

# PERFORMANCE AUDIT

---

## Palisades School District Bucks County, Pennsylvania

---

April 2022



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General



**Commonwealth of Pennsylvania  
Department of the Auditor General  
Harrisburg, PA 17120-0018  
Facebook: Pennsylvania Auditor General  
Twitter: @PAAuditorGen  
www.PaAuditor.gov**

**TIMOTHY L. DEFOOR  
AUDITOR GENERAL**

Dr. Bridget O’Connell, Superintendent  
Palisades School District  
39 Thomas Free Drive  
Kintnersville, Pennsylvania 18930

Mr. Robert Musantry, Board President  
Palisades School District  
39 Thomas Free Drive  
Kintnersville, Pennsylvania 18930

Dear Dr. O’Connell and Mr. Musantry:

We have conducted a performance audit of the Palisades School District (District) for the period July 1, 2016 through June 30, 2020, except as otherwise indicated in the audit scope, objective, and methodology section of the report. We evaluated the District’s performance in the following areas as further described in Appendix A of this report:

- Transportation Operations
- Bus Driver Requirements
- Nonresident Student Data
- Administrator Separations

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

The audit was conducted pursuant to Sections 402 and 403 of The Fiscal Code (72 P.S. §§ 402 and 403), and in accordance with the Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit identified areas of noncompliance and significant internal control deficiencies in the area of transportation operations and those deficiencies are detailed in the finding in this report titled:

**The District’s Failure to Implement Adequate Internal Controls Resulted in an Unauditable \$2.35 Million in Transportation Reimbursements**

Dr. Bridget O'Connell

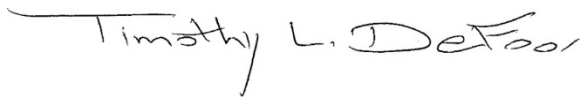
Mr. Robert Musantry

Page 2

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 found that the District performed adequately in the areas of bus driver requirements, nonresident student data, and administrator separations and we did not identify any internal control deficiencies in these areas.

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

Sincerely,

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive style with a long horizontal line extending to the left of the first letter.

Timothy L. DeFoor  
Auditor General

April 5, 2022

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

# Table of Contents

---

---

	Page
Background Information .....	1
Finding .....	6
Finding – The District’s Failure to Implement Adequate Internal Controls Resulted in an Unauditable \$2.35 Million in Transportation Reimbursements .....	6
Status of Prior Audit Findings and Observations .....	12
Appendix A: Audit Scope, Objectives, and Methodology .....	13
Appendix B: Academic Detail .....	19
Distribution List .....	23

## Background Information

School Characteristics 2020-21 School Year*	
County	Bucks
Total Square Miles	110
Number of School Buildings	5
Total Teachers	147
Total Full or Part-Time Support Staff	129
Total Administrators	16
Total Enrollment for Most Recent School Year	1,416
Intermediate Unit Number	22
District Career and Technical School	Upper Bucks County Technical School

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

## Mission Statement\*

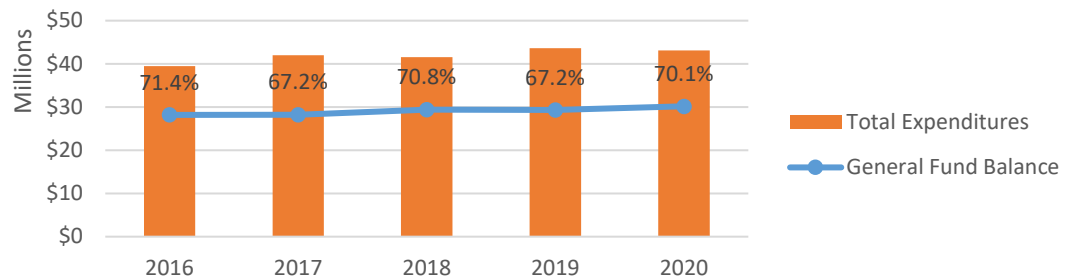
Inspire to Lead...Prepared to Succeed

## Financial Information

The following pages contain financial information about the Palisades 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**.

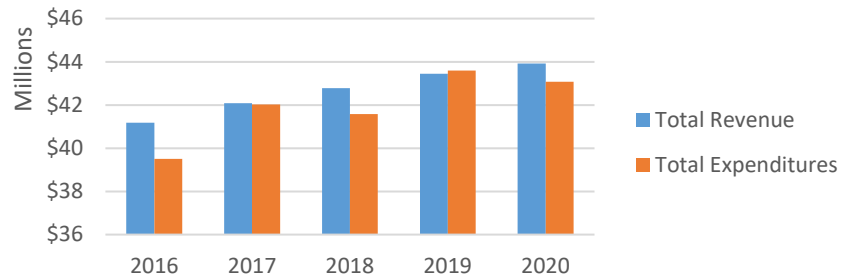
### General Fund Balance as a Percentage of Total Expenditures

	General Fund Balance
2016	\$28,182,658
2017	\$28,244,203
2018	\$29,438,922
2019	\$29,300,314
2020	\$30,177,669



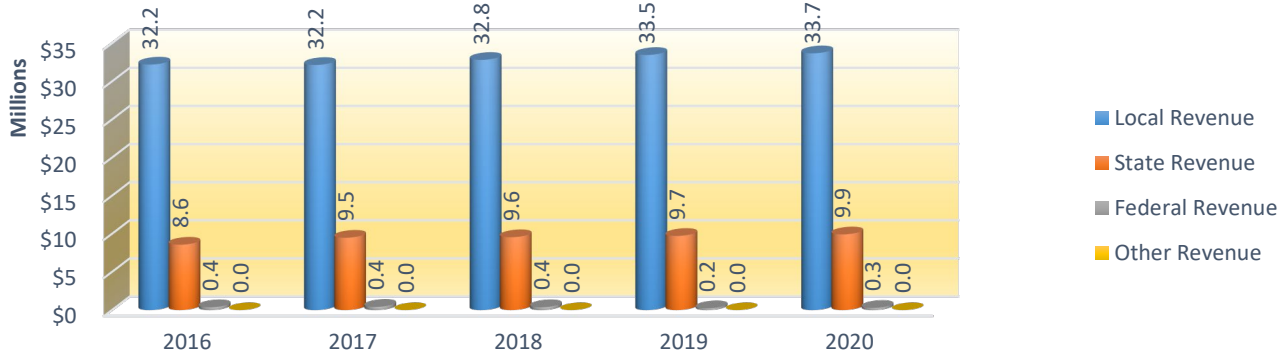
### Revenues and Expenditures

	Total Revenue	Total Expenditures
2016	\$41,179,180	\$39,498,945
2017	\$42,089,054	\$42,027,509
2018	\$42,777,637	\$41,582,920
2019	\$43,451,777	\$43,590,384
2020	\$43,923,976	\$43,079,914

