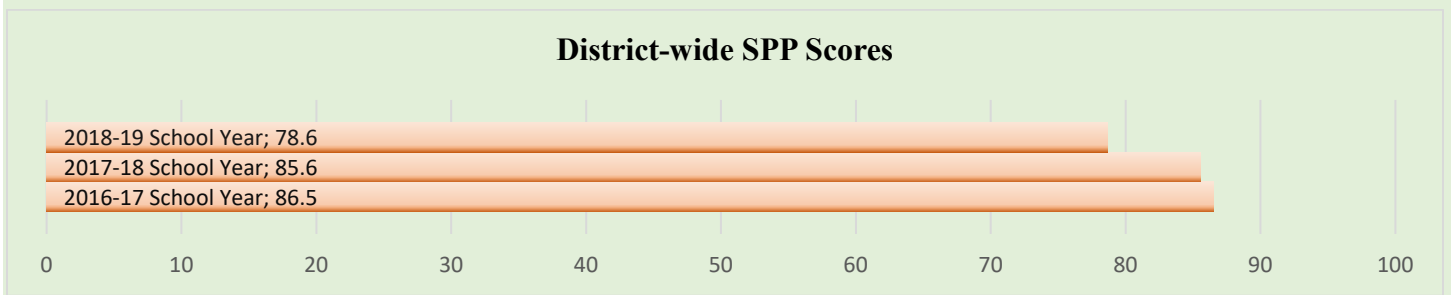


Academic Information²

The graphs on the following pages present the District-wide School Performance Profile (SPP) scores, Pennsylvania System of School Assessment (PSSA) scores, and Keystone Exam results for the District obtained from PDE's data files for the 2016-17, 2017-18, and 2018-19 school years.³ In addition, the District's 4-Year Cohort Graduation Rates are presented for the 2017-18 through 2019-20 school years.⁴ 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.



² PDE is the sole source of academic data presented in this report. All academic data was obtained from PDE's publicly available website.

³ Due to the COVID-19 pandemic the PSSA and Keystone Exam requirements were waived for the 2019-20 school year; therefore, there is no academic data to present for this school year.

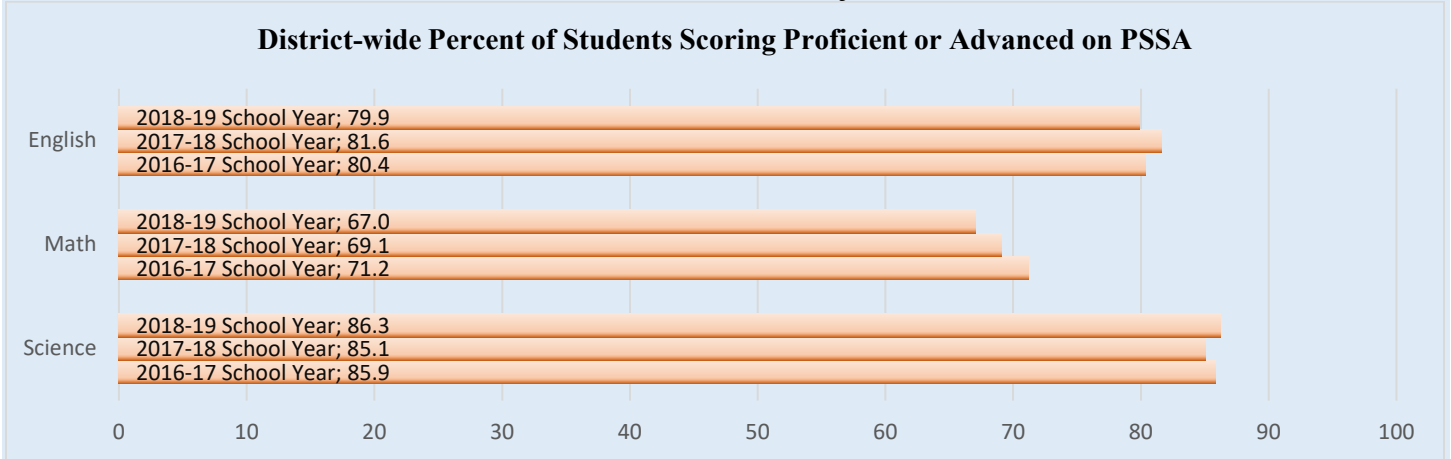
⁴ Graduation rates were still reported for the 2019-20 school year despite the COVID-19 pandemic.

Academic Information Continued

What is the PSSA?

