

PERFORMANCE AUDIT

Keystone Central School District Clinton 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**

Ms. Jacquelyn Martin, Superintendent
Keystone Central School District
86 Administration Drive
Mill Hall, Pennsylvania 17751

Mr. Boise Miller, Board President
Keystone Central School District
86 Administration Drive
Mill Hall, Pennsylvania 17751

Dear Ms. Martin and Mr. Miller:

Our performance audit of the Keystone Central School District (District) evaluated the application of best practices in the area of finance. In addition, this audit determined the District's compliance with certain relevant state laws, regulations, contracts, and administrative procedures (relevant requirements). This audit covered the period July 1, 2014 through June 30, 2018, except as otherwise indicated in the audit scope, objective, and methodology section of the report. The audit was conducted pursuant to Sections 402 and 403 of The Fiscal Code (72 P.S. §§ 402 and 403), and in accordance with Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit found that the District applied best practices in the area listed above and complied, in all significant respects, with relevant requirements, except as detailed in our three findings noted in this audit report. A summary of the results is presented in the Executive Summary section of the audit report.

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 full 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.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale".

Eugene A. DePasquale
Auditor General

June 24, 2020

cc: **KEYSTONE CENTRAL 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 Keystone Central 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, 2014 through June 30, 2018, 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 2014-15 through 2017-18 school years.

Audit Conclusion and Results

Our audit found that the District applied best practices and complied, in all significant respects, with certain relevant state laws, regulations, contracts, and administrative procedures, except as detailed in the following three findings.

Finding No. 1: The District Inaccurately Reported Transportation Data to PDE Resulting in a Net Underpayment to the District of \$568,922.

The District inaccurately reported multiple transportation data elements to the Pennsylvania Department of Education that resulted in the District being underpaid a net total of \$568,922 in transportation reimbursements. The District was underpaid \$591,637 in regular transportation reimbursements primarily due to the District under reporting the miles, number of students, and the number of days students were transported during the 2014-15, 2015-16, 2016-17, and 2017-18 school years by their primary transportation contractor. Additionally, the District was overpaid \$22,715 in supplemental transportation reimbursements due to the District

inaccurately reporting the number of nonpublic school and charter school students transported during the 2015-16, 2016-17, and 2017-18 school years. (See page 8).

Finding No. 2: Contracted Transportation Employees with Disqualifying Criminal Convictions and Incomplete Driver Qualification Records on File Presented an Increased Risk to Student Safety.

The District failed to meet its statutory obligations related to the employment of individuals having direct contact with students during the 2019-20 school year by not maintaining complete and updated records for all drivers transporting students through its two transportation contractors. Most significantly, we found that the District used one driver and one bus aide who were ineligible for employment at the time of hire based on prior criminal convictions. We also found that the District was not following or monitoring adherence to its own transportation contracts, which required the contractor to provide all necessary clearance documentation to the District. Finally, the District's Board of School Directors did not approve drivers prior to the start of the school year for one of its contractors as required. By not adequately maintaining and monitoring driver qualifications, the District could not ensure that all contracted drivers were properly qualified and cleared to transport students, thereby placing students at potential risk of harm. (See page 16).

Finding No. 3: The District Failed to Enter Into a Memorandum of Understanding with Local Law Enforcement with Jurisdiction Over Its Property.

Our review found that the District failed to enter into a Memorandum of Understanding (MOU) with the local law enforcement agencies that have jurisdiction over all of its school property, including its ten school buildings. The "Safe Schools Act" and its associated regulations require that all public schools develop an MOU with local law enforcement agencies and update and re-execute the MOU every two years in order to

establish coordinated procedures in the case of an emergency. The District also failed to follow its own board policy related to relations with law enforcement agencies. The failure to comply with these important provisions could jeopardize the safety and security of District students and staff. (See page 23).

Status of Prior Audit Findings and Observations.

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

Background Information

School Characteristics 2018-19 School Year ^A	
Counties	Centre, Clinton, & Potter
Total Square Miles	971
Number of School Buildings	10
Total Teachers	313
Total Full or Part-Time Support Staff	175
Total Administrators	29
Total Enrollment for Most Recent School Year	3,752
Intermediate Unit Number	10
District Career and Technical School	Keystone Central Career & Technology Center

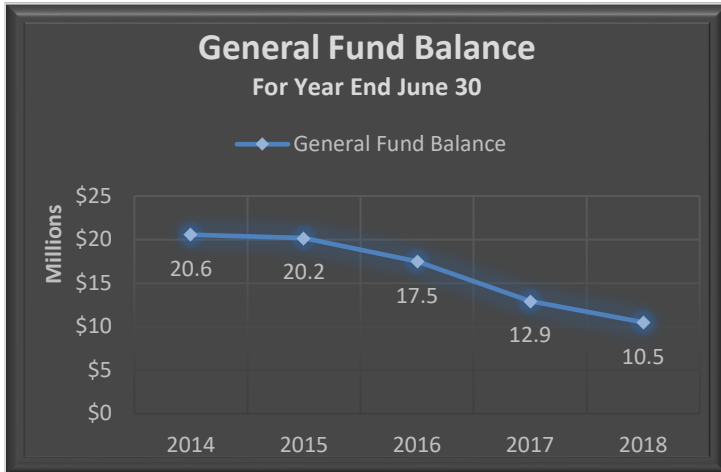
A – Source: Information provided by the District administration and is unaudited.

Mission Statement^A

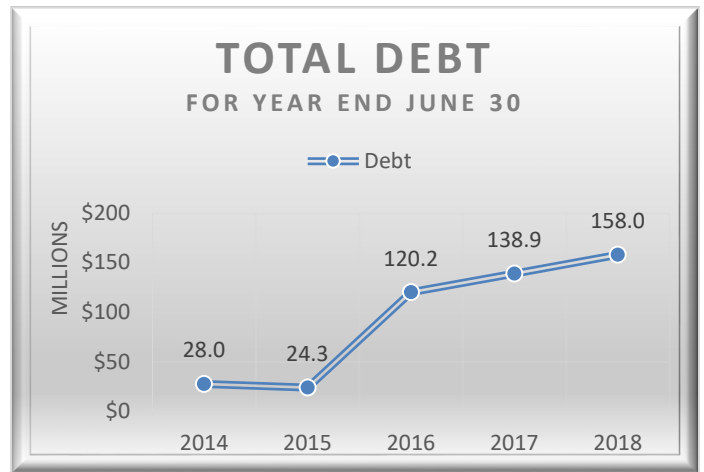
We are committed to developing lifelong learners who are adaptable, resilient, productive, and of high moral character.

Financial Information

The following pages contain financial information about the Keystone Central 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**.

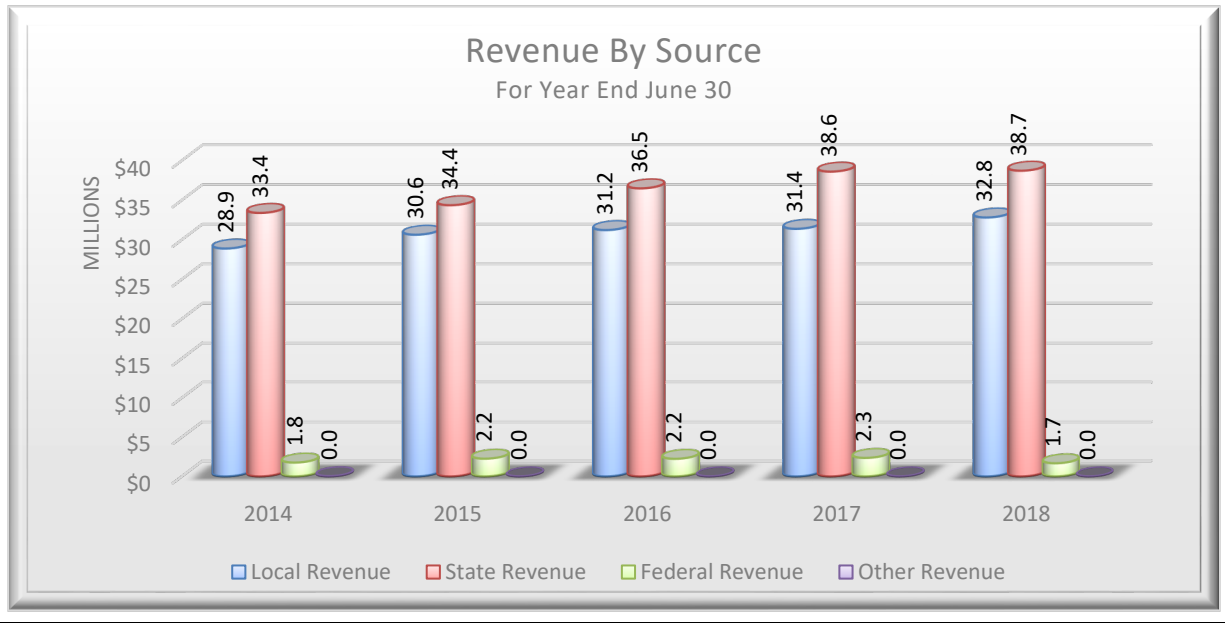
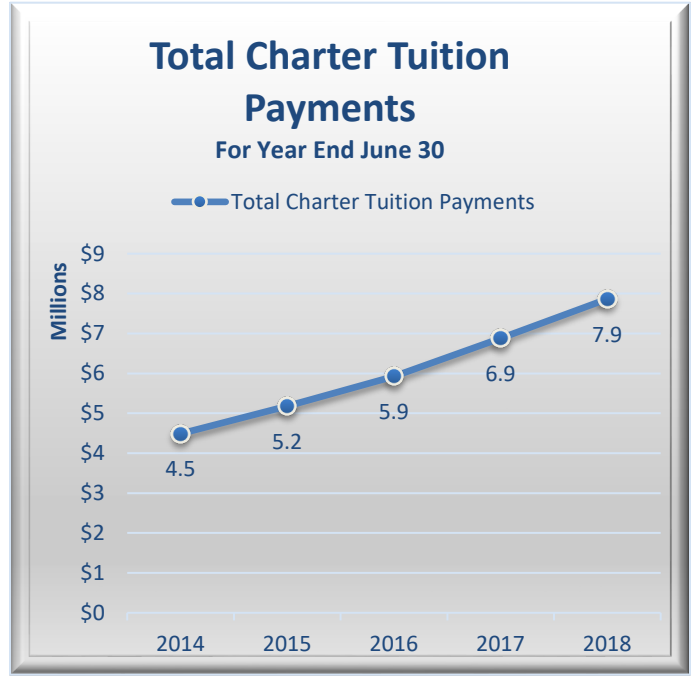
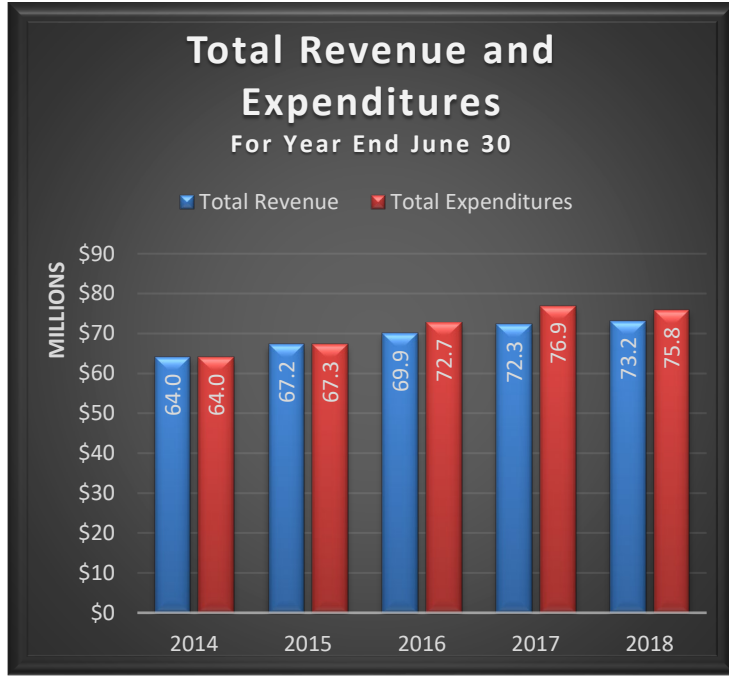


Note: General Fund Balance is comprised of the District’s Committed, Assigned and Unassigned Fund Balances.



