

PERFORMANCE AUDIT

Grove City Area School District Mercer County, Pennsylvania

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. Jeffrey Finch, Superintendent
Grove City Area School District
511 Highland Avenue
Grove City, Pennsylvania 16127

Mr. Douglas Gerwick, Board President
Grove City Area School District
511 Highland Avenue
Grove City, Pennsylvania 16127

Dear Dr. Finch and Mr. Gerwick:

We have conducted a performance audit of the Grove City Area 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.

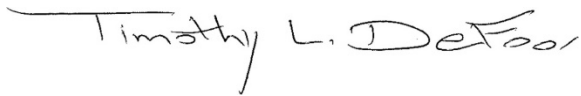
Our audit identified areas of noncompliance and significant internal control deficiencies in the areas of nonresident student data and transportation operations. Those deficiencies are detailed in the two findings in this report. A summary of those results is presented in the Executive Summary section of this report. Lastly, we found the District performed adequately in the area of bus driver requirements.

Dr. Jeffrey Finch
Mr. Douglas Gerwick
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Our audit findings and recommendations have been discussed with the District's management, and their responses are included in this 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 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 few letters.

Timothy L. DeFoor
Auditor General

June 2, 2022

cc: **GROVE CITY AREA 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 Grove City Area School District (District). Our audit sought to answer certain questions regarding the District's application of best practices and compliance with certain relevant state laws, regulations, contracts, and administrative procedures.

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's Failure to Implement Adequate Internal Controls Led to Inaccurate Reporting of Nonresident Student Data to the Pennsylvania Department of Education Resulting in an Overpayment of \$167,451

We found that the District failed to implement an adequate internal control system over its process for reporting nonresident student data to the Pennsylvania Department of Education (PDE). Consequently, the District inaccurately reported the number of nonresident students educated by the District for the 2018-19 school year which resulted in the District receiving an overpayment of \$167,451 (see page 7).

Finding No. 2: The District's Failure to Implement Adequate Internal Controls Led to Inaccurate Reporting of Transportation Data to the Pennsylvania Department of Education Resulting in an Underpayment of \$41,796

We found that the District did not implement an adequate control system over its process for reporting regular transportation data to PDE. Consequently, the District inaccurately reported the number of vehicles transporting District students and vehicle data during the 2017-18 school year which resulted in the District receiving \$41,796 less in transportation reimbursements than it was eligible to receive (see page 10).

Status of Prior Audit Findings and Observations.

There were no findings or observations in our prior audit report.

Background Information

School Characteristics 2020-21 School Year*	
County	Mercer
Total Square Miles	86.8
Number of School Buildings	4 ¹
Total Teachers	186
Total Full or Part-Time Support Staff	100
Total Administrators	17
Total Enrollment for Most Recent School Year	1,955
Intermediate Unit Number	4
District Career and Technical School	Mercer County Career Center

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

Mission Statement*

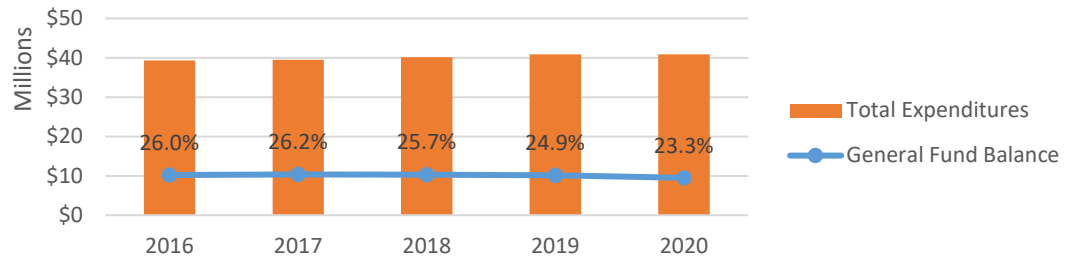
Equipping all learners for successful futures.

Financial Information

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

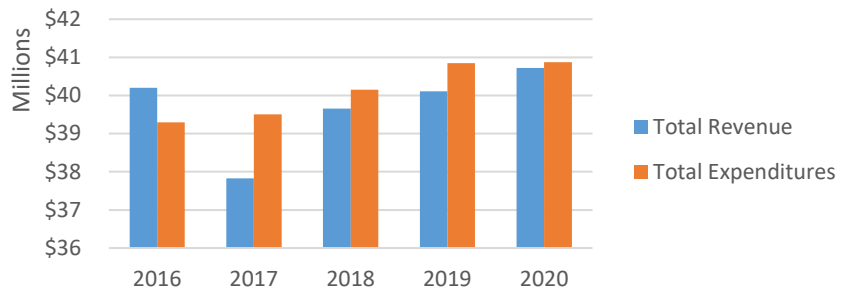
General Fund Balance as a Percentage of Total Expenditures

	General Fund Balance
2016	\$10,203,946
2017	\$10,360,680
2018	\$10,313,525
2019	\$10,181,894
2020	\$9,508,353



Revenues and Expenditures

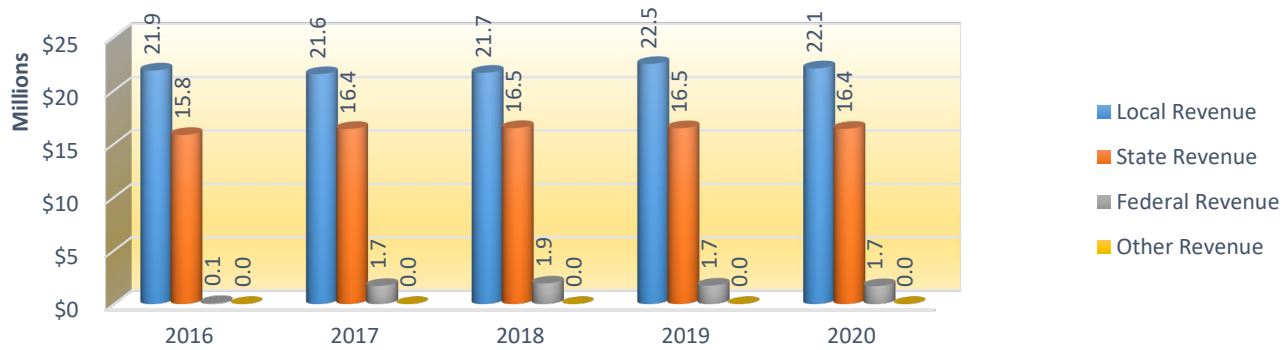
	Total Revenue	Total Expenditures
2016	\$37,829,110	\$39,292,978
2017	\$39,658,512	\$39,501,779
2018	\$40,107,169	\$40,154,323
2019	\$40,718,547	\$40,850,177
2020	\$40,199,967	\$40,873,508



