

PERFORMANCE AUDIT

Lackawanna Trail School District Wyoming County, Pennsylvania

October 2019



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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**EUGENE A. DePASQUALE
AUDITOR GENERAL**

Mr. Matthew Rakauskas, Superintendent
Lackawanna Trail School District
P.O. Box 85
Factoryville, Pennsylvania 18419

Mr. David Thorne, Board President
Lackawanna Trail School District
P.O. Box 85
Factoryville, Pennsylvania 18419

Dear Mr. Rakauskas and Mr. Thorne:

Our performance audit of the Lackawanna Trail School District (District) 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 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 found that the District complied, in all significant respects, with relevant requirements, except as detailed in our two 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 results of this review to be confidential, we did not include the full results in this report. However, we communicated the results of our review of school safety to District officials, the Pennsylvania Department of Education, and other appropriate officials as deemed necessary.

Mr. Matthew Rakauskas

Mr. David Thorne

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

Sincerely,

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Eugene A. DePasquale

Auditor General

October 29, 2019

cc: **LACKAWANNA TRAIL 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 Lackawanna Trail 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). 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 for two findings.

Finding No. 1: The Lackawanna Trail School District Failed to Conduct All Required Monthly Fire Drills as Required by the Public School Code and Inaccurately Reported Fire Drill Data to PDE.

Our review of the District's fire drill report for the 2017-18 school year disclosed that the District failed to conduct fire drills each month at both the elementary center and junior/senior high school, as required by

Section 1517(a) of the Public School Code¹ (see page 10).

Finding No. 2: The District Failed to Accurately Report Nonresident Student Data to the Pennsylvania Department of Education Resulting in an Underpayment of \$41,547.

We found that the District inaccurately reported nonresident student data to the Pennsylvania Department of Education (PDE) for the 2015-16 and 2016-17 school years. During the 2015-16 and 2016-17 school years, the District educated nonresident students and the District was eligible for Commonwealth-paid tuition for these students. However, the District did not accurately report these students to PDE and as a result was underpaid \$41,547 in subsidy reimbursements (see page 14).

Status of Prior Audit Findings and Observations.

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

¹ 24 P.S. § 15-1517(a).

Background Information

School Characteristics 2018-19 School Year ^A	
Counties	Wyoming and Lackawanna
Total Square Miles	72
Number of School Buildings	2
Total Teachers	83
Total Full or Part-Time Support Staff	50
Total Administrators	10
Total Enrollment for Most Recent School Year	1,015
Intermediate Unit Number	19
District Vo-Tech School	Susquehanna County CTC

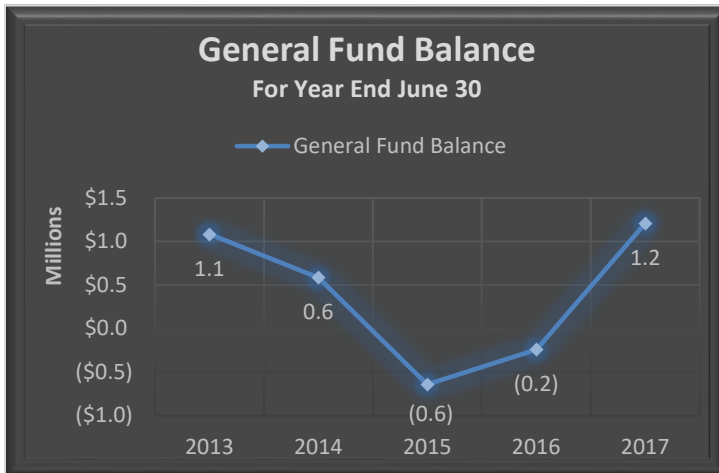
A - Source: Information provided by the District administration and is unaudited.

Mission Statement^A

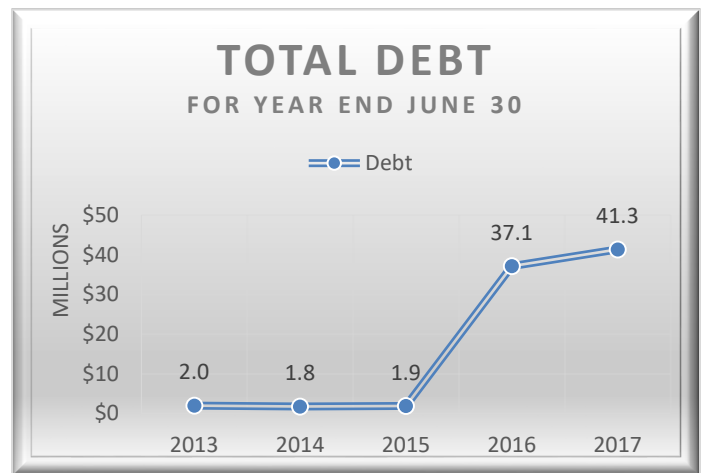
The mission of the Lackawanna Trail School District, in partnership with families and community, is to educate students in a safe and rigorous learning environment that allows students to realize postsecondary goals including education, employment, and independent living. The educational programs provided will foster productive, responsible citizens who are technologically literate and capable of becoming contributing members of a global society.

Financial Information

The following pages contain financial information about the Lackawanna Trail 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**.

