

PERFORMANCE AUDIT

Fairview School District Erie County, Pennsylvania

November 2018



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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**EUGENE A. DePASQUALE
AUDITOR GENERAL**

Dr. Erik Kincade, Superintendent
Fairview School District
7466 McCray Road
Fairview, Pennsylvania 16415

Mr. Dan Stroup, Board President
Fairview School District
7466 McCray Road
Fairview, Pennsylvania 16415

Dear Dr. Kincade and Mr. Stroup:

Our performance audit of the Fairview School District (District) evaluated the District's compliance with certain relevant state laws, regulations, contracts, and administrative procedures (relevant requirements). This audit covered the period July 1, 2013 through June 30, 2017, except as otherwise indicated in the audit scope, objective, and methodology section of the report. 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 found that the District complied, in all significant respects, with relevant requirements, except as detailed in our two findings noted in this audit report. A summary of the results is presented in the Executive Summary section of the audit report.

We also evaluated the application of best practices in the area of school safety. 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 results in this report. However, we communicated the results of our review of school safety to District officials, the Pennsylvania Department of Education, and other appropriate officials as deemed necessary.

Dr. Erik Kincade
Mr. Dan Stroup
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Our audit findings and recommendations have been discussed with the District's management, and their responses are included in the audit report. We believe the implementation of our recommendations will improve the District's operations and facilitate compliance with legal and relevant requirements. We appreciate the District's cooperation during the course of the audit.

Sincerely,

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Eugene A. DePasquale
Auditor General

November 20, 2018

cc: **FAIRVIEW SCHOOL DISTRICT** Board of School Directors

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Executive Summary

Audit Work

The Pennsylvania Department of the Auditor General conducted a performance audit of the Fairview School District (District). Our audit sought to answer certain questions regarding the District's application of best practices and compliance with certain relevant state laws, regulations, contracts, and administrative procedures.

Our audit scope covered the period July 1, 2013 through June 30, 2017, except as otherwise indicated in the audit scope, objectives, and methodology section of the report (see Appendix). Compliance specific to state subsidies and reimbursements was determined for the 2013-14 through 2016-17 school years.

Audit Conclusion and Results

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

Finding No. 1: For More Than Four School Years, the District Failed to Meet its Legal Duty to Monitor Bus Drivers' Qualifications and Other Credentials, Putting Students at Risk of Harm.

In August 2014, the District hired a contractor to transport its students and subsequently abandoned its statutory obligation to monitor the qualifications and other credentials of the drivers transporting its students. For four school years, from 2014-15 through 2017-18, and into the beginning of the 2018-19 school year, the

District did not verify that the bus drivers were qualified and had the required federal and state clearances allowing them to transport students. This lack of oversight by the District resulted in over-reliance on a contractor for student safety, resulting in poor record keeping by both the District and the contractor, and ultimately put District students at potential risk of harm for an extended period of time (see page 10).

Finding No. 2: The District Incorrectly Reported the Number of Nonpublic and Charter School Students Transported Resulting in an Overpayment of \$19,635.

The District was overpaid a total of \$19,635 in transportation reimbursements from the Pennsylvania Department of Education. This overpayment was due to the District incorrectly reporting the number of nonpublic and charter school students transported by the District for the 2013-14, 2014-15, 2015-16, and 2016-17 school years (see page 17).

Status of Prior Audit Findings and Observations. There were no findings or observations in our prior audit report.

Background Information

School Characteristics 2017-18 School Year ^A	
County	Erie
Total Square Miles	30
Number of School Buildings	3
Total Teachers	112
Total Full or Part-Time Support Staff	82
Total Administrators	16
Total Enrollment for Most Recent School Year	1,689
Intermediate Unit Number	5
District Vo-Tech School	Erie County Technical School

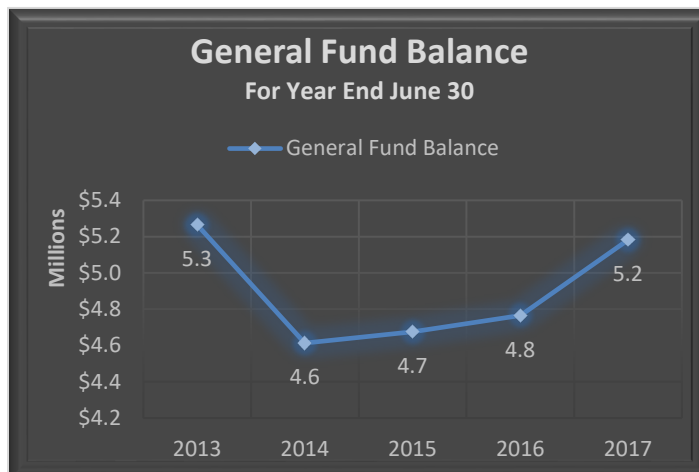
A - Source: Information provided by the District administration and is unaudited.

Mission Statement^A

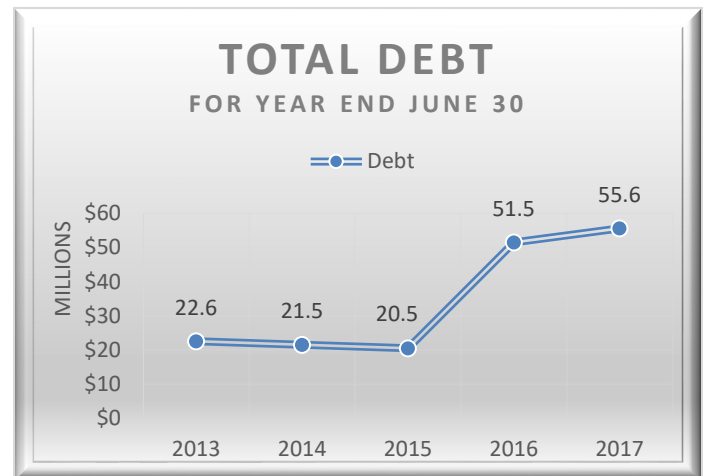
Developing the whole student and achieving excellence in academics, athletics, and the arts.