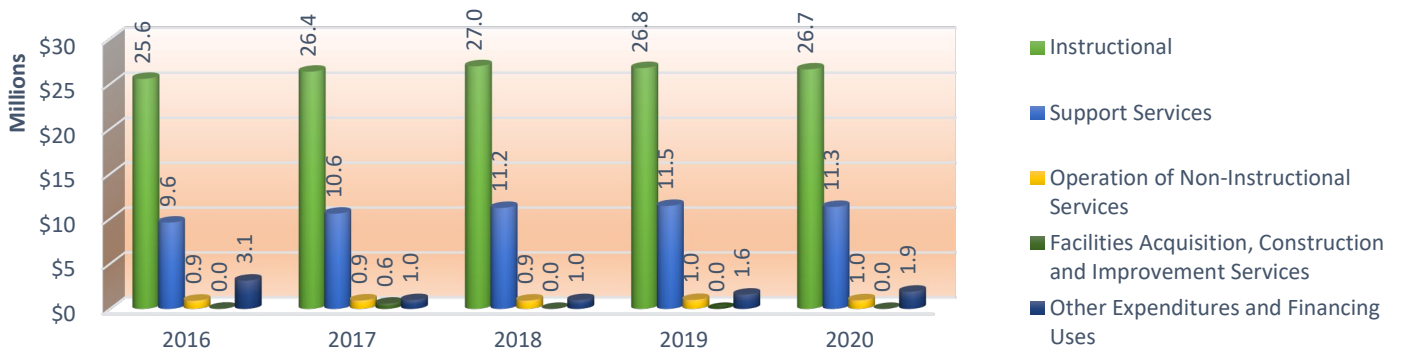
¹ Highland Primary Center closed at the end of the 2019-20 school year. Academic information is presented for five schools through the 2018-19 school year.

Financial Information Continued

Revenues by Source

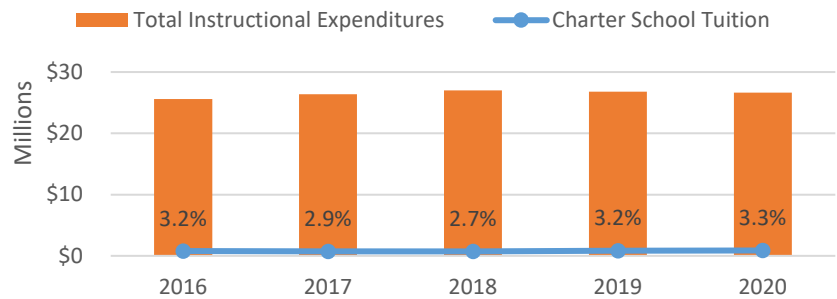


Expenditures by Function

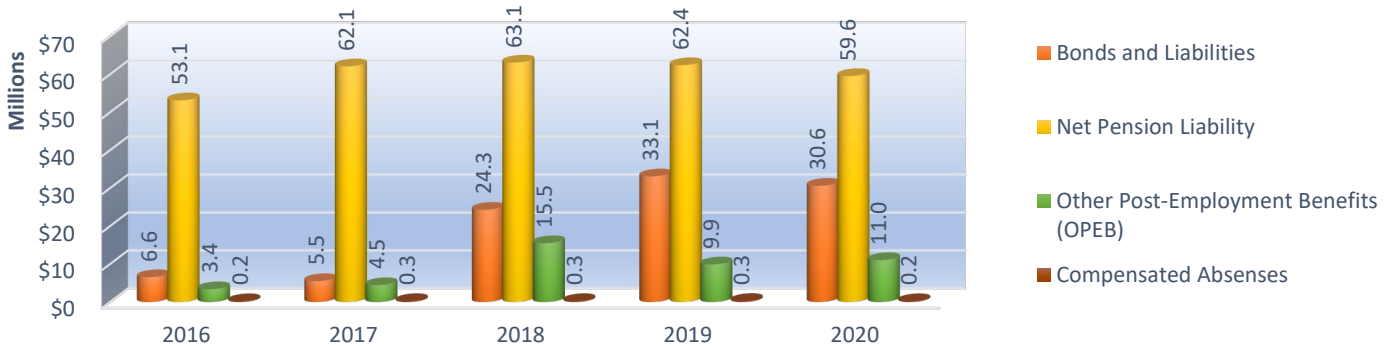


Charter Tuition as a Percentage of Instructional Expenditures

	Charter School Tuition	Total Instructional Expenditures
2016	\$808,659	\$25,602,891
2017	\$758,172	\$26,398,657
2018	\$725,060	\$27,006,094
2019	\$863,017	\$26,801,230
2020	\$876,532	\$26,650,247



Long-Term Debt

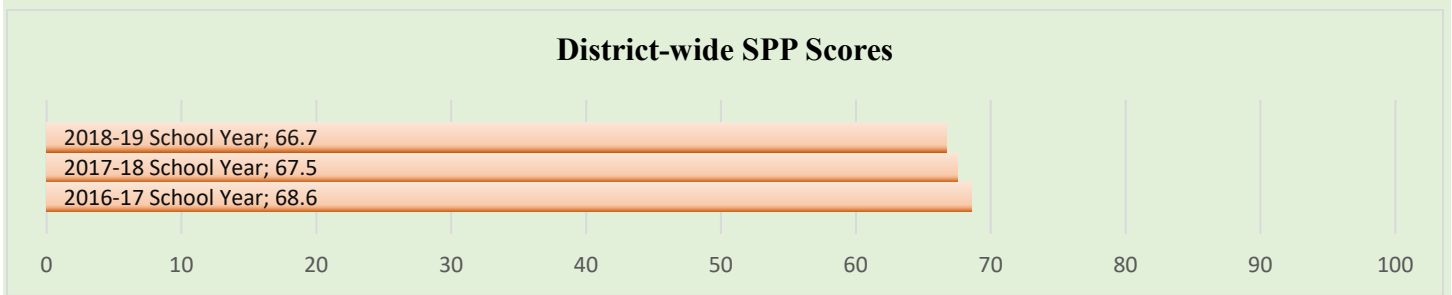


Academic Information²

The graphs on the following pages present the District-wide School Performance Profile (SPP) scores, Pennsylvania System of School Assessment (PSSA) scores, and Keystone Exam results for the District obtained from PDE's data files for the 2016-17, 2017-18, and 2018-19 school years.³ In addition, the District's 4-Year Cohort Graduation Rates are presented for the 2017-18 through 2019-20 school years.⁴ The District's individual school building scores are presented in Appendix B. These scores are provided in this audit report for **informational purposes only**, and they were not audited by our Department.

