

# PERFORMANCE AUDIT

---

## Easton Area School District Northampton County, Pennsylvania

---

April 2021



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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

**TIMOTHY L. DEFOOR  
AUDITOR GENERAL**

Mr. David Piperato, Superintendent  
Easton Area School District  
1801 Bushkill Drive  
Easton, Pennsylvania 18040

Mr. George Chando, Board President  
Easton Area School District  
1801 Bushkill Drive  
Easton, Pennsylvania 18040

Dear Mr. Piperato and Mr. Chando:

We have conducted a performance audit of the Easton 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:

- Nonresident Student Data
- Transportation Operations
- Bus Driver Requirements
- Administrator Separations
- 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 school safety and the need for the results of this review to be confidential, we did not include the full results in this report. However, we communicated the full results of our review of school safety to District officials, the Pennsylvania Department of Education, and other appropriate officials as deemed necessary.

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

Our audit identified noncompliance and significant internal control deficiencies in the transportation operations and nonresident student membership data. We also identified noncompliance with fire and security drill requirements. Those deficiencies are detailed in our three findings noted in this audit report. A summary of the results is presented in the Executive Summary section of the audit report.

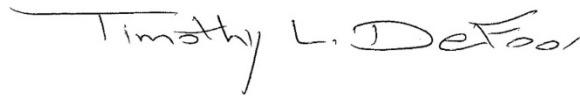
In addition, we identified internal control deficiencies in the administrator separations and contracting objectives that were not significant but warranted the attention of District management. Those deficiencies were verbally communicated to District management and those charged with governance for their consideration.

Mr. David Piperato  
Mr. George Chando  
Page 2

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

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

Sincerely,

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

Timothy L. DeFoor  
Auditor General

April 26, 2021

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

# Table of Contents

---

	Page
Executive Summary .....	1
Background Information .....	3
Findings .....	8
Finding No. 1 – The District Failed to Obtain and Retain Supporting Documentation for Multiple Components of Its Transportation Reimbursement .....	8
Finding No. 2 – The District Lacked Required Documentation to Verify Nonresident Foster Student Reimbursement Received .....	14
Finding No. 3 – The District Failed to Conduct all Required Monthly Fire Drills and Failed to Meet the Security Drill Requirements in Accordance with the Public School Code .....	18
Status of Prior Audit Findings and Observations .....	23
Appendix A: Audit Scope, Objectives, and Methodology .....	25
Appendix B: Academic Detail .....	31
Distribution List .....	37

## Executive Summary

---

### Audit Work

The Pennsylvania Department of the Auditor General conducted a performance audit of the Easton Area School District (District). Our audit sought to answer certain questions regarding the District's application of best practices and compliance with certain relevant state laws, regulations, contracts, and administrative procedures and to determine the status of corrective action taken by the District in response to our prior audit recommendations.

Our audit scope covered the period July 1, 2015 through June 30, 2019, except as otherwise indicated in the audit scope, objectives, and methodology section of the report (see Appendix A). Compliance specific to state subsidies and reimbursements was determined for the 2015-16 through 2018-19 school years.

### Audit Conclusion and Results

Our audit found significant instances of noncompliance with certain relevant state laws, regulations, contracts, and administrative procedures, which are described in the following three findings.

#### **Finding No. 1: The District Failed to Obtain and Retain Supporting Documentation for Multiple Components of Its Transportation Reimbursement.**

The District did not comply with the record retention provisions of the Public School Code (PSC) and instructions from the Pennsylvania Department of Education (PDE) when it failed to obtain and retain adequate source documentation to verify the accuracy of the more than \$2.2 million it received in transportation reimbursements from PDE. The District lacked supporting documentation for the transportation reimbursements it received

during the 2015-16 through 2018-19 school years (see page 8).

#### **Finding No. 2: The District Lacked Required Documentation to Verify Nonresident Foster Student Reimbursement Received.**

The District failed to obtain and retain documentation to support \$599,355 of nonresident foster student reimbursements it received from PDE for the 2015-16 through 2018-19 school years. As a result, we could not determine the accuracy of those reimbursements. Furthermore, our review disclosed that the District did not ensure that its internal control system over the classification and reporting of nonresident student data was operating effectively (see page 14).

#### **Finding No. 3: The District Failed to Conduct All Required Monthly Fire Drills and Failed to Meet the Security Drill Requirements in Accordance with the Public School Code.**

Our review of the District's fire and security drill data found that several of the District's nine schools failed to conduct and/or accurately report all of their required fire and security drills in the 2018-19 and 2019-20 school years as required by the PSC. Furthermore, we found that the District inaccurately reported drill data to PDE. Consequently, the District's Superintendent inappropriately attested to the accuracy of the drill data in the PDE required certification statement (see page 18).

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

Our prior audit of the District, released on October 21, 2015, resulted in one finding and one observation.

With regard to the status of our prior audit finding concerning Public School Employees' Retirement System wage reporting, we found that the District

took appropriate corrective action to address our prior audit recommendations (see page 23).

With regard to the status of our prior audit observation concerning the District inaccurately calculating payments for unused vacation days for separating employees, we found that the District took appropriate corrective action to address our prior audit recommendations (see page 24).

## Background Information

School Characteristics 2019-20 School Year*	
County	Northampton
Total Square Miles	30.36
Number of School Buildings	9
Total Teachers	606
Total Full or Part-Time Support Staff	439
Total Administrators	39
Total Enrollment for Most Recent School Year	8,622
Intermediate Unit Number	20
District Career and Technical School	Career Institute of Technology

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

### Mission Statement\*

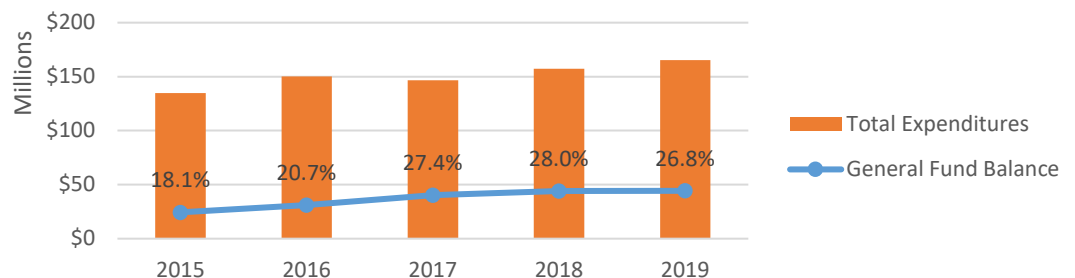
The Easton Area School District respects the diversity of its student population and is dedicated to the importance of developing our students into responsible citizens. We will provide each student with an academically challenging program that enhances creativity, develops an ability to use technology, and encourages critical thinking and problem-solving.

## Financial Information

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

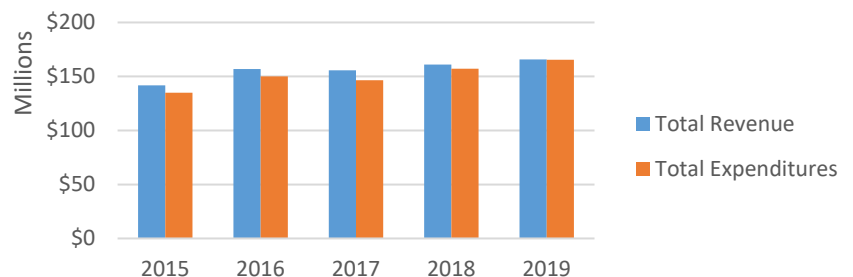
### General Fund Balance as a Percentage of Total Expenditures

	General Fund Balance
2015	\$24,376,329
2016	\$31,086,010
2017	\$40,211,711
2018	\$44,046,159
2019	\$44,293,018



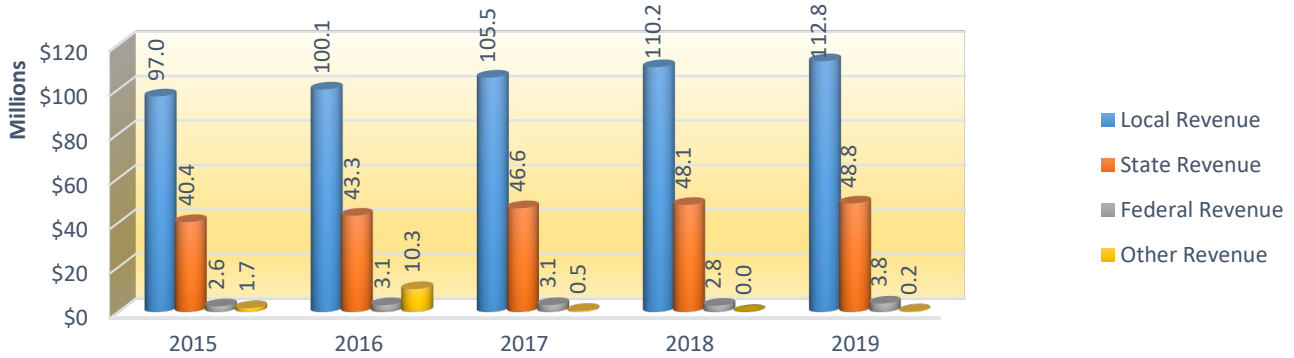
### Revenues and Expenditures

	Total Revenue	Total Expenditures
2015	\$141,620,019	\$134,902,348
2016	\$156,801,102	\$150,091,422
2017	\$155,731,845	\$146,606,145
2018	\$161,115,366	\$157,280,918
2019	\$165,651,372	\$165,404,512

