

# PERFORMANCE AUDIT

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## Mid Valley School District Lackawanna County, Pennsylvania

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April 2021



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR  
AUDITOR GENERAL**

Mr. Patrick Sheehan, Superintendent  
Mid Valley School District  
52 Underwood Road  
Throop, Pennsylvania 18512

Mr. Steven Vituszynski, Board President  
Mid Valley School District  
52 Underwood Road  
Throop, Pennsylvania 18512

Dear Mr. Sheehan and Mr. Vituszynski:

We have conducted a performance audit of the Mid Valley School District (District) for the period July 1, 2015 through June 30, 2019, 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:

- Transportation Operations
- Bus Driver Requirements

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

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 transportation operations of the District and those deficiencies are detailed in the finding in this report titled:

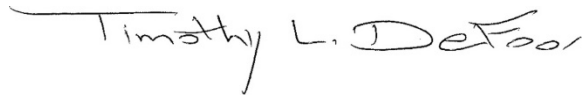
**The District's Failure to Implement an Adequate Internal Control System Resulted in Approximately \$1 Million in Unauditable Transportation Reimbursements**

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

Mr. Patrick Sheehan  
Mr. Steven Vituszynski  
Page 2

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 stroke at the beginning.

Timothy L. DeFoor  
Auditor General

April 20, 2021

cc: **MID VALLEY SCHOOL DISTRICT** Board of School Directors

# Table of Contents

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	Page
Background Information .....	1
Finding .....	6
Finding – The District’s Failure to Implement an Adequate Internal Control System Resulted in Approximately \$1 Million in Unauditable Transportation Reimbursements .....	6
Status of Prior Audit Findings and Observations .....	13
Appendix A: Audit Scope, Objectives, and Methodology .....	15
Appendix B: Academic Detail .....	20
Distribution List .....	24

## Background Information

School Characteristics 2020-21 School Year*	
County	Lackawanna
<b>Total Square Miles</b>	15
<b>Number of School Buildings</b>	2
<b>Total Teachers</b>	131
<b>Total Full or Part-Time Support Staff</b>	68
<b>Total Administrators</b>	12
<b>Total Enrollment for Most Recent School Year</b>	1,850
<b>Intermediate Unit Number</b>	19
<b>District Career and Technical School</b>	Career Technology Center of Lackawanna County

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

### Mission Statement\*

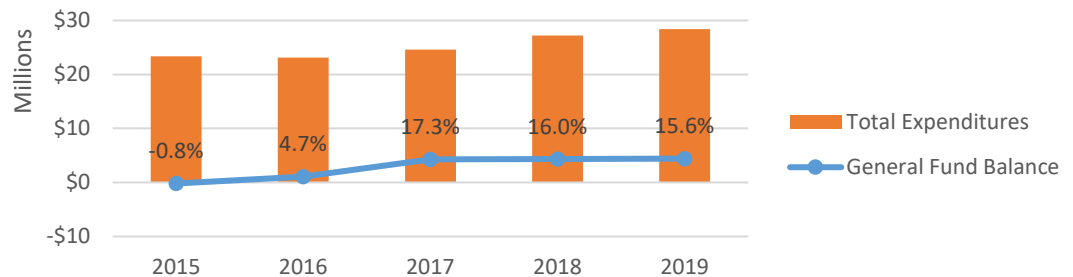
To teach, challenge and encourage all students to become responsible citizens and continue a life of learning in an ever-changing global society.

## Financial Information

The following pages contain financial information about the Mid Valley 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**.

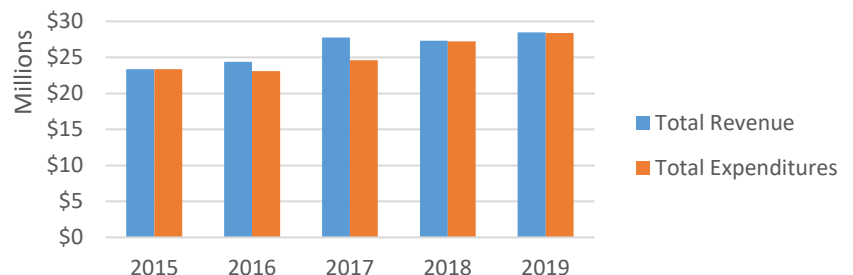
### General Fund Balance as a Percentage of Total Expenditures

	General Fund Balance
2015	(\$192,346)
2016	\$1,093,695
2017	\$4,260,403
2018	\$4,356,163
2019	\$4,418,782



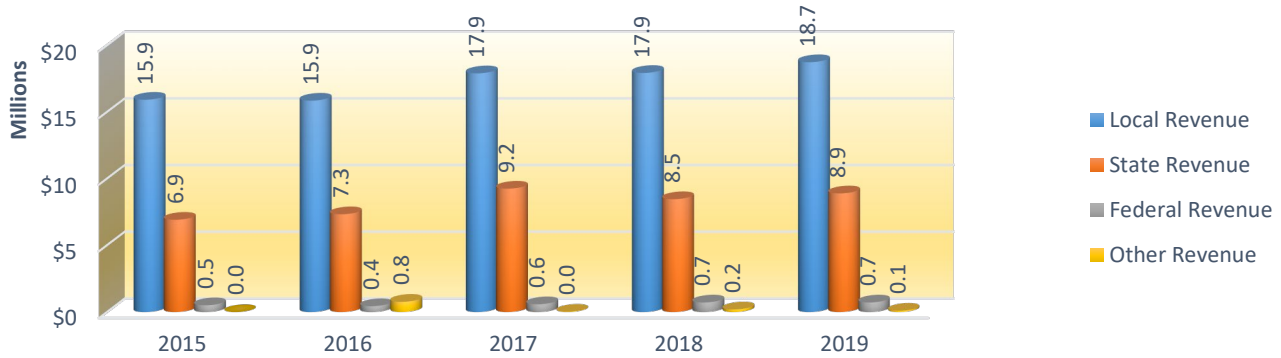
### Revenues and Expenditures

	Total Revenue	Total Expenditures
2015	\$23,337,758	\$23,362,739
2016	\$24,383,436	\$23,097,395
2017	\$27,758,834	\$24,592,127
2018	\$27,304,364	\$27,208,604
2019	\$28,450,321	\$28,387,701

