

PERFORMANCE AUDIT

Interboro School District Delaware County, Pennsylvania

June 2020



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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**EUGENE A. DePASQUALE
AUDITOR GENERAL**

Mrs. Bernadette C. Reiley, Superintendent
Interboro School District
900 Washington Avenue
Prospect Park, Pennsylvania 19076

Mr. William L. Phelps, Board President
Interboro School District
900 Washington Avenue
Prospect Park, Pennsylvania 19076

Dear Mrs. Reiley and Mr. Phelps:

We have conducted a performance audit of the Interboro School District (District) for the period July 1, 2014 through June 30, 2018, 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 the appendix of this report:

- Transportation Operations
- Financial Stability
- Bus Driver Requirements

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.

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

Our audit found that the District performed adequately in the bulleted areas listed above, except as noted in the following finding:

- The District Failed to Accurately Report Transportation Data to PDE and Failed to Retain the Required Supporting Documentation for \$273,350 Received in Supplemental Transportation Reimbursements

Mrs. Bernadette C. Reiley
Mr. William L. Phelps
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We appreciate the District's cooperation during the course of the audit.

Sincerely,

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale", with a long horizontal flourish extending to the right.

Eugene A. DePasquale
Auditor General

May 29, 2020

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

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Background Information

School Characteristics 2018-19 School Year ^A	
County	Delaware
Total Square Miles	11.26
Number of School Buildings	6 ^B
Total Teachers	286
Total Full or Part-Time Support Staff	296
Total Administrators	23
Total Enrollment for Most Recent School Year	3,444
Intermediate Unit Number	25
District Career and Technical School	Delco Technical School

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

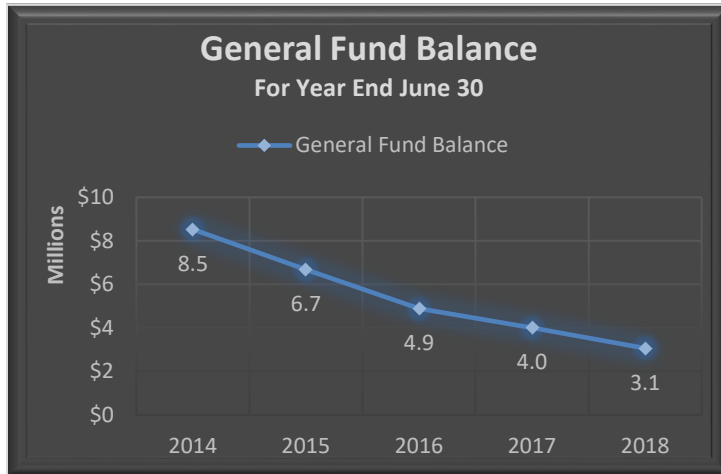
B - Appendix B contains academic scores for five District buildings because the District's sixth building is a Kindergarten Academy which does not administer academic tests.

Mission Statement^A

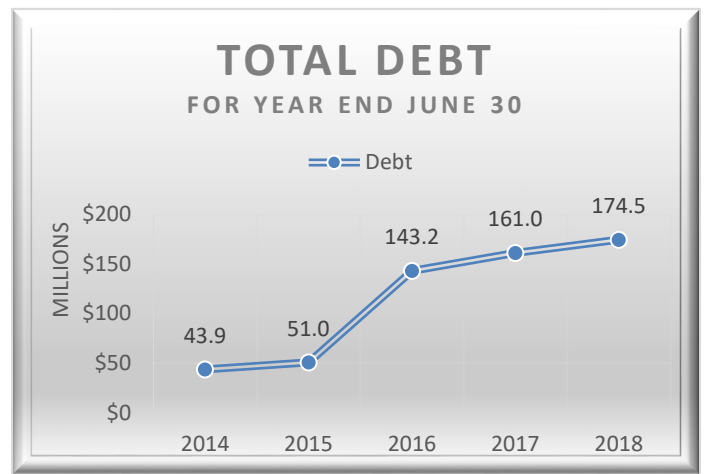
Interboro School District provides a challenging and supportive learning environment for all students to succeed academically, socially, and emotionally while becoming college and career ready citizens within a global community.

Financial Information

The following pages contain financial information about the Interboro School District (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**.

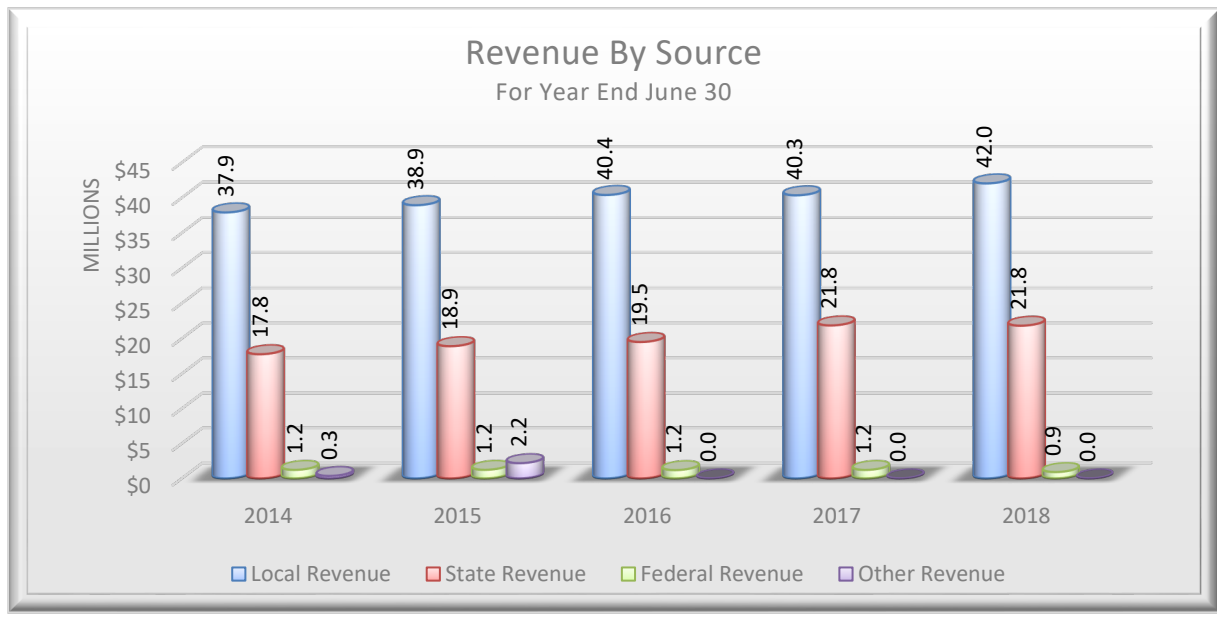
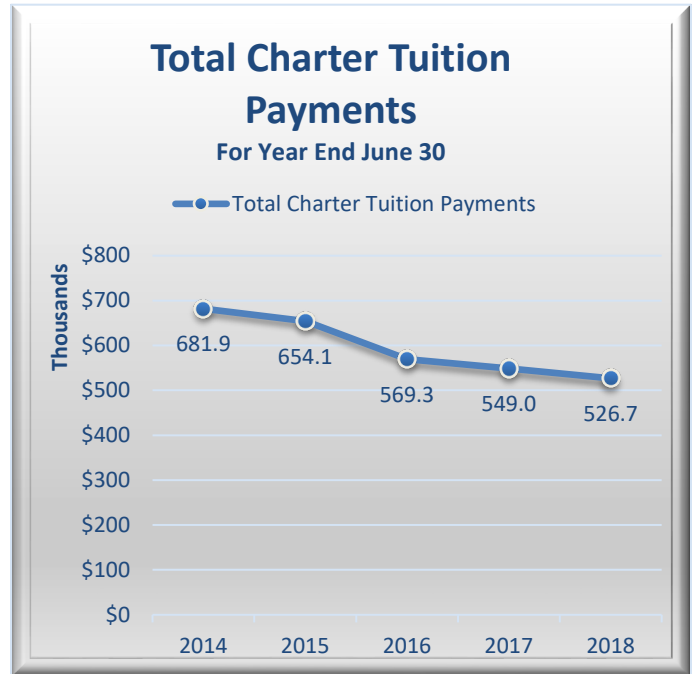
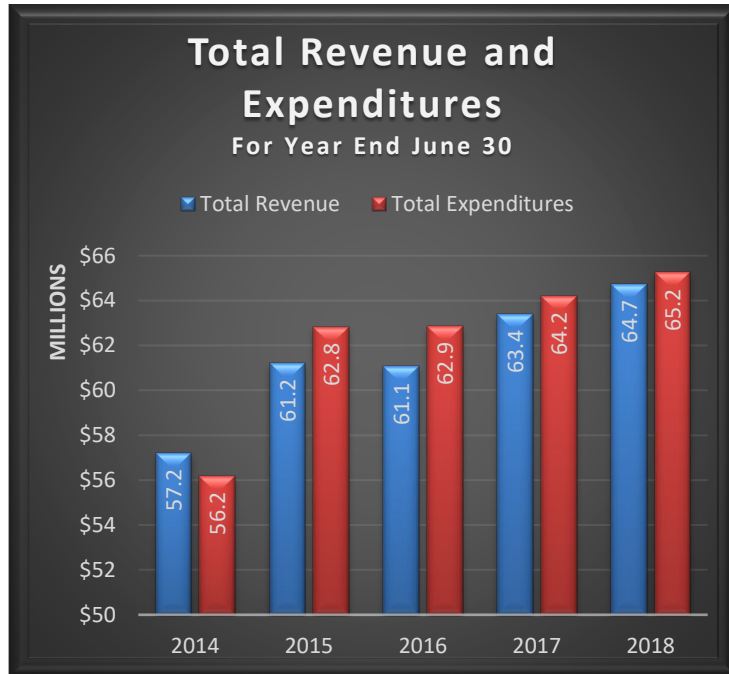


