

PERFORMANCE AUDIT

Pennridge School District Bucks County, Pennsylvania

March 2020



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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**EUGENE A. DePASQUALE
AUDITOR GENERAL**

Dr. David A. Bolton, Superintendent
Pennridge School District
1200 North 5th Street
Perkasie, Pennsylvania 18944

Mr. William Krause, Board President
Pennridge School District
1200 North 5th Street
Perkasie, Pennsylvania 18944

Dear Dr. Bolton and Mr. Krause:

Our performance audit of the Pennridge School District (District) determined the District's compliance with certain relevant state laws, regulations, contracts, and administrative procedures (relevant requirements). This audit covered the period July 1, 2014 through June 30, 2018, except as otherwise indicated in the audit scope, objective, and methodology section of the report. The audit was conducted pursuant to Sections 402 and 403 of The Fiscal Code (72 P.S. §§ 402 and 403), and in accordance with the Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit found that the District complied, in all significant respects, with relevant requirements, except as detailed in our two findings noted in this audit report. A summary of the results is presented in the Executive Summary section of the audit report.

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

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

Sincerely,

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

Eugene A. DePasquale
Auditor General

March 6, 2020

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

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Executive Summary

Audit Work

The Pennsylvania Department of the Auditor General conducted a performance audit of the Pennridge School District (District). Our audit sought to answer certain questions regarding the District's application of best practices and compliance with certain relevant state laws, regulations, contracts, and administrative procedures and to determine the status of corrective action taken by the District in response to our prior audit recommendations.

Our audit scope covered the period July 1, 2014 through June 30, 2018, except as otherwise indicated in the audit scope, objectives, and methodology section of the report (see Appendix A). Compliance specific to state subsidies and reimbursements was determined for the 2014-15 through 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 Failed to Accurately Report Nonresident Student Data to the Pennsylvania Department of Education Resulting in an Underpayment of \$151,030.

The District failed to report nonresident students for whom the District was eligible to receive Commonwealth-paid tuition for the 2014-15, 2015-16, 2016-17, and 2017-18 school years. These reporting errors resulted in an underpayment to the District of \$151,030 (see page 7).

Finding No. 2: The District Failed to Retain Documentation to Support the More Than \$1 Million Received in Supplemental Transportation Reimbursements.

The District did not comply with the record retention provisions of the Public School Code when it failed to retain adequate source documents to verify the accuracy of more than \$1 million in supplemental transportation reimbursements received from the Pennsylvania Department of Education (PDE) for the 2014-15 through 2017-18 school years (see page 10).

Status of Prior Audit Findings and Observations.

With regard to the status of our prior audit recommendations, we found that the District has taken appropriate corrective action in implementing our recommendations pertaining to tuition credit reimbursements to administrators (see page 13) and reporting of eligible employee wages to the Public School Employees' Retirement System (see page 14). The District partially implemented our recommendations pertaining to the reporting of transportation data to PDE (see page 13).

Background Information

School Characteristics 2018-19 School Year ^A	
County	Bucks
Total Square Miles	95
Number of School Buildings	11
Total Teachers	455
Total Full or Part-Time Support Staff	372
Total Administrators	30
Total Enrollment for Most Recent School Year	6,968
Intermediate Unit Number	21
District Career and Technical School	Upper Bucks County Technical School

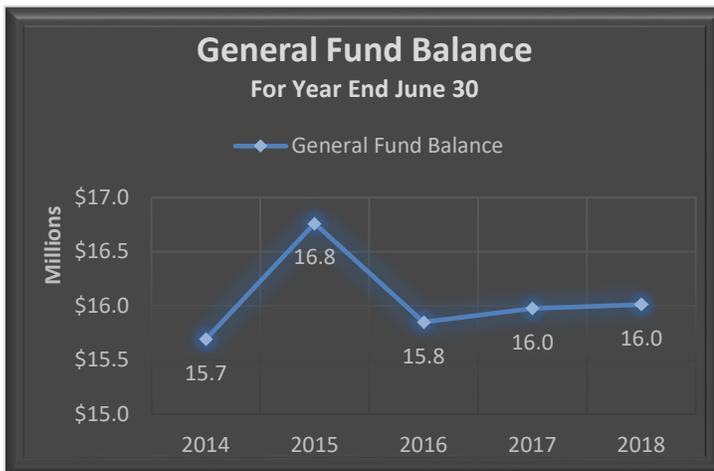
A - Source: Information provided by the District administration and is unaudited.