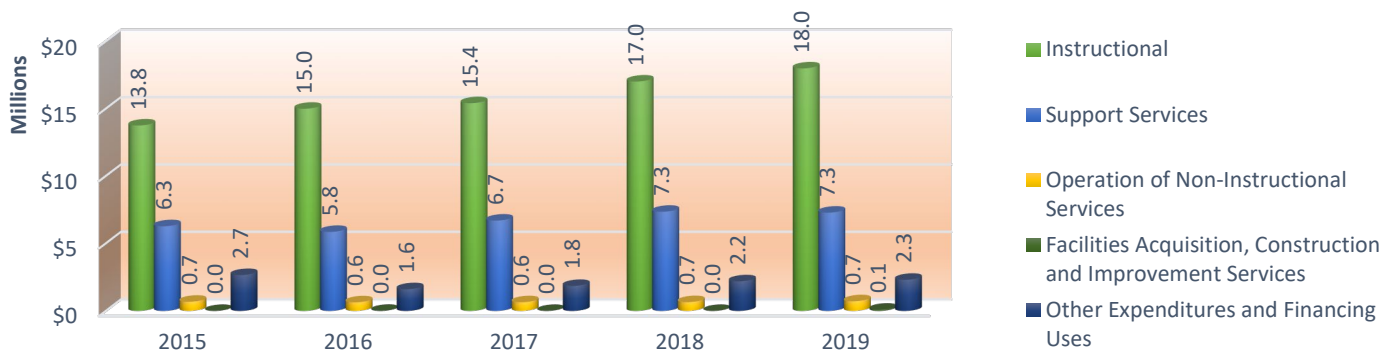


## Financial Information Continued

### Revenues by Source

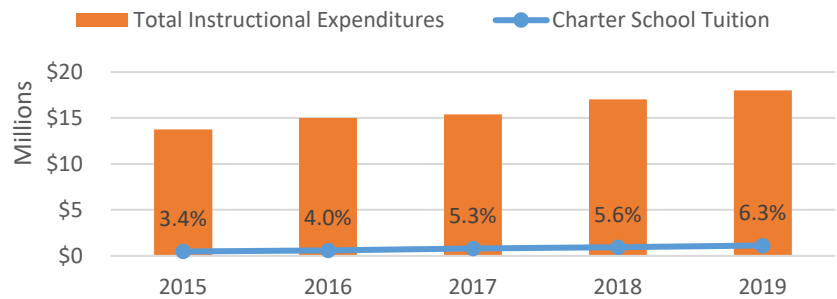


### Expenditures by Function

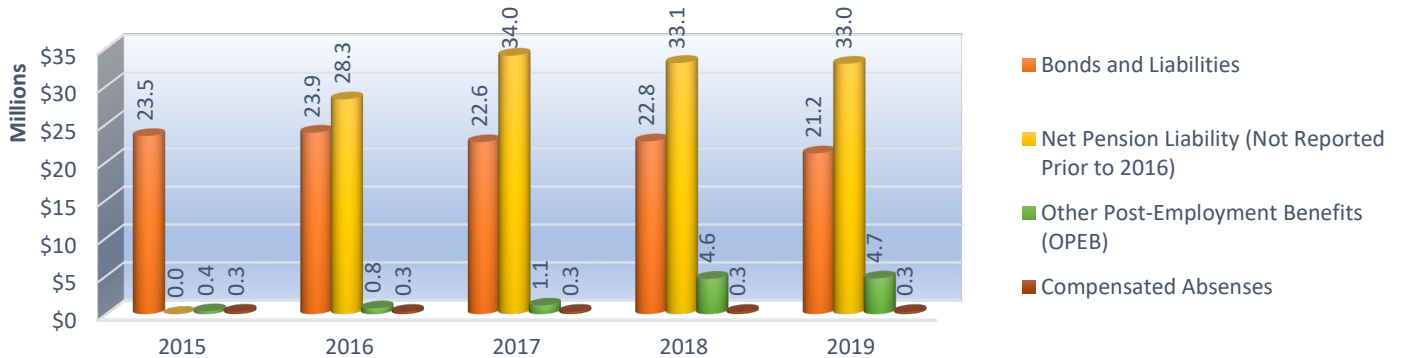


### Charter Tuition as a Percentage of Instructional Expenditures

	Charter School Tuition	Total Instructional Expenditures
2015	\$474,158	\$13,752,237
2016	\$606,548	\$14,995,109
2017	\$815,059	\$15,408,745
2018	\$954,866	\$17,017,515
2019	\$1,125,809	\$17,990,902



### Long-Term Debt

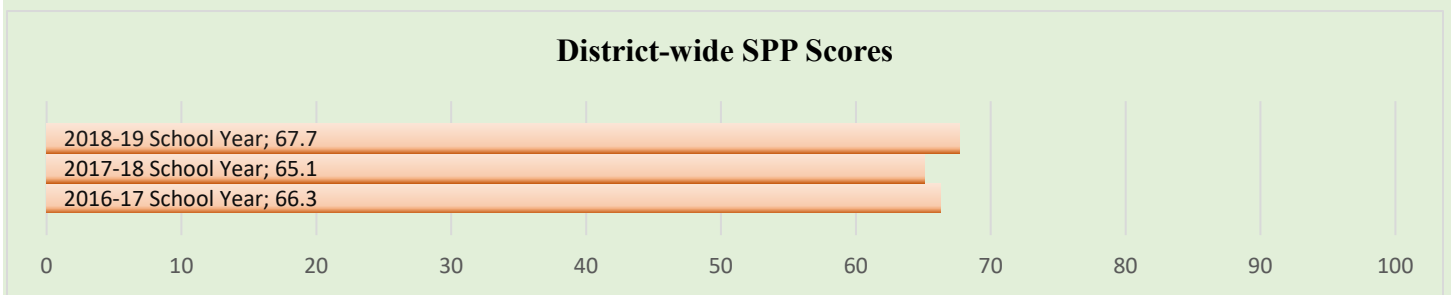


## Academic Information

The graphs on the following pages present the District-wide School Performance Profile (SPP) scores, Pennsylvania System of School Assessment (PSSA) scores, Keystone Exam results, and 4-Year Cohort Graduation Rates for the District obtained from PDE's data files for the 2016-17, 2017-18, and 2018-19 school years.<sup>1</sup> 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.<sup>2</sup>



<sup>1</sup> PDE is the sole source of academic data presented in this report. All academic data was obtained from PDE's publicly available website.

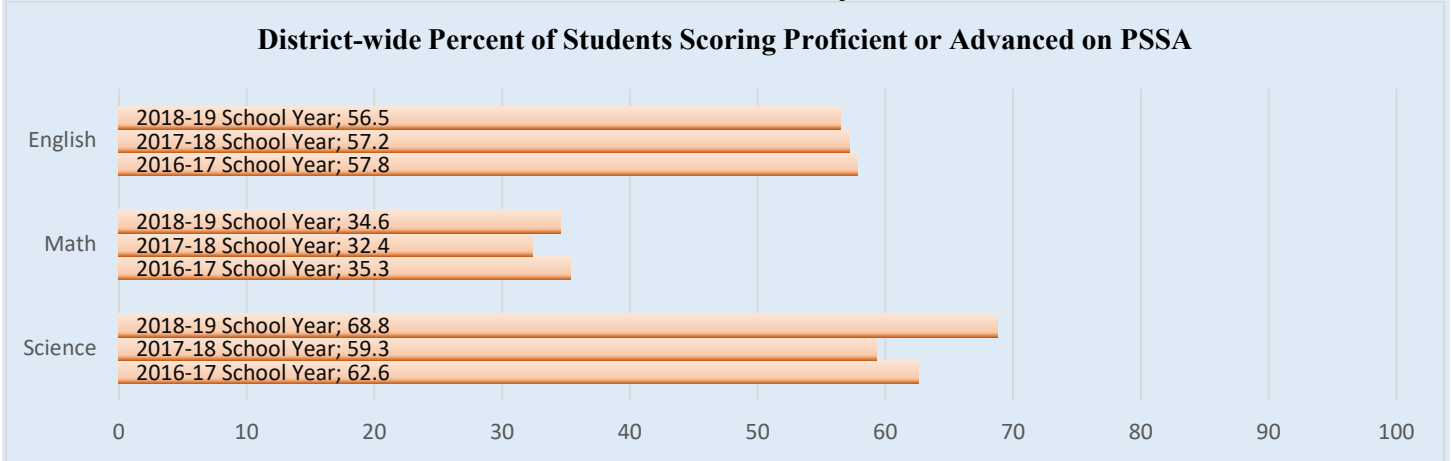
<sup>2</sup> PDE started issuing a SPP score for all public school buildings beginning with the 2012-13 school year. For the 2014-15 school year, PDE only issued SPP scores for high schools taking the Keystone Exams as scores for elementary and middle scores were put on hold due to changes with PSSA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