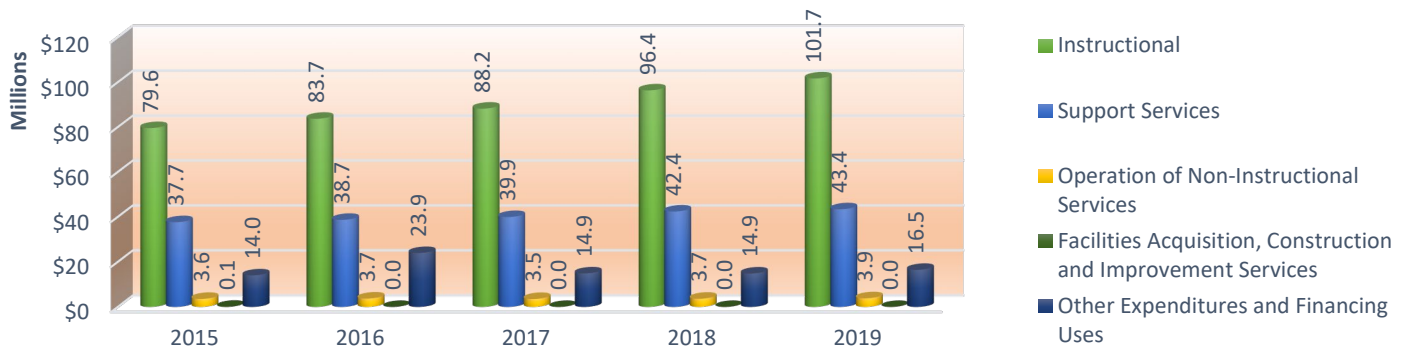


## Financial Information Continued

### Revenues by Source

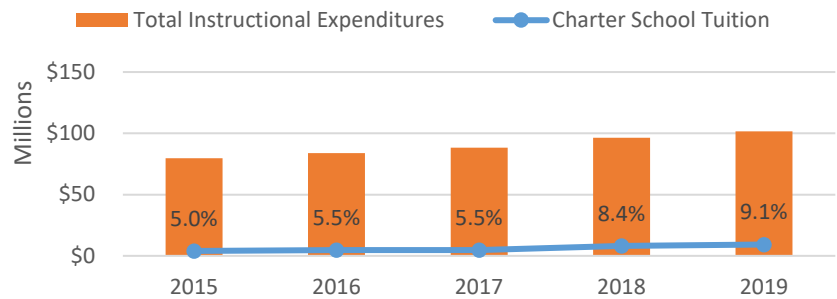


### Expenditures by Function

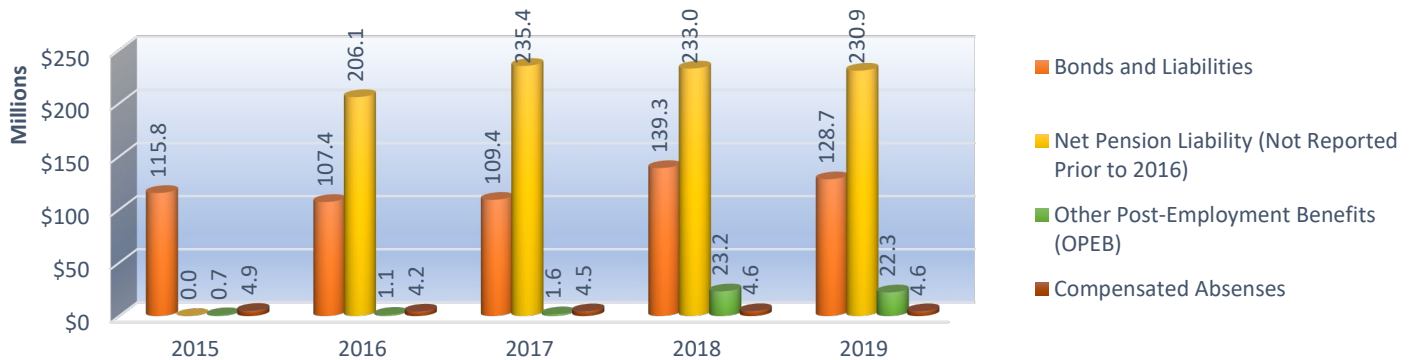


### Charter Tuition as a Percentage of Instructional Expenditures

	Charter School Tuition	Total Instructional Expenditures
2015	\$3,992,866	\$79,575,468
2016	\$4,585,620	\$83,729,003
2017	\$4,825,281	\$88,243,309
2018	\$8,082,599	\$96,373,296
2019	\$9,248,827	\$101,684,661



### Long-Term Debt



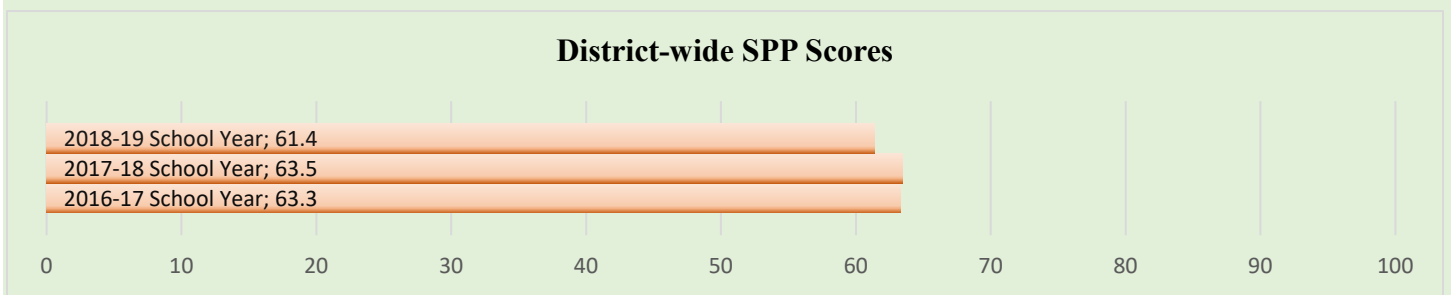


## Academic Information

The graphs on the following pages present the District-wide School Performance Profile (SPP) scores, Pennsylvania System of School Assessment (PSSA) scores, Keystone Exam results, and 4-Year Cohort Graduation Rates for the District obtained from PDE's data files for the 2016-17, 2017-18, and 2018-19 school years.<sup>1</sup> The District's individual school building scores are presented in Appendix B. These scores are provided in this audit report for **informational purposes only**, and they were not audited by our Department.

### What is a SPP score?

A SPP score serves as a benchmark for schools to reflect on successes, achievements, and yearly growth. PDE issues a SPP score annually using a 0-100 scale for all school buildings in the Commonwealth, which is calculated based on standardized testing (i.e., PSSA and Keystone exam scores), student improvement, advance course offerings, and attendance and graduation rates. Generally speaking, a SPP score of 70 or above is considered to be a passing rate.<sup>2</sup>



---

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

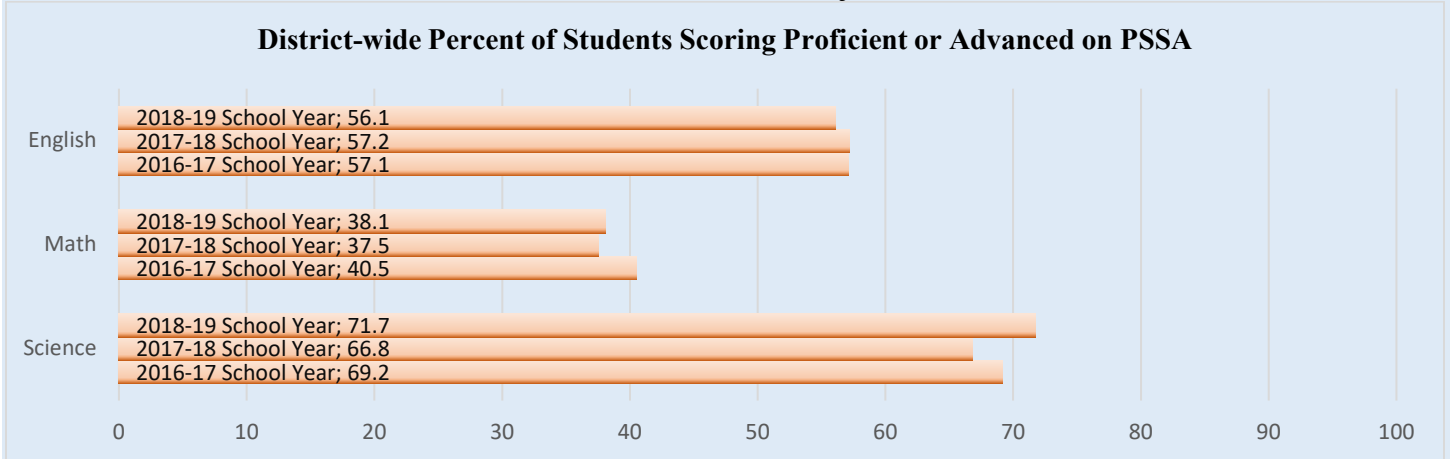
<sup>2</sup> PDE started issuing a SPP score for all public school buildings beginning with the 2012-13 school year. For the 2014-15 school year, PDE only issued SPP scores for high schools taking the Keystone Exams as scores for elementary and middle scores were put on hold due to changes with PSSA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

## Academic Information Continued

### What is the PSSA?

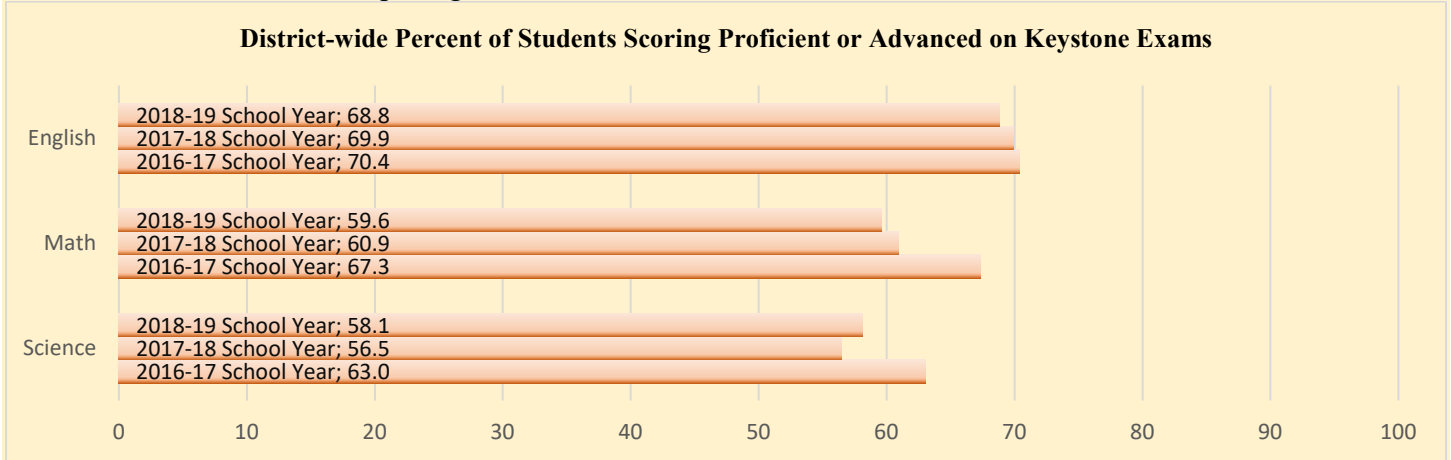
The PSSA is an annual, standardized test given across the Commonwealth to students in grades 3 through 8 in core subject areas, including English, Math and Science. The PSSAs help Pennsylvania meet federal and state requirements and inform instructional practices, as well as provide educators, stakeholders,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

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



### What is the Keystone Exam?

The Keystone Exam measures student proficiency at the end of specific courses, such as Algebra I, Literature, and Biology. The Keystone Exam was intended to be a graduation requirement starting with the class of 2017, but that requirement has been put on hold until the 2020-21 school year.<sup>3</sup> In the meantime, the exam is still given as a standardized assessment and results are included in the calculation of SPP scores. The Keystone Exam is scored using the same four performance levels as the PSSAs, and the goal is to score Proficient or Advanced for each course requiring the test.

