

PERFORMANCE AUDIT

North East School District Erie County, Pennsylvania

October 2020



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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**EUGENE A. DEPASQUALE
AUDITOR GENERAL**

Dr. Michele S. Hartzell, Superintendent
North East School District
50 East Division Street
North East, Pennsylvania 16428

Mr. Nick Mobilia, Board President
North East School District
50 East Division Street
North East, Pennsylvania 16428

Dear Dr. Hartzell and Mr. Mobilia:

We have conducted a performance audit of the North East 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 the appendix of this report:

- Nonresident Student Data
- Procurement Cards
- Administrator Separations
- Bus Driver Requirements

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.

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 significant internal control deficiencies in the nonresident student data reported by the District and those deficiencies are detailed in the finding in this report titled:

- The District Failed to Retain Required Documentation to Support More Than \$89,000 Received in Commonwealth-paid Tuition for Educating Nonresident Students and Failed to Report Nonresident Students Resulting in an Underpayment of \$21,506

In addition, we identified internal control deficiencies in the procurement cards and bus driver requirements objectives that were not significant but warranted the attention of District management. Those deficiencies were verbally communicated to District management for their consideration. We also found that the District performed adequately in the administrator separations objective.

Dr. Michele S. Hartzell

Mr. Nick Mobilia

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

We appreciate the District's cooperation during the course of the audit.

Sincerely,

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

Eugene A. DePasquale
Auditor General

October 28, 2020

cc: **NORTH EAST SCHOOL DISTRICT** Board of School Directors

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Background Information

School Characteristics 2019-20 School Year*	
County	Erie
Total Square Miles	55.08
Number of School Buildings	4
Total Teachers	124
Total Full or Part-Time Support Staff	121
Total Administrators	9
Total Enrollment for Most Recent School Year	1,666
Intermediate Unit Number	5
District Career and Technical School	Erie County Technical School

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

Mission Statement*

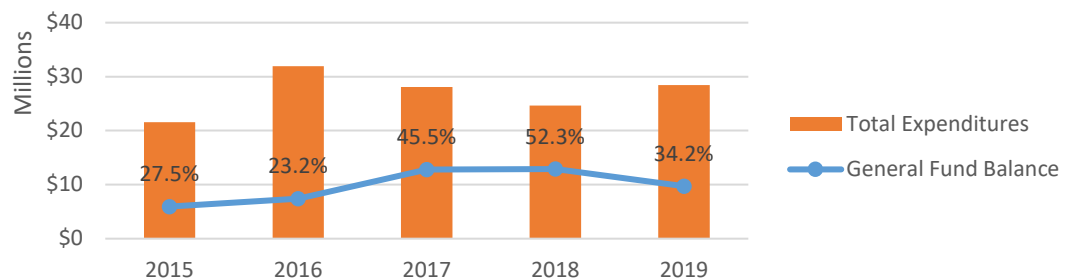
To challenge, empower, and engage all students to develop and achieve personal and career aspirations, to pursue lifelong learning, and to be responsible and accountable citizens in a dynamic world.

Financial Information

The following pages contain financial information about the North East 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**.

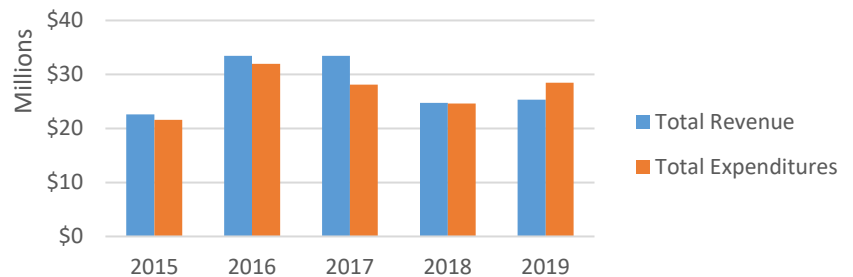
General Fund Balance as a Percentage of Total Expenditures

	General Fund Balance
2015	\$5,942,623
2016	\$7,424,733
2017	\$12,780,300
2018	\$12,890,427
2019	\$9,743,944



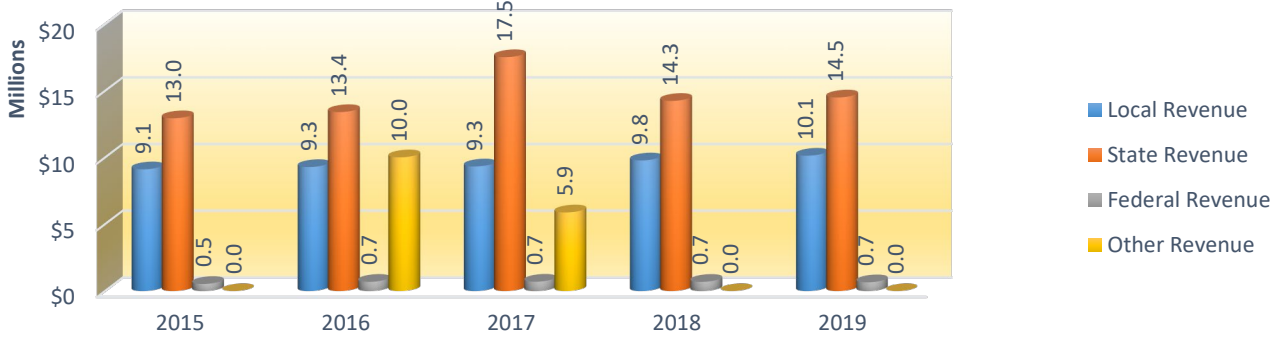
Revenues and Expenditures

	Total Revenue	Total Expenditures
2015	\$22,606,215	\$21,595,062
2016	\$33,421,501	\$31,939,390
2017	\$33,467,965	\$28,112,398
2018	\$24,736,295	\$24,626,168
2019	\$25,316,630	\$28,463,112