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

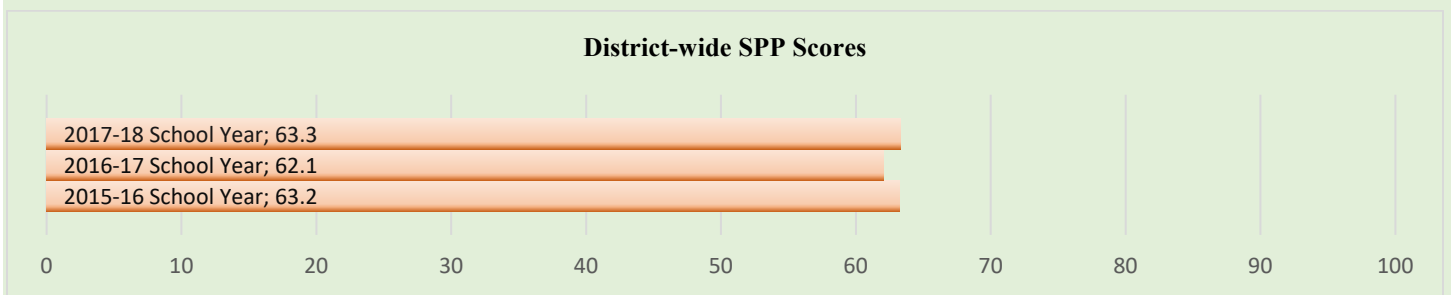


Academic Information

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 publicly available website.

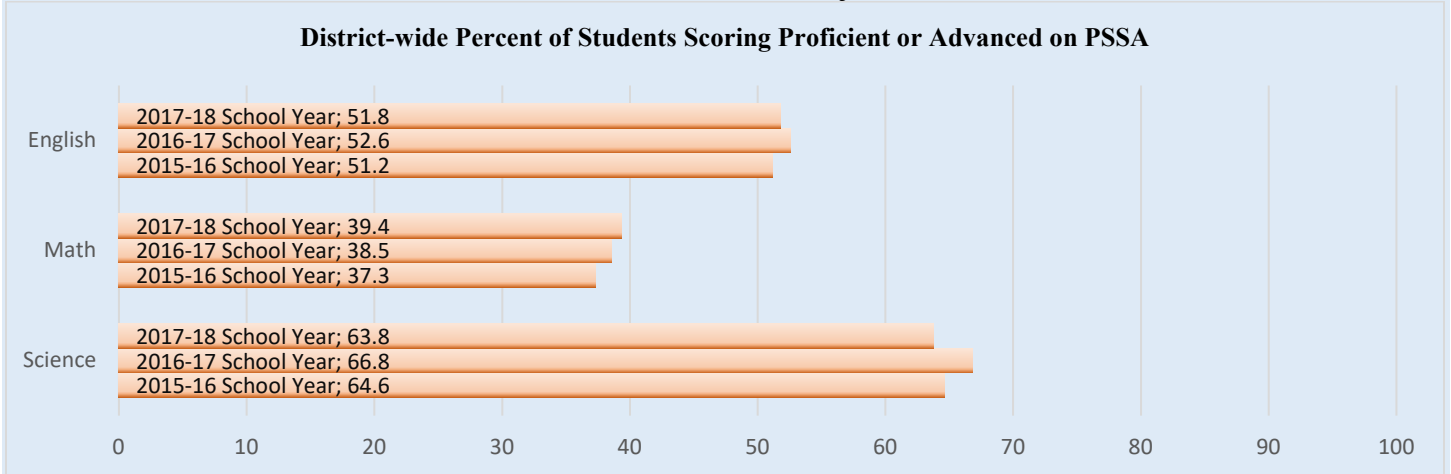
² PDE started issuing a SPP score for all public school buildings beginning with the 2012-13 school year. For the 2014-15 school year, PDE only issued SPP scores for high schools taking the Keystone Exams as scores for elementary and middle scores were put on hold due to changes with PSSA testing. PDE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

Academic Information Continued

What is the PSSA?

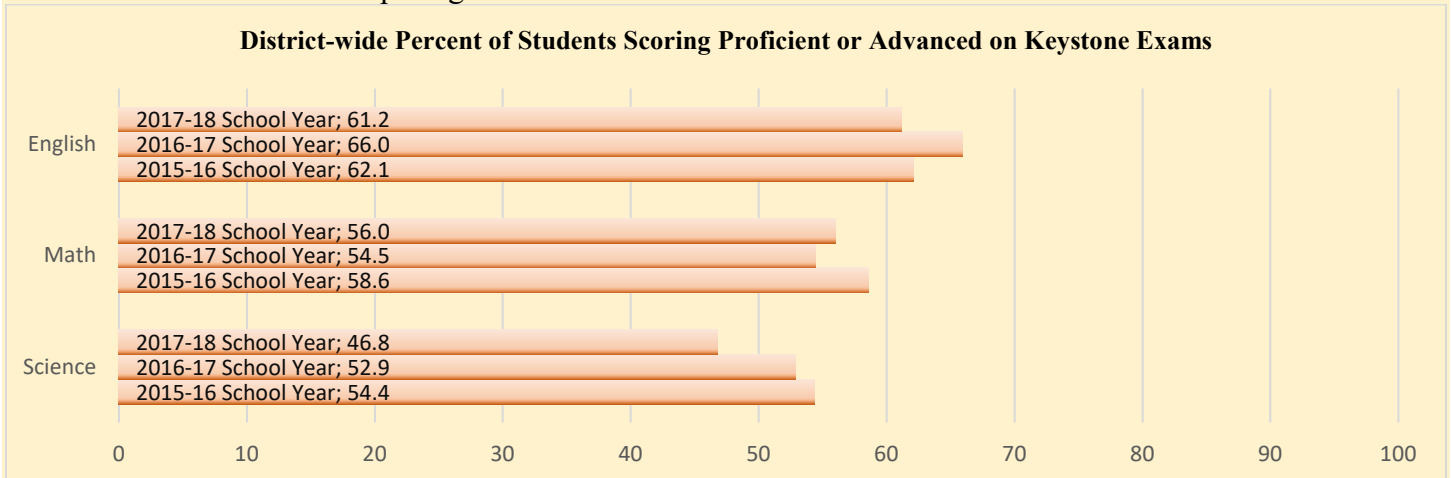
The PSSA is an annual, standardized test given across the Commonwealth to students in grades 3 through 8 in core subject areas, including English, Math and Science. The PSSAs help Pennsylvania meet federal and state requirements and inform instructional practices, as well as provide educators, stakeholders,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

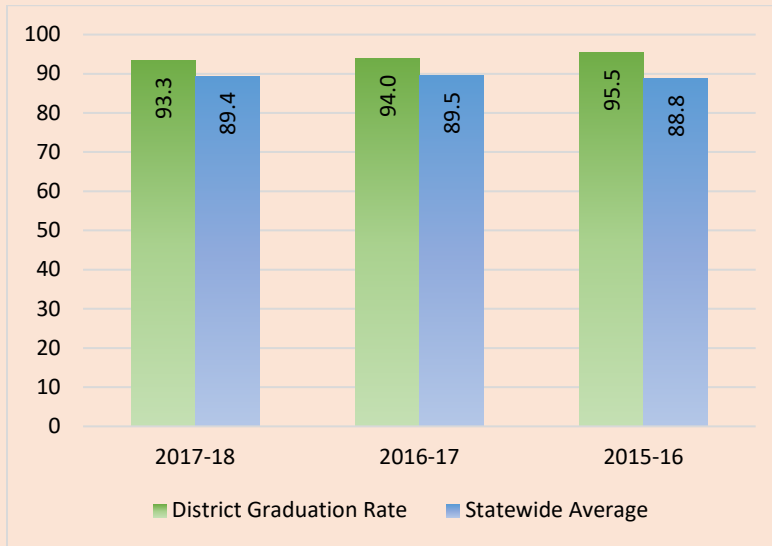


³ Act 158 of 2018, effective October 24, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement until the 2021-22 school year. See 24 P.S. § 1-121(b)(1).

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>.

Findings

Finding No. 1

The District Inaccurately Reported Transportation Data to PDE Resulting in a Net Underpayment to the District of \$568,922

Criteria relevant to the finding:

Student Transportation Subsidy

The Public School Code (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 Keystone Central School District (District) inaccurately reported multiple transportation data elements to the Pennsylvania Department of Education (PDE) that resulted in the District being underpaid a net total of \$568,922 in transportation reimbursements. The District was underpaid \$591,637 in regular transportation reimbursements primarily due to the District under reporting the miles, the number of students, and the number of days students were transported during the 2014-15, 2015-16, 2016-17, and 2017-18 school years by their primary transportation contractor. Additionally, the District was overpaid \$22,715 in supplemental transportation reimbursements due to the District inaccurately reporting the number of charter school and nonpublic school students transported during the 2015-16, 2016-17, and 2017-18 school years.⁵

Districts receive two separate transportation reimbursement payments from PDE. One 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 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 affect both the District's regular and supplemental transportation reimbursements received.

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 years with PDE in order to be eligible for transportation reimbursements. The Keystone Central School 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 to PDE, he/she is

⁵ The District accurately reported the number of nonpublic school and charter school students transported during the 2014-15 school year.

*Criteria relevant to the finding
(continued):*

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” 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.) *Ibid.*

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

<http://www.education.pa.gov/Documents/Teachers-Administrators/Pupil%20Transportation/eTran%20Application%20Instructions/PupilTransp%20Instructions%20PDE%201049.pdf> (accessed 4/16/20)

asserting that the information is true and that they have verified evidence of accuracy.⁶

Regular Transportation Reimbursement

The 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 the above listed 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 that the District has the complete components prior to reporting data to PDE. The Keystone Central School District is the largest geographic district in the Commonwealth, which underscores the importance of identifying all vehicles used to transport students prior to annually reporting transportation data elements to PDE.

The cumulative transportation reimbursement underpayment was primarily due to the District’s failure to report transportation data for 14 vehicles used to transport District students during the 2014-15, 2015-16, 2016-17, and the 2017-18 school years. As a result of not reporting the vehicle data for these vehicles, the District underreported the number of miles students were transported, the number of students transported, and the number of days students were transported to PDE.

⁶ 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).

The table below illustrates this information.

