

PERFORMANCE AUDIT

Northern Lebanon School District Lebanon County, Pennsylvania

September 2019



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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**EUGENE A. DePASQUALE
AUDITOR GENERAL**

Mr. John W. Corby, Interim Superintendent
Northern Lebanon School District
345 School Drive, P.O. Box 100
Fredericksburg, Pennsylvania 17026

Mrs. Amy Sell, Board President
Northern Lebanon School District
345 School Drive, P.O. Box 100
Fredericksburg, Pennsylvania 17026

Dear Mr. Corby and Mrs. Sell:

Our performance audit of the Northern Lebanon School District (District) evaluated 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.

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

Sincerely,

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

Eugene A. DePasquale
Auditor General

August 20, 2019

cc: **NORTHERN LEBANON SCHOOL DISTRICT** Board of School Directors

Executive Summary

Audit Work

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

Our audit scope covered the period July 1, 2014 through June 30, 2018, except as otherwise indicated in the audit scope, objectives, and methodology section of the report (see Appendix). Compliance specific to state subsidies and reimbursements was determined for the 2014-15 through 2017-18 school years.

Audit Conclusion and Results

Our audit found that the District complied, in all significant respects, with certain relevant state laws, regulations, contracts, and administrative procedures, except for two findings.

Finding No. 1: The District Inaccurately Reported Transportation Data to PDE Resulting in an Overpayment to the District of \$87,763.

The District was overpaid \$87,763 in transportation reimbursements from the Pennsylvania Department of Education (PDE). This overpayment was due to the District inaccurately reporting the daily miles traveled for five vehicles used to transport students home from after school activities during the 2015-16 and 2017-18 school years. (See page 12).

Finding No. 2: The District Failed to Ensure That its Contracted Bus Drivers Were Properly Qualified and Cleared to Transport Students.

The District did not maintain or review all the documentation required to ensure compliance with bus drivers' qualifications and clearances as mandated by law, its associated regulations, PDE guidance, and the District's own policies. (See page 16).

Status of Prior Audit Findings and Observations.

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

Background Information

School Characteristics 2018-19 School Year ^A	
County	Lebanon
Total Square Miles	144
Number of School Buildings	6
Total Teachers	171
Total Full or Part-Time Support Staff	107
Total Administrators	12
Total Enrollment for Most Recent School Year	2,283
Intermediate Unit Number	13
District Vo-Tech School	Lebanon County Career and Technology Center

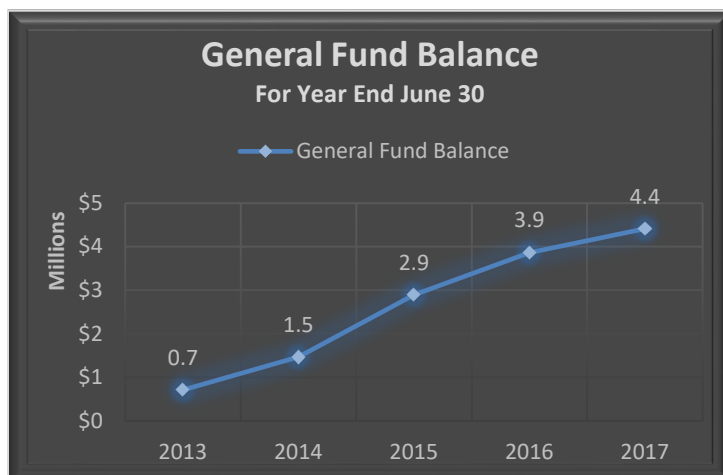
A - Source: Information provided by the District administration and is unaudited.

Mission Statement^A

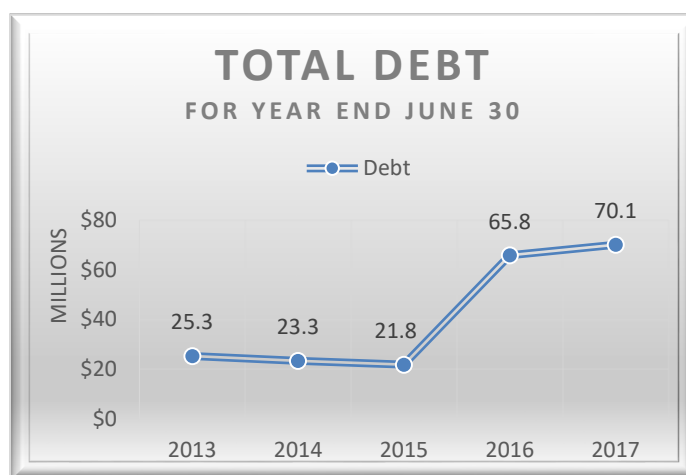
Building on time honored traditions, our mission is to instruct, inspire, and challenge.