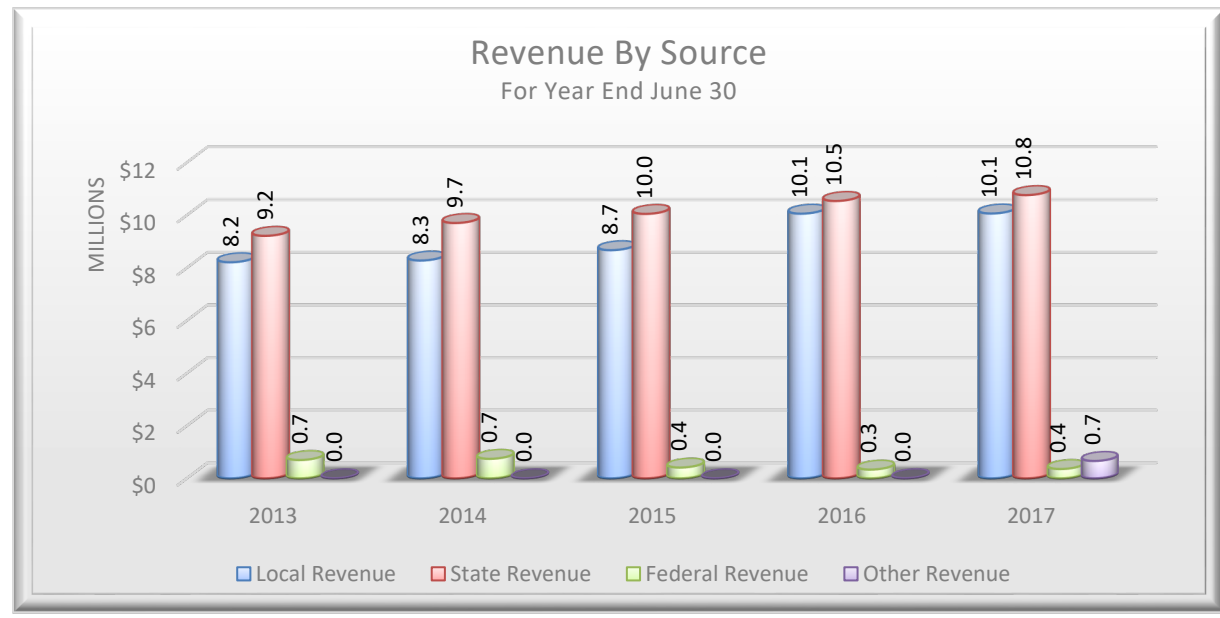
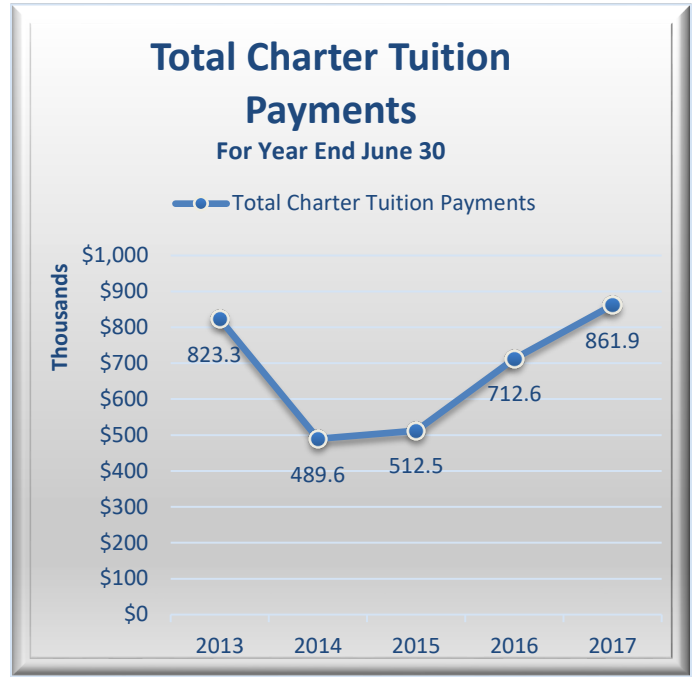
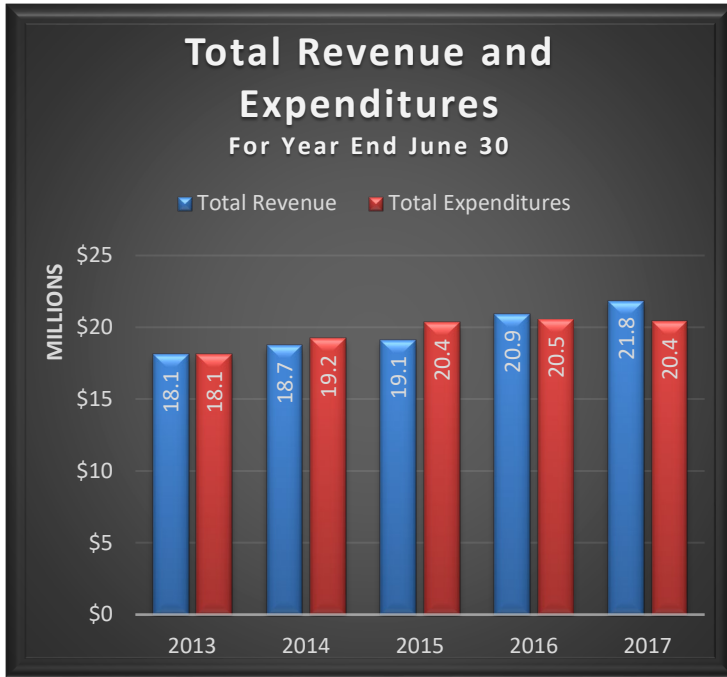


Note: General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



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 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 2014-15, 2015-16, and 2016-17 school years.² These scores are provided in the District's audit report for **informational purposes only**, and they were not audited by our Department. 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.³ Finally, 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.⁴

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 using a 0-100 scale for all school buildings in the Commonwealth annually, 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.

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 schools were put on hold due to changes with PSSA testing.⁵ PDE resumed issuing a SPP score for all schools for the 2015-16 school year.

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.⁶ 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.

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

³ 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.

⁴ 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.

⁵ According to PDE, SPP scores for elementary and middle schools were put on hold for the 2014-15 school year due to the state's major overhaul of the PSSA exams to align with PA Core standards and an unprecedented drop in public schools' PSSA scores that year. Since PSSA scores are an important factor in the SPP calculation, the state decided not to use PSSA scores to calculate a SPP score for elementary and middle schools for the 2014-15 school year. Only high schools using the Keystone Exam as the standardized testing component received a SPP score.

⁶ Act 39 of 2018, effective July 1, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement for an additional year until the 2020-21 school year. *See* 24 P.S. § 1-121(b)(1).

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 and Math. 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.⁷ 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.

