

PERFORMANCE AUDIT

Kiski Area School District Westmoreland County, Pennsylvania

October 2021



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

Dr. Misty Slavic, Superintendent
Kiski Area School District
200 Poplar Street
Vandergrift, Pennsylvania 15690

Ms. Cassandra M. Heinle, Board President
Kiski Area School District
200 Poplar Street
Vandergrift, Pennsylvania 15690

Dear Dr. Slavic and Ms. Heinle:

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

- Nonresident Student Data
- Bus Driver Requirements
- Transportation Operations

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

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

Our audit identified areas of noncompliance and significant internal control deficiencies in the areas of nonresident student data and bus driver requirements. These deficiencies are detailed in the two findings of this report. A summary of the results is presented in the Executive Summary section of this report.

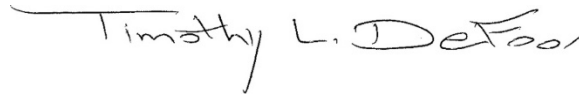
In addition, we identified internal control deficiencies in the area of transportation operations that were not significant but warranted the attention of District management. Those deficiencies were communicated to District management and those charged with governance for their consideration.

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.

Dr. Misty Slavic
Ms. Cassandra M. Heinle
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We appreciate the District's cooperation during the course of the audit.

Sincerely,

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive style with a long horizontal line extending to the left of the first letter.

Timothy L. DeFoor
Auditor General

October 27, 2021

cc: **KISKI AREA SCHOOL DISTRICT** Board of School Directors

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Executive Summary

Audit Work

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

Our audit scope covered the period July 1, 2016 through June 30, 2020, except as otherwise indicated in the audit scope, objectives, and methodology section of the report (see Appendix A). Compliance specific to state subsidies and reimbursements was determined for the 2016-17 through 2019-20 school years.

Audit Conclusion and Results

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

Finding No. 1: The District's Failure to Implement Adequate Internal Controls Led to Inaccurate Reporting of Nonresident Student Data Resulting in an Overpayment of \$222,480.

We found that the District failed to implement adequate internal controls over the identification, categorization, and reporting of nonresident student data resulting in a \$222,480 overpayment from the Pennsylvania Department of Education. This overpayment was caused by the District inaccurately reporting the number of nonresident foster students educated by the District during the 2016-17 through 2019-20 school years (see page 7).

Finding No. 2: The District Failed to Comply with Provisions of the Public School Code and Associated Regulations by Not Maintaining Complete Records for and Properly Monitoring Its Contracted Drivers.

The District failed to meet its statutory obligations related to the employment of individuals having direct contact with students during the 2020-21 school year by not maintaining complete and updated records for all drivers transporting students through its two transportation contractors. In addition, the District's Board of School Directors failed to approve the drivers utilized by the District's transportation contractors. Furthermore, we found that the District was not following or monitoring adherence to its own contracted services policy, which was outdated and did not include the legal requirement to renew background clearances every five years (see page 11).

Status of Prior Audit Findings and Observations.

There were no findings or observations in our prior limited procedures engagement.

Background Information

School Characteristics 2020-21 School Year*	
Counties	Westmoreland & Armstrong
Total Square Miles	102
Number of School Buildings	6
Total Teachers	240
Total Full or Part-Time Support Staff	150
Total Administrators	18
Total Enrollment for Most Recent School Year	3,600
Intermediate Unit Number	7
District Career and Technical School	Northern Westmoreland CTC

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

Mission Statement*

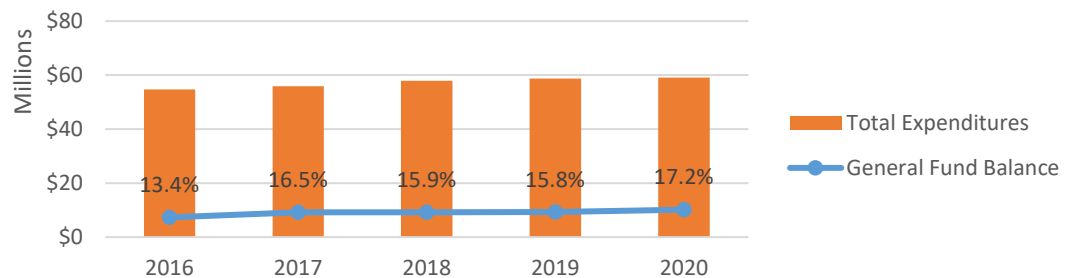
We Believe... Learning Has No Boundaries. Every Child. Every Classroom. Every Day.

Financial Information

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

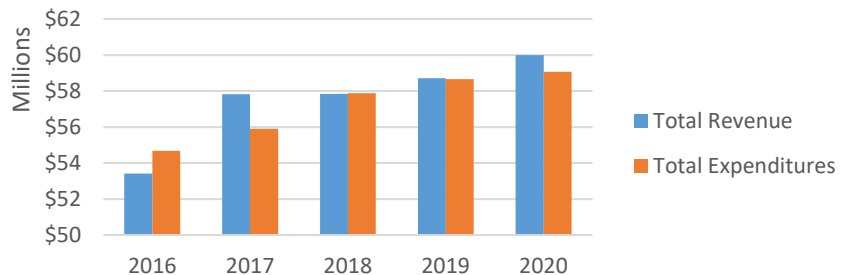
General Fund Balance as a Percentage of Total Expenditures

	General Fund Balance
2016	\$7,312,331
2017	\$9,242,538
2018	\$9,206,823
2019	\$9,247,545
2020	\$10,161,506



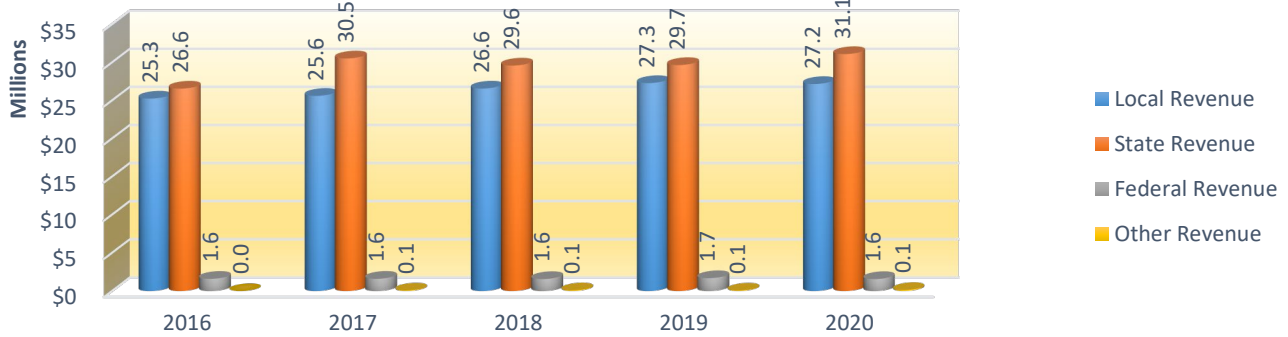
Revenues and Expenditures

	Total Revenue	Total Expenditures
2016	\$53,417,639	\$54,681,205
2017	\$57,829,070	\$55,898,863
2018	\$57,840,179	\$57,875,893
2019	\$58,708,992	\$58,668,270
2020	\$59,985,191	\$59,071,231

