

PERFORMANCE AUDIT

Montour School District Allegheny County, Pennsylvania

January 2020



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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**EUGENE A. DePASQUALE
AUDITOR GENERAL**

Dr. Christopher Stone, Superintendent
Montour School District
225 Clever Road
McKees Rocks, Pennsylvania 15136

Mr. Mark Hutter, Board President
Montour School District
225 Clever Road
McKees Rocks, Pennsylvania 15136

Dear Dr. Stone and Mr. Hutter:

Our performance audit of the Montour 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 results in this report. However, we communicated the results of our review of school safety to District officials, the Pennsylvania Department of Education, and other appropriate officials as deemed necessary.

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

Sincerely,

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

Eugene A. DePasquale
Auditor General

January 27, 2020

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

Table of Contents

	Page
Executive Summary	1
Background Information	2
Findings	7
Finding No. 1 – The District Failed to Retain Required Documentation to Support the \$293,249 Received in Commonwealth-paid Tuition for Educating Nonresident Students	7
Finding No. 2 – The District Paid Nearly \$6,000 In Health Care Coverage for a Former Administrator After the Administrator’s Resignation	10
Status of Prior Audit Findings and Observations	13
Appendix A: Audit Scope, Objectives, and Methodology	15
Appendix B: Academic Detail	18
Distribution List	22

Executive Summary

Audit Work

The Pennsylvania Department of the Auditor General conducted a performance audit of the Montour 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 and to determine the status of corrective action taken by the District in response to our prior audit recommendations.

Our audit scope covered the period July 1, 2014 through June 30, 2018, except as otherwise indicated in the audit scope, objectives, and methodology section of the report (see Appendix A). Compliance specific to state subsidies and reimbursements was determined for the 2014-15 through the 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 District Failed to Retain Required Documentation to Support the \$293,249 Received in Commonwealth-paid Tuition for Educating Nonresident Students.

The District did not comply with the record retention provisions of the Public School Code (PSC) and the State Board of Education's regulations when it failed to retain adequate supporting documentation to verify \$293,249 in Commonwealth-paid tuition for educating nonresident students during the 2014-15 through 2017-18 school years. (See page 7).

Finding No. 2: The District Paid Nearly \$6,000 In Health Care Coverage for a Former Administrator After the Administrator's Resignation.

The District incurred nearly \$6,000 of unnecessary health care costs because the District failed to terminate health care benefit coverage for a former administrator after the administrator's resignation. These benefits were not approved by the school board at a public meeting and were paid solely by the District with no contributions made by the former administrator. (See page 10).

Status of Prior Audit Findings and Observations.

With regard to the status of our prior audit recommendations to the District, we found that the District did not implement our recommendations related to maintaining placement letters for all foster children for audit, implementing policies and procedures for verifying student data reported to the Pennsylvania Department of Education (PDE) through the Pennsylvania Information Management System, and having personnel review membership reports submitted to PDE for years subsequent to the audit to identify similar errors in membership enabling the District to submit revised reports to PDE. Additionally, our review found that PDE did adjust the District's allocations to correct the overpayment of \$25,142. This adjustment was processed in June 2017. (See page 13).

The District did implement our recommendations related to developing a review process to ensure that all District employees are fulfilling their contract requirements in regard to approved work schedules, and enforcing Board Policy No. 003 requiring the Superintendent to obtain board approval prior to making any changes in work schedules for District employees. (See page 14).

Background Information

School Characteristics 2018-19 School Year ^A	
County	Allegheny
Total Square Miles	21.1
Number of School Buildings	3
Total Teachers	203.5
Total Full or Part-Time Support Staff	179
Total Administrators	15
Total Enrollment for Most Recent School Year	2,981
Intermediate Unit Number	3
District Vo-Tech School	Parkway West CTC

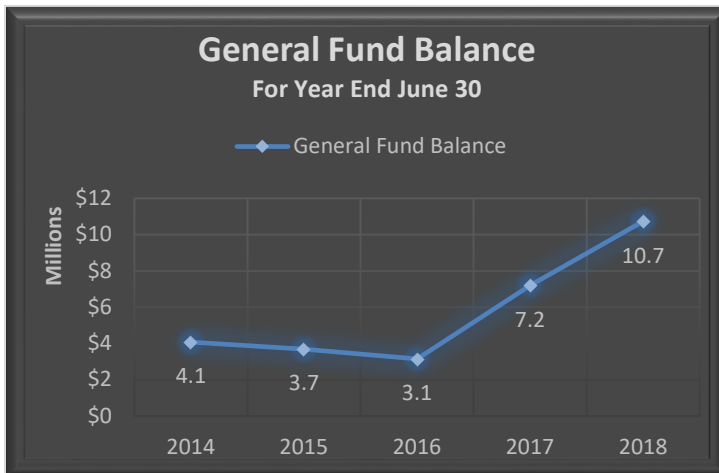
A - Source: Information provided by the District administration and is unaudited.

Mission Statement^A

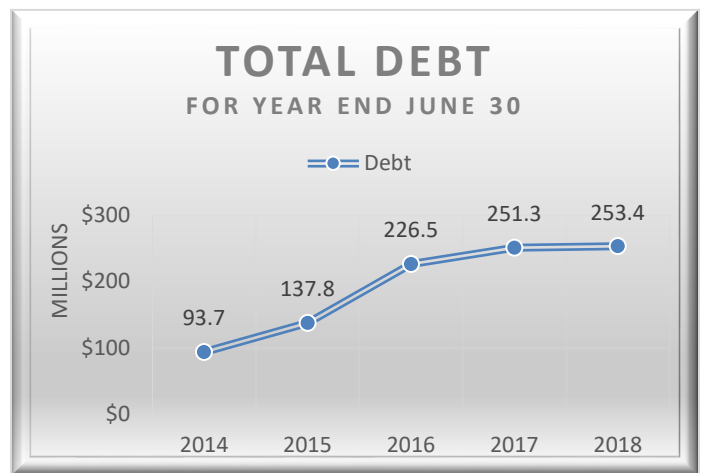
To provide an exemplary and comprehensive educational experience that enables each individual to achieve maximum potential, to respect themselves and others, and to become a responsible and productive citizen. The District maintains a tradition of providing students with a superior educational experience. Our students are consistently recognized for their academic, musical, and athletic achievements, and our programs ensure that students receive the academic and social challenges necessary to succeed.

