

# PERFORMANCE AUDIT

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## General McLane School District Erie County, Pennsylvania

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June 2022



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR  
AUDITOR GENERAL**

Dr. Matthew Lane, Superintendent  
General McLane School District  
11771 Edinboro Road  
Edinboro, Pennsylvania 16412

Mrs. Carrie Crow, Board President  
General McLane School District  
11771 Edinboro Road  
Edinboro, Pennsylvania 16412

Dear Dr. Lane and Mrs. Crow:

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

- Nonresident Student Data
- Transportation Operations
- Bus Driver Requirements

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

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

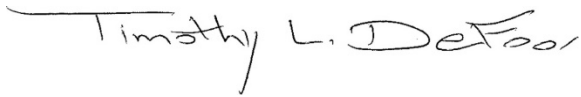
Our audit identified areas of noncompliance in the areas of nonresident student data and transportation operations data. These deficiencies are detailed in the two findings of this report. A summary of the results is presented in the Executive Summary section of this report.

Dr. Matthew Lane  
Mrs. Carrie Crow  
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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 found that the District performed adequately in the areas of bus driver requirements, and we did not identify any internal control deficiencies in this area.

We appreciate the District's cooperation during the audit.

Sincerely,

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive style with a horizontal line above the first name.

Timothy L. DeFoor  
Auditor General

June 13, 2022

cc: **GENERAL MCLANE SCHOOL DISTRICT** Board of School Directors

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## Executive Summary

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### **Audit Work**

The Pennsylvania Department of the Auditor General conducted a performance audit of the General McLane 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, 2016 through June 30, 2020, 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 2016-17 through 2019-20 school years.

### **Audit Conclusion and Results**

Our audit found areas of noncompliance and significant internal control deficiencies as detailed in the two findings in this report.

#### **Finding No. 1: The District Inaccurately Reported Nonresident Student Data to PDE Resulting in a \$9,053 Overpayment.**

We found that the General McLane School District (District) reported inaccurate nonresident student data to the Pennsylvania Department of Education which resulted in a \$9,053 overpayment to the District. In addition, we found that the District had not implemented adequate internal controls over the identification, categorization, and reporting of its nonresident student data (see page 7).

#### **Finding No. 2: The District Reported Inaccurate Data to PDE Which Resulted in a \$36,190 Overpayment and Did Not Maintain Sufficient Documentation to Support More Than \$3.2 Million in Transportation Reimbursements.**

We found that the District reported inaccurate supplemental transportation data to the Pennsylvania Department of Education (PDE) which resulted in a \$36,190 overpayment. Additionally, the District's records and documentation were insufficient to support the regular transportation data it reported to PDE for the 2016-17 through 2019-20 school years, and therefore, we could not determine the accuracy of the more than \$3.2 million the District received in regular transportation reimbursements. Finally, we determined that the District did not implement adequate internal controls over its transportation data reporting process (see page 11).

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

During our previous review, we found that the District failed to ensure school bus drivers and other staff met all employment requirements. We found during our current audit that the District took corrective action to address both of our prior audit recommendations (see page 16).

## Background Information

School Characteristics 2020-21 School Year*	
County	Erie
Total Square Miles	115
Number of School Buildings	4
Total Teachers	164
Total Full or Part-Time Support Staff	134
Total Administrators	17
Total Enrollment for Most Recent School Year	2,118
Intermediate Unit Number	5
District Career and Technical School	Erie County Technical School

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

## Mission Statement\*

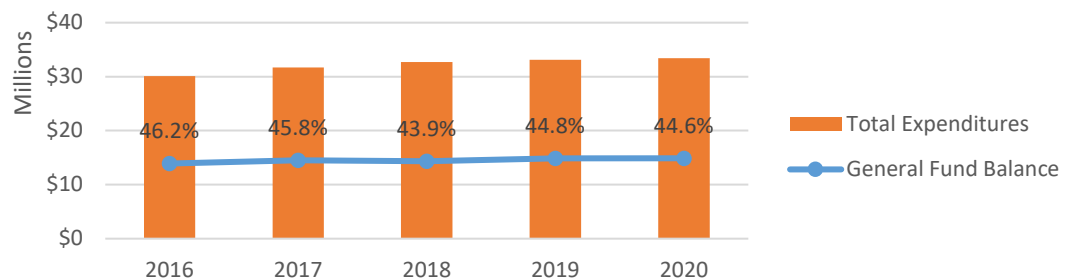
Meeting students where they are to empower them to become all they are capable of being.

## Financial Information

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

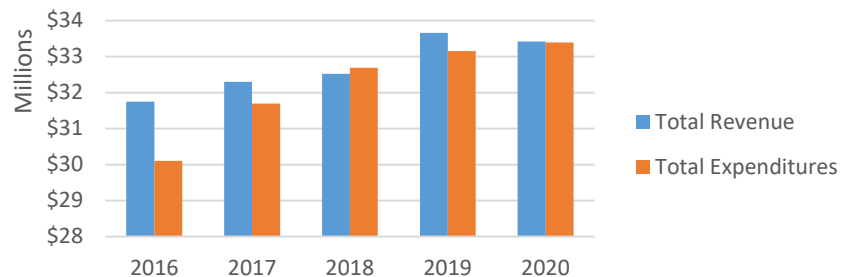
### General Fund Balance as a Percentage of Total Expenditures

	General Fund Balance
2016	\$13,911,121
2017	\$14,517,982
2018	\$14,347,038
2019	\$14,860,002
2020	\$14,885,108



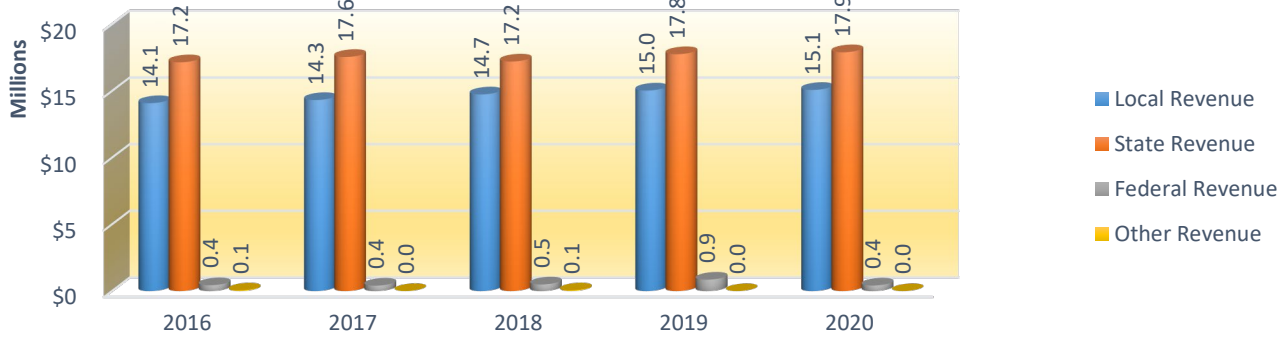
### Revenues and Expenditures

	Total Revenue	Total Expenditures
2016	\$31,745,289	\$30,099,033
2017	\$32,301,511	\$31,694,651
2018	\$32,519,952	\$32,690,896
2019	\$33,662,802	\$33,149,837
2020	\$33,415,489	\$33,390,383