What is a SPP score?

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



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

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

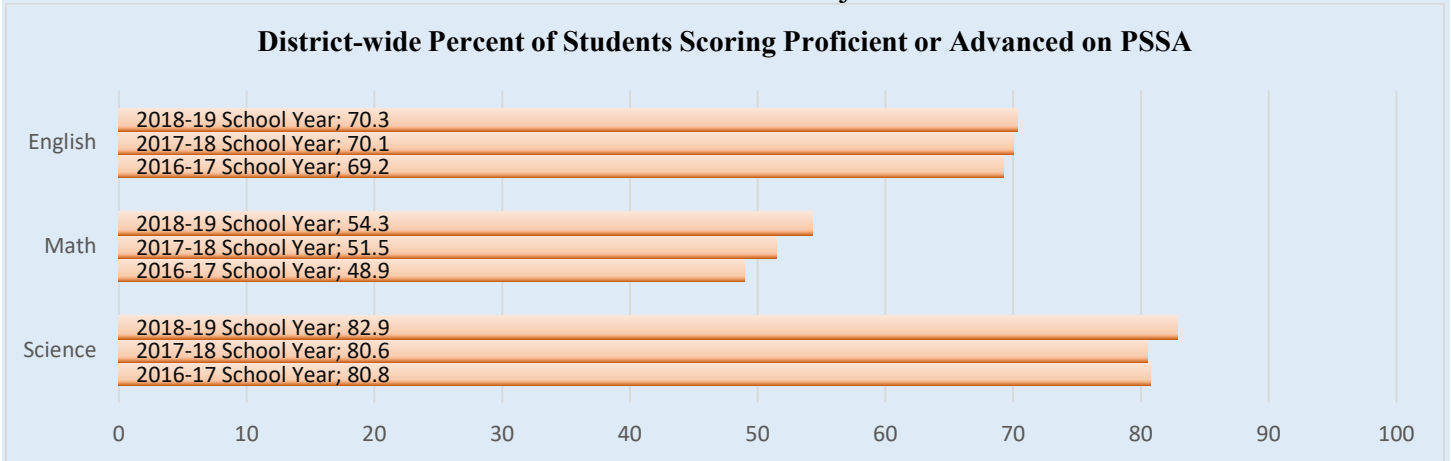
⁴ Graduation rates were still reported for the 2019-20 school year despite the COVID-19 pandemic.

Academic Information Continued

What is the PSSA?

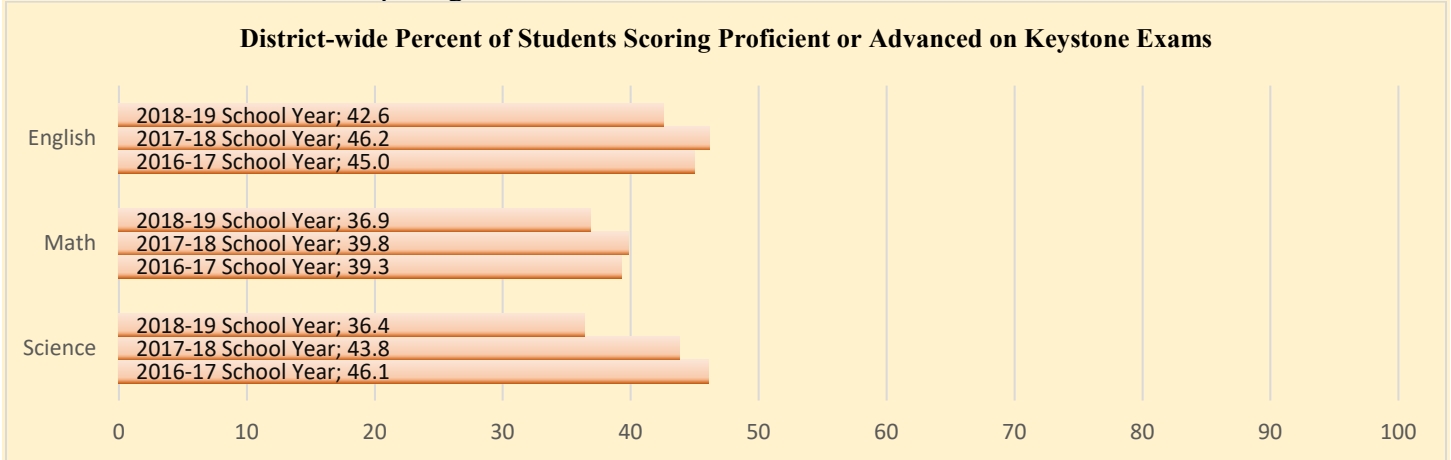
The PSSA is an annual, standardized test given across the Commonwealth to students in grades 3 through 8 in core subject areas, including English, Math, and Science. The PSSAs help Pennsylvania meet federal and state requirements and inform instructional practices, as well as provide educators, stakeholders,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

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



What is the Keystone Exam?

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

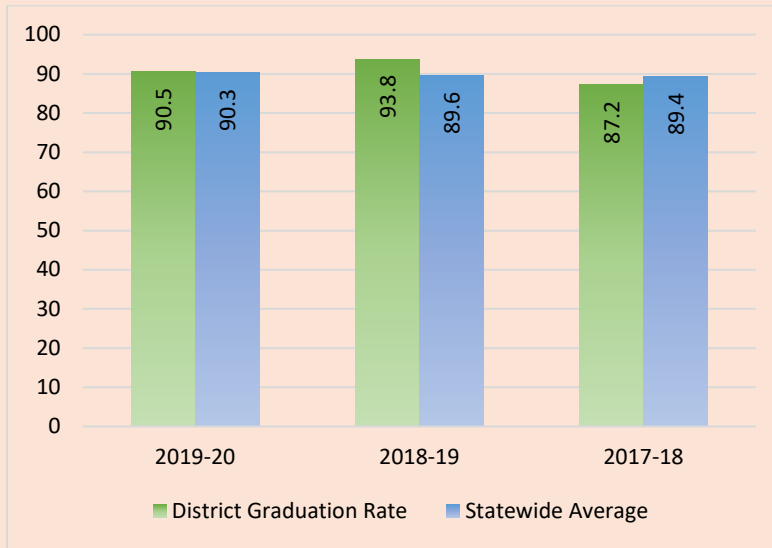


⁵ Act 158 of 2018, effective October 24, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement until the 2021-22 school year. See 24 P.S. § 1-121(b)(1). Please refer to the following link regarding further guidance to local education agencies (LEAs) on Keystone end-of-course exams (Keystone Exams) in the context of the pandemic of 2020: <https://www.education.pa.gov/Schools/safeschools/emergencyplanning/COVID-19/Pages/Keystone-Exams.aspx>

Academic Information Continued

What is a 4-Year Cohort Graduation Rate?