Table 1

Keystone Central School District					
Student Transportation Data					
School Year	Number of Vehicles Not Reported to PDE⁷	Mileage Not Reported to PDE	Number of Students Not Reported to PDE	Number of Days Not Reported to PDE	Underpayment
2014-15	3	40,775	187	527	\$127,019
2015-16	1	11,305	5	175	\$ 13,018
2016-17	9	163,760	398	1,573	\$389,763
2017-18	1	11,240	71	174	\$ 17,754
Total:	14	227,080	661	2,449	\$547,554

Criteria relevant to the finding (continued):

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.

Daily Miles With

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

Daily Miles Without

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

The District used two main contractors to transport the majority of its students during the audit period. The errors noted in Table 1 occurred with the District’s primary contractor. The District obtained detailed vehicle data from this contractor for all vehicles used to transport students during the audit period. The District’s process during the audit period was to enter detailed vehicle data into its transportation software. One step in this process was to identify whether each vehicle was reimbursable or non-reimbursable. When District personnel input the vehicle data into the District’s transportation software, the 14 vehicles illustrated in the Table above were inaccurately entered into the District’s software as non-reimbursable. Therefore, the transportation data (i.e., mileage, number of students, and number of students) for these 14 vehicles did not get reported to PDE for reimbursement. Despite failing to report the vehicle data for these 14 vehicles to PDE for reimbursement, the District paid its contractor for the service provided by these vehicles.

Further, the District made two additional minor regular transportation reporting errors during the audit period. First, the District inaccurately reported the number of reimbursable students transported during the 2017-18 school year.⁸ During that school year, the District inaccurately reported 172 students as reimbursable when they should have been reported as non-reimbursable. Non-reimbursable students are defined as elementary students residing less than 1.5 miles from their school and secondary students residing less than 2 miles from their school, excluding special education and vocational students, as well as students who live on a Pennsylvania Department of Transportation (PennDOT) determined hazardous walking route. Districts can choose to transport these students, but if transported, the district must report these students as non-reimbursable to PDE. Districts that transport non-reimbursable

⁷ The District reported the following for the period reviewed: 81 vehicles were used to transport students during the 2014-15 school year; 83 vehicles were used in the 2015-16 school year; 75 vehicles were used during the 2016-17 school year; and 84 vehicles were used to transport students during the 2017-18 school year.

⁸ The District accurately reported non-reimbursable students during the 2014-15, 2015-16, and 2016-17 school years.

*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.

Amount Paid Contractor

Enter the total amount paid to this contractor for the service described for the vehicles listed under this “Notification Number.” This amount should include payment for any activity run service (some schools refer to this as a “late run”), but should not include payment for field trips, athletic events, extended school year or any service provided other than to-and-from school transportation.

students receive a reduced regular transportation reimbursement from PDE compared to if the students were reimbursable. The errors made by the District were the result of not adequately understanding the requirements of identifying and reporting students as non-reimbursable. This error resulted in the District being overpaid \$13,082 in regular transportation reimbursements for the 2017-18 school year.

The District’s second minor regular transportation reporting error was the failure to report its total contractor transportation costs for the 2015-16, 2016-17, and 2017-18 school years.⁹ When a district contracts with a transportation vendor to provide transportation services, the total transportation costs are a component that is reported to PDE for reimbursement consideration. The District failed to annually report the costs of bus aides with its total transportation costs for the 2015-16 through 2017-18 school years. The District official responsible for reporting transportation data changed after the 2014-15 school year, and the official who reported this data during the 2015-16 through 2017-18 school years incorrectly believed that the costs to employ bus aides were not permitted to be reported as part of the District’s total contractor transportation costs. As a result of failing to report the cost of its bus aides, the District under reported its contractor transportation costs and was underpaid \$57,165 as a result of this error.

It was evident to us, during our review of the District’s transportation operations, that District personnel who reported transportation data during the audit period lacked the knowledge required to ensure the accurate reporting of transportation data. Despite having multiple employees who reported transportation data during the audit period, the District did not develop or implement written administrative procedures on the collection, processing, and reporting of transportation data. Additionally, the District did not reconcile its amount paid to each of its transportation contractors to information reported to PDE or review historical data reported to PDE to identify fluctuations in the data. Finally, the District did not have a review process in place in which an employee independent of compiling, processing, and reporting transportation data reviewed the data prior to reporting 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.¹⁰ The PSC requires school districts to provide transportation services to students who reside in its district and who attend a charter school or nonpublic school, and it provides for a reimbursement from the Commonwealth of \$385 for each

⁹ The District accurately reported transportation contractor costs during the 2014-15 school year.

¹⁰ See Section 922.1-A(b) (relating to “Definitions”) of the PSC, 24 P.S. § 9-922.1-A(b).

*Criteria relevant to the finding
(continued):*

**PDE INSTRUCTIONS FOR
WORKSHEET COMPLETION
WORKSHEET FOR
COMPUTING SAMPLE
AVERAGES**

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.

nonpublic school student transported by the district. This reimbursement was made applicable to the transportation of charter school students pursuant to an equivalent provision in the Charter School Law, which refers to Section 2509.3 of the PSC.¹¹

The District inaccurately reported the number of charter school and/or nonpublic school students transported to PDE for the 2015-16, 2016-17, and 2017-18 school years. The inaccurate reporting of this data resulted in the District being overpaid \$22,715 in supplemental transportation reimbursements.¹²

The table below details the number of nonpublic school and charter school students inaccurately reported and the amount of supplemental transportation reimbursement that the District was overpaid.

Table 2

Keystone Central School District Supplemental Transportation Data			
School Year	Nonpublic School Students Over Reported¹³	Charter School Students Over Reported¹⁴	Total Overpayment¹⁵
2015-16	0	5	\$ 1,925
2016-17	3	28	\$11,935
2017-18	3	20	\$ 8,855
Total	6	53	\$22,715

The District inaccurately coded the students identified in the table above as nonpublic school or charter schools students when identifying the students in the District’s transportation software. The students inaccurately reported to PDE were all District students who did not attend nonpublic or charter schools. These data entry errors were not identified prior to reporting to PDE because the District did not have a review process in place during the audit period and failed to reconcile the reported number of nonpublic and charter school students with nonpublic school/charter school bus rosters or individual requests for transportation. Additionally, the District did not have administrative procedures specifically related to the categorization and reporting of nonpublic school and charter school students.

¹¹ See 24 P.S. § 17-1726-A(a) which refers to 24 P.S. § 25-2509.3. A charter school is an independent public school and educates public school students within the applicable school district. See 24 P.S. § 17-1703-A (relating to “Definitions”).

¹² The District accurately reported nonpublic school and charter school students during the 2014-15 school year.

¹³ The District reported 447 nonpublic school students during the 2015-16 school year, 504 nonpublic school students during the 2016-17 school year, and 426 nonpublic school students during the 2017-18 school year.

¹⁴ The District reported 333 charter school students during the 2015-16 school year, 380 charter school students during the 2016-17 school year, and 421 charter school students during the 2017-18 school year.

¹⁵ Calculated by multiplying the total nonpublic and charter school students who were over 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.

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

PDE has established a **Summary of Students Transported form (PDE-2089)** and relevant instructions specifying how districts are to report nonpublic students transported to and from school.

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

The District failed in its fiduciary duties to taxpayers when it neglected to report transportation data for 14 vehicles during the audit period. The failure to report the transportation data for these vehicles was the primary reason the District was underpaid more than \$500,000 in transportation reimbursements. Transportation expenses and the subsequent transportation reimbursements are significant factors that can impact the District's overall financial position. The importance of ensuring that complete transportation elements are submitted to PDE for reimbursement is increased for a district the geographic size of the Keystone Central School District. Therefore, it is in the best interest of the District to ensure that it regularly and consistently meets its fiduciary duty by ensuring that all personnel are fully trained for their assignments and to ensure internal controls exist to reduce reporting errors. 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.

We provided PDE with reports detailing the transportation reporting errors for the 2014-15, 2015-16, 2016-17, and 2017-18 school years. PDE requires these reports to verify the net underpayment to the District. The District's future transportation subsidies should be adjusted by the amount of the net underpayment.

Recommendations

The *Keystone Central School District* should:

1. Ensure personnel in charge of calculating and reporting transportation data are fully trained with regard to PDE's reporting requirements.
2. Develop written procedures and internal controls for the collection, processing, and reporting of transportation data. These procedures should include a review of transportation data by an employee other than the person who prepared the data to provide additional assurances of the accuracy of the information before it is submitted to PDE.
3. Review historical transportation data for unusual trends or variances to help ensure the accuracy of the data being reported to PDE.
4. Perform a reconciliation of bus contractor invoices to vehicles reported to PDE to ensure that all permissible vehicles and associated costs have been reported to PDE for reimbursement.
5. Reconcile all nonpublic school and charter school students reported to PDE to individual requests for transportation to ensure accuracy.

*Criteria relevant to the finding
(continued):*

Supplemental Transportation Subsidy for Nonpublic and Public Charter Students

Section 1361(a) of the PSC requires school districts to provide free transportation to their students attending a nonpublic school located within the school district or outside the school district not exceeding ten miles by the nearest public highway. These provisions also allows school districts to receive a supplemental, state transportation subsidy of \$385 per nonpublic student pursuant to Section 2509.3 of the PSC. See 24 P.S. § 13-1361(a) and 24 P.S. § 25-2509.3.

Nonpublic school pupils are children whose parents are paying tuition for them to attend a nonprofit or parochial school.

Non-reimbursable Students

Non-reimbursable students are elementary students who reside within 1.5 miles of their elementary school and secondary students who reside within 2 miles of their secondary school. Non-reimbursable students do not include special education students or students who reside on routes determine by PennDOT to be hazardous. See 24 P.S. § 25-2541(b)(1).

Hazardous Students

Hazardous students are elementary students who reside within 1.5 miles of their elementary school and secondary students who reside within 2 miles of their secondary school. Hazardous students reside on routes determined by PennDOT to be Hazardous. See 24 P.S. §25-2541(c)(1)(2).

6. Review transportation reports completed and submitted to PDE for the 2018-19 school year and, if necessary, submit revised reports to PDE.

The *Pennsylvania Department of Education* should:

7. Adjust the District's future transportation subsidy to resolve the \$568,922 net underpayment.

Management Response

District management provided the following response:

1. Since being notified of the finding, the superintendent has required relevant professional development for transportation staff. The Supervisor of Transportation was formally trained through PASBO on April 9, 2019, on the guidelines and requirements for reporting district transportation activities. The Transportation Secretary is scheduled for training through PASBO on June 8, 2020.
2. Upon notification of this finding, the district immediately implemented formal written procedures to review and submit accurate reporting of district transportation activities. District administration immediately implemented segregation of duties where the Transportation Secretary inputs and reconciles the collections, processing, and reporting of the transportation data on a daily basis. The Supervisor of Transportation is responsible for preparing the data and reviewing for assurance of accuracy prior to final submission to PDE. The Business Manager will review documentation backup for all counts submitted to PDE as an additional assurance.
3. Annually, the Supervisor of Transportation uses the summary PDE report to compare all data over a 5 year look back to determine if there are unusual variances. The Business Manager will receive all summary reports as an additional assurance this analysis is complete.
4. The secretary provides the Supervisor a list of all bus contractor invoices annually to compare to the PDE summary upload to ensure all permissible vehicles and associated costs have been reported for reimbursement. This process was already implemented for the 2018-19 school year reporting. The Business Manager will be provided a copy of the completed reconciliation to ensure accuracy.
5. The Supervisor of Transportation will provide the summary report to the secretary for all nonpublic and charter school students reported to PDE. The secretary will cross-reference the list to the transportation request forms and keep a binder of the documentation for review by the Superintendent prior to signing the annual certification to PDE.