Note: General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



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

Financial Information Continued

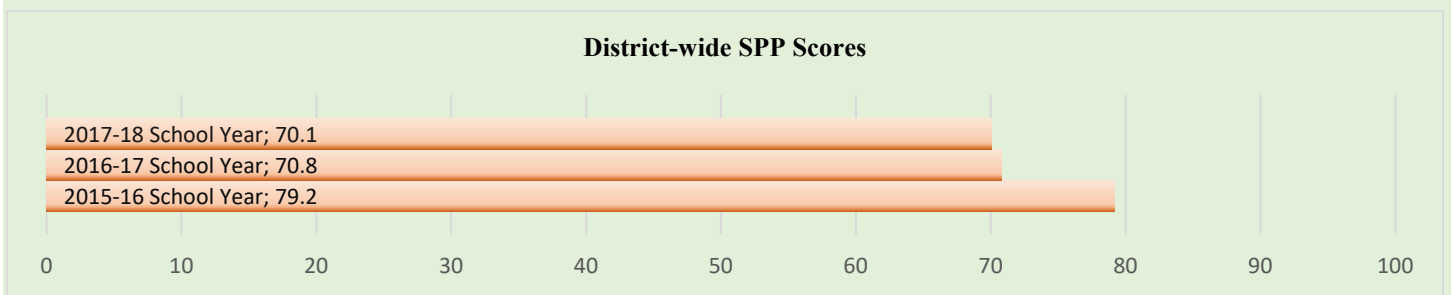


Academic Information

The graphs on the following pages present the District-wide School Performance Profile (SPP) scores, Pennsylvania System of School Assessment (PSSA) scores, Keystone Exam results, and 4-Year Cohort Graduation Rates for the District obtained from PDE's data files for the 2015-16, 2016-17, and 2017-18 school years.¹ 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



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

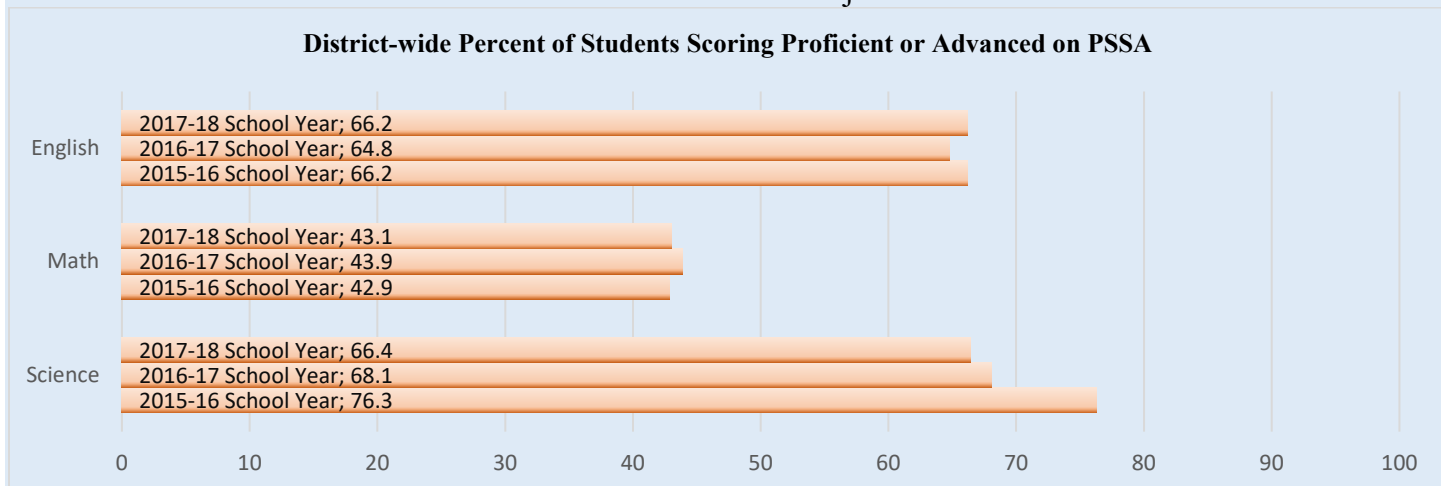
² PDE started issuing a SPP score for all public school buildings beginning with the 2012-13 school year. For the 2014-15 school year, PDE only issued SPP scores for high schools taking the Keystone Exams as scores for elementary and middle scores were put on hold due to changes with PSSA testing. PDE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

Academic Information Continued

What is the PSSA?

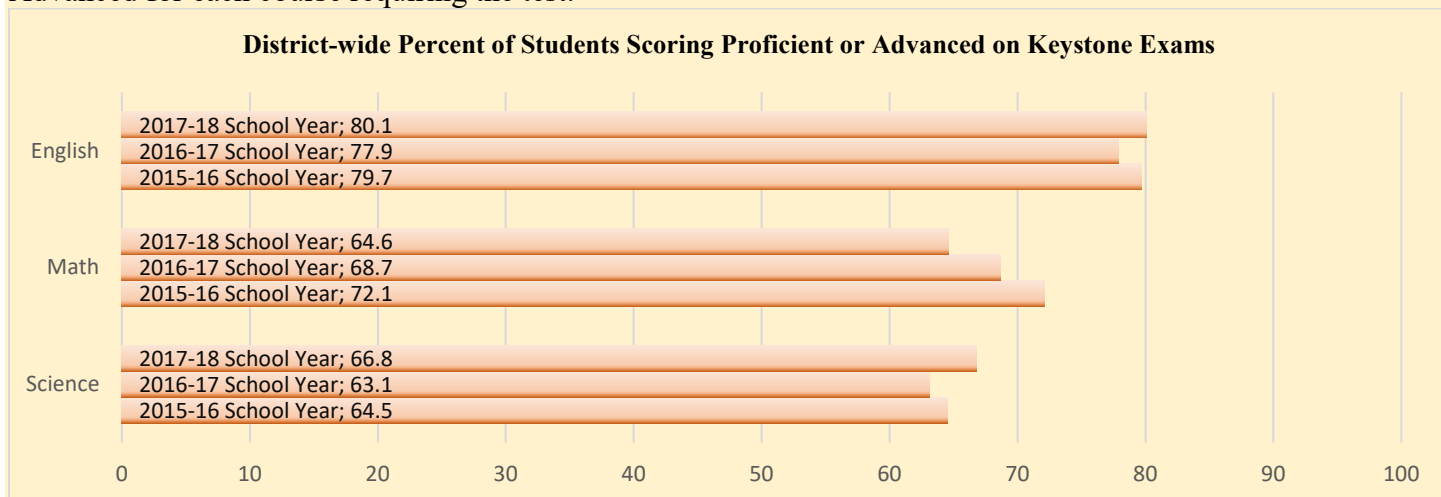
The PSSA is an annual, standardized test given across the Commonwealth to students in grades 3 through 8 in core subject areas, including English, Math and Science. The PSSAs help Pennsylvania meet federal and state requirements and inform instructional practices, as well as provide educators, stakeholders,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

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



What is the Keystone Exam?