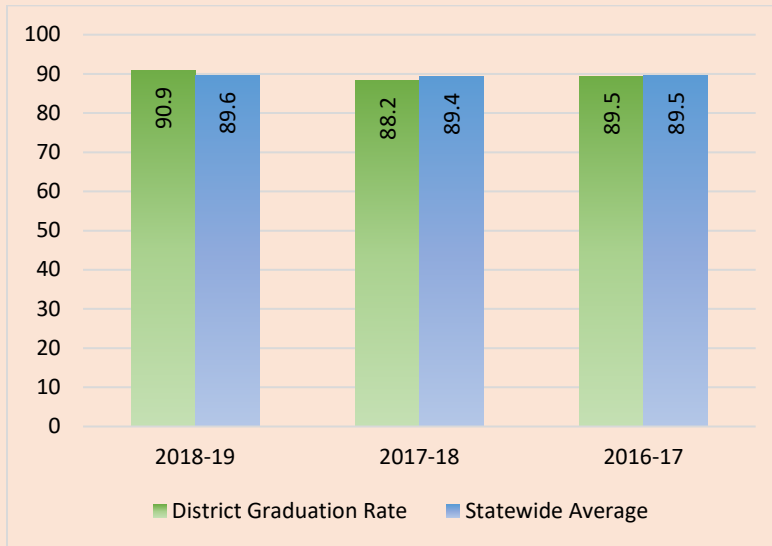


<sup>3</sup> Act 158 of 2018, effective October 24, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement until the 2021-22 school year. See 24 P.S. § 1-121(b)(1). Please refer to the following link regarding further guidance to local education agencies (LEAs) on Keystone end-of-course exams (Keystone Exams) in the context of the pandemic of 2020: <https://www.education.pa.gov/Schools/safeschools/emergencyplanning/COVID-19/Pages/Keystone-Exams.aspx>

## Academic Information Continued

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

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



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

## Findings

### Finding No. 1

### The District Failed to Obtain and Retain Supporting Documentation for Multiple Components of Its Transportation Reimbursement

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

#### **Record Retention Requirement**

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

#### **Student Transportation Reimbursement**

The PSC provides that school districts receive a transportation subsidy for most students who are provided transportation. Section 2541 (relating to Payments on account of pupil transportation) of the PSC specifies the transportation formula and criteria. *See* 24 P.S. § 25-2541.

#### **Sworn Statement and Annual Filing Requirements:**

Section 2543 of the PSC sets forth the requirement for school districts to annually file a sworn statement of student transportation data for the prior and current school year with the Pennsylvania Department of Education (PDE) in order to be eligible for the transportation subsidies. *See* 24 P.S. § 25-2543.

The Easton Area School District (District) did not comply with the record retention provisions of the Public School Code (PSC) and instructions from the Pennsylvania Department of Education (PDE) when it failed to obtain and retain adequate source documentation to verify the accuracy of the more than \$2.2 million it received in transportation reimbursements from PDE. The District lacked supporting documentation for the transportation reimbursements it received during the 2015-16 through 2018-19 school years.

**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 and lack of documentation identified in this finding pertain to both the District's regular and supplemental transportation reimbursements.

Without proper documentation, we were unable to determine the appropriateness of a portion of the District's regular transportation reimbursement received for the 2015-16 through 2018-19 school years and the entirety of the supplemental transportation reimbursement received for these school years. It is absolutely essential that records related to the District's transportation expenses and transportation reimbursements be retained in accordance with the PSC's record retention provision (for a period of not less than six years) and be readily available for audit.<sup>5</sup> As a state auditing agency, it is extremely concerning to us that the District did not have the necessary and legally required documents available for audit. Periodic auditing of such documents is extremely important for District accountability and verification of accurate reporting.

It is also important to note that the PSC requires that all school districts annually file a sworn statement of student transportation data for the prior and current school years with PDE in order to be eligible for the transportation reimbursements. The Easton Area School District completed this sworn statement for all four school years discussed in this

<sup>5</sup> *See* 24 P.S. § 5-518.

*Criteria relevant to the finding  
(continued):*

Section 2543 of the PSC, which is titled, “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 Department of Education may, for cause specified by it, withhold such reimbursement, in any given case, permanently, or until the school district has complied with the law or regulations of the State Board of Education.” (Emphases added.) Ibid.

**Total Students Transported**

Section 2541(a) of the PSC states, in part: “School districts shall be paid by the commonwealth for every school year on account of pupil transportation which, and the means and contracts providing for which, have been approved by the Department of Education, in the cases hereinafter enumerated, 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).

finding. An official signing a sworn statement must be aware that by submitting the transportation data to PDE, he/she is asserting that the information is true and that they have verified evidence of accuracy.<sup>6</sup>

**Regular Transportation Reimbursement**

As stated above, regular transportation reimbursement is based in part on the number of students transported. These students fall into multiple reporting categories including public hazardous, public nonhazardous, and non-reimbursable students. Public nonhazardous students are elementary students who reside more than 1.5 miles from their respective school and secondary students who reside more than 2 miles from their respective school. Public hazardous students are elementary students residing within 1.5 miles of the respective school they attend or secondary students residing within 2 miles of the respective school they attend who also live on a Pennsylvania Department of Transportation (PennDOT) determined hazardous walking route. Non-reimbursable students are students that the District transports despite these students residing within 1.5 miles or 2.0 miles of the respective schools on walking routes not determined to be hazardous by PennDOT. Districts can choose to transport non-reimbursable students, but if transported the district receives a reduced regular transportation reimbursement from PDE compared to if the students were reimbursable.

The table below shows the number of students reported to PDE as public hazardous and the subsidy amount related to the reporting of these students. However, as noted above, the District did not have supporting documents available to support the reported number of public hazardous students and the reimbursements received.

**Table 1**

<b>Easton Area School District Regular Transportation Data Public Hazardous Walking Routes</b>		
<b>School Year</b>	<b>Reported Number of Students</b>	<b>Reimbursement Received</b>
<b>2015-16</b>	1,067	\$ 44,445
<b>2016-17</b>	1,078	\$ 45,104
<b>2017-18</b>	1,056	\$ 44,787
<b>2018-19</b>	1,048	\$ 46,582
<b>Total:</b>	<b>4,249</b>	<b>\$180,918</b>

The District’s significant number of public hazardous students, combined with the fact that the District did not report any non-reimbursable students during the audit period, would necessitate a review of the reported

<sup>6</sup> Please note that while a sworn statement is different from an affidavit, in that a sworn statement is not typically signed or certified by a notary public but it is, nonetheless, taken under oath. See <https://legaldictionary.net/sworn-statement/> (accessed July 29, 2020).

*Criteria relevant to the finding (continued):*

**PDE Instructions for Local Education Agencies (LEA) on how to Complete the PDE-2089**  
<https://www.education.pa.gov/Documents/Teachers-Administrators/Pupil%20Transportation/eTran%20Application%20Instructions/PupilTransp%20Instructions%20PDE-2089%20SummPupilsTransp.pdf>  
(accessed on July 7, 2020)

### **Non-reimbursable Students**

Non-reimbursable students are elementary students who reside within 1.5 miles of their elementary school and secondary students who reside within 2 miles of their secondary school.

Non-reimbursable students do not include special education students or students who reside on routes determine by PennDOT to be hazardous. See 24 P.S. § 25-2541(c)(1) and (c)(2).

**HAZARDOUS ROUTE** – Route certified by the Pennsylvania Department of Transportation as having conditions, i.e., heavy traffic, no sidewalks, etc., which make it dangerous for pupils to walk along the road to school or to a bus stop.

**HAZARDOUS PUPIL** – Any pupil living in an area where the highway, road, or traffic conditions are such that walking constitutes a hazard to the safety of the child, as so certified by the Pennsylvania Department of Transportation.

information. By not reporting any non-reimbursable students, the District attested that all 4,249 students living within the 1.5 and 2.0 miles of their respective school buildings resided on PennDOT certified hazardous walking routes.

The District lacked internal controls over obtaining, processing, and reporting public hazardous student transportation data to PDE. The District was reliant on one former official to compile and report this information, and no other District employee reviewed this information for accuracy or ensured supporting documentation was retained. District personnel were unable to provide us with the requested vehicle rosters for students residing on hazardous walking routes or the PennDOT certification of these routes. District officials stated that while they were unaware of how the District’s transportation software identified the students residing on hazardous walking routes, it only transported and reported to PDE those students residing within 1.5 or 2 miles of their school buildings if they would be required to travel on highways or roads they believed to be hazardous. District officials further stated that those students residing within 1.5 or 2 miles of their respective school buildings and are not required to travel on highways or roads they believed to be hazardous do not receive District provided transportation; therefore, they believe that all students transported are considered “reimbursable” and properly classified on reports submitted to PDE.

However, without the required PennDOT documentation, we were unable to verify how many of the students reported as public hazardous students were properly classified and how many should have been reported as non-reimbursable as defined by PDE reporting requirements. Therefore, we were unable to verify the accuracy of the \$180,918 received by the District over the four-year period.

### **Supplemental Transportation Reimbursement**

According to the PSC, a nonpublic school is defined, in pertinent part, as a nonprofit school other than a public school within the Commonwealth of Pennsylvania, wherein a resident of the Commonwealth may legally fulfill the compulsory school attendance requirements.<sup>7</sup> The PSC requires school districts to provide transportation services to students who reside in its district and who attend a nonpublic school or charter school, and it provides for a reimbursement from the Commonwealth of \$385 for each nonpublic school student transported by the district. This reimbursement was made applicable to the transportation of charter school students pursuant to an equivalent provision in the Charter School Law, which refers to Section 2509.3 of the PSC.<sup>8</sup>

<sup>7</sup> See Section 921.1-A(b) (relating to “Definitions”) of the PSC, 24 P.S. § 9-922.1-A(b).

<sup>8</sup> 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):*

**Supplemental Transportation Subsidy for Public Charter School and Nonpublic School Students**

**PDE Instructions for Local Education Agencies (LEA) on how to Complete the PDE-2089**  
<https://www.education.pa.gov/Documents/Teachers-Administrators/Pupil%20Transportation/eTran%20Application%20Instructions/PupilTransp%20Instructions%20PDE-2089%20SummPupilsTransp.pdf>  
 (accessed on July 7, 2020)

The “PDE-2089 Summary of Pupils Transported” form is used to report the total number of pupils transported during the school year. This transportation includes LEA-Owned vehicles, contracted service and fare-based service, and provides, in part:

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 tuition for them to attend a nonprofit private or parochial school. (Any child that your district is financially responsible to educate is a PUBLIC pupil.)

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 Charter School Law (CSL). See 24 P.S. § 17-1726-A(a); 24 P.S. § 25-2509.3.

The District failed to retain supporting documentation for the number of nonpublic school and charter school students it reported as being transported during the 2015-16 through 2018-19 school years. The table below shows the reported data and the subsequent supplemental transportation reimbursement the District received for the four school years of our audit period.