Financial Information

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

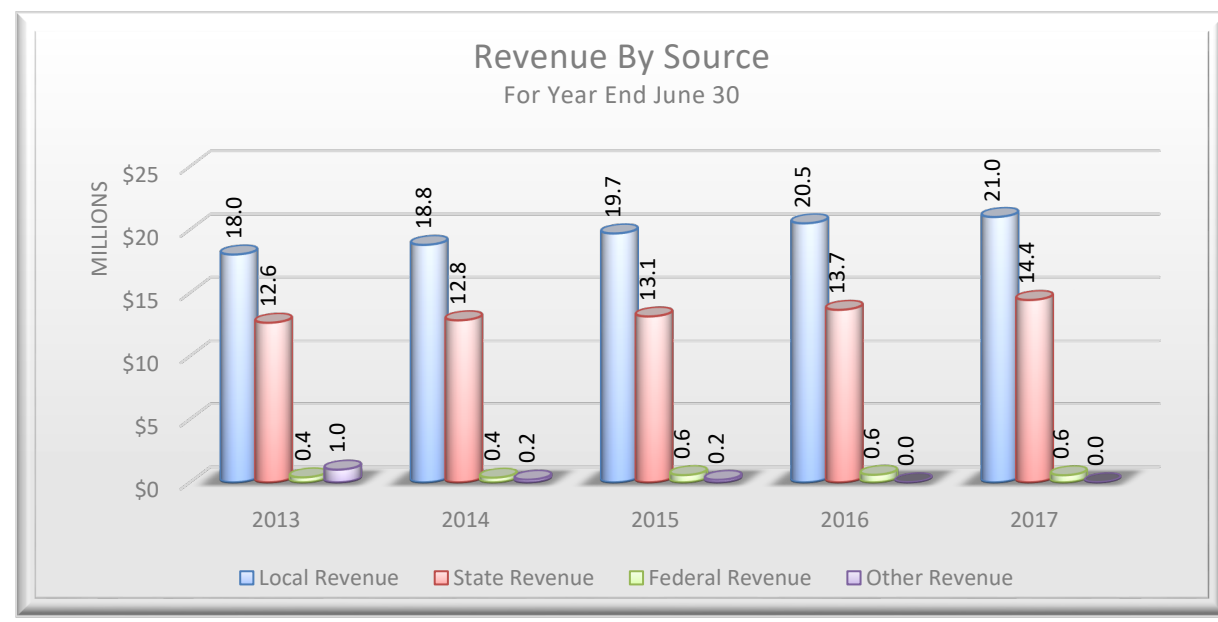
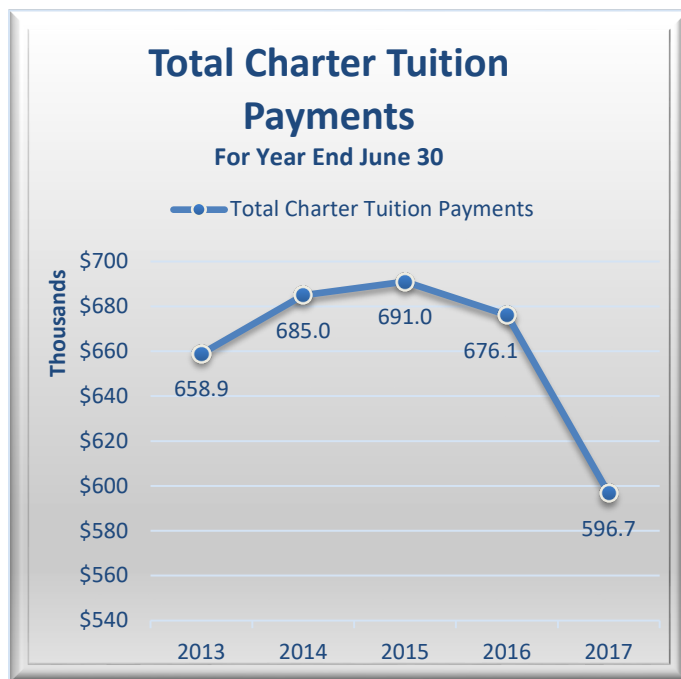
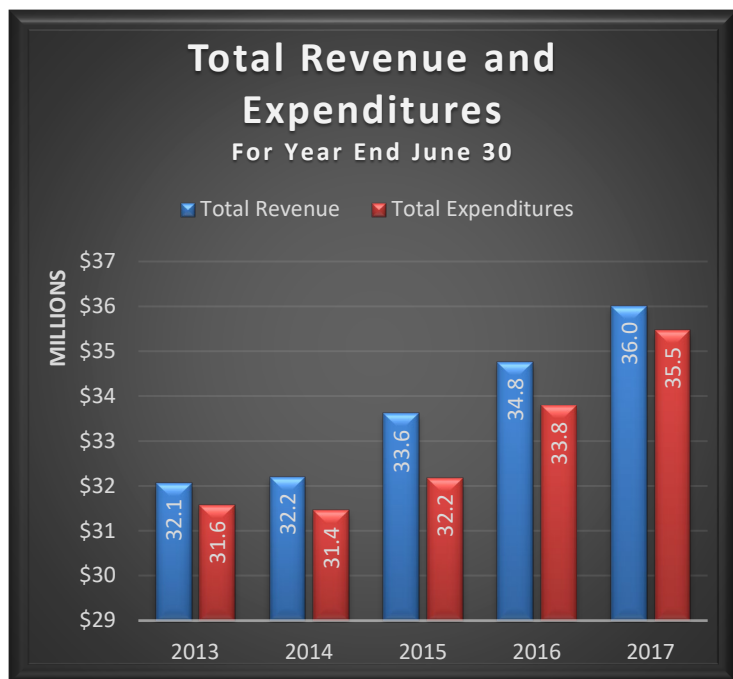


Note: General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



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

Financial Information Continued



Academic Information

The graphs on the following pages present School Performance Profile (SPP) scores, Pennsylvania System of School Assessment (PSSA) scores, Keystone Exam results, and 4-Year Cohort Graduation Rates for the District obtained from PDE's data files for the 2014-15, 2015-16 and 2016-17 school years.¹ These scores are provided in the District's audit report for **informational purposes only**, and they were not audited by our Department. Please note that if one of the District's schools did not receive a score in a particular category and year presented below, the school will not be listed in the corresponding graph.² Finally, benchmarks noted in the following graphs represent the statewide average of all public school buildings in the Commonwealth that received a score in the category and year noted.³

What is a SPP score?

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

PDE started issuing a SPP score for all public school buildings beginning with the 2012-13 school year. For the 2014-15 school year, PDE only issued SPP scores for high schools taking the Keystone Exams as scores for elementary and middle schools were put on hold due to changes with PSSA testing.⁴ PDE resumed issuing a SPP score for all schools for the 2015-16 school year.

What is the Keystone Exam?

The Keystone Exam measures student proficiency at the end of specific courses, such as Algebra I, Literature, and Biology. The Keystone Exam was intended to be a graduation requirement starting with the class of 2017, but that requirement has been put on hold until the 2020-21 school year.⁵ 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.

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

⁴ According to PDE, SPP scores for elementary and middle schools were put on hold for the 2014-15 school year due to the state's major overhaul of the PSSA exams to align with PA Core standards and an unprecedented drop in public schools' PSSA scores that year. Since PSSA scores are an important factor in the SPP calculation, the state decided not to use PSSA scores to calculate a SPP score for elementary and middle schools for the 2014-15 school year. Only high schools using the Keystone Exam as the standardized testing component received a SPP score.

⁵ Act 39 of 2018, effective July 1, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement for an additional year until the 2020-21 school year. *See* 24 P.S. § 1-121(b)(1).

What is the PSSA?

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

The 2014-15 school year marked the first year that PSSA testing was aligned to the more rigorous PA Core Standards.⁶ The state uses a grading system with scoring ranges that place an individual student's performance into one of four performance levels: Below Basic, Basic, Proficient, and Advanced. The state's goal is for students to score Proficient or Advanced on the exam in each subject area.

What is a 4-Year Cohort Graduation Rate?

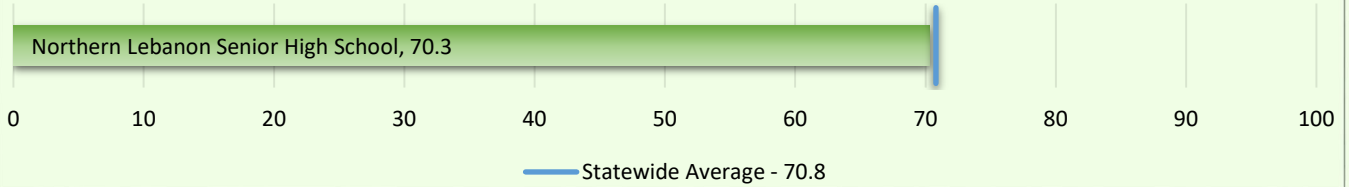
PDE collects enrollment and graduate data for all Pennsylvania public schools, which is used to calculate graduation rates. Cohort graduation rates are a calculation of the percentage of students who have graduated with a regular high school diploma within a designated number of years since the student first entered high school. The rate is determined for a cohort of students who have all entered high school for the first time during the same school year. Data specific to the 4-year cohort graduation rate is presented in the graph.⁷

⁶ PDE has determined that PSSA scores issued beginning with the 2014-15 school year and after are not comparable to prior years due to restructuring of the exam.