Financial Information

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

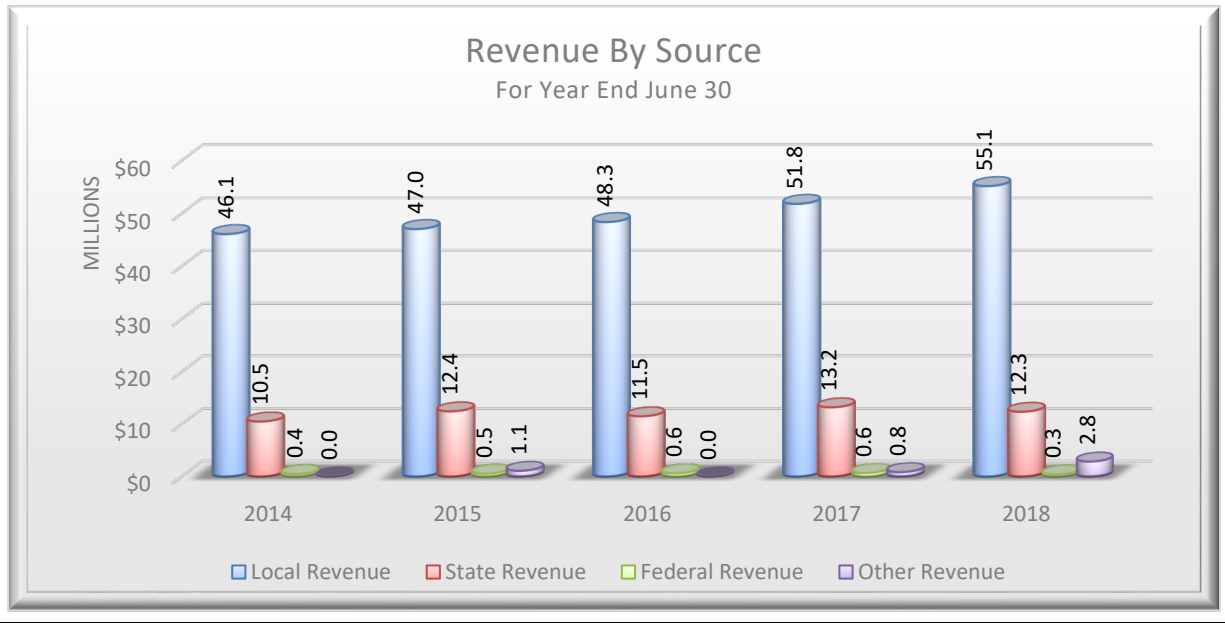
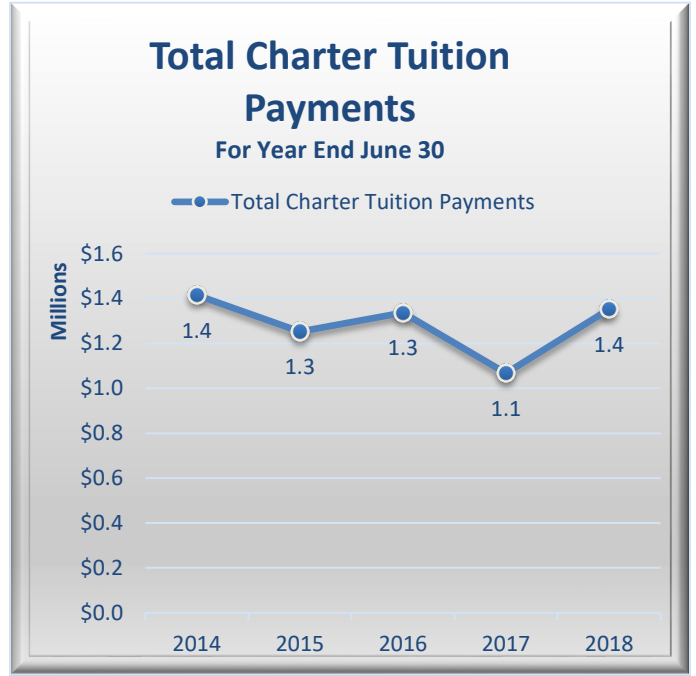
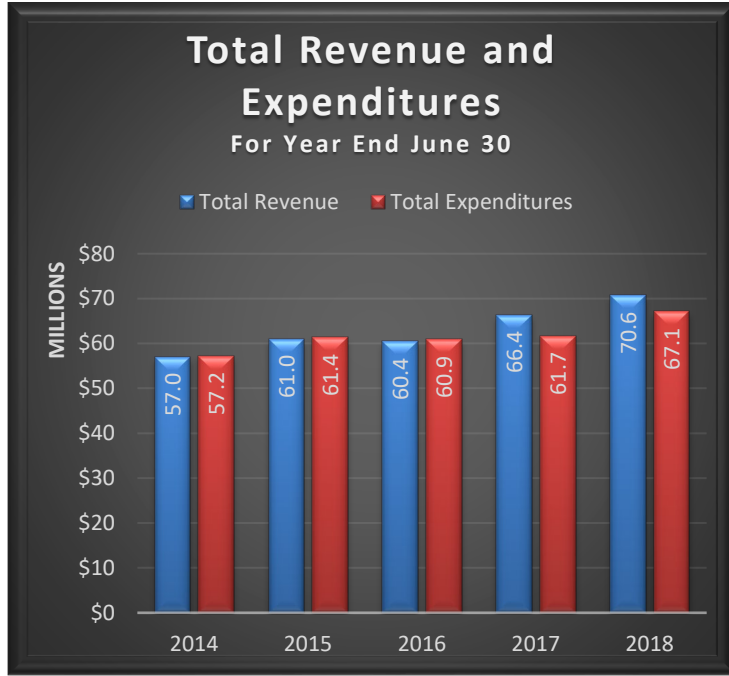


Note: General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



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

Financial Information Continued

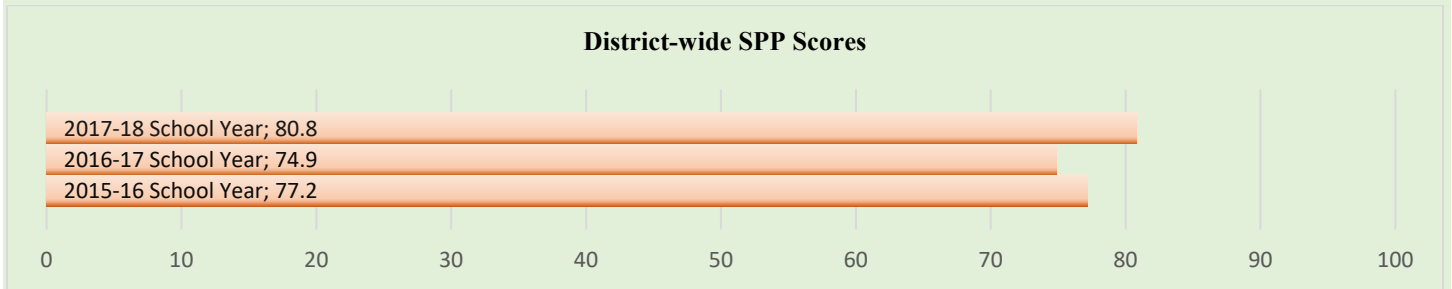


Academic Information

The graphs on the following pages present the District-wide School Performance Profile (SPP) scores, Pennsylvania System of School Assessment (PSSA) scores, Keystone Exam results, and 4-Year Cohort Graduation Rates for the District obtained from PDE's data files for the 2015-16, 2016-17, and 2017-18 school years.¹ The District's individual school building scores are presented in Appendix B. These scores are provided in this audit report for **informational purposes only**, and they were not audited by our Department. 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.²