The Keystone Exam measures student proficiency at the end of specific courses, such as Algebra I, Literature, and Biology. The Keystone Exam was intended to be a graduation requirement starting with the class of 2017, but that requirement has been put on hold until the 2020-21 school year.³ 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.

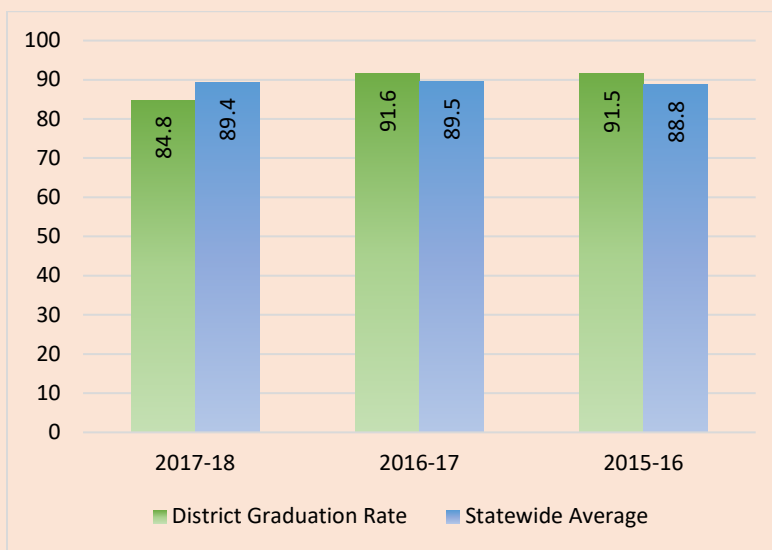


³ Act 158 of 2018, effective October 24, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement until the 2021-22 school year. See 24 P.S. § 1-121(b)(1).

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.⁴



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

Finding

Finding

The District Failed to Accurately Report Transportation Data to PDE and Failed to Retain the Required Supporting Documentation for \$273,350 Received in Supplemental Transportation Reimbursements

Criteria relevant to the finding:

Record Retention Requirement

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

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).

The Interboro School District (District) failed to report data related to six contracted vehicles used to transport students during the 2017-18 school year. As a result of underreporting the number of vehicles used to transport students, the District under reported the number of days vehicles were used to transport students, the number of students transported, and the miles traveled to transport students to the Pennsylvania Department of Education (PDE). Additionally, the District failed to retain supporting documentation for the number of nonpublic school students reported to PDE as transported during the 2014-15 through 2017-18 school years. The District was reimbursed \$273,350 by PDE based on this reported information.

Districts receive two separate transportation reimbursement payments from PDE. One reimbursement is based on the number of students transported, the number of days each vehicle was used to transport students, and the number of miles vehicles were in service both with and without students (i.e., regular transportation reimbursement). The other reimbursement is based on the number of charter school and nonpublic school students transported (i.e., supplemental transportation reimbursement). The issues and errors we identified in this finding impact both the District's regular and supplemental transportation reimbursements.

It is also important to note that the Public School Code (PSC) requires that all school districts annually file a sworn statement of student transportation data for the prior and current school year with PDE in order to be eligible for the transportation subsidies. The District completed this sworn statement for all four school years discussed in this finding. It is essential that the District accurately report transportation data to PDE and retain the support for this transportation data. Further, the sworn statement of student transportation data should not be filed with the state Secretary of Education unless the data has been double-checked for accuracy by personnel trained on PDE's reporting requirements. An official signing a sworn statement must be aware that by submitting the transportation data

*Criteria relevant to the finding
(continued):*

Supplemental Transportation Subsidy for Nonpublic 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. *See* 24 P.S. § 25-2509.3.

Sworn Statement and Annual Filing Requirements

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

Section 2543 of the PSC, which is entitled, “**Sworn statement** of amount expended for reimbursable transportation; payment; withholding” of the PSC states, in part: “Annually, each school district entitled to reimbursement on account of pupil transportation shall provide in a format prescribed by the Secretary of Education, data pertaining to pupil transportation for the prior and current school year. . . . The Department of Education may, for cause specified by it, withhold such reimbursement, in any given case, permanently, or until the school district has complied **with the law or regulations** of the State Board of Education.” (Emphases added.) Ibid.

to PDE, he/she is asserting that the information is true and that they have verified evidence of accuracy.⁵

Regular Transportation Reimbursement

Regular transportation reimbursement is based on several components that are reported by the District to PDE for use in calculating the District’s annual reimbursement amount. These components include, but are not limited to, the following:

- Total number of days each vehicle was used to transport students to and from school.
- Miles traveled with and without students for each vehicle.
- Number of students assigned to each vehicle.

Since these components are integral to the calculation of the District’s regular transportation reimbursement, it is essential for the District to properly calculate, record, and report this information to PDE. The foundational element of this process is identifying all the vehicles that were used to transport students so the District has complete data for the components prior to reporting data to PDE.

The District exclusively used District-owned vehicles to transport students during the 2014-15 through 2016-2017 school years. The District contracted with a vendor to provide limited transportation services to some students during the 2017-18 school year.⁶ This vendor used six vehicles to transport students during the 2017-18 school year and was paid \$377,850 by the District. However, the District did not require the vendor to provide the total number of days each vehicle was used to transport students, the miles traveled with and without students, and the number of students assigned to each vehicle. As a result, the District did not report this data or the costs paid to this vendor to PDE for reimbursement consideration. The failure to report this information led to the District not receiving the regular transportation reimbursement that it was eligible to receive for the 2017-18 school year. However, without the detailed mileage and student data for these vehicles, we were unable to calculate the correct amount of reimbursement the District was eligible to receive.

The District official who was responsible for reporting transportation data during the audit period had no prior transportation reporting experience and was not provided training on PDE reporting requirements. The District did not have administrative procedures specifically related to reporting transportation data for contracted vehicles. Additionally, the District did not have an employee other than the employee responsible for

⁵ Please note that while a sworn statement is different from an affidavit, in that a sworn statement is not typically signed or certified by a notary public but are, nonetheless, taken under oath. See <https://legaldictionary.net/sworn-statement/> (accessed October 28, 2019).

⁶ The District accurately reported transportation data to PDE for District-owned vehicles.

Criteria relevant to the finding
(continued):

PDE Instructions to Complete the Worksheet for Computing Sample Averages

<https://www.education.pa.gov/Documents/Teachers-Administrators/Pupil%20Transportation/eTran%20Application%20Instructions/PupilTransp%20Instructions%20SampleAverageWorksheet.pdf>
(accessed 3/11/19).

Record the vehicle odometer readings on or about July 1 prior to the beginning of the school year and on or about July 1 at the end of the school year. The two readings should be about one year apart. After the second reading, subtract the beginning of the year odometer reading from the end of the year odometer reading to determine the annual odometer mileage.