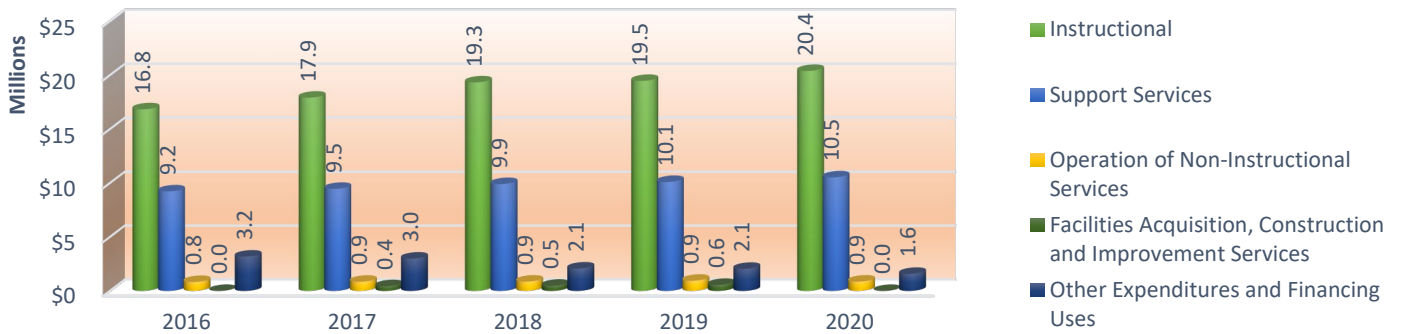


## Financial Information Continued

### Revenues by Source

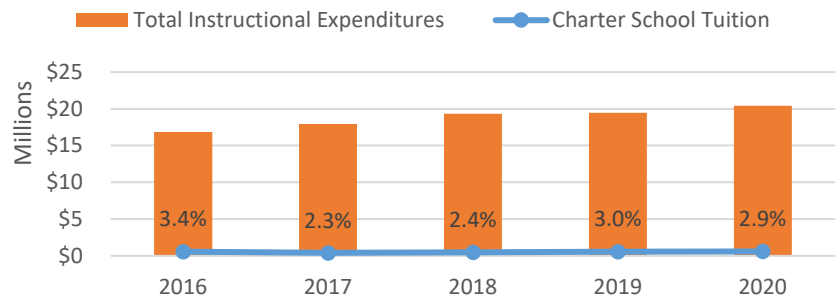


### Expenditures by Function

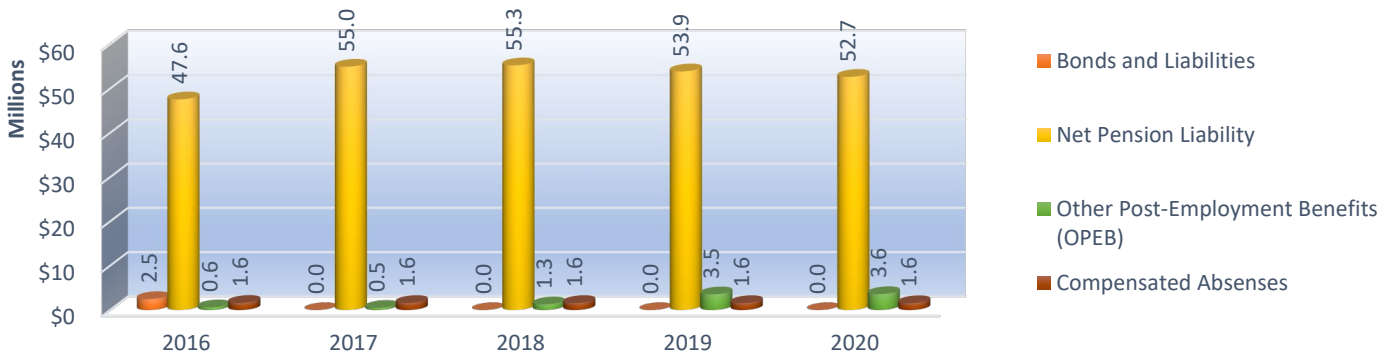


### Charter Tuition as a Percentage of Instructional Expenditures

	Charter School Tuition	Total Instructional Expenditures
2016	\$578,891	\$16,845,739
2017	\$412,469	\$17,924,403
2018	\$460,870	\$19,342,434
2019	\$579,535	\$19,478,483
2020	\$596,125	\$20,401,680



### Long-Term Debt

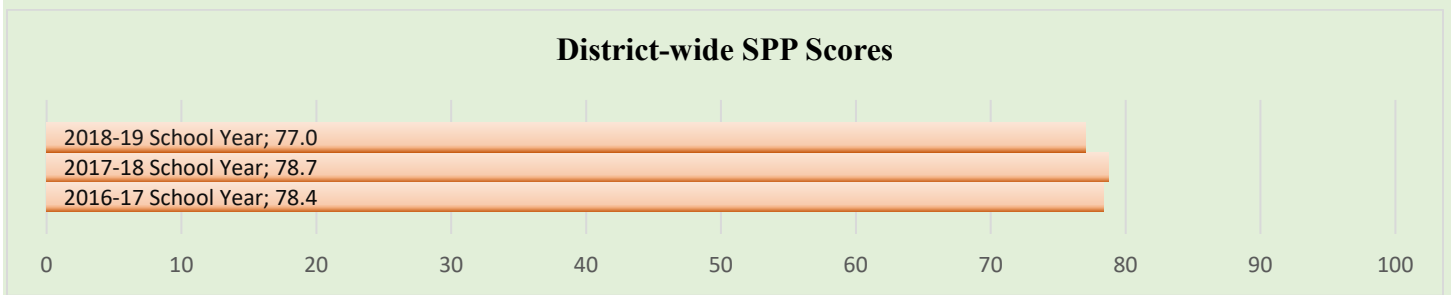


## Academic Information<sup>1</sup>

The graphs on the following pages present the District-wide School Performance Profile (SPP) scores, Pennsylvania System of School Assessment (PSSA) scores, and Keystone Exam results for the District obtained from PDE's data files for the 2016-17, 2017-18, and 2018-19 school years.<sup>2</sup> In addition, the District's 4-Year Cohort Graduation Rates are presented for the 2017-18 through 2019-20 school years.<sup>3</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>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> Due to the COVID-19 pandemic the PSSA and Keystone Exam requirements were waived for the 2019-20 school year; therefore, there is no academic data to present for this school year.

<sup>3</sup> Graduation rates were still reported for the 2019-20 school year despite the COVID-19 pandemic.