PDE collects enrollment and graduate data for all Pennsylvania public schools, which is used to calculate graduation rates. Cohort graduation rates are a calculation of the percentage of students who have graduated with a regular high school diploma within a designated number of years since the student first entered high school. The rate is determined for a cohort of students who have all entered high school for the first time during the same school year. Data specific to the 4-year cohort graduation rate is presented in the graph below.⁶



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

Findings

Finding No. 1

The District's Failure to Implement Adequate Internal Controls Led to Inaccurate Reporting of Nonresident Student Data to the Pennsylvania Department of Education Resulting in an Overpayment of \$167,451

Criteria relevant to the finding:

The State Board of Education's regulations and the 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).

Subsection (a) of Section 1306 (relating to Non-resident...[children placed in] children's institutions) of the PSC provides for Commonwealth payment of tuition for nonresident children placed in institutions as follows, in part:

"The board of school directors of any school district in which there is located any orphan asylum, home for the friendless, children's home, or other institution for the care or training of orphans or other children, shall permit any children who are inmates of such homes, but **not legal residents in such district, to attend the public schools in said district**, either with or without charge for tuition, text books, or school supplies, as the directors of the district in which such institution is located may determine...." (Emphasis added.) See 24 P.S. § 13-1306(a).

We found that the Grove City Area School District (District) failed to implement adequate internal controls over the categorization and reporting of nonresident student data resulting in an overpayment of \$167,451 from the Pennsylvania Department of Education (PDE).⁷ This overpayment was caused by the District inaccurately reporting the number of wards of the Commonwealth educated by the District during the 2018-19 school year.⁸

Background: School districts are entitled to receive Commonwealth paid tuition for educating certain nonresident students. Districts are eligible to receive Commonwealth paid tuition for educating students who are wards of the Commonwealth. For a district to be eligible to report a student as a ward of the Commonwealth, the District must ensure that the student has met the following conditions:

- 1) The student resided in an institution or group home within District boundaries.
- 2) The student's parents/guardians residency could not be determined by the District after documented attempts to determine residency.

It is the responsibility of the educating district to obtain documentation to ensure that each student met the eligibility criteria to be classified as a ward of the Commonwealth. Furthermore, the district must obtain updated documentation for each year that the district reports a student as a ward of the Commonwealth.

Because school districts can be eligible for additional revenue for educating these 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.
- Written internal procedures to help ensure compliance with PDE requirements.

⁷ The District received a total of \$590,985 in Commonwealth paid tuition for nonresident students for the 2018-19 school year.

⁸ The term "wards" refers to children placed in children's homes operated by the Commonwealth or other types of institutions. See 24 P.S. § 13-1306(a).

*Criteria relevant to the finding
(continued):*

Subsection (c) of Section 2503 (relating to Payments on account of tuition) 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 or one thousand three hundred six** of the act to which this is an amendment, shall be paid by the Commonwealth an amount equal to the tuition charge per elementary pupil or the tuition charge per high school pupil, as the case may be” (Emphasis added.) See 24 P.S. § 25-2503(c).

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 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 residents 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).

- Reconciliations of source documents to information reported to PDE.

Nonresident Student Reporting Errors

The District reported that it educated a total of 56 wards of the Commonwealth in the 2018-19 school year. We found that the District did not have the required documentation to report 16 of these students as nonresident wards of the Commonwealth. Without the required documentation, the District was not eligible to receive Commonwealth reimbursement for educating these students.

Significant Internal Control Deficiencies

The District did not have adequate internal controls over the categorization and reporting of wards of the Commonwealth. This information was reported to PDE without a review by a District official sufficiently knowledgeable on PDE reporting requirements. A reconciliation to source documents to ensure each student was eligible to be reported as a ward of the Commonwealth was also not performed during the audit period. Additionally, District employees were not adequately trained on the PDE requirements, as well as on the documentation needed to demonstrate compliance with the eligibility criteria.

Future Reimbursement Adjustment

We provided PDE with documentation detailing the reporting errors we identified for the 2018-19 school year. We recommend that PDE adjust the District’s future reimbursement amount by the \$167,451 that we identified as an overpayment.

Recommendations

The *Grove City Area School District* should:

1. Develop and implement an internal control system governing the process for categorizing and reporting institutionalized students. The internal control system should include, but not be limited to, the following:
 - All personnel involved in categorizing and reporting nonresident student data are trained on PDE’s reporting requirements.
 - A review of nonresident student data is conducted by an employee other than the employee who prepared the data before it is submitted to PDE.
2. Review the nonresident student data submitted for the 2016-17, 2017-18, and 2019-20 school years and determine if errors similar to those reported in this finding occurred and, if necessary, submit revised reports to PDE.

The *Pennsylvania Department of Education* should:

3. Adjust the District's future reimbursements to resolve the \$167,451 overpayment.

Management Response

District management provided the following response:

“Management’s position in regard to the finding is limited to the acknowledgement of 16 students identified as non-authorized state wards and our agreement of the need to improve procedures for the identification of nonresident student data for those eligible students assigned to the residential facility of George Junior Republic. It is also the management’s position that the improvement of procedures should include not only the District management, but also the private caregiving institution of George Junior Republic, the various sending/placing agencies, and PDE. Due to the difficulties that this unique private residential facility places on the District, the management of GCASD has made numerous attempts to seek guidance from PDE to improve the quality, accuracy and efficiency of the District's work to support the educational needs of these residentially placed students. The most recent meeting between GCASD management and representatives of PDE was held on May 2, 2022 to discuss ongoing financial accounting issues and programmatic design. It should be noted that the management of GCASD has consistently demonstrated transparency with regard to all matters involving educational programs for the students of George Junior Republic and that this finding is directly related to students placed in this program by authorities beyond the control of the District and without the placement involvement of GCASD management.”