Once during each month, from October through May, for to-and-from school transportation, measure and record:

1. The number of miles the vehicle traveled with students,
2. The number of miles the vehicle traveled without students,
3. The greatest number of students assigned to ride the vehicle at any one time during the day.

At the end of the school year, calculate the average of the eight measurements for each of the three variables calculated to the nearest tenth. These averages are called sample averages.

The annual odometer mileage and the sample averages determined by the above methods should be used to complete the PDE-1049, end-of-year pupil transportation report in the eTran system.

compiling transportation data to review this data prior to reporting the data to PDE.

Supplemental Transportation Reimbursement

According to the PSC, a nonpublic school is defined, in pertinent part, as a nonprofit school other than a public school within the Commonwealth of Pennsylvania, wherein a resident of the Commonwealth may legally fulfill the compulsory school attendance requirements.⁷ The PSC requires school districts to provide transportation services to students who reside in its district and who attend a nonpublic school, and it provides for a reimbursement from the Commonwealth of \$385 for each nonpublic school student transported by the district.

The table below illustrates the number of nonpublic school students reported to PDE as transported during the audit period of 2014-15 through 2017-18 school years without supporting documentation and the supplemental transportation reimbursement received by the District for those school years.

Interboro School District Transportation Data Reported to PDE		
School Year	Nonpublic School Students Reported Without Documentation	Supplemental Transportation Reimbursement Received ⁸
2014-15	190	\$ 73,150
2015-16	195	\$ 75,075
2016-17	190	\$ 73,150
2017-18	135	\$ 51,975
Total	710	\$273,350

During the 2014-15, 2015-16, and 2016-17 school years, the District electronically identified nonpublic students in its child accounting software. The District then reported these students without confirming if each student was transported by the District. During the 2017-18 school year, the District implemented a procedure to communicate with each nonpublic school and each nonpublic school students' parent/guardian in order to obtain requests for transportation to ensure that only nonpublic school students transported are reported to PDE for reimbursement. Despite this procedure, the District was only able to provide evidence that 45 of the 180 nonpublic school students reported to PDE during the 2017-18 school year were transported.

⁷ See Section 922.1-A(b) (relating to "Definitions") of the PSC, 24 P.S. § 9-922.1-A(b).

⁸ Calculated by multiplying nonpublic school students reported by \$385.

*Criteria relevant to the finding
(continued):*

Use of this specific form is not a PDE requirement; it has been designed and provided as a service to local education agencies that wish to use it for recording and calculating data that is reported to PDE on the PDE-1049 report in eTran. **If used, this form, along with the source documentation that supports the data, should be retained for auditor review.**

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.)

Conclusion

It is absolutely essential that records related to the District's transportation expenses and reimbursements be retained in accordance with the PSC's record retention provision (for a period of not less than six years) and that it be readily available for audit. Without proper documentation, we were unable to determine the appropriateness of the regular transportation received for the 2017-18 school year and supplemental transportation reimbursement received by the District for the audit period. As a state auditing agency, it is extremely concerning to us that the District did not have the necessary and legally required documents available for audit. Periodic auditing of such documents is extremely important for District accountability and verification of accurate reporting.

The District failed in its fiduciary duties to taxpayers when it neglected to report vehicle data for six vehicles and the related costs incurred for contracted services provided during the 2017-18 school year. Furthermore, because the District did not obtain the necessary vehicle data needed to submit to PDE for reimbursement, we were unable to submit revisions or determine the amount of regular transportation reimbursement the District should have received.

In addition, the District received \$273,350 of supplemental reimbursement for which the supporting requests for transportation were not retained for audit. Without the documentation, we could not determine the accuracy of the supplemental transportation reimbursements the District received.

Further, any school district official who signs the annual sworn statement must ensure that the transportation data was double-checked for accuracy before he/she attests to the accuracy of the data. Transportation expenses and the subsequent transportation reimbursements are significant factors that can impact the District's overall financial position. Therefore, it is in the best interest of the District to ensure that it regularly and consistently meets its fiduciary and statutory duties and complies with the PSC's record retention requirements for its transportation subsidy reimbursement.

Recommendations

The *Interboro School District* should:

1. Ensure personnel in charge of calculating and reporting transportation data are trained with regard to PDE's reporting requirements.
2. Establish procedures for the collection and retention of required transportation data needed to accurately report to PDE. These procedures should address contracted vehicles data, odometer readings for miles with and without students, and student bus rosters and contractor costs are in accordance with PDE instructions.

3. Implement a procedure to have a District official, other than the employee who reports the data, review the transportation data for accuracy and approve it prior to submission to PDE. This procedure should include a documented review of all transportation data reported to PDE.
4. Perform yearly reconciliations of bus rosters to the requests for student transportation forms to ensure a request is maintained to support each nonpublic school student reported to PDE.
5. Establish a safe and adequate location to store all source documents, including the request for transportation, to support nonpublic school students and transportation data submitted to PDE for audits.

Management Response

District management provided the following response:

- “1. The Transportation Supervisor was responsible for accumulating and reporting transportation data to the PDE. This individual was not properly trained with regards to maintaining and reporting transportation data to PDE.

The District has recently hired an outside consultant who is highly knowledgeable in the transportation field regarding school districts and the maintaining & reporting of the appropriate data to the PDE. The consultant is experienced in PDE reporting requirements, including the required components reported to the PDE and the forms needed in reporting the required data. The Transportation Director and the Transportation Supervisor will be trained by the consultant regarding the maintaining and reporting of any and all transportation data required to be reported to the PDE. In addition, the consultant will be training the Transportation Director and the Transportation Supervisor on how to use the transportation software recently purchased by the District. This should aid in the maintaining and reporting of data.

2. There were no procedures in place for the collection and retention of required transportation data that was needed to report to PDE.

The District will be formulating and implementing procedures for the collection and retention of transportation data that will be used to accurately report to the PDE. These procedures will be written up in conjunction with the assistance of the transportation consultant. The procedures will address contracted vehicle data, odometer readings for miles with and without students, student bus rosters and contractor costs. These procedures will be communicated to the Director of Transportation, Transportation Supervisor and other respective individuals to ensure that they are adhered to when accumulating and reporting any and all data to the PDE concerning transportation.

3. The information being submitted to the PDE was not reviewed by a District official other than the employee who was responsible for reporting the transportation data to the PDE prior to the submission of the data.

As part of the written procedures noted in response number 2, there will be a District official who will review the reports being submitted to the PDE for accuracy prior to the submission of the reports. The review will be documented by the District official and any discrepancies will be researched and corrected as needed before the submission of the data.

4. Annual reconciliations of bus rosters to the requests for student transportation forms was not done for the nonpublic school students.

As part of the written procedures noted in response number 2, the District will perform an annual reconciliation of bus rosters to requests for student transportation forms regarding the nonpublic school students. This will ensure that the requests for transportation are supported and that any documentation is being properly maintained.

5. Various source documents concerning transportation data were not being properly maintained, including the storage of the documents, by the District.

The District will communicate to the Director of Transportation, Supervisor of Transportation and any other respective employee the need to properly maintain and store any records concerning transportation data. The records will be maintained according to the District record retention policies. This will ensure that that all transportation data will be available for outside review such as PDE State audits and any other audits and/or reviews.”

Auditor Conclusion

We are pleased the District has identified a corrective action plan to address each of our recommendations. We will evaluate the District’s corrective actions identified in its management response and any additional corrective actions taken during our next audit of the District.

Status of Prior Audit Findings and Observations

Our prior audit of the Interboro School District (District) released on July 2, 2015, resulted in one finding and two observations, as shown below. As part of our current audit, we determined the status of corrective action taken by the District to implement our prior audit recommendations. We reviewed the District's written response provided to the Pennsylvania Department of Education (PDE), interviewed District personnel, and performed audit procedures as detailed in each status section below.