## Academic Information Continued

### What is the PSSA?

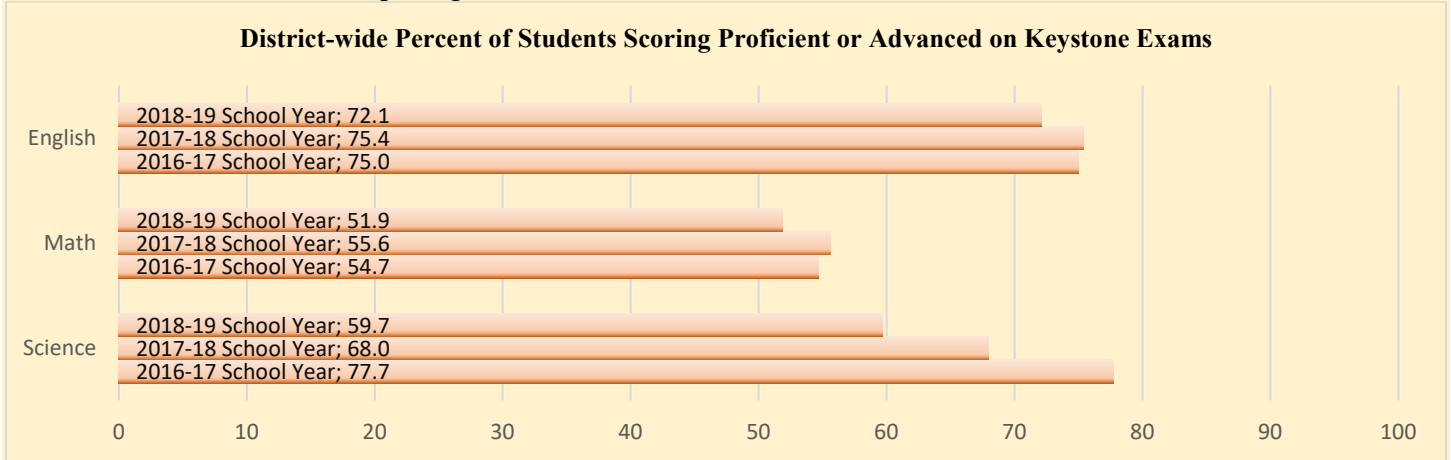
The PSSA is an annual, standardized test given across the Commonwealth to students in grades 3 through 8 in core subject areas, including English, Math and Science. The PSSAs help Pennsylvania meet federal and state requirements and inform instructional practices, as well as provide educators, stakeholders,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

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



### What is the Keystone Exam?

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



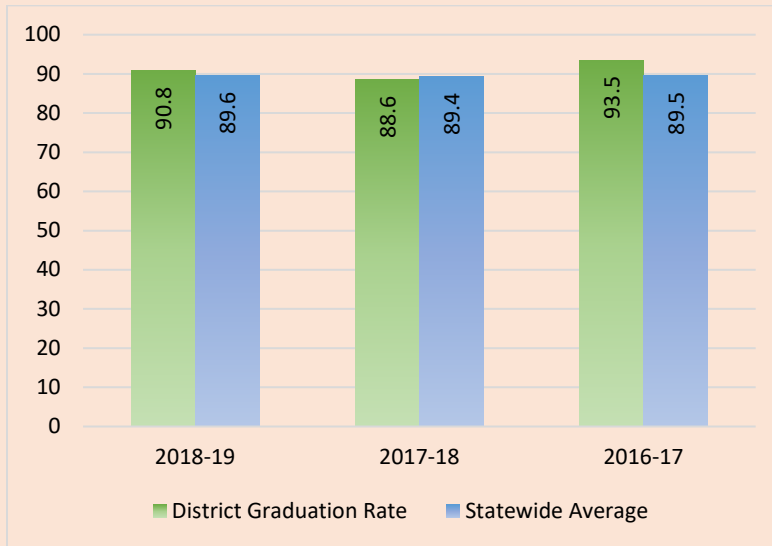
<sup>3</sup> Act 158 of 2018, effective October 24, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement until the 2021-22 school year. See 24 P.S. § 1-121(b)(1). Please refer to the following link regarding further guidance to local education agencies (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.<sup>4</sup>



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

## Finding

### Finding

### The District's Failure to Implement an Adequate Internal Control System Resulted in Approximately \$1 Million in Unauditable Transportation Reimbursements

#### *Criteria relevant to the finding:*

#### **Student Transportation Subsidy**

Section 2541(a) of the Public School Code (PSC) states, in part: "School districts shall be paid by the commonwealth for every school year on account of pupil transportation which... have been approved by the Department of Education... an amount to be determined by multiplying the cost of approved reimbursable pupils transportation incurred by the district by the district's aid ratio.

In determining the formula for the cost of approved reimbursable transportation, the Secretary of Education may prescribe the methods of determining approved mileages and the utilized passenger capacity of vehicles for reimbursement purposes..." See 24 P.S. § 25-2541(a).

#### **Sworn Statement and Annual Filing Requirements**

Section 2543 of the PSC, which is entitled, "Sworn statement of amount expended for reimbursable transportation; payment; withholding" of the PSC states, in part: "Annually, each school district entitled to reimbursement on account of pupil transportation shall provide in a format prescribed by the Secretary of Education, data pertaining to pupil transportation for the prior and current school year. . . . The Department of Education may, for cause specified by it, withhold such reimbursement, in any given case, permanently, or until the school district has complied with the law or regulations of the State Board of Education." (Emphases added.) See 24 P.S. § 25-2543.

The Mid Valley School District (District) did not implement an adequate internal control system over the input, calculation, and reporting of transportation data. This resulted in the District's failure to obtain and retain adequate source documentation to verify the accuracy of \$1,027,056 it received in transportation reimbursements from the Pennsylvania Department of Education (PDE) for the 2015-16 through 2018-19 school years. Without the source documentation, we could not audit this reported data and determine the accuracy of the reimbursements received.

**Background:** School districts receive two separate transportation reimbursement payments from PDE. The **regular** transportation reimbursement is broadly based on the number of students transported, the number of days each vehicle was used to transport students, and the number of miles that vehicles are in service, both with and without students. The **supplemental** transportation reimbursement is based on the number of nonpublic school and charter school students transported at any time during the school year. The lack of documentation identified in this finding pertain to both the District's regular and supplemental transportation reimbursements.