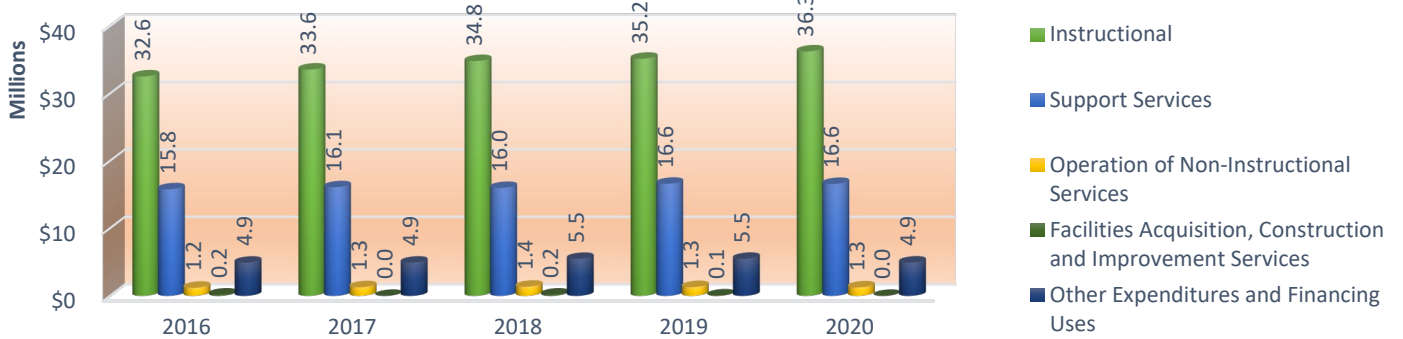


Financial Information Continued

Revenues by Source

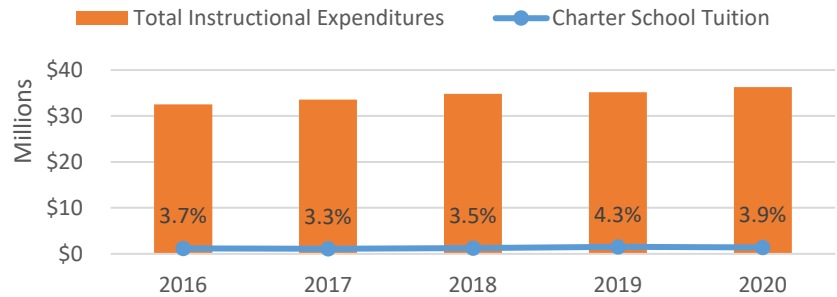


Expenditures by Function

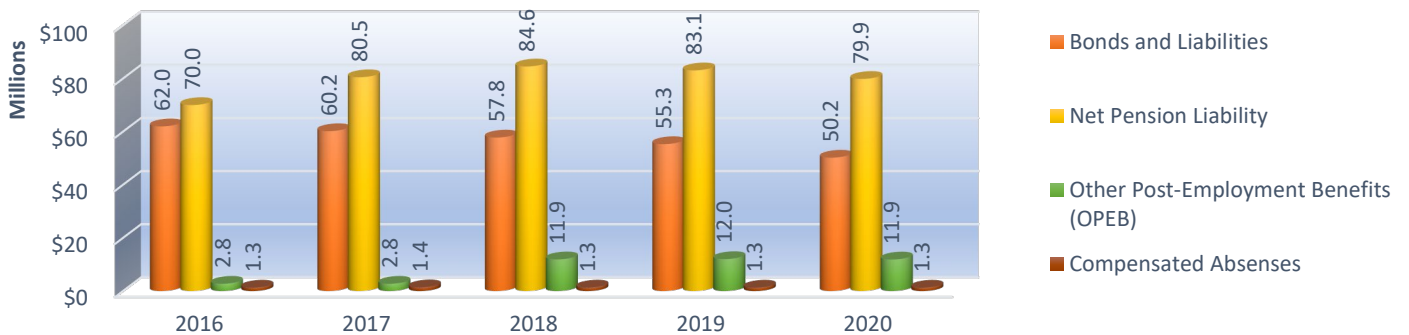


Charter Tuition as a Percentage of Instructional Expenditures

	Charter School Tuition	Total Instructional Expenditures
2016	\$1,203,919	\$32,557,609
2017	\$1,106,194	\$33,579,978
2018	\$1,225,256	\$34,844,012
2019	\$1,528,357	\$35,188,140
2020	\$1,420,374	\$36,273,139



Long-Term Debt

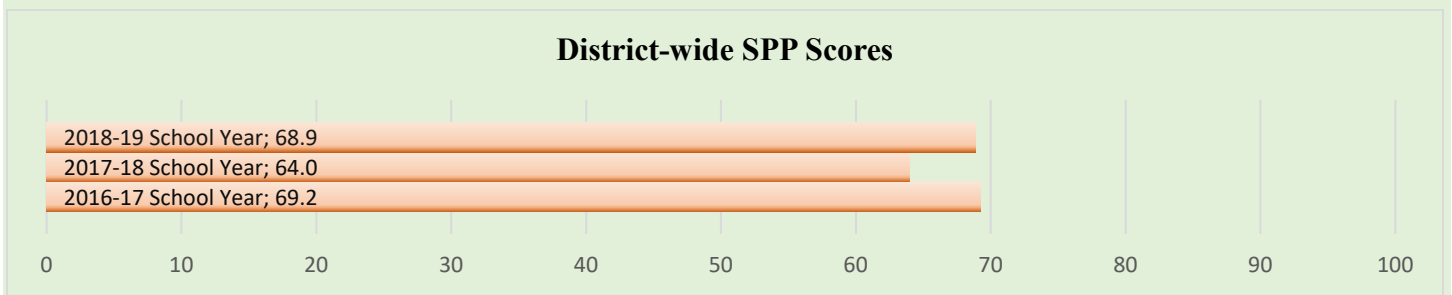


Academic Information¹

The graphs on the following pages present the District-wide School Performance Profile (SPP) scores, Pennsylvania System of School Assessment (PSSA) scores, and Keystone Exam results for the District obtained from PDE's data files for the 2016-17, 2017-18, and 2018-19 school years.² In addition, the District's 4-Year Cohort Graduation Rates are presented for the 2017-18 through 2019-20 school years.³ 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.



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

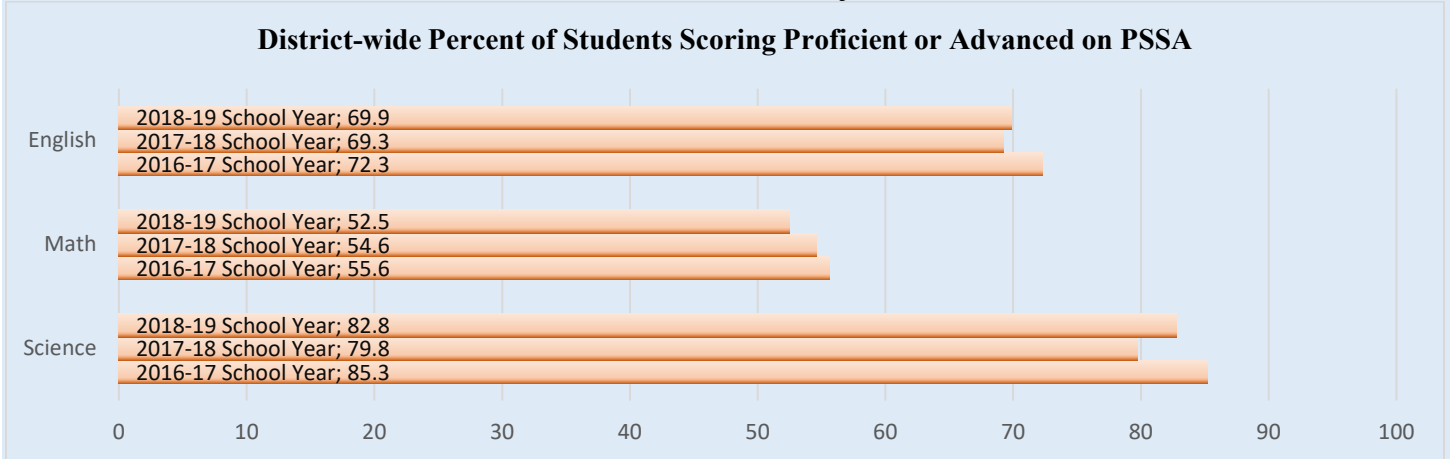
³ Graduation rates were still reported for the 2019-20 school year despite the COVID-19 pandemic.

Academic Information Continued

What is the PSSA?