Auditor General Performance Audit Report Released on July 2, 2015

Prior Finding:	The District Lacks Sufficient Internal Controls over Its Student Record Data
<u>Prior Finding Summary:</u>	Our review of the District's controls over student record data integrity for the 2009-10, 2010-11, and 2011-12 school years found that internal controls need to be improved.
<u>Prior Recommendations:</u>	<p>We recommended that the District should:</p> <ol style="list-style-type: none">1. Develop documented procedures (e.g. procedure manuals, policies or other written instructions) to ensure continuity over Pennsylvania Information Management System (PIMS) data submission if District personnel were to leave the District suddenly or otherwise be unable to upload PIMS data to PDE.2. Ensure the software vendor makes any required corrections to the Student Information System (SIS) or determine if a new SIS should be obtained to fulfill the child accounting requirements of PIMS and the District.3. Retain end-of-year reports generated by the District's child accounting software and reconcile the data to PIMS reports.4. Consider cross-training several of its personnel in the District's child accounting system.5. Print out SIS membership reports and PIMS reports after the PIMS upload is completed and perform reconciliations between the District's child accounting software data and the PIMS reports. The District should retain all documentation for audit purposes.6. Review student calendar data reported through PIMS for accuracy to ensure that they reflect the correct days in session and days of enrollment.7. Immediately reconcile subsequent years' PIMS reports to SIS for District-maintained student record data and for student record data submitted to the District by the intermediate unit and the center. If errors are found, revisions should be submitted to PDE.

Current Status: The District has implemented procedures to address all of the recommendations. On July 1, 2014, the District created new procedures that include reconciliation of data, record retention, and training of the District's administrative staff as back-up to the PIMS coordinator to ensure continuity over the PIMS collection and reporting of data to PDE. The District purchased a new SIS that is more accurately aligned to the child accounting requirements of PIMS student data records.

Prior Observation No. 1: Personnel Records for Administrators Were Not Adequately Maintained or Provided in a Timely Manner

Prior Observation Summary: Our review of the District's employee personnel records found that the District did not keep adequate employee information and that the records were not kept in a central location. As a result, the District did not provide the requested personnel records to the auditors in a timely manner.

Prior Recommendations: We recommended that the District should:

1. Establish internal controls to ensure the proper maintenance and retention of personnel records.
2. Consider utilizing a checklist to identify and establish contents necessary for complete personnel files. This should include, but may not be limited to, the following: employment contracts, Act 93 agreements, employee salary information, employee leave, and contracted or other paid employee benefits.

Current Status: The District has properly implemented procedures to address all of the recommendations. On June 18, 2014, the District established internal controls to ensure the proper maintenance and retention of personnel records. The District created a checklist to be included in all employee personnel files to verify maintenance and retention of records when an employee's employment status changes.

Prior Observation No. 2: The District Lacked Sufficient Internal Controls over Payments Made to an Independent Contractor Which Resulted in Overpayments of \$10,566

Prior Observation Summary: Our audit found that the District did not enact adequate payment provisions for an independent contractor who was hired to temporarily fulfill the duties of the recently resigned Director of Pupil Services. As a result, the District overpaid the contractor \$10,566 for his services.

Prior Recommendations: We recommended that the District should:

1. Ensure all contracts include adequate provisions for determining hourly rates/payment terms.

2. Implement monitoring procedures to ensure payments are made in accordance with all appropriate District agreements.
3. Ensure that the District's solicitor has an important role in the process of reviewing contracts to ensure adequate provisions exist.
4. Contact the District's solicitor for guidance on recovering the \$10,566 overpayments from the Consultant.

Current Status:

The District properly implemented procedures to address all of the recommendations provided. On June 18, 2014, the District's Independent Contractor Agreement was updated with standard language to state the number of hours in a work day and to address the rates to be billed for partial hours worked. The District developed a new timesheet that is being utilized with all independent contractors which requires the information needed to ensure payments are made in accordance with District approved agreements. The Director of Finance and/or designee reviews the timesheet and supporting documentation for accuracy and agreement with contracts. Finally, the District's solicitor reviews contracts to ensure adequate provisions exist for proper execution. Due to costly litigation, the District chose not to recover the overpayment of \$10,566.

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,⁹ is not a substitute for the local annual financial audit required by the Public School Code of 1949, as amended. We conducted our audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit.

Scope

Overall, our audit covered the period July 1, 2014 through June 30, 2018. In addition, the scope of each individual audit objective is detailed on the next page.

The Interboro School District's (District) management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the District is in compliance with certain relevant state laws, regulations, contracts, and administrative procedures (relevant requirements).¹⁰ In conducting our audit, we obtained an understanding of the District's internal controls, including any information technology controls, if applicable, that we considered to be significant within the context of our audit objectives. We assessed whether those controls were properly designed and implemented. Any deficiencies in internal controls that were identified during the conduct of our audit and determined to be significant within the context of our audit objectives are included in this report.

⁹ 72 P.S. §§ 402 and 403.

¹⁰ Internal controls are processes designed by management to provide reasonable assurance of achieving objectives in areas such as: effectiveness and efficiency of operations; relevance and reliability of operational and financial information; and compliance with certain relevant state laws, regulations, contracts, and administrative procedures.

Objectives/Methodology

In order to properly plan our audit and to guide us in selecting objectives, we reviewed pertinent laws and regulations, board meeting minutes, annual financial reports, annual budgets, new or amended policies and procedures, and the independent audit report of the District's basic financial statements for the fiscal years July 1, 2014 through June 30, 2018. We also determined if the District had key personnel or software vendor changes since the prior audit.

Performance audits draw conclusions based on an evaluation of sufficient, appropriate evidence. Evidence is measured against criteria, such as laws, regulations, third-party studies, and best business practices. Our audit focused on the District's efficiency and effectiveness in the following areas:

- ❖ Transportation Operations
- ❖ Financial Stability
- ❖ Bus Driver Requirements
- ❖ School Safety

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

- Did the District ensure compliance with applicable laws and regulations governing transportation operations, and did the District receive the correct transportation reimbursement from the Commonwealth?¹¹
 - ✓ To address this objective, we randomly selected 10 of the 29 vehicles used to transport students during the 2017-18 school year.¹² We obtained and reviewed District created summary spreadsheets and calculations for mileage, student counts, and total days for District-owned vehicles selected. During our review of this information and through discussions with District staff, we found that the District used six contracted vehicles to transport students during the 2017-18 school year and failed to report the data for these six vehicles to PDE. We attempted to review calculations for mileage, student counts, and total days for all six contracted vehicles that were not reported to PDE. However, the District did not retain the required mileage, student, and day data for these six vehicles to be reported to PDE for reimbursement.
 - ✓ Additionally, we attempted to review all nonpublic school and charter school students reported to PDE as transported during the 2014-15 through 2017-18 school year. We reviewed the District's process for reporting nonpublic school and charter schools students to PDE and obtained, where applicable, individual requests for transportation and reports from the District's child accounting system.¹³ The results of our review for this objective can be found in the Finding beginning on page 6 of this report.

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

¹² 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.

¹³ The District reported 190 nonpublic school students and 4 charter school during the 2014-15 school year, 195 nonpublic school students and 11 charter school students during the 2015-16 school year, 190 nonpublic school students and 10 charter school students in 2016-17 school year, and 180 nonpublic school students and 10 charter school students in the 2017-18 school year.