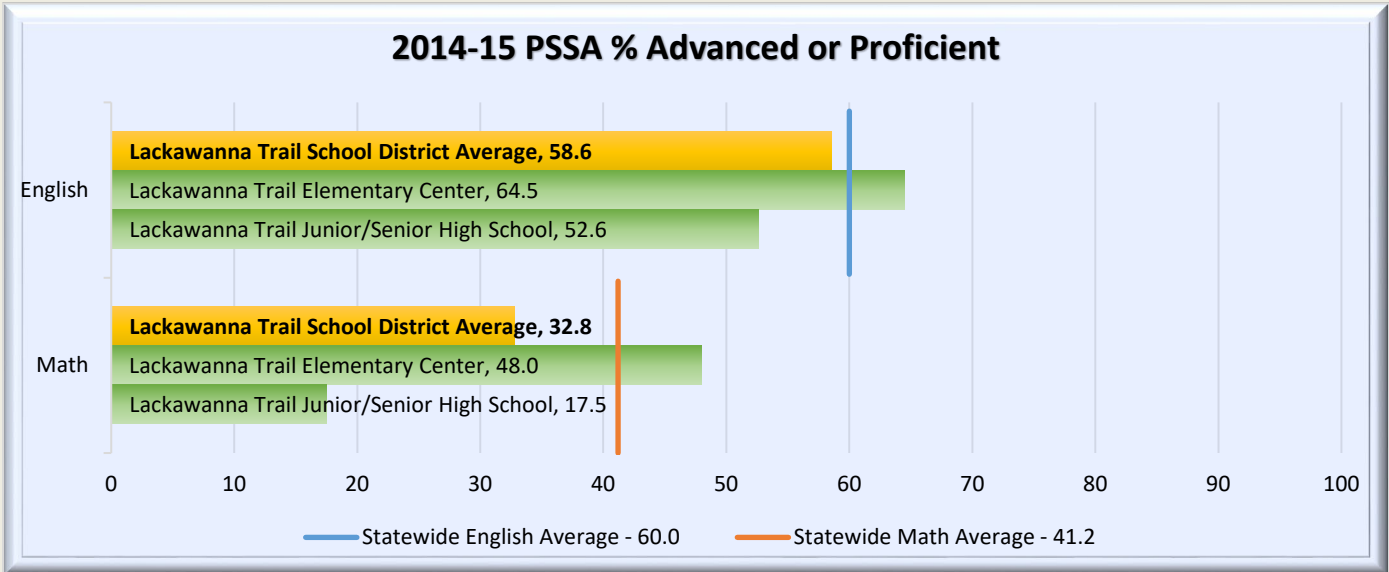
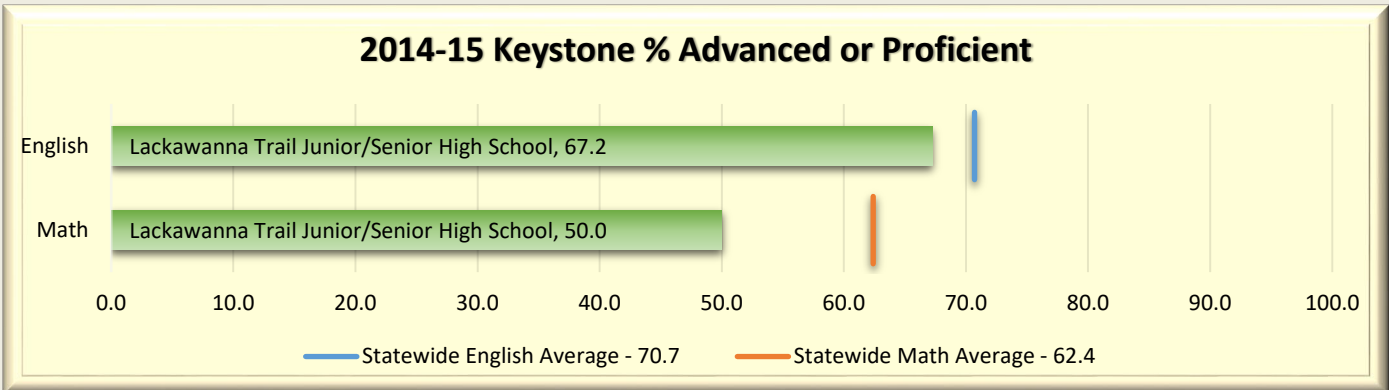
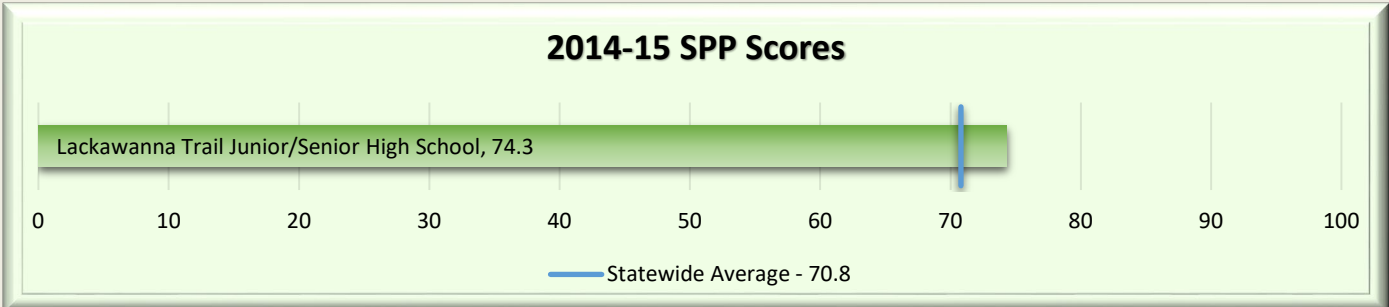
What is a 4-Year Cohort Graduation Rate?

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.⁸

⁷ PDE has determined that PSSA scores issued beginning with the 2014-15 school year and after are not comparable to prior years due to restructuring of the exam.