Financial Information

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

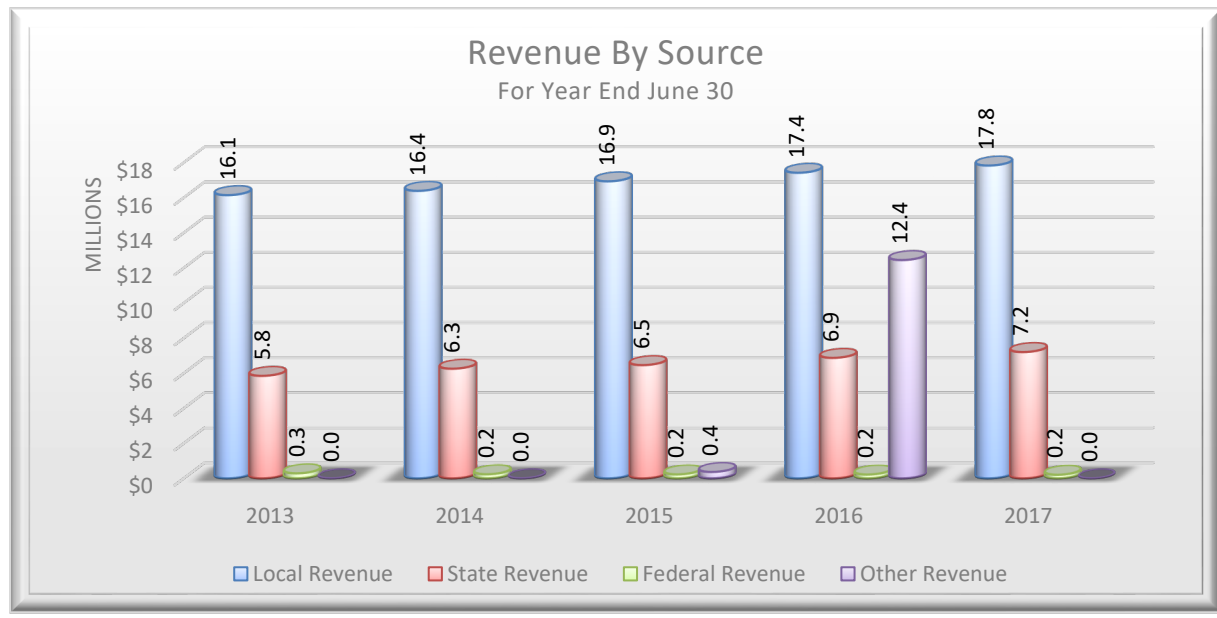
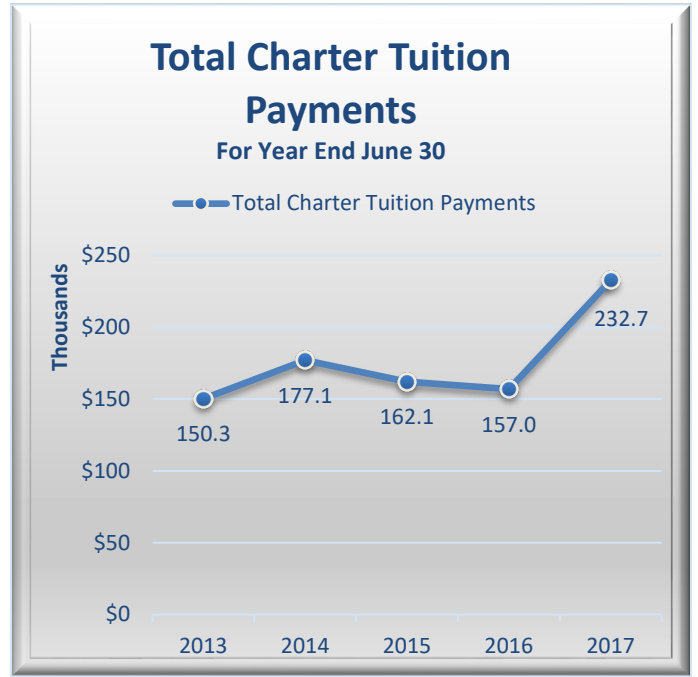
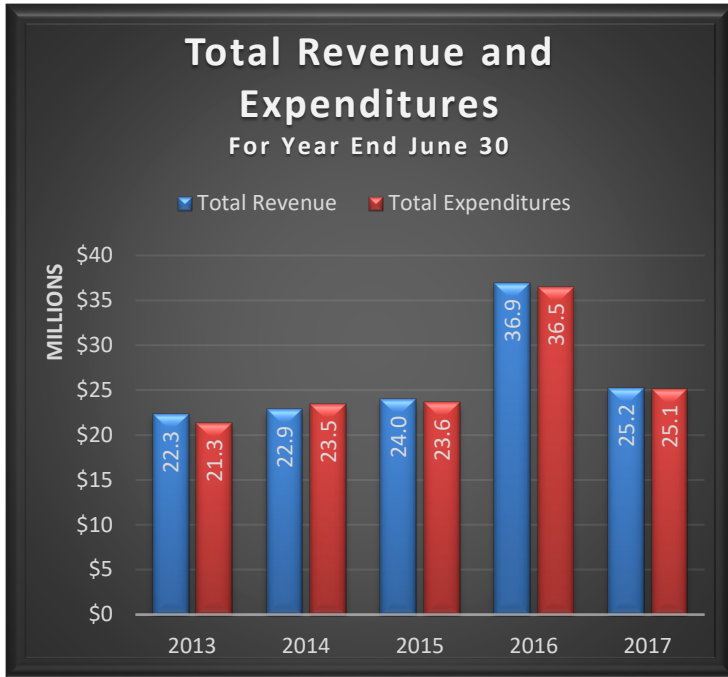


Note: General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



Note: Total Debt is comprised of Short-Term Borrowing, General Obligation Bonds, Authority Building Obligations, Other Long-Term Debt, Other Post-Employment Benefits, Compensated Absences and Net Pension Liability.

Financial Information Continued



Academic Information

The graphs on the following pages present 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 the PDE's data files for the 2014-15, 2015-16 and 2016-17 school years.¹ These scores are provided in the District's audit report for **informational purposes only**, and they were not audited by our Department. 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.² Finally, 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.³

What is a SPP score?

A SPP score serves as a benchmark for schools to reflect on successes, achievements, and yearly growth. The PDE issues a SPP score using a 0-100 scale for all school buildings in the Commonwealth annually, 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.

The PDE started issuing a SPP score for all public school buildings beginning with the 2012-13 school year. For the 2014-15 school year, the PDE only issued SPP scores for high schools taking the Keystone Exams as scores for elementary and middle schools were put on hold due to changes with PSSA testing.⁴ The PDE resumed issuing a SPP score for all schools for the 2015-16 school year.

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.

¹ The PDE is the sole source of academic data presented in this report. All academic data was obtained from the PDE's publically available website.

² The 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 the PDE's website for general information regarding the issuance of academic scores.

³ 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.

⁴ According to the PDE, SPP scores for elementary and middle schools were put on hold for the 2014-15 school year due to the state's major overhaul of the PSSA exams to align with PA Core standards and an unprecedented drop in public schools' PSSA scores that year. Since PSSA scores are an important factor in the SPP calculation, the state decided not to use PSSA scores to calculate a SPP score for elementary and middle schools for the 2014-15 school year. Only high schools using the Keystone Exam as the standardized testing component received a SPP score.

⁵ Act 39 of 2018, effective July 1, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement for an additional year until the 2020-21 school year. *See* 24 P.S. § 1-121(b)(1).

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 and Math. 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.⁶ 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.