6. The review of the 2018-19 school year began prior to the COVID-19 shutdown and is to be completed by May 15, 2020.

Auditor Conclusion

We are pleased that the District implemented or plans to implement all six of our recommendations and has initiated appropriate corrective actions to address each recommendation as noted above. We will review the effectiveness of these and any other actions taken by the District during our next audit.

Finding No. 2

Contracted Transportation Employees with Disqualifying Criminal Convictions and Incomplete Driver Qualification Records on File Presented an Increased Risk to Student Safety

Criteria relevant to the finding:

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

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

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

The District failed to meet its statutory obligations related to the employment of individuals having direct contact with students during the 2019-20 school year by not maintaining complete and updated records for all drivers transporting students through its two transportation contractors. Most significantly, we found that the District used one driver and one bus aide who were ineligible for employment at the time of hire based on prior criminal convictions. We also found that the District was not following or monitoring adherence to its own transportation contracts, which required the contractor to provide all necessary clearance documentation to the District. Finally, the District's Board of School Directors (Board) did not approve drivers prior to the start of the school year for one of its contractors as required. By not adequately maintaining and monitoring driver qualifications, the District could not ensure that all contracted drivers were properly qualified and cleared to transport students, thereby placing students at potential risk of harm.

Background

The District utilizes two transportation contractors (Contractor A and Contractor B) to provide bus and van drivers (drivers), as well as bus aides (aides), to transport District students. Contractor A is the main transportation contractor, and Contractor B provides limited transportation for a specific student population.

Employment Requirements

Several state statutes and regulations, including the PSC and its associated regulations, establish the minimum required qualifications for school bus drivers. The ultimate purpose of these requirements is to ensure the protection, safety, and welfare of the students transported on school buses.

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

*Criteria relevant to the finding
(continued):*

Section 6344(b)(3) of the CPSL requires, in part, that, “The applicant shall submit a full set of fingerprints to the Pennsylvania State Police for the purpose of a record check...” (Act 153 of 2014).

Furthermore, both the PSC and the CPSL now require **recertification** of the required state and federal background checks and the child abuse clearance **every 60 months** (or every five years). *See* 24 P.S. §1-111(c.4), 23 Pa. C.S. §§ 6344.4.

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

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

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

or she can transport students with Board approval:

1. Driver qualification credentials,¹⁶ including:
 - a. Valid driver’s license (Commercial driver’s license if operating a school bus).
 - b. Valid school bus endorsement card, commonly referred to as an “S” card, indicating completion of skills and safety training (if operating a school bus).
 - c. Annual physical examination (if operating a school bus).
2. Criminal history reports/clearances:
 - a. State Criminal History Clearance (PSP clearance).
 - b. Federal Criminal History Clearance, based on a full set of fingerprints (FBI clearance).
 - c. PA Child Abuse History Clearance.

Failure to Meet Employment Requirements

We obtained a list of drivers and aides transporting students during the 2019-20 school year for the District, and we verified the completeness of that list with the District’s two contractors. We then requested and reviewed the District’s personnel files for these contracted employees for our review period to determine whether the District complied with driver and background clearance requirements, including the maintenance and monitoring of required documentation.

On December 10, 2019, we initially tested employment requirements for a select population of drivers and aides and found deficiencies, so we expanded our review to include all 121 drivers and 19 aides employed by the District through its two contractors.¹⁷

Our review found that the District was not adequately maintaining and monitoring required documentation from either of its contractors. More importantly, we determined that two individuals were not eligible for employment at their time of hire due to criminal convictions requiring a look-back period to be met before they were eligible for employment with direct contact with students. Further, we found that the District was not adequately overseeing its transportation contracts.

¹⁶ Pennsylvania’s Vehicle Code, 75 Pa.C.S. §§ 1508.1 (relating to Physical examinations) and 1509 (relating to Qualifications for school bus driver endorsement).

¹⁷ A total of five drivers’ employment ended prior to this date, but the District failed to properly update the list provided for testing. We included these drivers in our testing population. (*See also* the Methodology Section of the audit report.)

*Criteria relevant to the finding
(continued):*

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

Effective July 1, 2012, Section 111(j)-(2) of the PSC was amended to require all *prospective* employees to submit an *Arrest/Conviction Report and Certification Form* (PDE-6004 Form), including the newly added Section 111(f.1) criminal offenses, to their administrator prior to employment indicating whether or not they have ever been arrested or convicted of any of the reportable offenses provided for in Section 111(e) or (f.1). Further, retroactively effective on December 31, 2015, Section 111(j)(2) was amended by Act 4 of 2016 to require that the PDE-6004 Form include a certification of whether or not an employee was named as a perpetrator of a founded report of child abuse within the past five (5) years as defined by the CPSL. See 24 P.S. § 1-111(f.1) and (j)(2) (Act 82 of 2012 and Act 4 of 2016) and PDE-6004 Form instructions.

The detailed results of our review, by contractor, are as follows:

Contractor A

As the District's main transportation provider, Contractor A employs a total of 112 drivers and 19 aides. While we determined that some documentation was maintained at the District, the District failed to maintain, update, and monitor credentials prior to and throughout employment. Instead, the District relied on its contractor to provide required documentation, which did not always occur and the District did not monitor the contractor's compliance with this requirement.

Criminal Convictions Impacting Employment Eligibility

We found that one driver and one aide had disqualifying criminal convictions that should have prevented them from being hired into a position that required direct contact with children. Specifically, we determined these individuals had a criminal conviction that barred employment individually until 2029 and 2022, respectively, based on Section 111(f.1) of the PSC requiring look-back periods for specific offenses before being eligible for employment. In both instances, the individual had a felony conviction that required a ten-year look-back period.¹⁸

Additionally, we found that one of the two convicted employees noted above, who was ineligible for employment, failed to identify his/her reportable conviction on the *Arrest/Conviction Report and Certification Form* required to be filed with the District.¹⁹ The *Arrest/Conviction Report and Certification Form* is another document that is required to be maintained and considered by districts when determining employment eligibility. The discrepancy between the background clearance and the self-reported information on the *Arrest/Conviction Report and Certification Form* would have been a red flag that the District may have noticed if these documents were being reviewed.

As of January 7, 2020, these individuals were no longer transporting or monitoring District students.

District administration explained that it had an unwritten process in which submitted clearances with criminal convictions were supposed to be forwarded to the Superintendent for review. However, our review revealed

¹⁸ Specifically, 24 P.S. § 1-111(f.1)(1) which provides: “[i]f a report of criminal history record information or a form submitted by an employe under subsection (j) indicates the person has been convicted of an offense graded as a **felony offense of the first, second or third degree** other than one of the offenses enumerated under subsection (e) [i.e., explicitly banned conviction], the person shall be eligible for continued or prospective employment only if a period of **ten years has elapsed from the date of expiration of the sentence for the offense.**” (Emphases added.)

¹⁹ Pursuant Act 24 of 2011 and Act 82 of 2012, convictions of specific criminal offenses are defined under Sections 111(e) and (f.1) of the PSC, effective September 28, 2011, and July 1, 2012, respectively. See 24 P.S. § 1-111(e) and (f.1).

*Criteria relevant to the finding
(continued):*

Section 8.2 of Title 22, Chapter 8 (relating to Criminal Background Checks) of the State Board of Education regulations requires, in part, “(a) School entities shall require a criminal history background check **prior to hiring an applicant or accepting the services of a contractor**, if the applicant, contractor or contractor’s employees would have direct contact with children.” [Emphasis added]. See 22 Pa. Code § 8.2(a).

Section 23.4 of Title 22, Chapter 23 (relating to Pupil Transportation) of the State Board of Education regulations provide that the board of directors of a school district is responsible for the selection and approval of eligible operators who qualify under the law and regulations. See 22 Pa. Code § 23.4(2).

See also PDE’s “Clearances/Background Check” web site for current school and contractor guidance (<https://www.education.pa.gov/Educators/Clearances/Pages/default.aspx>).

that this process was not being followed by the District’s employee responsible for this duty, so convictions were overlooked and contracted employees were simply added to the board agenda for approval without review. This individual no longer works for the District, and the District has since implemented a new review process for contracted employees involving current staff and its Human Resource Department.

Missing Driver Qualifications and Background Clearances

We also found that the District failed to have on file at least one required driver or clearance document for all 112 drivers, and 1 of 19 aides was missing all required background clearances. Upon notification, the District promptly worked with Contractor A to obtain the missing documentation. As of January 10, 2020 and after several follow-up visits to the District, all missing documentation was obtained for these drivers/aides, with the exception of a current driver’s license for one driver and a physical card for another driver, and no additional concerns were noted.

The District explained that the individual responsible for reviewing driver clearances and licenses didn’t have a formal system to track qualification records being provided by Contractor A.

Contractor B

No Maintenance or Review of Driver Qualifications and Background Clearances

Contractor B provided nine drivers to the District. Although the District’s transportation contract required Contractor B to provide driver clearances to the District, we found the District did not have any required documentation on file for these nine drivers. We also found that the District’s Board did not annually approve the contracted drivers for Contractor B as required by law. Upon our request and after several follow-up visits to the District, the District ultimately obtained all required documentation for these nine drivers from its contractor, and we determined that all of the drivers were eligible to transport students.

The District indicated that it historically never approved drivers for Contractor B, so it wasn’t currently being done. Despite virtually identical language in the transportation contracts with Contractor A and Contractor B outlining responsibilities, the District had no measures in place to oversee the contract terms with Contractor B.

Lack of Initial Review and Ongoing Monitoring Procedures with Both Contractors

The District lacked an initial review and ongoing monitoring procedures to ensure that all contracted transportation employees were properly qualified prior to and throughout employment having direct contact with children.

*Criteria relevant to the finding
(continued):*

Both of the contracts between the District and their transportation contractors state in part:

“Driver Qualifications

Clearance Checks. The contractor agrees to comply with all provisions of Act 114 of 2006 FBI Federal Criminal History Report, Act 34 of 1985 and Act 151 of 1994 and as the same has been or may be amended from time to time, as set forth in Section 1-111 of the Public School Code of 1949, as amended, and Act 159, Child Abuse Clearance Check regarding background checks of prospective employees, and to provide to the District’s Transportation Supervisor, or his/her designee, the criminal history record information required by the three aforementioned Acts in advance of assigning any person to a position involving direct contact with students. The failure to do so shall constitute a default of this Agreement. The District reserves the right to review and/or audit background clearances for all employees of the Contractor. The Contractor further agrees to indemnify the District, the Board of School Directors and any all district employees for any civil penalty assessed on account of non-compliance with the Acts with respect to the Contractor, its agents or employees.

These weaknesses resulted in missing documentation, as well as overlooked criminal convictions, for Contractor A. Further, there was no maintenance, review, or oversight of documentation for Contractor B. Ultimately, the District is responsible for determining both pre-employment and post-employment driver fitness, and not the contractor. As such, ongoing monitoring is crucial to a District ensuring that its contracted drivers/aides meet all employment requirements. This responsibility has been heightened by recent amendments to the PSC and the Child Protective Services Law (CPSL) requiring that all clearances be renewed every five years.²⁰ Without a process to monitor the expiration dates on these clearance items, the District would be unaware of when drivers with expired credentials and/or clearances are transporting students.

The District’s lack of monitoring of ongoing bus driver qualifications and clearances due to reliance on the contractor caused the District to have incomplete files, which resulted in the District not complying with the PSC, the CPSL, the State Vehicle Code, the State Board of Education regulations, and PDE guidance.