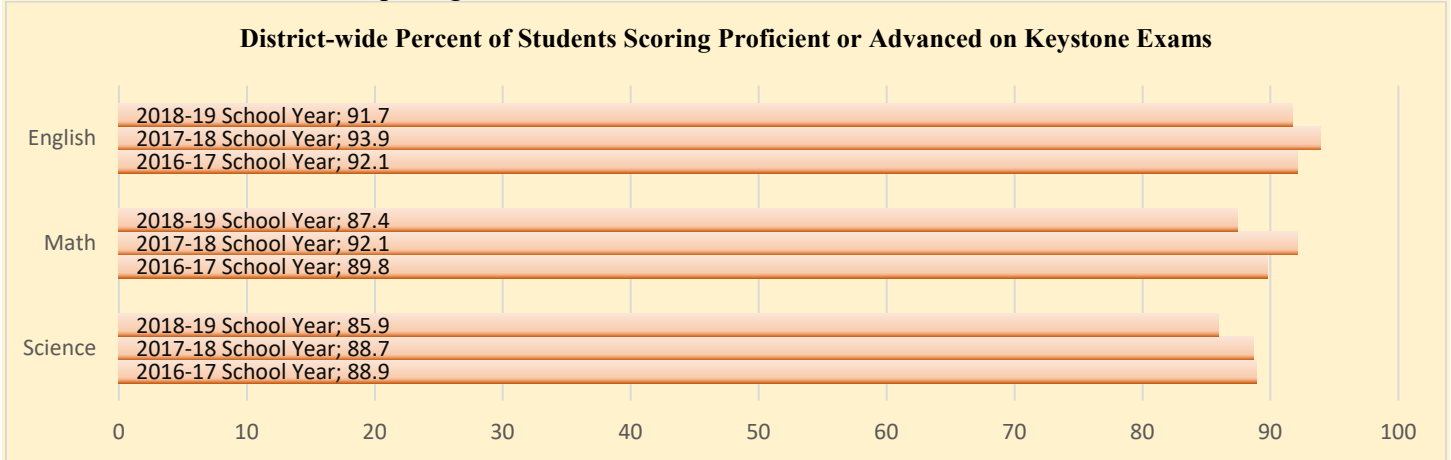
The PSSA is an annual, standardized test given across the Commonwealth to students in grades 3 through 8 in core subject areas, including English, Math and Science. The PSSAs help Pennsylvania meet federal and state requirements and inform instructional practices, as well as provide educators, stakeholders,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

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



What is the Keystone Exam?

The Keystone Exam measures student proficiency at the end of specific courses, such as Algebra I, Literature, and Biology. The Keystone Exam was intended to be a graduation requirement starting with the class of 2017, but that requirement has been put on hold until the 2020-21 school year.⁵ In the meantime, the exam is still given as a standardized assessment and results are included in the calculation of SPP scores. The Keystone Exam is scored using the same four performance levels as the PSSAs, and the goal is to score Proficient or Advanced for each course requiring the test.

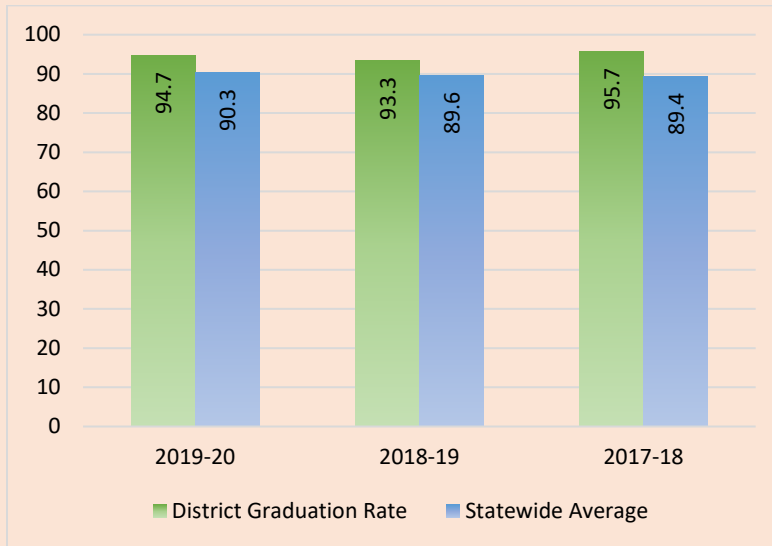


⁵ Act 158 of 2018, effective October 24, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement until the 2021-22 school year. See 24 P.S. § 1-121(b)(1). Please refer to the following link regarding further guidance to local education agencies (LEAs) 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.⁶



⁶ 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's Failure to Implement an Adequate Internal Control System Resulted in a Transportation Reimbursement Net Underpayment of \$65,435 to the District

Criteria relevant to the finding:

Student Transportation Subsidy

Section 2541(a) of the Public School Code (PSC) states, in part: "School districts shall be paid by the Commonwealth for every school year on account of pupil transportation which... have been approved by the Department of Education... an amount to be determined by multiplying the cost of approved reimbursable pupils transportation incurred by the district by the district's aid ratio.

In determining the formula for the cost of approved reimbursable transportation, the Secretary of Education may prescribe the methods of determining approved mileages and the utilized passenger capacity of vehicles for reimbursement purposes..." See 24 P.S. § 25-2541(a).

We found that the Derry Township School District (District) did not implement an adequate internal control system over the input, categorization, calculation, and reporting of regular and supplemental transportation data. The failure to implement internal controls led to multiple inaccuracies in the transportation data reported to the Pennsylvania Department of Education (PDE). Consequently, the District received \$79,295 less than it was entitled to in regular transportation reimbursements for the 2016-17 through 2019-20 school years. Additionally, the supplemental transportation data reporting errors resulted in a \$13,860 overpayment to the District. The net effect of these reporting errors was a \$65,435 underpayment to the District.

Background: School districts receive two separate transportation reimbursement payments from PDE. The **regular** transportation reimbursement is broadly based on the number of students transported, the number of days each vehicle was used for transporting 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 nonpublic school and charter school students transported. The errors identified in this finding pertain to both the District's regular and supplemental transportation reimbursements.