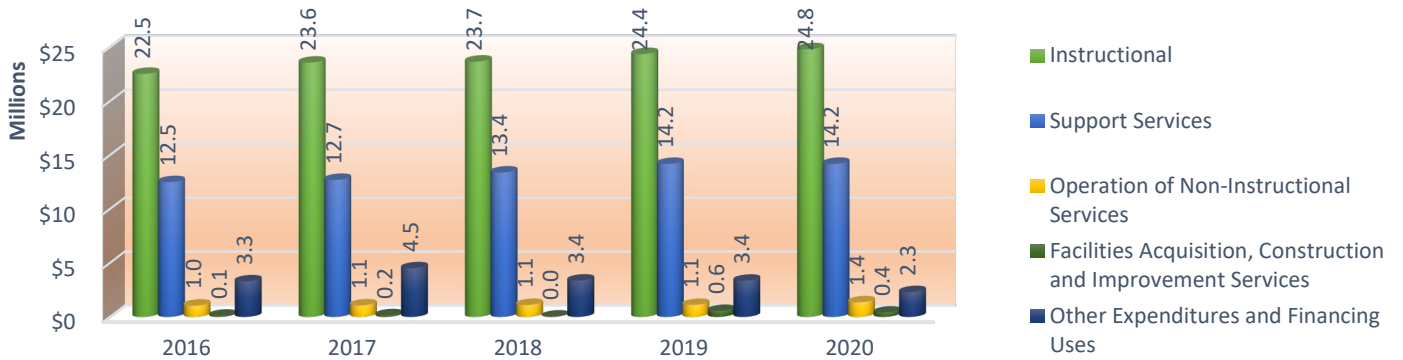


## Financial Information Continued

### Revenues by Source

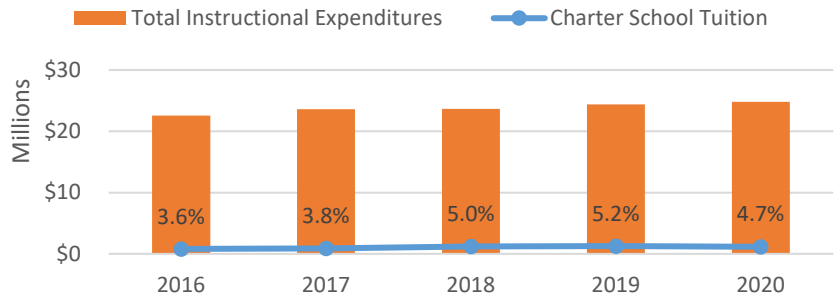


### Expenditures by Function

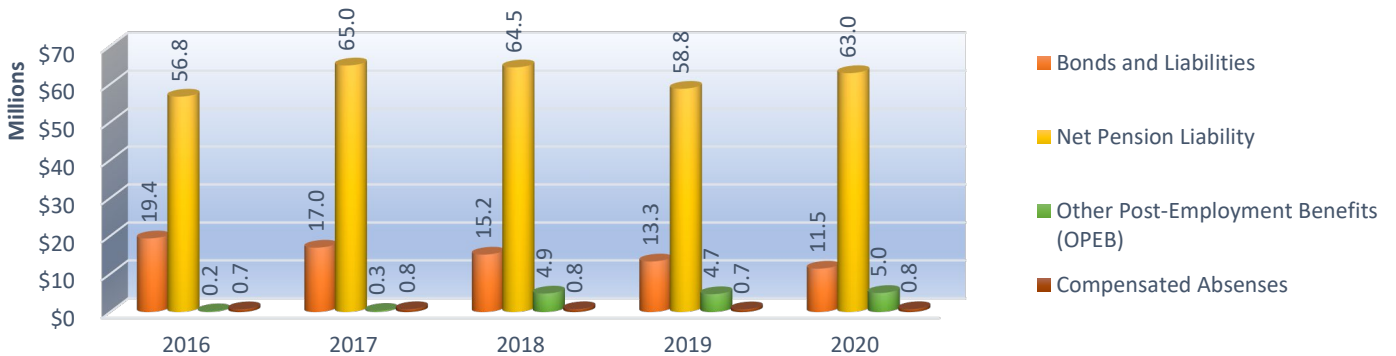


### Charter Tuition as a Percentage of Instructional Expenditures

	Charter School Tuition	Total Instructional Expenditures
2016	\$805,153	\$22,540,923
2017	\$906,864	\$23,584,261
2018	\$1,193,401	\$23,675,997
2019	\$1,271,699	\$24,378,120
2020	\$1,166,244	\$24,823,880



### Long-Term Debt

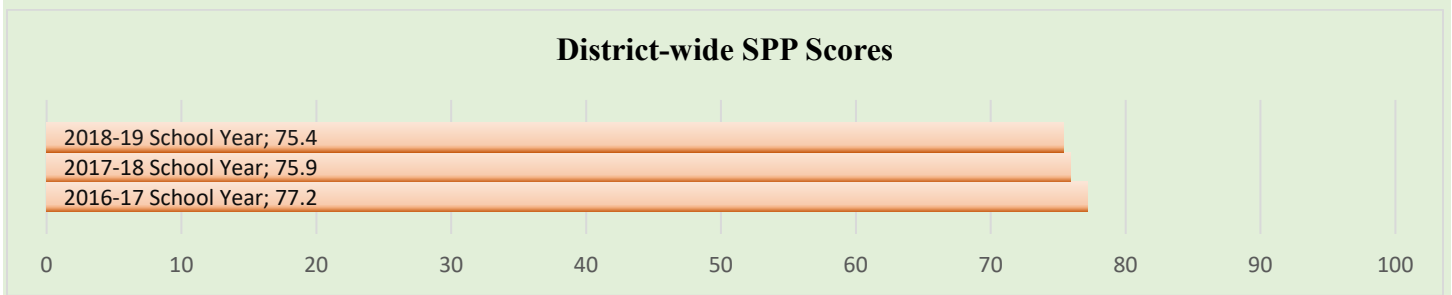


## Academic Information<sup>1</sup>

The graphs on the following pages present the District-wide School Performance Profile (SPP) scores, Pennsylvania System of School Assessment (PSSA) scores, and Keystone Exam results for the District obtained from PDE's data files for the 2016-17, 2017-18, and 2018-19 school years.<sup>2</sup> In addition, the District's 4-Year Cohort Graduation Rates are presented for the 2017-18 through 2019-20 school years.<sup>3</sup> The District's individual school building scores are presented in Appendix B. These scores are provided in this audit report for **informational purposes only**, and they were not audited by our Department.

### What is a SPP score?

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



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

<sup>2</sup> Due to the COVID-19 pandemic the PSSA and Keystone Exam requirements were waived for the 2019-20 school year; therefore, there is no academic data to present for this school year.

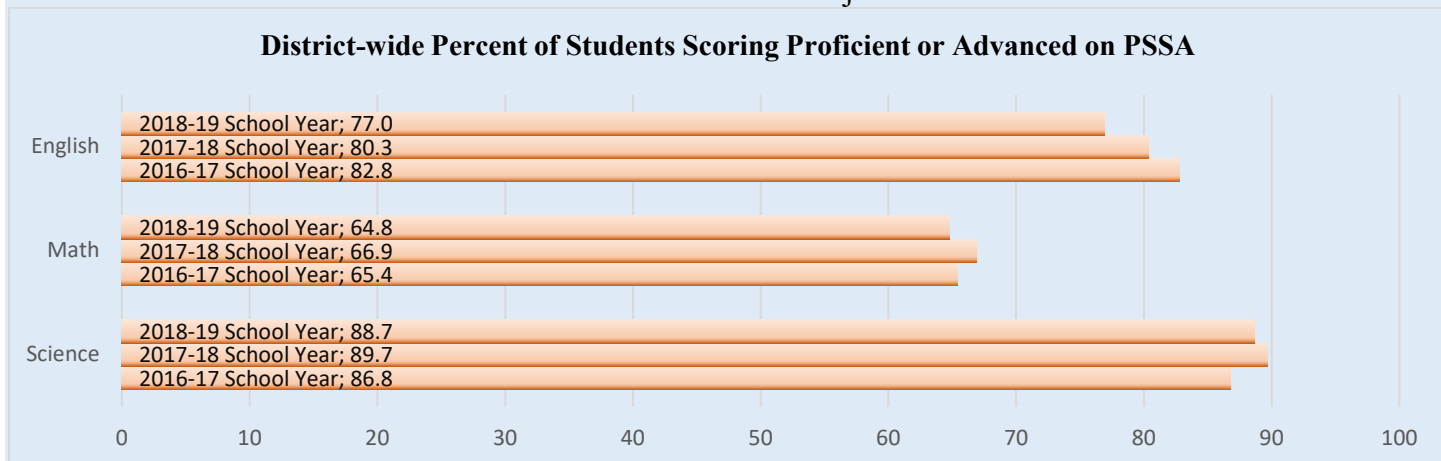
<sup>3</sup> Graduation rates were still reported for the 2019-20 school year despite the COVID-19 pandemic.