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.³



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

² PDE'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.

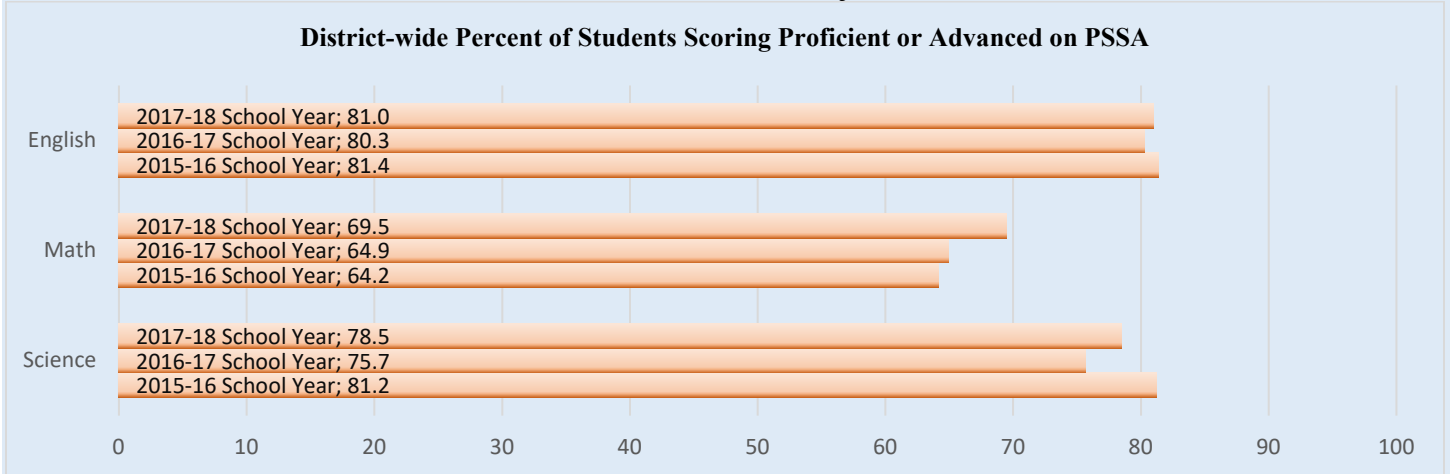
³ PDE started issuing a SPP score for all public school buildings beginning with the 2012-13 school year. For the 2014-15 school year, PDE only issued SPP scores for high schools taking the Keystone Exams as scores for elementary and middle scores were put on hold due to changes with PSSA testing. PDE resumed issuing a SPP score for all schools for the 2015-16 school year.

Academic Information Continued

What is the PSSA?

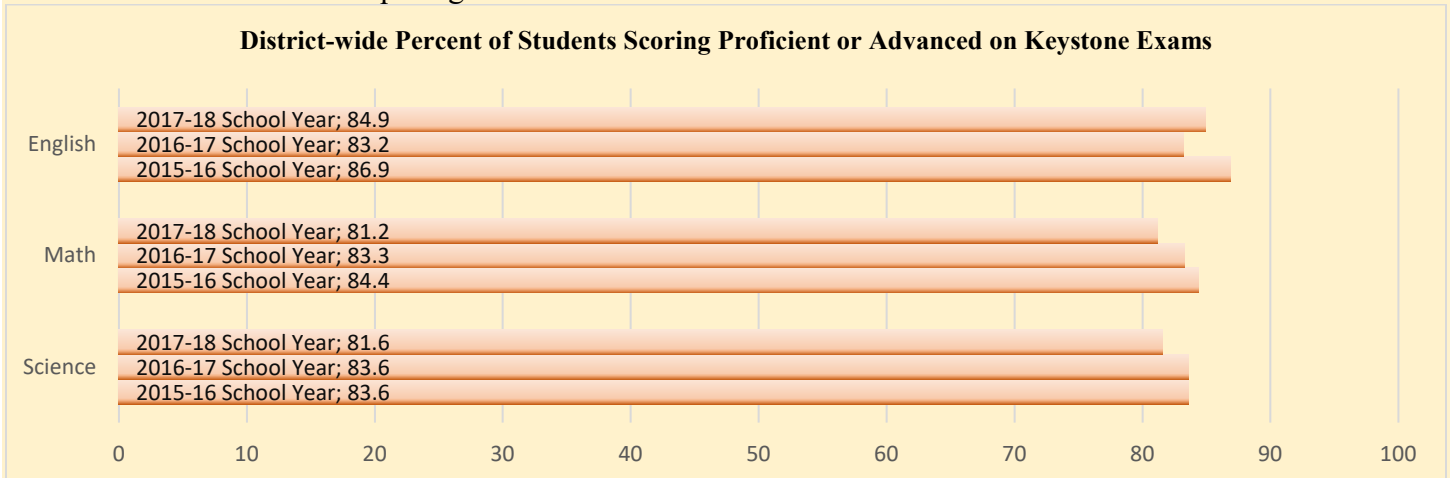
The PSSA is an annual, standardized test given across the Commonwealth to students in grades 3 through 8 in core subject areas, including English, Math and Science. The PSSAs help Pennsylvania meet federal and state requirements and inform instructional practices, as well as provide educators, stakeholders, 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.⁴ In the meantime, the exam is still given as a standardized assessment and results are included in the calculation of SPP scores. The Keystone Exam is scored using the same four performance levels as the PSSAs, and the goal is to score Proficient or Advanced for each course requiring the test.