**Table 2**

<b>Easton Area School District Supplemental Transportation Data</b>			
<b>School Year</b>	<b>Nonpublic School Students Reported</b>	<b>Charter School Students Reported</b>	<b>Supplemental Transportation Reimbursement Received<sup>9</sup></b>
<b>2015-16</b>	969	227	\$ 460,460
<b>2016-17</b>	978	235	\$ 467,005
<b>2017-18</b>	962	476	\$ 553,630
<b>2018-19</b>	948	505	\$ 559,405
<b>Totals</b>	<b>3,857</b>	<b>1,443</b>	<b>\$2,040,500</b>

Similar to the lack of internal controls over regular transportation reporting, the District lacked internal controls over supplemental transportation reporting. District personnel stated that they only received verbal requests for transportation from the nonpublic and charter schools for all returning nonpublic and charter school students prior to them being added to the rosters. According to District officials, the District did obtain requests for transportation for newly enrolled nonpublic and charter school students but did not retain this documentation once the students were added to the rosters. Furthermore, District personnel stated that their software system deleted rosters at the end of each school year and they failed to print and retain yearly rosters of students transported during the 2015-16 through 2018-19 school years.

Each month school was in session during the audit period, transportation department personnel reported the number of nonpublic school and charter school students on the District’s vehicle rosters to the Child Accounting Officer (CAO). No District employee reviewed nonpublic and charter school data for accuracy or ensured supporting documentation was retained prior to the CAO reporting this data to PDE. However, without proper documentation, we were unable to determine the correct number of nonpublic and charter school students actually transported during our audit period. As a result, we were unable to determine if the over \$2 million in supplemental transportation reimbursement received by the District for the 2015-16 through 2018-19 school years is accurate.

<sup>9</sup> Calculated by multiplying the total number of nonpublic students reported to PDE by \$385.



*Criteria relevant to the finding (continued):*

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

Section 1726-A(a) of the CSL, (cited above) addresses the transportation of charter school students in that: “[s]tudents who attend a charter school located in their school district of residence, a regional charter school of which the school district is a part or a charter school located outside district boundaries at a distance not exceeding ten (10) miles by the nearest public highway shall be provided free transportation to the charter school by their school district of residence on such dates and periods that the charter school is in regular session whether or not transportation is provided on such dates and periods to students attending schools of the district...”

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 school student transported.”

## **Conclusion**

The District lacked internal controls over reporting transportation data. The District was unable to produce the majority of the supporting documentation needed to review the accuracy of the reported data and determine if the reimbursements were appropriate. The District failed in its fiduciary duties to taxpayers and was not in compliance with the PSC by not obtaining and retaining this information. Any school district official who signs the annual sworn statement must ensure that the transportation data is reviewed before he/she attests to the accuracy of the data.

## **Recommendations**

The Easton Area School District should:

1. Immediately take the appropriate administrative measures to ensure the District obtains and retains all documentation supporting the transportation data reported to the PDE, including PennDOT determined hazardous walking routes, student bus rosters, and requests for transportation in accordance with the PSC’s record retention requirements.
2. Ensure that record retention procedures are documented and establish a safe and adequate location to store all source documents and calculations supporting the transportation data submitted to the PDE.
3. Ensure that personnel in charge of reporting transportation data are trained with regard to PDE’s reporting guidelines for pupil data and nonpublic/charter school students, as well as the PSC’s record retention policies.
4. Ensure that internal controls are implemented over obtaining, processing, and reporting transportation data. These internal controls should include a secondary review of the transportation data for accuracy before the annual sworn statement is signed.

## **Management Response**

District management provided the following response:

“Previous documentation indicated that the routes included in the reimbursement formula were listed as hazardous routes and safety concerns. This documentation could not be located for this review. The new transportation supervisor has reached out to PENDOT. The appropriate paperwork, after consultation with PENDOT, will be filed and kept on file with the district. Transportation personnel will be properly trained through professional development to ensure current knowledge of all reporting regulations and procedures. The data will be updated and reviewed annually for compliance with current reporting guidelines.



Annual review will be submitted to administrative personnel for analysis and confirmation prior to submission to PDE.”

**Auditor Conclusion**

We are pleased that the District intends to implement corrective actions based on our audit recommendations. We believe that implementing our recommendations will help the District obtain and retain all necessary transportation documentation and provide the internal controls needed to ensure it accurately reports transportation data to PDE. We will review the District’s corrective actions during our next audit of the District.

## Finding No. 2

## The District Lacked Required Documentation to Verify Nonresident Foster Student Reimbursement Received

### *Criteria relevant to the finding:*

The State Board of Education's regulations and PDE guidelines govern the classifications of nonresident children placed in private homes based on the criteria outlined in the PSC.

#### **Payment of Tuition**

Section 1305(a) of the PSC provides for Commonwealth payment of tuition for nonresident children placed in private homes as follows:

"When a non-resident child is placed in the home of a resident of any school district by order of court or by arrangement with an association, agency, or institution having the care of neglected and dependent children, **such resident being compensated for keeping the child**, any child of school age so placed shall be entitled to all free school privileges accorded to resident school children of the district, including the right to attend the public high school maintained in such district or in other districts in the same manner as though such child were in fact a resident school child of the district." (Emphasis added.) See 24 P.S. § 13-1305(a).

### *Criteria relevant to the finding (continued):*

The District failed to obtain and retain documentation to support \$599,355 of nonresident foster student reimbursements it received from PDE for the 2015-16 through 2018-19 school years. As a result, we could not determine the accuracy of those reimbursements. Furthermore, our review disclosed that the District did not ensure that its internal control system over the classification and reporting of nonresident student data was operating effectively.

**Background:** School districts are entitled to receive Commonwealth-paid tuition for educating certain nonresident students. To be eligible to receive Commonwealth-paid tuition, the student's parent/guardian must not be a resident of the educating district and the student must have been placed in the private home of a resident within the district by order of the court or by arrangement with an association, agency, or institution.<sup>10</sup> Additionally, the district resident must be compensated for the care of the student. These students are commonly referred to as "foster students" and the educating school district is required to obtain documentation supporting that the student meets the eligibility criteria.<sup>11</sup> Typically, districts will obtain an agency placement letter that contains the language needed to satisfy the requirements to be classified as a nonresident foster student. To ensure continued eligibility, the district should obtain this placement letter annually for each student.

### **Inadequate Documentation to Support Nearly \$600,000 in PDE Reimbursements**

The District reported to PDE that it educated a total of 127 nonresident foster students over the four-year audit period and received \$700,738 in tuition reimbursements based on the reported information. We found that the District had adequate supporting documentation for only 32 of the foster students it reported to PDE. Of the remaining 95 foster students reported to PDE, the District did not have all of the required supporting documentation for us to conclude on the residency status.

Specifically, we found that the District did not have documentation evidencing at least one of the requirements for each of the 95 students to be classified and reported as a foster student. For example, we found that many of the agency placement letters did not contain language indicating

<sup>10</sup> For example, the applicable county children and youth agency.

<sup>11</sup> 24 P.S. 13-1302(a).

Section 2503(c) of the PSC specifies the amount of Commonwealth-paid tuition on behalf of nonresident children placed in private homes by providing, in part: “Each school district, regardless of classification, which accepts any nonresident child in its school under the provisions of section **one thousand three hundred five** . . . shall be paid by the Commonwealth an amount equal to the tuition charge per elementary pupil or the tuition charge per high school pupil, as the case may be . . . .” (Emphasis added.) See 24 P.S. § 25-2503(c).

Section 1302(a) of the PSC provides in follows, in part:  
A child shall be considered a resident of the school district in which his parents or the guardian of his person resides. . . . When a resident of any school district keeps in his home a child of school age, not his own, supporting the child gratis as if it were his own, such child shall be entitled to all free school privileges accorded to resident school children of the district, including the right to attend the public high school maintained in such district or in other districts in the same manner as through such child were in fact a resident school child of the district, and shall be subject to all the requirements placed upon resident school children of the district. Before such child may be accepted as a pupil, such resident shall file with the secretary of the board: (1) appropriate legal documentation to show dependency or guardianship; or (2) a sworn statement that he is a resident of the district, that he is supporting the child gratis, that he will assume all personal obligations for the child relative to school requirements, and that he intends to so keep and support the child continuously and not merely through the school term. The school board, pursuant to guidelines issued by the Department of Education, may require other reasonable information to be submitted by the resident to substantiate the sworn statement.” See 24 P.S. § 13-1302(a).

that the foster parent received a stipend for caring for the foster student. We also found that the District did not obtain updated agency placement letters annually for each foster student.

As a result of the insufficient documentation, we were unable to determine the accuracy of the \$599,355 that the District received for these 95 foster students.

While the District implemented some internal controls over the classification and reporting of nonresident foster students, it did not ensure that those controls were operating effectively. Furthermore, the overall control system failed to ensure accurate reporting of nonresident foster student data.

During the audit period, the District registered all foster students at a central location. After registration, agency placement letters were reviewed by two other District officials who were responsible for determining the proper classification of all foster students based on the documentation provided by the placing agency. While the District acknowledged that it was aware of the requirements for reporting a foster student, they accepted whatever documentation the placing agencies provided without ensuring all legal requirements were met. Furthermore, the District did not request yearly updates from the placing agencies to ensure students continued to meet the necessary requirements. Yearly updates are necessary because the residential status of foster students frequently change. District officials stated that there is a secondary review for classifying and enrolling nonresident foster students prior to reporting information to PDE; however, no documentation of this verification was provided.

Based on the results of our review, the internal control system was inadequate. The secondary review to ensure all necessary documentation was obtained and that all legal requirements were met prior to classification and the reporting of nonresident foster students was not documented. Also, the District did not have sufficient written procedures to provide for an effective review process as evidenced by the 95 nonresident foster students we found with insufficient documentation.

Due to the control deficiencies we identified, we were unable to verify the accuracy of the full amount of PDE reimbursements the District received for educating nonresident foster students.

### **Recommendations**

The Easton Area School District should:

1. Develop and implement an internal control system governing the process for classifying and reporting foster student data. The internal

control system should include, but not be limited to, the following procedures:

- a. All personnel involved in classifying and reporting foster student data are trained on PDE's reporting requirements.
- b. Updated agency placement letters are obtained annually for all foster students to help ensure accurate classification and reporting.
- c. A detailed review and reconciliation of foster student data by an employee – other than the employee who prepared the data – before it is submitted to PDE.
- d. Comprehensive written procedures are developed to document the classification and reporting process for foster student data.

### **Management Response**

District management provided the following response:

“All personnel involved in classifying and reporting foster student data will be trained on PDE's reporting requirements. Personnel shall include the district point of contact for foster care and best interest determination, child accounting officer, and central registration. Personnel will be trained annually. The results of the audit conducted which indicated the lack of required documentation to verify nonresident foster student status was reviewed to ensure compliance with the following: Superintendent of Schools, Assistant Superintendent- Student Services and Operations, Director of Student and Community Services- Point of Contact-ESSA Foster Care, Child Accounting Officer, and Central Registration.

“The Easton Area School District will require annual placement letters in order to ensure accurate classification and reporting. The Easton Area School District has obtained all placement letters for the 2019-2020 year and the 2020-2021 school year for all students classified as foster students. The Easton Area School District will require placement letters at the conclusion of a best interest determination and/or during the registration process. The Easton Area School District will require annual placement letters and this shall include the following information: If the foster family receives a stipend for child care and if applicable, adoptions status. If this information is not included on the placement letter provided by the foster agency or private provider, it will be collected within PowerSchool Enrollment completed by Central Registration. Both the receipt of stipend for child care and adoption status have been added to the enrollment procedure for the Easton Area School District.