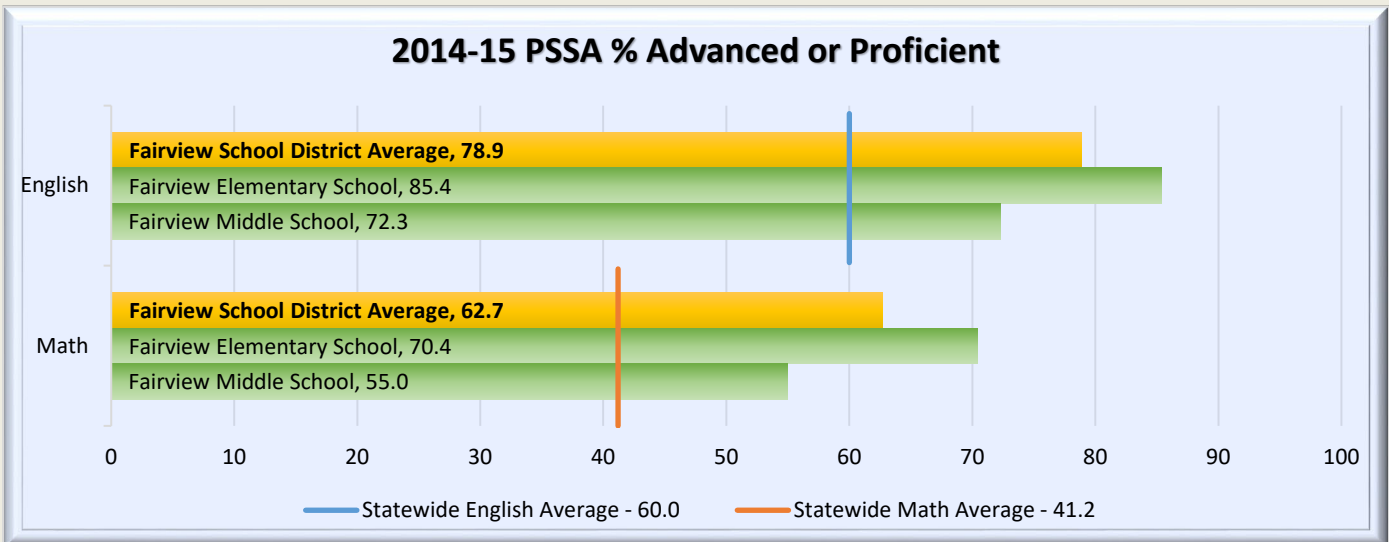
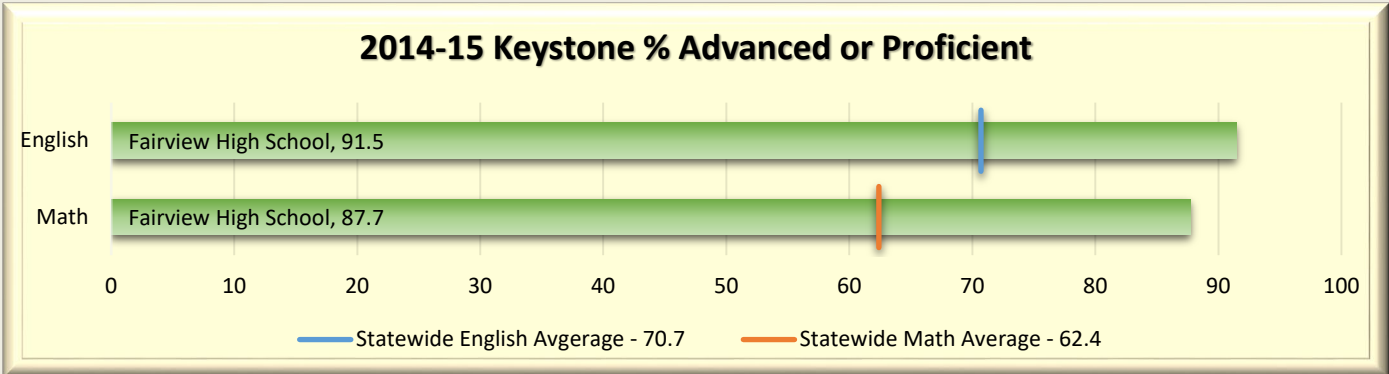
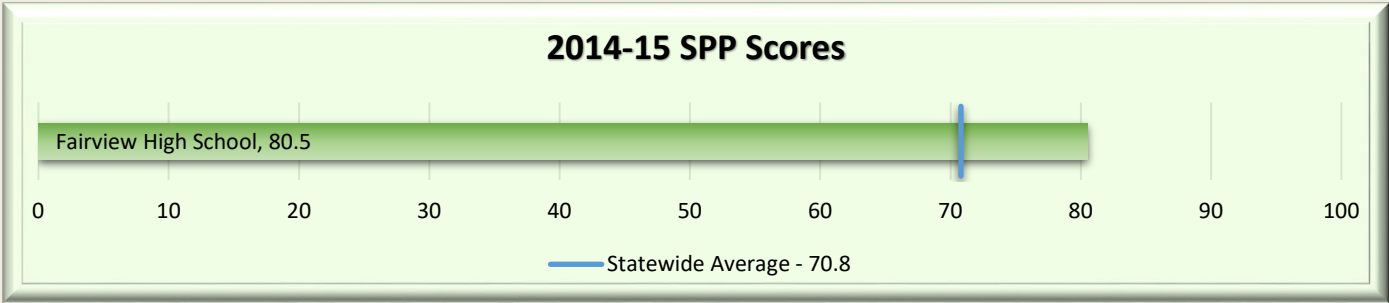
What is a 4-Year Cohort Graduation Rate?

The 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.⁷

⁶ The PDE has determined that PSSA scores issued beginning with the 2014-15 school year and after are not comparable to prior years due to restructuring of the exam.

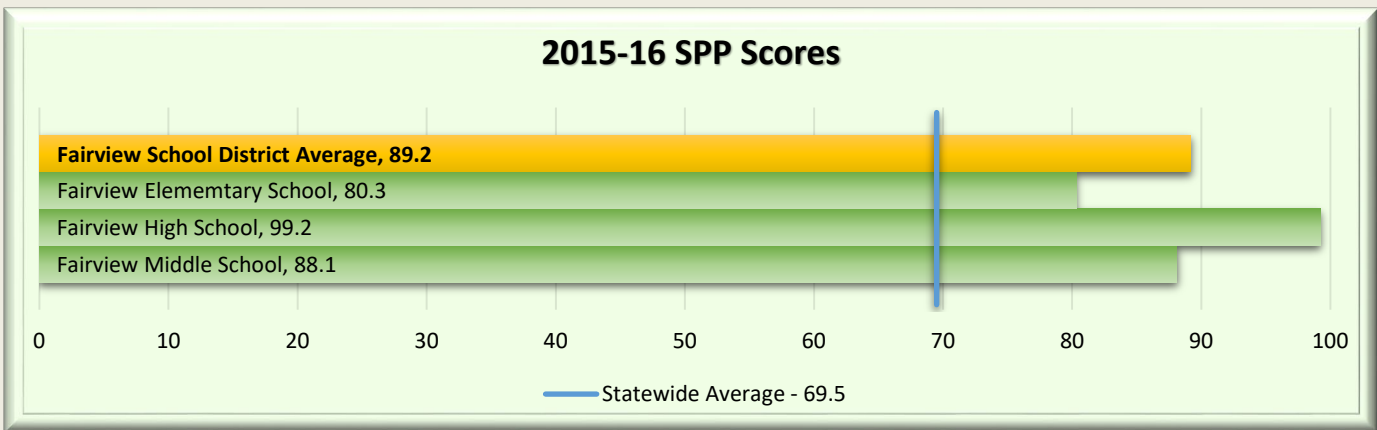
⁷ The PDE also calculates 5-year and 6-year cohort graduation rates. Please visit the PDE's website for additional information: <http://www.education.pa.gov/Data-and-Statistics/Pages/Cohort-Graduation-Rate-.aspx>.