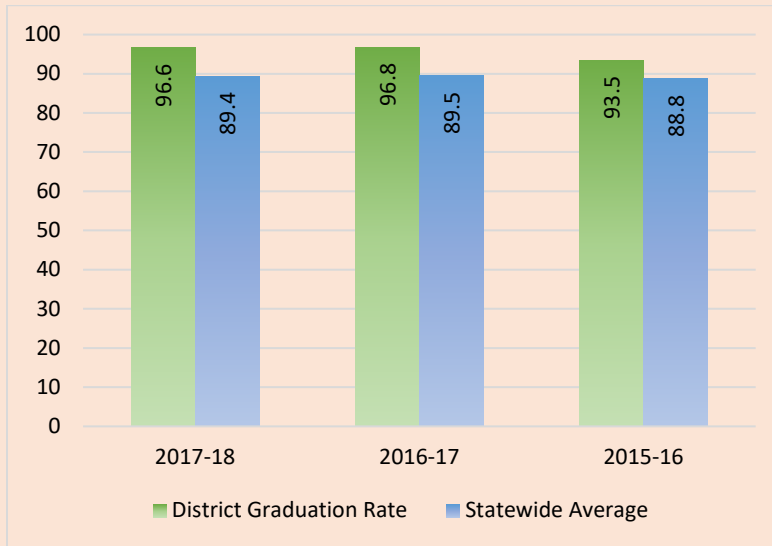


⁴ Act 39 of 2018, effective July 1, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement for an additional year until the 2020-21 school year. See 24 P.S. § 1-121(b)(1).

Academic Information Continued

What is a 4-Year Cohort Graduation Rate?

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



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

Findings

Finding No. 1

The District Failed to Retain Required Documentation to Support the \$293,249 Received in Commonwealth-paid Tuition for Educating Nonresident Students

Criteria relevant to the finding:

Record Retention Requirement

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

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).

The Montour School District (District) did not comply with the record retention provisions of the Public School Code (PSC) and the State Board of Education’s regulations when it failed to retain adequate supporting documentation to verify \$293,249 in Commonwealth-paid tuition for educating nonresident students during the 2014-15 through 2017-18 school years. Without proper documentation, we were unable to verify the accuracy of the District’s reporting of nonresident students and the Commonwealth-paid tuition received for the 2014-15 through 2017-18 school years.

As discussed in the criteria box to the left, 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.⁶ Additionally, the resident must be compensated for care of the student.

These students are commonly referred to as “foster students” and it is the requirement of the educating District to annually obtain the required documentation to correctly categorize and accurately report the number of these students to the Pennsylvania Department of Education (PDE). The District was unable to produce the documentation required to support the number of these nonresident students reported to PDE. Without this critical documentation, we were unable to verify the accuracy of the tuition received by the District.

⁶ For example, this includes the relevant county children and youth agency.

Criteria relevant to the finding (continued):

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).

State Board of Education regulations and the Pennsylvania Department of Education 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.

The table below illustrates the number of foster students reported as educated by the District and the corresponding amount of Commonwealth-paid tuition received by the District for these students.

Montour School District Nonresident Data Reported to PDE		
School Year	Reported Number of Foster Students	Commonwealth-paid Tuition Received⁷
2014-15	5	\$ 62,372
2015-16	6	\$ 83,487
2016-17	4	\$ 48,504
2017-18	8	\$ 98,886
Totals	23	\$293,249

On numerous occasions during our audit, we requested documentation from the District to support the foster students it reported to PDE as educated by the District for the 2014-15 through 2017-18 school years. However, the District was unable to produce information supporting that these students were accurately reported. When questioned about this lack of required documentation, the District staff responsible for acquiring and maintaining the Agency Placement Letters (APLs) stated that such APL documentation is not retained each year for audit purposes. In addition to the District not being able to provide the information it was required to maintain by the PSC, it also lacked policies and procedures to ensure compliance with PDE reporting requirements.

Recommendations

The Montour School District should:

1. Ensure that all required supporting documentation is obtained and maintained for all nonresident students reported to PDE as educated by the District.
2. Establish a safe and adequate location to store all source documents and calculations supporting nonresident student data submitted to PDE.
3. Develop procedures to ensure the district is in compliance with PDE’s reporting requirements to maintain all supporting documentation for nonresident students.

⁷ Commonwealth tuition is determined by identifying if the nonresident student is an elementary or secondary school student and the District’s tuition rate for the applicable category.

*Criteria relevant to the finding
(continued):*

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).

4. Establish a secondary review procedure to ensure nonresident information along with individual APL documentation is accurate, as well as provide related log entries about this review in the electronic file.

Management Response

District management provided the following response:

“The Pupil Services Department has been instructed to keep all documentation related to nonresident students organized by school year.

“The Pupil Services Department has established a safe location in the office suite to store said documents and a location for calculations has been created on a secure server with nightly backups off site.

“The District will be holding formal meetings amongst all involved departments to create clear and concise procedures for the reporting of this information.

“The Child Accounting Department and the Pupil Services Department will audit the information at the time of upload and keep an electronic log on a secure server.”

Auditor Conclusion

We are pleased that the District is implementing corrective action to address our recommendations. We will review the corrective action stated by the District in its Management Response and any additional corrective action taken during our next audit of the District.

Finding No. 2

The District Paid Nearly \$6,000 in Health Care Coverage for a Former Administrator After the Administrator's Resignation

Criteria relevant to the finding:

Section 508 (relating to Majority vote required; recording) of the PSC requires “[t]he affirmative vote of a majority of all the members of the board of school directors in every school district, duly recorded, showing how each member voted, shall be required in order to take action on the following subjects:…Creating or increasing any indebtedness…[or] Entering into contracts of any kind, including contracts for the purchase of fuel or any supplies, where the amount involved exceeds one hundred dollars (\$100).” See 24 P.S. § 5-508.

Act 93 Compensation Plan for School Administrators:

Article III entitled *Applicability* provides that the plan shall apply to **employees of the District** (Emphasis added) to include but are not limited to those who hold the following positions (in part): “**TIER TWO: Additional Administrators** - Director of Special Education.”

Article IV entitled *Fringe Benefits* section B. Tier Two provides the following:

- (4) Life Insurance – The School Employer will provide term life insurance to those recognized in this plan in the amount equal to two times his/her annual salary.
- (5) Medical Benefits – The District shall provide medical, dental and vision insurance in the same terms and conditions as provided in the Collective Bargaining Unit with the Montour Education Association (MEA). School Administrators shall be subject to the same premium share obligations as provided for in said agreement.

The District incurred nearly \$6,000 of unnecessary health care costs because the District failed to terminate health care benefit coverage for a former administrator after the administrator's resignation. These benefits were not approved by the Board of School Directors (Board) at a public meeting and were paid solely by the District with no contributions made by the former administrator.