Mission Statement^A

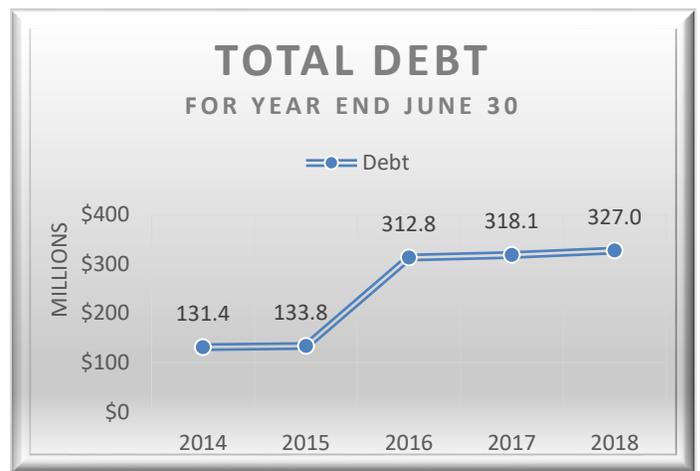
Pennridge School District strives to provide all students with a well-rounded educational experience where they acquire the 21st century skills necessary for a successful future.

Financial Information

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

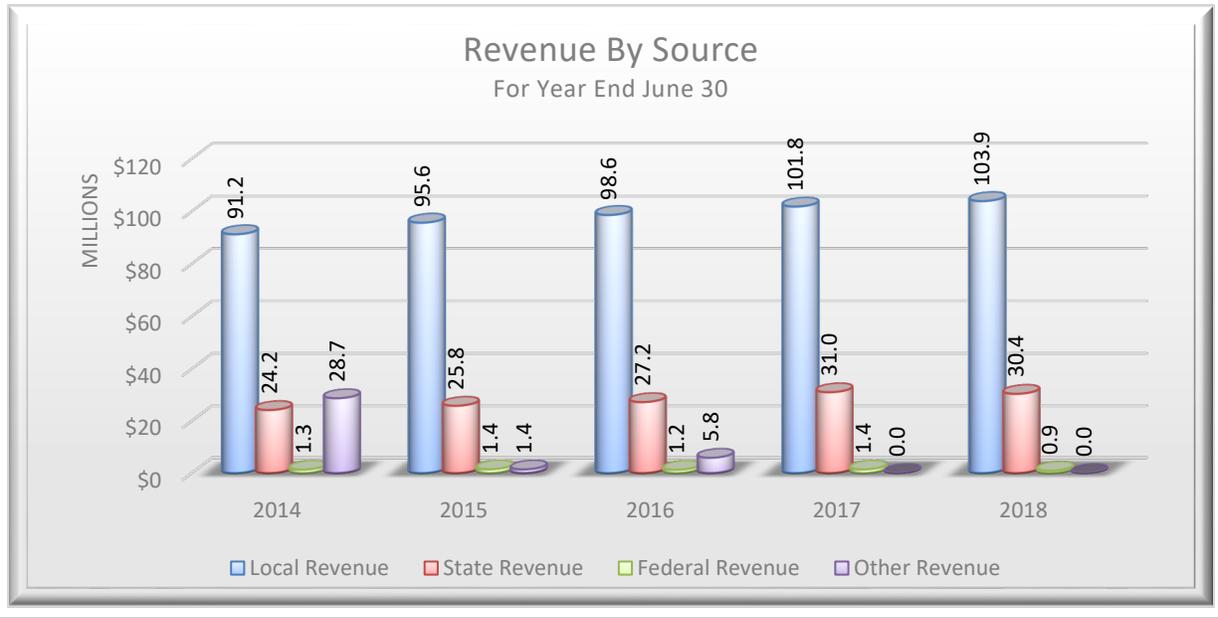
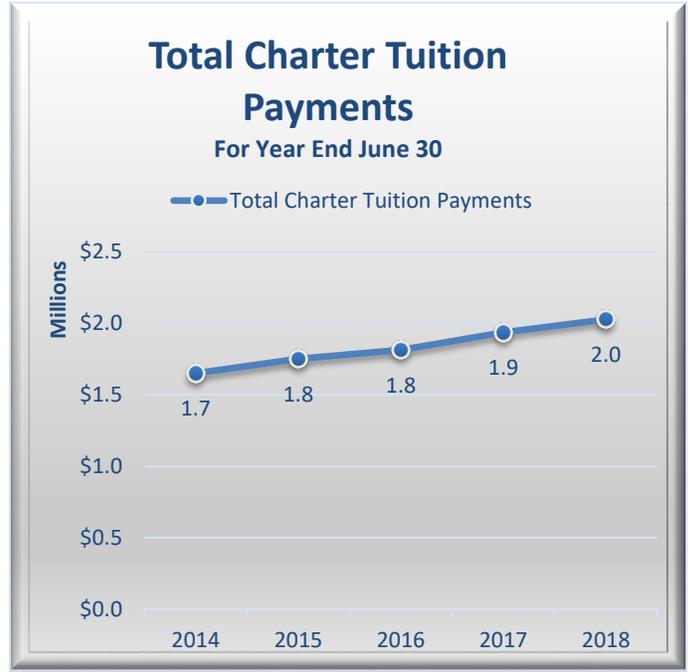
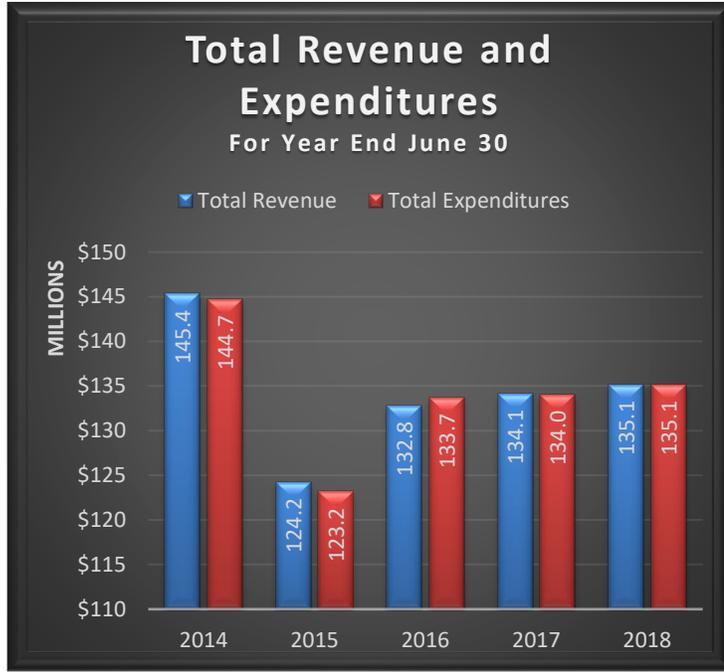