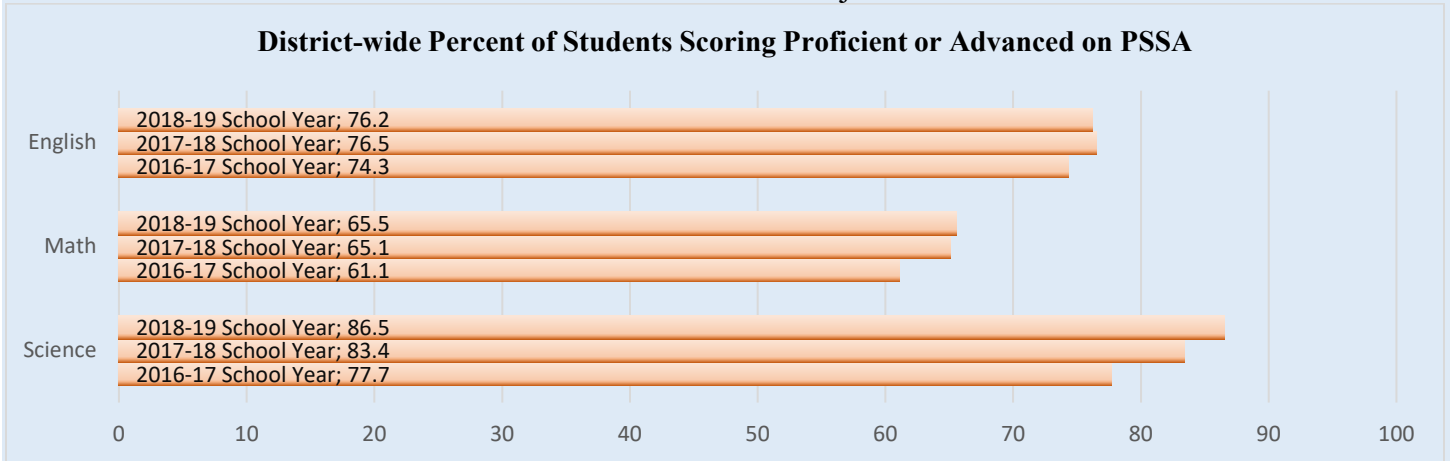


## Academic Information Continued

### What is the PSSA?

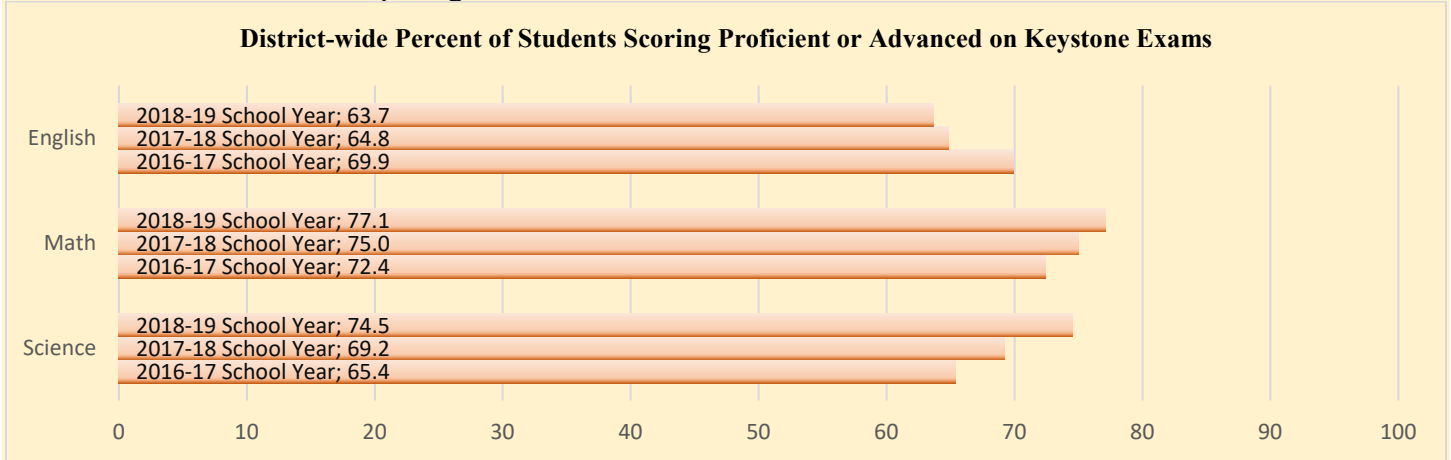
The PSSA is an annual, standardized test given across the Commonwealth to students in grades 3 through 8 in core subject areas, including English, Math and Science. The PSSAs help Pennsylvania meet federal and state requirements and inform instructional practices, as well as provide educators, stakeholders,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

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



### What is the Keystone Exam?

The Keystone Exam measures student proficiency at the end of specific courses, such as Algebra I, Literature, and Biology. The Keystone Exam was intended to be a graduation requirement starting with the class of 2017, but that requirement has been put on hold until the 2020-21 school year.<sup>4</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.

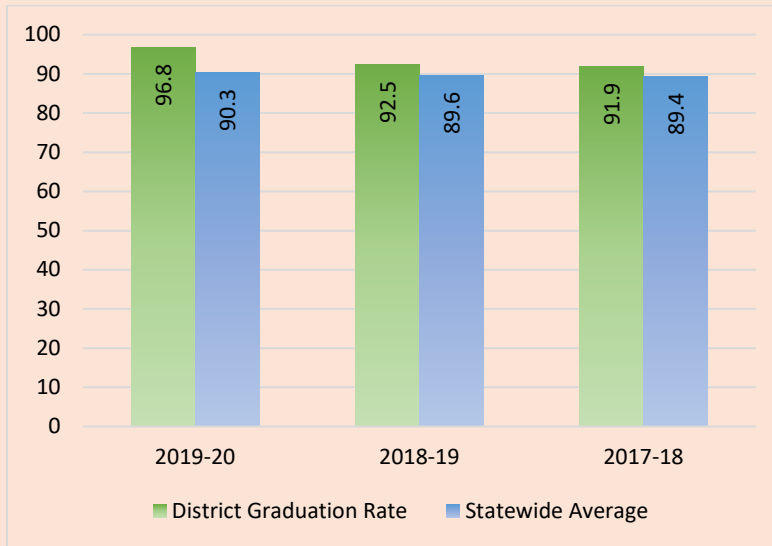


<sup>4</sup> Act 158 of 2018, effective October 24, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement until the 2021-22 school year. See 24 P.S. § 1-121(b)(1). Please refer to the following link regarding further guidance to local education agencies (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>5</sup>



<sup>5</sup> PDE also calculates 5-year and 6-year cohort graduation rates. Please visit PDE's website for additional information:  
<https://www.education.pa.gov/DataAndReporting/CohortGradRate/Pages/default.aspx>.

## Findings

### Finding No. 1

### The District Inaccurately Reported Nonresident Student Data to PDE Resulting in a \$9,053 Overpayment

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

The State Board of Education's regulations and Pennsylvania Department of Education (PDE) guidelines govern the classifications of nonresident children placed in private homes based on the criteria outlined in the Public School Code (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).

We found that the General McLane School District (District) reported inaccurate nonresident student data to the Pennsylvania Department of Education (PDE) which resulted in a \$9,053 overpayment to the District.<sup>6</sup> In addition, we found that the District had not implemented adequate internal controls over the identification, categorization, and reporting of its nonresident student data.

**Background:** School districts are entitled to receive Commonwealth paid tuition for educating certain nonresident students. For a district to be eligible to receive Commonwealth paid tuition, the District must ensure that the student has met all four eligibility components:

- 1) The student's parent/guardian must not be a resident of the educating district.
- 2) 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>7</sup>
- 3) The district resident must be compensated for the care of the student.
- 4) The student must not be in pre-adoptive status.

These students are commonly referred to as “foster students” and it is the mandate of the educating district to obtain the required documentation to correctly categorize and accurately report these students that the district educated to PDE. Further, the district must obtain updated documentation for each year that the district reports a student as a nonresident foster student.

Because school districts are eligible for a separate reimbursement for educating nonresident students, it is essential for districts to properly identify, categorize, and report nonresident students that it educated to PDE. Therefore, school districts should have a strong system of internal control over this process that should include, but not be limited to, the following:

- Training on PDE reporting requirements.

<sup>6</sup> The District received a total of \$160,595 in reimbursements for educating nonresident students during the audit period.