Background

Generally, when an administrator resigns from employment with a public school district, the resignation is accepted by the district's board at a public meeting. Once a resignation is accepted by the board, the administrator is no longer considered an employee of the district effective the day following the tender of resignation, and the administrator is no longer entitled to any fringe benefits offered to district employees unless specifically outlined in an individual employment contract or otherwise approved by the board.

The PSC requires an affirmative vote of a majority of all the members of the board, duly recorded, showing how each member voted as to the creation or increase of any indebtedness or entering into a related contract (e.g., separation agreement).⁸ A former administrator's health care cost created nearly \$6,000 in District's indebtedness for health care and insurance benefits without the required Board approval.

Improper Continuation of Benefits

On August 28, 2014, the District's then-Special Education Director resigned and, therefore, was no longer entitled to employee fringe benefits. Our review of board meeting minutes from this period found no record of this resignation being presented to and approved by the Board. However, when we reviewed the District's documentation related to the administrator's separation of employment, we found that the administrator continued receiving District provided health, dental, vision, life, and accidental death and dismemberment insurance benefits until December 31, 2014. A review of the District's *Insurance Distribution History* cost reports showed that the District incurred \$5,972 of health care and insurance costs related to this individual for the period August 29, 2014 to December 31, 2014.

⁸ See 24 P.S. § 5-508.

The administrator's employment benefits are detailed in the District's *Act 93 Compensation Plan for School Administrators*. Our review of the Plan confirmed that the administrator was not entitled to District-provided medical benefits after her effective resignation date. We also verified that the District did not enter into a separation agreement with the administrator. Finally, the District could not provide documentation of the Board formally voting to approve any additional health care coverage beyond the resignation date for this administrator.

When asked why the District continued to pay health benefits to this administrator, District officials could not offer an explanation as to how this error occurred and stated that the District discovered the error during the transition between a previous solicitor and the appointment of a new solicitor. Immediately upon discovering the error, the District corrected the problem and removed the former administrator from the health care and insurance rosters. No other errors of this nature were found during the transition. Due to District staff turnover, we were unable to assess the internal controls that may or may not have been in place in 2014; however, it appears that the District subsequently developed and implemented adequate controls governing the employee separation process to reduce the risk of the District unnecessarily incurring health insurance costs in the future.

Recommendations

The *Montour School District* should:

1. Ensure that its employees are appropriately trained on the administrative procedures that were implemented to ensure that separated employees are immediately removed from the health care and insurance benefits rosters.
2. Implement procedures to ensure that all administrator's resignations and retirements are presented to the Board for acceptance at a public meeting and that they are recorded in the official board meeting minutes.

Management Response

District management provided the following response:

"Upon investigating this incident with previous employees in the business office, it could not be identified why the employee was kept on the district insurance. One former employee indicated there was a potential lawsuit against the district, hence the person was kept on the benefit package pending litigation.

"New administration works closely with the school solicitor relating to such items. Any / all such occurrences are never unilaterally determine

without board / legal input and a public vote. Additionally, ACT 93 agreements specifically list terms / benefits post-employment.”

Auditor Conclusion

We are pleased that the District’s current administration works closely with its solicitor to ensure that employees receive only contractually obligated benefits when separating employment from the District. We continue to recommend that the District provide training to personnel who are involved in payments to employees separating employment from the District. We will review the corrective action stated by the District in its Management Response and any additional corrective action taken during our next audit of the District.

Status of Prior Audit Findings and Observations

Our prior audit of the Montour School District (District) released on December 10, 2015, 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 reviewed the District's written response provided to the Pennsylvania Department of Education (PDE), interviewed District personnel, and performed audit procedures as detailed in each status section below.

Auditor General Performance Audit Report Released on December 10, 2015

Prior Finding No. 1: Errors in Reporting Student Membership to PDE Resulted in Reimbursement Overpayments of \$25,142

Prior Finding Summary: During our prior audit of the District's non-resident pupil membership for the 2010-11 and 2011-12 school years, we found that errors were in the reports submitted by the District to PDE. These errors resulted in \$25,142 of state subsidy overpayments for nonresident orphans and children placed in private homes (foster children) for the 2011-12 and 2012-13 payable years.

Prior Recommendations: We recommended that the District should:

1. Maintain placement letters for all foster children for audit.
2. Put into place policies and procedures for verifying student data reported to PDE through the Pennsylvania Information Management System.
3. Review membership reports submitted to PDE for years subsequent to the audit and, if similar errors are found, submit revised reports to PDE.

We also recommended that PDE should:

4. Adjust the District's allocations to correct the overpayment of \$25,142.

Current Status: The District did not implement our prior audit recommendations. Specifically, the District did not maintain placement letters for foster students educated. Additionally, the District did not implement policies and procedures to verify student data reported to PDE. For more information, please see the Finding No. 1 in this report (see page 7). In June 2017, PDE adjusted the District's allocations to recover the overpayment of \$25,142 cited in the prior audit report.

Prior Finding No. 2: The Former Superintendent Allowed the Former Special Education Director to Maintain Full-Time Employment with the District While Only Working Part-Time at the District

Prior Finding Summary: During our prior audit of the District, we found that the District’s former Superintendent gave permission, without the knowledge of the Board of School Directors (Board), to a former Special Education Director to work “flex hours” so that she could engage in private employment with a local university.

Prior Recommendations: We recommended that the District should:

1. Immediately enforce Board Policy No. 003 requiring the Superintendent to obtain Board approval prior to making any changes in work schedules for District employees.
2. Immediately develop a review process to ensure that all District employees are fulfilling their contract requirements in regard to approved work schedules.

Current Status: During our current audit review, we noted that the District did implement our prior recommendations. The District revised its board policy during the 2018-19 school year to specifically require its Superintendent to obtain Board approval prior to work hour changes for administrative staff. Additionally, the District’s board policy now requires all administrators to report any outside employment to the Board for review and approval. Additionally, the District developed administrative processes to ensure all District employees are fulfilling contractually required work schedules.

Appendix A: Audit Scope, Objectives, and Methodology

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

Our audit, conducted under authority of Sections 402 and 403 of The Fiscal Code,⁹ is not a substitute for the local annual financial audit required by the Public School Code of 1949, as amended. We conducted our audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit.

Scope

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

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

⁹ 72 P.S. §§ 402 and 403.