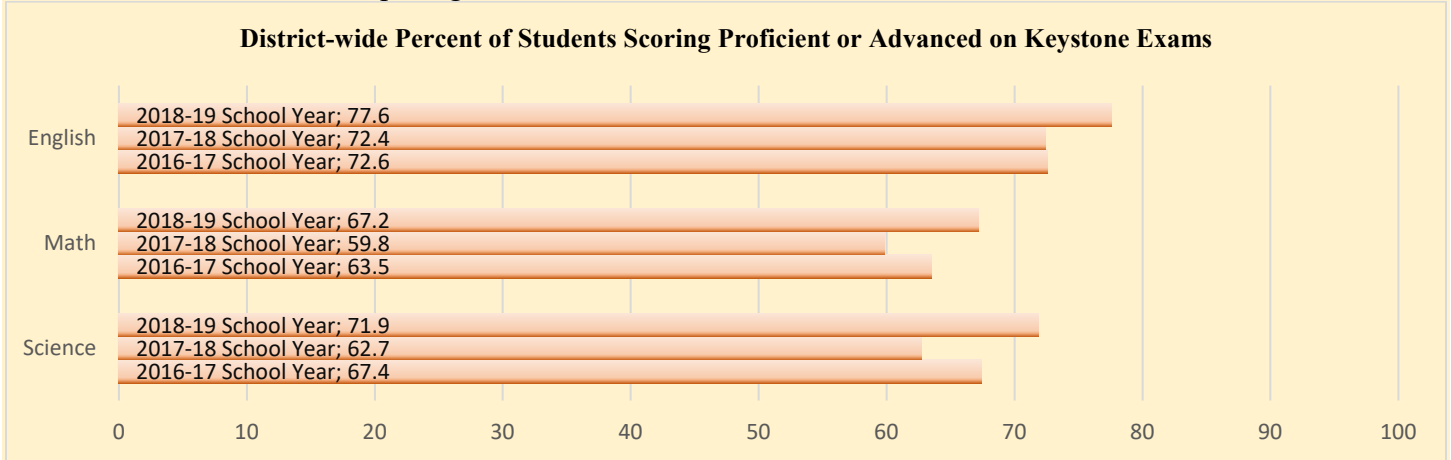
The PSSA is an annual, standardized test given across the Commonwealth to students in grades 3 through 8 in core subject areas, including English, Math and Science. The PSSAs help Pennsylvania meet federal and state requirements and inform instructional practices, as well as provide educators, stakeholders,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

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



What is the Keystone Exam?

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

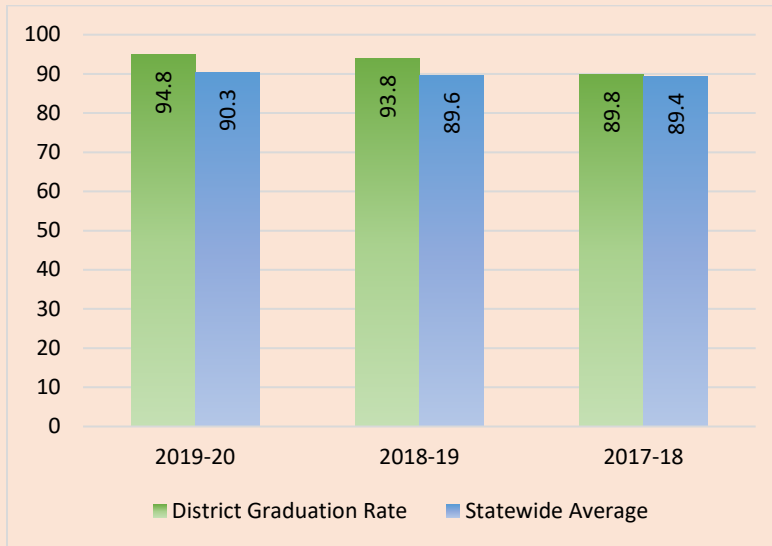


⁴ Act 158 of 2018, effective October 24, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement until the 2021-22 school year. See 24 P.S. § 1-121(b)(1). Please refer to the following link regarding further guidance to local education agencies (LEAs) on Keystone end-of-course exams (Keystone Exams) in the context of the pandemic of 2020: <https://www.education.pa.gov/Schools/safeschools/emergencyplanning/COVID-19/Pages/Keystone-Exams.aspx>

Academic Information Continued

What is a 4-Year Cohort Graduation Rate?

PDE collects enrollment and graduate data for all Pennsylvania public schools, which is used to calculate graduation rates. Cohort graduation rates are a calculation of the percentage of students who have graduated with a regular high school diploma within a designated number of years since the student first entered high school. The rate is determined for a cohort of students who have all entered high school for the first time during the same school year. Data specific to the 4-year cohort graduation rate is presented in the graph below.⁵



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

Findings

Finding No. 1

The District's Failure to Implement Adequate Internal Controls Led to Inaccurate Reporting of Nonresident Student Data Resulting in an Overpayment of \$222,480

Criteria relevant to the finding:

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

Payment of Tuition

Subsection (a) of Section 1305 (relating to nonresident child placed in home of resident) of the PSC provides for Commonwealth payment of tuition for nonresident children placed in private homes as follows:

"When a non-resident child is placed in the home of a resident of any school district by order of court or by arrangement with an association, agency, or institution having the care of neglected and dependent children, **such resident being compensated for keeping the child**, any child of school age so placed shall be entitled to all free school privileges accorded to resident school children of the district, including the right to attend the public high school maintained in such district or in other districts in the same manner as though such child were in fact a resident school child of the district." (Emphasis added.) See 24 P.S. § 13-1305(a).

We found that the Kiski Area School District (District) failed to implement adequate internal controls over the identification, categorization, and reporting of nonresident student data resulting in a \$222,480 overpayment from the Pennsylvania Department of Education (PDE). This overpayment was caused by the District inaccurately reporting the number of nonresident foster students educated by the District during the 2016-17 through 2019-20 school years.

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

- 1) The student's parent/guardian must not be a resident of the educating district.
- 2) The student must have been placed in a private home of a resident within the district by order of the court or by arrangement with an association, agency, or institution.⁶
- 3) The district resident must be compensated for the care of the student.
- 4) The student must not be in pre-adoptive status.

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

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

- Training on PDE reporting requirements.
- Written internal procedures to ensure compliance with PDE requirements.

⁶ For example, the applicable county children and youth agency.

Criteria relevant to the finding (continued):

Subsection (c) of Section 2503 (relating to payments on account of tuition) of the PSC specifies the amount of Commonwealth paid tuition on behalf of nonresident children placed in private homes by providing, in part:

“Each school district, regardless of classification, which accepts any non-resident child in its school under the provisions of section **one thousand three hundred five . . .** shall be paid by the Commonwealth an amount equal to the tuition charge per elementary pupil or the tuition charge per high school pupil, as the case may be . . .” (Emphasis added.) *See* 24 P.S. § 25-2503(c).

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

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

- Reconciliations of source documents to information reported to PDE.

Foster Student Reporting Errors

We found that the District made a total of 31 reporting errors during the audit period. The reporting errors involved 20 students; some were improperly reported for multiple years. The following table details the number of students inaccurately reported and the resulting overpayment to the District.

Kiski Area School District Foster Student Data		
School Year	No. of Students Improperly Reported as Foster Students	Overpayment Amount
2016-17	15	\$ 97,054
2017-18	6	\$ 40,892
2018-19	3	\$ 25,459
2019-20	7	\$ 59,075
Total	31	\$222,480

The District did not have the required documentation to verify that all 20 students met the eligibility criteria to be reported as nonresident foster students. Without the required documentation, these 20 students should have been classified as residents and, therefore, the District was not eligible to receive Commonwealth reimbursement for educating these students.

Significant Internal Control Deficiencies

The District did not have adequate internal controls over the identification, categorization, and reporting of foster student data. The District relied solely on one employee to identify, categorize, and report nonresident students. This employee was not adequately trained on the PDE requirements and the documentation needed to demonstrate compliance with foster student eligibility criteria. In addition, this information was reported to PDE without a review by a District official sufficiently knowledgeable on PDE reporting requirements. A reconciliation to source documents to ensure each foster student met the eligibility requirements was not performed during the audit period. Finally, the District did not have written policies and procedures to assist its employees in properly identifying and categorizing foster students.