Auditor Conclusion

We are pleased that the District is working with PDE to obtain additional guidance and clarity on its education of students placed in private residential facilities. However, we note that the District did not specifically state if or how it plans to implement our recommendations. We reiterate the importance of implementing an internal control system that includes training, secondary reviews of the data prior to submission for reimbursement, and reviewing the data submitted for additional years for similar errors.

Finding No. 2

The District's Failure to Implement Adequate Internal Controls Led to Inaccurate Reporting of Transportation Data to the Pennsylvania Department of Education Resulting in an Underpayment of \$41,796

Criteria relevant to the finding:

Student Transportation Subsidy

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... have been approved by PDE... 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).

Sworn Statement and Annual Filing Requirements

Section 2543 of the PSC, which is entitled, "Sworn statement of amount expended for reimbursable transportation payment; withholding" states, in part: "Annually, each school district entitled to reimbursement on account of pupil transportation shall provide in a format prescribed by the Secretary of Education, data pertaining to pupil transportation for the prior and current school year....The 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.

We found that the District did not implement an adequate internal control system over its process for calculating and reporting regular transportation data to PDE. Consequently, the District inaccurately reported all the components of regular transportation data (i.e., vehicles, days, miles, and students) related to the 2017-18 school year which resulted in the District receiving \$41,796 less in transportation reimbursements than it was eligible to receive.⁹

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 to transport students, and the number of miles that vehicles are in service, both with and without students. The **supplemental** transportation reimbursement is based on the number of nonpublic school and charter school students transported at any time during the school year. The errors identified in this finding pertain to the District's regular transportation reimbursements.

Since the above listed components are integral to the calculation of the District's transportation reimbursement, 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 regular transportation operations that should include, but not be limited to, the following:

- Training on PDE reporting requirements.
- Segregation of duties.
- Written procedures.

It is also important to note that the PSC requires all school districts to annually file with PDE a sworn statement of student transportation data for the prior and current school years in order to be eligible for transportation reimbursements.¹⁰ The sworn statement includes the superintendent's signature attesting to the accuracy of the reported data. Because of this statutorily required attestation, the District should ensure it

⁹ The District received \$634,016 in regular transportation reimbursements for the 2017-18 school year.

¹⁰ See 24 P.S. § 25-2543.

Criteria relevant to the finding (continued):

Number of Days

Report the number of days (a whole number) this vehicle provided to and from school transportation. Count any part of a day as one day. Depending upon the service the vehicle provided, this number could exceed or be less than the number of days the district was in session: however, summer school or “Extended School Year” (*Armstrong v. Kline*) transportation may not be included in this number. “Early Intervention” program transportation may be included). If the district received a waiver of instructional days due to a natural or other disaster (such as a hurricane), the waiver does not extend to transportation services. Only days on which transportation was actually provided may be reported.

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.

Pupils Assigned

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

has implemented an adequate internal control system so its submission to PDE can be made with the utmost confidence.

Regular Transportation Reporting Errors

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. Districts are also required to report the number of days each vehicle transported students.

We found that the District inaccurately reported to PDE the number of days vehicles were in operation, the number of miles vehicles traveled, and the number of students transported for vehicles used during the 2017-18 school year.¹¹ In addition, we found that one vehicle that transported students for the entire year was not reported. The table below summarizes the errors we identified.

Grove City Area School District Regular Transportation Reporting Errors For 2017-18				
School Year	Total Net Miles Under Reported	Total Net Days Under Reported	Total Students Under Reported	Underpayment
2017-18	28,503	135	6	\$41,796

The primary reason for the underpayment was the District’s failure to report data for one vehicle that operated for 178 days. The failure to report this one vehicle resulted in an underpayment of \$40,936. The remaining \$860 we calculated as an underpayment was due to formula and clerical errors we identified on the District’s summary sheet used to report vehicle data. District officials acknowledged that the one vehicle that was not reported was an oversight related to a new software system that was implemented in the 2017-18 school year. In addition, District personnel responsible for reporting transportation data to PDE acknowledged they had not received any formal training for reporting transportation data. Further, they recognized the importance of a secondary review to ensure formula and clerical errors are found prior to submitting the transportation data to PDE.

¹¹ We also reviewed the transportation data reported to PDE for the 2016-17 school year and identified a few minor discrepancies that did not result in a monetary effect. The discrepancies were discussed with District officials.

Significant Internal Control Deficiencies

Our review revealed that the District did not have an adequate internal control system over the process of inputting, calculating, and reporting regular transportation data to PDE. Specifically, District personnel responsible for transportation data were not adequately trained on PDE's reporting requirements. Further, the District did not implement adequate segregation of duties when it placed responsibility on one employee for calculating and reporting regular transportation data to PDE without a review by another employee. Finally, the District did not have comprehensive written procedures detailing the documentation needed to accurately calculate and report transportation data.

Recommendations

The *Grove City Area School District* should:

1. Develop and implement an internal control system over its regular transportation data operations. The internal control system should include, but not be limited to, the following:
 - All personnel involved in calculating and reporting transportation data are adequately 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.
 - Clear and concise written procedures are developed to document the regular transportation data calculation and reporting process.
2. Review the vehicle data submitted to PDE for the 2018-19 and 2019-20 school years and determine if errors similar to those reported in this finding occurred and, if necessary, submit revised reports to PDE.

The *Pennsylvania Department of Education* should:

3. Adjust the District's future transportation allocations to resolve the \$41,796 underpayment to the District.

Management Response

District management provided the following response:

“Since the time of this under reporting error, the District has reorganized the transportation support staff and business office procedures for the tracking and reporting of transportation subsidy data. Additionally, transportation routing and reporting software have been updated.”

Auditor Conclusion

We are pleased that the District updated its transportation software and reorganized its business office procedures. However, since the District did not indicate if its updated procedures address our specific recommendations, we reiterate the importance of implementing an internal control system that includes training, written procedures, secondary reviews of transportation data prior to submission of reports to PDE, and reviewing subsequent years of reported data for similar errors.

Status of Prior Audit Findings and Observations

Our prior audit of the Grove City Area School District resulted in no findings or observations.

Appendix A: Audit Scope, Objectives, and Methodology

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

Our audit, conducted under authority of Sections 402 and 403 of The Fiscal Code,¹² 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.¹³ *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.¹⁴ 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.