<sup>7</sup> For example, the applicable county children and youth agency.

*Criteria relevant to the finding  
(continued):*

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 non-resident 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 . . .” See 24 P.S. § 25-2503(c).

Subsection (a) of Section 11.19 (relating to Nonresident child living with a district resident) of the State Board of Education’s regulations provides as follows, in part:

“(a) A nonresident child is entitled to attend the district’s public schools if that child is fully maintained and supported in the home of a district resident as if the child were the resident’s own child and if the resident receives no personal compensation for maintaining the student in the district. Before accepting the child as a student, the board of school directors of the district shall require the resident to file with the secretary of the board of school directors either appropriate legal documentation to show dependency or guardianship or a sworn statement that the child is supported fully without personal compensation or gain, and that the resident will assume all personal obligations for the child relative to school requirements and intends to so keep and fully support the child continuously and not merely through the school term.” See 22 Pa. Code § 11.19(a).

- Written internal procedures to help ensure compliance with PDE requirements.
- Reconciliations of source documents to information reported to PDE.

### Foster Student Reporting Errors

Our review of the nonresident foster student data that the District reported to PDE for the four-year audit period disclosed errors involving four separate and distinct students.<sup>8</sup> The following table details the reporting errors and resulting subsidy overpayment.

General McLane School District Nonresident Student Data			
School Year	Number of Students Inaccurately Reported	Number of Days Over Reported	Overpayment
2017-18	1	67	\$ 3,422
2018-19	3	102	\$ 5,481
2019-20	1	2	\$ 150
<b>Total</b>	<b>5</b>	<b>171</b>	<b>\$ 9,053</b>

We found that three of the students included in the table above were adopted by their foster parents and the District continued to report the student as nonresidents for a number of days after the official adoption date. The other student was placed with a biological parent who was a resident of the District and, therefore, this student was ineligible to be reported as a nonresident foster student.

In addition to the errors discussed above, we found that the District did not obtain and maintain all the necessary documentation to demonstrate that each student reported as a nonresident foster student met the eligibility criteria. For example, we found numerous instances where the District did not have documentation of the biological parent’s residence and home school district. After we informed the District of the missing documentation, the District was able to work with the placing agency to obtain the necessary information. When we inquired about the reason for the missing documentation, we found that the sole District employee responsible for categorizing and reporting nonresident foster student data did not fully understand the eligibility requirements and, therefore, did not obtain the documentation necessary to support that each student met the eligibility criteria to be reported as a foster student.

<sup>8</sup> The District made errors related to one student for two years (2017-18 and 2018-19).

## Significant Internal Control Deficiencies

The District did not have adequate internal controls over the process of the identification, categorization, and reporting of foster student data. The employee responsible for reporting nonresident student data to PDE was not adequately trained on PDE's reporting requirements. A reconciliation to source documents (i.e., agency placement letters and adoption decrees) to ensure that each foster student met the eligibility requirements for each year was not performed during the audit period. As previously stated, the District relied solely on one employee to identify, categorize, and report foster student data. Further, this information was not reviewed prior to it being reported to PDE. A review of this nature most likely would have revealed the errors we identified in this finding. Finally, the District did not have written policies and procedures to assist its employees in properly identifying and categorizing foster students.

**Future Reimbursement Adjustment:** We provided PDE with documentation detailing the reporting errors we identified during the audit period. We recommend that PDE adjust the District's future subsidy reimbursement amount by the \$9,053 that we calculated as an overpayment.

## Recommendations

The *General McLane School District* should:

1. Develop and implement an internal control system governing the process for identifying, categorizing, and reporting nonresident foster student data. The internal control system should include, but not be limited to, the following:
  - All personnel involved in identifying, categorizing, and reporting nonresident data are trained on PDE's reporting requirements.
  - A review of nonresident data is conducted by an employee, other than the employee who prepared the data before it is submitted to PDE.
  - Clear and concise written procedures are developed to document the categorization and reporting process for nonresident student data.
2. Perform a reconciliation of the nonresident student data to source documents to verify eligibility criteria has been met each year, before reporting the data to PDE.

The *Pennsylvania Department of Education* should:

3. Adjust the District's future reimbursements to resolve the overpayment of \$9,053.

## **Management Response**

District management provided the following response:

“The district does not contest the finding and agrees to implement the necessary internal control measures.

The district’s new registrar, in addition to the superintendent and business manager, have been trained on and reviewed all four necessary eligibility components for non-resident foster students. These enrollments will be reviewed by the superintendent and business manager with each enrollment. These procedures and expectations have been outlined in a document utilized by the registrar, superintendent, and business manager.”

## **Auditor Conclusion**

We are pleased that the district has taken corrective action in response to our recommendations. We reiterate the importance of strong internal controls over the data reporting process to help ensure compliance with the Public School Code.

## Finding No. 2

### The District Reported Inaccurate Data to PDE Which Resulted in a \$36,190 Overpayment and Did Not Maintain Sufficient Documentation to Support More Than \$3.2 Million in Transportation Reimbursements

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

##### **Student Transportation Subsidy**

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.

##### **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).

We found that the District reported inaccurate supplemental transportation data to PDE which resulted in a \$36,190 overpayment.<sup>9</sup> Additionally, the District's records and documentation were insufficient to support the regular transportation data it reported to PDE for the 2016-17 through 2019-20 school years, and therefore, we could not determine the accuracy of the more than \$3.2 million the District received in regular transportation reimbursements. Finally, we determined that the District did not implement adequate internal controls over its transportation data reporting process.

#### **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 the 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.

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

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

It is also important to note that the PSC requires that all school districts annually file with PDE a sworn statement of student transportation data for the prior and current school years in order to be eligible for

<sup>9</sup> The District received a total of \$77,770 in supplemental transportation reimbursements during the four-year audit period.

*Criteria relevant to the finding (continued):*

**Sworn Statement and Annual Filing Requirements**

Section 2543 of the PSC, which is entitled, “Sworn statement of amount expended for reimbursable transportation; payment; withholding” 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 PDE in order to be eligible for the transportation subsidies and 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.” (Emphasis added.) See 24 P.S. § 25-2543.

transportation reimbursements.<sup>10</sup> The sworn statement includes the Superintendent’s signature attesting to the accuracy of the reported data. Because of that statutorily required attestation, the District should ensure it has implemented an adequate internal control system so its submission to PDE can be made with the utmost confidence.

**Supplemental Transportation Reporting Errors**

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.<sup>11</sup>

We found that the District did not have sufficient documentation to support the reported number of nonpublic and charter school students it transported for all four years of the audit period as detailed in the table below.

General McLane School District Nonpublic and Charter School Student Reporting Errors			
(A)  School Year	(B)  No. of Nonpublic Students Over Reported <sup>12</sup>	(C)  No. of Charter School Students Over/(Under) Reported <sup>13</sup>	[(B) + (C) x \$385]  Overpayment
2016-17	25	2	\$10,395
2017-18	36	(3)	\$12,705
2018-19	15	(1)	\$ 5,390
2019-20	21	(1)	\$ 7,700
<b>Total</b>	<b>97</b>	<b>(3)</b>	<b>\$36,190</b>

Every school year, the District should obtain a written request to transport each nonpublic school student from the student’s parent/guardian or directly from the nonpublic or charter school. The District must ensure students are eligible for reimbursement and must maintain this documentation as support for the number of students it reports to PDE.