Future Reimbursement Adjustment: We provided PDE with documentation detailing the reporting errors we identified for the audit period. We recommend that PDE adjust the District’s future subsidy reimbursement amount by the \$222,480 that we calculated as an overpayment.

Recommendations

The *Kiski Area School District* should:

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

The *Pennsylvania Department of Education* should:

3. Adjust the District’s future nonresident student reimbursements to resolve the overpayment of \$222,480.

Management Response

District management provided the following response:

“For the reporting years of July 1, 2016 through June 30, 2020, the District has requested the remaining additional documentation from the placement agencies noted during the audit to be missing. As of September 15, 2021, the placement agencies have still not supplied the information. The District wants to note that of the four eligibility components required, the documentation that was primarily missing was the recordation of compensation paid to a district resident for the care of the student cited as the #3 component in the state audit report.

“The District will ensure that appropriate personnel obtain and document such requests for all information for all four required eligibility components from the placement agencies.

“The District will ensure that the personnel responsible for the reporting are properly trained. In addition, a Central Office Administrator will review this information prior to annual submission to PDE and such review will be evidenced.

“The District will develop written procedures documenting the process for reporting nonresident foster student data.”

Auditor Conclusion

It is imperative that the District ensures that it obtains and maintains the required documentation to support the eligibility of any student that it categorizes as a foster student before the data is reported to PDE. The District’s failure to obtain this documentation prior to reporting data to PDE will negatively impact future reimbursements and highlights the need for the District to implement strong internal controls over this process. We are encouraged that the District has acknowledged the weaknesses noted and provided a corrective action plan that addresses our recommendations. We will review the effectiveness of the District’s corrective actions during our next audit of the District.

Finding No. 2

The District Failed to Comply with Provisions of the Public School Code and Associated Regulations by Not Maintaining Complete Records for and Properly Monitoring Its Contracted Drivers

Criteria relevant to the finding:

Internal Control Standards

Standards for Internal Control in the Federal Government (also known as the Green Book), issued by the Comptroller General of the United States in September 2014, provides a framework for management to establish and maintain an effective internal control system. Principle 10, *Design Control Activities*, Attribute 10.03, states, in part, “Management designs appropriate types of control activities for the entity’s internal control system. Control activities help management fulfill responsibilities and address identified risk responses in the internal control system. . . .”

Statutory and Regulatory Requirements

Chapter 23 (relating to Pupil Transportation) of the State Board of Education’s 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).

The District failed to meet its statutory and regulatory obligations related to the employment of individuals having direct contact with students during the 2020-21 school year by not maintaining complete and updated records for all drivers transporting students through its two transportation contractors. In addition, the District’s Board of School Directors (Board) failed to approve 84 drivers utilized by the District’s transportation contractors. Further, we found that the District was not following or monitoring adherence to its own contracted services policy, which was outdated and did not include the legal requirement to renew background clearances every five years.

We determined that the District did not implement sufficient internal controls to meet these important obligations. 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 as required by state laws and regulations (see criteria box).

Background

Importance of Internal Controls

Several state statutes and regulations establish the minimum required credentials for school bus and van drivers including the Public School Code (PSC) and the Child Protective Services Law (CPSL). The District’s Board is responsible for the selection and approval of eligible school bus and van operators who qualify under the laws and regulations.⁷ Therefore, the District should have a strong internal control system over its driver review process that should include, but not be limited to, the following:

- Documented review of all driver credentials prior to Board approval.
- Monitoring of driver credentials to ensure current clearances, licenses, and physicals are on file.
- Monitoring who is driving buses and vans each day throughout the school year, to ensure all drivers have been authorized by the Board.
- Clear and concise written policies and procedures.

⁷ See 22 Pa. Code § 23.4(2).

*Criteria relevant to the finding
(continued):*

Section 111 of the PSC requires state and federal criminal background checks and Section 6344(b) of the Child Protective Services Law (CPSL) requires a child abuse clearance. *See* 24 P.S. § 1-111 and 23 Pa.C.S. § 6344(b), as amended. Additionally, administrators are required to maintain copies of all required clearances. *See* 24 P.S. § 1-111(b) and (c.1) and 23 Pa.C.S. § 6344(b.1).

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

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

Moreover, Section 6344(a.1) and (b)(1) of the CPSL require school employees to obtain a Pennsylvania Child Abuse History Clearance to certify whether an applicant is named in the Statewide database as an alleged perpetrator in a pending child abuse investigation or as the perpetrator of a founded report or an indicated report. *See* 23 Pa.C.S. § 6344(a.1) and (b)(1).

- Training on driver qualification and clearance requirements for employees responsible for driver records.

Driver Employment Requirements

Regardless of whether they hire their own drivers or use contracted 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 or she can transport students with Board approval:

1. Driver qualification credentials,⁸ 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 (Pennsylvania State Police [PSP] clearance).
 - b. Federal Criminal History Clearance, based on a full set of fingerprints (FBI clearance).
 - c. PA Child Abuse History Clearance.⁹

It is important to note that all three clearances must be obtained every five years.¹⁰

Inadequate Internal Controls Resulted in Incomplete Records and Lack of Board Approval

The District utilized two transportation contractors to provide bus and van drivers (drivers) to transport students.

Incomplete Driver List

We reviewed driver information for the 2020-21 school year. We obtained driver lists from the District and both contractors as of a specified date, and we evaluated the completeness of the District's list by performing a comparative review. We determined that nine drivers were on the contractors' lists who were not on the District's list. Since the District's

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

⁹ This clearance is from the state Department of Human Services.

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

*Criteria relevant to the finding
(continued):*

As for contracted school bus drivers, 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). *See also* CPSL 23 Pa.C.S. § 6344(a.1)(1).

Pursuant to Section 111(c.4) of the PSC, administrators are required to review the background clearances and determine if the clearance reports disclose information that may require further action. *See* 24 P.S. § 1-111(c.4).

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

Section 8.2(a) of 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).

driver list was not complete, we determined that there was an increased risk of noncompliance with requirements and, as a result, potentially heightened safety concerns for students. Therefore, we tested 100 percent of the contracted drivers, including the nine drivers not on the District’s list.

The results of our procedures disclosed internal control weaknesses related to the District obtaining, reviewing, and monitoring qualifications and clearances for contracted drivers. The internal control weaknesses we identified are described in the following narrative.

Missing and Expired Driver Qualification Records and Background Clearances

We requested and reviewed the personnel files of all 84 contracted drivers to determine whether the District complied with driver requirements, including Board approval of all drivers and the maintenance and monitoring of required documentation.

We reviewed the District’s files for the 84 drivers and found that required documentation was either not on file or out of date for 34 drivers (40 percent). Some drivers had more than one missing or expired document. Documentation deficiencies are noted below:

- Sixteen drivers had a missing and/or expired FBI clearance.
- Thirteen drivers had a missing and/or expired PA Child Abuse History Clearance.
- Two drivers had an expired PSP clearance.
- Thirteen drivers had expired “S” endorsements on file.
- One driver was missing the physical examination record.
- Two drivers had expired PA licenses on file.

We informed the District of the results of our review and the District indicated that it would work with its contractors to obtain the missing and expired documentation. District officials attributed the missing and expired documents to an administrative oversight. The District employee who monitors driver files did not fully review those files to determine if all required credentials and clearances had been provided and were valid.

Failure to Board Approve All Drivers

The requirement to Board approve drivers is designed to provide the public with assurance that District administration has determined that authorized drivers have the required qualifications and clearances on file *prior* to employment. However, the District acknowledged that it does not

Criteria relevant to the finding (continued):

PDE Guidance Document

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>).

District's Contracted Services Policy 818

The District's Policy No. 818, *Contracted Services*, states, in part:

Authority

The Board is required by law to ensure that independent contractors and their employees who have direct contact with students comply with the mandatory background check requirements for criminal history and child abuse.

Delegation of Responsibility

The Superintendent or designee shall ensure that all contractors submit a report of criminal history record information and an official child abuse clearance statement for each of the contractor's prospective employees prior to employment. The district shall maintain a copy of the required information.

have a process in place to approve contracted drivers. As such, none of the contracted drivers was Board approved, as required.