“The Point of Contact and the Child Accounting Officer will conduct a detailed review and reconciliation of foster student data during the following times to ensure compliance: Beginning of the year review, Mid-year review, and End of the year review.

The Easton Area School District has revised the internal procedures for verification of nonresident foster care student data.”

## **Auditor Conclusion**

We are pleased that the District intends to implement corrective actions based on our audit recommendations. We believe that implementing our recommendations will assist the District in obtaining and retaining all necessary nonresident foster student documentation and provide the internal controls needed to ensure accurate reporting to PDE. We will review the District's corrective actions during our next audit of the District.

### Finding No. 3

## The District Failed to Conduct all Required Monthly Fire Drills and Failed to Meet the Security Drill Requirements in Accordance with the Public School Code

#### Criteria relevant to the finding:

Section 1517(a) of the PSC requires:

“Except as provided under subsection (a.1), in all school buildings of school entities where fire-escapes, appliances for the extinguishment of fires, or proper and sufficient exits in case of fire or panic, either or all, are required by law to be maintained, fire drills shall be periodically conducted, **not less than one a month**, by the teacher or teachers in charge, under rules and regulations to be promulgated by the chief school administrator under whose supervision such school entities are. In such fire drills, the pupils and teachers shall be instructed in, and made thoroughly familiar with, the use of the fire-escapes, appliances and exits. **The drill shall include the actual use thereof, and the complete removal of the pupils and teachers**, in an expeditious and orderly manner, by means of fire-escapes and exits, from the building to a place of safety on the grounds outside.” (Emphases added.) See 24 P.S. § 15-1517(a) (as amended by Act 55 of 2017, effective November 6, 2017).

Our review of the District’s fire and security drill data found that several of the District’s nine schools failed to conduct and/or accurately report all of their required fire and security drills in the 2018-19 and 2019-20 school years as required by the PSC.<sup>12</sup> Furthermore, we found that the District inaccurately reported drill data to PDE. Consequently, the District’s Superintendent inappropriately attested to the accuracy of the drill data in the PDE required report and certification statement.

### Reporting Requirements

As detailed in the criteria box, the PSC requires that each school building perform a fire drill each and every month while school is in session. The PSC further mandates that each school also conduct a security drill within the first 90 days of the school year. According to the PSC, districts are permitted to substitute a maximum of two additional security drills in place of two monthly fire drills after the first 90 days of the school year. Both fire and security drill data must be reported annually to PDE through the *Fire Evacuation and Security Drill Accuracy Certification Statement* (ACS) report.

In an effort to help prepare students and staff for potential emergency situations, the mandatory fire and security drill requirements of the PSC should be closely followed by all school entities across the Commonwealth. To determine compliance with drill requirements, we requested and reviewed the 2018-19 and 2019-20 fire and security drill data reported to PDE for the District’s nine school buildings, along with supporting documentation to evidence the reported drills. We reviewed the months of September 2018 through May 2019 and September 2019 through February 2020 since drills are required to be conducted with students and staff present.<sup>13</sup>

### Fire and Security Drill Weaknesses

Our review found that only two of the District’s school buildings in the 2018-19 school year and only four of the nine school buildings in the 2019-20 school year properly conducted all required fire and security drills and correctly reported the drills to PDE. Fire and security drill weaknesses include missed drills, date and documentation discrepancies, and reporting errors.

<sup>12</sup> 24 P.S. § 15-1517(a) (as amended by Act 55 of 2017, effective November 6, 2017).

<sup>13</sup> Drills were not required for March, April, and May of 2020 due to the mandatory, statewide closing of schools because of the COVID-19 pandemic.

*Criteria relevant to the finding (continued):*

Section 1517(a.1) of the PSC requires:

“Within ninety (90) days of the commencement of the school year after the effective date of this subsection and within ninety (90) days of the commencement of each school year thereafter, each school entity shall conduct one school security drill per school year in each school building in place of a fire drill required under subsection (a). After ninety (90) days from the commencement of each school year, each school entity may conduct two school security drills per school year in each school building in place of two fire drills required under subsection (a).” See 24 P.S. § 15-1517(a.1) (as last amended by Act 39 of 2018, effective July 1, 2018).

Further, Sections 1517(b) and (e) of the PSC also require:

“(b) Chief school administrators are hereby required to see that the provisions of this section are faithfully carried out in the school entities over which they have charge.”

“(e) On or before the tenth day of April of each year, each chief school administrator shall certify to the Department of Education that the emergency evacuation drills and school security drills herein required have been conducted in accordance with this section.” See 24 P.S. § 15-1517(b) and (e) (Act 55 of 2017, effective November 6, 2017).

Fire Drill Accuracy Certification Statements must be electronically submitted to PDE by July 31 following the end of a school year. Within two weeks of the electronic PIMS submission, a printed, signed original must be sent to PDE’s Office for Safe Schools.

### *Missed and Inaccurately Reported Fire Drills*

We found that seven of nine school buildings in 2018-19 and five of nine buildings in 2019-20 missed and/or inaccurately reported fire drills. In 2018-19, weaknesses included instances in which the District’s drill logs and the ACS report, or the District’s Emergency Drill Reporting Forms and drill logs, did not match, resulting in reporting inaccuracies. In 2019-20, in addition to reporting errors, we found multiple instances where the District reported monthly fire drills were conducted; however, the supporting documentation disclosed that the drills occurred when school was not in session. All drills must be conducted with students and staff present, so these fire drills should not have been reported to PDE. Since the District cannot count these drills, it did not comply with the PSC requirement for monthly drills.

### *Inaccurately Reported Security Drills*

We found that the District’s Emergency Drill Reporting Form did not match the drill log and the ACS report in a few instances. Specifically, we found discrepancies with the date and drill type reported for both the 2018-19 and 2019-20 school years. However, we did find that all security drills were conducted within the first 90 days of the school year, as required by PDE, for both school years.

### **Lack of Internal Controls and Reporting Errors**

As part of our review, we evaluated the District’s internal controls surrounding fire and security drill procedures, and we compared the ACS report to other available supporting documentation to determine the accuracy of the data reported. While the District maintained building-level drill documentation, we found a lack of uniform, district-wide procedures, oversight, and staff training contributed to the missed drills and the inaccurate reporting described above, such as:

- Date discrepancies between the ACS report and the District’s drill logs.
- Drills performed after school hours or on days when students were not present.

Having strong internal controls is important for ensuring compliance with PSC requirements and accurately reporting data. For example, the PSC requires that the chief school administrator ensure that all requirements of Section 1517 are “faithfully carried out in the schools over which they have charge.”<sup>14</sup> Given the concerns noted in the reporting of both fire and security drills, it is evident that the Superintendent did not fulfill this important mandate.

<sup>14</sup> 24 P.S. § 15-1517(b).

*Criteria relevant to the finding  
(continued):*

The 2018-19 and 2019-20 *Fire Evacuation and Security Drill Accuracy Certification Statement* that the chief school administrator was required to sign and file with PDE states, in part:

“I acknowledge that 24 PS 15-1517 requires that... fire drills shall be periodically conducted, not less than one a month...under rules and regulations to be promulgated by the district superintendent under whose supervision such schools are... District superintendents are hereby required to see that the provisions of this section are faithfully carried out in the schools over which they have charge. I certify that drills were conducted in accordance with 24 PS 15-1517 and that information provided on the files and summarized on the above School Safety Report is correct and true to the best of my knowledge ....”

*Standards for Internal Control in the Federal Government* (also known 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. Specifically, Section 10.03, states, in part, “Management designs appropriate types of control activities for the entity’s internal control system. Control activities help management fulfill responsibilities and address identified risk responses in the internal control system. . . .”

District officials stated that the discrepancies between the ACS report and the District’s Emergency Drill Reporting Forms and drill logs were due to clerical errors. District officials stated that the need to fit drills in during busy months caused the schools to conduct drills during school closures when students were not present.

The District did not have standard written procedures that would provide guidance for school building officials to adequately plan for drills and allow sufficient time to complete monthly drills while school was in session. The lack of written procedures caused a misunderstanding of PDE’s drill requirements among building principals. After our audit, the Supervisor of Safe Schools instructed building officials to ensure all future drills are held when school is in session. Further, while building staff consistently completed the District’s Emergency Drill Reporting Forms documenting all drills held, the lack of uniform, district-wide procedures and internal controls over recording and reporting data resulted in discrepancies and inaccurate reporting. The District also lacked a secondary review, by personnel other than the employees responsible for recording and reporting drill data, to ensure the ACS report is supported by security drill logs and Emergency Drill Forms.

### **Conclusion**

In conclusion, it is vitally important that the District’s students and staff regularly participate in fire and security drills as required by the PSC throughout the school year. Further, it is essential that the District accurately report fire and security drill data to PDE pursuant to PDE’s reporting requirements and guidance, and that the data has been double-checked for accuracy by knowledgeable personnel.

### **Recommendations**

The *Easton Area School District* should:

1. Conduct security and fire drills in compliance with the PSC requirements for all future school years.
2. Establish district-wide procedures and oversight related to recording and reporting drill data.
3. Require building principals and other senior administrative personnel to review drill data for completeness and accuracy before submitting the ACS report to PDE.
4. Ensure all personnel responsible for completing and submitting ACS reports are knowledgeable with regard to PDE’s reporting requirements and guidance.



5. Ensure that the Chief School Administrator is aware of the fire and security drill obligations and certification statement requirements under the PSC.

### **Management Response**

District management provided the following response:

“EASD recognizes that some buildings fire drills were not properly conducted during this time frame. Incorrect information was provided to several of the building principals that suggested that a fire drill was valid if the building was occupied and based upon that information, several of our building principals conducted fire drills on dates during which only staff members were in the building, i.e. in-service days and half days at the elementary level. This issue was addressed with all of our building principals and they were instructed that fire drills must be conducted during days when the students occupy the building in order to be considered valid and in compliance with PSC requirements. This issue will be monitored by the district's Supervisor of Safe Schools in the future.

“Following a phone conference with the auditors, EASD Supervisor of Safe Schools drafted a procedure for reporting of fire drills, emergency drills and weather drills and sent it to the district's administrators for approval. This procedure will be shared with the building principals in the district. The procedure outlines the reporting process for all mandated safety drills for the district during the school year. The Supervisor of Safe Schools will collect and maintain all records of such drills for the district.

“Since the Supervisor of Safe Schools will be maintaining the records of the annual safety drills, he/she will be responsible to review each building's records with the building principal for accuracy prior to submission to the central administration office for completion of the ACS report and submission to PDE.

“The contents and findings of this audit will be reviewed and discussed with all district personnel involved in the reporting process. Emphasis will be placed on accuracy of the mandated reporting.

“In the future, the Supervisor of Safe Schools, as custodian of the safety report data, will review and authenticate the accuracy of the data used in completion of the ACS reports prior to the Chief School Administrator's signature indicating certification of the reported data.”