Note: General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



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

Financial Information Continued

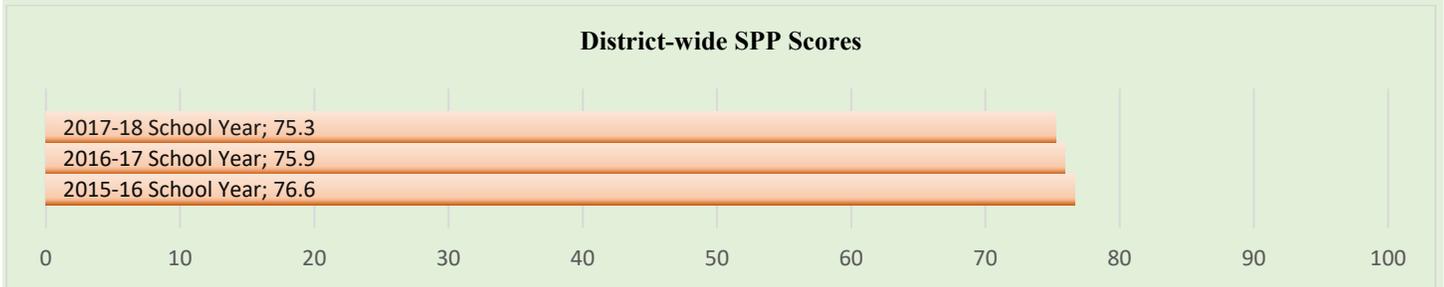


Academic Information

The graphs on the following pages present the District-wide School Performance Profile (SPP) scores, Pennsylvania System of School Assessment (PSSA) scores, Keystone Exam results, and 4-Year Cohort Graduation Rates for the District obtained from PDE's data files for the 2015-16, 2016-17, and 2017-18 school years.¹ The District's individual school building scores are presented in Appendix B. These scores are provided in this audit report for **informational purposes only**, and they were not audited by our Department. Please note that if one of the District's schools did not receive a score in a particular category and year presented below, the school will not be listed in the corresponding graph.²

What is a SPP score?

A SPP score serves as a benchmark for schools to reflect on successes, achievements, and yearly growth. PDE issues a SPP score annually using a 0-100 scale for all school buildings in the Commonwealth, which is calculated based on standardized testing (i.e., PSSA and Keystone exam scores), student improvement, advance course offerings, and attendance and graduation rates. Generally speaking, a SPP score of 70 or above is considered to be a passing rate.³



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

² PDE's data does not provide any further information regarding the reason a score was not published for a specific school. However, readers can refer to PDE's website for general information regarding the issuance of academic scores.

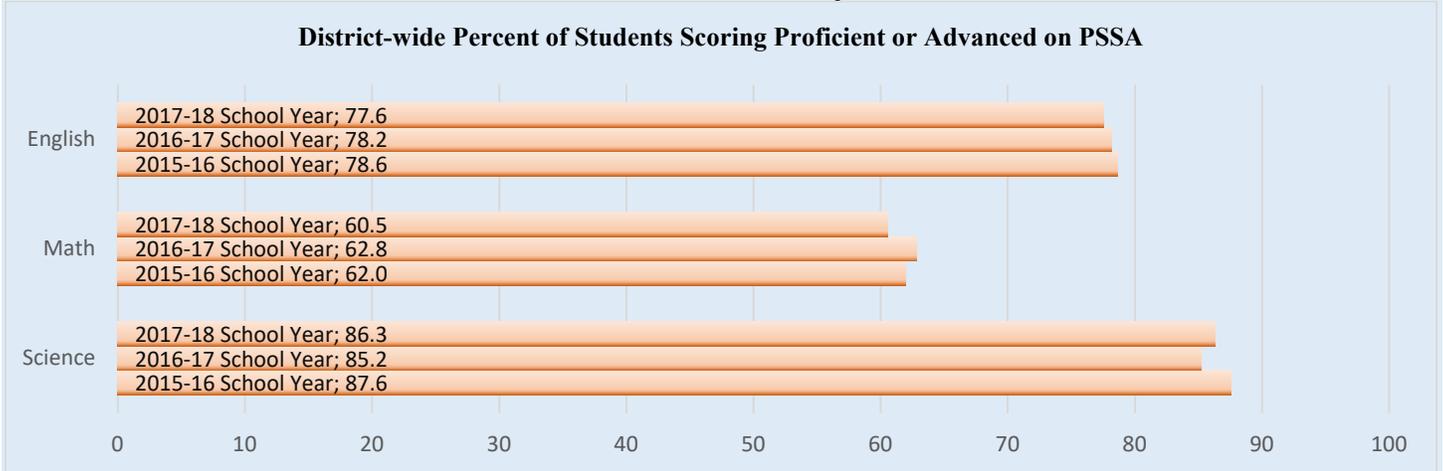
³ PDE started issuing a SPP score for all public school buildings beginning with the 2012-13 school year. For the 2014-15 school year, PDE only issued SPP scores for high schools taking the Keystone Exams as scores for elementary and middle scores were put on hold due to changes with PSSA testing. PDE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

Academic Information Continued

What is the PSSA?