No Written Review Procedures and Insufficient Monitoring Process

The District did not have a written, standardized review process and sufficient, ongoing monitoring procedures to ensure that all contracted drivers were properly credentialed prior to and throughout employment. While the District utilizes a software system to monitor qualification and clearance expiration dates, the District employee responsible for maintaining driver documentation did not ensure that the contractors produced updated documentation when necessary. The lack of a standardized process and insufficient monitoring resulted in the missing and expired documentation described above. It should be noted that the importance of monitoring has been heightened by amendments to the PSC and CPSL requiring that all background clearances be renewed every five years.

A standardized review process and monitoring procedures are key internal controls important to ensuring compliance with all statutory/regulatory requirements related to bus driver requirements. Without having these internal controls in place, student safety could be jeopardized. The use of contractors to provide student transportation heightens the importance of having strong and effective internal controls.

Noncompliance With and Outdated Board Policy

During our review, we noted that the District's Policy No. 818, *Contracted Services*, was adopted in 2006 and last revised in 2008. This policy requires independent contractors and their employees who have direct contact with students to comply with the mandatory background check requirements for criminal history and child abuse. This policy also requires the District to ensure that all contractors submit a report of criminal history record information and an official child abuse clearance statement for each contractor's prospective employees prior to employment and to maintain a copy of the required information.

The 2008 revision of this policy does not incorporate the significant changes to laws and regulations that were made to the PSC and the CPSL related to background clearances in recent years.¹¹ For example, both the PSC and the CPSL were amended to require that all three-background clearances be obtained every five years.¹² Policy No. 818 does not address this legislative change.

¹¹ Please note that our General Assembly has continually refined and enhanced the background clearance requirements first enacted in the mid-1990s and related child protection provisions by enacting more **than 20 pieces** of legislation since 2013, including improved reporting and mandated reporter requirements, to ensure that individuals such as bus drivers do not have criminal offenses on their record that would preclude them from having direct contact with children and to prevent and decrease child abuse in Pennsylvania. See <https://www.dhs.pa.gov/KeepKidsSafe/About/Pages/CPS-Laws.aspx> (accessed October 8, 2021).

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

Additionally, by not adequately monitoring driver requirements, the District failed to follow its own policy requiring background clearances to be submitted to and maintained by the District.

Conclusion

The District and its Board did not meet their statutory/regulatory requirements to ensure that all drivers were qualified and eligible to transport students by not having adequate internal controls in place to properly oversee its contracted drivers. Specifically, the District and its Board did not comply with all applicable laws, regulations, its own board policy, and PDE guidance documents when it failed to have the Board approve **all** drivers and failed to obtain, review, and maintain all required driver qualifications and clearances.

Ensuring that ongoing credential and clearance requirements are satisfied is a vital student protection obligation and responsibility placed on the District and its Board. The ultimate purpose of these requirements is to ensure the safety and welfare of students transported on school buses and vans. The use of a contractor to provide student transportation does not alleviate the District from its responsibility to ensure compliance with requirements for driver qualifications and background clearances.

Recommendations

The *Kiski Area School District* should:

1. Implement verifiable internal control procedures with a documented review process to ensure that only qualified and authorized individuals are driving for the District. These procedures should ensure:
 - All required credentials and clearances are obtained, reviewed, and on file at the District prior to individuals being presented to the Board for approval and/or transporting students.
 - All required documentation is monitored to ensure it is complete and updated as necessary.
2. Comply with all applicable laws and regulations to obtain, review, and maintain required credentials and background clearances for **all** contracted drivers that have direct contact with students.
3. Ensure that qualifications and clearances for all contracted drivers are reviewed for compliance before the drivers are presented to the Board for approval. Also, ensure that the Board approves all drivers prior to them transporting District students.
4. Promptly update any board policies and procedures specific to transportation and contracted services to address the requirements of all laws, regulations, and the PDE guidance document that governs transportation and student safety of all District students. These policies

should clearly establish the District's and the Board's statutory duty to ensure that drivers are qualified and have obtained all clearances, regardless of whether they are employed by a contractor, before the District authorizes them to transport District students, as well as the requirement to obtain updated clearances every five years.

Management Response

District management provided the following response:

“The Kiski Area School District is in agreement with the finding.

“Effective for the 2021-2022 school year, the Kiski Area School District no longer contracts with the largest of the previous two bus contractors who were required by contractual obligation to provide the necessary documentation to the District for the school bus drivers cited in the report. The District previously contracted with the two transportation carriers over a period of many years. Numerous drivers cited in this report were recurrent drivers over that time and known school community members. No renewal clearances were denied nor questionable once obtained by the District. The returning transportation carrier has been notified in writing of their failure to adhere to their legal and contractual requirements.

“As of August 19, 2021, all clearances and required documentation for all current bus and van drivers for the District's two transportation carriers have been received by the District. Driver listings have been verified by all Transportation Department personnel and reviewed by District Central Administration. The required listings have been prepared for approval by the Board of School Directors in September, 2021. All required documents have been received prior to the start of the 2021-2022 school year.

“The Kiski Area School District employs a Transportation Coordinator to direct pupil transportation operations. This employee has an immediate Transportation Supervisor and continual access to Central Office Administration. The Coordinator failed to notify the Transportation Supervisor and Central Office Administration of the contractor's legal and contractual deficiencies. Transportation supervisory personnel failed to provide adequate oversight on transportation operations by not performing supervisory reviews of the required driver documentation and driver listings. Effective immediately, supervisory reviews of all contracted transportation service providers will be performed with transportation personnel on an annual basis prior to the start of the school year and reviewed again on a quarterly basis with such reviews documented by the responsible Transportation Supervisor. In addition, Central Office Administration will review the annual and quarterly assessments to provide supplemental oversight. Administrative Regulation 818.1 has been

drafted and will be submitted for approval by the Board of School Directors in September 2021 to formalize this process.

“District Administration, in the past, did not provide an annual listing of eligible school bus and van operators to the Board of School Directors for approval causing the Board of School Directors to be unaware of and unable to execute their legal obligations. District personnel have been directed and trained on the legal requirement to provide such an annual listing. Effective for the 2021-2022 school year, all school bus and van operators will be reviewed and approved by the Board of School Directors in compliance with all applicable provision of the PA School Code as required on an annual basis. Administrative Regulation 818.1 has been drafted and requires such compliance while documenting the proper steps and controls for this process. Administrative Regulation 818.1 will be submitted for approval in September 2021.

“District Administration failed to submit a revised Policy 818 — Contracted Services Personnel - to the Board of School Directors although the District policy update had been drafted in July, 2018. The District will submit the revised Policy 818 to the Board of School Directors for consideration and approval in September, 2021.

“The District has included a draft of the revised Policy 818 and the Administrative Regulation 818.1 as part of its formal response.”

Auditor Conclusion

We are encouraged that the District has acknowledged the weaknesses we noted in our finding and provided a corrective action plan that addresses our recommendations. We will review the effectiveness of the District’s corrective actions during our next review.

Status of Prior Audit Findings and Observations

Our prior Limited Procedures Engagement of the Kiski Area School District resulted in no findings or observations.

Appendix A: Audit Scope, Objectives, and Methodology

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

Our audit, conducted under authority of Sections 402 and 403 of The Fiscal Code,¹³ is not a substitute for the local annual financial audit required by the Public School Code of 1949, as amended. We conducted our audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit.

Our audit focused on the District's effectiveness and/or compliance with applicable statutory provisions and related regulations in the areas of Nonresident Student Data, Bus Driver Requirements, Transportation Operations, and School Safety, including fire and security drills. The audit objectives supporting these areas of focus are explained in the context of our methodology to achieve the objectives in the next section. Overall, our audit covered the period July 1, 2016 through June 30, 2020. The scope of each individual objective is also detailed in the next section.