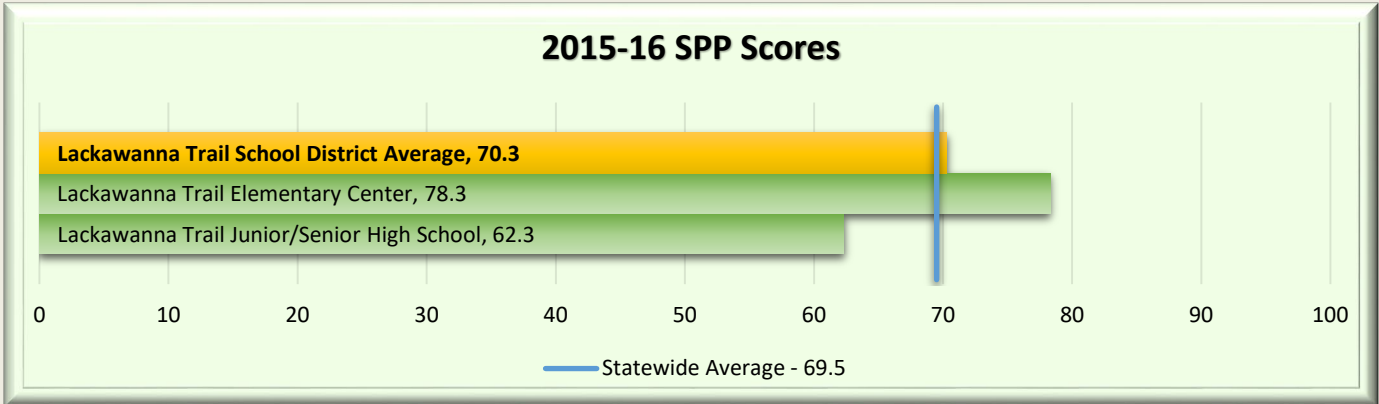
⁸ PDE also calculates 5-year and 6-year cohort graduation rates. Please visit PDE's website for additional information: <http://www.education.pa.gov/Data-and-Statistics/Pages/Cohort-Graduation-Rate-.aspx>.