¹² 72 P.S. §§ 402 and 403.

¹³ 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.

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

Figure 1: Green Book Hierarchical Framework of Internal Control Standards

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

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

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

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

Figure 2 – Internal Control Components and Principles Identified as Significant

Principle →	Internal Control Significant ?	Control Environment					Risk Assessment					Control Activities			Information and Communication			Monitoring	
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
General/overall	Yes	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X	
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?¹⁵
 - ✓ To address this objective, we assessed the District's internal controls over inputting data, processing residency status, and reporting nonresident students to PDE. We reviewed all 57 nonresident students reported to PDE as either a ward of the Commonwealth or a nonresident foster student as educated by the District during the 2018-19 school year. We reviewed the documentation provided by the District to determine if it was sufficient to support that each nonresident student met the eligibility criteria to be reported as wards of the Commonwealth or as a nonresident foster student. Finally, we determined whether the District received the correct reimbursement for these nonresident students.

Conclusion: The results of our procedures identified areas of noncompliance and significant internal control deficiencies related to this objective. Those 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?¹⁶
 - ✓ To address this objective, we assessed the District's internal controls for obtaining, inputting, processing, and reporting regular transportation data to PDE. We compared the reported number days transported, miles traveled, and students transported for all 37 vehicles reported by the District as transporting students for 2017-18 school year as identified on the PDE-2518

¹⁵ See 24 P.S. §§ 13-1301, 13-1302, 13-1305, 13-1306; 22 Pa. Code Chapter 11.

¹⁶ See 24 P.S. § 25-2541(a).

(*Summary of Individual Vehicle Data for Contracted Service*) to the District created summary of weighted average calculations. We selected for testing all 37 vehicles used to transport students in the 2017-18 school year and 10 of the 38 vehicles used during the 2016-17 school year.¹⁷ We obtained and reviewed school calendars, transportation invoices, odometer readings, and student rosters to determine the accuracy of the days, miles, and student data the District reported to PDE.

Conclusion: The results of our procedures identified areas of noncompliance and significant internal control deficiencies related to this objective. Those results are detailed in Finding No. 2 beginning on page 10 of this report.

Bus Driver Requirements

- Did the District ensure that all bus drivers transporting District students are approved by the Board of School Directors (Board) and had the required driver’s license, physical exam, training, background checks, and clearances¹⁸ as outlined in applicable laws?¹⁹ Also, did the District adequately monitor driver records to ensure compliance with the ongoing five-year clearance requirements and ensure it obtained updated licenses and health physical records as applicable throughout the school year?
 - ✓ To address this objective, we assessed the District’s internal controls for obtaining, reviewing, maintaining, and monitoring required bus driver qualification documents. We determined if all drivers were approved by the District’s Board. We randomly selected 20 of the District’s 46 contracted drivers who transported District students as of February 8, 2022.²⁰ We reviewed documentation to ensure the District complied with the requirements for those drivers. We also determined if the District had monitoring procedures to ensure those drivers selected had updated clearances, licenses, and health physicals.

Conclusion: The results of our procedures did not identify any reportable issues or any internal control deficiencies.

School Safety

- Did the District comply with requirements in the Public School Code and the Emergency Management Code related to emergency management plans, bullying prevention, and memorandums of understanding with local law enforcement?²¹ Also, did the District follow best practices related to physical building security and providing a safe school environment?

¹⁷ The 10 vehicles selected for the 2016-17 school year were randomly selected. While representative selection is a required factor of audit sampling methodologies, audit sampling methodology was not applied to achieve this test objective; accordingly, the results of this audit procedure are not, and should not be, projected to the population.

¹⁸ 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.

¹⁹ 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*.

²⁰ 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.

²¹ Safe Schools Act 24 P.S. § 13-1301-A *et seq.*, Emergency Management Services Code 35 Pa.C.S. § 7701.

- ✓ To address this objective, we obtained and reviewed a variety of documentation including safety plans, training schedules, risk and vulnerability assessments, anti-bullying policies, school climate surveys, and memorandums of understanding with local law enforcement.

Conclusion: Due to the sensitive nature of school safety, the results of our review 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?²² Also, did the District accurately report the dates of drills to PDE and maintain supporting documentation to evidence the drills conducted and reported to PDE?

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

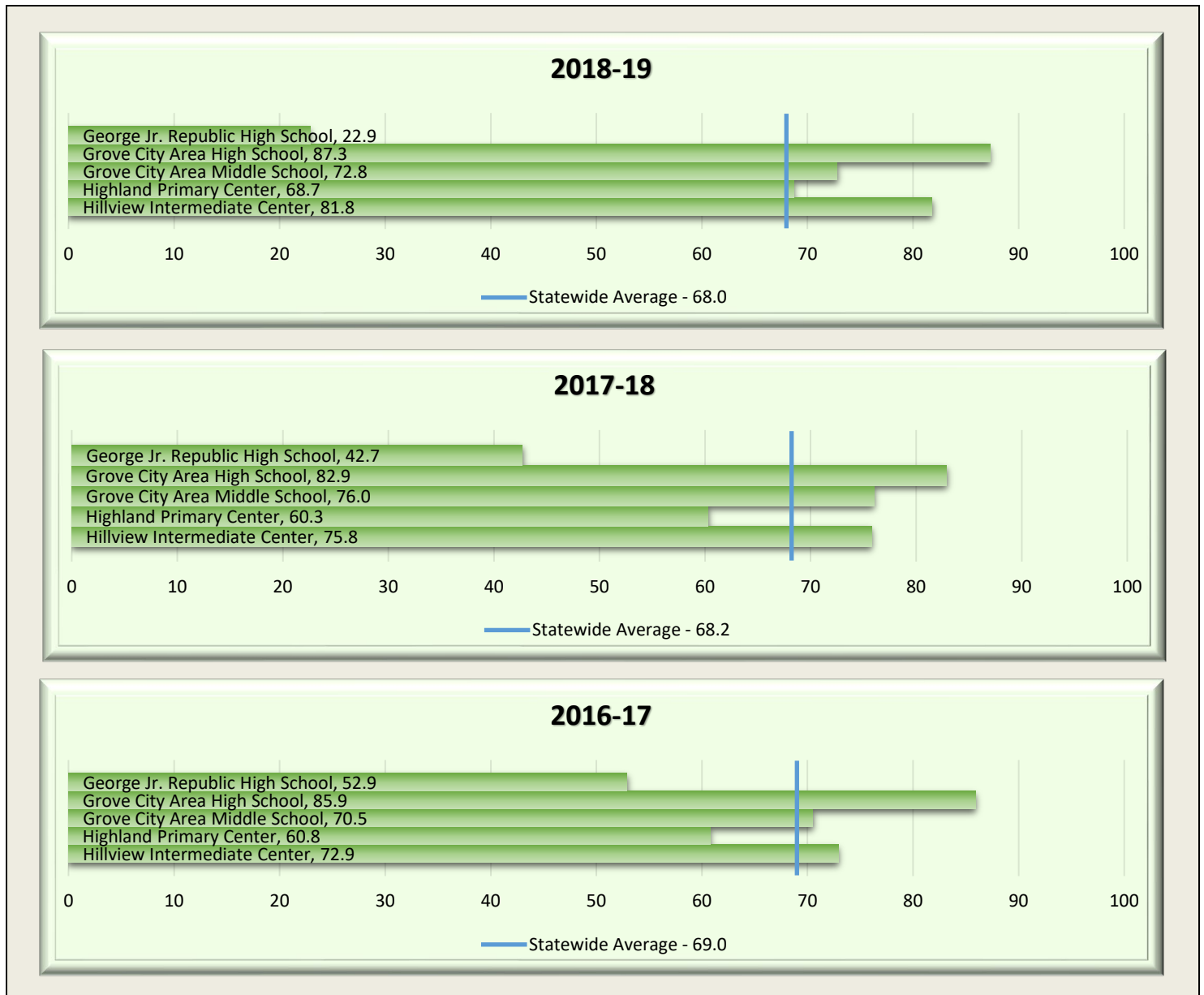
Conclusion: The results of our procedures did not identify any reportable issues.