- Based on an assessment of financial indicators, was the District in a declining financial position, and did it comply with all statutes prohibiting deficit fund balances and the over expending of the District's budget?
 - ✓ To address this objective, we reviewed the District's annual financial reports, General Fund budgets, and independent auditor's reports for the 2014-15 through 2018-19 fiscal years. The financial and statistical data was used to calculate the District's General Fund balance, operating position, charter school costs, debt ratio, and current ratio. These financial indicators were deemed appropriate for assessing the District's financial stability. The financial indicators are based on best business practices established by several agencies, including Pennsylvania Association of School Business Officials, the Colorado Office of the State Auditor, and the National Forum on Education Statistics. Our review of this objective did not disclose any reportable issues.
- Did the District ensure that all bus drivers transporting District students are board approved and had the required driver's license, physical exam, training, background checks, and clearances¹⁴ as outlined in applicable laws?¹⁵ Also, did the District adequately monitor driver records to ensure compliance with the ongoing five-year clearance requirements and ensure it obtained updated licenses and health physical records as applicable throughout the school year?
 - ✓ To address this objective, we assessed the District's internal controls for maintaining and reviewing required bus driver qualification documents and procedures for being made aware of who transported students daily. We determined if all drivers were board approved by the District. We randomly selected 10 of the 60 bus and van drivers transporting District students as of March 4, 2020, and reviewed documentation to determine if the District complied with the requirements for bus drivers' qualifications and clearances.¹⁶ We also determined if the District had monitoring procedures to ensure that all drivers had updated clearances, licenses, and physicals. Our review of this objective did not disclose any reportable issues.
- Did the District comply with requirements in the Public School Code and the Emergency Management Code related to emergency management plans, bullying prevention, memorandums of understanding with local law enforcement, and fire drills?¹⁷ Also, did the District follow best practices related to physical building security and providing a safe school environment?
 - ✓ To address this objective, we reviewed a variety of documentation including, safety plans, evidence of physical building security assessments and school climate surveys, training schedules, anti-bullying policies, safety committee meeting minutes, fire drill documentation, and after action reports. Due to the sensitive nature of school safety, the results of our review of this objective area are not described in our audit report, but they were shared with District

¹⁴ 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.

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

¹⁶ 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.

¹⁷ 24 P.S. § 13-1301-A *et seq.*, 35 Pa.C.S. § 7701, and 24 P.S. § 15-1517.

officials, PDE's Office of Safe Schools, and other appropriate law enforcement agencies deemed necessary.¹⁸

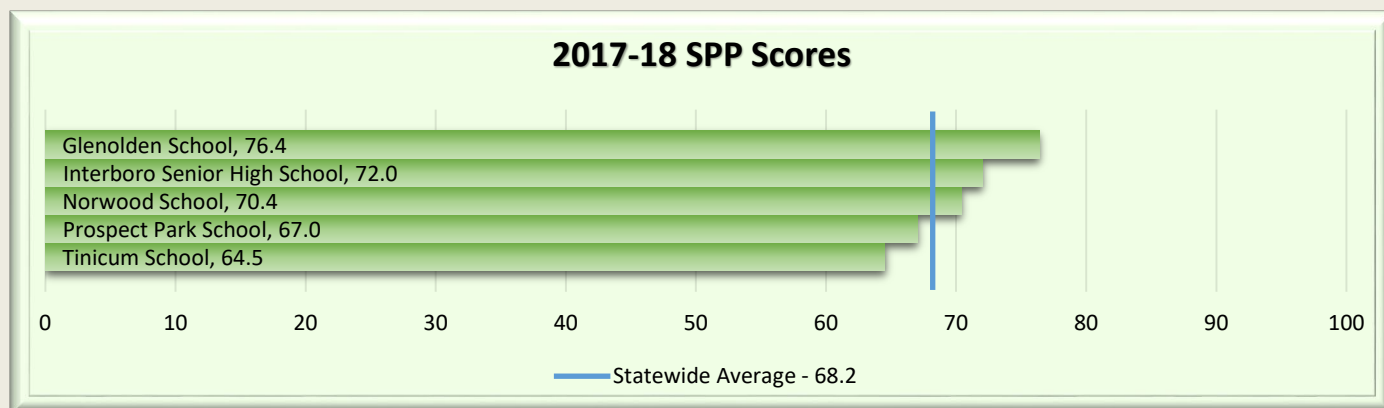
¹⁸ Other law enforcement agencies include the Pennsylvania State Police, the Attorney General's Office, and local law enforcement with jurisdiction over the District's school buildings.

Appendix B: Academic Detail By Building

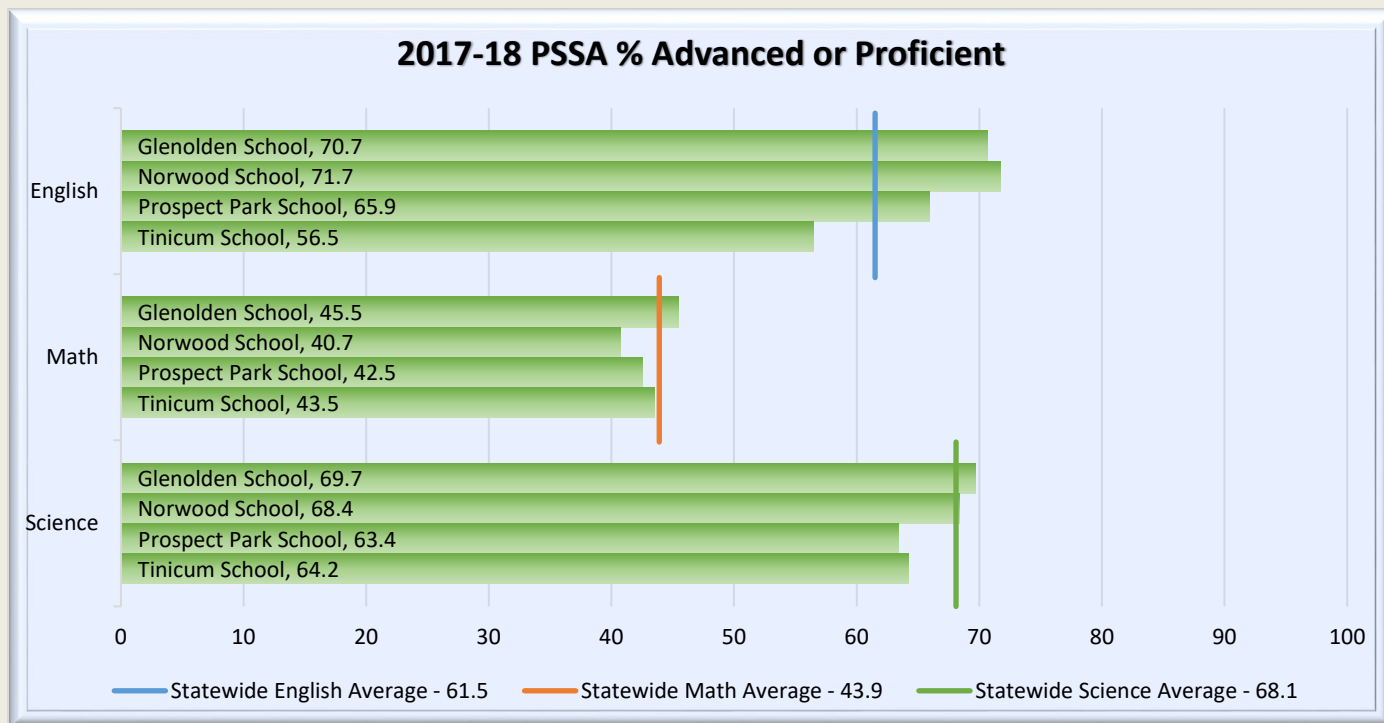
Benchmarks noted in the following graphs represent the statewide average of all public school buildings in the Commonwealth that received a score in the category and year noted.¹⁹ Please note that if one of the District's schools did not receive a score in a particular category and year presented below, the school will not be listed in the corresponding graph.²⁰