2014-15 Academic Data
School Scores Compared to Statewide Averages

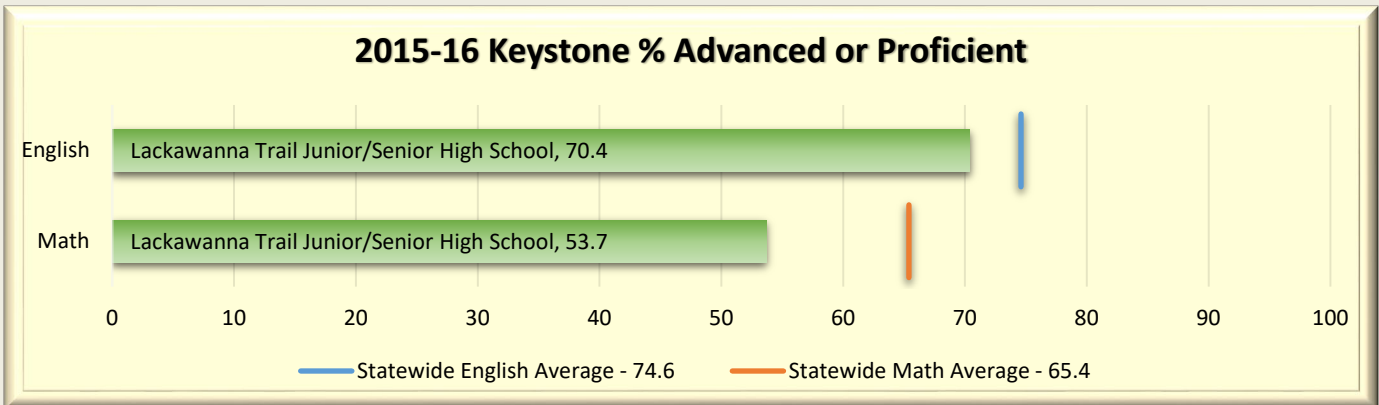


2015-16 Academic Data
School Scores Compared to Statewide Averages

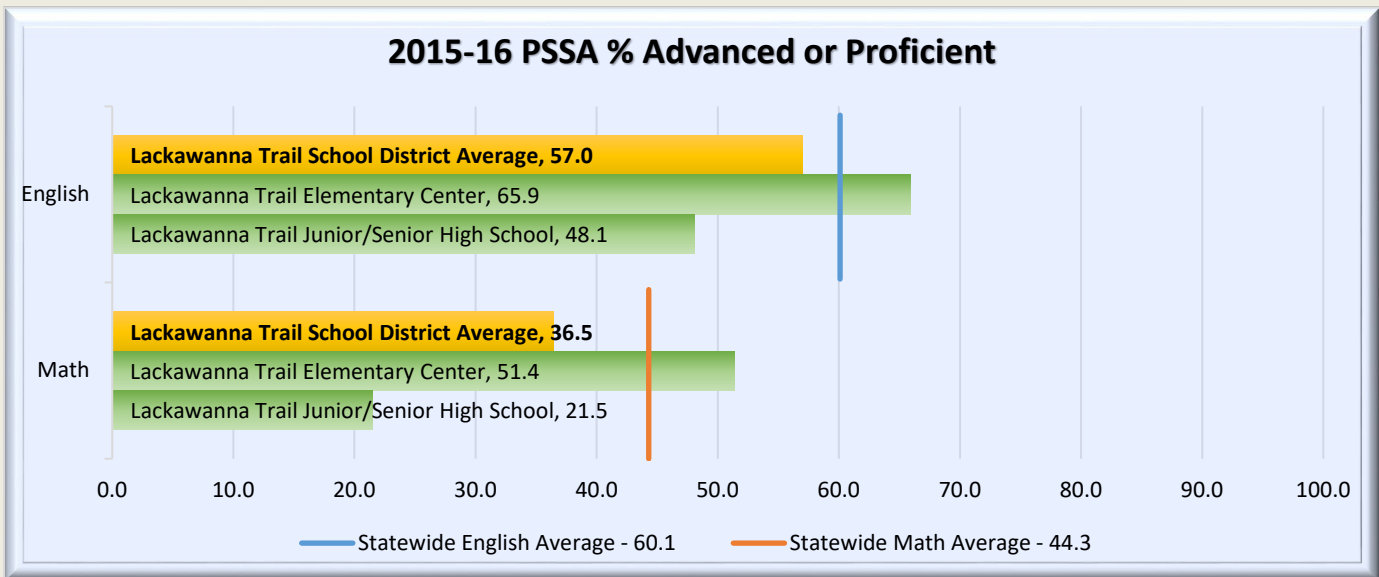
2015-16 SPP Scores



2015-16 Keystone % Advanced or Proficient

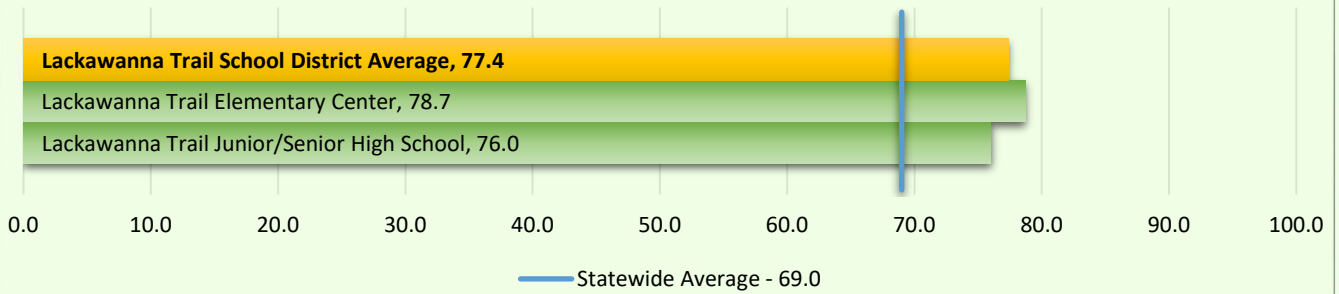


2015-16 PSSA % Advanced or Proficient

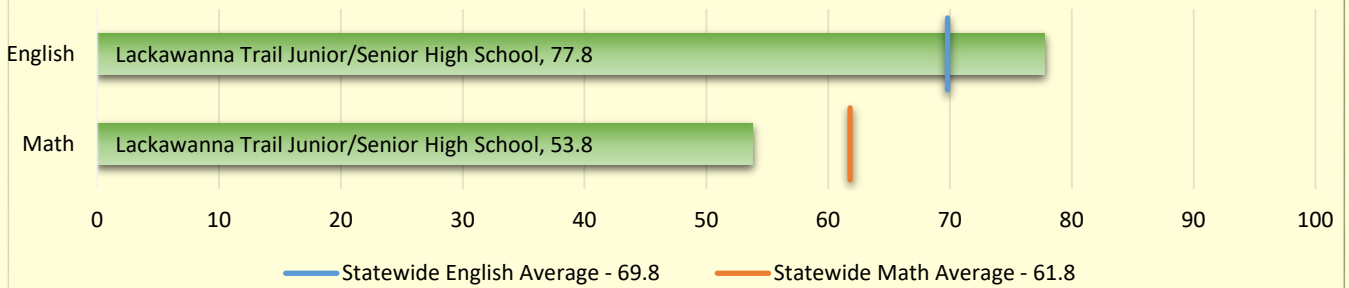


2016-17 Academic Data
School Scores Compared to Statewide Averages

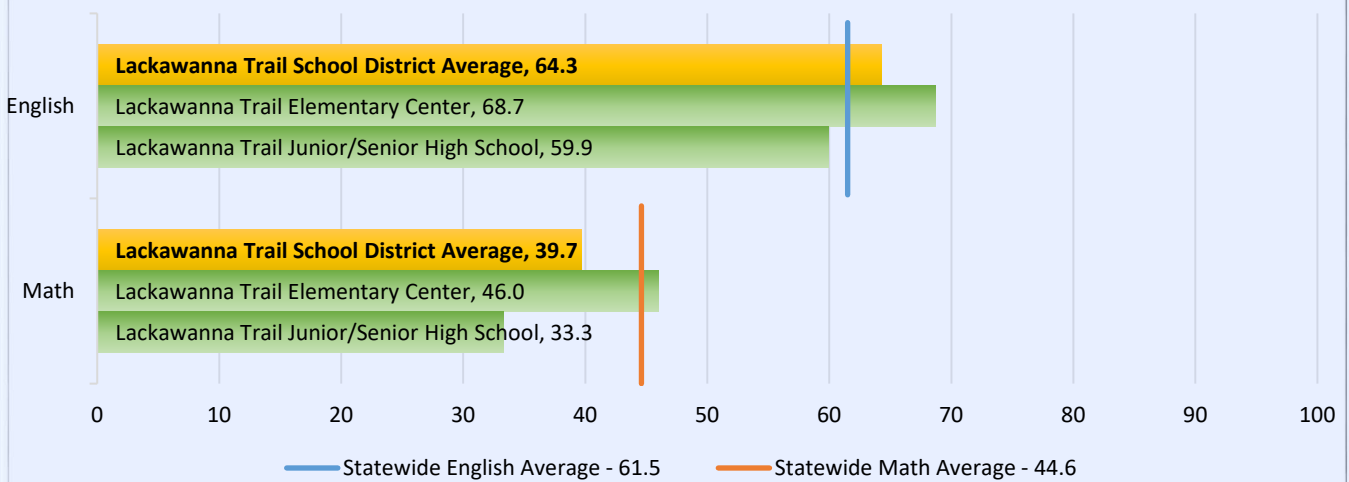
2016-17 SPP Scores



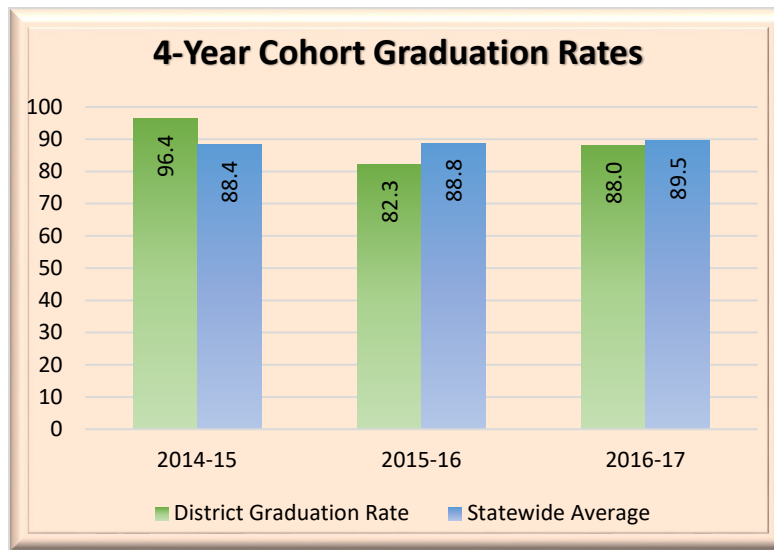
2016-17 Keystone % Advanced or Proficient



2016-17 PSSA % Advanced or Proficient



Graduation Data
District Graduation Rates Compared to Statewide Averages



Findings

Finding No. 1

The Lackawanna Trail School District Failed to Conduct All Required Monthly Fire Drills as Required by the Public School Code and Inaccurately Reported Fire Drill Data to PDE

Criteria relevant to the finding:

The following Public School Code (PSC) provisions, as implemented by the Pennsylvania Department of Education (PDE) in its guidance for the 2017-18 school year, are relevant to the finding:

Section 1517(a) of the PSC requires:

“In all school buildings of school entities where fire-escapes, appliances for the extinguishment of fires, or proper and sufficient exits in case of fire or panic, either or all, are required by law to be maintained, fire drills shall be periodically conducted, **not less than one a month**, by the teacher or teachers in charge, under rules and regulations to be promulgated by the chief school administrator under whose supervision such school entities are. In such fire drills, the pupils and teachers shall be instructed in, and made thoroughly familiar with, the use of the fire-escapes, appliances and exits. The drill shall include the actual use thereof, and the complete removal of the pupils and teachers, in an expeditious and orderly manner, by means of fire-escapes and exits, from the building to a place of safety on the ground outside.” [Emphases added.] See 24 P.S. § 15-1517(a) (as amended by Act 55 of 2017, effective November 6, 2017).

Our review of the Lackawanna Trail School District (District) fire drill report for the 2017-18 school year disclosed that the District failed to conduct fire drills each month at both the elementary center and junior/senior high school, as required by Section 1517(a) of the Public School Code (PSC).⁹ We also found that the District did not maintain documentation to support the fire drills reported to the Pennsylvania Department of Education (PDE) at the elementary center, and other types of emergency drills were inaccurately reported as fire drills at both the elementary center and junior/senior high school. Consequently, the District’s Superintendent inappropriately attested to the accuracy of the fire drill data in the PDE required report and certification statement.

As part of our review, we obtained and reviewed the District’s 2017-18 Fire Drill Accuracy Certification Statement (ACS) report filed with PDE for the District’s two school buildings. We also reviewed supporting documentation to determine if fire drills were conducted as required each month from September 2017 through May 2018.

Our review revealed that the District only had supporting documentation to confirm that 4 fire drills were conducted at its 2 school buildings, instead of the 18 fire drills required for our review period.¹⁰ While the District admitted to missing five monthly fire drills on its ACS report filed with PDE, it inaccurately reported that fire drills were conducted for five months when other types of