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

Objectives/Methodology

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

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

- ❖ Nonresident Student Data
- ❖ Administrator Separations
- ❖ Bus Driver Requirements
- ❖ School Safety

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

- Did the District accurately report nonresident students to PDE? Did the District receive the correct reimbursement for these nonresident students?¹¹
 - ✓ To address this objective, we attempted to review the documentation for all nonresident foster students educated by the District and reported to PDE during the 2014-15 through 2017-18 school years.¹² We interviewed District officials and attempted to obtain and review agency placement letters and court documents to verify the each foster student's custodial parent or guardian was not a resident of the District and the foster parents received a stipend for caring for the student. The results of our review of this objective can be found in Finding No. 1 of this report.
- Did the District pursue a contract buy-out with an administrator and if so, what was the total cost of the buy-out, what were the reasons for the termination/settlement, and did the employment contract(s) comply with the Public School Code¹³ and Public School Employees' Retirement System guidelines?
 - ✓ To address this objective, we reviewed the contracts, settlement agreements, board meeting minutes, board policies, and payroll records for the four individually contracted administrators who separated employment from the District during the period July 1, 2014 through June 30, 2018. The only reportable issues that we identified during our review of this objective are included in Finding No. 2 of this report.

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

¹² The District reported five nonresident students educated during the 2014-15 school year, six nonresident students educated during the 2015-16 school year, four nonresident students educated during the 2016-17 school year, and eight nonresident students educated during the 2017-18 school year.

¹³ 24 P.S. § 10-1073(e)(2)(v).

- Did the District ensure that bus drivers transporting District students had the required driver's license, physical exam, training, background checks, and clearances¹⁴ as outlined in applicable laws?¹⁵ 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 10 of the 60 bus drivers transporting District students as of October 9, 2019.¹⁶ 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. Our review of this objective did not result in any reportable issues.

- Did the District take actions to ensure it provided a safe school environment?¹⁷
 - ✓ To address this objective, we reviewed a variety of documentation including, safety plans, training schedules, anti-bullying policies, fire drills and after action reports. Due to the sensitive nature of school safety, the results of our review of this objective area are not described in our audit report. The results of our review of school safety are shared with District officials, PDE, and other appropriate agencies deemed necessary.

¹⁴ Auditors reviewed the required state, federal and child abuse background clearances that the District obtained from the most reliable sources available, including the FBI, the Pennsylvania State Police and the Department of Human Services. However, due to the sensitive and confidential nature of this information, we were unable to assess the reliability or completeness of these third-party databases.

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

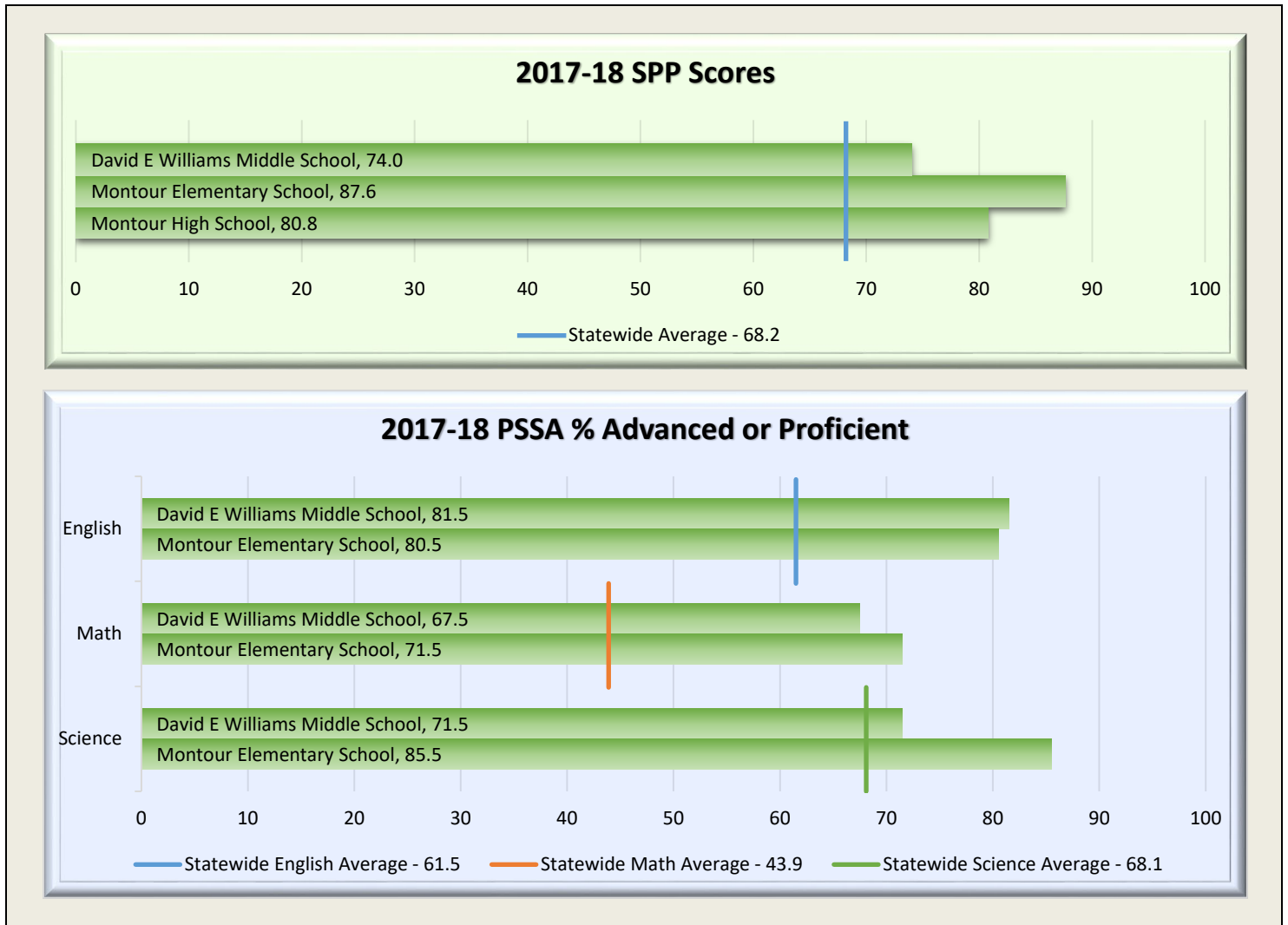
¹⁶ While representative selection is a required factor of audit sampling methodologies, audit sampling methodology was not applied to achieve this test objective, accordingly, the results of this audit procedure are not, and should not be, projected to the population.