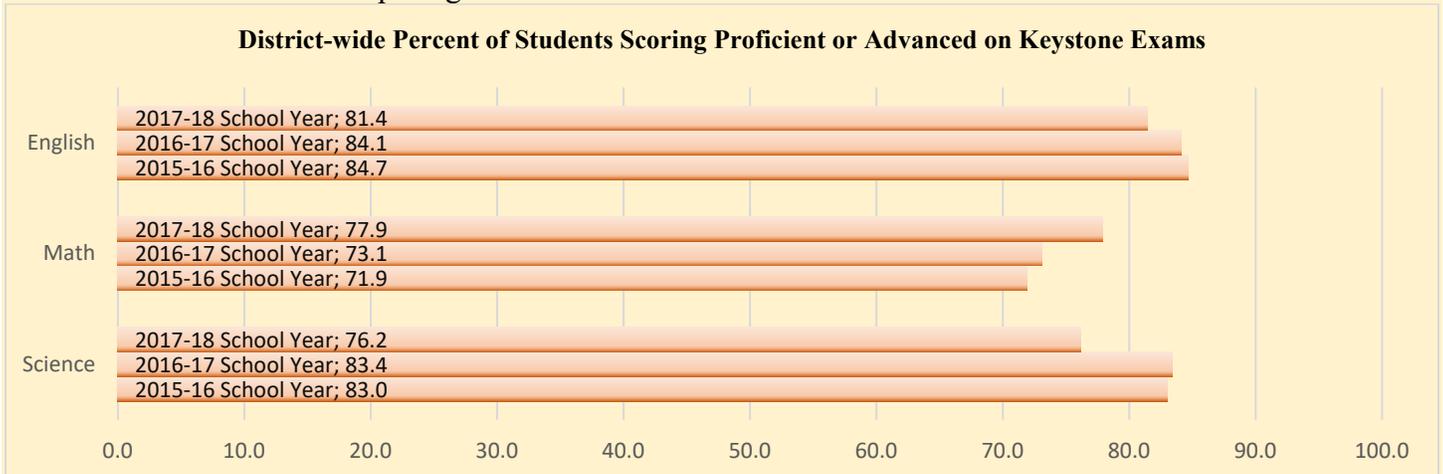
The PSSA is an annual, standardized test given across the Commonwealth to students in grades 3 through 8 in core subject areas, including English, Math and Science. The PSSAs help Pennsylvania meet federal and state requirements and inform instructional practices, as well as provide educators, stakeholders,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

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



What is the Keystone Exam?

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

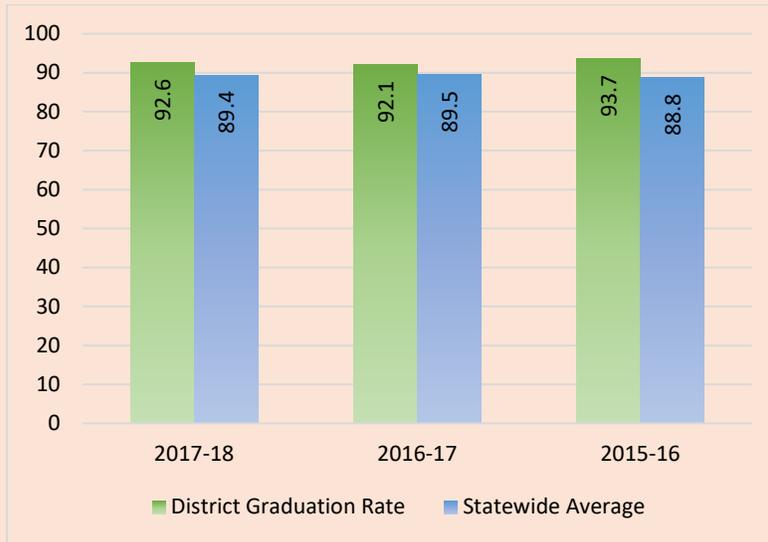


⁴ Act 158 of 2018, effective October 24, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement for an additional year until the 2021-22 school year. See 24 P.S. § 1-121(b)(1).