Since the above listed components are integral to the calculation of the District's transportation reimbursements, it is essential for the District to do the following: 1) properly identify students that it transports; 2) maintain records for these students; and 3) accurately report this data to PDE. The District must also obtain and retain this data in accordance with the Public School Code (PSC) requirements (see the criteria box). Therefore, the District should have a strong system of internal control over its regular and supplemental transportation operations that should include, but not be limited to, the following:

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

It is also important to note that the PSC requires that all school districts annually file a sworn statement of student transportation data for the prior and current school years with PDE in order to be eligible for transportation

*Criteria relevant to the finding (continued):*

**Supplemental Transportation Subsidy for Public Charter School and Nonpublic School Students**

Section 2509.3 of the PSC provides that each school district shall receive a supplemental transportation payment of \$385 for each nonpublic school student transported. This payment provision is also applicable to charter school students through Section 1726-A(a) of the Charter School Law (CSL). See 24 P.S. § 25-2509.3; 24 P.S. § 17-1726-A(a).

The CSL, through its reference to Section 2509.3 of the PSC, provides for an additional, per student subsidy for the transportation of charter school students. See 24 P.S. § 17-1726-A(a); 24 P.S. § 25-2509.3.

Section 1726-A(a) of the CSL (cited above) addresses the transportation of charter school students in that: “[s]tudents who attend a charter school located in their school district of residence, a regional charter school of which the school district is a part or a charter school located outside district boundaries at a distance not exceeding ten (10) miles by the nearest public highway shall be provided free transportation to the charter school by their school district of residence on such dates and periods that the charter school is in regular session whether or not transportation is provided on such dates and periods to students attending schools of the district...”

reimbursements.<sup>5</sup> The sworn statement includes the superintendent’s signature attesting to the accuracy of the reported data. Because of this statutorily required attestation, the District should ensure it has implemented an adequate internal control system to provide the superintendent with the confidence he/she needs to sign the sworn statement.

**Unauditable Regular Transportation Reimbursements**

According to PDE guidelines, school districts are required to report the number of miles per day, to the nearest tenth, that each vehicle travels with and without students. Districts are also required to report the number of students assigned to each vehicle. If the miles traveled and students assigned to each vehicle changes during the school year, an average must be calculated and reported.

Two primary vendors provided transportation services for the District during the audit period. One vendor provided the District with bus services, while the other primary vendor provided van services. We found the District did not obtain and maintain adequate documentation for the vendor that provided bus services. Therefore, we were unable to audit the regular transportation data the District reported to PDE for this one vendor. The table below illustrates the number of vehicles reported by the District for this vendor and the total reimbursement received based on this reported data.<sup>6</sup>

**Table No. 1**

<b>Mid Valley School District Transportation Data Reported to PDE Without Supporting Documentation</b>		
<b>School Year</b>	<b>Reported Number of Vehicles</b>	<b>Total Reimbursement Received</b>
<b>2015-16</b>	16	\$ 204,929
<b>2016-17</b>	16	\$ 201,713
<b>2017-18</b>	17	\$ 209,917
<b>2018-19</b>	17	\$ 215,302
<b>Totals</b>	<b>66</b>	<b>\$ 831,861</b>

<sup>5</sup> See 24 P.S. § 25-2543.

<sup>6</sup> The Districts **total** vehicles reported to PDE, including the vans, for each year were as follows: 23 vehicles for 2015-16; 30 vehicles for 2016-17; 31 vehicles for 2017-18, and 34 vehicles for 2018-19.

*Criteria relevant to the finding  
(continued):*

Section 1726-A(a) of the CSL further provides for districts to receive a state subsidy for transporting charter school students both within and outside district boundaries in that: “[d]istricts providing transportation to a charter school outside the district and, for the 2007-2008 school year and each school year thereafter, districts providing transportation to a charter school within the district shall be eligible for payments under section 2509.3 for each public school student transported.” Ibid.

**The Pennsylvania Department of Education (PDE) instructions for Local Education Agencies (LEA) on how to complete the PDE-1049. The PDE-1049 is the electronic form used by LEAs to submit transportation data annually to PDE. <http://www.education.pa.gov/Documents/Teachers-Administrators/Pupil%20Transportation/eTran%20Application%20Instructions/PupilTransp%20Instructions%20PDE%201049.pdf> (Accessed on 12/2/20.)**

Daily Miles With

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

Daily Miles Without

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

The District’s contract with its transportation vendor that provided bussing services required this vendor to provide monthly “Contractors Daily Mileage Log Sheets” along with odometer readings. However, the District did not ensure that the vendor complied with this contractual provision. The District official responsible for obtaining and reporting this data was not trained on PDE’s reporting requirements and accepted summarized data from the vendor that was reported to PDE without review and without obtaining the supporting documentation.

The District’s transportation vendor that provided van services provided adequate and complete supporting documentation along with summarized data that the District reported to PDE. The District acknowledged that it did not review the data or the supporting documentation. However, our review of this data confirmed that the reported data was accurate.

### **Unauditable Supplemental Transportation Reimbursements**

The PSC requires school districts to provide transportation services to students who reside in its district and who attend a charter school or nonpublic school, and it provides for a reimbursement from the Commonwealth of \$385 for each nonpublic school student transported by the district.<sup>7</sup> This reimbursement was made applicable to the transportation of charter school students pursuant to an equivalent provision in the Charter School Law (CSL).<sup>8</sup>

We reviewed the charter and nonpublic school student transportation data that the District reported to PDE and found that the District did not have adequate supporting documentation for the reported data. The number of charter and nonpublic school students reported by the District and the

<sup>7</sup> According to the PSC, a nonpublic school is defined, in pertinent part, as a nonprofit school other than a public school within the Commonwealth of Pennsylvania, wherein a resident of the Commonwealth may legally fulfill the compulsory school attendance requirements. See Section 922.1-A(b) (relating to “Definitions”) of the PSC, 24 P.S. § 9-922.1-A(b).

<sup>8</sup> See 24 P.S. § 17-1726-A(a) which refers to 24 P.S. § 25-2509.3. A charter school is an independent public school and educates public school students within the applicable school district. See 24 P.S. § 17-1703-A (relating to “Definitions”).

*Criteria relevant to the finding (continued):*

**Pupils Assigned**

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

**Transportation Contractor Agreement effective August 1, 2011 extended through the 2021-22 school year by an August 20, 2015 addendum:**

Included with the contractors' invoices must be the Contractors Daily Mileage Log Sheets at the end of every month on forms to be provided by the District. Note: Daily Mileage Log Sheets are Mandatory and must be completed and turned into the Mid Valley School District (District) Transportation Director. Odometer readings must be taken at the beginning of this contract and June 30 of each respective year, these readings must be forwarded to the District. The District reserves the right to withhold payments to any contractor if any of the required documents listed above are not turned in to the District.

supplemental reimbursement received for these students are detailed in Table No. 2 below.