⁹ 24 P.S. § 15-1517(a).

¹⁰ The District has two school buildings and fire drills are required every month for each building during our review period from September 2017 through May 2018 while school is in session for the entire month: 2 buildings x 9 months = 18 fire drills.

*Criteria relevant to the finding
(continued):*

Further, Sections 1517(b) and (e) of the PSC requires:

“(b) Chief school administrators are hereby required to see that the provisions of this section are faithfully carried out in the school entities over which they have charge.” (Note that the prior language only referred to “district superintendents.”)

“(e) On or before the tenth day of April of each year, each chief school administrator shall certify to the Department of Education that the emergency evacuation drills and school security drills herein required have been conducted in accordance with this section.”

See 24 P.S. § 15-1517(d) and (e). (Act 55 of 2017, effective November 6, 2017.)

According to the PDE guidance emailed to all public school on October 7, 2016, and its Basic Education Circular entitled, *Fire Drill and School Bus Evacuations*, annual certification of the completion of fire drills must be provided to the PDE. Beginning with the 2016-17 school year, annual reporting was required through the Pennsylvania Information Management System (PIMS) and fire drill certifications require each school entity to report the date on which each monthly fire drill was held. Fire Drill Accuracy Certification Statements must be electronically submitted to the PDE by July 31 following the end of a school year.

Within two weeks of the electronic PIMS submission, a printed, signed original must be sent to the PDE’s Office for Safe Schools.

drills were conducted instead. Specifically, three lockdown drills and two bus evacuation drills were incorrectly reported as fire drills. Additionally, the District reported conducting fire drills for four months at its elementary center for which no documentation was maintained, and therefore we could not verify they occurred. During the 2017-18 school year, fire drills were required by the PSC monthly and other types of emergency drills could not be substituted.

Under Section 1517(b) of the PSC, chief school administrators are required to ensure that all requirements of Section 1517 are “faithfully carried out in the schools over which they have charge.” Additionally, the chief school administrator, including a Superintendent, also has a duty to affirm that all of the information in the ACS report filed with PDE is correct and true to the best of his/her knowledge (see Criteria box). Since the District inaccurately reported that it conducted fire drills at its two school buildings when other types of emergency drills were conducted instead, the information the Superintendent attested to on the Fire Drill ACS report was neither valid nor accurate. It is essential that the ACS report should not be filed with PDE unless the fire drill data has been verified for accuracy. Also the superintendent or an official signing an accuracy certification statement must be aware that by submitting the fire drill data to PDE, he/she is asserting that the data summarized on the ACS report is correct and true to the best of his/her knowledge.