## Academic Information Continued

### What is the PSSA?

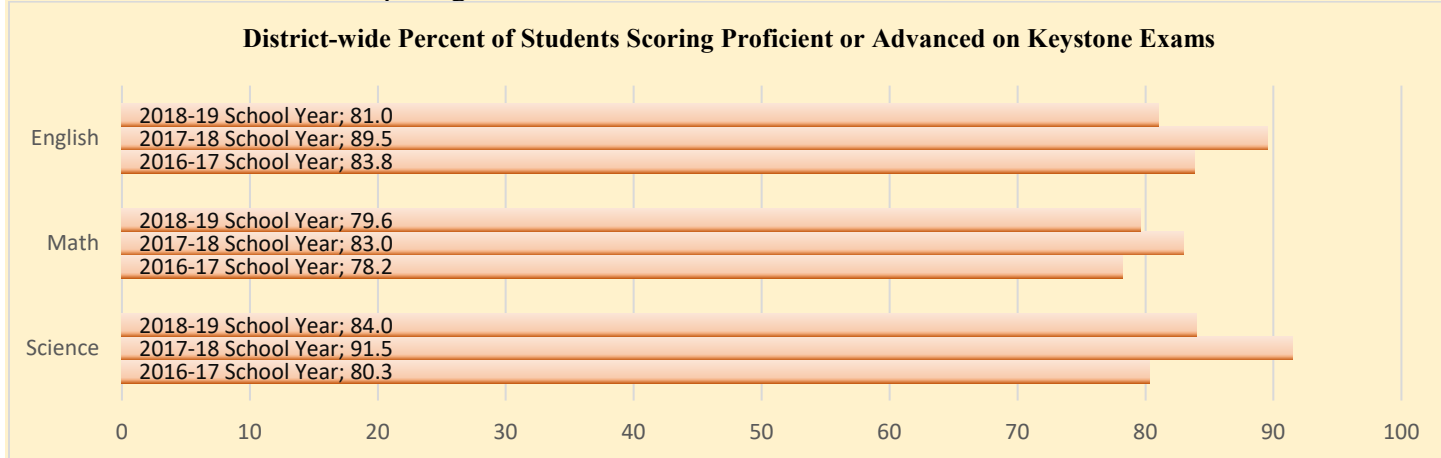
The PSSA is an annual, standardized test given across the Commonwealth to students in grades 3 through 8 in core subject areas, including English, Math and Science. The PSSAs help Pennsylvania meet federal and state requirements and inform instructional practices, as well as provide educators, stakeholders,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

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



### What is the Keystone Exam?

The Keystone Exam measures student proficiency at the end of specific courses, such as Algebra I, Literature, and Biology. The Keystone Exam was intended to be a graduation requirement starting with the class of 2017, but that requirement has been put on hold until the 2020-21 school year.<sup>4</sup> In the meantime, the exam is still given as a standardized assessment and results are included in the calculation of SPP scores. The Keystone Exam is scored using the same four performance levels as the PSSAs, and the goal is to score Proficient or Advanced for each course requiring the test.



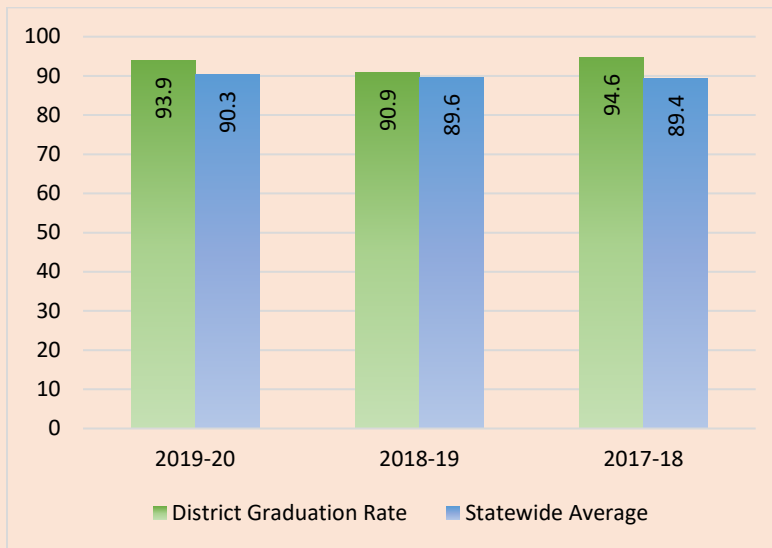
<sup>4</sup> Act 158 of 2018, effective October 24, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement until the 2021-22 school year. See 24 P.S. § 1-121(b)(1). Please refer to the following link regarding further guidance to local education agencies (LEAs) on Keystone end-of-course exams (Keystone Exams) in the context of the pandemic of 2020: <https://www.education.pa.gov/Schools/safeschools/emergencyplanning/COVID-19/Pages/Keystone-Exams.aspx>



## Academic Information Continued

### What is a 4-Year Cohort Graduation Rate?

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



<sup>5</sup> PDE also calculates 5-year and 6-year cohort graduation rates. Please visit PDE's website for additional information:  
<https://www.education.pa.gov/DataAndReporting/CohortGradRate/Pages/default.aspx>.

## Finding

### Finding

### The District's Failure to Implement Adequate Internal Controls Resulted in an Unauditable \$2.35 Million in Transportation Reimbursements

#### *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).

We found that the Palisades School District (District) did not implement an adequate internal control system over its process for reporting regular and supplemental transportation data. Additionally, the District did not comply with the record retention provisions of the Public School Code (PSC) when it failed to retain adequate source documentation to support the regular and supplemental transportation data it reported to the Pennsylvania Department of Education (PDE) for the 2016-17 through 2019-20 school years. Therefore, we could not determine the accuracy of the \$2,350,376 the District received in regular and supplemental transportation reimbursements.

**Background:** School districts receive two separate transportation reimbursement payments from PDE. The **regular** transportation reimbursement is broadly based upon the number of students transported, the number of days each vehicle is used to transport students, and the number of miles vehicles are in service both with and without students. The **supplemental** transportation reimbursement is solely based upon the number of charter school and nonpublic school students transported by the District at any time during a school year.

It is absolutely essential that records related to the District's transportation reimbursements be retained in accordance with the PSC's record retention provisions (i.e., for a period of not less than six years) and be readily available for audit. As a state auditing agency, it is concerning to us that the District did not have the necessary and legally required documents available for audit. Periodic auditing of such documents is extremely important for District accountability and verification of accurate reporting. Therefore, the District should have a strong system of internal control over its regular and supplemental transportation operations that should include, but not be limited to, the following:

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

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

*Criteria relevant to the finding (continued):*

**Sworn Statement and Annual Filing Requirements**

Section 2543 of the PSC sets forth the requirement for school districts to annually file a sworn statement of student transportation data for the prior and current school year with the Pennsylvania Department of Education (PDE) in order to be eligible for the transportation subsidies. *See* 24 P.S. § 25-2543.