¹⁷ 24 P.S. § 13-1301-A *et seq.*

Appendix B: Academic Detail

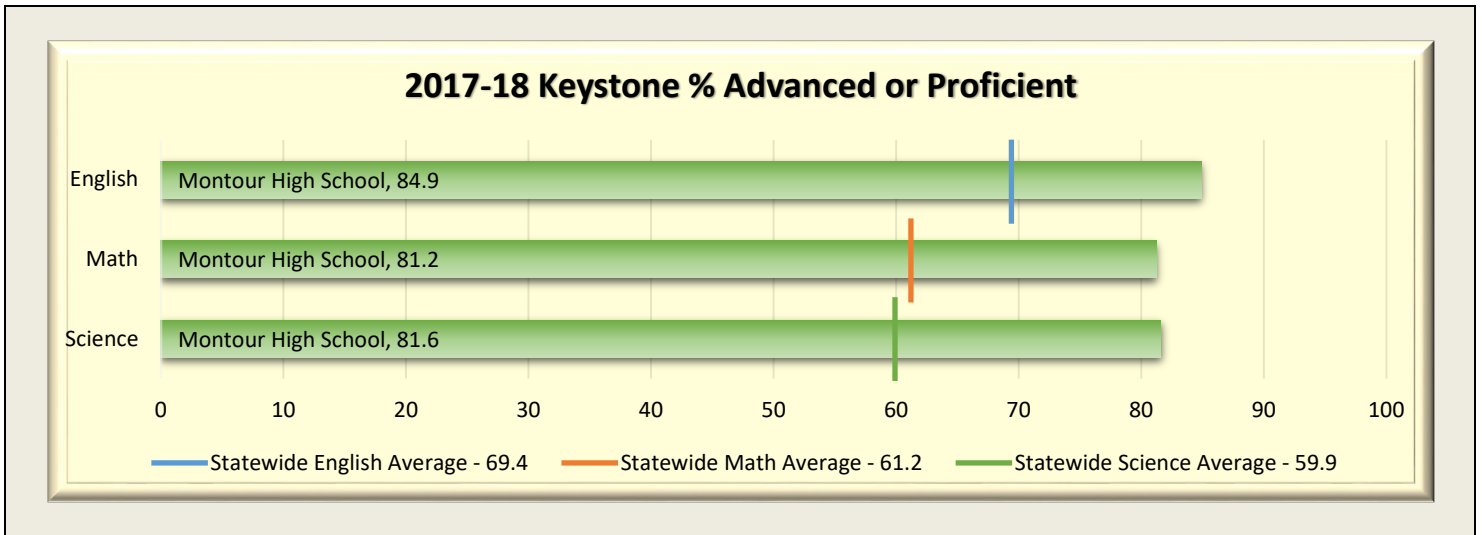
Benchmarks noted in the following graphs represent the statewide average of all public school buildings in the Commonwealth that received a score in the category and year noted.¹⁸

2017-18 Academic Data School Scores Compared to Statewide Averages



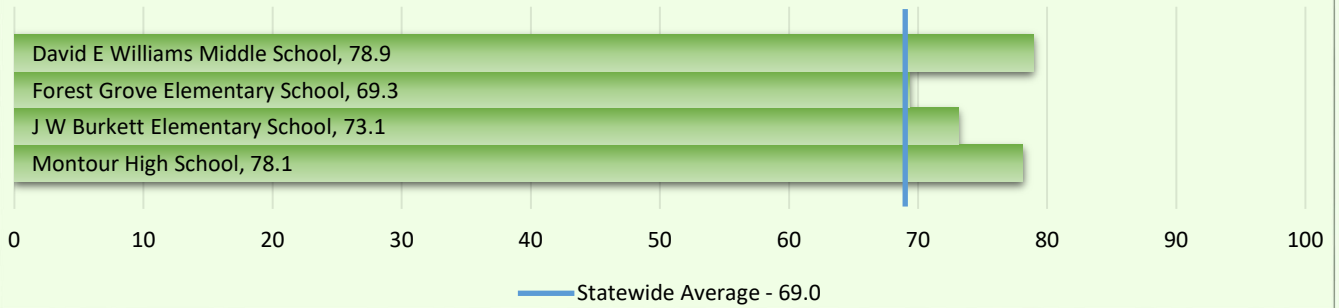
¹⁸ Statewide averages were calculated by our Department based on individual school building scores for all public schools in the Commonwealth, including district schools, charters schools, and cyber charter schools.