2017-18 Academic Data School Scores Compared to Statewide Averages

2017-18 SPP Scores



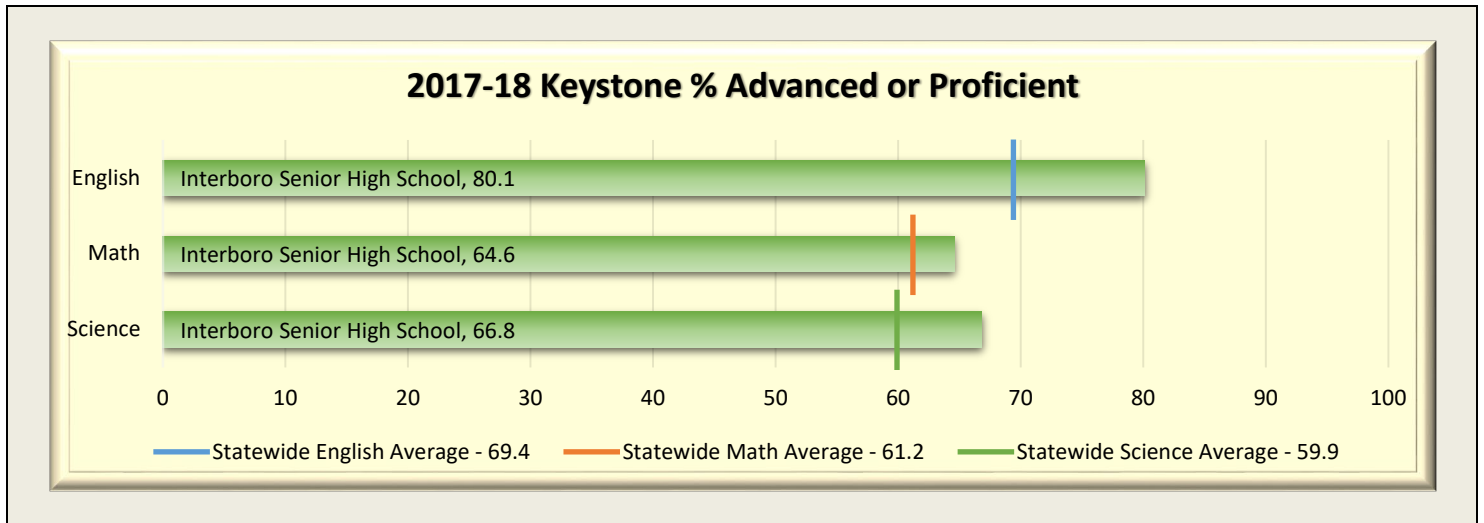
2017-18 PSSA % Advanced or Proficient



¹⁹ 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.

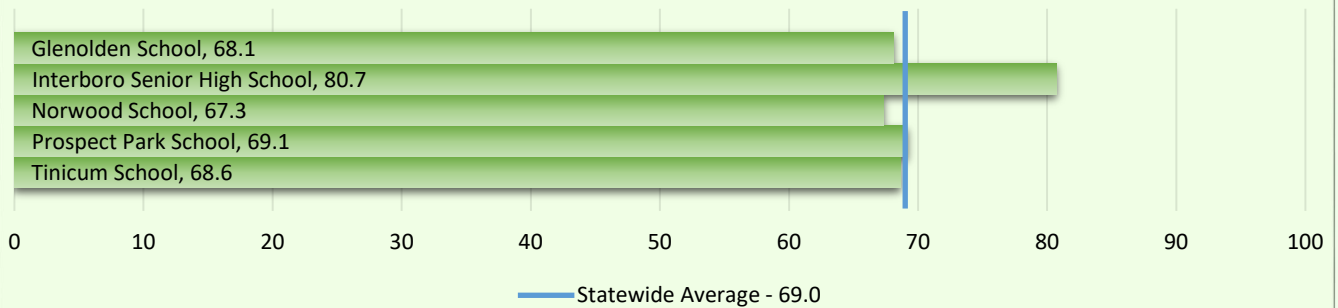
²⁰ PDE's data does not provide any further information regarding the reason a score was not published for a specific school. However, readers can refer to PDE's website for general information regarding the issuance of academic scores.

2017-18 Academic Data
School Scores Compared to Statewide Averages (continued)