²² 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.²³ 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.²⁴

SPP School Scores Compared to Statewide Averages

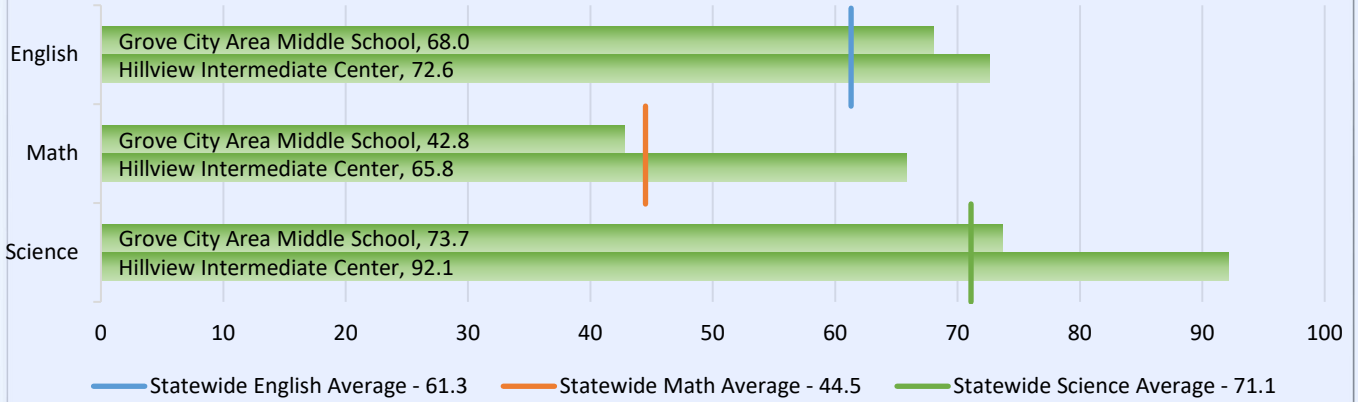


²³ Statewide averages were calculated by our Department based on individual school building scores for all public schools in the Commonwealth, including district schools, charters schools, and cyber charter schools.

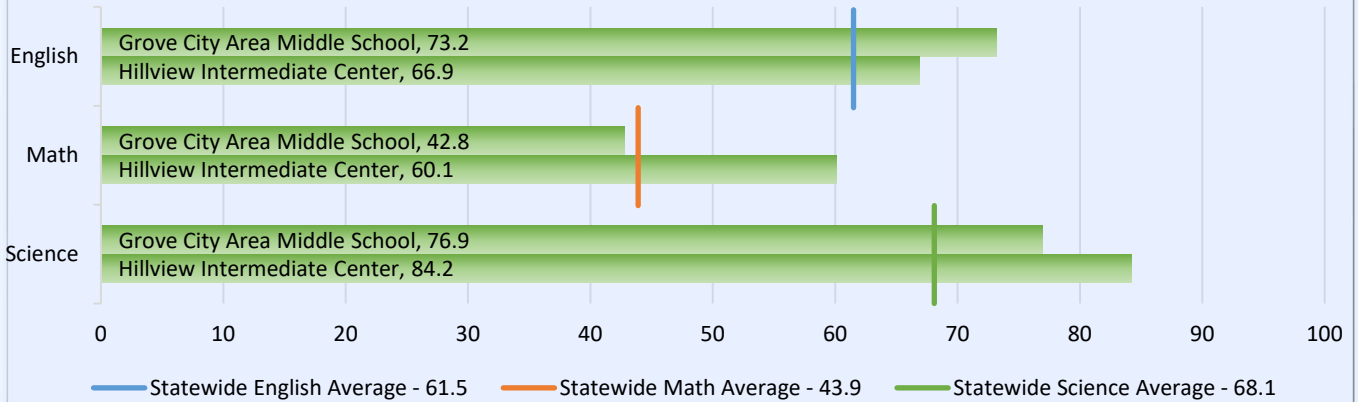
²⁴ PDE's data does not provide any further information regarding the reason a score was not published for a specific school. However, readers can refer to PDE's website for general information regarding the issuance of academic scores.