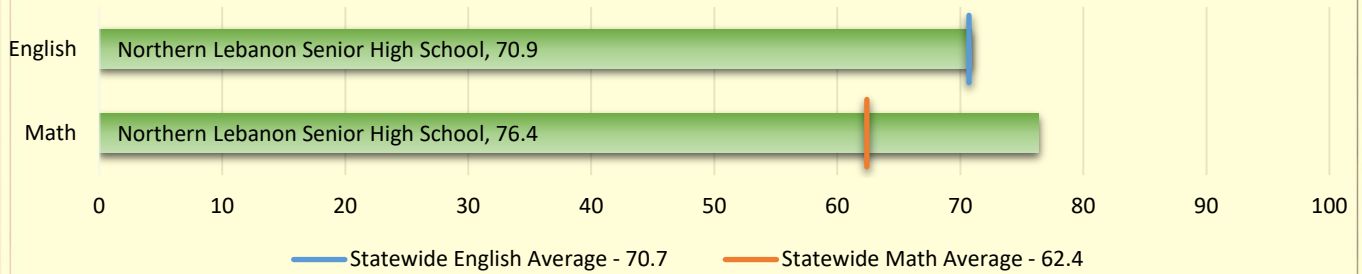
⁷ PDE also calculates 5-year and 6-year cohort graduation rates. Please visit PDE's website for additional information: <http://www.education.pa.gov/Data-and-Statistics/Pages/Cohort-Graduation-Rate-.aspx>.