2014-15 Academic Data
School Scores Compared to Statewide Averages

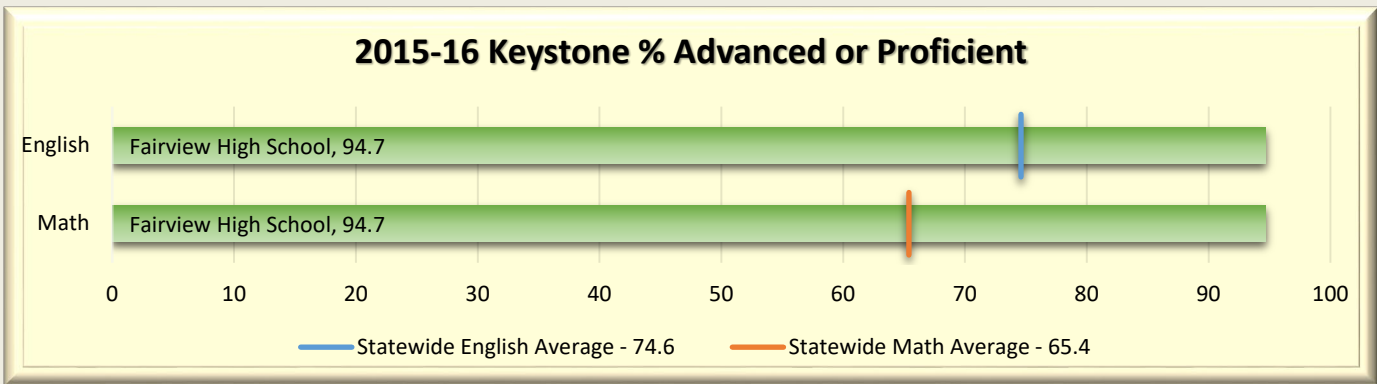


2015-16 Academic Data
School Scores Compared to Statewide Averages

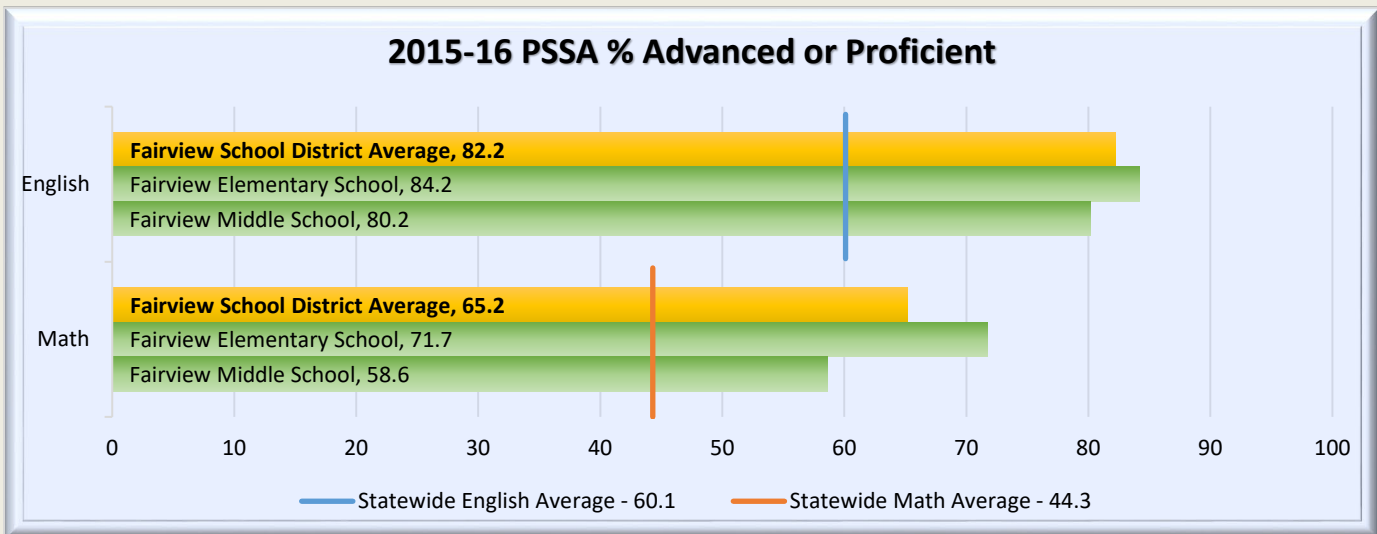
2015-16 SPP Scores



2015-16 Keystone % Advanced or Proficient

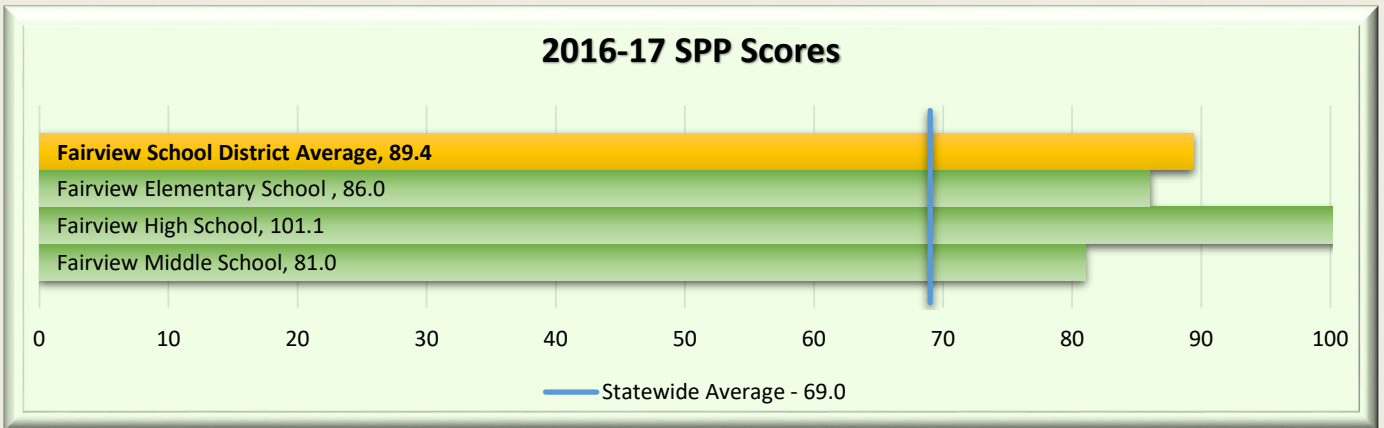


2015-16 PSSA % Advanced or Proficient

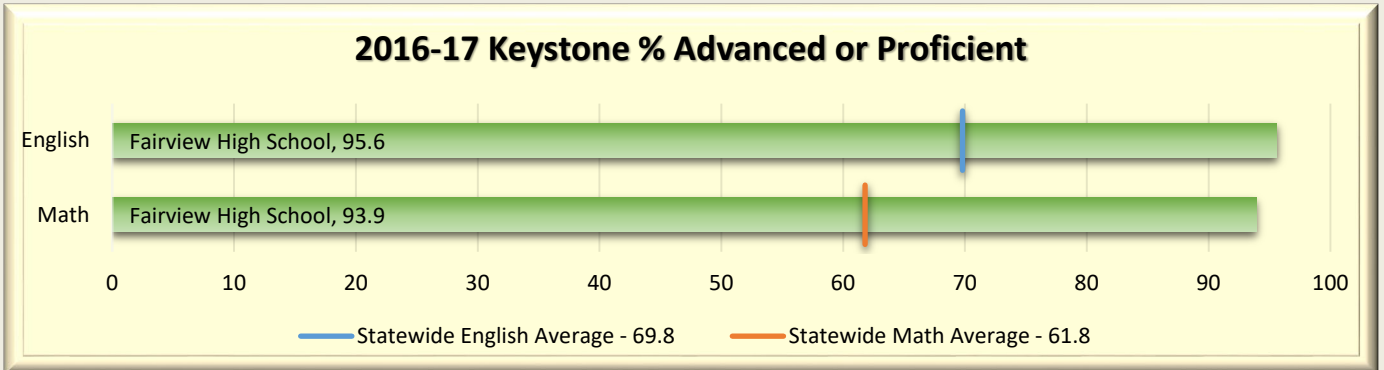


2016-17 Academic Data
School Scores Compared to Statewide Averages

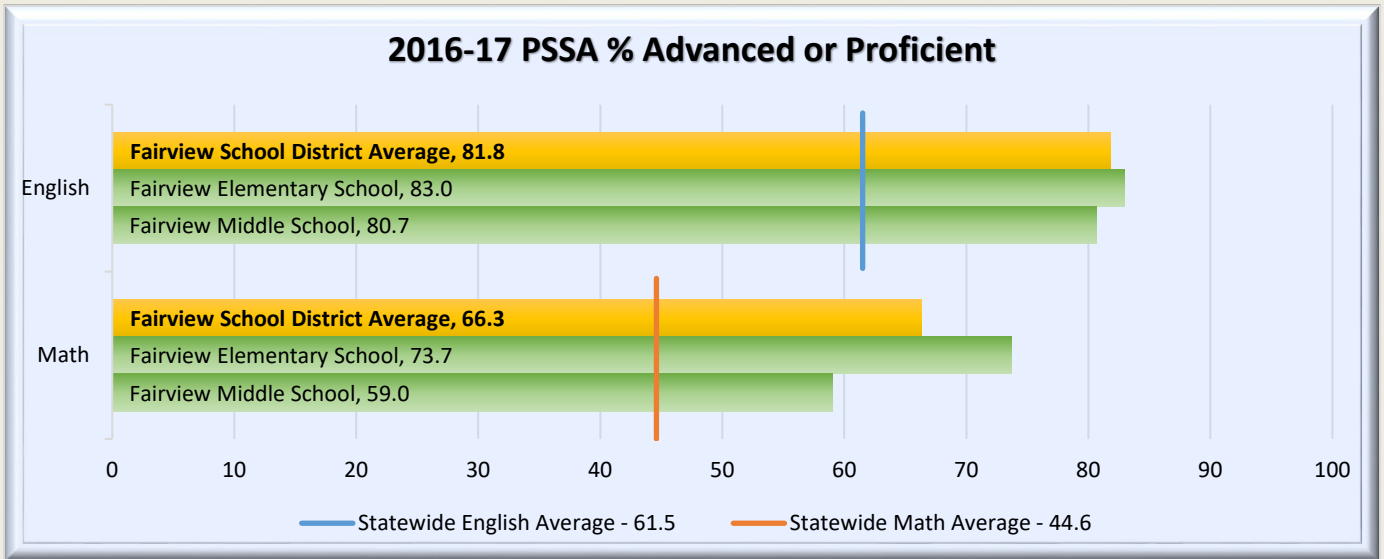
2016-17 SPP Scores



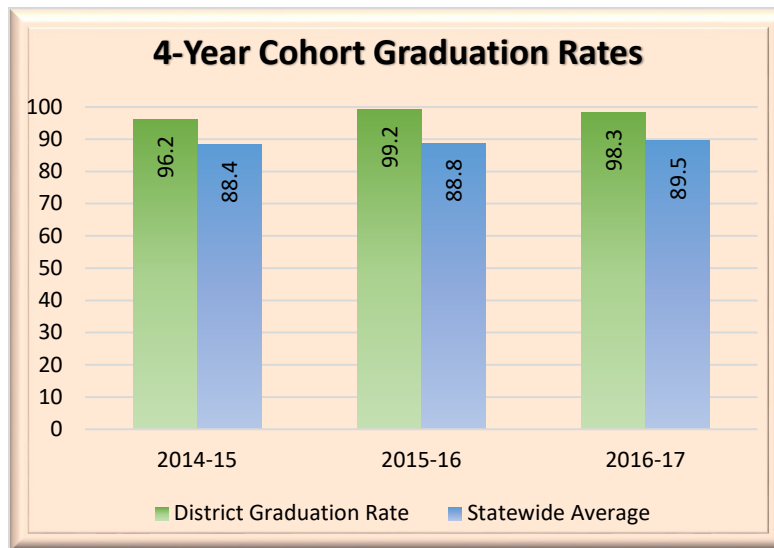
2016-17 Keystone % Advanced or Proficient



2016-17 PSSA % Advanced or Proficient



Graduation Data
District Graduation Rates Compared to Statewide Averages



Findings

Finding No. 1

For More Than Four School Years, the District Failed to Meet Its Legal Duty to Monitor Bus Drivers' Qualifications and Other Credentials, Putting Students at Risk of Harm

Criteria relevant to the finding:

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

Section 111 of the Public School Code (PSC) requires state and federal criminal background checks and Section 6344(a.1)(1) of the Child Protective Services Law (CPSL) requires a child abuse clearance. *See* 24 P.S. § 1-111 and 23 Pa.C.S. § 6344(a.1)(1), as amended.

With regard to criminal background checks, Sections 111(b) and (c.1) of the PSC require prospective school employees who have direct contact with children, including independent contractors and their employees, to submit a report of criminal history record information obtained from the Pennsylvania State Police, as well as a report of Federal criminal history record information obtained from the Federal Bureau of Investigation. *See* 24 P.S. § 1-111(b) and (c.1).

In August 2014, the Fairview School District (District) hired a contractor to transport its students and subsequently abandoned its statutory obligation to monitor the qualifications and other credentials of the bus drivers transporting its students. For four school years, from 2014-15 through 2017-18, and into the beginning of the 2018-19 school year, the District did not verify that the bus drivers were qualified and had the required federal and state clearances allowing them to transport students. This lack of oversight by the District resulted in over-reliance on a contractor for student safety, resulting in poor record-keeping by both the District and the contractor, and ultimately put District students at potential risk of harm for an extended period of time.

Requirements

Regardless of whether school districts hire their own bus drivers or use a contractor's bus drivers, districts are required to verify and have on file a copy of the following documents for each employed or contracted driver *before* he or she is authorized to transport students:

1. Driver qualification credentials, including:
 - a. Valid commercial driver's license with an "S" endorsement, permitting the operation of a school bus.
 - b. Annual physical examination.⁸

⁸ Vehicle Code, 75 Pa.C.S. §§ 1508.1 (relating to Physical examinations) and 1509 (relating to Qualifications for school bus driver endorsement).