Since the above listed components are integral to the calculation of the District's transportation reimbursements, it is essential that the District properly record, categorize, calculate, categorize, and report transportation data to PDE. Therefore, the District should have a strong system of internal control over transportation operations that should include, but not be limited to, the following:

- Segregation of duties.
- Comprehensive written procedures.
- Training on PDE reporting requirements.

It is also important to note that the Public School Code (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

*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” 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 Pennsylvania Department of Education (PDE) 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.

Supplemental Transportation Subsidy for Nonpublic and Public Charter Students

Section 1361(a) of the 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.

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

order to be eligible for transportation reimbursement.⁷ The sworn statement includes the superintendent’s signature attesting to the accuracy of the reported data. Because of this statutorily required attestation, the District should ensure it has implemented an adequate internal control system to provide the District’s Superintendent with the confidence needed to sign the sworn statement.

Regular Transportation Reporting Errors

As stated above, the regular transportation reimbursement is based on several components that are reported by a school district to PDE for use in calculating the district’s annual reimbursement amount. PDE guidelines state that districts are required to report the number of days a vehicle is in service and the number of students assigned to each vehicle, as well as the miles per day that each vehicle travels with and without students. If the number of students assigned and/or the miles traveled change during the school year districts are required to calculate and report an average. In addition, districts are required to report the number of students transported who were eligible and not eligible for reimbursement to PDE.

Errors in Mileage and the Number of Students Transported

We found that during the 2019-20 school year, the District inaccurately calculated the miles traveled averages for 39 of the 41 vehicles used to transport students. These vehicles transported students for seven months of the school year but stopped transporting students in March 2020 due to the COVID-19 pandemic. The District calculated its average data for these vehicles by dividing mileage by nine months. District officials knew to compute mileage averages by dividing by seven months but failed to revise the spreadsheets used to make the calculations. This calculation error resulted in mileage being under reported for this school year and was the primary reason the District did not receive all the transportation reimbursement it was eligible to receive. The District also made errors when reporting the number of students transported for two vehicles used to transport students in the 2019-20 school year. These errors were also the result of inaccurate averages that were calculated by the District.

Additionally, we found that the District inaccurately calculated and reported mileage data for one vehicle used to transport students in the 2018-19 school year. This vehicle transported students for two months in the nine month school year. As a result, the District under-reported mileage traveled and students transported for this vehicle.⁸ A secondary review of the average data calculated may have revealed these errors prior to reporting the data to PDE.

⁷ See 24 P.S. § 25-2543.

⁸ The mileage data for the remaining vehicles used to transport students in the 2018-19 was accurately calculated and reported to PDE. The data for all the vehicles used to transport students in the 2016-17 and 2017-18 school years was accurately calculated and reported to PDE.

Criteria relevant to the finding (continued):

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

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

Section 2509.3 of the PSC provides that each school district shall receive a supplemental transportation payment of \$385 for each nonpublic school student transported. This payment provision is also applicable to charter school students through Section 1726-A(a) of the CSL. *See* 24 P.S. § 25-2509.3; 24 P.S. § 17-1726-A(a).

Errors in the Number of Students Reported as Eligible for Reimbursement Due to Residing on a Hazardous Walking Route

Students transported are classified into multiple reporting categories including, but not limited to, students transported and eligible for reimbursement due to residing on a Pennsylvania Department of Transportation (PennDOT) determined public hazardous walking route and regular students transported. Elementary students residing within 1.5 miles of their respective school or secondary students residing within 2 miles of their school are not eligible to be reported as reimbursable unless the student resides on a PennDOT determined hazardous walking route. The table below details the reported and audited number of students who were eligible for reimbursement due to residing on a hazardous walking route.

Table No. 1

Derry Township School District Transportation Data Reported to PDE Hazardous Route and Students			
School Year	Reported No. of Hazardous Route Students	Audited No. of Hazardous Route Students	Over/(Under) Reported
2016-17	950	920	30
2017-18	558	954	(396)
2018-19	1,157	1,156	1
2019-20	1,181	1,143	38
Total	3,846	4,173	(327)

The District used its transportation software to calculate and report the number of students reported to PDE as eligible for reimbursement due to residing on a hazardous walking route. Annually the District produced separate reports for each school building calculating these students and manually reported the cumulative total to PDE. For the 2017-18 school year, the District did not produce reports for all of its school buildings. Therefore, the District did not include all students transported and eligible for reimbursement when it reported data to PDE.

Additionally, in all four years of the audit period, the District mistakenly identified sixth grade students as secondary students. In accordance with PDE’s definition, sixth grade is considered an elementary school grade. District personnel were not aware of PDE’s definition. The distinction is important because the PSC sets different mileage limits for elementary and secondary students, as discussed previously.

The mileage and student reporting errors in the 2019-20 school year, combined with the errors in reporting the number of students transported

Criteria relevant to the finding
(continued):

PDE instructions for Local Education Agencies (LEA) on how to complete the PDE-1049. The PDE-1049 is the electronic form used by LEAs to submit transportation vehicle data annually to PDE.

<http://www.education.pa.gov/Documents/Teachers-Administrators/Pupil%20Transportation/eTran%20Application%20Instructions/PupilTransp%20Instructions%20PDE%201049.pdf> (accessed 7/27/21)

Pupils Assigned - Report the greatest number of pupils assigned to ride this vehicle at any one time during the day. Report the number of pupils assigned to the nearest tenth. The number cannot exceed the seating capacity. If the number of pupils assigned changed during the year, calculate a weighted average or a sample average.