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

**Record Retention Requirement**

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

reimbursements.<sup>6</sup> The sworn statement includes the superintendent’s signature attesting to the accuracy of the reported data. Because of that attestation, the District should ensure it has implemented an adequate internal control system to provide the superintendent with the confidence needed to sign the sworn statement.

The total transportation subsidy the District received for each year of our audit period is detailed in Table No. 1.

**Table No. 1**

Palisades School District Regular and Supplemental Transportation Reimbursements			
(A) School Year	(B) Regular Transportation	(C) Supplemental Transportation	(B+C) Total Transportation
2016-17	\$ 442,277	\$ 71,225	\$ 513,502
2017-18	\$ 424,769	\$ 96,250	\$ 521,019
2018-19	\$ 604,288	\$ 77,385	\$ 681,673
2019-20	\$ 558,722	\$ 75,460	\$ 634,182
<b>Total</b>	<b>\$2,030,056</b>	<b>\$320,320</b>	<b>\$2,350,376</b>

**Unauditable Regular Transportation Reimbursements of More than \$2 Million**

As stated above, the regular transportation reimbursement is based on several data components that are reported by a school district to PDE for use in calculating the district’s annual reimbursement amount. PDE guidelines state that districts are required to report the number of days a vehicle is in service, the average number of students assigned to each vehicle, as well as the miles per day, to the nearest tenth, that each vehicle travels with and without students. In addition, districts are required to report the number of students transported who were eligible and not eligible for reimbursement to PDE.

*No supporting documentation for number of days traveled, miles per day, and number of students transported.*

We found that the District was unable to provide source documentation to support the transportation data (days, miles, and students) it reported to PDE for all four years of the audit period. The District reported transportation data to PDE without obtaining and/or retaining supporting documentation such as vehicle odometer readings and student rosters. District officials relied on its transportation contractor to provide the data that it reported to PDE without first ensuring that the supporting documentation was reviewed and retained.

<sup>6</sup> *See* 24 P.S. § 25-2543.

*Criteria relevant to the finding (continued):*

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

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

**PDE Instructions for Local Education Agencies (LEA) on how to Complete the PDE-2089**

<https://www.education.pa.gov/Documents/Teachers-Administrators/Pupil%20Transportation/eTran%20Application%20Instructions/PupilTransp%20Instructions%20PDE-2089%20SummPupilsTransp.pdf>

The “PDE-2089 Summary of Pupils Transported” form is used to report the total number of pupils transported during the school year. This transportation includes LEA-Owned vehicles, contracted service and fare-based service, and provides, in part:

Enter the total number of resident NONPUBLIC school pupils you transported to and from school. Documentation identifying the names of these pupils should be retained for review by the Auditor General’s staff. NONPUBLIC school pupils are children whose parents are paying tuition for them to attend a nonprofit private or parochial school. (Any child that your district is financially responsible to educate is a PUBLIC pupil.)

Without this supporting documentation, we were unable to determine the accuracy of the data reported to PDE; therefore, we could not conclude if the District’s regular transportation reimbursements were appropriate.

Even though we were unable to audit the reported data, a cursory review of the reported data shows potential irregularities that warranted further review. For example, the annual approved miles for the 2016-17, 2018-19, and 2019-20 school years were greater than the actual total miles traveled as shown in Table No. 2. This should not happen since approved annual miles are the miles a vehicle travels with and without students to transport students to and from school. The actual total miles are the total miles a vehicle travels during a school year. Total miles include miles to transport students to extracurricular events and other activities that are not reimbursed by PDE. Therefore, when annual approved miles are greater than total annual miles, the reported data is most likely inaccurate and would necessitate a review of the reported information. However, we were unable to verify the accuracy of the reported data below due to the District’s failure to retain adequate supporting documentation.

**Table No. 2**

Palisades School District Transportation Data Reported to PDE			
(A)	(B)	(C)	(B-C)
School Year	Annual Approved Miles	Total Annual Miles	Difference
2016-17	790,359	515,768	274,591
2017-18	695,747	708,111	(12,364)
2018-19	830,244	715,505	114,739
2019-20	744,840	447,539	297,301
<b>Total</b>	<b>3,061,190</b>	<b>2,386,923</b>	<b>674,267</b>

**Unauditable Supplemental Transportation Reimbursement of More than \$300,000**

The PSC requires school districts to provide transportation services to students who reside in its district and who attend a nonpublic or charter school, and it provides for reimbursements from the Commonwealth of \$385 for each nonpublic school student transported by the district.<sup>7</sup> This

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

reimbursement was made applicable to the transportation of charter school students pursuant to an equivalent provision in the Charter School Law.<sup>8</sup>

We reviewed the supplemental transportation data that the District reported to PDE and noted potential irregularities that warranted further review. The table below shows the nonpublic and charter school student transportation data reported to PDE for the audit period.

**Table No. 3**

<b>Palisades School District Supplemental Transportation Data</b>		
<b>School Year</b>	<b>Reported Number of Nonpublic Students Transported</b>	<b>Reported Number of Charter School Students Transported</b>
<b>2016-17</b>	172	13
<b>2017-18</b>	214	36
<b>2018-19</b>	149	52
<b>2019-20</b>	172	24
<b>Total</b>	<b>707</b>	<b>125</b>

As shown in Table No. 3, there was a significant decrease in the number of nonpublic students reported from 2017-18 through 2018-19 that raised a concern. In addition, there was a substantial decrease in the number of charter school students reported from 2018-19 through 2019-20. District officials could not provide an explanation for the fluctuations and when we attempted to verify the accuracy of the reported data, we found that the District did not retain the student requests for transportation. Similarly to the regular transportation, the District was reliant on its transportation contractor to provide it with the number of nonpublic school and charter school students that was reported to PDE. Neither the District nor its transportation contractor retained the supporting documentation after the data was reported to PDE.

The District's lack of supporting documentation precluded us from concluding on the accuracy of the reported number of nonpublic school and charter school students transported; therefore, we could not determine if the District's supplemental transportation reimbursements were appropriate.

### **Significant Internal Control Deficiencies**

Our review revealed that the District did not have an adequate internal control system for the process of inputting, categorizing, and reporting

---

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

*Criteria relevant to the finding  
(continued):*

Enter the number of resident pupils transported outside of your district boundaries either to a regional charter school of which your district is a part or to a charter school located within ten miles of your district boundaries. Documentation identifying the names of these pupils should be retained for review by the Auditor General's staff.

both regular and supplemental transportation data to PDE. Specifically, we found that the District did not do the following:

- Ensure that all of the employees involved in the reporting of transportation data were adequately trained on the documentation required to be obtained and retained to support the data for the regular and supplemental transportation reimbursements.
- Develop detailed written procedures for obtaining and maintaining the documentation needed to accurately report vehicle data and nonpublic/charter school students to PDE.
- Ensure that an employee, other than the employee responsible for inputting and reporting regular and supplemental transportation data, has reviewed the data before it was submitted to PDE.

All of the above internal control deficiencies led to the District's failure to retain sufficient documentation and subsequently resulted in our inability to audit the District's regular and supplemental transportation reimbursements for the four-year audit period.