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

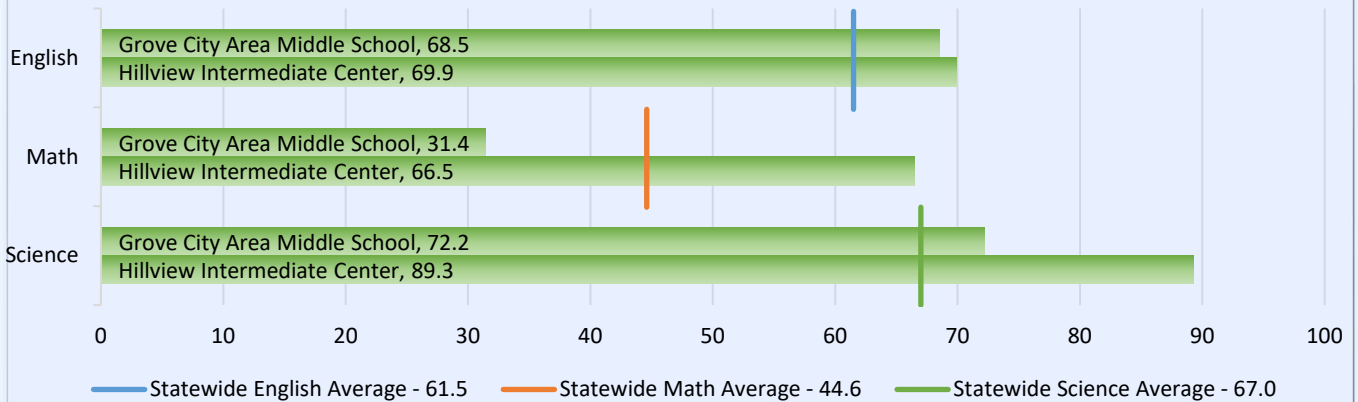
2018-19



2017-18

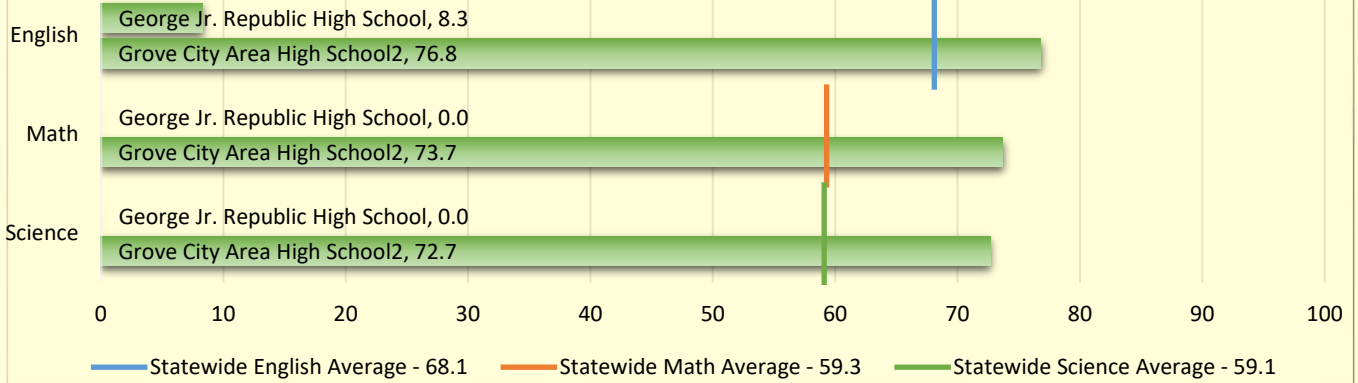


2016-17

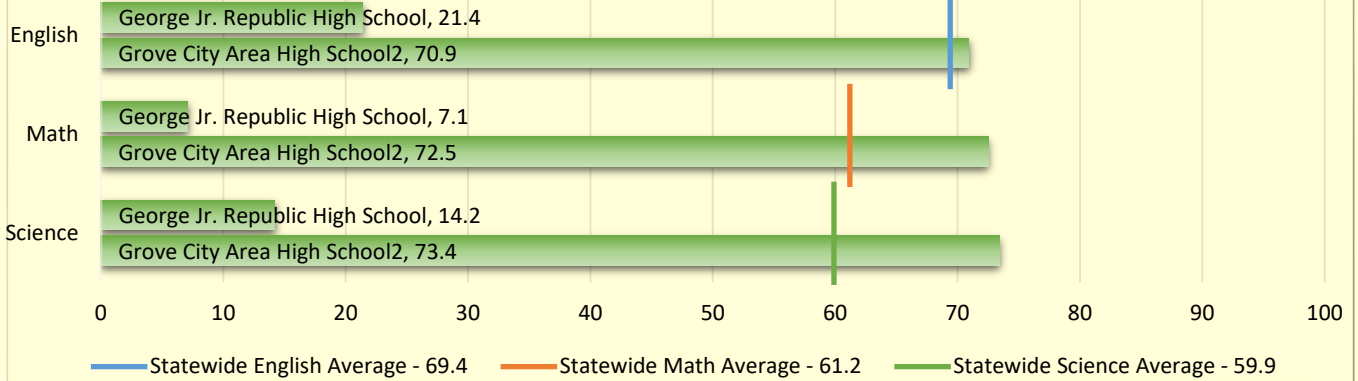


Keystone Advanced or Proficient Percentage School Scores Compared to Statewide Averages

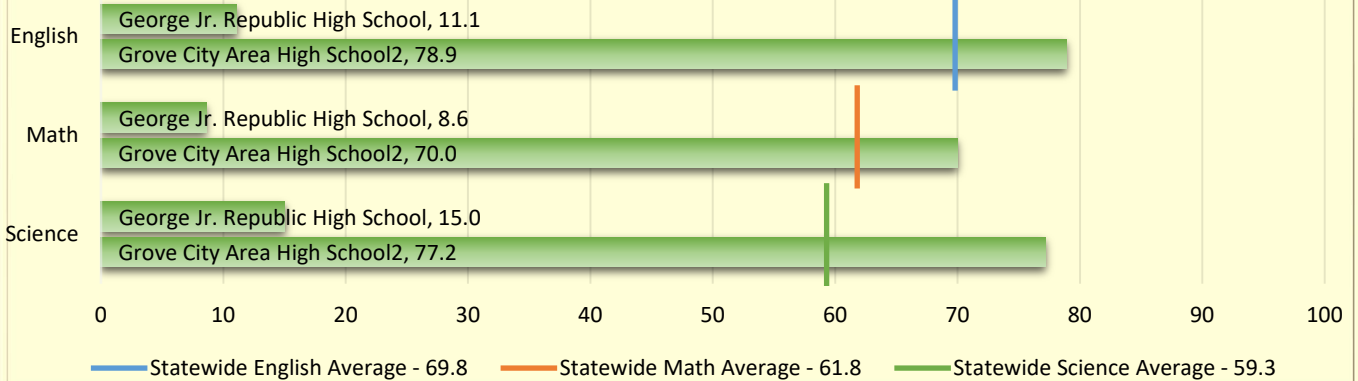
2018-19



2017-18



2016-17



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