2014-15 Academic Data
School Scores Compared to Statewide Averages

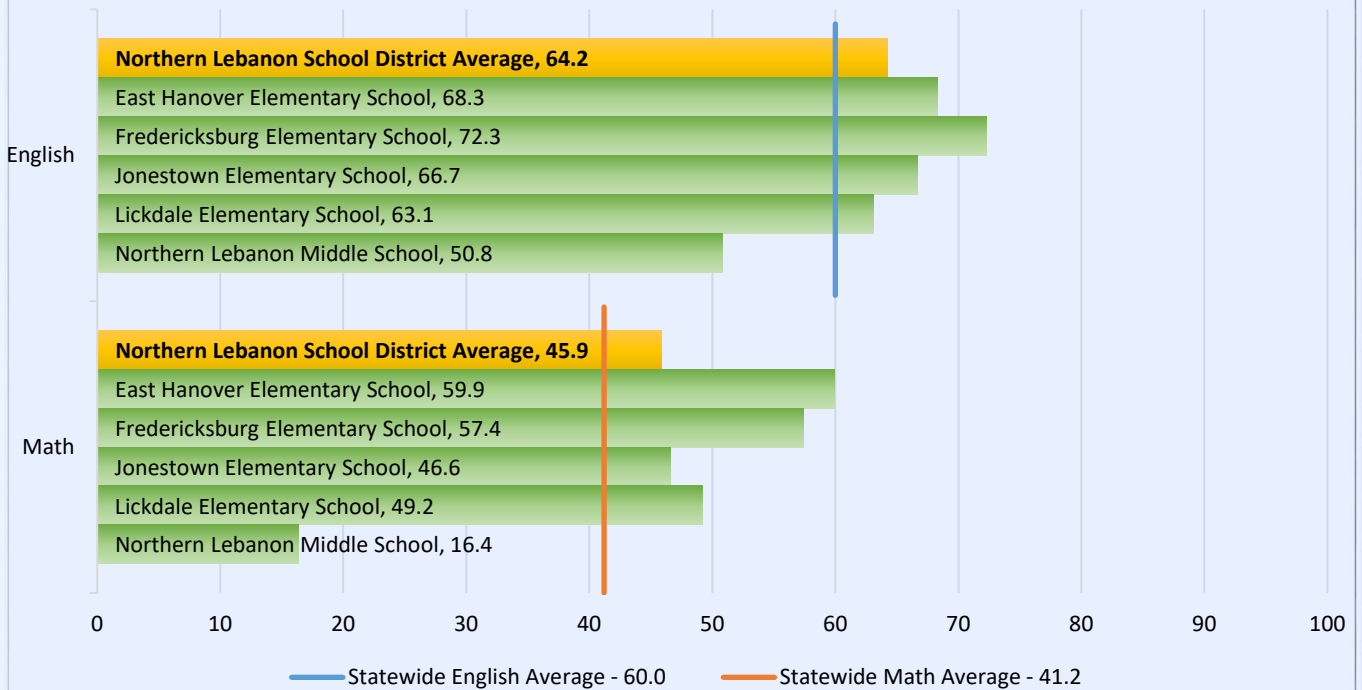
2014-15 SPP Scores



2014-15 Keystone % Advanced or Proficient

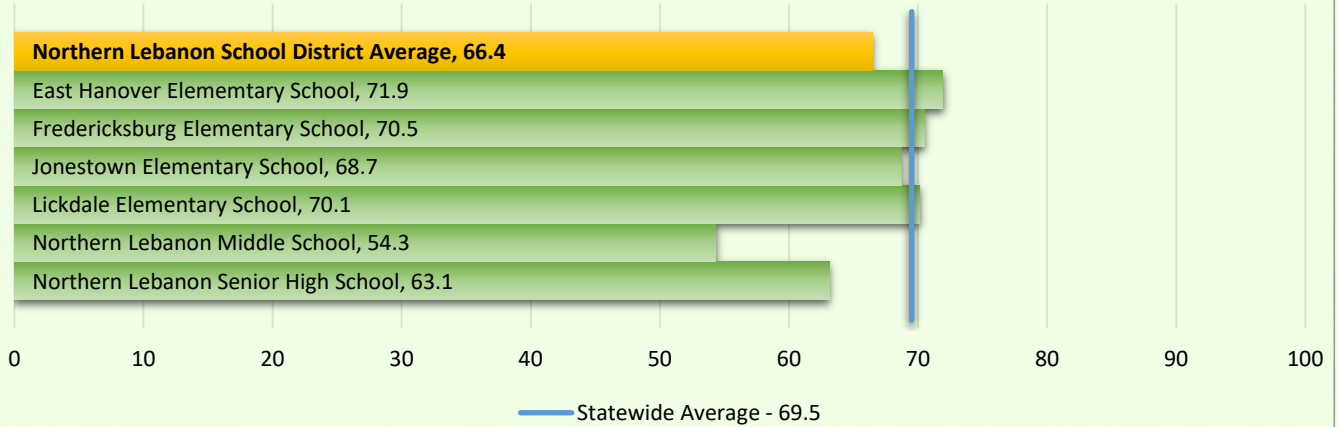


2014-15 PSSA % Advanced or Proficient

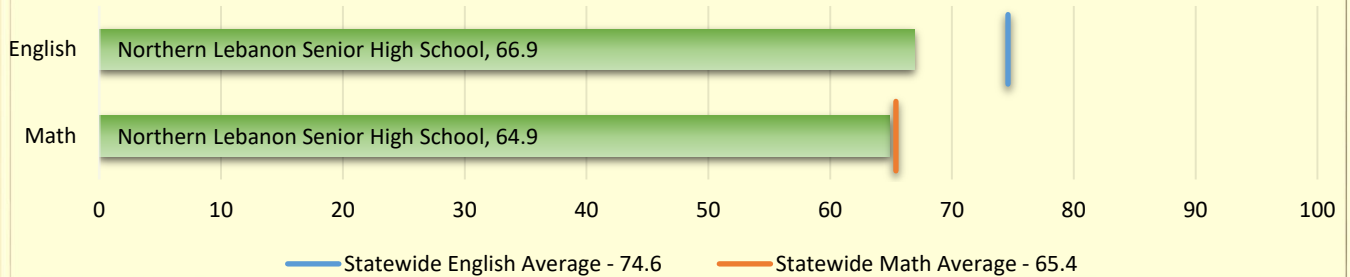


2015-16 Academic Data
School Scores Compared to Statewide Averages

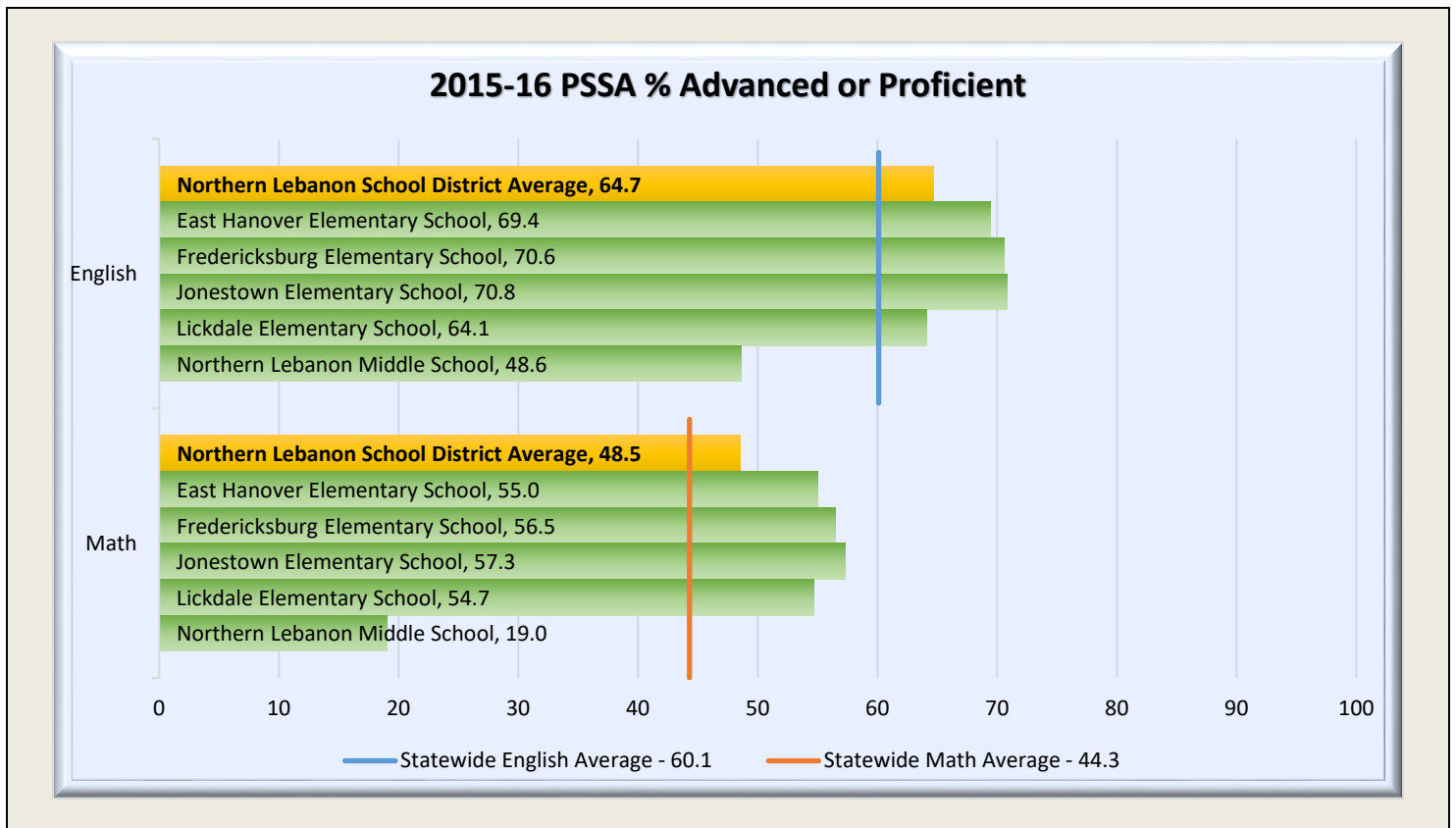
2015-16 SPP Scores



2015-16 Keystone % Advanced or Proficient

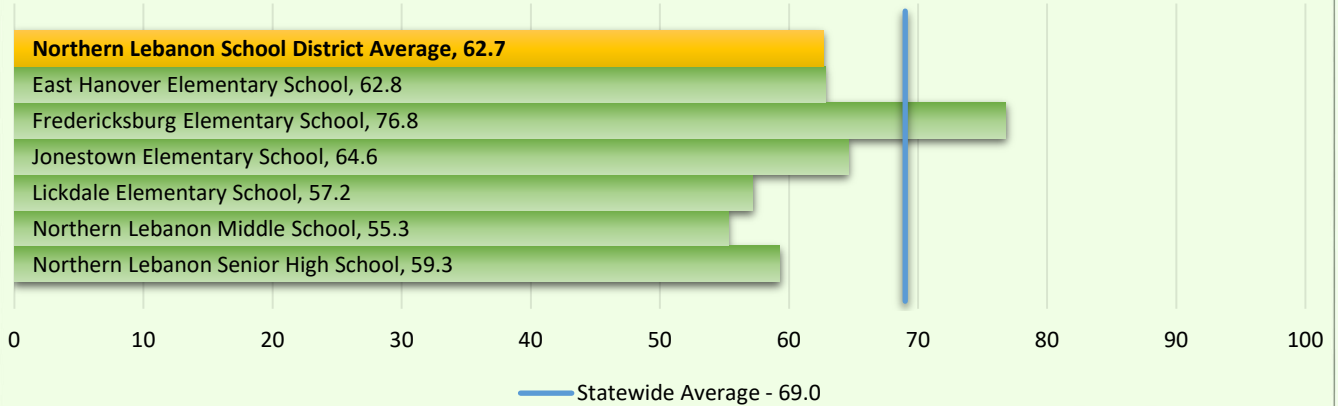


2015-16 Academic Data
School Scores Compared to Statewide Averages (continued)