<sup>10</sup> See 24 P.S. § 25-2543.

<sup>11</sup> According to the PSC, a nonpublic school is defined, in pertinent part, as a nonprofit school other than a public school within the Commonwealth of Pennsylvania, wherein a resident of the Commonwealth may legally fulfill the compulsory school attendance requirements. See Section 922.1-A(b) (relating to “Definitions”) of the PSC, 24 P.S. § 9-922.1-A(b).

<sup>12</sup> The District reported that it transported the following number of nonpublic school students: 39 in the 2016-17 school year, 54 in the 2017-18 school year, 50 in the 2018-19 school year, and 54 in the 2019-20 school year.

<sup>13</sup> The District reported that it transported the following number of charter school students: 2 in the 2016-17 school year, 2 in the 2017-18 school year, 0 in the 2018-19 school year, and 1 in the 2019-20 school year.



*Criteria relevant to the finding (continued):*

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

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 is provided for charter school students in Section 1726-A(a) of the Charter School Law through its reference to Section 2509.3 of the PSC. See 24 P.S. §§ 25-2509.3 and 17-1726-A(a).

**Record Retention Requirement**

Section 518 of the PSC requires that the 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.

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

<http://www.education.pa.gov/Documents/Teachers-Administrators/Pupil%20Transportation/eTran%20Application%20Instructions/PupilTransp%20Instructions%20PDE%201049.pdf> (accessed 12/21/21)

Daily Miles With

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

Daily Miles Without

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

The District was unable to provide individual requests for transportation for the 97 nonpublic school students noted in the table above. Additionally, the District had the requests for transportation for five other charter students that it transported but failed to report these students because they were not listed on the year-end bus rosters the District used to report data to PDE.

**Unauditable Regular Transportation Data**

PDE requires school districts to report the number of miles per day to the nearest tenth that each vehicle travels with and without students. Districts are also required to report the number of students assigned to each vehicle. If the miles traveled and/or students assigned changes during the school year, an average must be calculated and reported.

The District could not provide adequate supporting documentation for the miles traveled with and without students and the number of students transported. Consequently, we could not determine if the \$3,216,882 in regular transportation reimbursements the District received for the 201617 through 2019-20 school years was appropriate. District employees responsible for calculating and reporting this data stated that they were unaware that supporting documentation was required to be retained after the data was reported to PDE.

**Significant Internal Control Deficiencies**

Our review revealed that the District did not have an adequate internal control system over its regular and supplemental transportation operations. Specifically, the employee responsible for collecting and reporting the data did not receive adequate training on the PDE reporting requirements. In addition, we found that the District did not do the following:

- Develop detailed written procedures for accurately categorizing and reporting transportation data to PDE and obtaining and maintaining appropriate supporting documentation.
- Ensure that an employee, other than the employee responsible for inputting and reporting regular transportation data, has reviewed the data before it was submitted to PDE.

Future Reimbursement Adjustment: We provided PDE with reports detailing the transportation data reporting errors we identified for the audit period. We recommend that PDE adjust the District's future transportation reimbursements to account for the \$36,190 that we calculated as an overpayment.

Criteria relevant to the finding  
(continued):

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

<http://www.education.pa.gov/Teachers-Administrators/Pupil%20Transportation/eTran%20Application%20Instructions/PupilTransp%20Instructions%20PDE%202089.pdf>

**Number of Nonpublic School Pupils Transported**

Enter the total number of resident NONPUBLIC school pupils you transported to and from school. Documentation identifying the names of these pupils should be retained for review by the Auditor General's staff. NONPUBLIC school pupils are children whose parents are paying 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.)

## Recommendations

The *General McLane School District* should:

1. Develop and implement an internal control system over its regular and supplemental transportation operations. The internal control system should include, but not be limited to, the following:
  - All personnel involved in regular transportation data reporting are trained on PDE's reporting requirements.
  - A review of transportation data is conducted by an employee other than the employee who prepared the data before it is submitted to PDE.
  - Comprehensive written procedures are developed that include procedures for regular and supplemental transportation data calculations, reporting data to PDE, and retaining supporting documentation in accordance with the PSC's record retention provisions.
2. Reconcile individual requests for transportation to the total number of nonpublic and charter school students transported prior to reporting data to PDE.

The *Pennsylvania Department of Education* should:

3. Adjust the District's future transportation reimbursements to resolve the overpayment of \$36,190.

## Management Response

District management provided the following response:

"The district does not contest the finding and agrees to implement the necessary internal control measures.

The new transportation supervisor, who is involved in regular transportation data reporting, is trained on PDE's reporting requirements per the recommendations in the auditors' findings. The superintendent and business manager will review the data before it is submitted to PDE. Written procedures are being created with the new transportation supervisor that includes procedures for regular and supplemental transportation data calculations, reporting data to PDE, and retaining supporting documentation in accordance with the PSC's record retention provisions."

### **Auditor Conclusion**

We are encouraged that the District has begun to take action to address the issues we identified in this finding. We are especially pleased that the District is creating written procedures for the transportation data reporting process. The actions that the District has pledged to take will help ensure compliance with the Public School Code.

## Status of Prior Audit Findings and Observations

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Our prior audit of the General McLane School District (District) released on September 8, 2016, resulted in one finding. 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 the status section below.

### Auditor General Performance Audit Report Released on September 8, 2016

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**Prior Finding:** **District Failed to Ensure School Bus Drivers and Other Staff Met All Employment Requirements**

Prior Finding Summary: Our prior audit of the District's 2015-16 school year found that the District did not require new bus driver applicants to complete the Pennsylvania Department of Education's *Arrest/Conviction Report and Certification Form*, as required by Section 111(j)(2) of the Public School Code (PSC).<sup>14</sup> The District's failure to require this form as part of its employment process resulted in 180 new staff members, including 27 bus drivers, being hired between December 28, 2011 and March 13, 2016, without completing this form.

Prior Recommendations: We recommended that the District should:

1. Require, review, and maintain an *Arrest/Conviction Report and Certification Form* for all new applicants as required by Section 111(j)(2) of the PSC.
2. Require all employees, including bus drivers, hired between July 1, 2012 and March 13, 2016, to complete and file with the District the *Arrest/Conviction Report and Certification Form* required by Section 111 of the PSC since the passage of Act 82 of 2011.

Current Status: The District implemented our prior recommendations. Our current review of employee and bus driver personnel records found that the District has implemented procedures to ensure that it obtains and retains the documentation to ensure compliance with employment requirements.

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<sup>14</sup> 24 P.S. § 1-111(j)(1) and (2), effective September 28, 2011, as further clarified by Act 82 of 2012 effective July 1, 2012, as well as the addition of 24 P.S. § 1-111(c.4) added by Act 4 of 2016, retroactively effective December 31, 2015. See also PDE's Basic Education Circular (BEC), Background Checks of Prospective Employees; Conviction of Employees of Certain Offenses, Act 24 of 2011 Changes to 24 P.S. § 1-111, issued December 12, 2011, p. 3. The BEC states, in part: "In accordance with the requirements of Act 24, the Department developed and on September 24, 2011, published in the Pennsylvania Bulletin the Arrest/Conviction Report and Certification Form, known as the PDE-6004."

<http://www.education.pa.gov/Documents/Codes%20and%20Regulations/Basic%20Education%20Circulars/Purdons%20Statutes/Background%20Checks.pdf> Accessed July 25, 2016.