Academic Information Continued

What is a 4-Year Cohort Graduation Rate?

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



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

Finding

Finding No. 1

The District Failed to Accurately Report Nonresident Student Data to the Pennsylvania Department of Education Resulting in an Underpayment of \$151,030

Criteria relevant to the finding:

The State Board of Education's regulations and the Pennsylvania Department of Education (PDE) guidelines govern the classifications of nonresident children placed in private homes.

Payment of Tuition

Section 1305(a) of the Public School Code (PSC) provides for Commonwealth payment of tuition for nonresident children placed in private homes as follows:

"When a non-resident child is placed in the home of a resident of any school district by order of court or by arrangement with an association, agency, or institution having the care of neglected and dependent children, **such resident being compensated for keeping the child**, any child of school age so placed shall be entitled to all free school privileges accorded to resident school children of the district, including the right to attend the public high school maintained in such district or in other districts in the same manner as though such child were in fact a resident school child of the district." [Emphasis added.] See 24 P.S. § 13-1305(a).

We found that the Pennridge School District (District) inaccurately reported nonresident student data to the Pennsylvania Department of Education (PDE) for the 2014-15 through 2017-18 school years. During these school years, the District educated nonresident students for whom the District was eligible to receive Commonwealth-paid tuition. However, the District did not accurately report these students to PDE and, as a result, it was underpaid a total of \$151,030 in subsidy reimbursements.

School districts are entitled to receive Commonwealth-paid tuition for educating certain nonresident students. To be eligible to receive Commonwealth-paid tuition, the student's parent/guardian must not be a resident of the educating district and the student must have been placed in the private home of a resident within the district by order of the court or by arrangement with an association, agency, or institution.⁶ Additionally, the district resident must be compensated for care of the student.

These students are commonly referred to as "foster students" and it is the mandate of the educating District to obtain the required documentation to correctly categorize and accurately report the number of foster students educated to PDE.

The table below details the number of foster students educated by the District and the corresponding amount of Commonwealth-paid tuition that the District was underpaid as a result of not accurately reporting these students to PDE.

Pennridge School District Nonresident Foster Student Data		
School Year	Unreported Number of Foster Students	Underpayment
2014-15	4	\$ 22,499
2015-16	1	\$ 10,756
2016-17	5	\$ 24,551
2017-18	13	\$ 93,224
Total	23	\$ 151,030

⁶ For example, the applicable county children and youth agency.

*Criteria relevant to the finding
(continued):*

Section 2503(c) of the PSC specifies the amount of Commonwealth-paid tuition on behalf of nonresident children placed in private homes by providing, in part:

“Each school district, regardless of classification, which accepts any non-resident child in its school under the provisions of section **one thousand three hundred five** . . . shall be paid by the Commonwealth an amount equal to the tuition charge per elementary pupil or the tuition charge per high school pupil, as the case may be” [Emphasis added.]
See 24 P.S. § 25-2503(c).

During the 2014-15 through 2017-18 school years, the District did not report any foster students to PDE for reimbursement despite educating 23 foster students during this period of time. As a result, the District failed to collect over \$151,000 in Commonwealth reimbursements it was eligible to receive. The District failed to accurately report and receive over \$93,000 during the 2017-18 school year alone, when foster student placements in the District increased significantly.