Failure to Oversee Transportation Contracts

The District did not comply with its transportation contracts when it failed to oversee its contractors to ensure students’ safety. Pursuant to the transportation contracts with both providers, based on a requirement of the State Board of Education regulations, the contractor must provide the District with a list of drivers at the beginning of each school year, as well as the required clearances for each driver. The District maintained incomplete records for Contractor A, and no records for Contractor B.

Again, the District placed too much reliance on its contractors to make hiring decisions without proper oversight and monitoring by the District.

District’s Corrective Action

We notified District officials of our results on December 20, 2019, and they began taking appropriate corrective actions immediately. On January 7, 2020, the District notified Contractor A to nullify the employment of the driver and aide with criminal convictions disqualifying them for employment. On January 16, 2020, the Board officially nullified the employment of these two individuals, as well as an additional two drivers based on its newly implemented review and monitoring procedures because these drivers were not currently driving for the District or they didn’t have all of the required documentation on file. On February 13, 2020, the Board nullified the employment of an additional nine drivers, again based on its new review process of ensuring that

²⁰ See 24 P.S. § 1-111(c.4) and 23 Pa.C.S. § 6344.4.

*Criteria relevant to the finding
(continued):*

A certified list of all drivers and substitute drivers and their telephone numbers shall be provided by the second Tuesday in June of each year to the District's Transportation Supervisor, or his/her designee, and shall be updated in writing as may be necessary from time to time. Inclusion on the list shall be certification of compliance with all requirements. The District may require such documentation of compliance as it deems fit. No uncertified driver may drive under any circumstances."

approved drivers are actually driving for the District and that they have met all of the requirements. A spreadsheet to track qualification records was also implemented and assigned to current staff. Also, on January 16, 2020, the Board approved the drivers for Contractor B. Lastly, the Human Resource Department revised the District's hiring handbook to include the review of clearances for contracted employees and volunteers in the same manner as it would for District employees.

Conclusion

The District and its Board did not meet their statutory obligations to ensure that all bus drivers were qualified and eligible to transport students. Specifically, the District and its Board failed to comply with all applicable laws, regulations, PDE guidance documents, and its transportation contract by failing to obtain, review, and maintain all required bus driver qualifications and clearances and to have the board approve all drivers. Additionally, the District was not monitoring and updating ongoing driver requirements throughout employment.

Ensuring that ongoing credential and clearance requirements are satisfied are vital student protection legal and governance obligations and responsibilities placed on the District and its Board. The ultimate purpose of these requirements is to ensure the safety and welfare of all students transported on school buses. The use of a contractor to provide student transportation does not in any manner negate these legal and governance obligations and responsibilities.

Recommendations

The *Keystone Central School District* should:

1. Comply with the PSC's requirements to obtain, review, and maintain required credentials and background clearances for all contracted employees. This includes reviewing all background clearance documents for current and prospective bus drivers and documenting continued employment eligibility on a case-by-case basis with student safety serving as the utmost consideration.
2. Require the Board to approve a vetted list of drivers before the start of each school year.
3. Develop and implement formal written procedures requiring the District to determine driver eligibility prior to employment and to conduct routine and ongoing monitoring of driver records. These procedures should ensure that all required credentials and clearances are obtained, reviewed, and on file at the District prior to individuals transporting students, and that all required documentation continues to be updated and is complete. The procedures should also require the administration to attest in an open and public meeting before the

Board that the list of drivers provided for approval contains only drivers for whom the District has obtained all of the required records.

4. Provide training on Section 111 of the PSC and its associated regulations, as well as the relevant provisions of the CPSL, the Pennsylvania Vehicle Code, and the Pennsylvania Department of Transportation regulations to staff responsible for reviewing qualifications and those tasked with maintaining up-to-date personnel files for contracted bus drivers and aides.
5. Ensure that both the District and the contractors are fulfilling all of their responsibilities outlined in the transportation contracts.

Management Response

District management provided the following response:

The district immediately implemented formal written procedures to review and approve driver qualifications, required driver documentation and credentials prior to board action. This process involves a multi-tiered approval process with current, and new, employees of KCSD as well as individuals who work for any contracted service. Additionally, each year, KCSD written processes include annual review of vetted drivers and aides for board approval prior to the start of the school year for both contractors A and B. Since being notified of the finding, the superintendent has required relevant professional development for the following administrators: Transportation Supervisor, Transportation Secretary, Director of Human Resources and the Administrative Assistant to the Human Resources Director since many of these individuals are new to their roles.

Auditor Conclusion

We are pleased that the District has developed a plan to address our recommendations and has already initiated corrective actions by establishing written procedures to review and approve driver qualifications and credentials as well as a multi-tiered approval process.

We recommend that the District continue to provide training for personnel involved in approving bus drivers and that the District implements monitoring procedures for its transportation contractors. We will review the effectiveness of the District's written procedures as well as its multi-tiered approval process and any other corrective actions taken by the District during our next audit.

Finding No. 3

The District Failed to Enter Into a Memorandum of Understanding with Local Law Enforcement with Jurisdiction Over Its Property

Criteria relevant to the finding:

Memorandum of Understanding

Subsection (c) of Section 1303-A (relating to Reporting) of the **Public School Code’s “Safe Schools Act”** (Act) states, in part:

“...each chief school administrator shall enter into a memorandum of understanding with police departments having jurisdiction over school property of the school entity. Each chief school administrator shall submit a copy of the memorandum of understanding to the office by June 30, 2011, and **biennially update and re-execute a memorandum of understanding with local law enforcement and file such memorandum with the...[Office of Safe Schools] on a biennial basis.** The memorandum of understanding shall be signed by the chief school administrator, the **chief of police of the police department with jurisdiction** over the relevant school property and principals of each school building of the school entity...” (Emphases added.) See 24 P.S. § 13-1303-A(c).

We found that the District failed to enter into a Memorandum of Understanding (MOU) with the local law enforcement agencies that have jurisdiction over all of its school property, including its ten school buildings. The “Safe Schools Act” (Act) and its associated regulations require that all public schools develop an MOU with local law enforcement agencies and update and re-execute the MOU every two years in order to establish coordinated procedures in the case of an emergency.²¹ The District also failed to follow its own board policy related to relations with law enforcement agencies. The failure to comply with these important provisions could jeopardize the safety and security of District students and staff.

Background

The District has its own school police department consisting of two school police officers and one school resource officer. The District’s campus includes ten school buildings spread out over 971 square miles. Historically, the District has annually entered into an MOU with its own school police department. The MOU was signed by the District’s police department and each of the ten building principals and was filed with PDE biennially.

MOU Requirements

Under the Act, all public schools must enter into an MOU with the local law enforcement agencies having jurisdiction over its school property, including each of its school buildings. The MOUs with local law enforcement agencies establish agreed-upon procedures and responsibilities to be followed by district staff and local law enforcement in the event of an actual or potential threatening situation.²² The Act and its regulations clearly mandate districts to update and biennially re-execute MOUs with all local law enforcement agencies having jurisdiction over

²¹ Act 26 of 1995, as amended, added Article XIII–A. Safe Schools to the Public School Code (PSC). See in particular, 24 P.S. § 13-1303-A(c) and 22 Pa. Code § 10.11(a), (c), and (d).

²² According to the Model MOU promulgated by the State Board of Education, the purpose of the MOU is to “...establish...procedures to be followed when certain incidents [as specified in the MOU]...occur on school property, at any school sponsored activity, or on a conveyance as described in the Safe Schools Act (such as a school bus) providing transportation to or from a school or school sponsored activity. This Memorandum does not cover incidents that are outside of those school settings and create no substantial disruption to the learning environment.” See 22 Pa. Code 10, APPENDIX A, Part I, Subsection (B).

Criteria relevant to the finding (continued):

Section 10.1 of the **State Board of Education's regulations** provide as follows:

“The purpose of this chapter is to establish and maintain a cooperative relationship between school entities and local police departments in the reporting and resolution of incidents that occur on school property, at a school sponsored activity or on a conveyance as described in the Safe Schools Act, such as a school bus, providing transportation to or from a school or school sponsored activity.” See 22 Pa. Code § 10.1.

Subsections (a), (b), (c), and (d) of Section 10.11 (relating to Memorandum of understanding) of the **State Board of Education's regulations** provide as follows, in part:

“(a) Each chief school administrator shall execute and update, **on a biennial basis**, a memorandum of understanding with each local police department having jurisdiction over school property of the school entity.

(b) A memorandum of understanding between a school entity and a **local police department**, including its development and implementation, must meet the requirements of section 1303-A(c) of the Safe Schools Act (24 P.S. § 13-1303-A(c)).

any school property in the district. These MOUs must also be filed with PDE's Office of Safe Schools.²³

Failure to Execute MOUs with External Law Enforcement Agencies

While the District maintained an MOU with its own police department, it does not have MOUs with local law enforcement agencies having jurisdiction over its ten school buildings. Given the wide proximity of the District's boundaries, its buildings fall under the jurisdiction of six different law enforcement agencies. Therefore, the District should have a separate MOU with each of those agencies.

After the passage of Act 44 of 2018, the District questioned whether or not it should be obtaining MOUs with external police departments.²⁴ Prior to the start of the 2019-20 school year, District personnel approached one of the local law enforcement agencies to inquire about signing an MOU, but the District was informed by the agency that they do not sign MOUs.²⁵ Therefore, District personnel did not push the issue with that agency or any other agencies with jurisdiction over school property throughout the District.

However, in March 2020, a police corporal from a different law enforcement agency created an MOU and sent it to the District for signature. That particular MOU was signed by the District in May 2020 and another MOU with a different law enforcement agency is pending Board approval.

An MOU is a critical component of a District's overall safety plan. The failure to have MOUs with local law enforcement agencies could result in a lack of cooperation, direction, and guidance between District employees and the police departments if an incident occurs on school grounds, at any school-sponsored activity, or any public conveyance providing transportation to or from a school or school-sponsored activity. Non-compliance with the statutory requirement to have an MOU could have an impact on police department notification and response, and ultimately, the resolution of a potential problem situation. Moreover, despite an MOU with its own school police department, the District's police force of only two officers and one school resource officer may not be able to respond to an emergency situation without assistance from the local law enforcement agencies.

²³ 24 P.S. § 13-1303-A(c).

²⁴ Act 44 (effective immediately on June 22, 2018 with various implementation dates) added the following Articles to the PSC: 1) Article XIII-B. School Safety and Security (pertaining to, among others, the establishment of criteria to be used when conducting school safety and security assessments); 2) Article XIII-C. School Security (pertaining to school security personnel); and 3) Article XIII-D. Safe2say Program.

²⁵ Under the Act, “[t]he memorandum of understanding shall be signed by the chief school administrator, **the chief of police of the police department with jurisdiction over the relevant school property** and principals of each school building of the school entity....” (Emphasis added.)

*Criteria relevant to the finding
(continued):*

(c) In developing a memorandum of understanding to execute with a local police department, a school entity shall consult and consider the **model memorandum** of understanding promulgated by the Board in Appendix A (relating to model memorandum of understanding) [of the regulations].

(d) On a biennial basis, a school entity shall **file with the Department's Office for Safe Schools a memorandum of understanding** with each local police department having jurisdiction over property of the school entity....” (Emphases added.) See 22 Pa. Code § 10.11(a)-(d).