## Appendix A: Audit Scope, Objectives, and Methodology

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

Our audit, conducted under authority of Sections 402 and 403 of The Fiscal Code,<sup>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 Nonresident Student Data, Transportation Operations, Bus Driver Requirements, and School Safety, including fire and security drills. The audit objectives supporting these areas of focus are explained in the context of our methodology to achieve the objectives in the next section. Overall, our audit covered the period July 1, 2016 through June 30, 2020. The scope of each individual objective is also detailed in the next section.

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

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<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	
Nonresident Student Data	Yes				X			X	X		X		X	X	X				
Transportation	Yes				X			X	X		X		X	X	X	X	X		
Bus Drivers	Yes										X		X			X	X		
Safe Schools	No																		

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

### **Objectives/Scope/Methodology**

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

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

### **Nonresident Student Data**

- Did the District accurately report nonresident students to PDE? Did the District receive the correct reimbursement for these nonresident students?<sup>18</sup>
- ✓ We assessed the District's internal controls over the inputting, processing, and reporting of the nonresident foster student data reported to PDE. We requested supporting documentation for all 17 of the nonresident foster students reported to PDE as educated by the District during the four year audit period.<sup>19</sup> We reviewed the documentation to confirm that the custodial parents or guardian of the foster students were not residents of the District and we determined whether the foster parent received a stipend for caring for the student. We also determined if the District received the correct reimbursement for the education of these students.

**Conclusion:** The results of our procedures identified areas of noncompliance and significant internal control deficiencies related to this objective. The results are detailed in Finding No. 1 beginning on page 7 of this report.

### **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>20</sup>
- ✓ To address this objective, we assessed the District's internal controls for obtaining, processing, and reporting regular transportation data to PDE. We obtained PDE's *Summary of Individual Vehicle Data* report and selected all 161 vehicles used to transport District students during the 2016-17

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<sup>18</sup> See 24 P.S. §§ 13-1301, 13-1302, 13-1305, 13-1306; 22 Pa. Code Chapter 11.

<sup>19</sup> The District reported that it educated 2 nonresident foster students in the 2016-17 school year, 5 nonresident foster students in the 2017-18 school year, 6 nonresident foster students in the 2018-19 school year, and 4 nonresident foster students in the 2019-20 school year.

<sup>20</sup> See 24 P.S. § 25-2541(a).

through 2019-20 school years. For each vehicle, we requested odometer readings and student rosters to determine if sample averages for mileage and students were properly calculated and accurately reported to PDE. We also requested bus calendars to determine if the number of days transported was accurately reported to PDE. However, the District was unable to provide all of the requested documentation and, therefore, we were unable to verify the accuracy of the data reported to PDE.

We also assessed the internal controls for inputting, categorizing, and reporting supplemental transportation data to PDE. We requested and reviewed all 197 nonpublic school students and all 5 charter school students reported to PDE as transported by the District during the audit period. For these students, we requested individual student requests for transportation to determine whether the District accurately categorized and reported nonpublic and charter school students to PDE.

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

### **Bus Driver Requirements**

- Did the District ensure that all bus drivers transporting District students are approved by the Board of School Directors and had the required driver's license, physical exam, training, background checks, and clearances<sup>21</sup> as outlined in applicable laws?<sup>22</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?
- ✓ We assessed the District's internal controls for maintaining and reviewing required driver qualifications, clearance documents, and procedures for being made aware of who transported students daily. We determined whether all drivers were approved by the District's Board. We randomly selected and reviewed 10 of the 44 drivers who transported District students as of February 16, 2022.<sup>23</sup> We reviewed the driver's licenses, health physical records, and clearances to determine whether the District complied with the requirements for those drivers. We also determined whether the District had monitoring procedures to ensure that all drivers' documentation is updated timely.

**Conclusion:** The results of our procedures for this objective did not disclose any reportable issues and we did not identify any internal control deficiencies.

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<sup>21</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>22</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>23</sup> While representative selection is a required factor of audit sampling methodologies, audit sampling methodology was not applied to achieve this test objective; accordingly, the results of this audit procedure are not, and should not be, projected to the population.



## **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>24</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 in place for the 2021-22 school year including, but not limited to, safety plans, training schedules, anti-bullying policies, after action reports, and memorandums of understanding with local law enforcement. We also interviewed District officials to assess whether the District had implemented basic safety practices.

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

- Did the District comply with the fire and security drill requirements of Section 1517 of the Public School Code?<sup>25</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?
- ✓ We obtained the fire evacuation and security drill reports filed with PDE for the four school buildings to determine whether drills were conducted as required for the 2018-19 and 2019-20 school years. We also reviewed documentation to determine if the District conducted the required security drills in each building within the first 90 days of the school year in accordance with requirements.

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

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

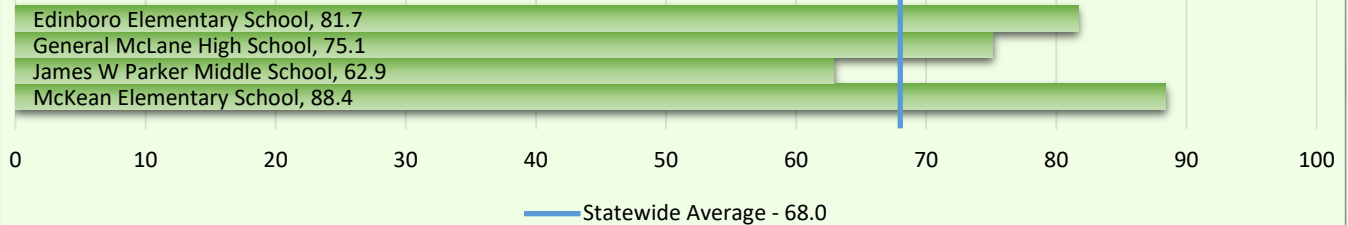
<sup>25</sup> Public School Code (Fire and Security Drills) 24 P.S. § 15-1517.

## Appendix B: Academic Detail

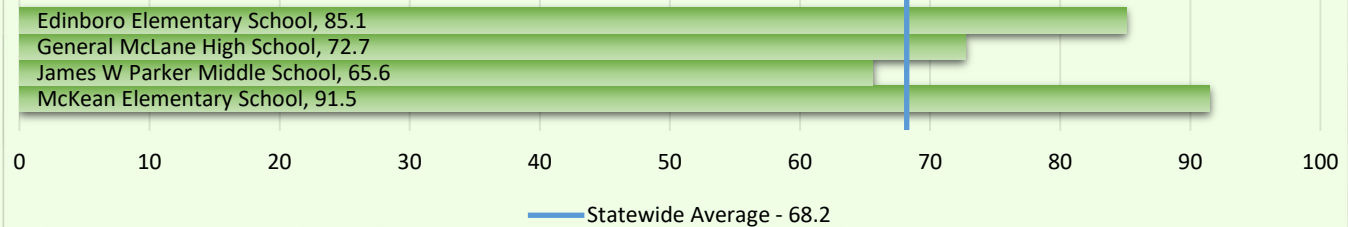
Benchmarks noted in the following graphs represent the statewide average of all public school buildings in the Commonwealth that received a score in the category and year noted.<sup>26</sup> Please note that if one of the District's schools did not receive a score in a particular category and year presented below, the school will not be listed in the corresponding graph.<sup>27</sup>