### **Recommendations**

The *Palisades School District* should:

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

### **Management Response**

Management stated the following

“The District acknowledges that the contractor did not save documentation as required and in accordance with the district's record retention policy.

The required documentation was available and used by the district for reimbursement from the Pennsylvania Department of Education for the transportation subsidy for the years audited; however, the documents were discarded soon after the filing. The district was not aware the documents were being discarded by the contractor as this was not the practice of the previous contractor and we did not confirm the practice remained the same through the transition from one contractor to the next.

This finding has been corrected beginning with the maintenance of transportation records beginning with the 2020-2021 school year. The District will keep all documentation required on District premises and not rely on the contractor to save the documentation. We also have all documents prior to the 2016-2017 school year and will only discard those documents in accordance with our records retention policy.”

### **Auditor Conclusion**

We are encouraged that the District is taking appropriate corrective measures to implement our recommendation regarding the retention of appropriate supporting documentation. We continue to recommend that the District develop and implement internal controls over its regular and supplemental transportation operations.

## **Status of Prior Audit Findings and Observations**

---

**O**ur prior Limited Procedures Engagement of the Palisades School District resulted in no findings or observations.



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

Our audit focused on the District's effectiveness and/or compliance with applicable statutory provisions and related regulations in the areas of Transportation Operations, Bus Driver Requirements, Nonresident Student Data, 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, 2016 through June 30, 2020. 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 controls to provide reasonable assurance that the District's objectives will be achieved.<sup>10</sup> *Standards for Internal Control in the Federal Government* (also known as and hereafter referred to as the Green Book), issued by the Comptroller General of the United States, provides a framework for management to establish and maintain an effective internal control system. The Department of the Auditor General used the Green Book as the internal control analysis framework during the conduct of our audit.<sup>11</sup> The Green Book's standards are organized into five components of internal control. In an effective system of internal control, these five components work together in an integrated manner to help an entity achieve its objectives. Each of the five components of internal control contains principles, which are the requirements an entity should follow in establishing an effective system of internal control. We illustrate the five components and their underlying principles in Figure 1 on the following page.

---

<sup>9</sup> 72 P.S. §§ 402 and 403.

<sup>10</sup> District objectives can be broadly classified into one or more of the following areas: effectiveness of operations; reliability of reporting for internal and external use; and compliance with applicable laws and regulations, more specifically in the District, referring to certain relevant state laws, regulations, contracts, and administrative procedures.

<sup>11</sup> Even though the Green Book was written for the federal government, it explicitly states that it may also be adopted by state, local, and quasi-government entities, as well as not-for-profit organizations, as a framework for establishing and maintaining an effective internal control system. The Green Book is assessable at <https://www.gao.gov/products/GAO-14-704G>

**Figure 1: Green Book Hierarchical Framework of Internal Control Standards**

Principle	Description
<b>Control Environment</b>	
1	Demonstrate commitment to integrity and ethical values
2	Exercise oversight responsibility
3	Establish structure, responsibility, and authority
4	Demonstrate commitment to competence
5	Enforce accountability
<b>Risk Assessment</b>	
6	Define objectives and risk tolerances
7	Identify, analyze, and respond to risks
8	Assess fraud risk
9	Identify, analyze, and respond to change

Principle	Description
<b>Control Activities</b>	
10	Design control activities
11	Design activities for the information system
12	Implement control activities
<b>Information and Communication</b>	
13	Use quality information
14	Communicate internally
15	Communicate externally
<b>Monitoring</b>	
16	Perform monitoring activities
17	Evaluate issues and remediate deficiencies

In compliance with generally accepted government auditing standards, we must determine whether internal control is significant to our audit objectives. We base our determination of significance on whether an entity’s internal control impacts our audit conclusion(s). If some, but not all, internal control components are significant to the audit objectives, we must identify those internal control components and underlying principles that are significant to the audit objectives.

In planning our audit, we obtained a general understanding of the District’s control environment. In performing our audit, we obtained an understanding of the District’s internal control sufficient to identify and assess the internal control significant within the context of the audit objectives. Figure 2 represents a summary of the internal control components and underlying principles that we identified as significant to the overall control environment and the specific audit objectives (denoted by an “X”).

**Figure 2 – Internal Control Components and Principles Identified as Significant**

Principle →	Internal Control Significant ?	Control Environment					Risk Assessment					Control Activities			Information and Communication			Monitoring	
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
General/overall	Yes	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X	
Transportation	Yes				X			X	X		X		X	X	X	X	X		
Bus Drivers	Yes										X		X			X	X		
Nonresident Student Data	Yes				X			X	X		X		X	X	X				
Administrator Separations	Yes										X			X					
Safe Schools	No																		

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

### **Objectives/Scope/Methodology**

In order to properly plan our audit and to guide us in selecting objectives, we reviewed pertinent laws and regulations, the District's annual financial reports, annual General Fund budgets, and the independent audit reports of the District's basic financial statements for the July 1, 2016 through June 30, 2020 fiscal years. We conducted analytical procedures on the District's state revenues and the transportation reimbursement data. We reviewed the prior audit report and we researched current events that possibly affected District operations. We also determined if the District had key personnel or software vendor changes since the prior audit.

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

### **Transportation Operations**

- Did the District ensure compliance with applicable laws and regulations governing transportation operations, and did the District receive the correct transportation reimbursement from the Commonwealth?<sup>12</sup>
  - ✓ To address this objective, we assessed the District's internal controls for obtaining, processing and reporting regular transportation data to PDE. We obtained PDE's Summary of Individual Vehicle Data report and selected all 149 vehicles used to transport District students during the 2016-17 through 2019-20 school years. For each vehicle, we requested odometer readings and student rosters to determine if sample averages for mileage and students were properly calculated and accurately reported to PDE. We also requested bus calendars to determine if the number of days transported was accurately reported to PDE. However, the District was unable to provide all of the requested documentation and, therefore, we were unable to verify the accuracy of the data reported to PDE.
  - ✓ We also assessed the District's internal controls for obtaining, categorizing, and reporting supplemental transportation data to PDE. We requested documentation to verify the accuracy of all 707 nonpublic school students and all 125 charter school students that the District reported to PDE as being transported during the 2016-17 through 2019-20 school years. However, due to the District's lack of adequate documentation we were unable to verify the accuracy of the number of nonpublic and charter school students reported to PDE.
  - ✓ Finally, we assessed the District's internal controls for categorizing and reporting to PDE students determined to be eligible for reimbursement due to residing on a hazardous walking route. We randomly selected for detailed review 16 of the 154 students the District reported to PDE as eligible due to residing on a hazardous route for the 2018-19 school year and 15 of the

---

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

149 students the District reported for the 2019-20 school year.<sup>13</sup> For each student tested, we obtained individual addresses and hazardous route documentation as determined by the Pennsylvania Department of Transportation. We verified that each student was accurately categorized and reported to PDE.

**Conclusion:** The results of our procedures identified noncompliance and significant internal control deficiencies related to this objective. Those results are detailed in the Finding beginning on page 6 of this report.

### **Bus Driver Requirements**

- Did the District ensure that all bus drivers transporting District students are board approved and had the required driver's license, physical exam, training, background checks, and clearances<sup>14</sup> as outlined in applicable laws?<sup>15</sup> Also, did the District adequately monitor driver records to ensure compliance with the ongoing five-year clearance requirements and ensure it obtained updated licenses and health physical records as applicable throughout the school year?
  - ✓ To address this objective, we assessed the District's internal controls for reviewing, maintaining, and monitoring required bus driver qualifications documents. We determined if all drivers were approved by the District's Board of School Directors (Board). We selected all 34 contracted drivers transporting District students as of November 3, 2021. We reviewed documentation to ensure the District complied with the qualification and clearance requirements for those drivers. We also determined if the District had monitoring procedures to ensure that all drivers had updated clearances, licenses, and physicals.