## **Auditor Conclusion**

We are pleased that the District has begun implementing corrective actions based on our audit recommendations. We believe that implementing our recommendations will help the District obtain and retain all necessary security drill documentation and provide strengthened internal control procedures to ensure accurate reporting to PDE. We will review the District's corrective actions during our next audit of the District.

## Status of Prior Audit Findings and Observations

---

Our prior audit of the Easton Area School District (District) released on October 21, 2015, resulted in one finding and one observation, 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 October 21, 2015

---

**Prior Finding:** **The Easton Area School District Financially Supported a Local Library and Listed Library Employees as District Employees When Reporting to the Public School Employees' Retirement System**

Prior Finding Summary: During our prior audit, we found that the District financially supported the Easton Area Public Library (Library) and listed Library employees as District employees when reporting to the Public School Employees' Retirement System (PSERS). This occurred despite evidence indicating that the Library is a legally separate entity whose employees are not employees of the District and whose users are primarily individuals other than District students.

Prior Recommendations: We recommended The District's Board of School Directors (Board) should:

1. Review the arrangement between the District and the Library with the District's solicitor to determine the District's obligation to the Library and reassess any services provided, including payroll, and their related costs.

We recommended the District should:

2. If the District continues to provide tax collection services to the Library, ensure it separately identifies and tracks the tax dollars collected on the Library's behalf.
3. If the District continues to provide payroll services to the Library, implement written procedures for reconciling payroll benefits paid on behalf of the Library and reimbursements from the Library and present the reconciliation to the Board at least annually.

We also recommended that PSERS should:

4. Determine whether the Library employees are eligible for PSERS membership and, if not, make the necessary adjustments to their PSERS accounts.
5. Provide the District with the appropriate corrective action to resolve the issue.

Current Status: The District did implement our prior recommendations by enacting a resolution outlining and approving the new relationship between the District and the Library. The resolution became effective on July 1, 2017, and included information regarding

the determination made by PSERS not to adjust Library employee PSERS wages but offered corrective action to resolve the issue. The District no longer performs payroll services for the Library.

---

**Prior Observation:      Payments for Unused Vacation Days were Inflated**

Prior Observation

Summary:

During our prior audit, we found that the District inaccurately calculated the daily rates used to determine payments for unused vacation days.

Payroll is based on 365 days less approximately 104 weekend days, or 260 or 261 work days (depending on the calendar year). Nevertheless, each year, payments for unused vacation leave were calculated using a daily rate determined by salary divided by 245 workdays.

Prior Recommendations: We recommended that the District should:

1. Ensure that all of the District's employment agreements be as transparent as possible, so that the District's taxpayers can evaluate their appropriateness.
2. Divide the annual salary by the individual's actual number of days to be paid (including holidays) to determine the daily rate for payment of unused days.
3. Implement controls to ensure accurate daily rates are used in determining payments for unused vacation days.
4. Consult with the District's solicitor to determine if reconciliations for prior payments should be pursued.

Current Status:

The District did implement our prior recommendations and the Board approved new Act 93 contracts, effective July 1, 2016, to reflect 260 working days. We determined that, during the 2017-18 and 2018-19 school years, the District paid departing administrators for their unused vacation days in accordance with the revised contract to reflect the 260 working days.

---

## 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,<sup>15</sup> is not a substitute for the local annual financial audit required by the Public School Code of 1949, as amended. We conducted our audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit.

Our audit focused on the District's effectiveness and/or compliance with applicable statutory provisions and related regulations in the areas of Transportation Operations, Nonresident Student Membership Data, Administrator Separations, Contracting, Bus Driver Requirements, and School Safety, including fire and security drills. The audit objectives supporting these areas of focus are explained in the context of our methodology to achieve the objectives in the next section. Overall, our audit covered the period July 1, 2015 through June 30, 2019. The scope of each individual objective is also detailed in the next section.

The District's management is responsible for establishing and maintaining effective internal control to provide reasonable assurance that the District's objectives will be achieved.<sup>16</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>17</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.

---

<sup>15</sup> 72 P.S. §§ 402 and 403.

<sup>16</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>17</sup> Even though the Green Book was written for the federal government, it explicitly states that it may also be adopted by state, local, and quasi-government entities, as well as not-for-profit organizations, as a framework for establishing and maintaining an effective internal control system. The Green Book is assessable at <https://www.gao.gov/products/GAO-14-704G>

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

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

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

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

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

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

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

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

## **Objectives/Scope/Methodology**

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

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

## **Transportation Operations**

- Did the District ensure compliance with applicable laws and regulations governing transportation operations, and did the District receive the correct transportation reimbursement from the Commonwealth?<sup>18</sup>
  - ✓ To address this objective, we assessed the District's internal controls for obtaining, inputting, processing, and reporting transportation data to PDE.
    - We requested bus rosters, requests for transportation forms, and other supporting documentation to determine the accuracy of the 3,857 nonpublic students and the 1,443 charter school students reported to PDE by the District for the 2015-16, 2016-17, 2017-18, and 2018-19 school years. We found the District lacked adequate documentation for us to determine the accuracy of the reports submitted to PDE.
    - We requested documentation to support the 4,249 hazardous walking route students the District reported to PDE for the 2015-16 through 2018-19 school years. The District was unable to provide this documentation, therefore, we were unable to verify the accuracy of the data reported to PDE or determine if the District received the correct subsidy for these students.

**Conclusion:** The results of our procedures identified areas of noncompliance and significant internal control deficiencies related to the reporting of nonpublic, charter school, and hazardous route students to PDE and the maintenance of supporting documentation. Our results are detailed in Finding No. 1 beginning on page 8 of this report.

---

<sup>18</sup> See 24 P.S. § 25-25-2541(a).

## Nonresident Student Data

- Did the District accurately report nonresident students to PDE? Did the District receive the correct reimbursement for these nonresident students?<sup>19</sup>
  - ✓ To address this objective, we assessed the District's internal controls for obtaining, inputting, processing, and reporting nonresident student data to PDE. We compared District generated nonresident student lists to reports submitted to PDE to verify completeness of reports. For all 127 students the District reported as nonresidents for the 2015-16 through 2018-19 school years, we requested documentation to determine if the students met all of the eligibility criteria to be classified as a nonresident student in accordance with the PDE requirements. We reviewed the requested documents for 32 of the 127 students; however, the District was unable to provide the requested documents for the other 95 students.

**Conclusion:** The results of our procedures identified areas of noncompliance and significant internal control deficiencies related to the reporting of nonresident foster students to PDE and the maintenance of supporting documentation. Our results are detailed in Finding No. 2 beginning on page 14 of this report.

## 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>20</sup> Also, did the District follow best practices related to physical building security and providing a safe school environment?
  - ✓ To address this objective, we reviewed a variety of documentation including safety plans, training schedules, vulnerability assessments, anti-bullying policies, school climate surveys, after action reports, and memorandums of understanding with local law enforcement to assess whether the District had implemented basic safety practices.

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

- Did the District comply with the fire and security drill requirements of Section 1517 of the Public School Code?<sup>21</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 reviewed the District's fire and security drill documentation to verify compliance with the Public School Code for the 2018-19 and 2019-20 school years. We reviewed documentation to determine if the District conducted a security drill for each building in the District within the first 90 days of each school year and if monthly fire and security drills were conducted while school was in session and 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 determine if reports were accurate.

---

<sup>19</sup> See 24 P.S. §§ 13-1301, 13-1302, 13-1305, 13-1306; 22 Pa. Code Chapter 11.

<sup>20</sup> Safe Schools Act 24 P.S. § 13-1301-A *et seq.*, Emergency Management Services Code 35 Pa.C.S. § 7701.

<sup>21</sup> Public School Code (Fire and Security Drills) 24 P.S. § 15-1517.



**Conclusion:** The results of our procedures identified areas of noncompliance related to the reporting of fire and security drills to PDE. Our results are detailed in Finding No. 3 beginning on page 18 of this report.

### **Bus Driver Requirements**

- Did the District ensure that all bus drivers transporting District students were board approved and had the required driver's license, physical exam, training, background checks, and clearances<sup>22</sup> as outlined in applicable laws?<sup>23</sup> Also, did the District adequately monitor driver records to ensure compliance with the ongoing five-year clearance requirements and ensure it obtained updated licenses and health physical records as applicable throughout the school year?
  - ✓ To address this objective, we assessed the District's internal controls for maintaining and reviewing required driver qualification documents and procedures for being made aware of who transported students daily. We determined if all drivers were approved by the District's Board of School Directors. We selected 11 of the 85 drivers transporting District students as of March 13, 2020, and we reviewed documentation to ensure the District complied with the requirements for bus drivers. Ten of these drivers were randomly selected and one additional driver was reviewed due to this driver not being included on the list provided to us by the District.<sup>24</sup> 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 procedures did not identify any reportable issues or internal control deficiencies.

### **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 used to determine final payouts for administrator separations. We reviewed the contracts, separation agreements, and payroll records for the two administrators who separated employment from the District between July 1, 2015 and February 1, 2021. We reviewed the contracts and agreements to ensure compliance with provisions of the Public School Code regarding termination and severance provisions. We reviewed payroll records, board meeting minutes, and other documentation to ensure wages were Board approved and correctly reported to PSERS. We reviewed district documentation and payroll histories to determine if merit increases were paid in

---

<sup>22</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>23</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>24</sup> Regarding the selection of the additional driver selected for not being on the list provided by the District, the driver was selected because we considered the driver to have a higher risk of noncompliance. Regarding the items selected randomly, 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.

accordance with employment contracts and were Board approved for the two administrators during the 2016-17 and 2017-18 school years.

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

### **Contracting**

- Did the District ensure its contract with its independent auditors was Board approved, payments were made in accordance with the contract, and any payments that exceeded contracted amounts were Board approved and supported by adequate documentation?
  - ✓ To address this objective we assessed the District's internal controls specific to its approval of payments in excess of its independent auditors' contract. We obtained the District's contracts with its independent auditors, which were in effect during the 2015-16 through 2018-19 school years. We obtained District vendor reports for the 2015-16 through 2018-19 school years and totaled annual payments to the District's independent auditors. For payments that exceeded contracted amounts, we obtained vendor invoices that supported the charges and ensured all payments to its independent auditors were Board approved.