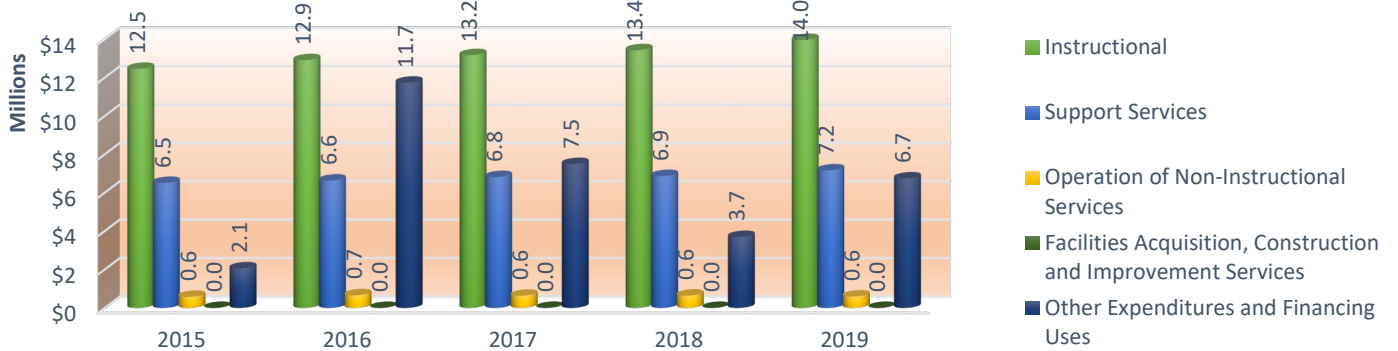


Financial Information Continued

Revenues by Source

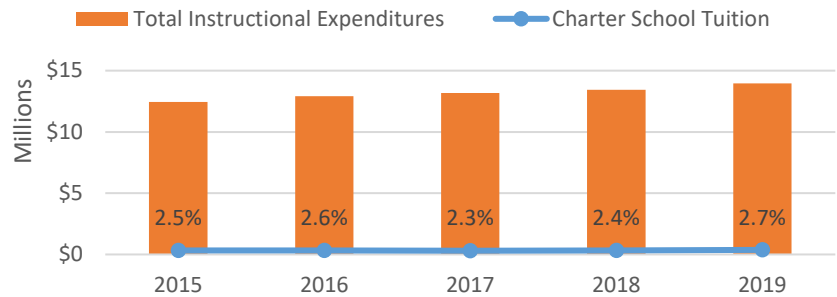


Expenditures by Function

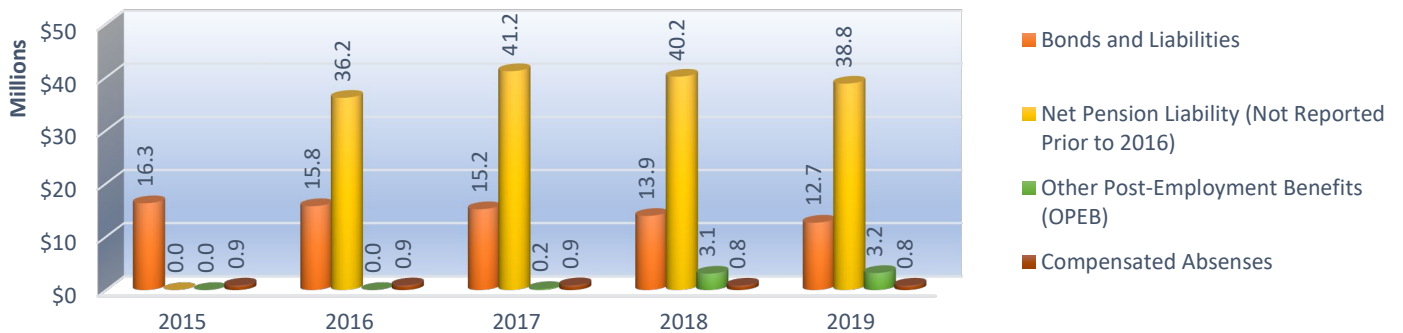


Charter Tuition as a Percentage of Instructional Expenditures

	Charter School Tuition	Total Instructional Expenditures
2015	\$316,184	\$12,454,141
2016	\$332,911	\$12,911,621
2017	\$304,211	\$13,173,145
2018	\$323,068	\$13,429,373
2019	\$372,815	\$13,962,974



Long-Term Debt

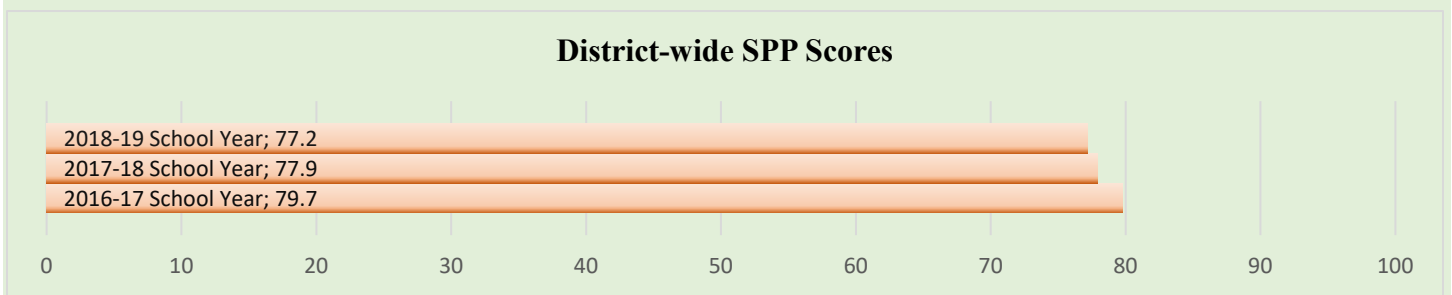


Academic Information

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.¹ The District's individual school building scores are presented in Appendix B. These scores are provided in this audit report for **informational purposes only**, and they were not audited by our Department.