**Conclusion:** The results of our procedures did not identify any reportable issues or any internal control deficiencies.

### **Nonresident Student Data**

- Did the District accurately report nonresident students to PDE? Did the District receive the correct reimbursement for these nonresident students?<sup>16</sup>
  - ✓ To address this objective, we assessed the District's internal controls for obtaining, processing, and reporting of nonresident foster student data to PDE. We reviewed all 17 nonresident foster students and wards of the Commonwealth reported to PDE as educated by the District during the 2016-17 through 2019-20 school years. We reviewed documentation to confirm that the custodial parents or guardian of the foster students were not residents of the District. We also confirmed that the foster parent was a resident of the District and received a stipend for caring for the student. In addition, we determined if the District received the correct reimbursement for the education of these students.

---

<sup>13</sup> While representative selection is a required factor of audit sampling methodologies, audit sampling methodology was not applied to achieve this test objective; accordingly, the results of this audit procedure are not, and should not be, projected to the population.

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

<sup>15</sup> PSC 24 P.S. § 1-111, CPSL 23 Pa.C.S. § 6344(a.1), PSC (Educator Discipline) 24 P.S. § 2070.1a *et seq.*, State Vehicle Code 75 Pa.C.S. §§ 1508.1 and 1509, and State Board of Education's regulations 22 Pa. Code Chapter 8.

<sup>16</sup> See 24 P.S. §§ 13-1301, 13-1302, 13-1305, 13-1306; 22 Pa. Code Chapter 11.

**Conclusion:** The results of our procedures did not identify any reportable issues or any internal control deficiencies.

### **Administrator Separations**

- Did the District provide any individually contracted employees with excessive payments upon separation of employment? Did the District ensure all payroll wages reported to Public School Employees' Retirement System (PSERS) were appropriate and accurate?
  - ✓ To address this objective, we assessed the District's internal controls over the calculations of post-employment benefits and the final payments to individually contracted administrators who separated employment from the District. We reviewed the employment contract, leave records, and payroll records for the one individually contracted administrator who separated from the District during the period of July 1, 2016 through June 30, 2020. We reviewed the final payouts to determine if the administrator was compensated in accordance with the contract. We verified that leave payouts were not reported as regular wages to PSERS. We also verified that the Board complied with Section 508 of the Public School Code by voting to approve the administrator's separation from employment by the District.

**Conclusion:** The results of our procedures did not identify any reportable issues or any internal control deficiencies.

### **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, memorandums of understanding with local law enforcement?<sup>17</sup> Also, did the District follow best practices related to physical building security and providing a safe school environment?
  - ✓ To address this objective, we reviewed, a variety of documentation including safety plans, training schedules, anti-bullying policies, after action reports, and memorandums of understanding with local law enforcement. We also conducted a safety walkthroughs at one school building to assess whether the District has implemented basic safety practices.

**Conclusion:** Due to the sensitive nature of school safety, the results of our review for this 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.

- Did the District comply with the fire and security drill requirements of Section 1517 of the Public School Code?<sup>18</sup> Also, did the District accurately report the dates of drills to PDE and maintain supporting documentation to evidence the drills conducted and reported to PDE?
  - ✓ To address this objective, we reviewed the fire and emergency drills for the nine school buildings to determine whether drills were conducted as required for the 2018-19 and 2019-20 school years. We determined if a security drill was held within the first 90 days of the school year for

---

<sup>17</sup> Safe Schools Act 24 P.S. § 13-1301-A *et seq.*, Emergency Management Services Code 35 Pa.C.S. § 7701.

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

each building in the District and if monthly fire drills were conducted in accordance with requirements. We also obtained the *Accuracy Certification Statement* that the District filed with PDE and compared dates reported to the supporting documentation.

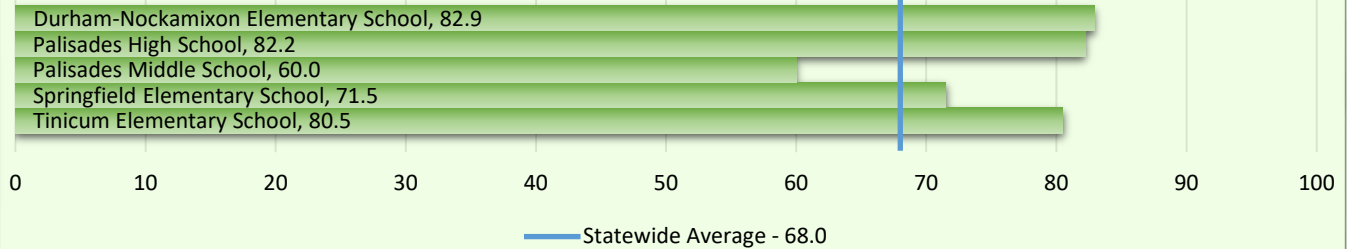
**Conclusion:** The results of our procedures for this objective did not identify any reportable issues.

## Appendix B: Academic Detail

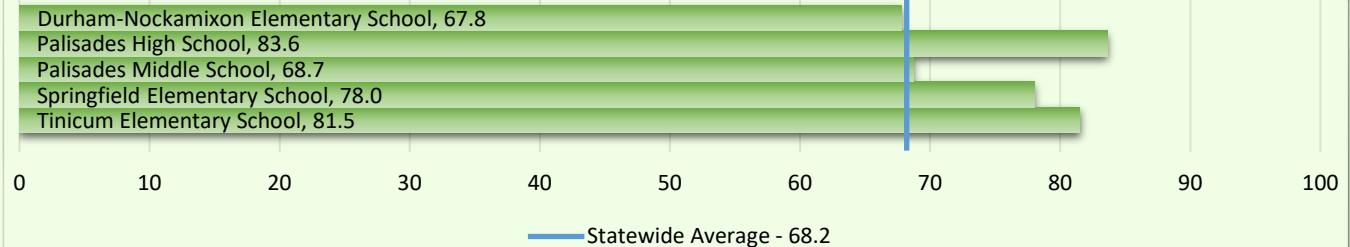
Benchmarks noted in the following graphs represent the statewide average of all public school buildings in the Commonwealth that received a score in the category and year noted.<sup>19</sup> Please note that if one of the District's schools did not receive a score in a particular category and year presented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