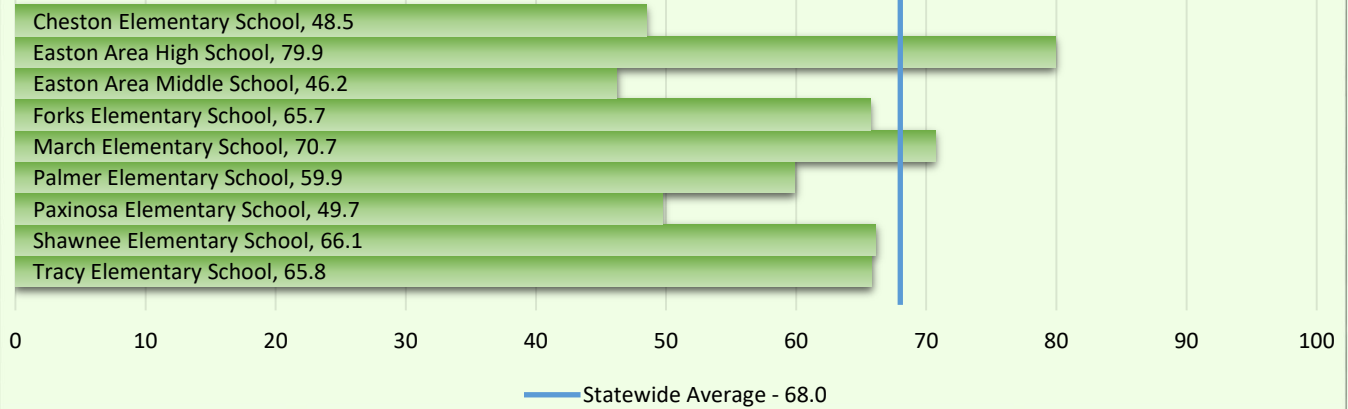
**Conclusion:** The results of our procedures did not identify any reportable issues. However, we did identify internal control deficiencies that were not significant to our objective, but warranted the attention of the District. These deficiencies were verbally communicated to District management and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

## Appendix B: Academic Detail

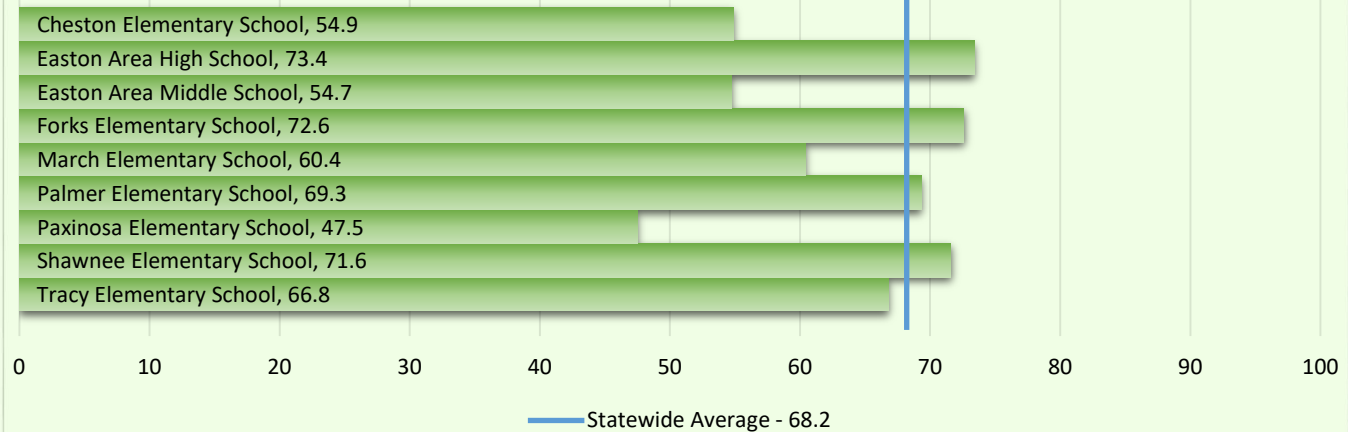
Benchmarks noted in the following graphs represent the statewide average of all public school buildings in the Commonwealth that received a score in the category and year noted.<sup>25</sup> Please note that if one of the District's schools did not receive a score in a particular category and year presented below, the school will not be listed in the corresponding graph.<sup>26</sup>

### SPP School Scores Compared to Statewide Averages

**2018-19**



**2017-18**

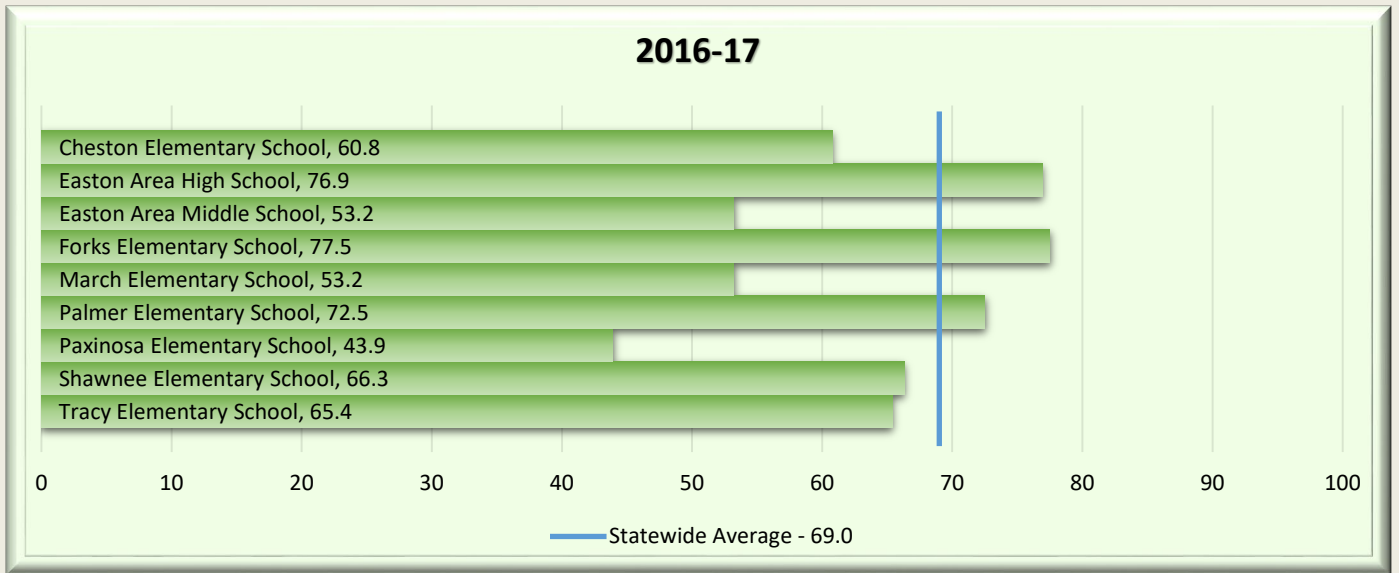


<sup>25</sup> Statewide averages were calculated by our Department based on individual school building scores for all public schools in the Commonwealth, including district schools, charters schools, and cyber charter schools.

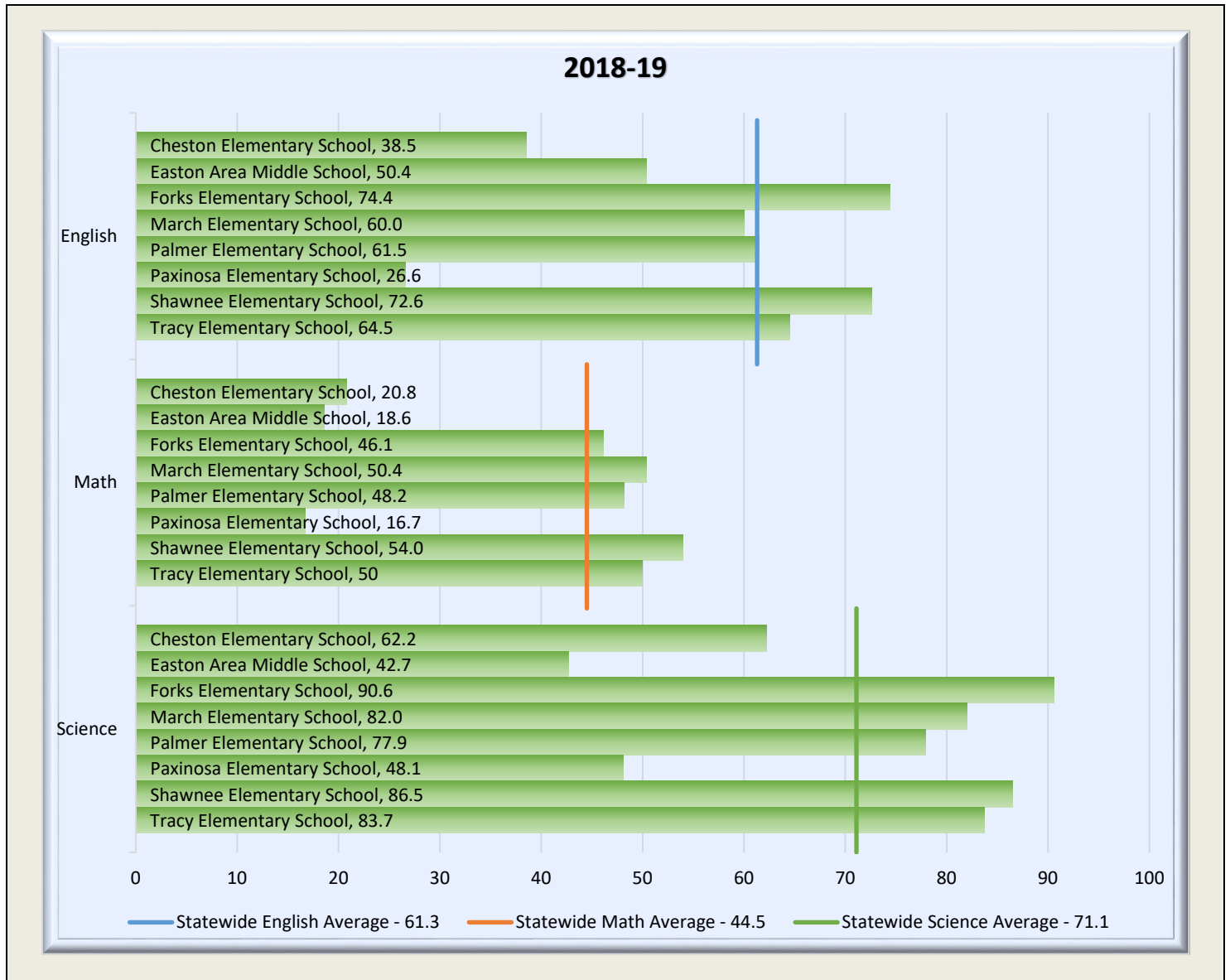
<sup>26</sup> PDE's data does not provide any further information regarding the reason a score was not published for a specific school. However, readers can refer to PDE's website for general information regarding the issuance of academic scores.