*Criteria relevant to the finding
(continued):*

Section 6344(b)(3) of the CPSL requires, in part, that, “The applicant shall submit a full set of fingerprints to the Pennsylvania State Police for the purpose of a record check . . .” (Act 53 of 2014). Further, Section 6344.4 of the CPSL now requires recertification of the required state and federal background checks and the child abuse clearance every 60 months. *See* 23 Pa.C.S. §§ 6344(b)(3) and 6344.4.

Section 111(e) of the PSC lists convictions for certain criminal offenses that require an absolute ban to employment. Section 111(f.1) to the PSC requires that a ten, five, or three year *look-back period* for certain convictions be met before an individual is eligible for employment. *See* 24 P.S. § 1-111(e) and (f.1).

Section 111(a.1)(1) specifies that bus drivers employed by a school entity through an independent contractor who have direct contact with children must also comply with Section 111 of the PSC. *See* 24 P.S. § 1-111(a.1)(1).

Section 111(c.4) further requires administrators to review the reports and determine if the reports disclose information that may require further action. *See* 24 P.S. § 1-111(c.4).

2. Criminal history credentials through reports/clearances:
 - a. State Criminal History Record.
 - b. Federal Criminal History Record based on a full set of fingerprints.⁹
 - c. PA Child Abuse History Clearance.
 - d. Arrest/Conviction Report and Certification Form (PDE-6004).¹⁰

No District Review Process & Over-Reliance on Contractor

After the 2014-15 school year, the Board of School Directors (Board) did not annually approve a list of drivers prior to the start of each school year, which is a mandated procedure required by the State Board of Education Regulations designed to provide the public with assurance that the administration has determined that authorized drivers have the required qualifications and clearances.¹¹ According to District officials, the Board only approved newly hired drivers as needed. However, we concluded that even the Board’s approval of newly hired drivers did not mean that the administration had reviewed and approved the required qualifications and clearance documents. The District instead solely relied on the bus contractor to obtain the reports and clearances despite having the ultimate responsibility for ensuring the reports and clearances were obtained and reviewed.

For instance, according to an email from a District senior official, dated June 20, 2018, which was a response to an auditor’s question about whether the District reviews clearances:

We know that [the contractor] has a very stringent procedure and no one makes it as a driver until they are satisfied. I feel comfortable with their process. We make sure we have clearances for all drivers. We don’t have a

⁹ 24 P.S. § 1-111(c.1).

¹⁰ PSC, 24 P.S. § 1-111 (relating to Criminal history of employees and prospective employees; conviction of certain offenses); Child Protective Services Act, 23 Pa.C.S. § 6344(a.1)(1) (relating to School employees); and 22 Pa. Code Chapter 8 (Criminal Background Checks).

¹¹ Section 23.4(2) of Title 22, Chapter 23 (Pupil Transportation) of the State Board of Education Regulations provides that “[t]he board of directors of a school district is responsible for all aspects of pupil transportation programs, including the following:***(2) The selection and approval of appropriate vehicles for use in district service and eligible operators who qualify under the law and regulations.” *See* 22 Pa. Code § 23.4(2).

Criteria relevant to the finding (continued):

Administrators are also required to review the required documentation according to Section 111(g)(1) of the PSC. This section provides that an administrator, or other person responsible for employment decisions in a school or institution under this section who willfully fails to comply with the provisions of this section commits a violation of this act, subject to a hearing conducted by the Pennsylvania Department of Education (PDE), and shall be subject to a civil penalty up to \$2,500. *See* 24 P.S. § 1-111(g)(1).

Effective September 28, 2011, Section 111(j)(2) required all **current** school employees to submit an “Arrest/Conviction Report and Certification Form” (PDE-6004 Form) to their administrator indicating whether or not they have ever been arrested or convicted of any Section 111(e) criminal offenses by December 27, 2011 (effective July 1, 2012, criminal offenses found in Section 111(f.1) were also added.) *See* 24 P.S. § 1-111(j)(2). (Act 24 of 2011). Further, in the meantime, the General Assembly has clarified that this requirement also applies to all **prospective** employees indicating that the applicant has not been disqualified from employment under the section. *See* 24 P.S. § 1-111(j)(2) as amended by Act 4 of 2016.

process in place for rejecting a driver based on a criminal conviction but [the contractor] does.

There are several problems with this point of view as expressed in this email. **First**, as a best practice, a school district should hold all vendors and contractors accountable. **Second**, school districts are **mandated by law and regulations** to monitor the qualifications and clearances required of bus drivers transporting their students—regardless of whether they hire drivers themselves or use contractors who hire drivers. **Third**, contrary to this official’s assertion, our review of the District’s records showed that it did not have clearances for all drivers, as discussed in the next section. **Fourth**, the District itself is responsible for authorizing—and rejecting—drivers with certain criminal convictions.

The lack of oversight by the District of its contractor and bus drivers put the District’s students at potential risk of harm, and that risk continued into the 2018-19 school year. On the first day of school of the 2018-19 school year, we asked officials to confirm whether the records and clearances of all drivers who transported students that day had been properly reviewed by the District and that the District had determined them to be qualified and cleared. The District could not provide such a confirmation. Rather, the officials indicated that clearances and qualifications were in the process of being obtained. The District failed to comply with its statutory obligations when it allowed drivers to transport students *prior* to verifying their qualifications and clearances.

Missing Qualifications Records, Criminal History Records, and Clearances

We requested a list of all bus drivers who transported students during the 2017-18 school year. District officials stated that they did not maintain a list of drivers; therefore, we had to obtain the list of drivers directly from the contractor. We then requested the records maintained by the District for all 27 bus drivers employed by the contractor as of June 27, 2018. The District provided us with a manila file folder containing some clearance documents for some of the drivers, but the records were clearly incomplete. For

*Criteria relevant to the finding
(continued):*

Section 8.2 of Title 22, Chapter 8 (relating to Criminal Background Checks) of the State Board of Education Regulations requires, in part, “(a) School entities shall require a criminal history background check prior to **hiring an applicant or accepting the services of a contractor**, if the applicant, contractor or contractor’s employees would have direct contact with children. The criminal history background check may not be more than 1 year old at the time of employment or engagement of contracted services.” [Emphasis added]. See 22 Pa. Code § 8.2(a). See also the PDE Basic Education Circular on Background Checks, issued December 12, 2011.

example, we found that for all 27 drivers, the District had no copies of the following:

- The driver’s license with the required “S” endorsement.
- The physical examination record.
- The Arrest/Conviction Report and Certification Form (PDE-6004).

Because the Districts records were incomplete, we had to review the contractor’s records maintained at the bus garage. We found that the contractor did maintain the driver’s license and physical exam records for the 27 drivers and our review did not disclose any issues with those records; however, the District should have maintained those records itself, and more importantly, it should have been reviewing those records on an ongoing basis to comply with its statutory obligations.