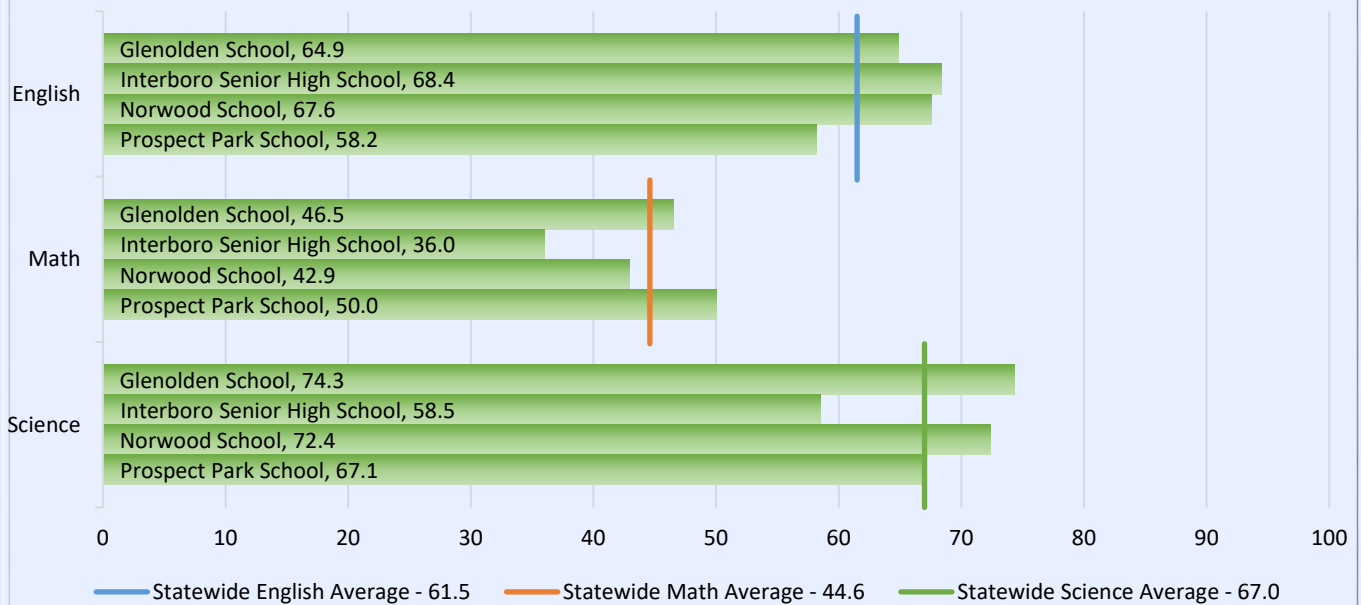


2016-17 Academic Data
School Scores Compared to Statewide Averages

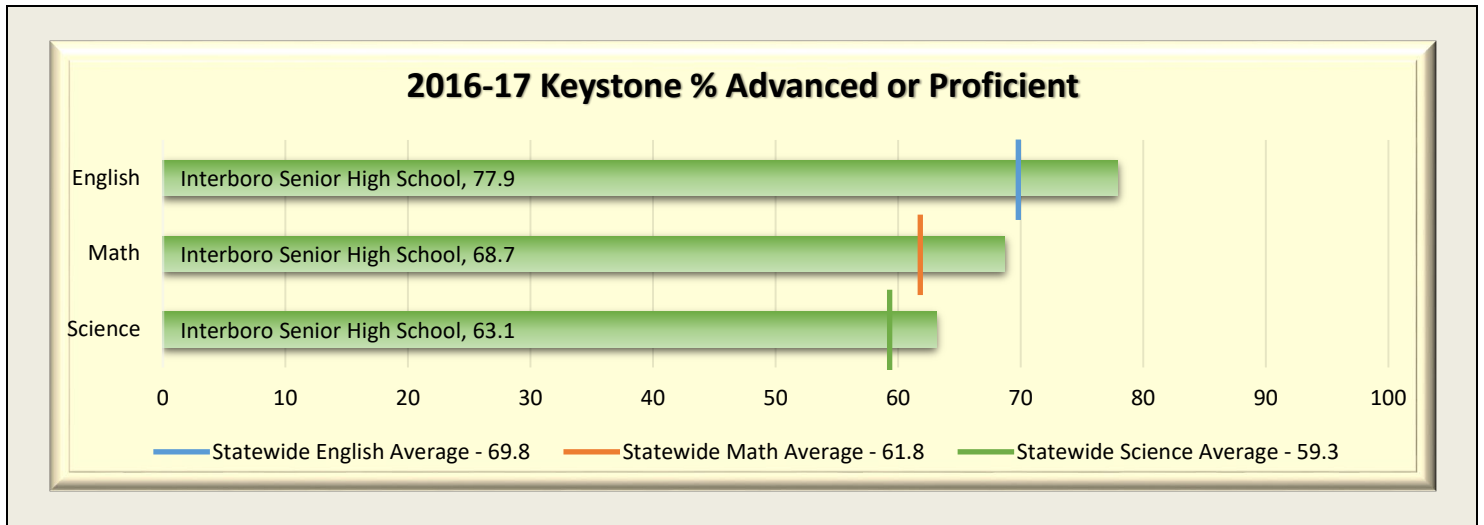
2016-17 SPP Scores



2016-17 PSSA % Advanced or Proficient

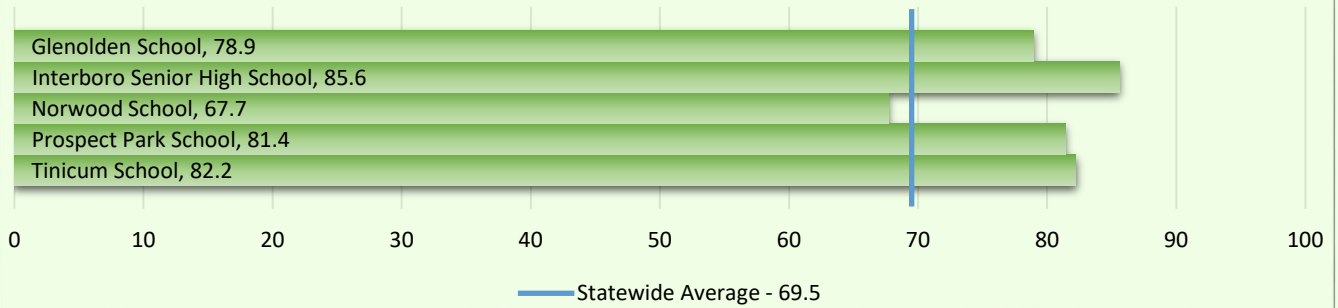


2016-17 Academic Data
School Scores Compared to Statewide Averages (continued)

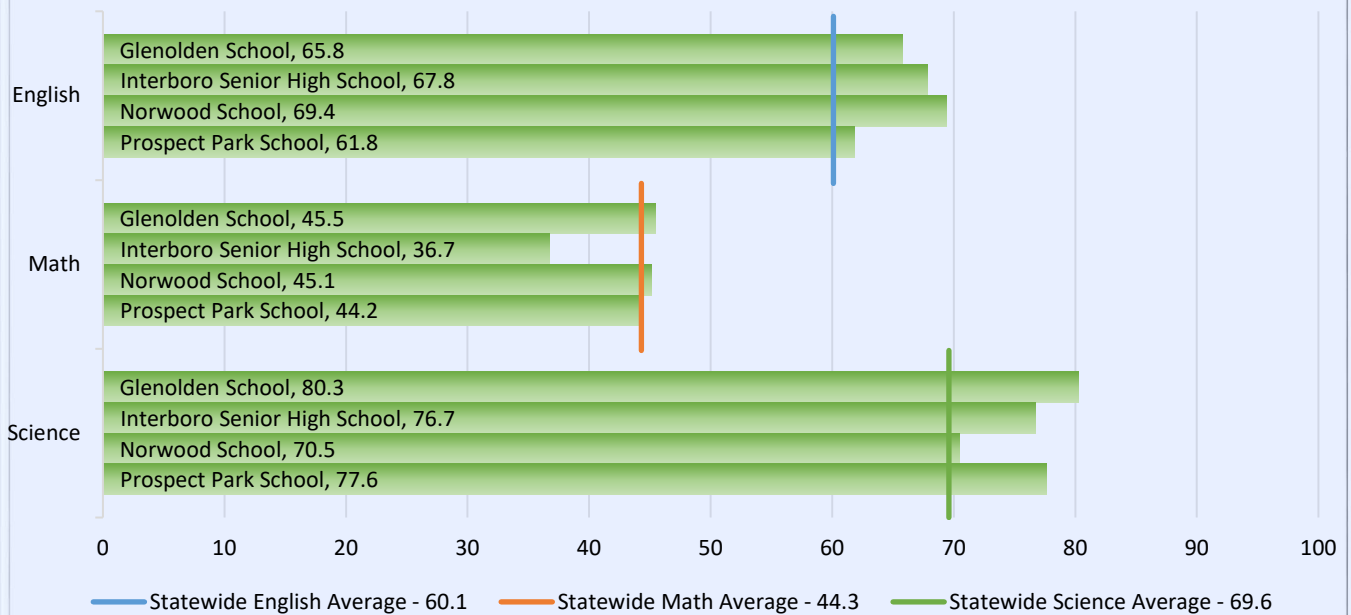


2015-16 Academic Data
School Scores Compared to Statewide Averages

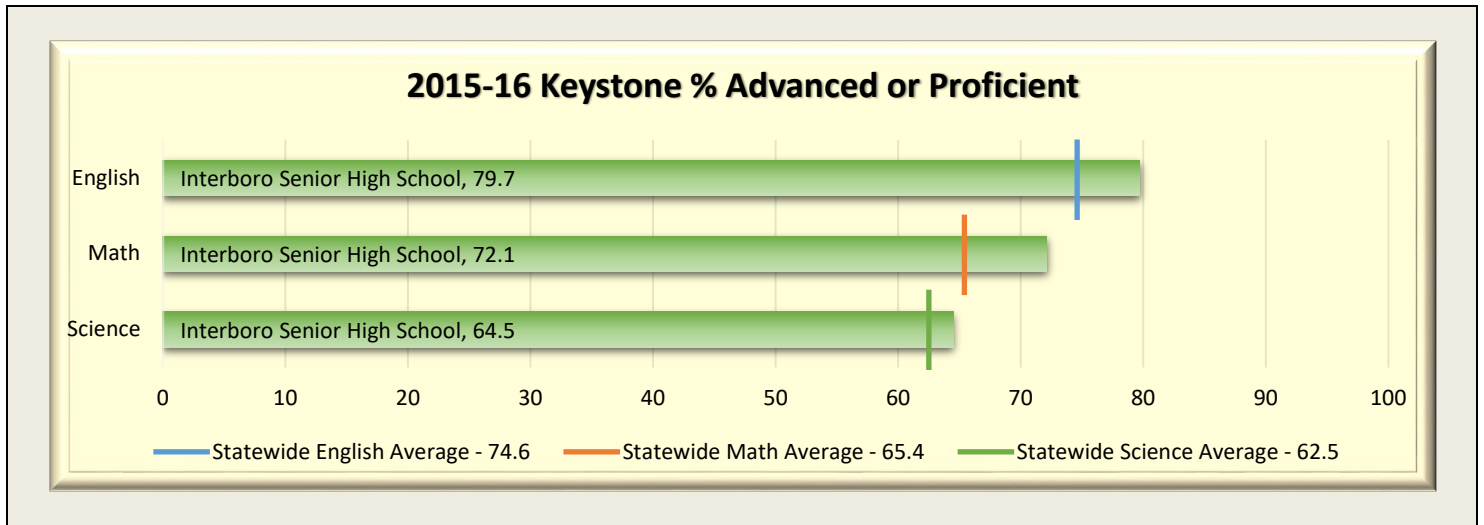
2015-16 SPP Scores



2015-16 PSSA % Advanced or Proficient



2015-16 Academic Data
School Scores Compared to Statewide Averages (continued)



Distribution List

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

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