Daily Miles With - Report the number of miles per day, to the nearest tenth, that the vehicle traveled with pupils. If this figure changed during the year, calculate a weighted average or sample average.

Daily Miles Without - Report the number of miles per day, to the nearest tenth, that the vehicle traveled without pupils. If this figure changed during the year, calculate a weighted average or sample average.

and eligible for reimbursement for the 2016-17 through 2019-20 school years, resulted in the District being underpaid \$79,295 in regular transportation reimbursements.

Supplemental Transportation Reimbursement Errors

Pursuant to the PSC, a nonpublic school is defined, in pertinent part, as a nonprofit school other than a public school within the Commonwealth of Pennsylvania, wherein a resident of the Commonwealth may legally fulfill the compulsory school attendance requirements.⁹ The PSC requires school districts to provide transportation services to students who reside in its district and who attend a nonpublic school or a charter school, and it provides for a reimbursement from the Commonwealth of \$385 for each nonpublic school student transported by the District. The reimbursement was made applicable to the transportation of charter school students pursuant to an equivalent provision in the Charter School Law.¹⁰

We reviewed the nonpublic and charter school student transportation data that the District reported to PDE and found that the District inaccurately reported this data during the audit period. The reporting errors are detailed in the table below.

Table No. 2

Derry Township School District Supplemental Transportation Data			
School Year	(A) Nonpublic School Students (Under)/Over Reported	(B) Charter School Students (Under)/Over Reported	[(A+B) * \$385] Over/(Under) Payment
2016-17	(40)	(4)	(\$16,940)
2017-18	28	(1)	\$10,395
2018-19	25	0	\$ 9,625
2019-20	23	5	\$10,780
Total	36	0	\$13,860

Every school year, the District should obtain a written request to transport each nonpublic and/or charter school student from the parent/guardian. The District must maintain this documentation as support for the number of students it reports to PDE for the supplemental reimbursement calculation. The District underreported the number of nonpublic school and charter school students transported during the 2016-17 school year. The District provided us with documentation showing 44 additional students transported and eligible for reimbursement; however, the District

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

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

Criteria relevant to the finding (continued):

PDE instructions for Local Education Agencies (LEA) on how to complete the PDE-2089. The PDE-2089 is the electronic form used by LEAs to submit transportation student data annually to PDE.

<https://www.education.pa.gov/Documents/Teachers-Administrators/Pupil%20Transportation/eTran%20Application%20Instructions/PupilTransp%20Instructions%20PDE-2089%20SummPupilsTransp.pdf> (accessed 7/27/21)

Number of Nonpublic School Pupils Transported - Enter the total number of resident NONPUBLIC school pupils you transported to and from school. Documentation identifying the names of these pupils should be retained for review by the Auditor General's staff. NONPUBLIC school pupils are children whose parents are paying for them to attend a nonprofit private or parochial school. (Any child that your district is financially responsible to educate is a PUBLIC pupil.)

Number of Pupils Transported to Charter Schools Outside Your District - Enter the number of resident pupils transported outside of your district boundaries wither to a regional charter school of which your district is a part or to a charter school located within ten miles of your district boundaries. Documentation identifying the names of these pupils should be retained for review by the Auditor General's staff.

Number of Public School Pupils Transported Because of Hazardous Walking Conditions - Enter the number of resident PUBLIC school pupils (including charter school pupils) you transported to and from school because of certified hazardous walking routes.

could not explain why these students were not reported to PDE for reimbursement.

The primary reason that the District was overpaid supplemental transportation reimbursements was due to the District reporting students who attended nonpublic schools but were not transported by the District. The District failed to perform a reconciliation of individual requests for transportation to students reported to PDE. The net effect of the supplemental transportation reporting errors we identified was that the District received an overpayment of \$13,860.

Significant Internal Control Deficiencies

Our review revealed that the District did not have an adequate internal control system over its regular and supplemental transportation operations. Specifically, we found that the District did not do the following:

- Ensure that an employee, other than the employee who calculated the regular and supplemental transportation data, reviewed the data before it was reported to PDE.
- Ensure that all employees involved in the calculation and reporting of regular and supplemental transportation data are adequately trained on PDE requirements.
- Verify that the home address for all students reported as eligible for reimbursement due to residing on a hazardous walking route were actually on a PennDOT determined hazardous walking route.
- Ensure that it has on file an individual request for transportation for all nonpublic school and charter school students it transported before reporting this data to PDE.
- Develop comprehensive written procedures for accurately reporting regular and supplemental transportation data to PDE.

All of the above internal control deficiencies led to the multiple errors we identified and resulted in the District missing out on more than \$65,000 it was eligible to receive during the audit period. The monetary effect of the errors we identified highlights the need for strong internal controls over the transportation data reporting system.

Future Reimbursement Adjustment: We provided PDE with reports detailing the reporting errors we found related to the regular and supplemental transportation reimbursements. We recommend that PDE adjust the District's future transportation reimbursements by the \$65,435 that we identified as an underpayment.

*Criteria relevant to the finding
(continued):*

This figure should include only those pupils who live within 1 ½ miles of the elementary school or within 2 miles of the secondary school in which they are enrolled. Distances should be computed by public highway miles (See “Pennsylvania Public School Code of 1949”, Section 1366).