What is a SPP score?

A SPP score serves as a benchmark for schools to reflect on successes, achievements, and yearly growth. PDE issues a SPP score annually using a 0-100 scale for all school buildings in the Commonwealth, which is calculated based on standardized testing (i.e., PSSA and Keystone exam scores), student improvement, advance course offerings, and attendance and graduation rates. Generally speaking, a SPP score of 70 or above is considered to be a passing rate.²



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

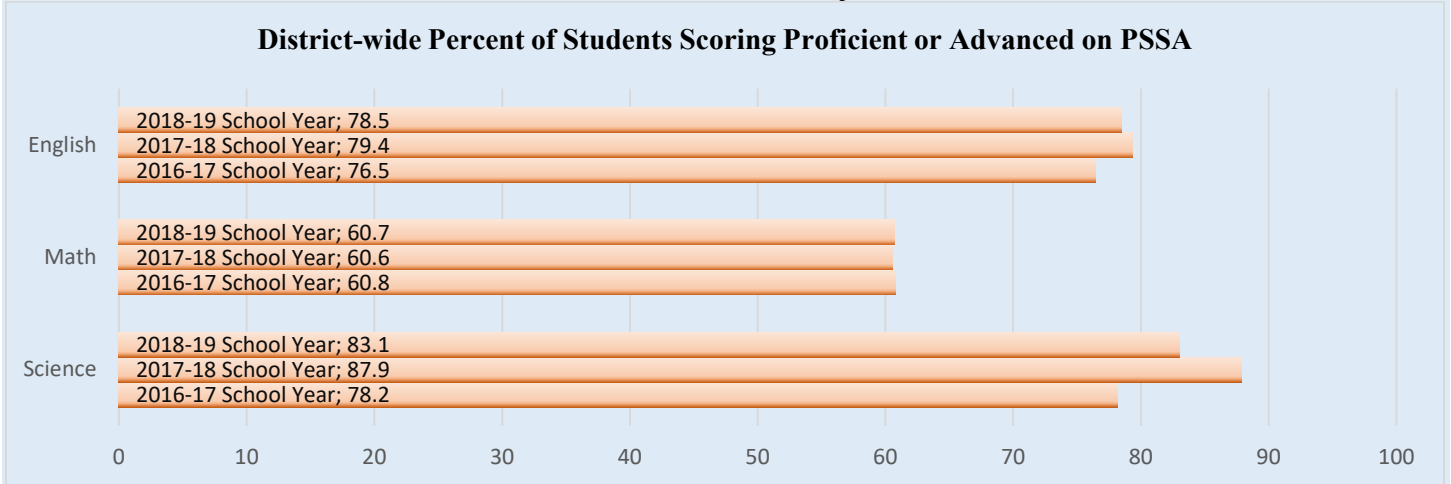
² PDE started issuing a SPP score for all public school buildings beginning with the 2012-13 school year. For the 2014-15 school year, PDE only issued SPP scores for high schools taking the Keystone Exams as scores for elementary and middle scores were put on hold due to changes with PSSA testing. PDE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

Academic Information Continued

What is the PSSA?

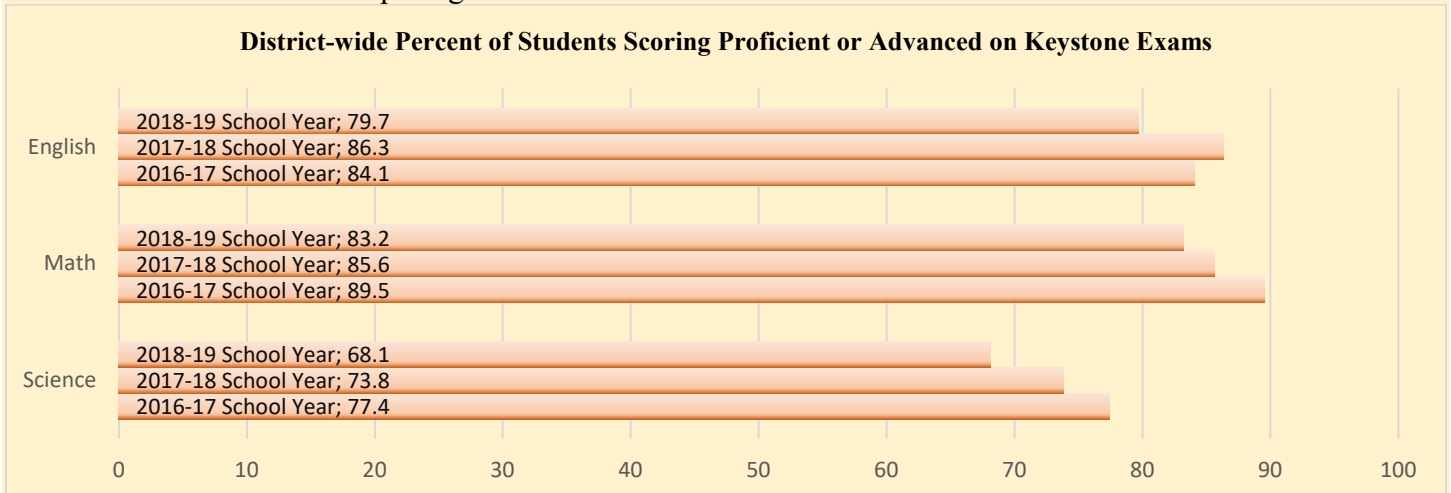
The PSSA is an annual, standardized test given across the Commonwealth to students in grades 3 through 8 in core subject areas, including English, Math and Science. The PSSAs help Pennsylvania meet federal and state requirements and inform instructional practices, as well as provide educators, stakeholders,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

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



What is the Keystone Exam?

The Keystone Exam measures student proficiency at the end of specific courses, such as Algebra I, Literature, and Biology. The Keystone Exam was intended to be a graduation requirement starting with the class of 2017, but that requirement has been put on hold until the 2020-21 school year.³ In the meantime, the exam is still given as a standardized assessment and results are included in the calculation of SPP scores. The Keystone Exam is scored using the same four performance levels as the PSSAs, and the goal is to score Proficient or Advanced for each course requiring the test.