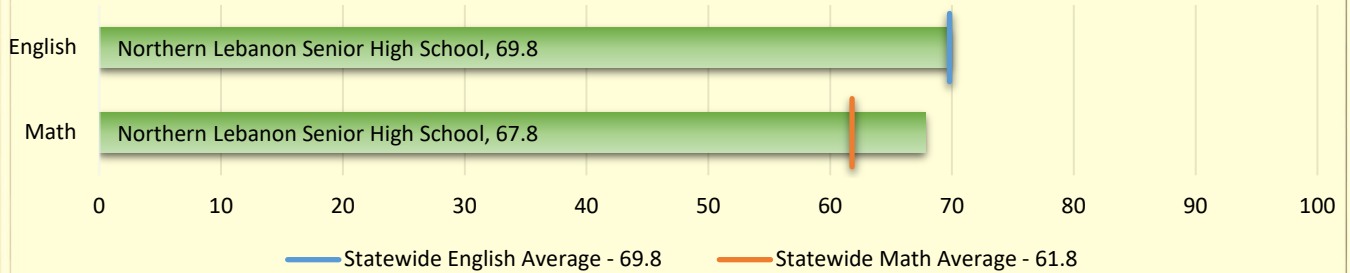


2016-17 Academic Data
School Scores Compared to Statewide Averages

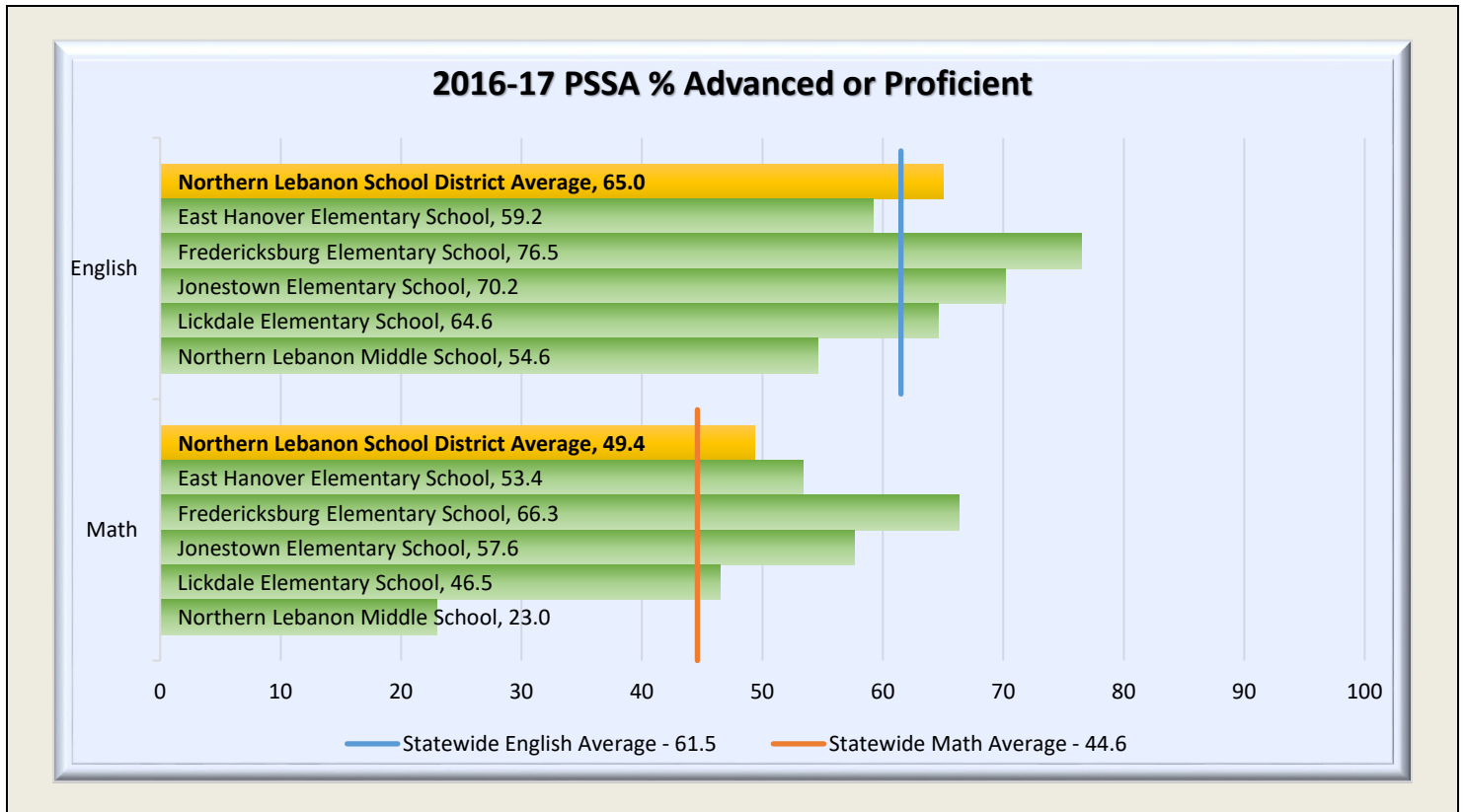
2016-17 SPP Scores



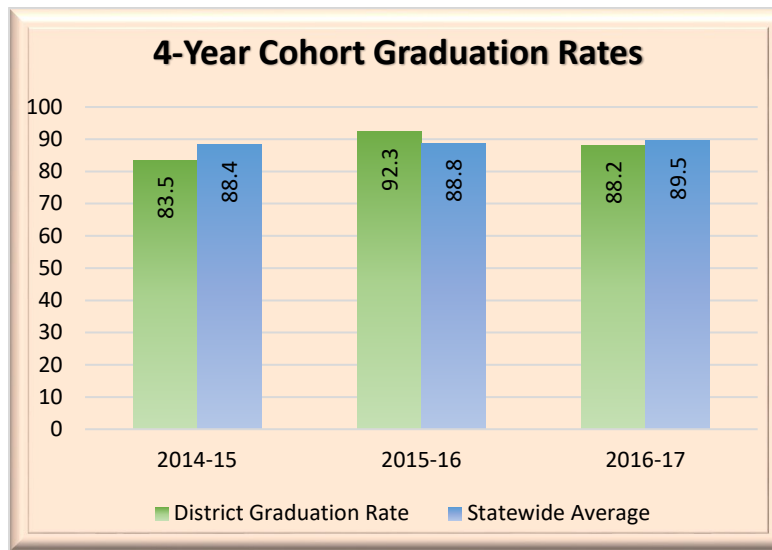
2016-17 Keystone % Advanced or Proficient



2016-17 Academic Data
School Scores Compared to Statewide Averages (continued)



Graduation Data
District Graduation Rates Compared to Statewide Averages



Finding(s)

Finding No. 1

The District Inaccurately Reported Transportation Data to PDE Resulting in an Overpayment to the District of \$87,763

Criteria relevant to the finding:

Student Transportation Subsidy

The Public School Code (PSC) provides that school districts receive a transportation subsidy for most students who are provided transportation. Section 2541 (relating to Payments on account of pupil transportation) of the PSC specifies the transportation formula and criteria. *See* 24 P.S. § 25-2541.

Total Students Transported

Section 2541(a) of the PSC states, in part: "School districts shall be paid by the commonwealth for every school year on account of pupil transportation which, and the means and contracts providing for which, have been approved by the Department of Education, in the cases hereinafter enumerated, 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).

The Northern Lebanon School District (District) was overpaid \$87,763 in transportation reimbursements from the Pennsylvania Department of Education (PDE). This overpayment was due to the District inaccurately reporting the daily miles traveled for five vehicles used to transport students during the 2015-16 and 2017-18 school years.⁸

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 charter school and nonpublic school students transported at any time during the school year. The errors we identified in this finding impact the District's regular transportation reimbursement received.