Recommendations

The *Derry Township School District* should:

1. Develop and implement an internal control system over its regular and supplemental transportation operations. The internal control system should include, but not be limited to, the following:
 - All personnel involved in regular and supplemental transportation data reporting are trained on PDE’s reporting requirements.
 - A review of transportation data is conducted by an employee other than the person who prepared the data before it is submitted to PDE.
 - Comprehensive written procedures are developed to ensure accurate reporting of the regular and supplemental transportation operations.
2. Compare the lists of nonpublic and charter school students transported to the requests for transportation to ensure it has adequate supporting documentation for each student reported to PDE.
3. Implement a procedure to verify that the home address of each student transported and reported to PDE as eligible due to residing on a hazardous walking route is actually located on a PennDOT determined hazardous walking route.

The *Pennsylvania Department of Education* should:

4. Adjust the District’s future transportation subsidy to resolve the \$65,435 net underpayment for regular and supplemental transportation reimbursements.

Management Response

District management provided the following response:

Management agrees with the finding and have put procedures in place to ensure all transportation data is reviewed for accuracy by the Director of Transportation, prior to submission of the data.

Auditor Conclusion

We are encouraged that the District intends to implement a procedure to review transportation data prior to reporting to PDE. We continue to recommend that the District provide training for employees involved in transportation operations. Additionally, we continue to recommend that the District develop comprehensive written procedures to help ensure accurate reporting of transportation data. We will evaluate the

effectiveness of all of the District's corrective actions during our next audit of the District.

Status of Prior Audit Findings and Observations

Our prior Limited Procedures Engagement of the Derry Township School District resulted in no findings or observations.

Appendix A: Audit Scope, Objectives, and Methodology

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

Our audit, conducted under authority of Sections 402 and 403 of The Fiscal Code,¹¹ 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, 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, 2016 through June 30, 2020. The scope of each individual objective is also detailed in the next section.

The District's management is responsible for establishing and maintaining effective internal control to provide reasonable assurance that the District's objectives will be achieved.¹² *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.¹³ 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.

¹¹ 72 P.S. §§ 402 and 403.

¹² 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.

¹³ 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
Control Environment	
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
Risk Assessment	
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
Control Activities	
10	Design control activities
11	Design activities for the information system
12	Implement control activities
Information and Communication	
13	Use quality information
14	Communicate internally
15	Communicate externally
Monitoring	
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		
Bus Drivers	Yes										X		X			X	X		
Safe Schools	No																		

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

Objectives/Scope/Methodology

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

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

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?¹⁴
- ✓ To address this objective, we assessed the District's internal controls for obtaining, inputting, processing, and reporting transportation data to PDE. For all 41 vehicles used to transport students during the 2019-20 school year, we obtained and reviewed odometer readings and bus rosters. We obtained the school calendars and determined if the District accurately calculated and reported sample average data to PDE and if the District was accurately reimbursed based on this reported data. We then reviewed sample average calculations for all 85 vehicles used to transport students during the 2016-17, 2017-18, and 2018-19 school years to determine if the sample averages were accurately calculated.

We also obtained and reviewed individual requests for transportation for all 589 nonpublic school and all 20 charter school students reported to PDE as transported during the 2016-17 through 2019-20 school years. We compared the requests for transportation to the number of students reported to PDE. We determined if each student was accurately reported to PDE.

Furthermore, we reviewed all 3,846 students reported to PDE as eligible for reimbursement due to residing on a hazardous walking route for the 2016-17 through 2019-20 school years. We obtained and reviewed the District's Pennsylvania Department of Transportation determined hazardous walking route documentation and student address information from the District to determine if the number of reimbursable students was accurately reported to PDE.

¹⁴ See 24 P.S. § 2541(a).

Conclusion: The results of our procedures identified areas of noncompliance and significant internal control deficiencies related to the reporting of regular and supplemental transportation data. Our results are detailed in the Finding beginning on page 6 of this report.

Bus Driver Requirements

- Did the District ensure that all bus drivers transporting District students are approved by the Board of School Directors (Board) and had the required driver’s license, physical exam, training, background checks, and clearances¹⁵ as outlined in applicable laws?¹⁶ 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 reviewing, maintaining, and monitoring the required bus driver qualification documents. We determined if all drivers were approved by the Board. We randomly selected 10 of 48 bus and van drivers transporting District students as of May 13, 2021.¹⁷ We reviewed documentation to ensure the District complied with the requirements for bus drivers. We also determined if the District had monitoring procedures to ensure that all drivers had updated clearances, licenses, and physicals.

Conclusion: The results of our review of bus driver qualifications did not identify any reportable issues. Additionally, we did not find any internal control deficiencies.

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?¹⁸ 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, memorandums of understanding with local law enforcement agencies, anti-bullying policies, climate surveys, trainings for staff and students, and risk and vulnerability assessments performed at District.

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

- Did the District comply with the fire and security drill requirements of Section 1517 of the Public School Code?¹⁹ 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?

¹⁵ 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.

¹⁶ 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.

¹⁷ 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.