After reviewing the files for all 27 drivers, we also found that other clearance documents that are required to be maintained were not in either the District’s files or the contractor’s files for 16 of the 27 drivers, or 59 percent, as detailed below:

- For 9 drivers, the Federal Criminal History Record was missing.
- For 3 drivers, the Arrest/Conviction Report and Certification Form (PDE-6004) was missing.
- For 2 drivers, the Federal Criminal History Record *and* the PA Child Abuse History Clearance were missing.
- For 1 driver, the Federal Criminal History Record *and* the Arrest/Conviction Report and Certification Form (PDE-6004) were missing.
- For 1 driver, the State Criminal History Record *and* the Arrest/Conviction Report and Certification Form (PDE-6004) were missing.

As stated earlier, the lack of a District review process allowed drivers to transport students despite neither the District nor the bus contractor having all required documents on file, which resulted in the District not complying with Pennsylvania’s Public School Code (PSC), the Child Protective Services Law (CPSL), the State Board of Education Regulations, and/or the state Vehicle Code. Further, because there was little accountability required of the bus contractor by the District, we do not know whether

these or other drivers at other times during the four-year period were qualified and had the required clearances when they were transporting students.

Conclusion

The District did not meet its statutory obligation to monitor bus drivers transporting its students. It had no policies and procedures in place to ensure it would provide routine oversight of the bus contractor and its drivers. The Board's approval of the original list of approved drivers and subsequent newly hired drivers was essentially meaningless because the administration did not maintain and review drivers' qualifications and clearances. As a result, drivers were allowed to transport students for years without the District ensuring they were qualified and cleared in accordance with state and federal laws including the PSC, the CPSL, and the state Vehicle Code.

Recommendations

The *Fairview School District* should:

1. Immediately obtain and review all employment qualification documentation for all current drivers and document the results of this review. Any drivers for whom documentation is unavailable for whatever reason should be removed from any list of authorized drivers until the required qualifications and clearances are obtained and reviewed by the District.
2. Promptly develop and implement formal written policies and procedures requiring the District's ongoing maintenance and review of bus driver files so that it can ensure that all drivers, regardless of when they are hired, are properly qualified *before* authorizing them to have direct contact with children. These policies and procedures should require the administration to attest in an open and public meeting conducted by the District's Board that the list of bus drivers provided to the Board for approval contains only drivers for whom the District has obtained *all* of the required records indicating the

drivers are qualified and cleared to transport its students.¹²

3. Provide training on Section 111 of the PSC, as well as the relevant provisions of the CPSL, the state Vehicle Code, and the State Board of Education Regulations. This training should be provided for all District employees responsible for maintaining up-to-date personnel files for contracted bus drivers *and* for those in charge of reviewing qualifications and clearances *prior* to authorizing drivers to transport students.

Management Response

District management provided the following response:

The District agrees with the findings regarding bus driver qualifications. The District was under the impression that the busing contractor had all necessary paperwork on file. We take responsibility for failing to communicate with the General Manager.

The following procedures will be in place to correct the finding:

- Communication from the General Manager at the bus garage of potential new hires.
- An employment checklist will be established to ensure proper paperwork.
- Copies of all clearances and required paperwork need to be submitted to the district.
- Candidates will be placed on Board Agenda for approval once all paperwork is received.
- We will cross-reference our files to be sure we have accurate records in both the bus garage and Central Administration Building.

¹² As noted in an earlier footnote, the State Board of Education Regulations provide that “[t]he board of directors of a school district is responsible for **all aspects** of pupil transportation programs, including the following :**(2) The selection and approval of...**eligible operators** who qualify under the law and regulations.” [Emphases added.] See 22 Pa. Code § 23.4(2).

Auditor Conclusion

We are glad that the District agrees with our bus driver qualification finding and that it pledges to take appropriate corrective actions. As stated in the finding, it is the District's responsibility to ensure that drivers transporting District students are properly qualified and have the appropriate clearances prior to transporting students. This is not a responsibility that can be delegated to a transportation contractor. We continue to emphasize the need for the District to take a proactive role in ensuring that all drivers met all requirements prior to interacting with students. We will review the District's procedures and any other corrective action taken during our next audit of the District.

Finding No. 2

The District Incorrectly Reported the Number of Nonpublic and Charter School Students Transported Resulting in an Overpayment of \$19,635

Criteria relevant to the finding:

Supplemental Transportation Subsidy for Public Charter School and Nonpublic School Students

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.

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. . . .”

The District was overpaid a total of \$19,635 in net transportation reimbursements from the Pennsylvania Department of Education (PDE). This overpayment was due to the District incorrectly reporting the number of nonpublic and charter school students transported by the District for the 2013-14, 2014-15, 2015-16, and 2016-17 school years.

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.¹³ The PSC requires school districts to provide transportation services to students who reside in its district and who attend a charter school or nonpublic 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.¹⁴

¹³ *See* Section 922.1-A(b) (relating to “Definitions”) of the PSC, 24 P.S. § 9-922.1-A(b).

¹⁴ *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):

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.”

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. § 17-1726-A(a); 24 P.S. § 25-2509.3.

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 PDE in order to be eligible for the transportation subsidies. *See* 24 P.S. § 25-2543.

The following chart summarizes the District’s nonpublic and charter school reporting errors and the resulting overpayment.

Fairview School District Nonpublic and Charter School Errors			
School Year	Nonpublic Students Over/(Under) Reported	Charter School Students Over/(Under) Reported	Over/(Under) Payment¹⁵
2013-14	(21)	0	\$(8,085)
2014-15	9	0	\$3,465
2015-16	36	0	\$13,860
2016-17	23	4	\$10,395
Total:	47	4	\$19,635

During the 2013-14 school year, the District transported nonpublic school and charter school students in District owned vehicles. The District under reported the nonpublic school students transported during this year. The District provided us with documentation requesting transportation for 21 additional nonpublic school students transported, but not reported to the PDE, during this school year. District officials did not perform a reconciliation of nonpublic school students reported to the PDE to nonpublic students transported after providing requests for transportation.

Beginning with the 2014-15 school year, the District contracted with a vendor to transport nonpublic school and charter school students. Once the District contracted with a vendor for this service, the District took a passive approach towards reporting transportation data. The District relied on its contractor to annually provide the number of nonpublic school and charter school students transported. The District then reported this data to the PDE without performing a review of this information. When we asked District officials for support for the number of nonpublic and charter school students transported, we were told to contact the transportation contractor responsible for transporting nonpublic school and charter school students.

¹⁵ The overpayment/underpayment is computed by multiplying the net amount of Nonpublic and Charter School students mis-reported by \$385.

Criteria relevant to the finding (continued):

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 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.)

The PDE Instructions to School Districts for Reporting Nonpublic School and Charter School Students

<https://www.education.pa.gov/Documents/Teachers-Administrators/Pupil%20Transportation/eTran%20Application%20Instructions/PupilTransp%20Instructions%20PDE-2089%20SummPupilsTransp.pdf> (accessed on 9/11/18)

The District’s transportation contractor was aware of the need to obtain documentation requesting transportation for nonpublic school and charter school students to ensure that only nonpublic and charter school students transported were reported to the PDE for reimbursement. However, the District’s contractor could not provide us with requests for all nonpublic school and charter school students reported to the PDE during the 2014-15 through 2016-17 school years and over reported the number of students transported during these years.

It is essential that the school district accurately report the transportation data to the PDE and that it has a proper reconciliation process in place. Without proper reconciliation, the District is incorrectly reimbursed at the expense of its students and taxpayers as a whole.