The District did not accurately report the number of foster students educated even though it had agency placement letters for each student verifying that each student met the requirements to be reported as a foster student. Additionally, the District had a documented review process where someone other than the District personnel who entered the residency determination reviewed this determination prior to reporting to PDE. During our conversations with District personnel, it was evident that the District was not knowledgeable about how to accurately report foster students. Current District personnel responsible for determining and reviewing residency determinations stated that foster students were reported as resident students based on past practice established by former District personnel close to a decade ago. Current District personnel stated that they continued to report foster students as resident students due to guidance given to them by former personnel.

We provided PDE with reports detailing the errors we identified for the 2014-15, 2015-16, 2016-17, and 2017-18 school years. PDE requires these reports to verify the underpayments to the District. The District’s future subsidy reimbursements should be adjusted by the amount of the underpayment.

Recommendations

The *Pennridge School District* should:

1. Ensure that District personnel responsible for making residency determinations and District personnel responsible for reviewing determinations prior to reporting to PDE are properly trained on the classifications of nonresident students and how to accurately report these students.
2. Reconcile the number of nonresident foster students reported to PDE to individual supporting documentation and ensure that a review of this reconciliation is performed by someone other than the person who prepared the reconciliation.

The *Pennsylvania Department of Education* should:

3. Adjust the District’s allocation to correct the underpayment of \$151,030.

Management Response

District management provided the following response:

The district acknowledges that it failed to accurately report its Nonresident “foster” Student data to PDE for the 2014-15, 2015-16, 2016-17, and 2017-18 school years. The district believes the cause of the problem was a failure to require district personnel to attend and/or participate in training and professional development opportunities; as well as their receipt of misinformation regarding the correct classification of these Nonresident “foster” Students. The district agrees completely with both recommendations of the Pennsylvania Department of the Auditor General and going forward will ensure the following:

1. District personnel responsible for making residency determinations, reviewing determinations, and reporting to PDE will be required to attend and/or participate in training and professional development opportunities.
2. District personnel shall perform a reconciliation of foster students reported to PDE including a review of their individual documentation. A person other than the one preparing the reconciliation shall review and approve the reconciliation.

Auditor Conclusion

We are pleased that the District is implementing appropriate procedures to accurately report nonresident foster students to PDE. We will evaluate the effectiveness of the District’s corrective actions during our next audit of the District.

Finding No. 2

The District Failed to Retain Documentation to Support the More Than \$1 Million Received in Supplemental Transportation Reimbursements

Criteria relevant to the finding:

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.

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>
(accessed on October 4, 2019)

The District did not comply with the record retention provisions of the Public School Code (PSC) when it failed to retain adequate source documents to verify the accuracy of more than \$1 million in supplemental transportation reimbursements received from PDE for the 2014-15 through 2017-18 school years.

Without proper documentation, we were unable to determine the appropriateness of the supplemental transportation reimbursement received by the District. It is absolutely essential that records related to the District's transportation reimbursements be retained in accordance with the PSC record retention provisions (for a period of not less than six years) and be readily available for audit. As a state auditing agency, it is extremely concerning to us that the District did not have the necessary and legally required documents available for audit. Periodic auditing of such documents is important for District accountability and verification of accurate reporting.

School districts receive two separate transportation reimbursements from PDE. Regular reimbursement is broadly based on the number of students transported, the number of days each vehicle was used for transporting students, and the number of miles that vehicles are in service, both with and without students. Supplemental reimbursement is based on the number of nonpublic school and charter school students transported. The issues noted in this finding pertain to the District's supplemental transportation reimbursement.

Supplemental Transportation Reimbursement Received

The PSC requires school districts to provide transportation services to students who reside in the district and who attend a nonpublic school or charter school. The PSC also provides for a reimbursement from the Commonwealth of \$385 for each nonpublic school and charter school student transported by the district.

Criteria relevant to the finding (continued):

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.)

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.

The table below shows the number of nonpublic school and charter school students reported to PDE as transported during the four year audit period and the supplemental transportation reimbursement received for each school year.