District personnel were unaware that other types of emergency drills could not be substituted for fire drills during the 2017-18 school year. Regarding the months for which no drills were conducted, District management stated that the drills were missed due to the weather not being ideal. Additionally, the District acknowledged its lack of supporting documentation and plans to maintain such documentation moving forward.

In conclusion, it is vitally important that the District’s students and staff regularly participate in required fire drills and other emergency drills throughout the school year, and that fire drill data is accurately reported to PDE. The reason for these drills during times when school is in session is to ensure that all students and staff are well prepared for any fire emergency by becoming well versed on the fire safety

*Criteria relevant to the finding
(continued):*

The Fire Drill Accuracy Certification Statement that the chief school administrator was required to sign for the 2017-18 school year states, in part:

“I acknowledge that 24 PS 15-1517 ...[requires that] fire drills shall be periodically conducted, not less than one a month...under rules and regulations to be promulgated by the district superintendent under whose supervision such schools are... District superintendents are hereby required to see that the provisions of this section are faithfully carried out in the schools over which they have charge. I certify that drills were conducted in accordance with 24 PS 15-1517 and that information provided on the files and summarized on the above School Safety Report is correct and true to the best of my knowledge....”

Important Note: The following summary is provided as a courtesy for informational purposes only to highlight recent amendments to the PSC, but does not apply to the audit period (i.e., 2017-18 school year) for this finding.

In **2018**, the General Assembly amended Section 1517 of the PSC through Act 39 which **mandates** that each school entity conduct one school security drill per school year in each school building in place of a required fire drill within 90 days of the commencement of the school year after the subsection’s effective date (July 1, 2018) and in each school year thereafter. The school security drill **must** be conducted while the school entity is in session and students are present. Further, Act 39 provides that each school entity may conduct two school security drills per school year in each school building in place of two fire drills after 90 days from the commencement of each school year. [Emphases added.] See 24 P.S. § 15-1517 (as most recently amended by Act 39 of 2018 and applicable to the 2018-19 school year and thereafter).

procedures.¹¹ As further explained in the criteria section of this finding, recent amendments to the PSC reinforce the importance of conducting both fire drills and school security drills according to the monthly school schedule as specified by law. The safety of students, school staff, and others (i.e., visitors and contractors) must be paramount at all times. Additionally, it is critical that the District maintain accurate documentation to support the fire drill data reported to PDE so that the Superintendent can properly attest to the accuracy of the information reported.

Recommendations

The *Lackawanna Trail School District* should:

1. Conduct monthly fire drills at its school buildings with staff and students while school is in session, as required by the PSC.
2. Ensure the District is reporting factually correct data as certified by its Superintendent to PDE in its annual fire drill reports, which can be evidenced by supporting documentation.
3. Implement a process requiring someone other than the person who prepares the annual drill reports to review the reports, including comparing the data in the report to supporting documentation, to ensure the District is reporting factually correct data as certified by its Superintendent to PDE.
4. Consult with its solicitor to ensure it is fully aware of all amendments (discussed in the criteria box) to the PSC regarding fire and school security drill requirements for future school years.

Management Response

District management provided the following response:

“Although I agree that the district failed to conduct all required monthly fire drills, and inaccurately reported this to PDE, this was done because of a misunderstanding. Although I agree with the finding, we understood the requirement to mean other drills (for example lock down

¹¹ https://rems.ed.gov/docs/REMS_K-12_Guide_508.pdf (accessed on September 20, 2019).

and shelter in place) were acceptable substitutes. To the best of my knowledge the required drills were carried out; therefore, I signed the ACS statement.

In order to correct this and assure it will not be repeated, regular monthly drills are scheduled in each building, all administrators have been informed of this requirement and the consequences should it not be done, and a strong system of checks and balances is now in place. Since this finding and requirement was brought to our attention we have been in 100 percent compliance. School safety is our top priority.”

Auditor Conclusion

We are encouraged that the District took corrective actions in order to meet monthly fire drill requirements and accurately report these drills to PDE. We believe that implementing our recommendations will help the District meet those requirements. We will review the District’s corrective actions implemented during our next audit of the District.

Finding No. 2

The District Failed to Accurately Report Nonresident Student Data to the Pennsylvania Department of Education Resulting in an Underpayment of \$41,547

Criteria relevant to the finding:

Payment of Tuition

Section 1305(a) of the PSC provides for Commonwealth payment of tuition for nonresident children placed in private homes as follows:

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

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

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

We found that the District inaccurately reported nonresident student data to PDE for the 2015-16 and 2016-17 school years. During the 2015-16 and 2016-17 school years, the District educated nonresident students and the District was eligible for Commonwealth-paid tuition for these students. However, the District did not accurately report these students to PDE and as a result was underpaid \$41,547 in subsidy reimbursements. The District failed to report one student eligible for Commonwealth-paid tuition educated in the 2015-16 school year and failed to report two students educated in the 2016-17 school year.¹²

As discussed in the criteria box, school districts are entitled to receive Commonwealth-paid tuition for educating nonresident students. To be eligible to receive Commonwealth-paid tuition, the student’s parent/guardian must not be a resident of the educating district and 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.¹³ Additionally, the resident must be compensated for care of the student.

These students are commonly referred to as “foster students” and it is the mandate of the educating District to obtain the required documentation to correctly categorize and accurately report the number of foster students to PDE.

¹² The District accurately reported nonresident student data to PDE for the 2014-15 and 2017-18 school years.

¹³ For example, the applicable county children and youth agency.

Criteria relevant to the finding (continued):

State Board of Education regulations and PDE guidelines govern the classification of nonresident children placed in private homes.

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

“(a) A nonresident child is entitled to attend the district’s public schools if that child is fully maintained and supported in the home of a district resident as if the child were the resident’s own child and if the resident receives no personal compensation for maintaining the student in the district. Before accepting the child as a student, the board of school directors of the district shall require the resident to file with the secretary of the board of school directors either appropriate legal documentation to show dependency or guardianship or a sworn statement that the child is a resident of the district, 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).