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

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

- ✓ To address this objective, we obtained and reviewed the fire and security drill records for the 2018-19 and 2019-20 school years. We determined if security drills was held within the first 90 days of each school year for each building in the District and if monthly fire drills were conducted in accordance with requirements. We also obtained the *Accuracy Certification Statement* that the District filed with PDE and compared the dates reported to the supporting documentation.

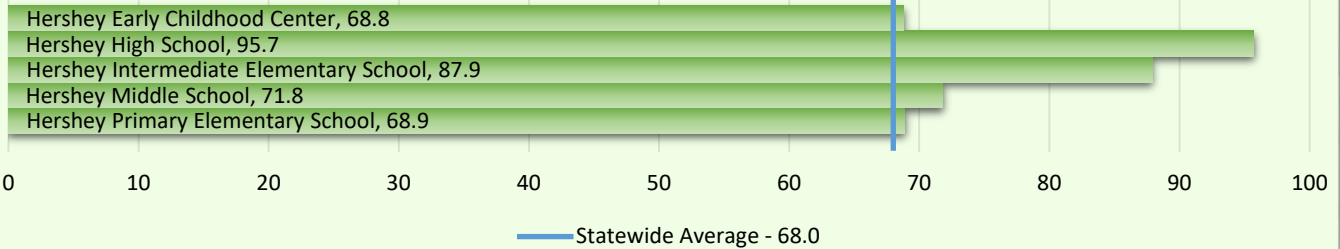
Conclusion: The results of our procedures for this portion of the school safety objective did not disclose any reportable issues.

Appendix B: Academic Detail

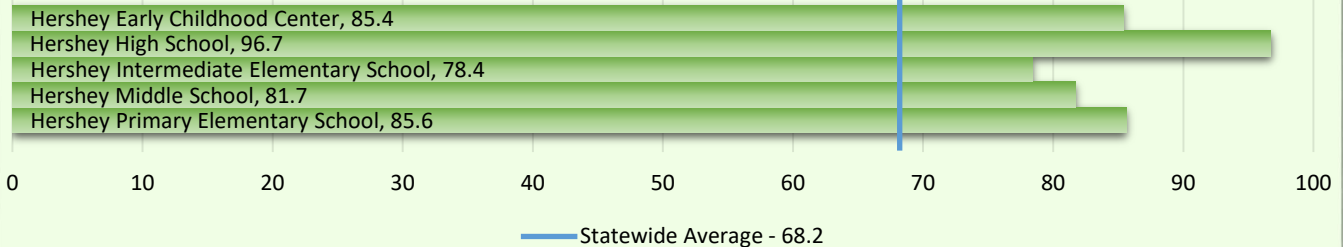
Benchmarks noted in the following graphs represent the statewide average of all public school buildings in the Commonwealth that received a score in the category and year noted.²⁰ Please note that if one of the District's schools did not receive a score in a particular category and year presented below,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