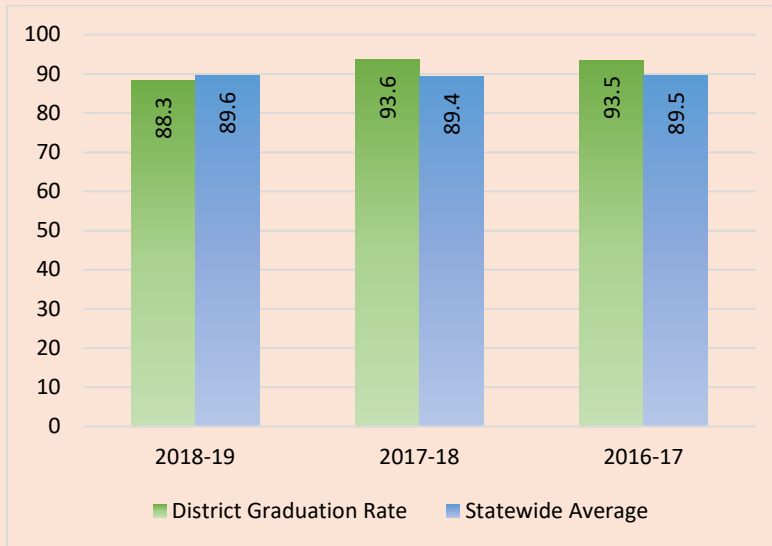


³ Act 158 of 2018, effective October 24, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement until the 2021-22 school year. See 24 P.S. § 1-121(b)(1).

Academic Information Continued

What is a 4-Year Cohort Graduation Rate?

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



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

Finding

Finding

The District Failed to Retain Required Documentation to Support More Than \$89,000 Received in Commonwealth-paid Tuition for Educating Nonresident Students and Failed to Report Nonresident Students Resulting in an Underpayment of \$21,506

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 North East 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 supporting documentation to verify \$89,008 in Commonwealth-paid tuition for educating nonresident foster students during the 2015-16 through 2017-18 school years. Additionally, the District failed to report nonresident foster students educated for the 2018-19 school year, which resulted in a \$21,506 underpayment of Commonwealth-paid tuition.

As discussed in the criteria section of this finding, 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 court or by arrangement with an association, agency, or institution.⁵ Additionally, the resident must be compensated for the care of the student. These students are commonly referred to as “foster students” and it is the requirement of the educating District to obtain documentation to correctly categorize and accurately report the number of foster students to the Pennsylvania Department of Education (PDE).

Lack of Documentation

The District was unable to produce the documentation required to support the number of nonresident foster students reported to PDE for the 2015-16 through 2017-18 school years. Further, the District was unable to provide documentation supporting the number of days each student reported to PDE was enrolled in the District. Without this documentation, we were unable to verify the accuracy of the tuition received by the District.

⁵ For example, the applicable 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 PDE guidelines govern the classification of nonresident children placed in private homes.

The table below illustrates the amount of Commonwealth paid tuition the District received for the 2015-16 through 2017-18 school years.

North East School District Commonwealth Paid Tuition Reimbursement	
School Year	Commonwealth-Paid Tuition Received ⁶
2015-16	\$28,144
2016-17	\$43,053
2017-18	\$17,811
Totals	\$89,008

The District was unable to produce a list of foster students reported to PDE during the 2015-16 through 2017-18 school years. Additionally, the District was unable to provide documentation supporting the classification of any students as nonresident foster students. The District’s inability to identify and support its foster students reported to PDE precluded us from determining if these students met the requirements and the accuracy of the \$89,008 in Commonwealth-paid tuition received by the District.

The District attributed its inability to provide the required documentation to changing its child accounting software systems in the 2018-19 school year. The District failed to retain documentation from its prior software system in accordance with the PSC and did not have the ability to access this system during our audit. Additionally, multiple District employees were responsible for reporting nonresident foster student data during the audit period and these employees reported this information without review by any other District officials.

Failure to Report Nonresident Foster Students

In the 2018-19 school year, the District inaccurately reported three nonresident foster students as residents of the District. The failure to report these students as foster students resulted in the District not receiving \$21,506 in Commonwealth-paid tuition to which it was entitled. It was evident that the District official responsible for reporting nonresident foster student data for the 2018-19 school year did not know the PDE requirements to report a foster student and therefore reported these students as residents. Further, despite multiple District employees responsible for reporting this data during the audit period, the District failed to develop policies and/or procedures to assist personnel in accurately identifying a foster student and the required documentation needed to support this categorization. The District lacked internal controls

⁶ Commonwealth-paid 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):*

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

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

over the categorization and reporting of foster student data. The District should have instructed an employee other than the official responsible for categorizing and enrolling nonresident foster students to review the documentation supporting this categorization prior to reporting information to PDE.

We provided PDE with reports detailing the errors we identified for the 2018-19 school year which are required to verify the underpayment to the District.

Recommendations

The *North East School District* should:

1. Ensure that District personnel responsible for enrolling students and making residency determinations are properly trained on the required documentation needed to accurately report nonresident foster students.
2. Ensure that District personnel other than the employee categorizing foster students' reviews nonresident foster student determinations for accuracy.
3. Ensure that all required supporting documentation is maintained and retained on the District's current Student Information System, as well as ensure that the data from a prior system is suitably preserved for all nonresident students reported to PDE as educated by the District.
4. Ensure that record retention procedures, including locations, are documented and staff are trained on the procedures.

The *Pennsylvania Department of Education* should:

5. Modify the District's future allocations to adjust for the underpayment of \$21,506 in the 2018-19 school year.

Management Response

District management provided the following response:

“Management agrees with the Finding.