### SPP School Scores Compared to Statewide Averages

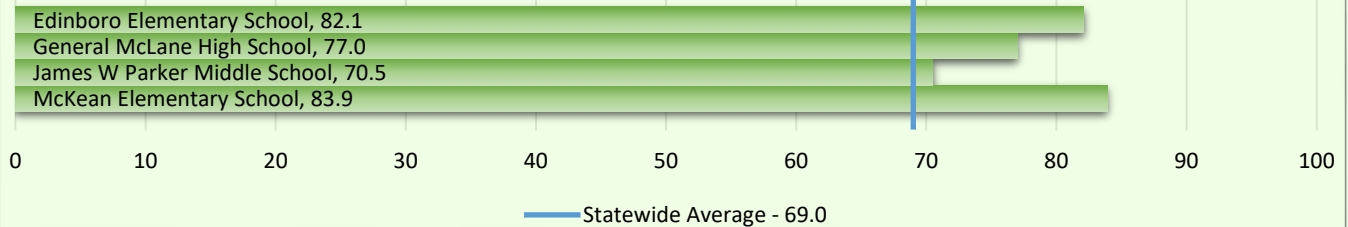
#### 2018-19



#### 2017-18



#### 2016-17

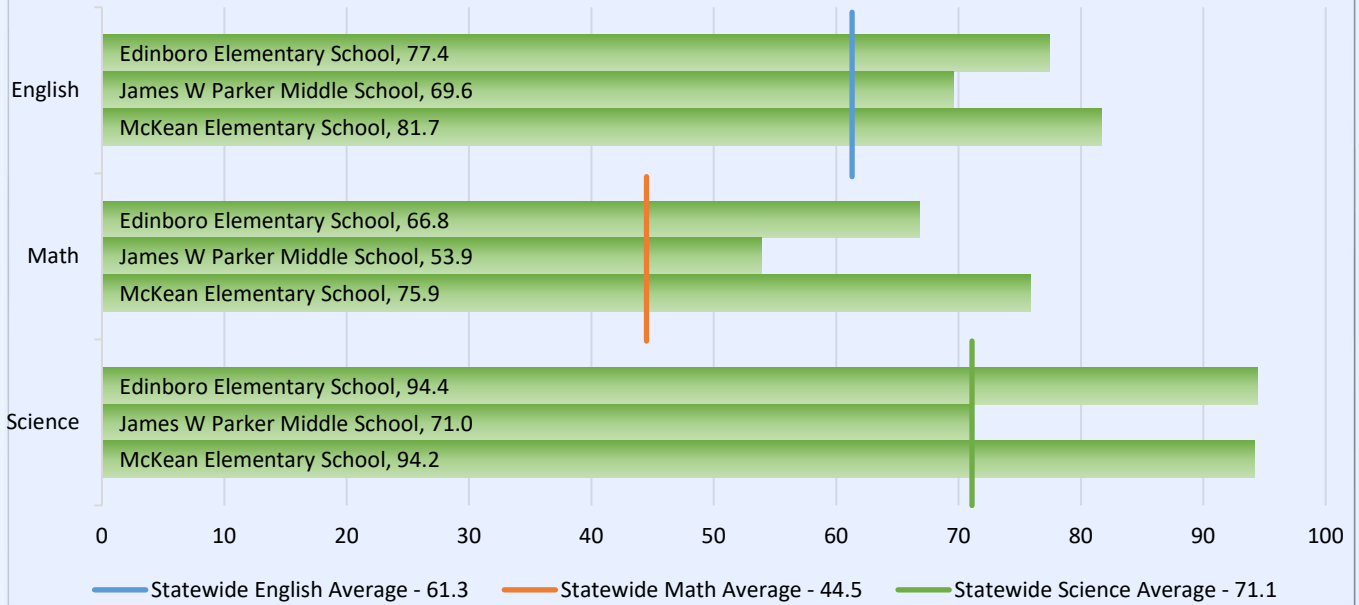


<sup>26</sup> Statewide averages were calculated by our Department based on individual school building scores for all public schools in the Commonwealth, including district schools, charters schools, and cyber charter schools.

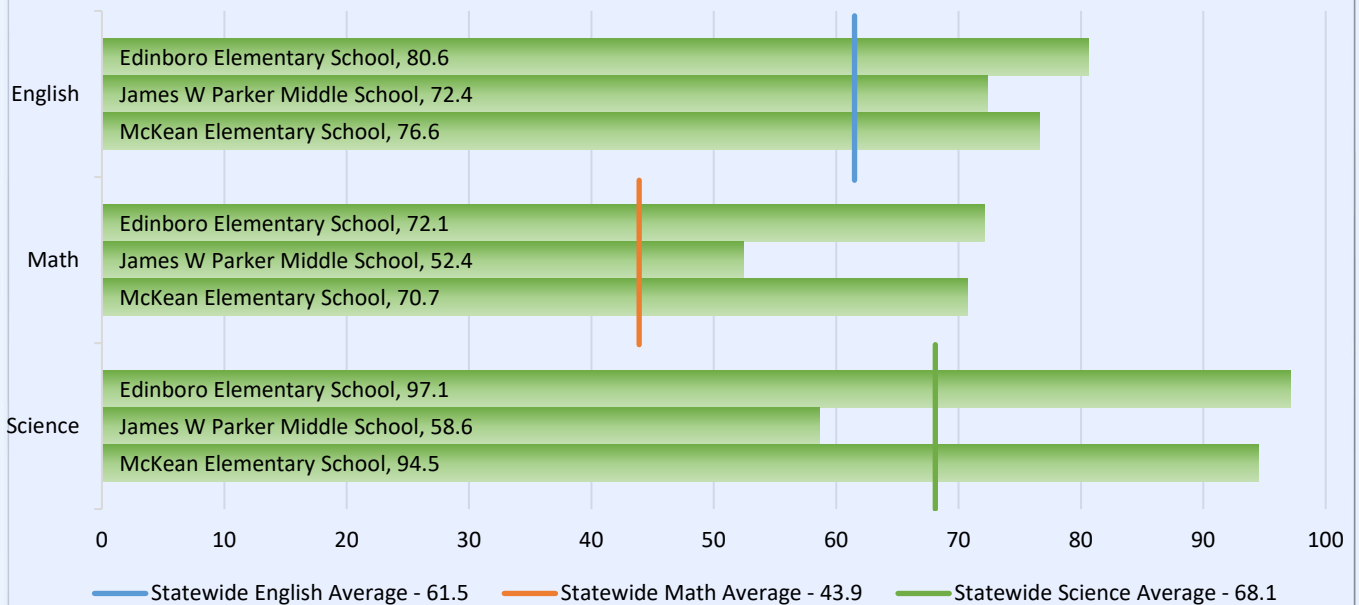
<sup>27</sup> PDE's data does not provide any further information regarding the reason a score was not published for a specific school. However, readers can refer to PDE's website for general information regarding the issuance of academic scores.