The District's management is responsible for establishing and maintaining effective internal control to provide reasonable assurance that the District's objectives will be achieved.¹⁴ *Standards for Internal Control in the Federal Government* (also known as and hereafter referred to as the Green Book), issued by the Comptroller General of the United States, provides a framework for management to establish and maintain an effective internal control system. The Department of the Auditor General used the Green Book as the internal control analysis framework during the conduct of our audit.¹⁵ The Green Book's standards are organized into five components of internal control. In an effective system of internal control, these five components work together in an integrated manner to help an entity achieve its objectives. Each of the five components of internal control contains principles, which are the requirements an entity should follow in establishing an effective system of internal control. We illustrate the five components and their underlying principles in Figure 1 on the following page.

¹³ 72 P.S. §§ 402 and 403.

¹⁴ District objectives can be broadly classified into one or more of the following areas: effectiveness of operations; reliability of reporting for internal and external use; and compliance with applicable laws and regulations, more specifically in the District, referring to certain relevant state laws, regulations, contracts, and administrative procedures.

¹⁵ Even though the Green Book was written for the federal government, it explicitly states that it may also be adopted by state, local, and quasi-government entities, as well as not-for-profit organizations, as a framework for establishing and maintaining an effective internal control system. The Green Book is assessable at <https://www.gao.gov/products/GAO-14-704G>

Figure 1: Green Book Hierarchical Framework of Internal Control Standards

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

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

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

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

Figure 2 – Internal Control Components and Principles Identified as Significant

Principle →	Internal Control Significant ?	Control Environment					Risk Assessment				Control Activities			Information and Communication			Monitoring	
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
General/overall	Yes	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
Nonresident Student Data	Yes				X			X	X		X		X	X	X			
Bus Drivers	Yes										X		X			X	X	
Transportation Operations	Yes				X			X	X		X		X	X	X	X	X	
Safe Schools	No																	

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

Objectives/Scope/Methodology

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

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

Nonresident Student Data

- Did the District accurately report nonresident students to PDE? Did the District receive the correct reimbursement for these nonresident students?¹⁶
 - ✓ To address this objective, we assessed the District's internal controls for obtaining, categorizing, and reporting nonresident foster membership data to PDE. We reviewed all 40 nonresident foster students reported to PDE as educated by the District during the 2016-17 through 2019-20 school years. We requested the documentation supporting the eligibility determination for all 40 nonresident foster students. The District was unable to provide all of the requested documentation. We reviewed the limited documentation provided to determine whether the custodial parents or guardians of the foster students were not residents of the District and whether the foster parent was a resident of the District and received a stipend for caring for the student. In addition, we determined if the District received the correct reimbursement for the education of these students.

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

Bus Driver Requirements

- Did the District ensure that all bus drivers transporting District students are board approved and had the required driver's license, physical exam, training, background checks, and clearances¹⁷ as outlined in

¹⁶ See 24 P.S. §§ 13-1301, 13-1302, 13-1305, 13-1306; 22 Pa. Code Chapter 11.

¹⁷ 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.

applicable laws?¹⁸ Also, did the District adequately monitor driver records to ensure compliance with the ongoing five-year clearance requirements and ensure it obtained updated licenses and health physical records as applicable throughout the school year?

- ✓ To address this objective, we assessed the District’s internal controls for reviewing, maintaining, and monitoring required bus driver qualification documents. We determined if all drivers were approved by the District’s Board of School Directors (Board). We selected for detailed testing all 84 drivers who transported District students as of May 14, 2021. We requested documentation to determine whether the District complied with the requirements for those bus drivers. We also determined if the District had monitoring procedures to ensure that all drivers had updated licenses, clearances, and physicals.

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

Transportation Operations

- Did the District ensure compliance with applicable laws and regulations governing transportation operations, and did the District receive the correct transportation reimbursement from the Commonwealth?¹⁹
- ✓ To address this objective, we assessed the District’s internal controls for obtaining, categorizing, and reporting data regarding students who resided on a Pennsylvania Department of Transportation (PennDOT) determined hazardous walking route and were provided transportation by the District. We selected for detailed testing all 1,503 students reported to PDE as reimbursable due to residing on a PennDOT determined hazardous walking route. We obtained PennDOT route determinations and address information for all students to determine whether each student was accurately categorized and reported to PDE.

Conclusion: The results of our procedures did not identify any reportable issues, however, we did identify internal control deficiencies that were not significant to our objective but warranted the attention of the District. These deficiencies were communicated to District management and those charged with governance for their consideration.

School Safety

- Did the District comply with requirements in the Public School Code and the Emergency Management Code related to emergency management plans, bullying prevention, and memorandums of understanding with local law enforcement?²⁰ Also, did the District follow best practices related to physical building security and providing a safe school environment?
- ✓ To address this objective, we obtained and reviewed a variety of documentation including but not limited to, safety plans, training schedules, anti-bullying policies, and memorandums of understanding with local law enforcement.

¹⁸ PSC 24 P.S. § 1-111, CPSL 23 Pa.C.S. § 6344(a.1), PSC (Educator Discipline) 24 P.S. § 2070.1a *et seq.*, State Vehicle Code 75 Pa.C.S. §§ 1508.1 and 1509, and State Board of Education’s regulations 22 *Pa. Code Chapter 8*.

¹⁹ See 24 P.S. § 2541(a).

²⁰ Safe Schools Act 24 P.S. § 13-1301-A *et seq.*, Emergency Management Services Code 35 Pa.C.S. § 7701.

Conclusion: Due to the sensitive nature of school safety, the results of our review for this portion of our objective are not described in our audit report, but they are shared with District officials, PDE’s Office of Safe Schools, and other appropriate law enforcement agencies deemed necessary.²¹

- Did the District comply with the fire and security drill requirements of Section 1517 of the Public School Code?²² Also, did the District accurately report the dates of drills to PDE and maintain supporting documentation to evidence the drills conducted and reported to PDE?
 - ✓ To address this objective, we obtained and reviewed fire and security drill records for all six of the school buildings to determine whether drills were conducted as required for the 2018-19 and 2019-20 school years. We determined if a security drill was conducted within 90 days of the school year for each building and if fire drills were conducted within accordance with requirements. We also obtained the *Accuracy Certification Statement* that the District filed with PDE and compared the dates reported to the supporting documentation.

Conclusion: The results of our procedures for this portion of the school safety objective did not disclose any reportable issues.

²¹ Other law enforcement agencies include the Pennsylvania State Police, the Attorney General’s Office, and local law enforcement with jurisdiction over the District’s school buildings.

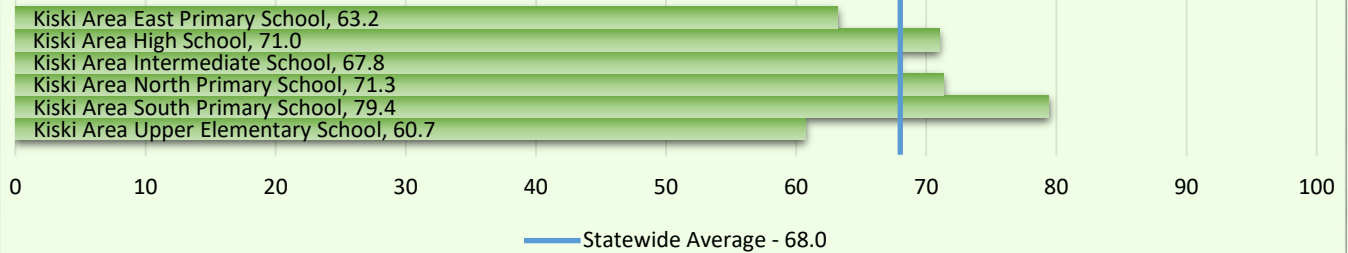
²² Public School Code (Fire and Security Drills) 24 P.S. § 15-1517.