The district has experienced multiple resignations and retirements during the audit period beginning July 1, 2015 to present with the central office administrative staff responsible for Nonresident Student reporting. A long term employee retired in January 2018 and a second long term employee resigned in September 2018. The long term employee who trained and took over for the January 2018 retiree, resigned in April 2019. Our technology director resigned in November 2018 and our Superintendent retired in June 30, 2019. Secondly, our SIS vendor discontinued

operations and we migrated to a new SIS system during the 2018-2019 school year. The discontinued SIS vendor only allowed us access to all current and historical records until December 2018. Unfortunately, the timing of the audit prevented the district from being able to fully research and find all necessary documentation. Our current administrative staff was able to work with the Erie County Office of Children and Youth and document several nonresident students.

1. The District has and will ensure that District personnel responsible for enrolling students and making residency determinations are properly trained on the required documentation needed to accurately report nonresident foster students. The District recognized the training need in the spring of 2019 and unfortunately, the employee that attended the PDE Data Summit in March of 2019 resigned in April 2019. Our current employees have attended trainings in November 2019, attended several regional meetings and were mentored.
2. The District will train multiple administrative staff to allow for a segregation of duties of categorization and subsequent review of foster student residency determinations.
3. The District has taken steps to ensure that all documents are included in student files, at both the building and central administration office levels. Any missing information from prior years' student files has been retrieved from the service agency. The central administration office staff will review the documentation and verify the information matches with the SIS data and print appropriate reports from the current year to ensure documentation is preserved. The District was not aware that the legacy SIS data would not be accessible when it ceased operations.
4. The District did maintain some documentation of nonresident foster students at the central office. The District believes that the multiple staffing changes in this position partially contributed to the record retention deficiencies. Upon discovery and guidance, our current administrative staff obtained information from multiple sources including the Erie County Office of Children and Youth, foster parents, etc. to supplement the existing documentation. The District has implemented additional procedures to ensure necessary documentation for nonresident foster students will be maintained and has trained appropriate staff.
5. The District is supportive of an adjustment in the District's future allocations for the underpayment of \$21,506 in the 2018-19 school year if the Pennsylvania Department of Education concurs."

Auditor Conclusion

We are pleased the District has agreed to implement our recommendations to develop written procedures for reporting, provide training on PDE's reporting requirements, and has implemented procedures to maintain documentation for nonresident foster students. We will evaluate the effectiveness of all corrective actions implemented by the District during our next audit of the District.

Status of Prior Audit Findings and Observations

Our prior audit of the North East School District (District) released on November 5, 2015, resulted in one finding, 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 November 5, 2015

Prior Finding: **District Failed to Ensure School Bus Drivers Met All Employment Requirements**

Prior Finding Summary: We found that the District failed to maintain all employment records for District bus drivers. The personnel files were reviewed for all of the District's 15 bus drivers, and we found that, for 2 drivers, the District had the "unofficial copy" of their federal criminal clearances on file but not the required "official copy." The "unofficial copy" was provided to the applicant and cannot be used as the "official copy" that is reviewed by the District. Additionally, one of the two drivers' child abuse clearances had their last name misspelled and the clearance could not be verified as being accurate because the date of birth was not listed nor was the social security number listed. By not having required bus drivers' qualification documents on file, the District was not able to review the documents to determine whether all drivers were qualified to transport students. If unqualified drivers transport students, there is an increased risk to the safety and welfare of students.

Prior Recommendations: We recommended that the District should:

1. Ensure that all federal criminal record checks are done in accordance with the prescribed method of PDE.
2. Obtain a new child abuse clearance for the employee whose last name is misspelled.
3. Perform an internal audit of the bus drivers' personnel files to ensure proper clearances are on file.

Current Status: We found that the District implemented all three of our recommendations. On August 25, 2015, the District had all employees fingerprinted and the federal fingerprint clearances were reviewed in person on June 29, 2020. On August 28, 2015, the District obtained a new child abuse clearance which was also reviewed in person on June 29, 2020. Additionally, beginning in the 2019-20 school year, the District began monitoring all employees' clearances. The Superintendent's administrative assistant has prepared a spreadsheet indicating the date each clearance was obtained and when each clearance will expire. When a clearance is 90, 60, and 30 days from expiring, an email is sent to each employee and if the employee fails to

update said clearance then they are placed on administrative leave. Also, at each monthly administrative meeting, an agenda item is added to discuss the clearances that will be expiring. The department heads are responsible for reminding the employees under them that their clearances need updated.

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,⁷ is not a substitute for the local annual financial audit required by the Public School Code of 1949, as amended. We conducted our audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit.

Our audit focused on the District's effectiveness and/or compliance with applicable statutory provisions and related regulations in the areas of nonresident student data, procurement cards, bus driver requirements, administrator separations, 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.⁸ *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 to analyze the District's internal control framework during the completion of our audit.⁹ 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.

⁷ 72 P.S. §§ 402 and 403.

⁸ 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.

⁹ Even though the Green Book was written for the federal government, it explicitly states that it may also be adopted by state, local, and quasi-government entities, as well as not-for-profit organizations, as a framework for establishing and maintaining an effective internal control system. The Green Book is assessable at <https://www.gao.gov/products/GAO-14-704G>

Figure 1: Green Book Hierarchical Framework of Internal Control Standards

Principle	Description	Control Activities	
Control Environment		10	Design control activities
1	Demonstrate commitment to integrity and ethical values	11	Design activities for the information system
2	Exercise oversight responsibility	12	Implement control activities
3	Establish structure, responsibility, and authority	Information and Communication	
4	Demonstrate commitment to competence	13	Use quality information
5	Enforce accountability	14	Communicate internally
Risk Assessment		15	Communicate externally
6	Define objectives and risk tolerances	Monitoring	
7	Identify, analyze, and respond to risks	16	Perform monitoring activities
8	Assess fraud risk	17	Evaluate issues and remediate deficiencies
9	Identify, analyze, and respond to change		

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		
Nonresident Student Data	Yes				X			X	X		X		X	X	X	X		
Procurement Cards	Yes		X								X		X					
Bus Driver Requirements	Yes				X			X	X		X		X	X	X	X		
Administrator Separations	No																	
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 2015-16 through 2018-19 fiscal years. We conducted analytical procedures on the District's state revenues and the transportation reimbursement data. We reviewed the prior audit report and we researched current events that possibly affected District operations. We also determined if the District had key personnel or software vendor changes since the prior audit.