We provided the PDE with reports detailing the nonpublic school and charter school reporting errors for the 2013-14, 2014-15, 2015-16, and 2016-17 school years. The PDE requires these reports to verify the overpayment to the District. The District’s future transportation subsidies should be adjusted by the amount of the overpayment.

Recommendations

The *Fairview School District* should:

1. Conduct year-end reconciliations of the nonpublic and charter school students reported by the District’s transportation contractor to the requests for transportation in order to provide assurance of the accuracy of the information regarding nonpublic school and charter school students transported by the District.
2. Develop written administrative procedures for transportation reporting. These procedures should include a review of transportation data by an individual other than the person who prepared the data to provide additional assurance of the accuracy of the information before it is submitted to the PDE.
3. Maintain and retain transportation documentation at the District office of the procedures described in items 1 and 2 above and that supports the data reported to the PDE.

Criteria relevant to the finding (continued):

Number of Nonpublic School and Charter 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 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.)

Enter the number of resident pupils transported to charter schools located within your district or transported outside of your district boundaries either to a regional charter school of which your district is a part or to a charter school located within then miles of your district boundaries. Documentation identifying the names of these pupils should be retained for review the Auditor General's staff.

The *Pennsylvania Department of Education* should:

4. Adjust the District's future transportation subsidy to resolve the \$19,635 overpayment to the District.

Management Response

District management provided the following relevant response:

The (contractor) General Manager did not keep accurate records for the years noted above and as a result could not support the number of students transported to non-public and charter schools.

The district has created a Standard Operating Procedure that outlines how we will collect data and report each year.

We have put in place an audit process whereby we check all data collected by (contractor) to determine accuracy and reasonableness. The SOP outlines all of the data elements, calculations, and checks and balances.

The ultimate goal is to report accurate numbers and then to be able to support those numbers with records that will be kept for each year.

Auditor Conclusion

We continue to emphasize the need for the District to take a more proactive role in ensuring that transportation data reported to the PDE is accurate. We are pleased that the District has created a new "Standard Operating Procedure" to address transportation data collection and reporting. We will review these and any other corrective action taken by the District during our audit next audit.

Status of Prior Audit Findings and Observations

Our prior audit of the Fairview School District resulted in no findings or observations.

Appendix: 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,¹⁶ 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.

Scope

Overall, our audit covered the period July 1, 2013 through June 30, 2017. In addition, the scope of each individual audit objective is detailed on the next page.

The Fairview School District's (District) management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the District is in compliance with certain relevant state laws, regulations, contracts, and administrative procedures (relevant requirements).¹⁷ In conducting our audit, we obtained an understanding of the District's internal controls, including any information technology controls, which we consider to be significant within the context of our audit objectives. We assessed whether those controls were properly designed and implemented. Any deficiencies in internal controls that were identified during the conduct of our audit and determined to be significant within the context of our audit objectives are included in this report.

¹⁶ 72 P.S. §§ 402 and 403.

¹⁷ Internal controls are processes designed by management to provide reasonable assurance of achieving objectives in areas such as: effectiveness and efficiency of operations; relevance and reliability of operational and financial information; and compliance with certain relevant state laws, regulations, contracts, and administrative procedures.

Objectives/Methodology

In order to properly plan our audit and to guide us in selecting objectives, we reviewed pertinent laws and regulations, board meeting minutes, academic performance data, annual financial reports, annual budgets, new or amended policies and procedures, and the independent audit report of the District's basic financial statements for the fiscal years July 1, 2013 through June 30, 2017. 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 efficiency and effectiveness in the following areas:

- ✓ Bus Driver Requirements
- ✓ Transportation Operations
- ✓ Administrator Contract Buyout
- ✓ Ethics Statements
- ✓ School Safety

As we conducted our audit procedures, we sought to determine answers to the following questions, which served as our audit objectives:

- ✓ Did the District ensure that bus drivers transporting District students had the required driver's license, physical exam, training, background checks, and clearances as outlined in applicable laws?¹⁸ Also, did the District have written policies and procedures governing the hiring of new bus drivers that would, when followed, provide reasonable assurance of compliance with applicable laws?
 - To address this objective, we reviewed all 27 contracted bus drivers transporting District students as of June 27, 2018. We reviewed documentation to ensure the District complied with the requirements for bus drivers. We also determined if the District had written policies and procedures governing the hiring of bus drivers and if those procedures, when followed, ensure compliance with bus driver hiring requirements. Our review of this objective disclosed reportable issues as noted in Finding No. 1 on page 10 in this report.
- ✓ 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?¹⁹

¹⁸ 24 P.S. § 1-111, 23 Pa.C.S. § 6344(a.1), 24 P.S. § 2070.1a *et seq.*, 75 Pa.C.S. §§ 1508.1 and 1509, and 22 Pa. Code Chapter 8.

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

- To address this objective, we reviewed 100 percent of the nonpublic students and charter school students reported to PDE as transported for the 2013-14, 2014-15, 2015-16, and 2016-17 school years.²⁰ We compared listing of students transported to the request for transportation to determine if the students were eligible for the supplemental transportation reimbursement. Our review of this objective disclosed reportable issues as noted in Finding No. 2 on page 17 in this report.
- ✓ Did the District pursue a contract buyout with an administrator and if so, what was the total cost of the buyout, what were the reasons for the termination/settlement, and did the employment contract(s) comply with the Public School Code²¹ and Public School Employees' Retirement System guidelines?
 - To address this objective, we reviewed the board meeting minutes, board policies, settlement agreements, and payroll records for the two administrators who separated employment from the District during the period July 1, 2013 through June 30, 2017. Our review of this objective did not result in any reportable issues.
- ✓ Were votes made by the District's Board of School Directors free from apparent conflicts of interest?
 - To address this objective, we reviewed the board members' employment history, Statements of Financial Interest, board meeting minutes, and any known outside relationships with the District for all 14 sitting members during the 2014, 2015, 2016, and 2017 calendar years. Our review of this objective did not result in any reportable issues.
- ✓ Did the District take actions to ensure it provided a safe school environment?²²
 - To address this objective, we reviewed a variety of documentation including, safety plans, training schedules, anti-bullying policies, and after action reports. In addition, we conducted on-site reviews at all three out of the District's school buildings to assess whether the District had implemented basic safety practices.²³ Due to the sensitive nature of school safety, the results of our review of this objective area are not described in our audit report. The results of our review of school safety are shared with District officials, the PDE, and other appropriate agencies deemed necessary.

²⁰ The District reported 97 nonpublic school students as transported during the 2013-14 school year, 117 transported during the 2014-15 school year, 127 transported during the 2015-16 school year, and 128 transported during the 2016-17 school year. The District reported 7 charter school students as transported during the 2013-14 school year, 8 transported during the 2014-15 school year, 9 transported during the 2015-16 school year, and 4 transported during the 2016-17 school year.

²¹ 24 P.S. § 10-1073(e)(2)(v).

²² 24 P.S. § 13-1301-A *et seq.*

²³ Basic safety practices evaluated were building security, bullying prevention, visitor procedures, risk and vulnerability assessments, and preparedness.

Distribution List

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

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