### SPP School Scores Compared to Statewide Averages

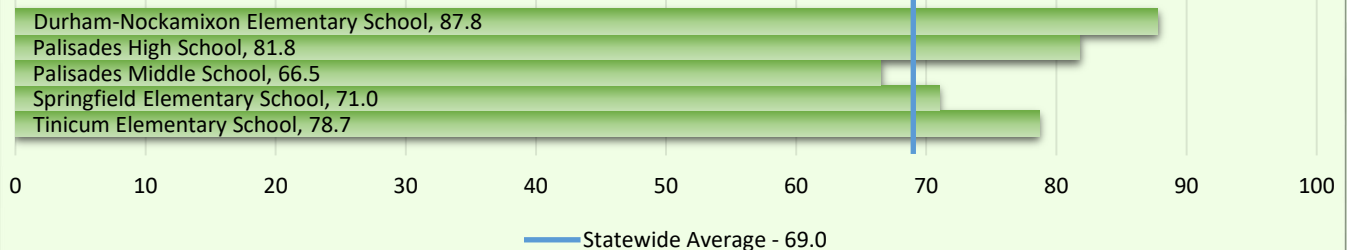
#### 2018-19



#### 2017-18



#### 2016-17

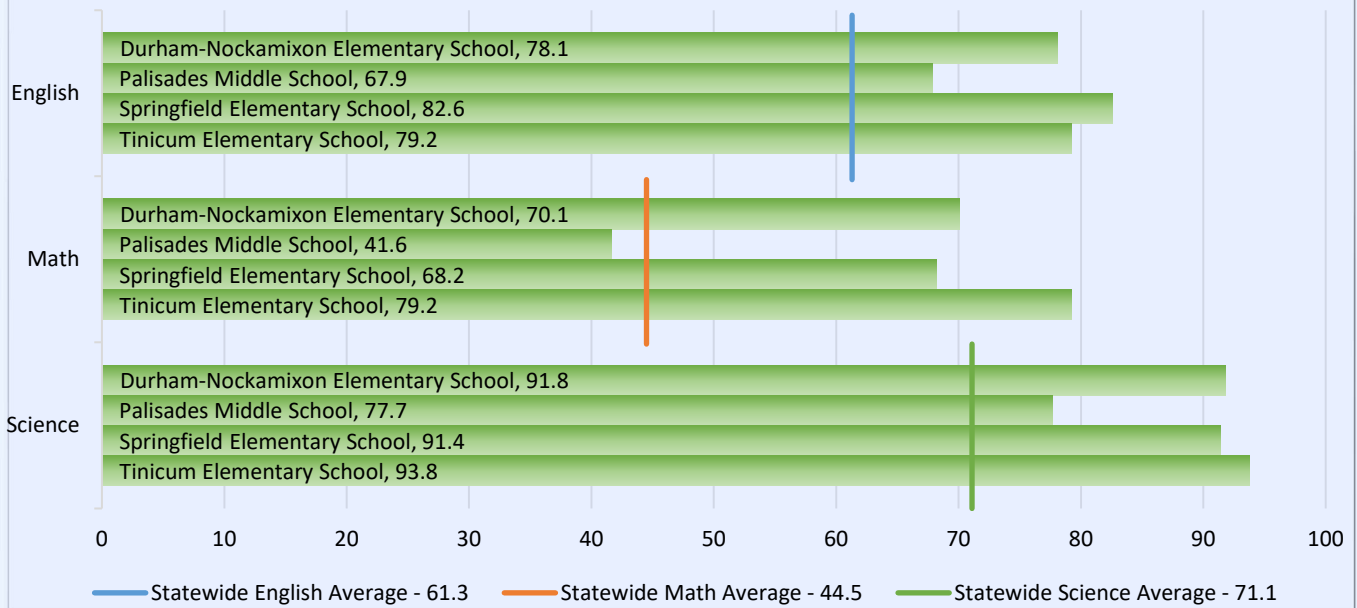


<sup>19</sup> Statewide averages were calculated by our Department based on individual school building scores for all public schools in the Commonwealth, including district schools, charters schools, and cyber charter schools.

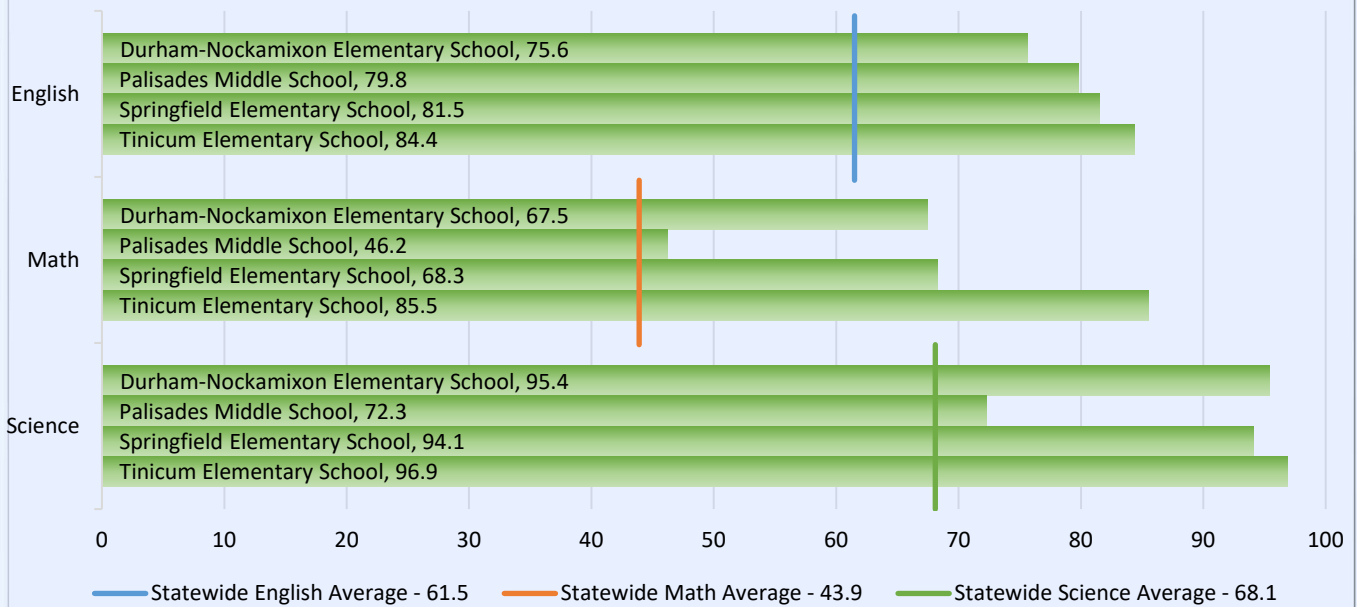
<sup>20</sup> PDE's data does not provide any further information regarding the reason a score was not published for a specific school. However, readers can refer to PDE's website for general information regarding the issuance of academic scores.