Board Policy *805.1 Relations with Law Enforcement Agencies* states, in part, “. . . The Board directs the Superintendent to execute and update, on a biennial basis, a memorandum of understanding with **each local police department that has jurisdiction over school property** in accordance with state law and regulations.” [Emphasis added.]

The District’s administration was under the impression that since it had its own school police department, the MOU could be with its own police department because its police officers covered all of the District’s buildings. Additionally, PDE did not inform the District that having an MOU with its own police department does not satisfy the Act’s requirement for a signed MOU with local law enforcement agencies. However, after being provided with guidance during the course of our audit, the District indicated that it is going to begin the process of obtaining MOUs with its local law enforcement agencies.

Failure to Follow Board Policy

The District also failed to follow its own Board Policy *805.1 Relations with Law Enforcement Agencies* dated May 1, 2014. This policy specifically recognizes the importance of cooperation with law enforcement agencies and directs the Superintendent to execute and update, on a biennial basis, an MOU with each local police department having jurisdiction over school property. By not executing MOUs with external law enforcement agencies, the District did not follow its own policy.

Summary

In summary, the District’s failure to execute MOUs with external law enforcement agencies that had jurisdiction over all of its school property, including its ten school buildings, resulted in noncompliance with the Act, certain provisions of the related regulations, and its own board policy. It is recommended that the District work with its local law enforcement agencies to execute MOUs and establish agreed-upon procedures in order to ensure cooperation, direction, guidance, and most importantly, readiness to be able to resolve potential emergency situations.

Recommendations

The *Keystone Central School District* should:

1. Obtain MOUs with each local law enforcement agency having jurisdiction over its school property consistent with the “Safe Schools Act” and the State Board of Education’s regulations, including its model MOU, and file a copy with PDE’s Office of Safe Schools on a biennial basis as required.
2. Review and comply with its own Board Policy *805.1 Relations with Law Enforcement Agencies*.

Management Response

District management provided the following response:

The Keystone Central School District agrees that there were no MOU's with local law enforcement agencies for jurisdiction over its properties because the KSCD police department has always had jurisdiction over its own property. As per the recommendation, the district has been working collaboratively with the local police departments to obtain current MOUs.

Auditor Conclusion

We are pleased that the District immediately took action to request MOUs with all six local law enforcement agencies with jurisdiction over their property. The District has already received two signed MOUs, one was Board approved in May and the other is pending Board approval. The District is currently waiting to receive the signed copies of their MOUs from the other four local police departments. We will confirm the District has valid and signed MOUs for all ten of their District buildings during our next audit.

Status of Prior Audit Findings and Observations

Our prior audit of the Keystone Central 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,²⁶ 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 Keystone Central 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).²⁷ 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.

²⁶ 72 P.S. §§ 402 and 403.

²⁷ 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
- ❖ Bus Driver Requirements
- ❖ School Safety
- ❖ Financial Stability
- ❖ Administrator Separations

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?²⁸
 - ✓ To address this objective, we originally obtained and reviewed requests for transportation and student listings for all nonpublic school and charter school students reported to PDE by the District for the 2017-18 school year.²⁹ Due to errors noted with the classification of nonpublic school and charter school students for the 2017-18 school year, the District reviewed and revised all of the nonpublic school and charter school students reported to PDE for the 2014-15, 2015-16, and 2016-17 school years. For each school year, we randomly reviewed 60 nonpublic school and 60 charter school students of the District's revised list of students. Therefore, we expanded our review to determine the accuracy of the District's revised nonpublic school and charter school students' count for each year. We randomly selected 60 nonpublic school and 60 charter school students to ensure that each student was accurately identified and reported accurately to PDE.³⁰
 - ✓ Additionally, we randomly selected 10 of the 75 vehicles that the District reported to PDE for the 2016-17 school year as used to transport students.³¹ We obtained odometer readings, student vehicle rosters, and sample/weighted average calculations used by the District to report transportation data to PDE. This review did not result in any errors.

²⁸ See 24 P.S. §§ 13-1301, 13-1302, 13-1305, 13-1306; 22 Pa. Code Chapter 11.

²⁹ The District reported 426 nonpublic school and 421 charter school students to PDE for the 2017-18 school year.

³⁰ 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.

³¹ Ibid.

- ✓ We also obtained and reviewed all of the non-reimbursable students eligible to be reported as reimbursable due to residing on a PennDOT determined hazardous walking route for the 2016-17 and 2017-18 school years.³² We reviewed student vehicle rosters and certified route documentation from PennDOT in order to ensure all non-reimbursable and reimbursable students due to residing on hazardous walking conditions were properly reported to PDE.
 - ✓ Finally, we performed a contractor cost analysis for the 2014-15 through 2017-18 school years to determine if the costs to provide transportation services and the number of vehicles used to transport District students were accurately reported to PDE. We reviewed all 11 contractor monthly invoices for the District’s main transportation provider from August through June for all four years to determine if the costs incurred to transport students agreed with the amount reported to PDE for transportation costs and to determine if the District reported all the vehicles used to transport students. The results of our review of this objective can be found in Finding No. 1 on page 8 of this report.
- Did the District ensure that all drivers and vehicle aides who either transported or monitored District students were board approved and had the required driver’s license, physical exam, training certificate, background checks, and clearances³³ as outlined in applicable laws (aides are not required to have driver’s license, physical exam or training certificate)?³⁴ Also, did the District adequately monitor driver and aide 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 monitoring drivers and driver qualification documents. We determined if all drivers were board approved by the District. We selected all of the 140 drivers and aides who either transported or monitored District students as of December 10, 2019. We reviewed documentation to ensure the District complied with the requirements for bus drivers and aides. We also determined if the District had written policies and procedures governing the hiring of drivers/aides and if those procedures, when followed, would ensure compliance with bus driver hiring requirements. The results of our review of this objective can be found in Finding No. 2 on page 16 of this report.
- Did the District comply with requirements in the Public School Code and the Pennsylvania Emergency Management Code related to emergency management plans, bullying prevention, memorandums of understanding with local law enforcement, and fire drills?³⁵ 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, anti-bullying policies, safety committee meeting minutes, and fire drill reporting data. A portion of the results of our review of this

³² The District reported 67 non-reimbursable school and 270 reimbursable school students who resided on hazardous walking routes for the 2016-17 school year and 0 non-reimbursable school and 172 reimbursable school students who resided on hazardous walking routes to PDE for the 2017-18 school year.

³³ 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.

³⁴ 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.

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

objective can be found in Finding No. 3 on page 23 of this report. Due to the sensitive nature of school safety, the full results of our review of this objective area 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.³⁶

- 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. We also interviewed District officials to gain a better understanding of the District's financial position during the audit period and the District's plan to address its financial position for the future. Our review of this objective did not disclose any reportable issues.
- Did the District ensure that all individually contracted employees who separated employment from the District were compensated in accordance with their contract? Also, did the District comply with the Public School Code³⁷ and the Public School Employees' Retirement System (PSERS) guidelines when calculating and disbursing final salaries and leave payouts for these contracted employees?
 - ✓ To address this objective, we reviewed the contracts, settlement agreements, board meeting minutes, board policies, and payroll records for all four individually contracted administrators who separated employment from the District during the period July 1, 2014 through March 20, 2020. In addition, we reviewed all five of the District's Act 93 contracted administrators who separated employment from the District as a result a Board approved early retirement incentive on March 14, 2019.³⁸ We verified the reasons for separation and reviewed payroll records to ensure that all payments were made in accordance with the terms of the contract and that those payments were correctly reported to PSERS. Our review of this objective did not disclose any reportable issues.

³⁶ Other law enforcement agencies include the Pennsylvania State Police, the Office of Attorney General, and local law enforcement with jurisdiction over the District's school buildings.

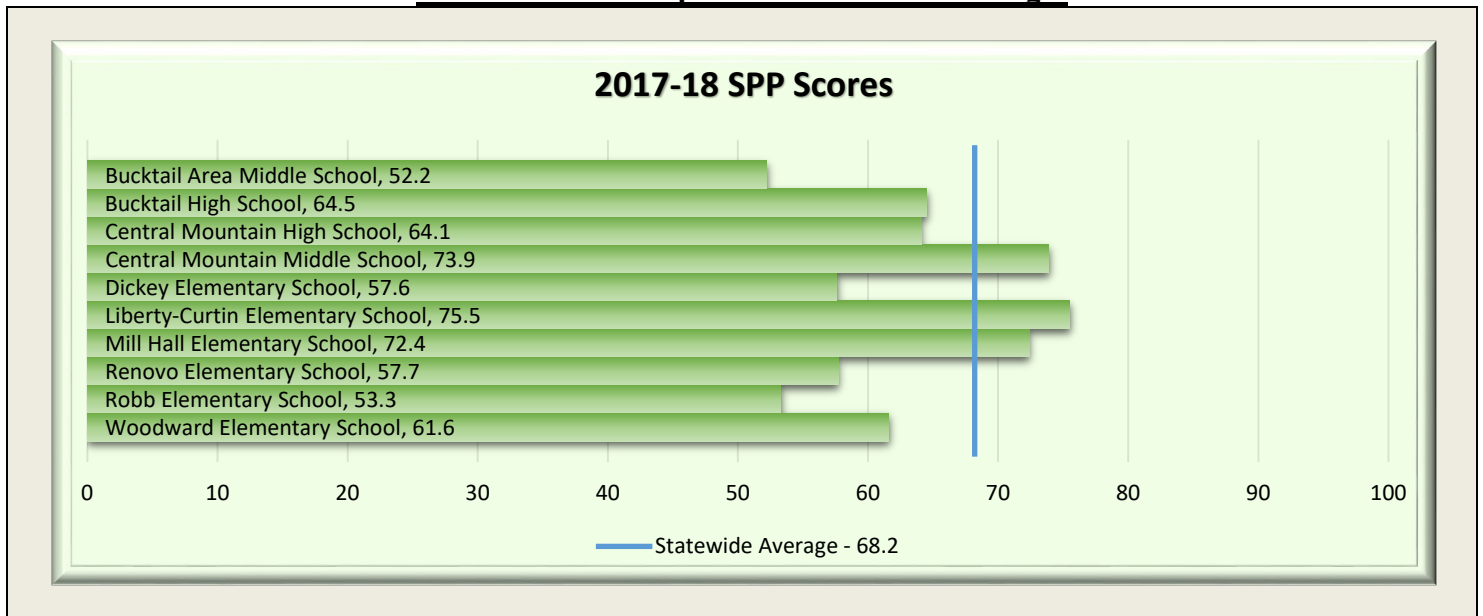
³⁷ 24 P.S. § 10-1073(e) (2) (v).

³⁸ 24 P.S. § 11-1164. The definition of "school administrator is defined as "any employee of the school entity below the rank of District Superintendent, Executive Director, Director of Vocational Technical School, Assistant District Superintendent, or Assistant Executive Director, but including the rank of first level supervisor, who by virtue of assigned duties is not in a bargaining unit of public employees..." An Act 93 Plan is a plan that must be in effect for at least one school year, needs to be a written document, lists fringe benefits, notes salary amounts or a schedule with a description as to how administrative salaries are determined, and must have Board approval.