**Table No. 2**

<b>Mid Valley School District Supplemental Transportation Data Reported to PDE</b>			
<b>School Year</b>	<b>Reported Number of Nonpublic Students Transported</b>	<b>Reported Number of Charter School Students Transported</b>	<b>Supplemental Reimbursement Received</b>
<b>2015-16</b>	126	12	\$53,130
<b>2016-17</b>	117	15	\$50,820
<b>2017-18</b>	111	13	\$47,740
<b>2018-19</b>	96	17	\$43,505
<b>Totals</b>	<b>450</b>	<b>57</b>	<b>\$195,195</b>

Every school year, the District should obtain a written request from the parent/guardian of each charter and nonpublic school student to be transported. The District must obtain and maintain this documentation as support for the number of students it reports to PDE for the supplemental reimbursement calculation. The District official responsible for reporting this data was unaware that documentation to support this reported data must be retained for audit purposes.

**Significant Internal Control Deficiencies**

Our review revealed that the District did not have adequate controls over the process of obtaining, maintaining, reviewing, and reporting regular and supplemental transportation data to PDE. Specifically, we found that the District did not do the following:

- Ensure that the employee responsible for reporting transportation data to PDE was adequately trained on PDE's reporting requirements and that the supporting documentation was required to be obtained and retained.
- Implement adequate segregation of duties when it assigned responsibility to one employee for reporting transportation data to PDE without ensuring that a different employee reviewed the data before it was submitted to PDE.
- Ensure that each charter and nonpublic school student submitted a request for transportation for each school year prior to reporting the data to PDE for reimbursement.
- Develop detailed written procedures for obtaining and maintaining the documentation needed to accurately report to PDE vehicle data along with the number of charter and nonpublic school students transported.

- Ensure it obtained source documentation from each transportation vendor and reviewed it for completeness and accuracy of the calculated data.

All of the above control deficiencies resulted in our inability to fully audit the regular and supplemental transportation reimbursements received during the four-year audit period.

## **Recommendations**

The *Mid Valley School District* should:

1. Develop and implement an internal control system over its regular and supplemental transportation operations. The internal control system should include, but not be limited to, the following:
  - All personnel involved in inputting, categorizing, calculating, and reporting transportation data are trained on PDE’s reporting requirements.
  - A review of transportation data is conducted by an employee other than the employee who prepared the data before it is submitted to PDE.
  - Clear and concise written procedures are developed to document the transportation data collection, categorization, and reporting process.
2. Ensure that complete supporting documentation for all nonpublic and charter school students and for all vehicle data is obtained, reviewed, and retained in accordance with PSC requirements. Record retention procedures should be documented and staff trained on these procedures.

## **Management Response**

District management provided the following response:

“The Finding asserts that the District did not implement an adequate internal control system over the input, calculations, and reporting of transportation data. The recommendation that the District develop controls to properly identify students that it transports, maintain records for those students and adequately report the data to PDE, has been in place and will be continuously reviewed and modified if necessary to comply with the Department’s recommendations and as well as the provisions of the Pennsylvania School Code.

“The finding cites the circumstances surrounding a lack of documentation pertaining to non-public transportation request forms and monthly driver mileage logs received from the District’s transportation provider. The

District had developed and utilized a Non-Public/Private School Transportation Request form. The form would be sent on an annual basis to the non-public/private schools whose students within the jurisdiction of the District received transportation services. For reporting purposes, the District would only count students that were physically transported at least one day during the school year. In addition to the previously mentioned request form, the District allowed parents of non-public school students to request transportation services through email correspondence as well as telephone request. The issue of lack of documentation centered on the request for transportation services that were made through telephone request. Specific records from that mode of request for transportation were not memorialized in writing. The District has since implemented further procedures to generate proper documentation to verify an accurate account of student transportation. When a telephonic request is received, an email address or other means of contact information is requested and a Non-Public/Private School Transportation Request form is sent to the parent/guardian for completion to arrange transportation services.

“The Second area of the Finding cites lack of documentation as to the number of miles per day that each vehicle travels with and without students. In response thereto, the district has always maintained monthly driver logs detailing the miles the vehicle traveled with and without students in addition to the highest number of students transported on the vehicle per day believing that information was sufficient as had been past practice. When the District contracted with NEIU #19 for van transportation services, it became apparent that odometer readings were additionally required on a monthly basis. The District now requires, in addition to other information from transportation contractors, monthly odometer readings for all vehicles.

“The District has implemented new procedures to address concerns as raised in the Finding and looks forward to any future training and/or guidance to ensure compliance with PDE and statutory mandates.”

### **Auditor Conclusion**

We are pleased that the District implemented corrective actions based on our recommendation to maintain complete supporting documentation for all nonpublic and charter school students transported. We also are pleased that the District implemented procedures regarding the maintenance of transportation documentation. As we emphasize in our recommendations, the District should establish internal controls regarding training on PDE’s reporting requirements and a review of data prior to submission to PDE.

Further, while the District did maintain driver’s logs provided by the bus contractor, the logs did not contain sufficient data to support the transportation data reported to PDE. Specifically, the District lacked odometer readings and rosters to support routes traveled and the number of students transported. We believe that implementing our

recommendations will help the District establish the internal controls to accurately report data to PDE and ensure this data is supported by necessary documentation. We will review the District's corrective actions during our next audit of the District.



## Status of Prior Audit Findings and Observations

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Our prior audit of the Mid Valley School District (District) released on March 16, 2016, resulted in two findings, as shown below. As part of our current audit, we determined the status of corrective action taken by the District to implement our prior audit recommendations. We interviewed District personnel and performed audit procedures as detailed in each status section below.

### Auditor General Performance Audit Report Released on March 16, 2016

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**Prior Finding No. 1: The District's General Fund Lost Over \$2 Million from June 30, 2009 through June 30, 2014, and as of June 30, 2014 had a Negative Balance of \$167,365**

Prior Finding Summary: Our prior audit found that between fiscal years ending 2009 and 2014, the District's General Fund decreased by over \$2 million. As of the fiscal year ending 2009, the District's General Fund balance was \$1,867,168. The District's General Fund balance had decreased to a negative \$167,365 as of the fiscal year ending 2014. The negative General Fund balance at the end of the fiscal year 2014 represented negative 0.86 percent of operating expenditures.

Prior Recommendations: We recommended that the District should:

1. Review expenditure and revenue monitoring procedures to ensure a monthly analysis is completed to prevent over expending of individual account classifications and in total. The monitoring procedures should also address the need for revenue to exceed expenditures.
2. Provide the Board of School Directors (Board) with standard monthly updates on key financial indicators or benchmarks so that policy changes can actively be made.
3. Establish a multi-year plan, involving additional revenue sources and minimizing expenditures, to address the negative General Fund balance.

Current Status: The District implemented the first recommendation by conducting informal monitoring procedures of revenues and expenditures. The District's financial trends have improved since our prior audit. Specifically, the District General Fund balance increased to \$4.4 million as of June 30, 2019. The District partially implemented our second recommendation. It provides the Board with standard monthly financial reports; however, it does not provide monthly budget to actual expenditure reports, which would provide a timely update on budget benchmarks. According to District officials, budget to actual expenditures are reconciled monthly but only presented to the Board three to four times per year and then verbally, if needed. The District did not implement the third recommendation, as it has not established a multi-year plan. District officials stated that they discuss upcoming expenditures and corresponding revenue needs with the Board during work sessions but they do not prepare a detailed summary of revenue and expenditure projections as part of a multi-year plan.