Appendix B: Academic Detail

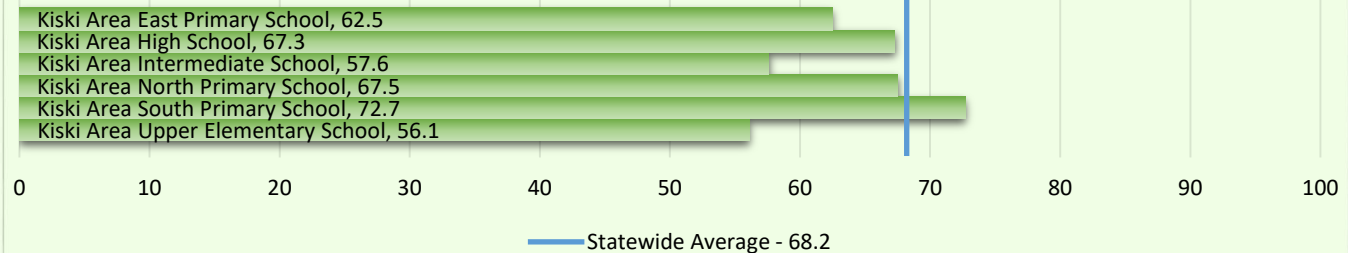
Benchmarks noted in the following graphs represent the statewide average of all public school buildings in the Commonwealth that received a score in the category and year noted.²³ Please note that if one of the District's schools did not receive a score in a particular category and year presented below, the school will not be listed in the corresponding graph.²⁴

SPP School Scores Compared to Statewide Averages

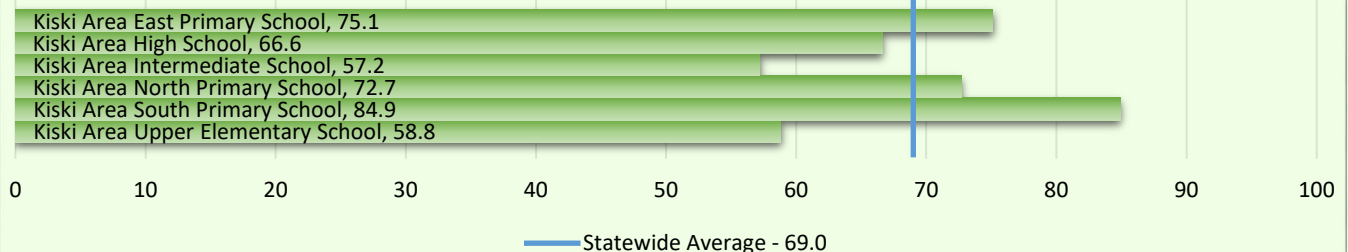
2018-19



2017-18



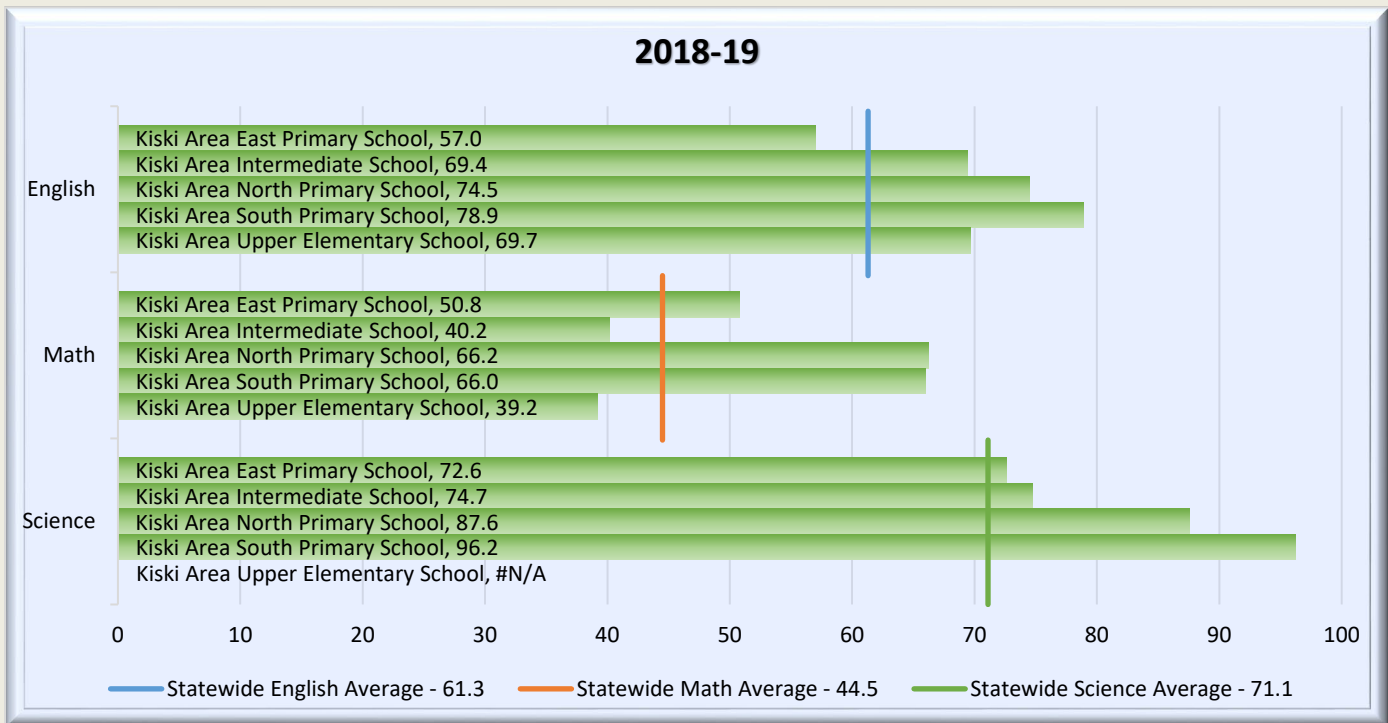
2016-17



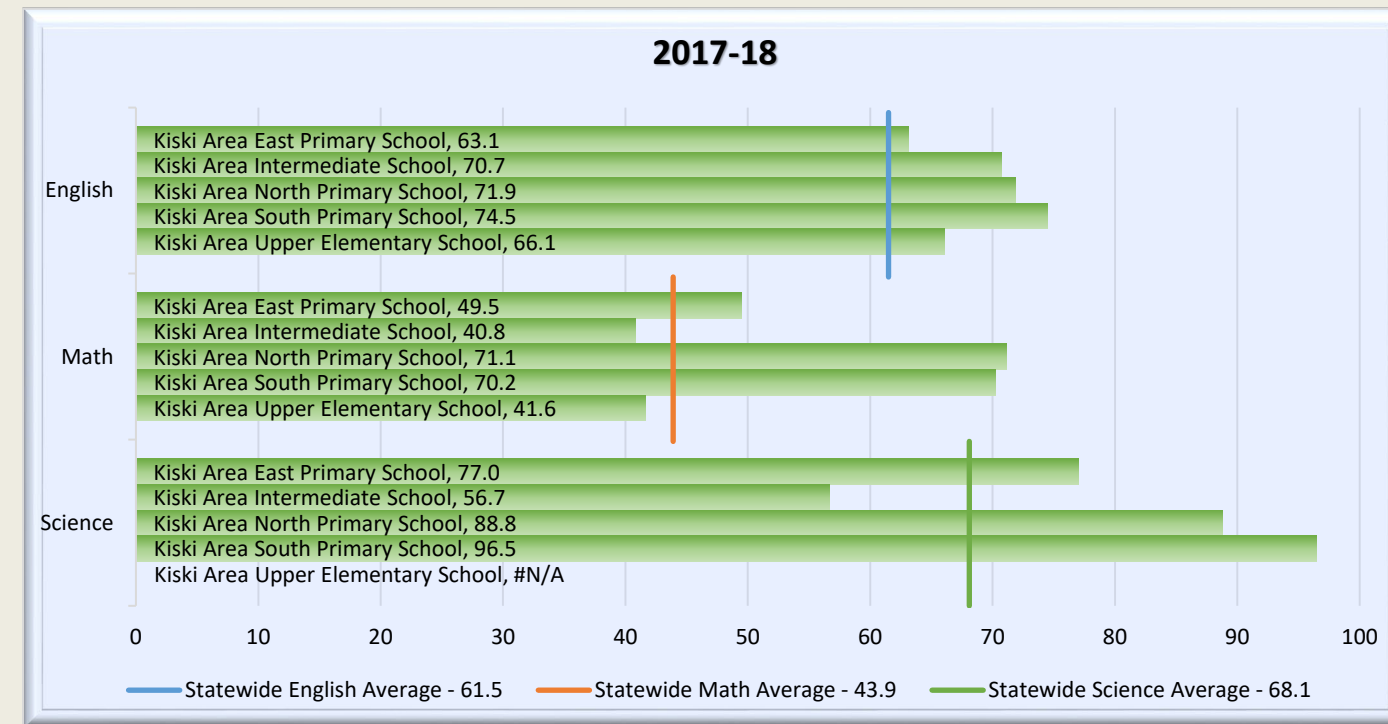
²³ Statewide averages were calculated by our Department based on individual school building scores for all public schools in the Commonwealth, including district schools, charters schools, and cyber charter schools.