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

Nonresident Student Data

- Did the District accurately report nonresident students to PDE? Did the District receive the correct reimbursement for these nonresident students?¹⁰
 - ✓ To address this objective, we assessed the internal controls over the inputting, processing, and reporting nonresident student data to PDE. Additionally, we attempted to review all¹¹ nonresident foster students reported to PDE as educated by the District for the 2015-16 through 2017-18 school years. We attempted to obtain documentation to verify that the custodial parent or guardian was not a resident of the District and the foster parents received a stipend for caring for the student. The District was unable to produce the required documentation from their Student Information System required to support the number of nonresident students reported to PDE. The District was able to provide us with sufficient documentation for us to determine that the District educated three nonresident foster students during the 2018-19 school year whom the District failed to report to PDE. We obtained documentation to verify that the custodial parent and/or guardian was not a resident of the District and that the foster parent received a stipend for caring for the student.

Conclusion: The results of our procedures identified significant internal control deficiencies related to the District maintenance of records for its nonresident students. Our results are detailed in the Finding beginning on page 6 of this report.

Procurement Cards

- Did the District ensure that procurement card purchases were made in accordance with District policy and procedures as well as user agreements?

¹⁰ See 24 P.S. §§ 13-1301, 13-1302, 13-1305, 13-1306; 22 Pa. Code Chapter 11.

¹¹ The District reported seven foster students as educated by the District during the 2016-17 school year and did not report any foster students during the 2018-19 school year. We were unable to determine the amount of foster students reported to PDE for the 2015-16 and 2017-18 school years due to the District's lack of documentation. Please see the Finding in this report for more information on the lack of documentation for foster students.

- ✓ To address this objective, we assessed the internal controls over District procurement cards and obtained and reviewed District policies and procedures pertaining to the issuance and usage of procurement cards. We randomly selected 60 out of a total population of 301 credit card transactions that occurred during the months of December 2019, January 2020, and February 2020.¹² We reviewed transactions to ensure that each was accompanied by an invoice/receipt and that all transactions were included in the summary spreadsheet maintained by District management. We also reviewed to ensure that all transactions that required a purchase order contained a purchase order.

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

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 clearances¹³ as outlined in applicable laws?¹⁴ 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 randomly selected 10 of 34 bus drivers transporting District students as of March 4, 2020.¹⁵ In addition, we selected an additional seven individuals for testing due to identifying these as having a higher risk of noncompliance.¹⁶ We reviewed each of the 17 drivers selected to ensure that they met the requirements to transport students. We assessed the District's internal controls for maintaining and reviewing required bus driver qualification documents and procedures for being made aware of who transported students daily. We determined if all drivers were board approved by the District.

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

¹² 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.

¹³ 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.

¹⁴ 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.

¹⁵ 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.

¹⁶ These drivers were selected because the District driver list did not clearly distinguish these individuals as bus drivers.

Administrator Separations

- Did the District ensure that all individually contracted employees who separated employment from the District were compensated in accordance with their contract? Also, did the District comply with the Public School Code¹⁷ and the Public School Employees' Retirement System guidelines when calculating and disbursing final salaries and leave payouts for these contracted employees?
 - ✓ To address this objective, we reviewed the contracts, board meeting minutes, board policies, and payroll records for one administrator who separated employment from the District during the period July 1, 2015 through June 30, 2019 to ensure post-employment payments and benefits, including leave payments, were correctly calculated and paid. Our review of this objective did not result in any reportable issues.

Conclusion: The results of our procedures for this objective did not identify any reportable issues.

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?¹⁸ 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, risk and vulnerability assessments, anti-bullying policies, school climate surveys, and memorandums of understanding with local law enforcement.

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.¹⁹

¹⁷ 24 P.S. § 10-1073 (e) (2) (v).

¹⁸ Safe Schools Act 24 P.S. § 13-1301-A *et seq.*, Emergency Management Services Code 35 Pa.C.S. § 7701.

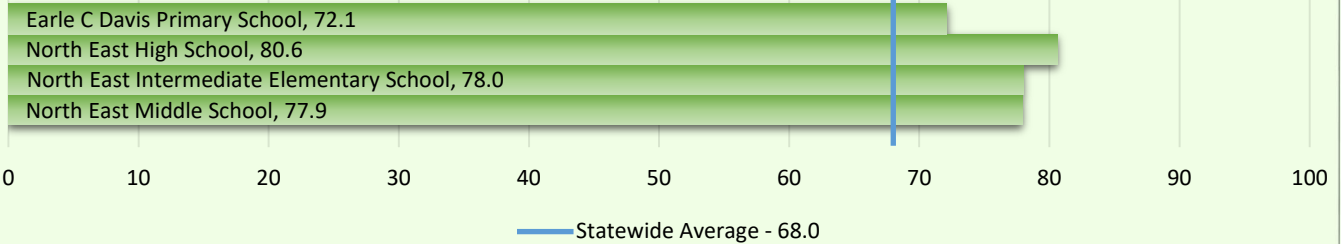
¹⁹ Other law enforcement agencies include the Pennsylvania State Police, the Attorney General's Office, and local law enforcement with jurisdiction over the District's school buildings.