SPP School Scores Compared to Statewide Averages

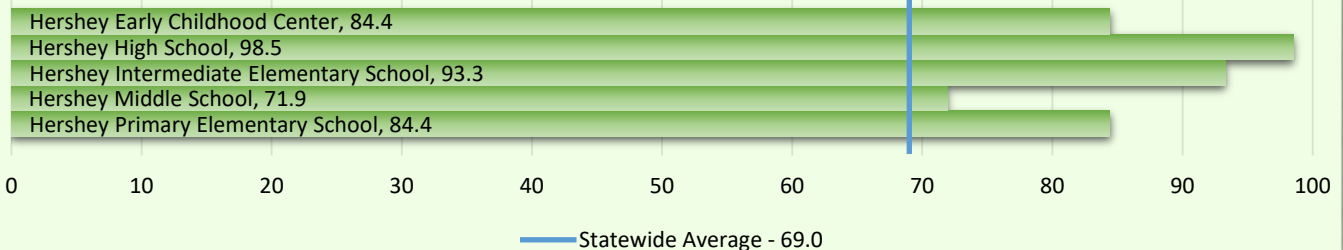
2018-19



2017-18



2016-17

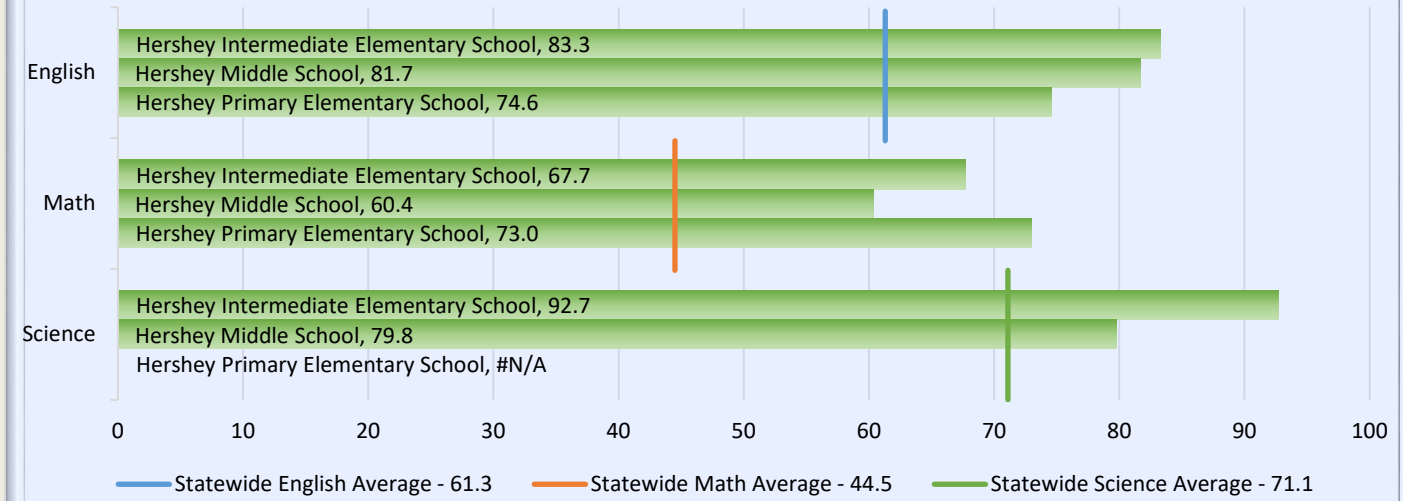


²⁰ Statewide averages were calculated by our Department based on individual school building scores for all public schools in the Commonwealth, including district schools, charters schools, and cyber charter schools.

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

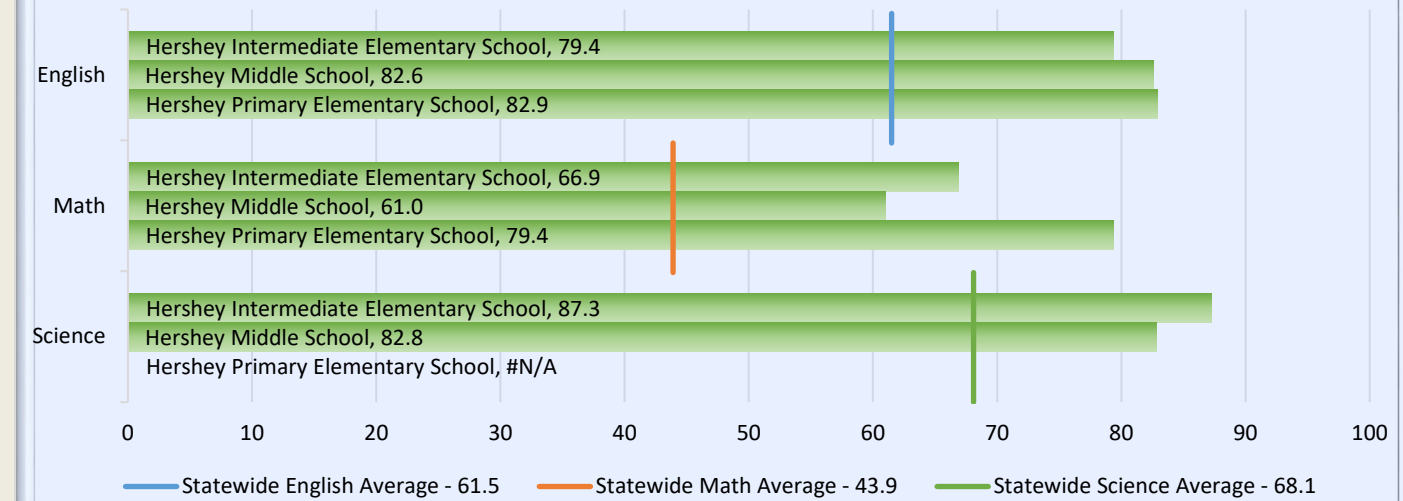
**PSSA Advanced or Proficient Percentage
School Scores Compared to Statewide Averages**

2018-19



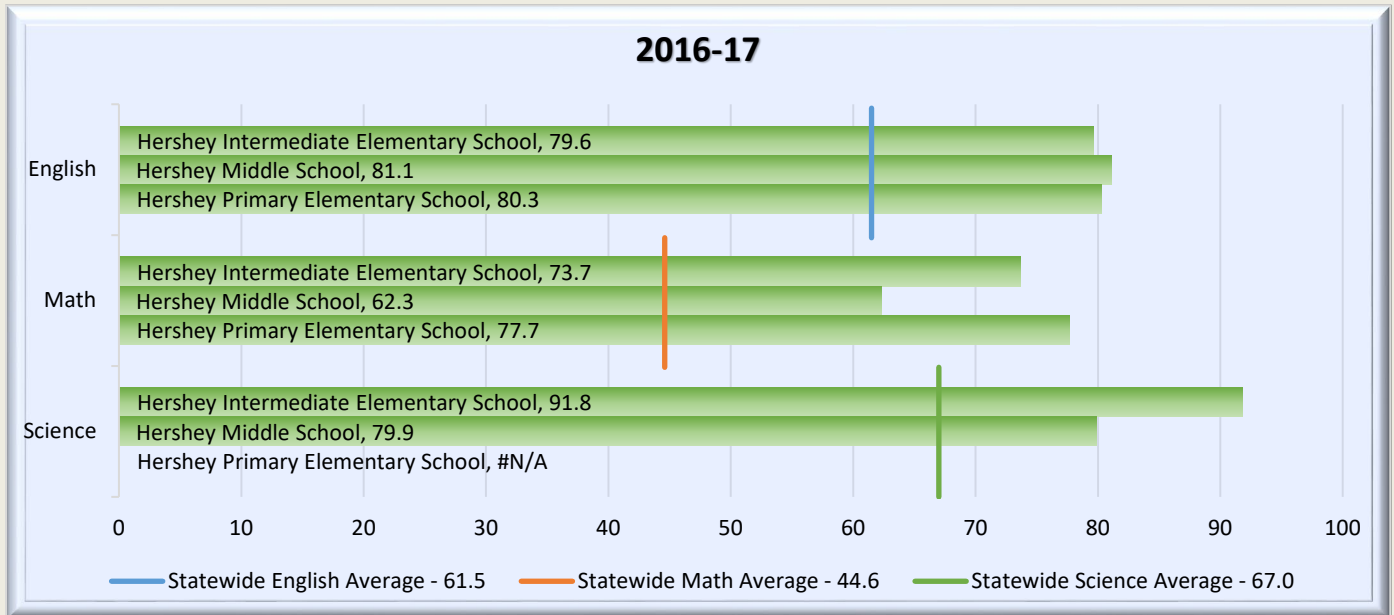
#N/A: Students in grades 4 and 8 are administered the Science PSSAs. The Hershey Primary Elementary School is a grade 2 through 3 school; therefore, Science PSSAs are not administered to this school's students.