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

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

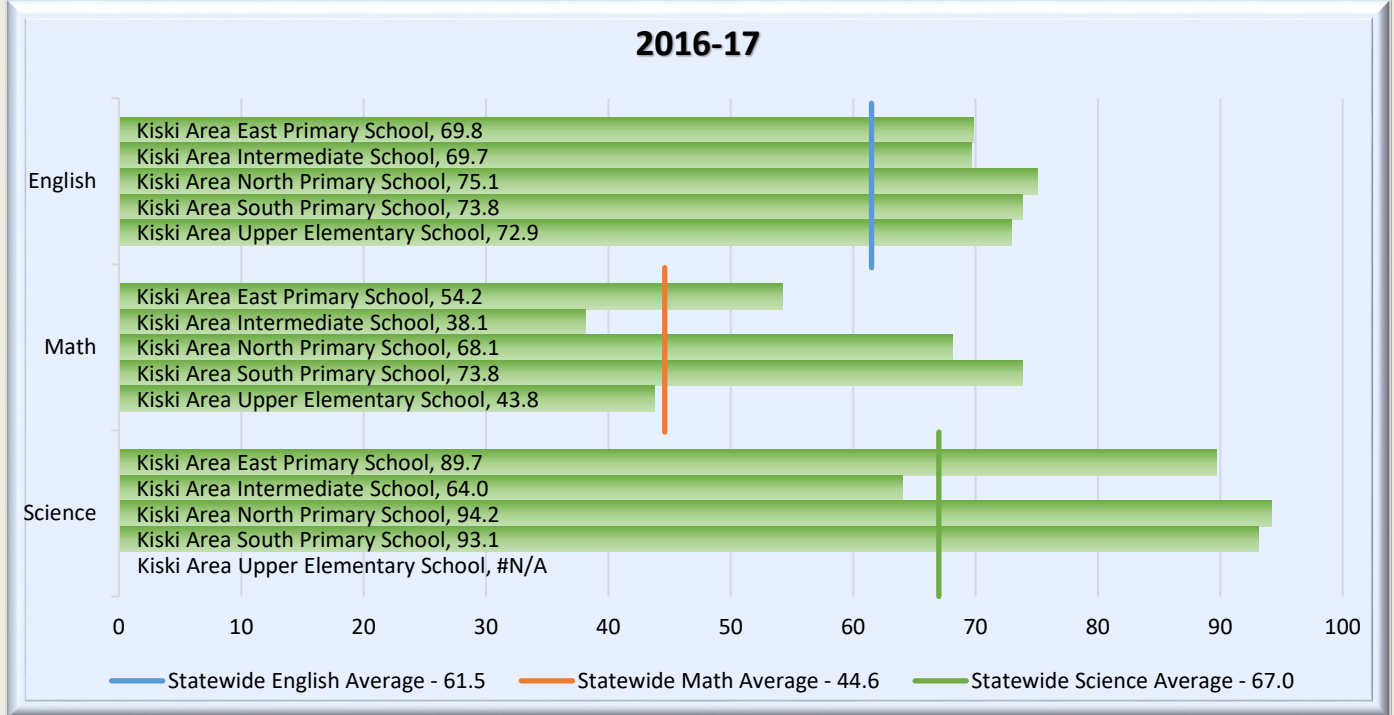


#N/A: Students in grades 4 and 8 are administered the Science PSSAs. The Kiski Area Upper Elementary School is a grade 5 and 6 school; therefore, Science PSSAs are not administered to this school's students.



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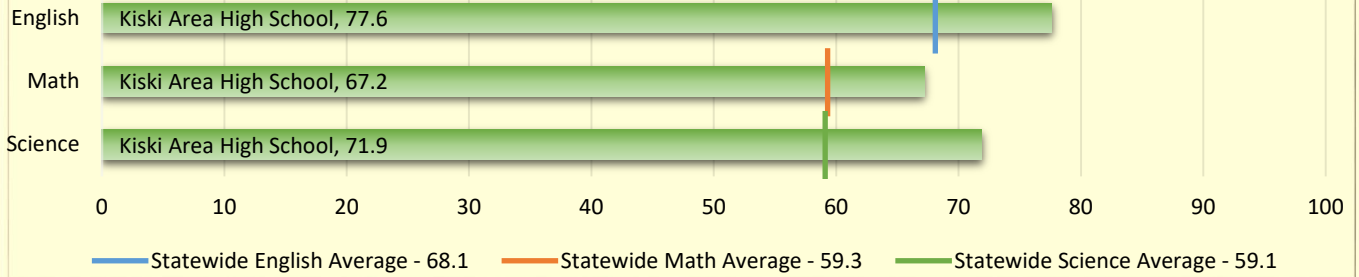
**PSSA Advanced or Proficient Percentage
School Scores Compared to Statewide Averages (continued)**



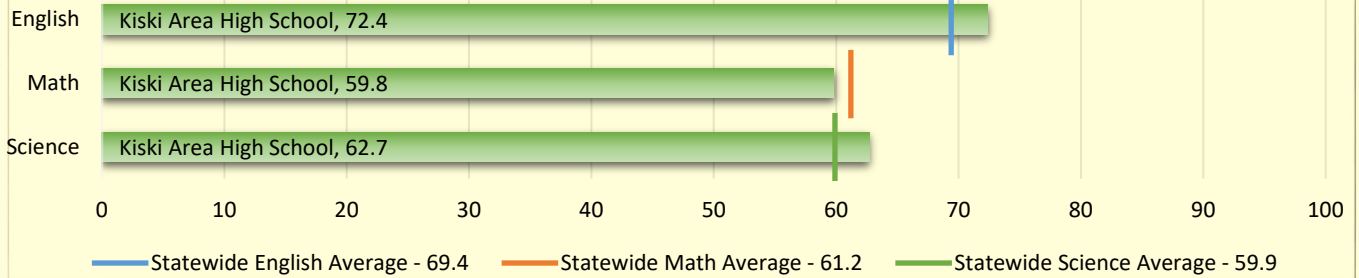
#N/A: Students in grades 4 and 8 are administered the Science PSSAs. The Kiski Area Upper Elementary School is a grade 5 and 6 school; therefore, Science PSSAs are not administered to this school's students.

Keystone Advanced or Proficient Percentage School Scores Compared to Statewide Averages

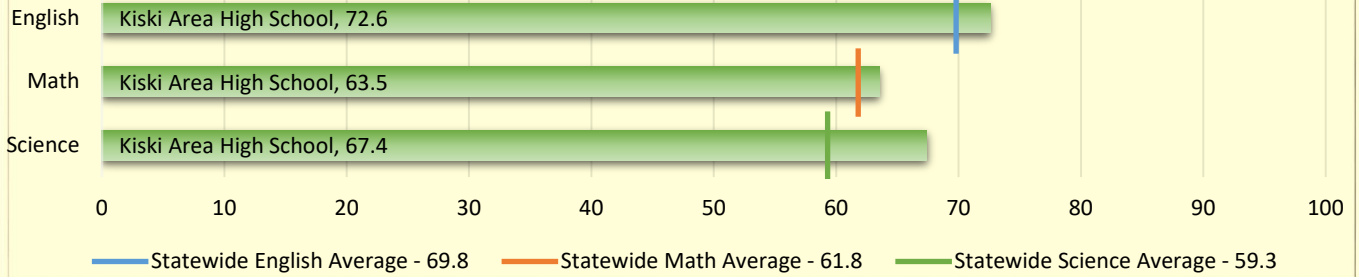
2018-19



2017-18



2016-17



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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