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.³⁹ 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.⁴⁰

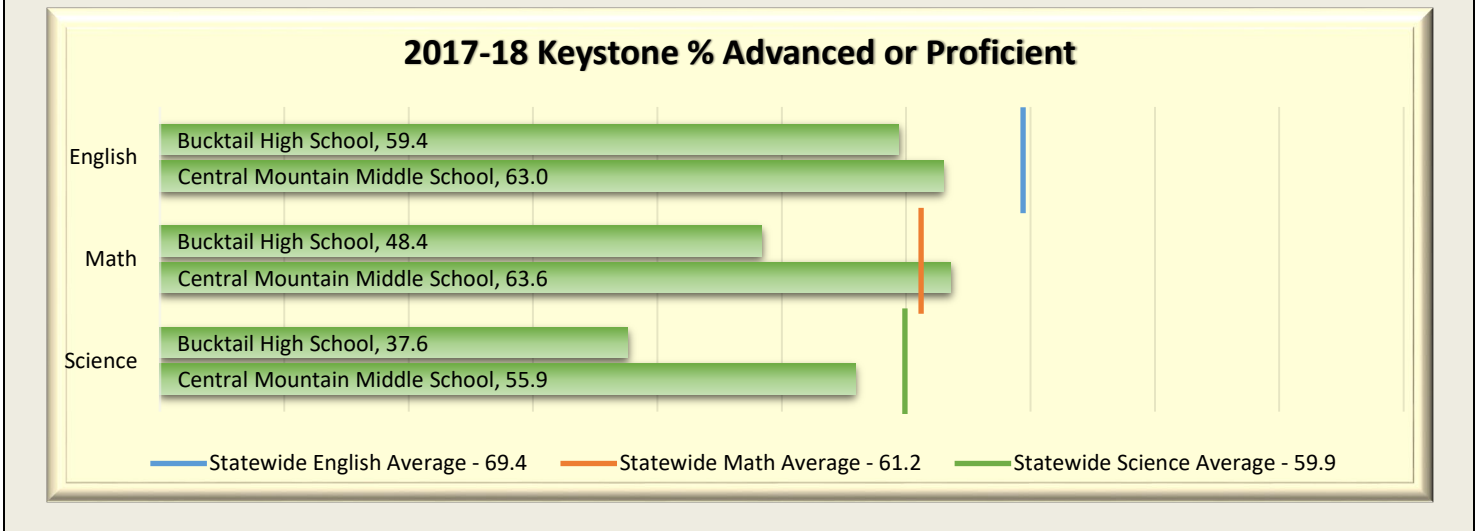
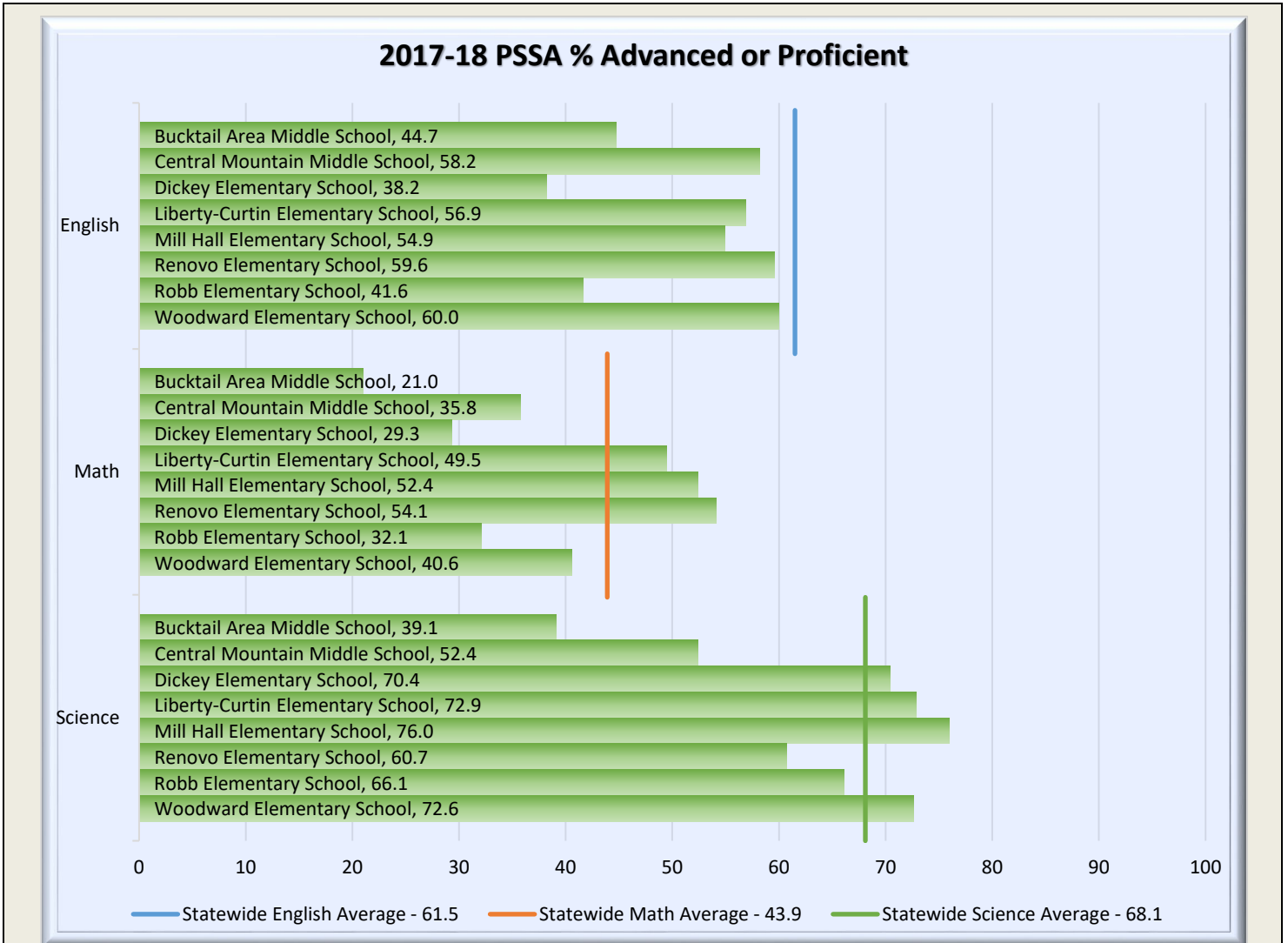
2017-18 Academic Data School Scores Compared to Statewide Averages



³⁹ 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.

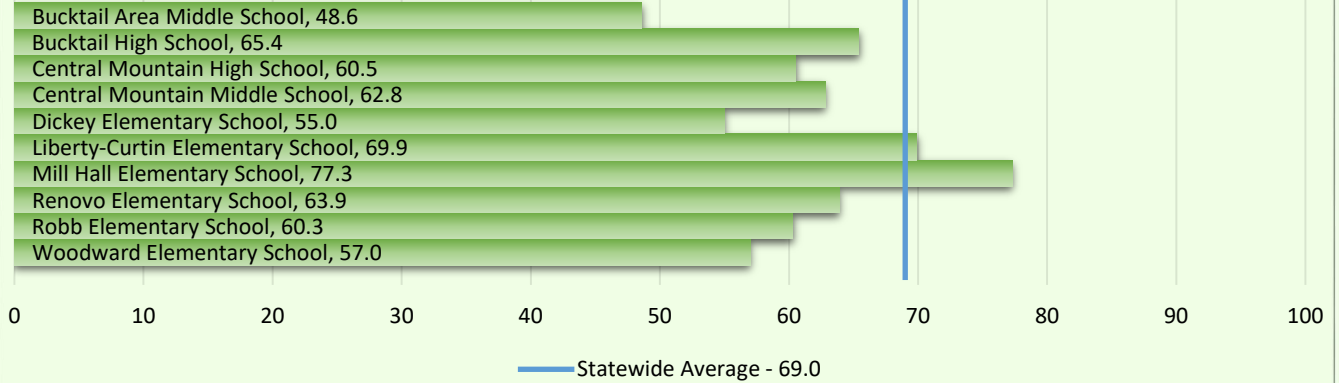
⁴⁰ PDE's data does not provide any further information regarding the reason a score was not published for a specific school. However, readers can refer to PDE's website for general information regarding the issuance of academic scores.