**Prior Finding No. 2: The District Paid a Former Business Manager Almost \$14,000 for Unused Sick Days which He was not Entitled to Receive**

Prior Finding Summary: Our prior review of the District's payroll records revealed that, on September 6, 2013, the District's former Business Manager received \$13,975 for 53 accumulated unused sick days when he resigned from the District. The former Business Manager was employed with the District for less than five years but needed ten years of service with the District to be eligible for the payments

Prior Recommendations: We recommended that the District should:

1. Ensure all retirement and resignation payments made to District employees are reviewed and approved by the District's solicitor to ensure the employee is eligible for the payments.
2. Ensure that all Board discussion concerning retirement and resignation payments to District employees are referenced and documented in the board meeting minutes.

Current Status: No individually contracted administrators separated employment from the District during the audit period. Therefore, we were unable to verify if our recommendations were implemented. However, District officials stated they will adhere to any written contractual provisions, as well as have all resignation terms and payment requests reviewed by the appropriate administrators and solicitor prior to presentation to the Board for review and disposition.

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## Appendix A: Audit Scope, Objectives, and Methodology

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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,<sup>9</sup> 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 Transportation Operations, Bus Driver Requirements, and School Safety, including fire and security drills. The audit objectives supporting these areas of focus are explained in the context of our methodology to achieve the objectives in the next section. Overall, our audit covered the period July 1, 2015 through June 30, 2019. 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.<sup>10</sup> *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.<sup>11</sup> 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.

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<sup>9</sup> 72 P.S. §§ 402 and 403.

<sup>10</sup> 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.

<sup>11</sup> 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
<b>Control Environment</b>	
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
<b>Risk Assessment</b>	
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
<b>Control Activities</b>	
10	Design control activities
11	Design activities for the information system
12	Implement control activities
<b>Information and Communication</b>	
13	Use quality information
14	Communicate internally
15	Communicate externally
<b>Monitoring</b>	
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
Transportation	Yes				X			X	X		X		X	X	X	X	X	
Bus Drivers	Yes										X		X			X	X	
Safe Schools	No																	

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

## **Objectives/Scope/Methodology**

In order to properly plan our audit and to guide us in selecting objectives, we reviewed pertinent laws and regulations, the District's annual financial reports, annual General Fund budgets, and the independent audit reports of the District's basic financial statements for the July 1, 2015 through June 30, 2019 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.

## **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?<sup>12</sup>
  - ✓ To address this objective, we assessed the District's internal controls for obtaining, inputting, processing, and reporting transportation data to PDE. First, we randomly selected 10 of the 34 vehicles transporting students during the 2018-19 school year.<sup>13</sup> We attempted to obtain monthly driver mileage sheets, odometer readings, bus rosters, and school calendars. The District was able to provide adequate supporting documentation for five vehicles, all from its van transportation contractor. For these vehicles, we verified that the District accurately calculated and reported sample/weighted averages to PDE and that the District was accurately reimbursed for these vehicles. The District was unable to provide adequate supporting documentation for the other five vehicles, all from the District's bus transportation contractor. Due to the lack of adequate supporting documentation, we expanded our review and asked for adequate supporting documentation for the remaining 61 vehicles for the District's bus transportation contractor.
  - ✓ In addition, we requested documentation to support all 450 nonpublic school students and all 57 charter school students that the District reported to PDE that it transported during the 2015-16 through 2018-19 school years; however, the District was unable to provide adequate supporting documentation for us to verify the accuracy of these reported numbers.

**Conclusion:** The results of our procedures identified areas of noncompliance and significant internal control deficiencies related to maintaining, retaining, and reporting of transportation data to PDE. Our results are detailed in the Finding beginning on page 6 of this report.

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<sup>12</sup> See 24 P.S. § 25-2541(a)

<sup>13</sup> 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.

## **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 clearances<sup>14</sup> as outlined in applicable laws?<sup>15</sup> Also, did the District adequately monitor driver records to ensure compliance with the ongoing five-year clearance requirements and ensure it obtained updated licenses and health physical records as applicable throughout the school year?
  - ✓ To address this objective, we assessed the District's internal controls for maintaining and reviewing required driver qualification documents and procedures for being made aware of who transported students daily. We determined if all drivers were approved by the District's Board of School Directors. We selected all 64 drivers transporting District students as of October 1, 2020, and we reviewed documentation to ensure the District complied with the requirements for those drivers. We also determined if the District had monitoring procedures to ensure that all drivers had updated clearances, licenses, and physicals.

**Conclusion:** The results of our procedures did not identify any reportable issues; however, we did identify an internal control deficiency that was not significant to our objective but warranted the attention of District management and those charged with governance. This deficiency was verbally 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?<sup>16</sup> Also, did the District follow best practices related to physical building security and providing a safe school environment?
  - ✓ To address this objective, we reviewed a variety of documentation including safety plans, training schedules, vulnerability assessments, anti-bullying policies, school climate surveys, after action reports and memorandums of understanding with local law enforcement to assess whether the District had implemented basic safety practices.

**Conclusion:** Due to the sensitive nature of school safety, the results of our review for this portion of the objective are not described in our audit report, but they were shared with District officials, PDE's Office of Safe Schools, and other appropriate law enforcement agencies deemed necessary.<sup>17</sup>

- Did the District comply with the fire and security drill requirements of Section 1517 of the Public School Code?<sup>18</sup> 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?

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<sup>14</sup> 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.

<sup>15</sup> 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.

<sup>16</sup> Safe Schools Act 24 P.S. § 13-1301-A *et seq.*, Emergency Management Services Code 35 Pa.C.S. § 7701.

<sup>17</sup> 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.

<sup>18</sup> Public School Code (Fire and Security Drills) 24 P.S. § 15-1517.

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

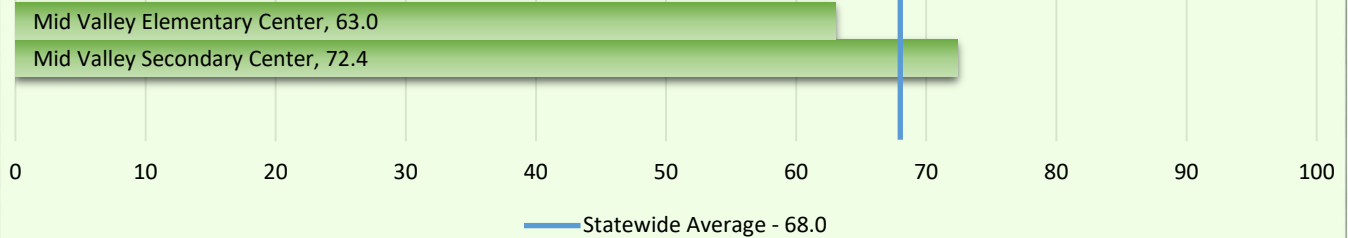
**Conclusion:** The results of our procedures for this portion of the school safety objective did not disclose any reportable issues.