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

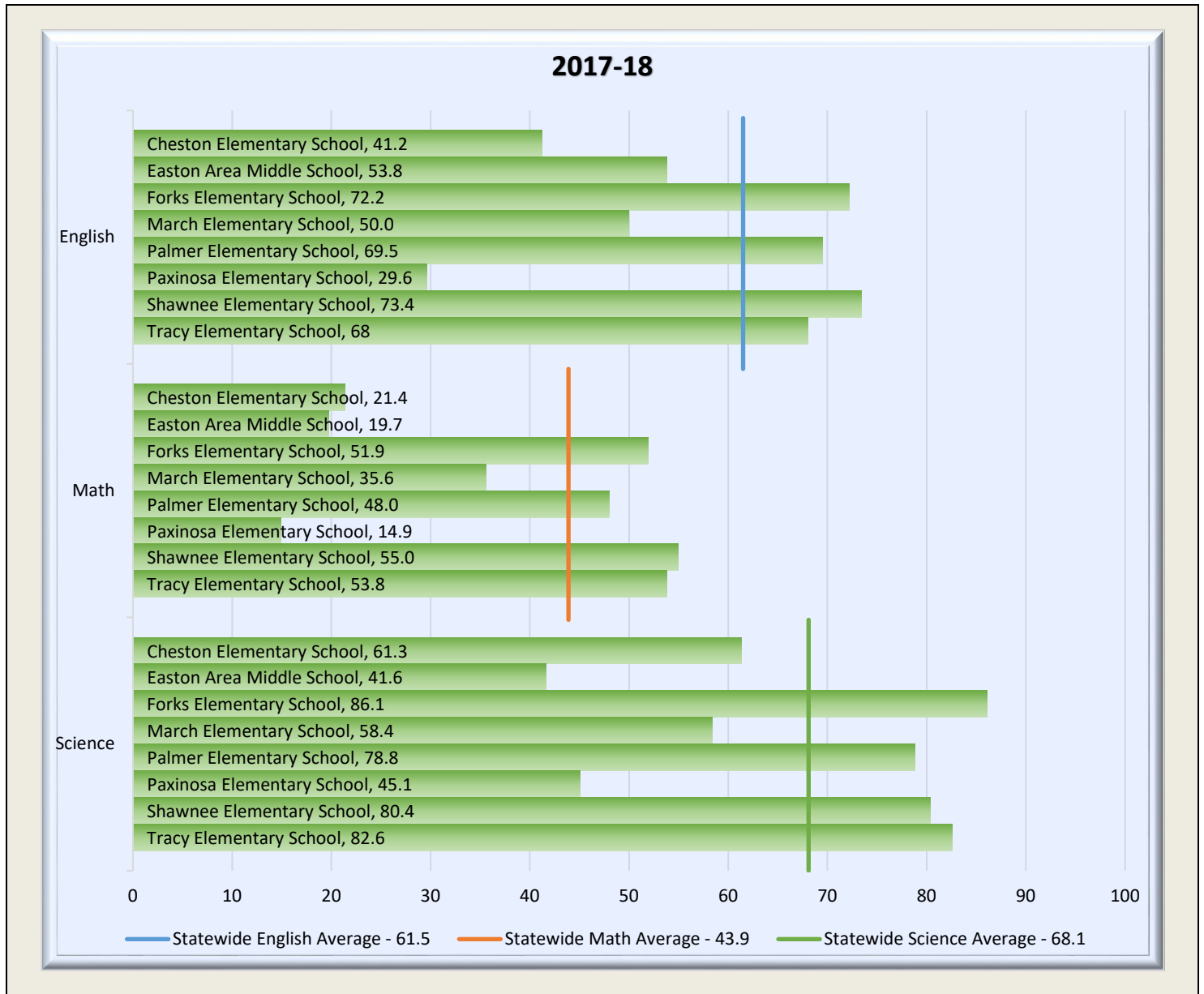
**2016-17**



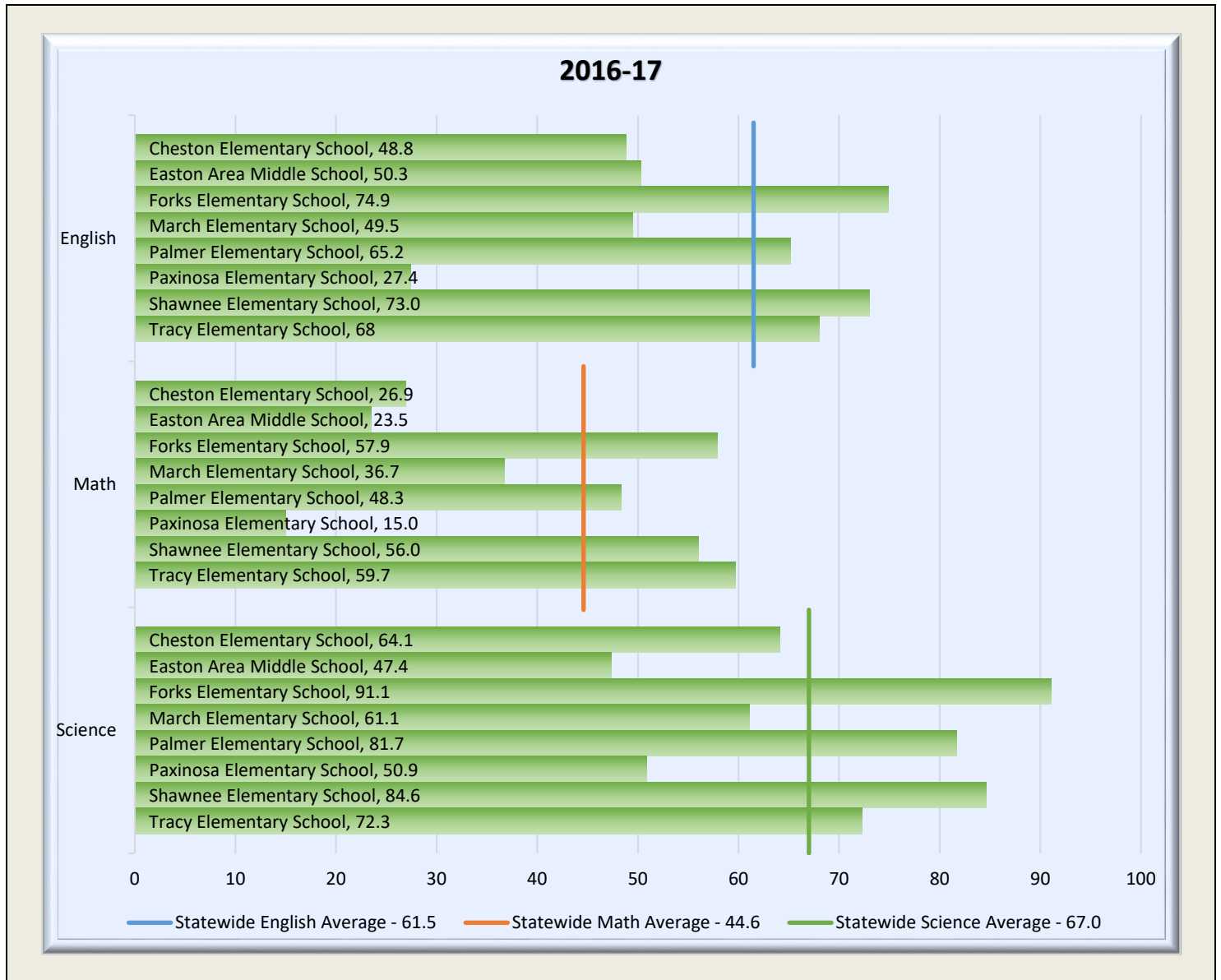
**PSSA Advanced or Proficient Percentage  
School Scores Compared to Statewide Averages**



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

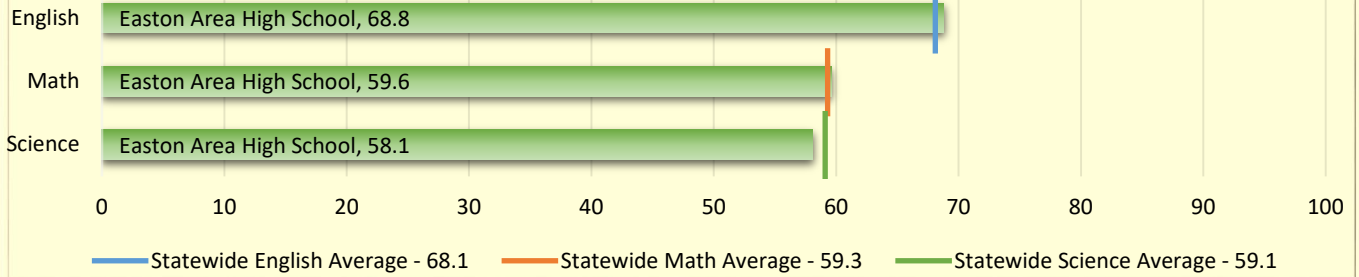


**PSSA Advanced or Proficient Percentage  
School Scores Compared to Statewide Averages (continued)**

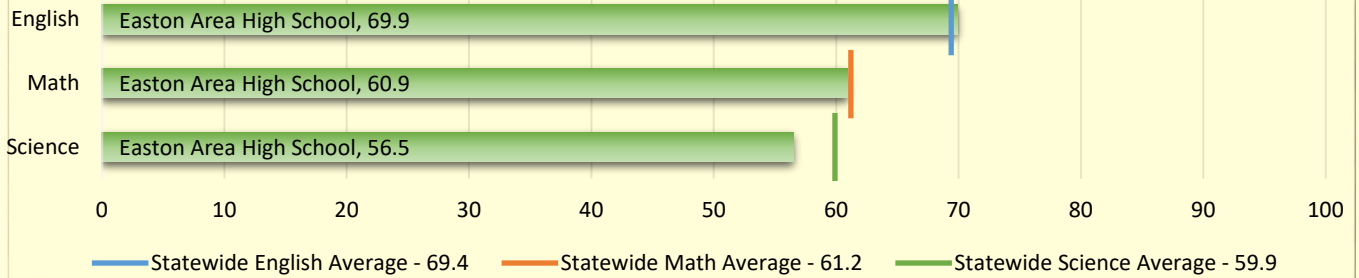


## Keystone Advanced or Proficient Percentage School Scores Compared to Statewide Averages

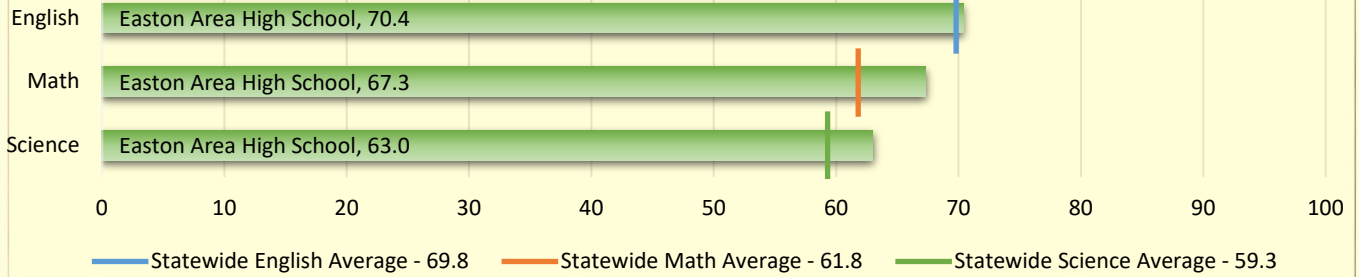
### 2018-19



### 2017-18



### 2016-17





## **Distribution List**

---

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

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

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

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

**Mrs. Danielle Mariano**  
Director  
Bureau of Budget and Fiscal Management  
Pennsylvania Department of Education  
4th Floor, 333 Market Street  
Harrisburg, PA 17126

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

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

This report is a matter of public record and is available online at [www.PaAuditor.gov](http://www.PaAuditor.gov). Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: [News@PaAuditor.gov](mailto:News@PaAuditor.gov)