Appendix B: Academic Detail

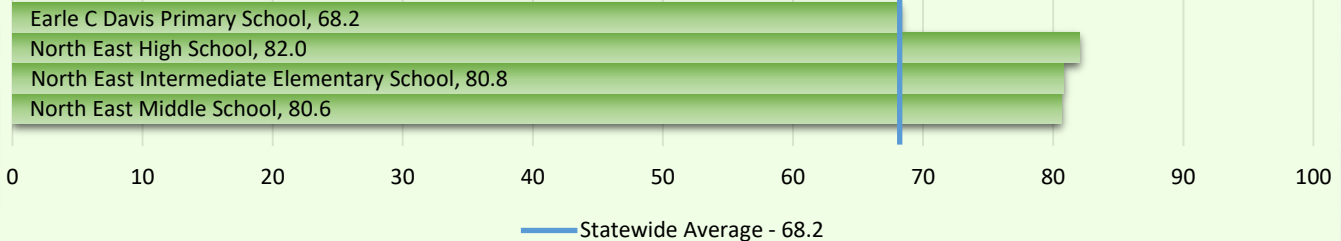
Benchmarks noted in the following graphs represent the statewide average of all public school buildings in the Commonwealth that received a score in the category and year noted.²⁰ Please note that if one of the District's schools did not receive a score in a particular category and year presented below, the school will not be listed in the corresponding graph.²¹

SPP School Scores Compared to Statewide Averages

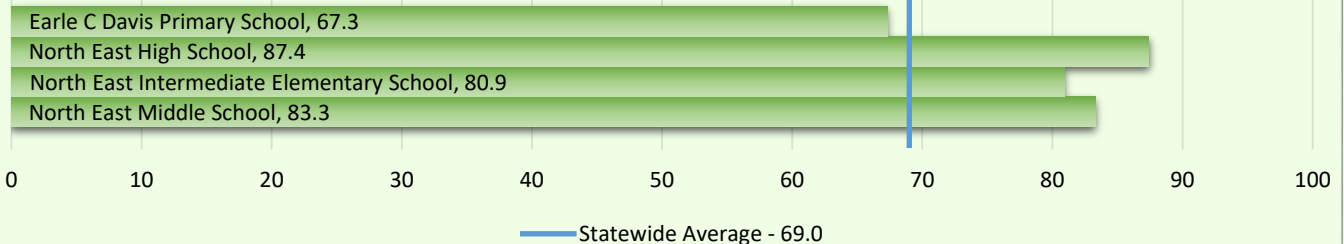
2018-19



2017-18



2016-17

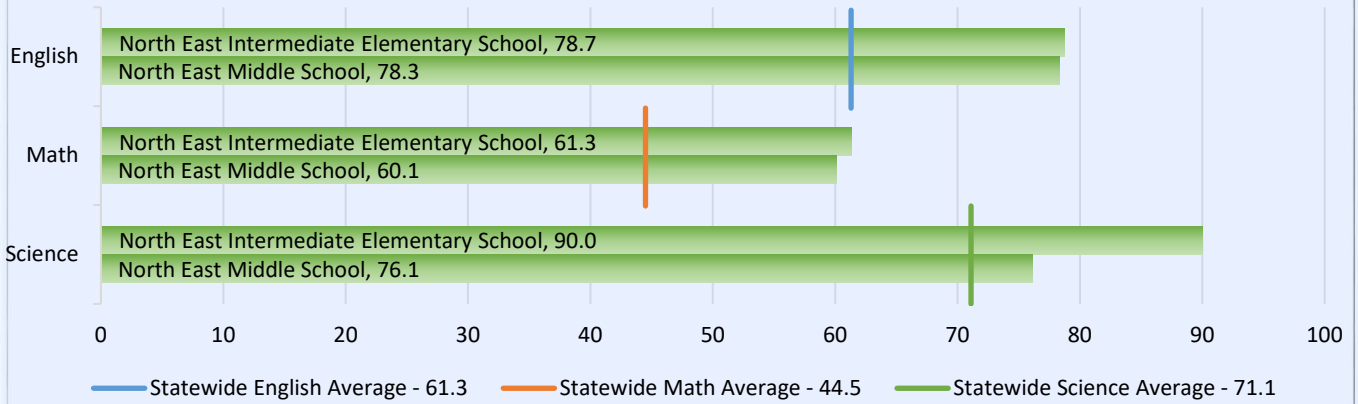


²⁰ Statewide averages were calculated by our Department based on individual school building scores for all public schools in the Commonwealth, including district schools, charters schools, and cyber charter schools.

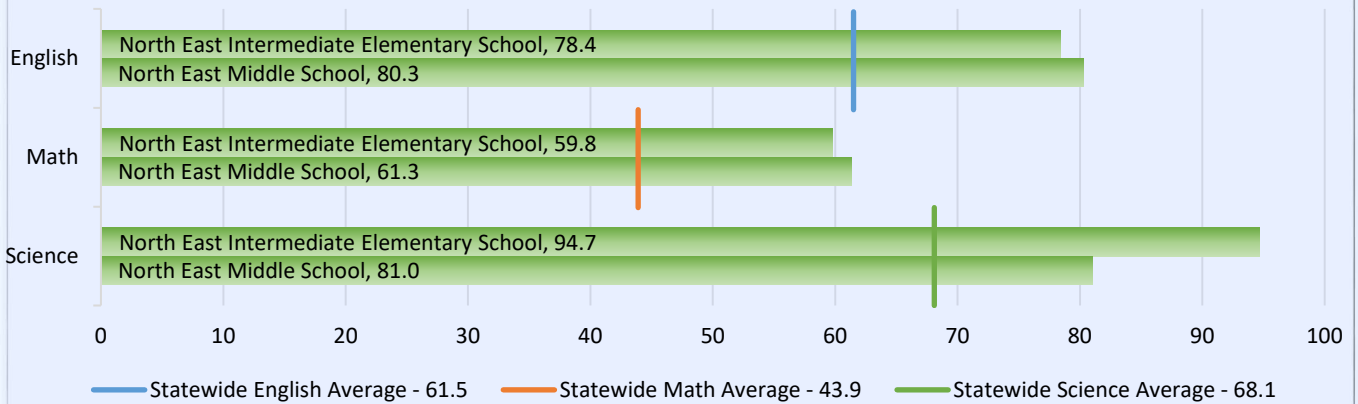
²¹ PDE's data does not provide any further information regarding the reason a score was not published for a specific school. However, readers can refer to PDE's website for general information regarding the issuance of academic scores.