## Appendix B: Academic Detail

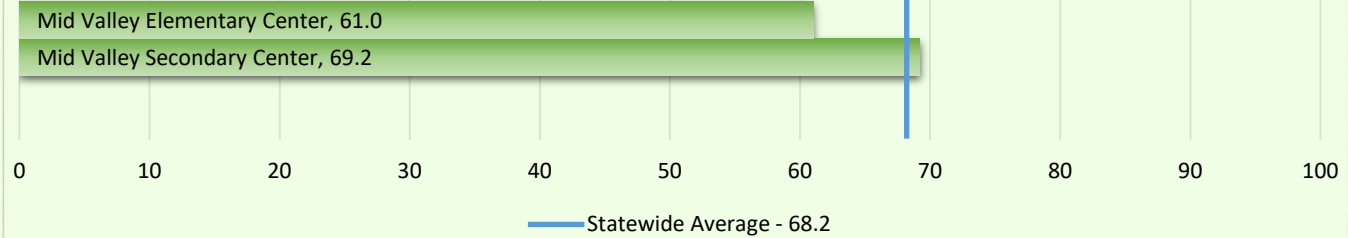
Benchmarks noted in the following graphs represent the statewide average of all public school buildings in the Commonwealth that received a score in the category and year noted.<sup>19</sup> Please note that if one of the District's schools did not receive a score in a particular category and year presented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

### SPP School Scores Compared to Statewide Averages

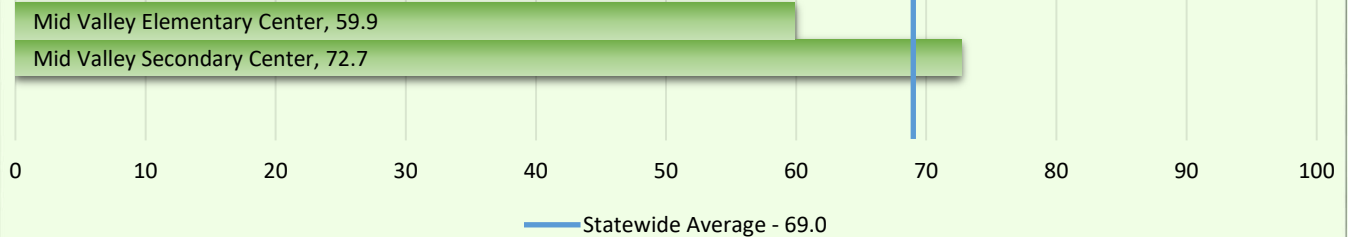
**2018-19**



**2017-18**



**2016-17**



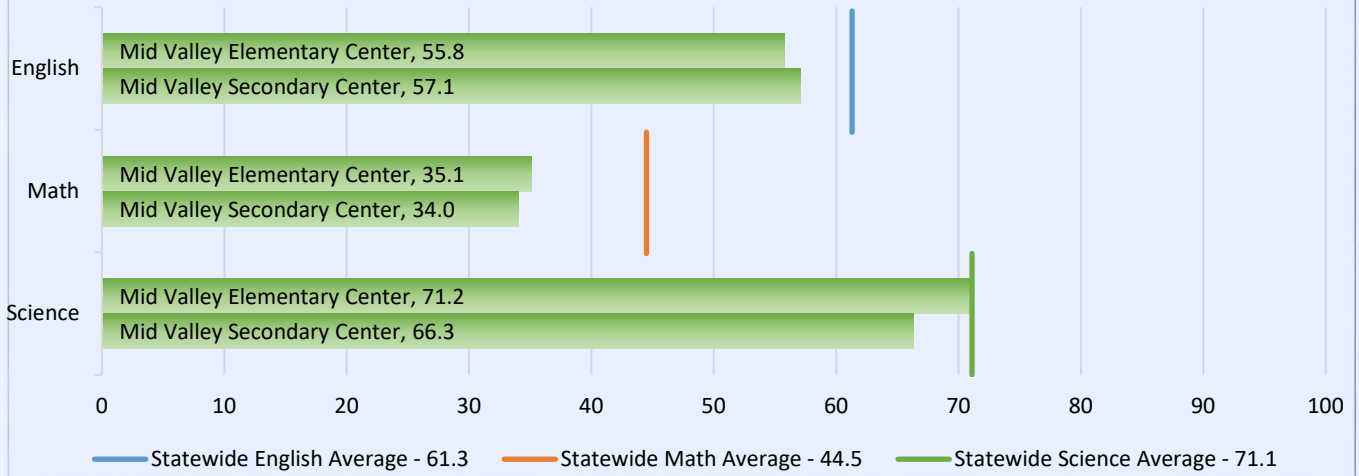
<sup>19</sup> Statewide averages were calculated by our Department based on individual school building scores for all public schools in the Commonwealth, including district schools, charters schools, and cyber charter schools.