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

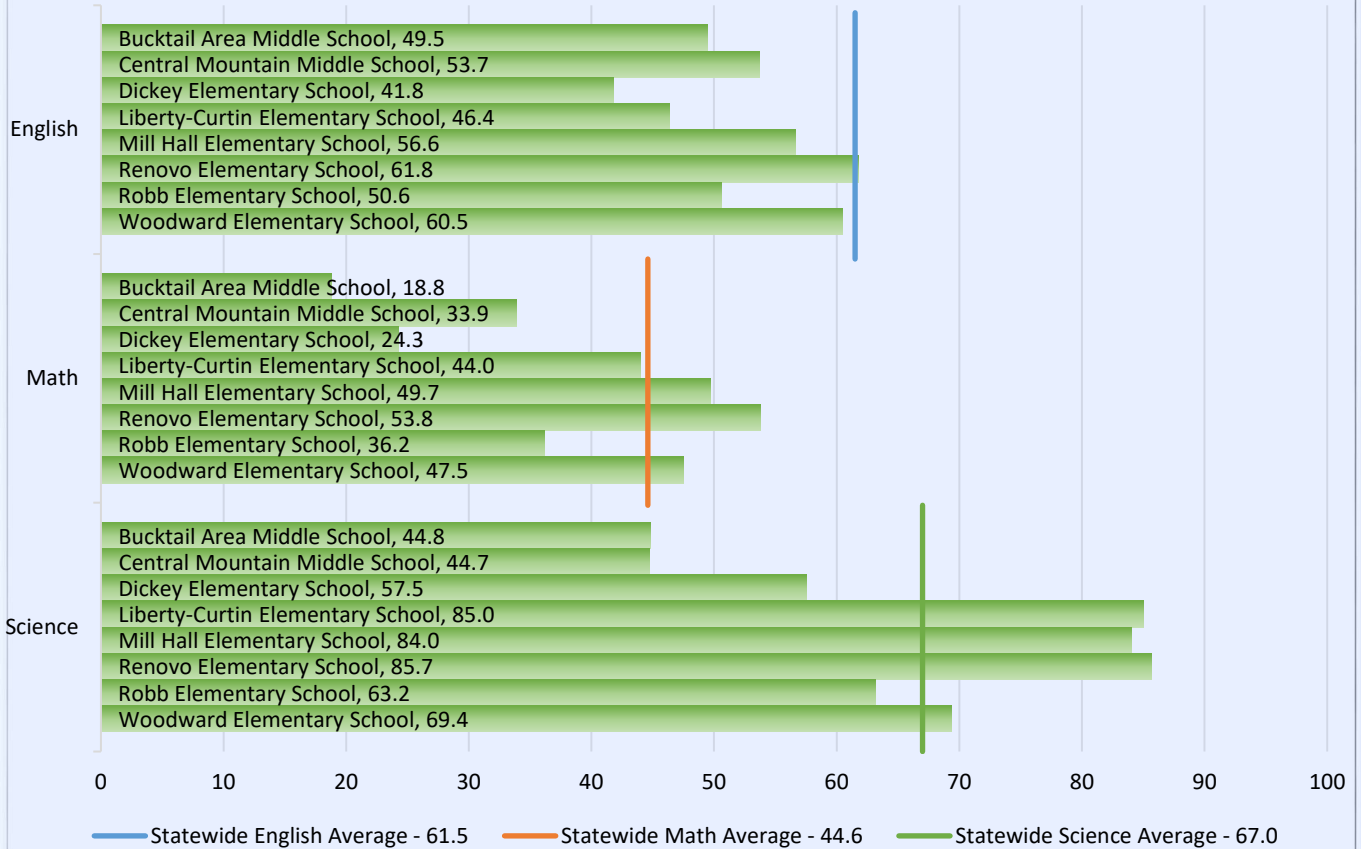


2016-17 Academic Data
School Scores Compared to Statewide Averages

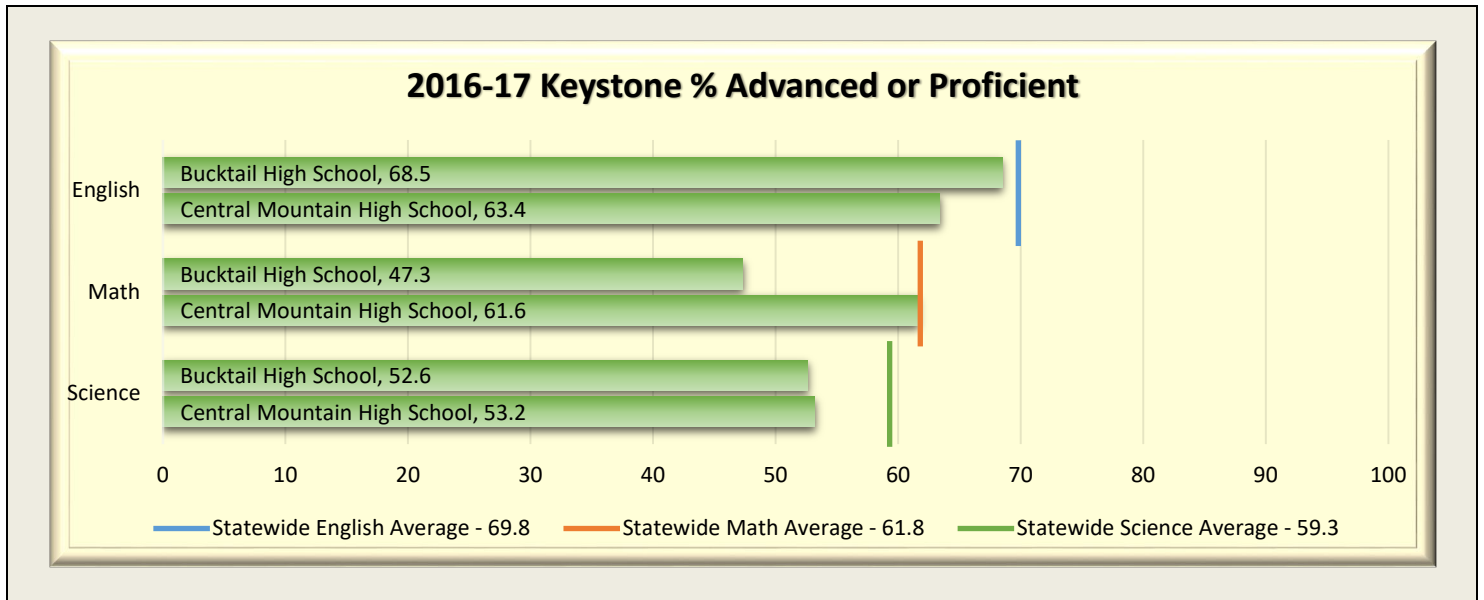
2016-17 SPP Scores



2016-17 PSSA % Advanced or Proficient

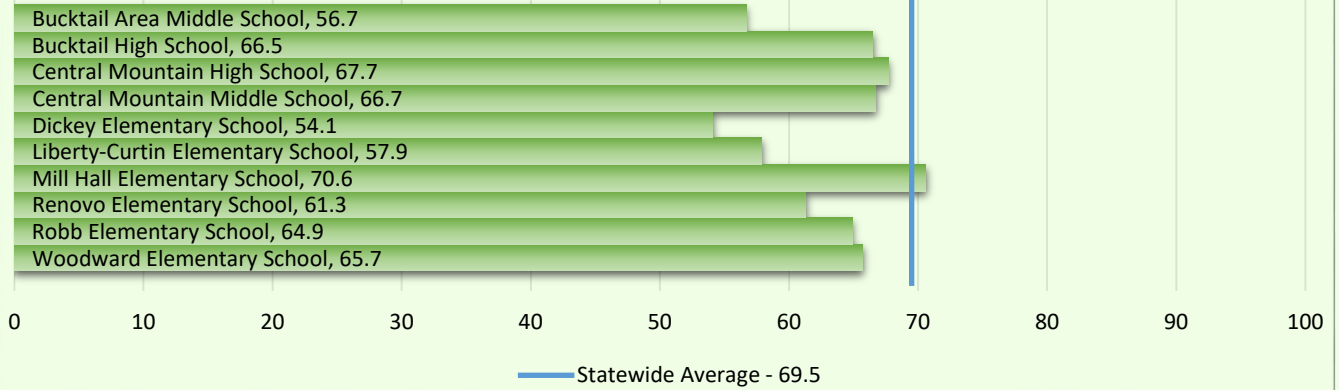


2016-17 Academic Data
School Scores Compared to Statewide Averages (continued)

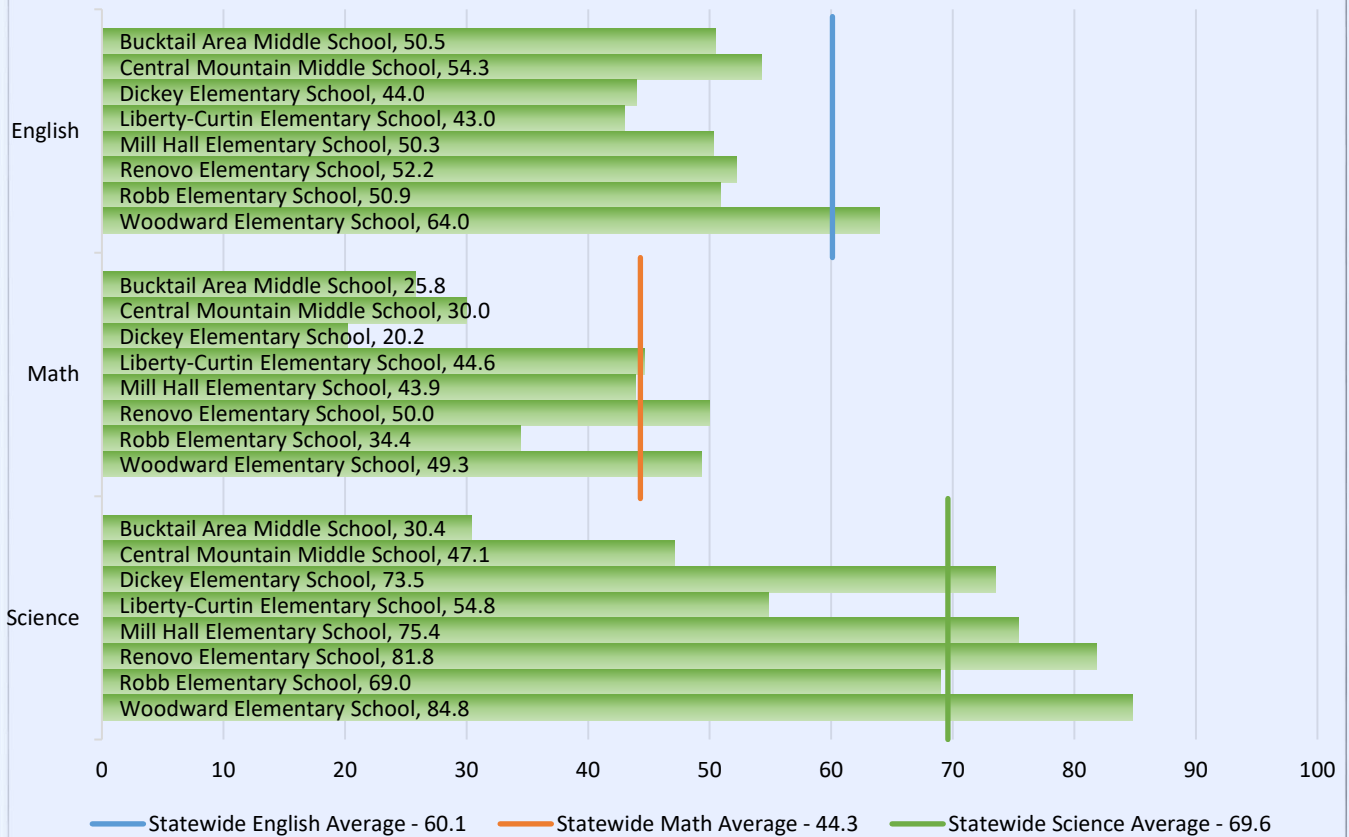


2015-16 Academic Data
School Scores Compared to Statewide Averages

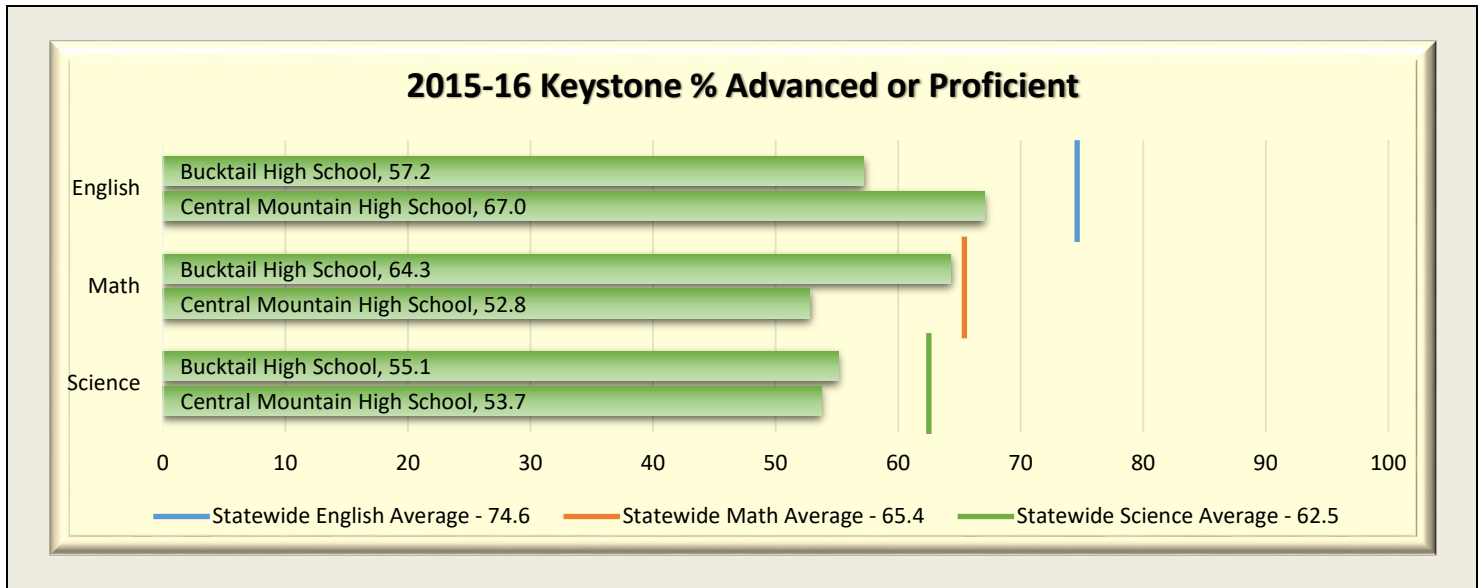
2015-16 SPP Scores



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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