Since the above listed components are integral to the calculation of the District's transportation reimbursement, it is essential for the District to properly calculate, record, and report this information to PDE. It is important to note that the PSC requires that all school districts must annually file a sworn statement of student transportation data for the prior and current school years with PDE in order to be eligible for the transportation subsidies.

⁸ Our review of the 2014-15 and 2016-17 school years found that the District accurately reported miles traveled to PDE.

*Criteria relevant to the finding
(continued):*

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 6/3/19.)

Daily Miles With

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

Activity Run

For students who state after the end of the school day and are transported home on an “Activity Run” sometimes referred to as a “late run” the eTran systems allows entry of this information by checking the “Activity Run” box. Three data boxes will appear to enter the “Daily Miles With”, “Daily Miles Without” and “Number of Days” for the late run service only.

The table below summarizes the District’s reporting errors by school year and the resulting regular transportation reimbursement overpayments.

Northern Lebanon School District			
Student Transportation Data			
School Year	Number of Vehicles with Errors	Total Mileage Over Reported	Subsidy Overpayment ⁹
2015-16	5	31,229	\$35,545
2017-18	5	32,191	\$52,218
Total:	10	63,420	\$87,763

The reporting errors documented in the table above occurred on five vehicles that were used to transport students on both regular and activity runs. Regular runs are vehicle trips used to transport students to and from school. Activity runs are vehicle trips used to transport students who stay after normal school hours for extra-curricular activities to their homes. Activity runs are also referred to as late runs in PDE reporting guidelines. PDE requires regular run mileage data and activity run mileage data to be reported separately.

In the 2015-16 and 2017-18 school years, the District reported the mileage for the five vehicles used for activity runs separately as required; however, the District incorrectly included the activity run mileage with the regular run mileage data. This resulted in the double reporting of the activity run mileage data and the overstatement of regular run mileage. Due to the regular run mileage being overstated, the District received more regular transportation reimbursement than it was eligible to receive.

The District lacked written procedures on how to report mileage data for vehicles that performed both regular and activity runs. The District had a secondary review of mileage data by an employee independent of the calculation process during the 2014-15 through 2016-17 school years but, despite this secondary review, the District reported

⁹ The 2017-18 subsidy overpayment is \$16,673 higher than the 2015-16 overpayment. PDE’s subsidy calculation is a multi-part formula that utilizes many factors in addition to mileage. Although the mileage changes for both years are similar, the formula produced a higher change to subsidy for 2017-18 due to other factors like the number of days students were transported and the number of students transported.

inaccurate mileage data for the 2015-16 school year. Due to the turnover in the District's business office, the District utilized a consultant to assist the District in reporting transportation data to PDE for the 2017-18 school year. The District spoke with the consultant after we discussed the mileage reporting errors we identified with the District. The District and the consultant acknowledged that the mileage error was not caught during their review of the data.

We provided PDE with discrepancy forms detailing the errors for the 2015-16 and 2017-18 school years. PDE requires these reports to verify the overpayment to the District. The District's future transportation subsidies should be adjusted by the amount of the overpayments.

Recommendations

The Northern Lebanon School District should:

1. Properly train appropriate District officials to ensure that PDE guidelines are followed in regard to calculating and reporting mileage data for vehicles that complete activity runs.
2. Develop written policies that clearly state how transportation data elements reported to PDE should be calculated, reported, and reviewed. The Superintendent should ensure that these policies have been followed before signing the sworn statement of student transportation data.
3. Continue to perform a secondary review of mileage data by a District employee other than the person compiling the data to help identify transportation data reporting errors.

The Pennsylvania Department of Education should:

4. Adjust the District's future transportation subsidy to resolve the \$87,763 overpayment.

Management Response

Management provided the following response:

“The transportation data required to complete the subsidy reports was maintained throughout the year by a third-party contracted management service. The data was maintained throughout the year by the management service and provided at year end to the business office to complete the year end PDE-1049 report.

The data as reported by the management company was reconciled and entered into the eTran system by the business office. The numbers provided from the transportation management company included total annual miles for each bus and a mileage summary for each activity run. Misunderstanding between the report provided to the District Business Office by the Transportation Management Service and the reporting for eTran allowed for activity runs to be counted twice for reimbursement in two of the four audit years.

Since the audit, the District has employed a Supervisor of Transportation, whose job responsibilities include collecting the mileage and student load information from the transportation contractor. Training on the data needed for the eTran reporting system will be provided by the Director of Business Affairs to the Supervisor of Transportation. A template has been created to accurately report the data and identify the activity run mileage to avoid confusion between the departments and documents.

The District will follow PDE’s repayment requirements for the \$87,763 overpayment.”

Auditor Conclusion

We are pleased that the District intends to provide training on the eTran reporting system to its newly hired Supervisor of Transportation. We continue to stress the importance of this training being in-line with PDE requirements to report this data. We also continue to recommend that the District implement procedures regarding how transportation data elements are calculated and reviewed prior to reporting to PDE. We will evaluate the corrective action taken by the District during the next regularly scheduled audit.

Finding No. 2

The District Failed to Ensure That its Contracted Bus Drivers Were Properly Qualified and Cleared to Transport Students

Criteria relevant to the finding:

Section 23.4 of Title 22, Chapter 23 (relating to Pupil Transportation) of the State Board of Education's regulations provides that the board of directors of a school district is responsible for the selection and approval of eligible operators who qualify under the law and regulations. *See* 22 Pa. Code § 23.4(2).

Section 111 of the PSC requires both state and federal criminal background checks and Section 6344(a.1)(1) of the Child Protective Services Law (CPSL) requires a child abuse clearance. *See* 24 P.S. § 1-111 and 23 Pa.C.S. § 6344(a.1)(1), as amended.

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

The District did not maintain or review all the documentation required to ensure compliance with bus drivers' qualifications and clearances as mandated by law, its associated regulations, PDE's guidance, and the District's own policies.

Poor oversight of contracted drivers

The District used contracted bus drivers to provide transportation services. The primary contractor subcontracted with other transportation companies in order to supply a sufficient number of vehicles for the District's needs. On March 13, 2019, we requested and obtained a current list of drivers and substitute drivers who were transporting students. The primary contractor initially provided a list of 147 drivers. However, shortly thereafter, we were notified that the primary contractor's bus driver list was inaccurate, as it had not been updated for some time.

The revised and more current list contained 120 drivers. When we inquired about the reason for the change, the primary contractor noted that one of its subcontractors provided an updated list of drivers after the original list was provided to us. The primary contractor recognized that the drivers removed from the original list may not have been driving for the District for some time. The primary contractor acknowledged that it did not require its subcontractors to provide current lists of drivers on a regular basis.