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

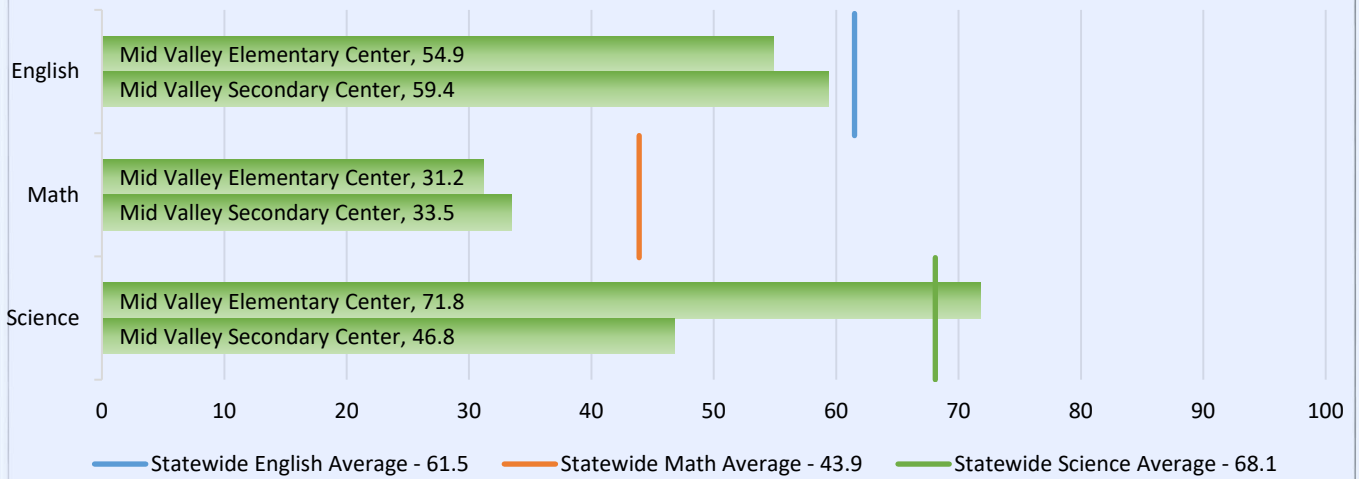


**PSSA Advanced or Proficient Percentage  
School Scores Compared to Statewide Averages**

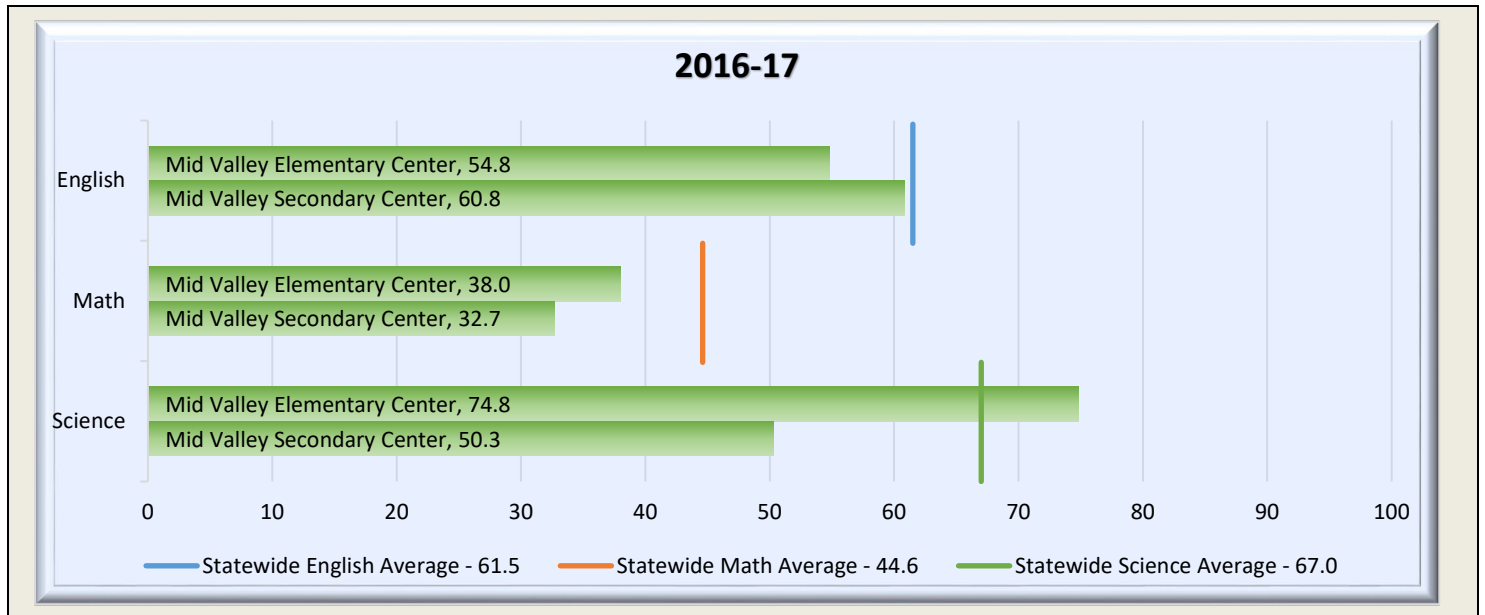
**2018-19**



**2017-18**

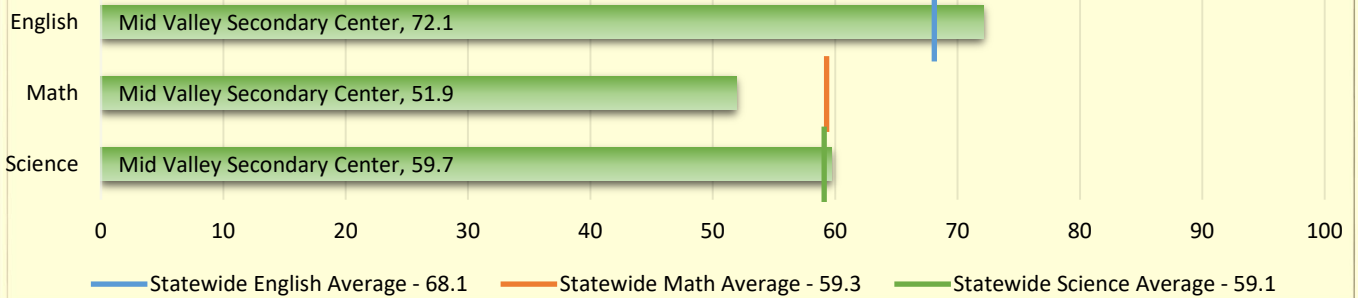


**PSSA Advanced or Proficient Percentage  
School Scores Compared to Statewide Averages (Continued)**

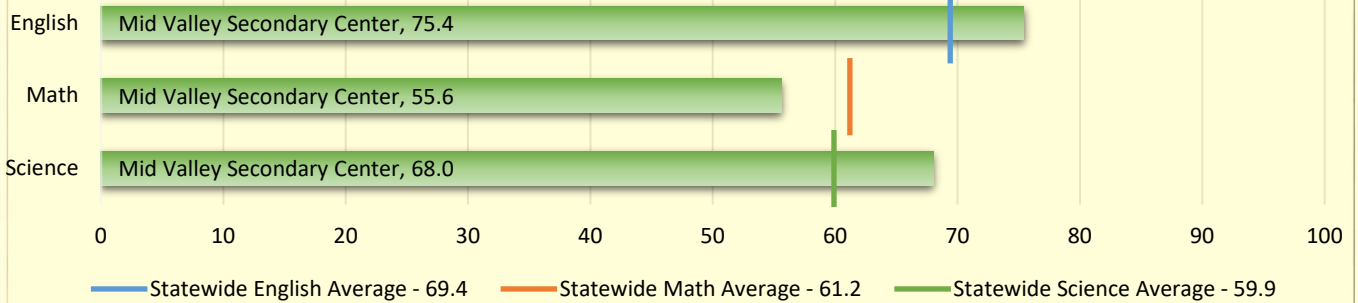


**Keystone Advanced or Proficient Percentage  
School Scores Compared to Statewide Averages**

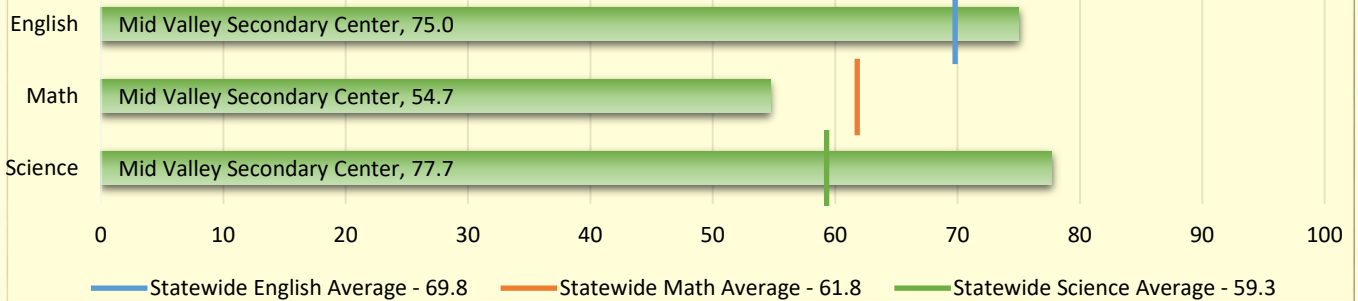
**2018-19**



**2017-18**



**2016-17**



## **Distribution List**

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

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Harrisburg, PA 17120

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