2017-18



#N/A: Students in grades 4 and 8 are administered the Science PSSAs. The Hershey Primary Elementary School is a grade 2 through 3 school; therefore, Science PSSAs are not administered to this school's students.

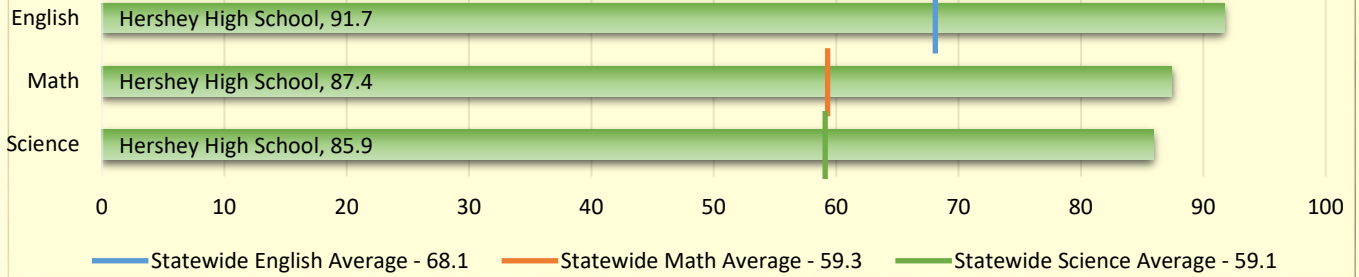
**PSSA Advanced or Proficient Percentage
School Scores Compared to Statewide Averages (continued)**



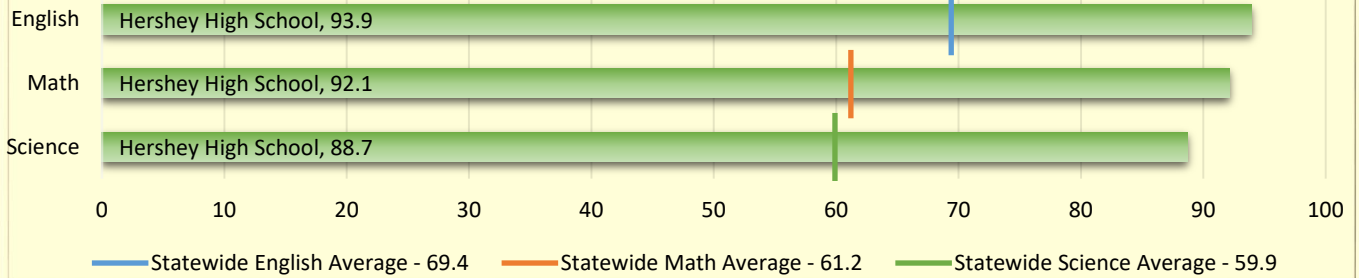
#N/A: Students in grades 4 and 8 are administered the Science PSSAs. The Hershey Primary Elementary School is a grade 2 through 3 school; therefore, Science PSSAs are not administered to this school's students.

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

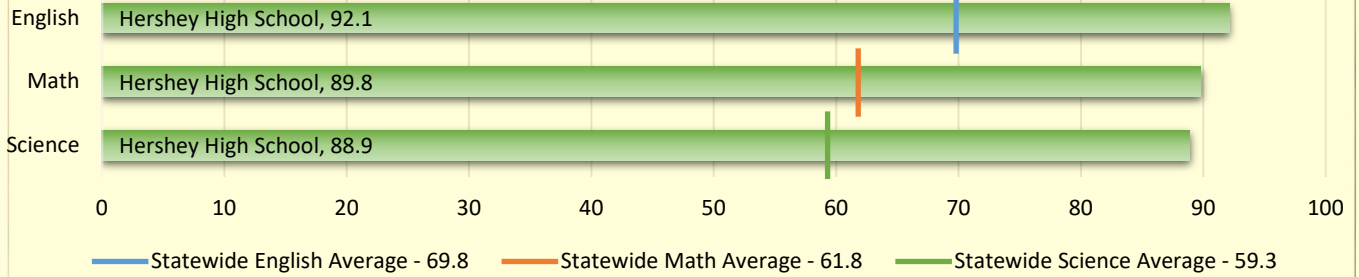
2018-19



2017-18



2016-17



Distribution List

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