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

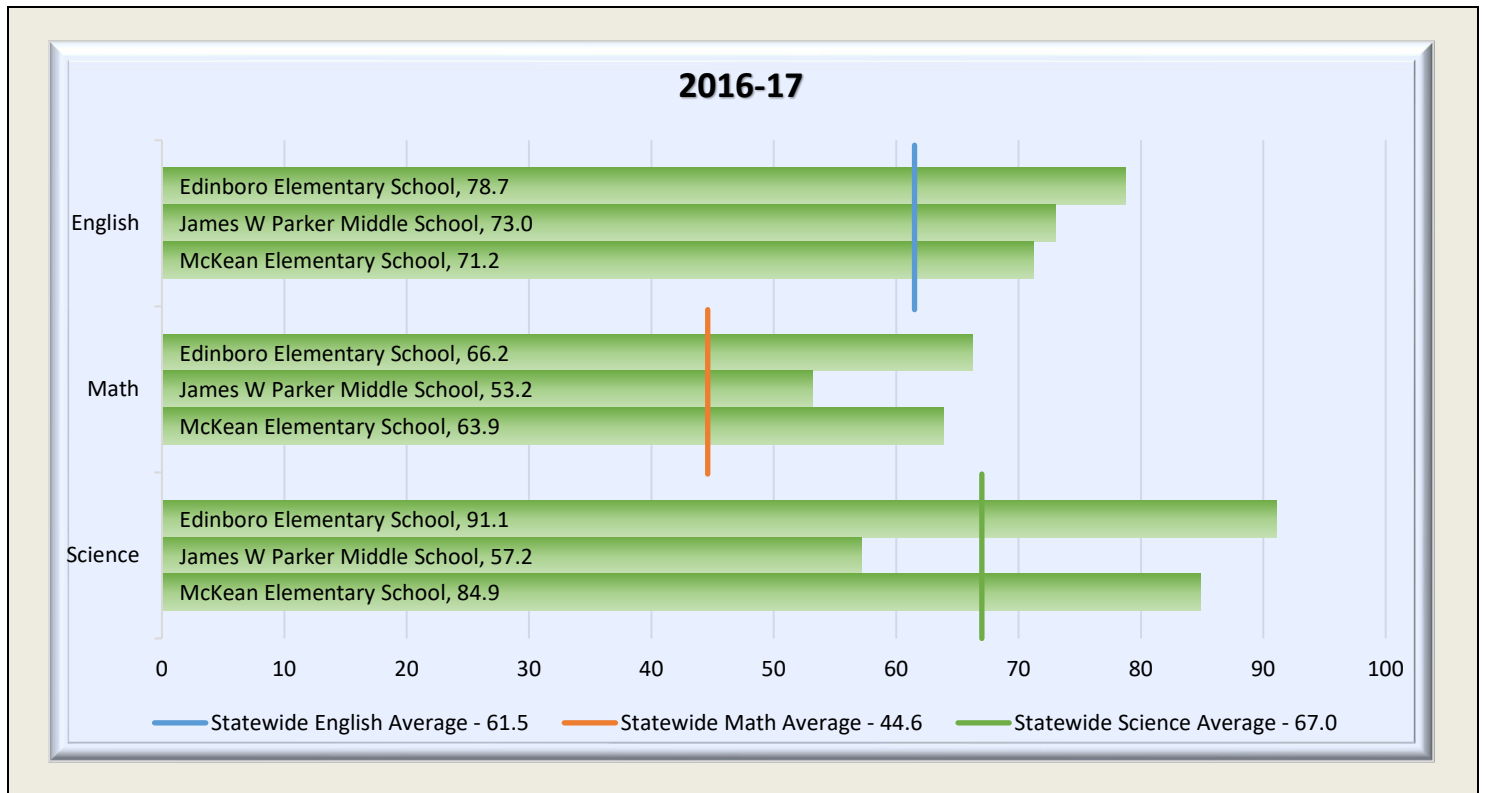
**2018-19**



**2017-18**

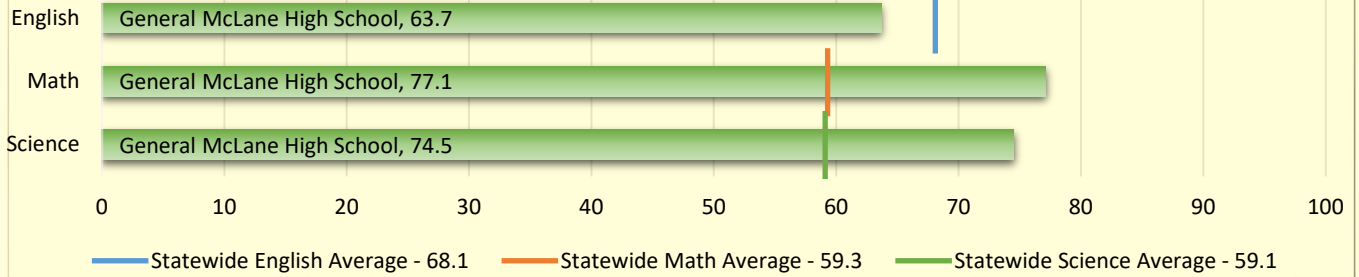


**PSSA Advanced or Proficient Percentage  
School Scores Compared to Statewide Averages (continued)**

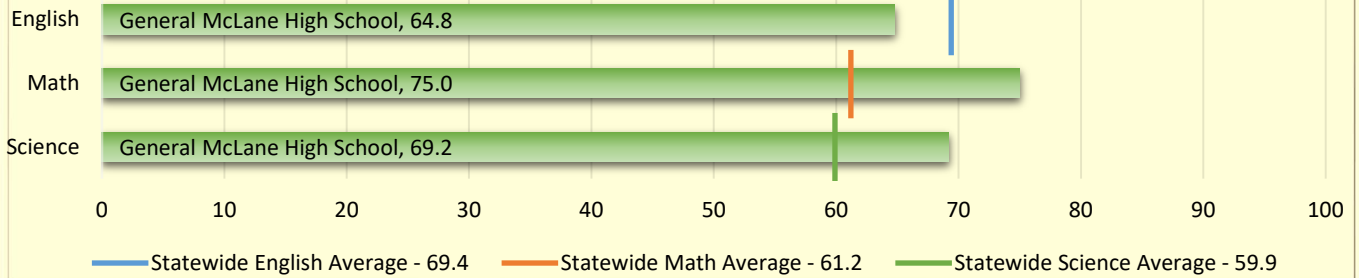


**Keystone Advanced or Proficient Percentage  
School Scores Compared to Statewide Averages**

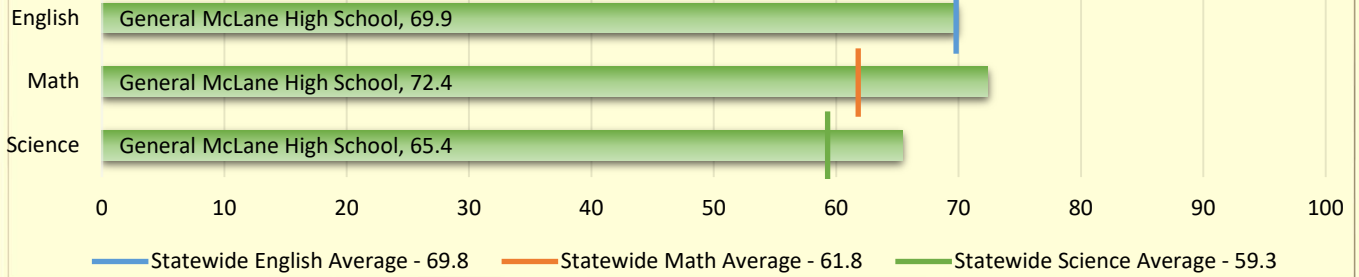
**2018-19**



**2017-18**



**2016-17**



## **Distribution List**

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

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

**The Honorable Eric Hagarty**  
Acting Secretary of Education  
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**The Honorable Stacy Garrity**  
State Treasurer  
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