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

**2018-19**

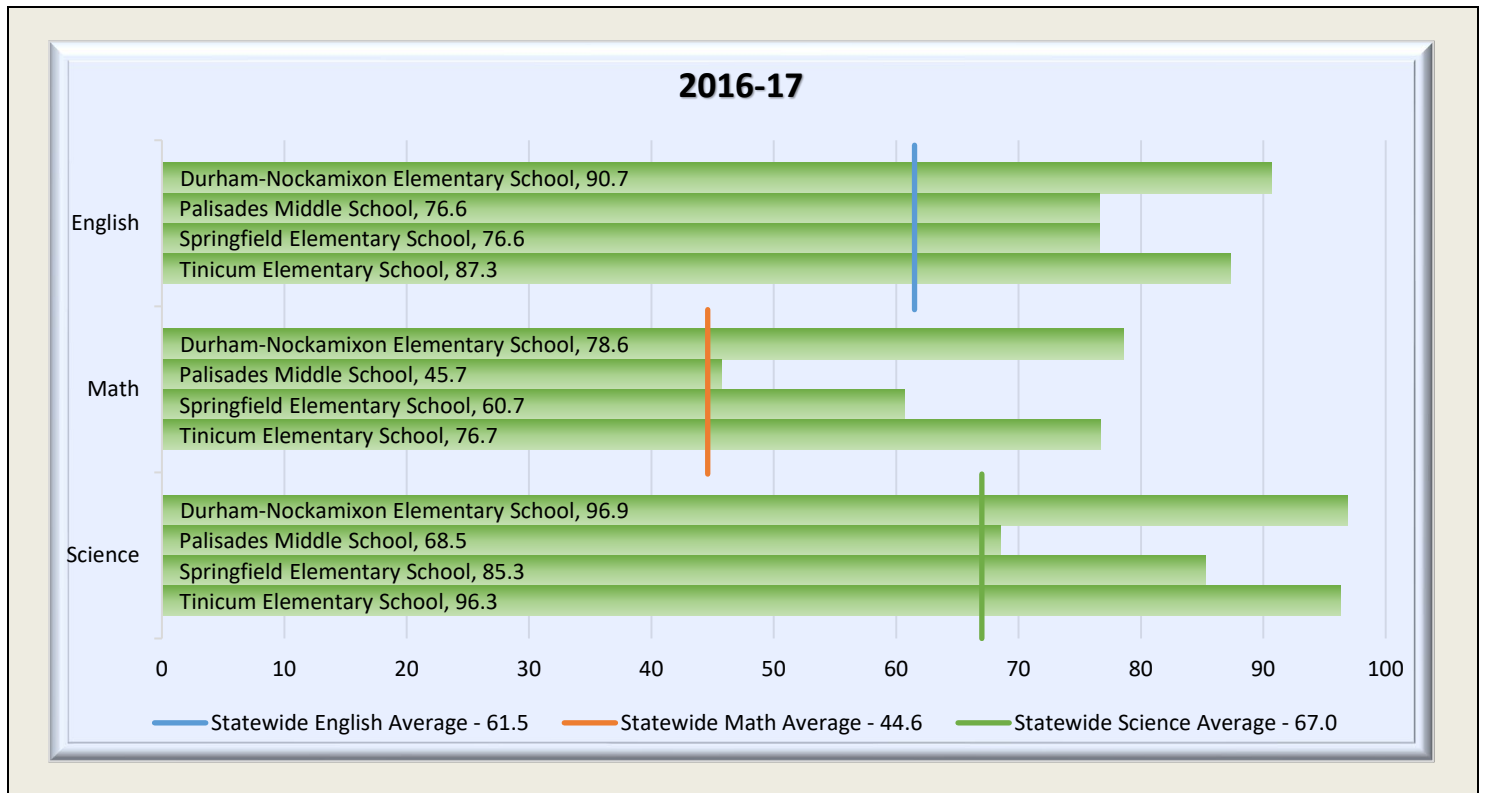


**2017-18**



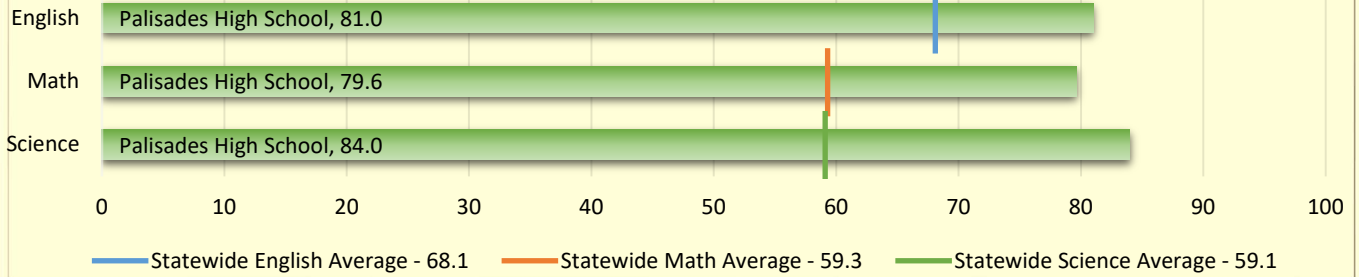


**PSSA Advanced or Proficient Percentage  
School Scores Compared to Statewide Averages (continued)**

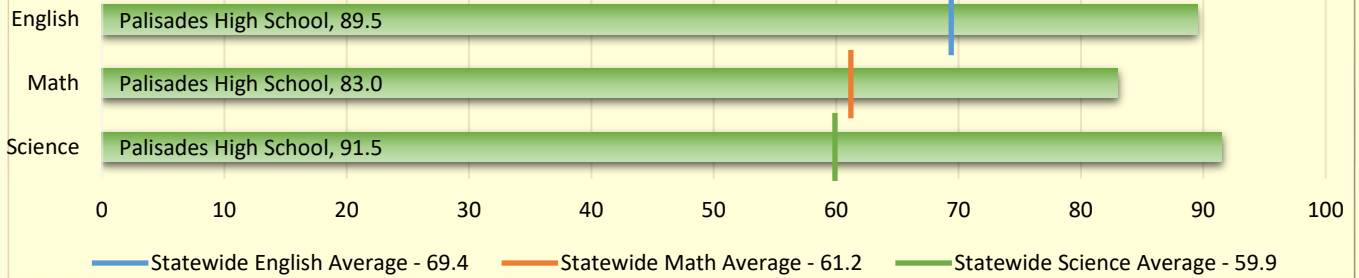


## Keystone Advanced or Proficient Percentage School Scores Compared to Statewide Averages

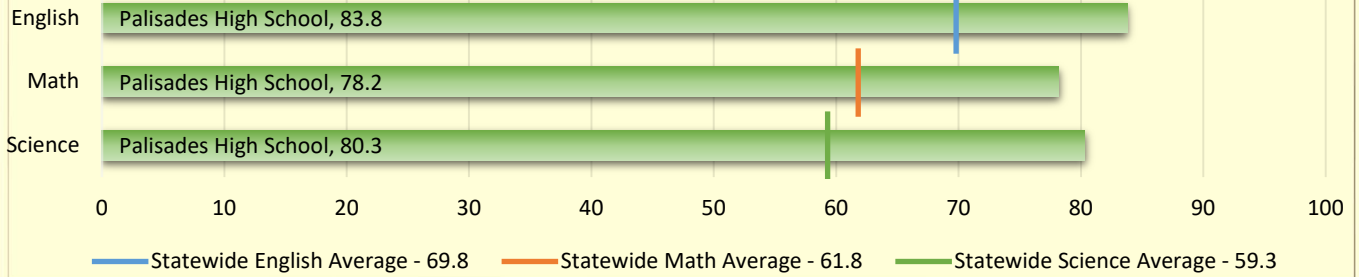
### 2018-19



### 2017-18



### 2016-17



## **Distribution List**

---

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

**The Honorable Tom W. Wolf**  
Governor  
Commonwealth of Pennsylvania  
Harrisburg, PA 17120

**The Honorable Noe Ortega**  
Secretary of Education  
1010 Harristown Building #2  
333 Market Street  
Harrisburg, PA 17126

**The Honorable Stacy Garrity**  
State Treasurer  
Room 129 - Finance Building  
Harrisburg, PA 17120

**Ms. Jessica Sites**  
Director  
Bureau of Budget and Fiscal Management  
Pennsylvania Department of Education  
4th Floor, 333 Market Street  
Harrisburg, PA 17126

**Dr. David Wazeter**  
Research Manager  
Pennsylvania State Education Association  
400 North Third Street - Box 1724  
Harrisburg, PA 17105

**Mr. Nathan Mains**  
Executive Director  
Pennsylvania School Boards Association  
400 Bent Creek Boulevard  
Mechanicsburg, PA 17050

This report is a matter of public record and is available online at [www.PaAuditor.gov](http://www.PaAuditor.gov). Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: [News@PaAuditor.gov](mailto:News@PaAuditor.gov).