The table below details the number of foster students educated by the District and the corresponding amount of Commonwealth-paid tuition that the District was underpaid as a result of not accurately reporting these students to PDE.

Lackawanna Trail School District Nonresident Student Data		
School Year	Unreported Number of Foster Students	Underpayment
2015-16	1	\$14,781
2016-17	2	\$26,766
Total	3	\$41,547

During the 2015-16 and 2016-17 school years, the District educated two foster students eligible for Commonwealth-paid tuition. While accurately classifying these students as foster students in its student information system (SIS), the District reported erroneous data to PDE. During the 2015-16 school year, the District incorrectly reported one of the two foster students educated by the District as a resident student when the student transitioned from an elementary school to the secondary school. Additionally, during the 2016-17 school year, the District educated two foster students eligible for Commonwealth-paid tuition, but failed to report them to PDE.

The District failed to reconcile its internal SIS data with the final child accounting reports submitted to PDE. A review of this nature could have helped the District identify the failure to report fosters students in the 2015-16 and 2016-17 school years. Furthermore, the District did not have someone, other than the person responsible for reporting child accounting data to PDE, review the data prior to reporting.

It is essential that the District always reconcile the SIS data with the final child accounting reports submitted to PDE. Further, it is critical that the staff responsible for reporting the SIS data to PDE are properly trained on the classifications of nonresident students and how to accurately report these students.

We provided PDE with reports detailing the errors we identified for the 2015-16 and 2016-17 school years. PDE

requires these reports to verify the underpayments to the District. The District's future subsidy reimbursements should be adjusted by the amount of the underpayment.

Recommendations

The *Lackawanna Trail School District* should:

1. Develop procedures to annually reconcile SIS data with final child accounting reports submitted to PDE.
2. Ensure that District personnel responsible for preparing nonresident student data and District personnel responsible for reviewing that data prior to it being sent to PDE are properly trained on the classifications of nonresident students and how to accurately report these students.
3. Reconcile the number of nonresident foster students reported to PDE to individual supporting documentation and ensure that a review of this reconciliation is performed by someone other than the person who prepared the reconciliation.

The *Pennsylvania Department of Education* should:

4. Adjust the District's allocation to correct the underpayment of \$41,547.

Management Response

District management provided the following response:

“The District agrees with the finding which states we failed to accurately report non-resident student data to PDE resulting in an underpayment of \$41,547. Although these non-resident students, commonly known as foster students, were accurately classified in our Student Information System in 2015-16, we erroneously reported the data to PDE.

These unintentional errors occurred because we did not properly reconcile Student Information System data with child accounting reports, district personnel were not trained well enough on the proper classifications and how to accurately report them, and only one person was

responsible for reconciling and reporting the data. These three weaknesses have all been addressed and procedural safeguards put in place, which will help assure the district does not make these errors in the future.”

Auditor Conclusion

We are encouraged that the District took corrective actions and identified the causes of the errors in reporting nonresident student data to PDE. We believe that implementing our recommendations will help the District accurately report this information to PDE. We will follow up on this matter during our next audit of the District.

Status of Prior Audit Findings and Observations

Our prior audit of the Lackawanna Trail School District resulted in no findings or observations.

Appendix: 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,¹⁴ 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 Lackawanna Trail 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).¹⁵ 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.

¹⁴ 72 P.S. §§ 402 and 403.

¹⁵ 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, academic performance data, 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:

- ✓ School Safety
- ✓ Nonresident Student Data
- ✓ Bus Driver Requirements

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

- ✓ Did the District take actions to ensure it provided a safe school environment?¹⁶
 - To address this objective, we reviewed a variety of documentation including, safety plans, training schedules, anti-bullying policies, fire drill documentation, and after action reports. A portion of the results of our review of this objective can be found in Finding No. 1 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 are shared with District officials, PDE, and other appropriate agencies as deemed necessary.
- ✓ Did the District accurately report nonresident students to PDE? Did the District receive the correct reimbursement for these nonresident students?¹⁷
 - To address this objective, we reviewed both nonresident students reported by the District to PDE during the 2014-15 and 2017-18 school years. We obtained documentation to verify that the custodial parent and or guardian was not a resident of the District and the foster parent received a stipend for caring for the student. The student listings were compared to the total days reported on the Membership Summary and Instructional Time and Membership Report to ensure that the District received correct reimbursement for these students. The results of our review of this objective can be found in Finding No. 2 of this report.

¹⁶ 24 P.S. § 13-1301-A *et seq.*

¹⁷ See 24 P.S. §§ 13-1301, 13-1302, 13-1305, 13-1306; 22 Pa. Code Chapter 11.

- ✓ Did the District ensure that bus drivers transporting District students had the required driver's license, physical exam, training, background checks, and clearances¹⁸ as outlined in applicable laws?¹⁹ Also, did the District have written policies and procedures governing the hiring of new bus drivers that would, when followed, provide reasonable assurance of compliance with applicable laws?
 - To address this objective, we randomly selected 5 of the 28 bus drivers transporting District students as of August 13, 2018.²⁰ We reviewed documentation to ensure the District complied with the requirements for bus drivers. We also determined if the District had written policies and procedures governing the hiring of bus drivers and if those procedures, when followed, ensure compliance with bus driver hiring requirements, when followed, ensure compliance with bus driver requirements. Our review of this objective did not disclose any reportable issues.

¹⁸ Auditors reviewed the required state, federal and child abuse background clearances from the most reliable sources available, including the FBI, the Pennsylvania State Police and the Department of Human Services. However, due to the sensitive and confidential nature of this information, we were unable to assess the reliability or completeness of these third-party databases.

¹⁹ 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*.

²⁰ While representative selection is a required factor of audit sampling methodologies, audit sampling methodology was not applied to achieve this test objective; accordingly, the results of this audit procedure are not, and should not be, projected to the population.

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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