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

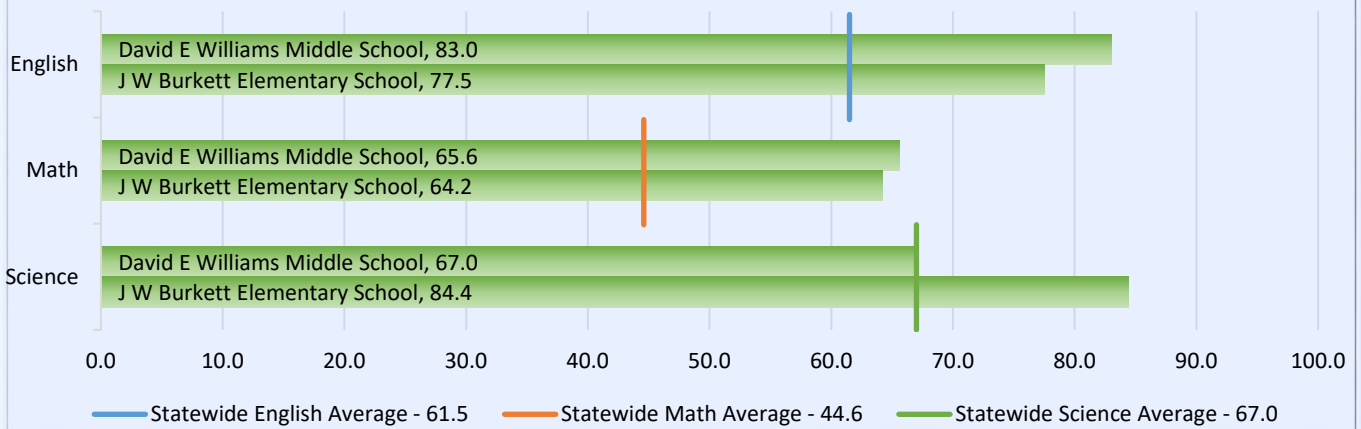


2016-17 Academic Data
School Scores Compared to Statewide Averages

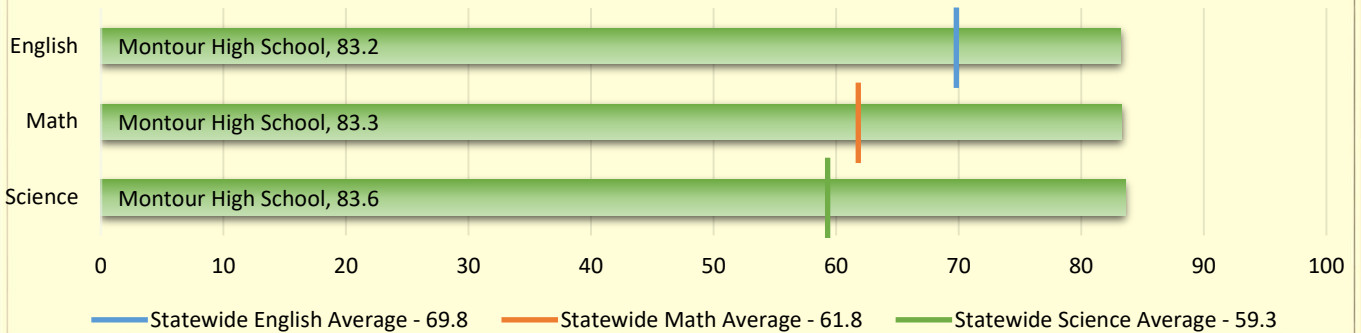
2016-17 SPP Scores



2016-17 PSSA % Advanced or Proficient

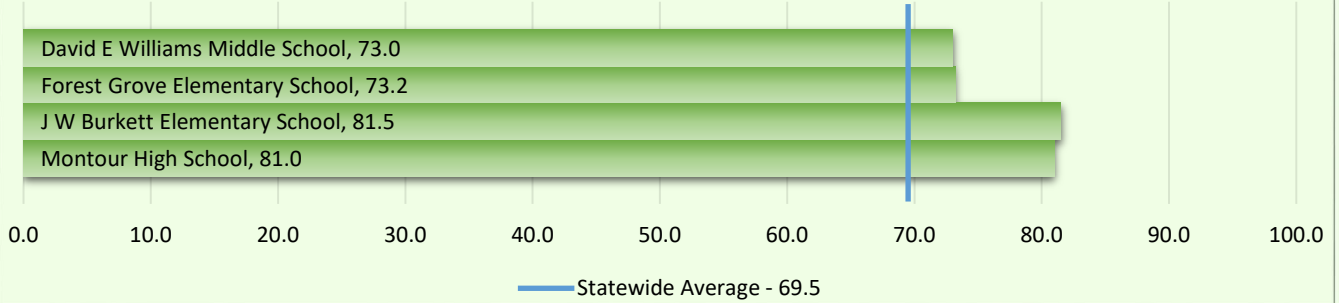


2016-17 Keystone % Advanced or Proficient

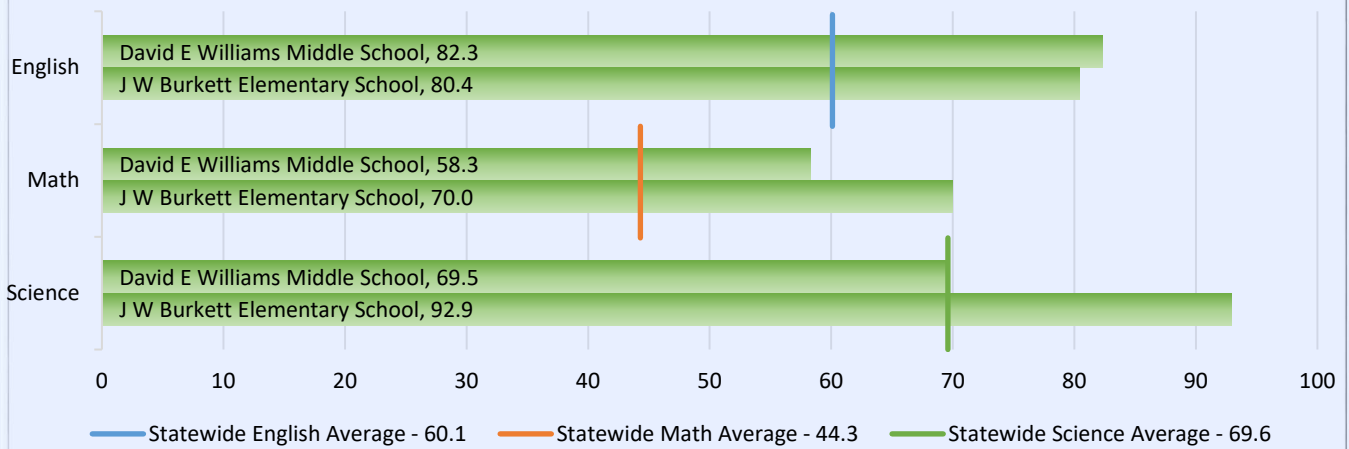


2015-16 Academic Data
School Scores Compared to Statewide Averages

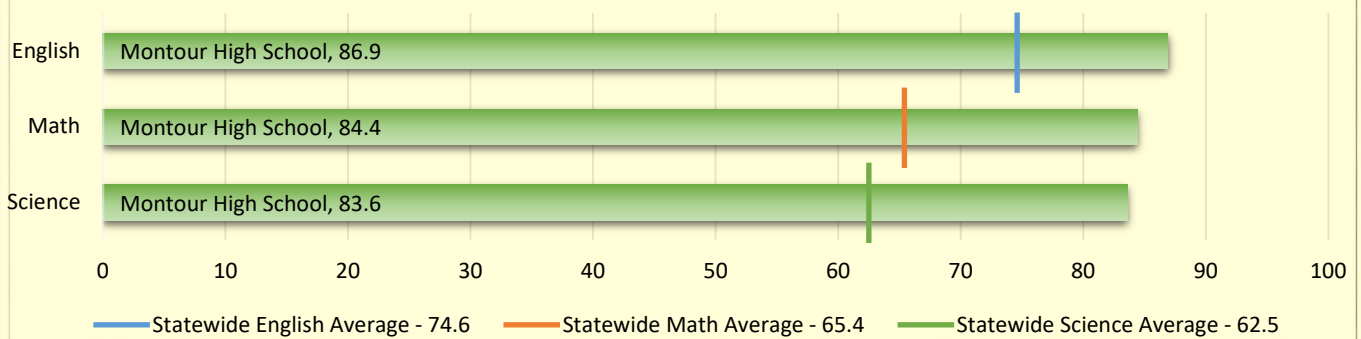
2015-16 SPP Scores



2015-16 PSSA % Advanced or Proficient



2015-16 Keystone % Advanced or Proficient



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