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

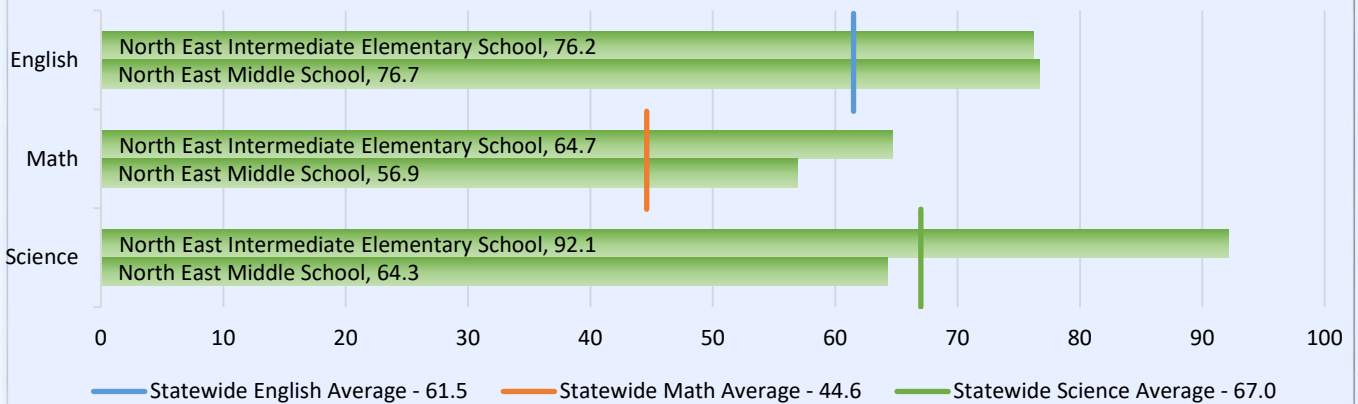
2018-19



2017-18

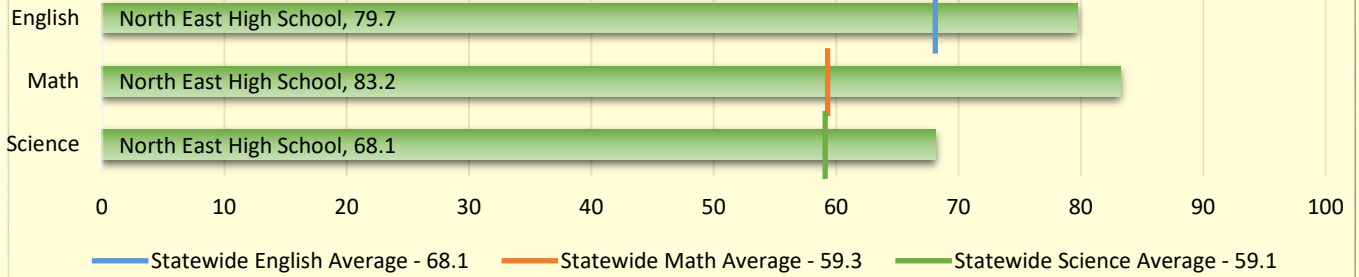


2016-17

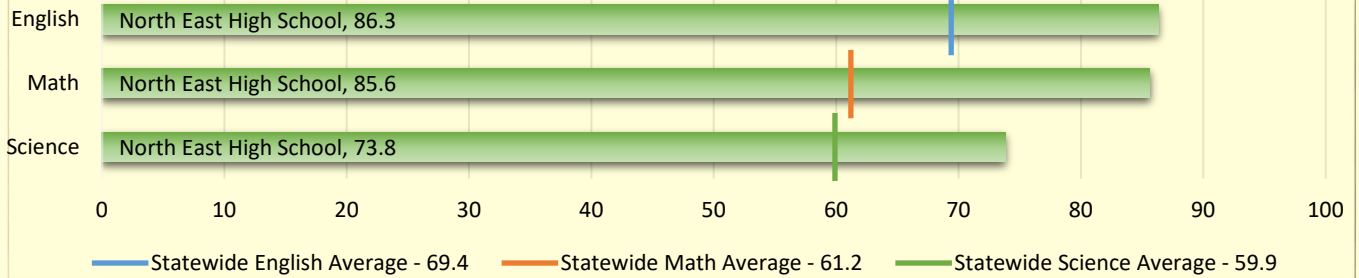


Keystone Advanced or Proficient Percentage School Scores Compared to Statewide Averages

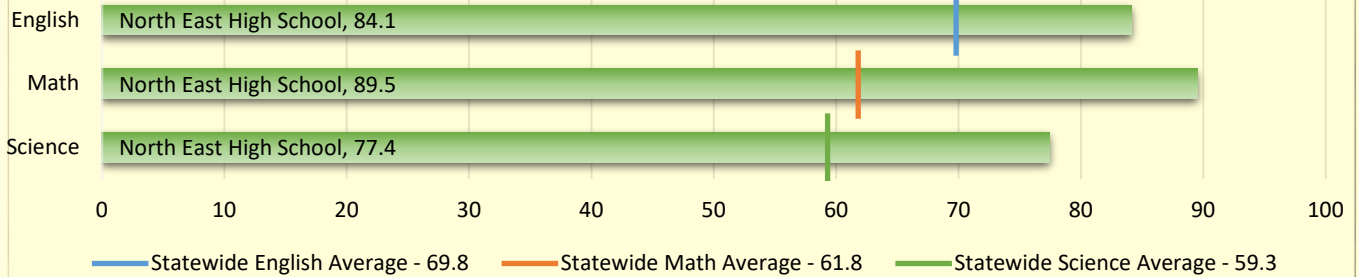
2018-19



2017-18



2016-17



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