It is concerning that both the primary contractor and, more importantly, the District were not aware of which drivers were actually transporting District students. In this case, drivers were removed, but neither the primary contractor nor the District were aware of the reasons for their removal. Additionally, drivers could have been added to the list without timely notice to the contractor or the District. This lack of oversight by the District and the primary contractor

*Criteria relevant to the finding
(continued):*

Section 6344(c)(1) of the CPSL provides that, “In no case shall an administrator hire or approve an applicant where the department has verified that the applicant is named in the Statewide database as the perpetrator of a founded report [of child abuse] committed within the five year period immediately preceding verification.” *See* 23 Pa.C.S. § 6344(c)(1).

Section 6344(b)(3) of the CPSL requires, in part, that “The applicant shall submit a full set of fingerprints to the Pennsylvania State Police for the purpose of a record check...” (Act 153 of 2014). Further, Section 6344.4 of the CPSL now requires recertification of the required state and federal background checks and child abuse clearance every 60 months. *See* 23 Pa.C.S. § 6344(b)(3) and 6344.4.

Section 111(e) of the PSC lists convictions for certain criminal offenses that require an absolute ban to employment. Section 111(f.1) of the PSC requires that a ten, five or three year look back period be met before an individual is eligible for employments. *See* 24 P.S. § 1-111(e) and (f.1).

Section 111(a.1)(1) specifies that bus drivers employed by a school entity through an independent contractor who have direct contact with children must also comply with Section 111 of the PSC. *See* 24 P.S. § 1-111(a.1)(1).

increased the risk of an unqualified driver transporting District students.

Failure to comply with regulations

Based on our review of Board meeting minutes and interviews with District officials, we found that the Board of School Directors (Board) does not approve bus drivers as required by the State Board of Education’s regulations.¹⁰ We also noted that the current primary transportation contract contains a provision that requires Board approval for all drivers before the driver can transport District students. Yet, in spite of specific provisions in the contract and a regulatory requirement to approve bus drivers, the Board failed to comply with these requirements. As noted previously, the District and the primary contractor did not maintain updated lists of drivers and the Board did not fulfill its explicit regulatory obligations to approve all drivers. Since there was a breakdown in oversight at all three levels (contractor, District administration, and the Board), there was an increased risk that the students’ safety was potentially jeopardized.

Failure to review driver qualifications and clearances

We requested documentation to support the qualifications and clearances for a select group of drivers. The District could not provide the qualification and clearance documentation we requested. Specifically, we requested the following:

- Valid driver’s license of the appropriate class
- “S” endorsement card which is required to operate a school bus
- Annual physical card
- Pennsylvania State Police criminal background check
- Child abuse clearance
- FBI criminal background clearance
- Completed Arrest/Conviction Report and Certification Form

District officials acknowledged that they did not obtain, review, and maintain any of the above documentation, except for the FBI criminal background clearances. Rather,

¹⁰ 22 Pa. Code § 23.4(2).

*Criteria relevant to the finding
(continued):*

Section 111(c.4) further requires administrators to review the criminal background and child abuse reports and determine if the reports disclose information that may require further action. *See* 24 P.S. § 1-111(c.4).

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

Effective July 1, 2012, Section 111(j)(2) of the PSC was amended to require all *prospective* employees to submit an *Arrest/Conviction Report and Certification Form* (PDE-6004 Form), including the newly added Section 111(f.1) criminal offenses, to their administrator prior to employment indicating whether or not they have ever been arrested or convicted of any of the reportable offenses provided for in Section 111(e) or (f.1). Further, retroactively effective on December 31, 2015, Section 111(j)(2) was amended by Act 4 of 2016 to require that the PDE-6004 Form include a certification of whether or not an employee was named as a perpetrator of a founded report of child abuse within the past five years as defined by the CPSL. *See* 24 P.S. § 1-111(f.1) and (j)(2) (Act 82 of 2012 and Act 4 of 2016) and PDE-6004 Form instructions.

the District relied on the contractor to obtain, review, and maintain the documentation to demonstrate that all drivers are qualified and cleared to transport students. The contractor was able to provide us with the required documentation for all the drivers we selected for review, and we did not find any significant deficiencies in the documentation maintained by the contractor.

However, even though the contractor was able to produce the required documentation, the District was not absolved from fulfilling its legal responsibilities. The District is required by law and its own policy to review and maintain copies all bus drivers' qualification documents and clearances. This review would not only ensure legal and policy compliance but would also provide assurance to the District that all contracted drivers are properly qualified and cleared to be in close contact with students.

No on-going monitoring procedures

The District acknowledged that it did not have a process in place to monitor driver qualifications and clearances for expiration or renewal of licenses and clearances. Instead, the District had inappropriately delegated this responsibility to the contractor. Driver's licenses and S endorsements expire every four years and physical cards are valid for 13 months. Furthermore, recent amendments to the Public School Code (PSC) and the Child Protective Services Law (CPSL) now require that all clearances be renewed every five years. Without a process to monitor the expiration dates on these items, the District would be unaware of when drivers with expired credentials and/or clearances are transporting students.

We found that the primary contractor has a software package with the ability to track the dates of each driver's credentials and clearances and to run a report showing items that are near expiration. However, the contractor admitted that this report was not run on a routine basis. Therefore, there was an increased risk that expired credentials and clearances would not be detected timely.

Bus Driver Policies

During our review, we noted that the District's Policy No. 818, *Contracted Services*, was adopted in 1996 and has never been updated or revised. This policy requires

*Criteria relevant to the finding
(continued):*

Section 111(j)(4) of the PSC requires current and prospective employees to provide a school administrator with written notice of arrests or convictions for crimes listed in Section 111(e) or (f.1) no later than 72 hours after the arrest or conviction. *See* 24 P.S. § 1-111(j)(4).

Section 8.2 of Title 22, Chapter 8 (relating to Criminal Background Checks) of the State Board of Education regulations requires, in part, “(a) School entities shall require a criminal history background check **prior to hiring an applicant or accepting the services of a contractor**, if the applicant, contractor or contractor’s employees would have direct contact with children.” (Emphasis added.) *See* 22 Pa. Code § 8.2(a).

See also PDE’s “Clearances/Background Check” website for current school and contractor guidance (<https://www.education.pa.gov/Educators/Clearances/Pages/default.aspx>).

Board Policy 818 states in relevant part: “The Board is required by law to ensure that independent contractors and their employees who have direct contact with students comply with the mandatory background check requirements for criminal history and child abuse. All independent contractors and their employees who contract with the district...shall not do any work for, at, or on behalf of the district until such independent contractor or employee of an independent contractor has complied with the mandatory background check requirements for criminal history and the district has evaluated the results of that screening process.”

independent contractors and their employees who have direct contact with students to comply with the mandatory background check requirements pertaining to bus drivers’ criminal history and child abuse adjudications. This policy also requires the District to evaluate the results of that screening process.

It is important that the District update its policies to reflect the current background clearance qualification laws and regulations. Since Policy No. 818 was first adopted, there have been significant changes to the PSC and its associated regulations related to background clearances. For example, Section 111 of the PSC was amended to require contracted personnel to report certain arrests or convictions to the District within 72 hours of occurrence on the *Arrest/Conviction Report and Certification Form*. Further, both the PSC and the CPSL were amended to require that all three background clearances be obtained every five years.

Policy No. 818 does not address either of these legislative changes. District officials indicated that the Board is currently working through the policy manual to review and revise its policies, but this particular policy has not yet been reviewed.

Conclusion

The District failed to comply with applicable laws, regulations, board policy, and its transportation service contract by failing to review, approve, and maintain all required bus driver qualifications and clearances. The District also lacks policies and procedures to monitor expiration dates for credentials and clearances, as well as to require reporting of arrests and convictions. Together, these deficiencies increased the risk of students being transported by unqualified drivers.

Recommendations

The *Northern Lebanon School District* should:

1. Maintain and review all contracted driver credentials and clearances, as well as credentials and clearances for any other employees or contracted employees having direct contact with students.

*Criteria relevant to the finding
(continued):*

The Transportation Contract between the District and its primary transportation contractor for the term July 1, 2014 through June 30, 2019 states in section G: "All drivers' names shall be submitted to the Board of Directors for its review and approval before operating a bus for the district; provided, however, that if an emergency occurs, the Superintendent or his/her designee may temporarily approve a driver."

2. Provide ongoing monitoring of all driver credentials and clearances to ensure that expired credentials and clearances are renewed on a timely basis. This should include requiring the contractor and its subcontractors to routinely run reports of credential expiration dates and provide the reports to the District for review.
3. Receive regular reports from its contractors (and subcontractors, if necessary) noting the actual driver of each vehicle for each day school is in session. These reports should be compared to the driver credentials and clearances maintained at the District.
4. Provide an up-to-date driver listing to the Board for approval before the start of each school year. Provide updated lists to the Board for approval throughout the year as new drivers are added and/or removed.
5. Update its policies to address the current requirements of all laws and regulations governing contracted bus drivers. This policy should clearly establish the District's and the Board's legal duty to ensure that drivers are qualified and have obtained all clearances. It should also include a provision requiring drivers to report arrests or convictions within 72 hours.

Management Response

District management provided the following response:

"The Northern Lebanon School District, during the audited period, utilized a third-party transportation management service company. The contract outlined responsibilities of the management service company which outlined maintaining current information on drivers including licenses, physicals, trainings and the necessary background checks.

The district is taking the advice of auditors and implementing a program of best practices. The organizational structure and district management personnel have changed. A Transportation Supervisor is now employed by the district. This individual does not have a pecuniary interest in the operation of the busing company.

Policy 818 will be reviewed and revised by the District policy committee. The District is updating all policies.

However, given the importance of policy 818, it will be moved for earlier updating. Policy 818 will be presented to the review committee by Monday, September 30. A draft will be shared with the school board for tentative adoption on Tuesday, October 8, 2019. The school board will adopt the revised policy on Monday, November 11, 2019. Upon final adoption, the Board Secretary will email the superintendent to document the completion of this step in the corrective action plan.

The Supervisor of Instruction and Student Services will work with the Transportation Supervisor to ensure on going monitoring procedures are in place to periodically review the list of drivers and collect documents for initial and expiring:

- Valid driver's license of the appropriate class
- “S” endorsement card which is required to operate a school bus
- Annual physical card
- Pennsylvania State Police (PSP) criminal background check
- Child abuse clearance
- FBI criminal background clearance
- Completed Arrest/Conviction Report and Certification Form

As a standard item, management will provide an up-to-date driver listing to the Board for approval before the start of each school year. This item is on the board agenda for August 13, 2019. Management will also provide updated lists to the Board for approval throughout the year as new drivers are added and/or removed.”

Auditor Conclusion

We are pleased that the District intends to make a concerted effort to improve its monitoring of bus driver qualifications and to make needed updates to board policy. We will evaluate corrective actions taken by the District in our next regularly scheduled audit.

Status of Prior Audit Findings and Observations

Our prior audit of the Northern Lebanon School District resulted in no findings or observations.

Appendix: Audit Scope, Objectives, and Methodology

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

Our audit, conducted under authority of Sections 402 and 403 of The Fiscal Code,¹¹ 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 Northern Lebanon 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).¹² 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.

¹¹ 72 P.S. §§ 402 and 403.

¹² Internal controls are processes designed by management to provide reasonable assurance of achieving objectives in areas such as: effectiveness and efficiency of operations; relevance and reliability of operational and financial information; and compliance with certain relevant state laws, regulations, contracts, and administrative procedures.

Objectives/Methodology

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

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

- ✓ Transportation Operations
- ✓ Bus Driver Requirements
- ✓ Administrator Separations
- ✓ Nonresident Student Data
- ✓ 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 ensure compliance with applicable laws and regulations governing transportation operations, and did the District receive the correct transportation reimbursement from the Commonwealth?¹³
 - To address this objective, we reviewed mileage calculations for all five buses used for both regular and activity runs during the 2014-15 through 2017-18 school years.¹⁴ The errors we identified can be found in Finding No. 1 on page 12 of this report.
- ✓ Did the District ensure that bus drivers transporting District students had the required driver's license, physical exam, training, background checks, and clearances¹⁵ as outlined in applicable laws?¹⁶ 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?

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

¹⁴ These buses were selected because we considered them to have a higher risk of non-compliance with PDE transportation reporting requirements. Therefore, the selection is not representative of the population of buses, and the results should not be projected to that population.

¹⁵ Auditors reviewed the required state, federal and child abuse background clearances from the most reliable sources available, including the FBI, the Pennsylvania State Police and the Department of Human Services. However, due to the sensitive and confidential nature of this information, we were unable to assess the reliability or completeness of these third-party databases.

¹⁶ 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.

- To address this objective, we randomly selected 15 of the 147 drivers employed by the District's primary contractor¹⁷ and all 7 drivers employed by a secondary contractor who transported students as of March 13, 2019. For each driver selected, we reviewed documentation and qualifications of drivers 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. The concerns we noted are found in Finding No. 2 on page 16 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 Code¹⁸ and Public School Employees' Retirement System guidelines?
 - To address this objective, we reviewed the contracts, board meeting minutes, board policies, and leave/payroll records for the only two administrators who separated employment from the District during the period July 1, 2014 through February 13, 2019. Our review of this objective did not disclose any reportable conditions.
- ✓ Did the District accurately report nonresident students to PDE? Did the District receive the correct reimbursement for these nonresident students?¹⁹
 - To address this objective, we reviewed all 16 nonresident students placed in private homes reported to PDE during the 2016-17 school year. We obtained documentation to verify that the custodial parents or guardians were not residents of the District and the foster parent received a stipend for caring for the student. The student listing was compared to the total days reported on the Instructional Time and Membership Report and the Summary of Child Accounting Report to ensure that the District received the correct reimbursement for these nonresident students. Our review of this objective did not disclose any reportable issues.

Did the District take actions to ensure it provided a safe school environment?²⁰

- To address this objective, we reviewed a variety of documentation including, but not limited to, safety plans, training schedules, anti-bullying policies, fire drill documentation, 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 as deemed necessary.

¹⁷ 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.

¹⁸ 24 P.S. § 10-1073(e)(2)(v).

¹⁹ See 24 P.S. §§ 13-1301, 13-1302, 13-1305, 13-1306; 22 Pa. Code Chapter 11.

²⁰ 24 P.S. § 13-1301-A *et seq.*

Distribution List

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

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