Penridge School District Transportation Data Reported to PDE			
School Year	Nonpublic School Students Transported	Charter School Students Transported	Supplemental Transportation Reimbursement Received⁷
2014-15	682	15	\$ 268,345
2015-16	642	9	\$ 250,635
2016-17	668	12	\$ 261,800
2017-18	619	12	\$ 242,935
Totals	2,611	48	\$1,023,715

The District did not retain documentation to support the number of nonpublic school and charter school students reported to PDE as transported during the 2014-15 through 2017-18 school years. The District could not provide the requests for transportation submitted by the educating nonpublic and charter schools. According to District officials, the District annually received requests for transportation of nonpublic and charter school students. However, the requests for transportation for all four years of the audit period were destroyed during a relocation of the District storage facility in August 2019, despite the fact that the record retention period had not yet expired. The District attempted to obtain the requests for transportation during our audit by contacting the nonpublic schools and charter school, but the District’s efforts were unsuccessful. Without this documentation, we were unable to verify the supplemental transportation reimbursement received.

The District failed to comply with the PSC by not retaining the requests for transportation to support the number of nonpublic school and charter school students reported to PDE as required. The District’s lack of supporting documentation precluded us from reaching an evidence-based conclusion regarding the accuracy of the number of nonpublic and charter school students transported. The transportation reimbursement derived from reporting these students is a significant factor that can impact the District’s overall financial position. Therefore, it is in the best interest of the District to ensure that it complies with the PSC’s record retention requirements in all future years.

⁷ Calculated by multiplying the total number of nonpublic and charter school students reported by \$385.

Recommendations

The *Pennridge School District* should:

1. Obtain and retain all documentation supporting the supplemental transportation data reported to PDE, including requests for transportation, in accordance with the PSC's record retention requirements.
2. Regularly train staff on the PSC's record retention provisions.

Management Response

District management provided the following response:

The district acknowledges that it failed to properly retain some of the documentation (specifically the Request for Transportation documents) to support its receipt of supplemental transportation for the 2014-15, 2015-16, 2016-17, and 2017-18 school years. However, the district was able to successfully retrieve and provide 72% of the nonpublic school students' documentation and 100% of the charter school students' documentation that was requested by the Department of the Auditor General. Therefore, the district does not agree with some of the verbiage in the finding.

The district does agree with both recommendations of the Pennsylvania Department of the Auditor General and going forward will ensure the following:

1. The Transportation Department of Pennridge School District shall obtain and retain all supporting documentation for the supplemental transportation data reported to PDE.
2. District staff shall receive regular training on PSC's record retention provisions.

Auditor Conclusion

The District was able to re-create some of the documentation requested, but only for the 2017-18 school year. Without the full documentation necessary for the 2017-18 school year and any documentation for the 2014-15 through 2016-17 school years, we were unable to verify the accuracy of the supplemental transportation reimbursement received by the District. We are pleased that the District agrees with our recommendations and intends to ensure that all supporting documentation is retained for audit. We will evaluate the effectiveness of the District's corrective actions during our next audit.

Status of Prior Audit Findings and Observations

Our prior audit of the Pennridge School District (District) released on July 16, 2015, resulted in three findings, as shown below. As part of our current audit, we determined the status of corrective action taken by the District to implement our prior audit recommendations. We interviewed District personnel and performed audit procedures as detailed in each status section below.

Auditor General Performance Audit Report Released on July 16, 2015

Prior Finding No. 1: Two Administrators Received Excess Tuition Credit Reimbursement Totaling \$27,510

Prior Finding Summary: During our prior audit of the District, we found that two administrators received tuition credit reimbursement in excess of the 12 credit allowance provided in the Act 93 Agreement. Excess reimbursement totaled \$27,510.

Prior Recommendations: We recommended that the District should:

1. Establish oversight procedures to ensure the provision in the Agreement, specifically Section II S, Graduate Study Expenses, are adhered to.

Current Status: The District implemented our recommendation. In September 2015, the District established a review process for all tuition credit reimbursements. Tuition reimbursement calculations are prepared by the Human Resource Secretary and reviewed by the Human Resource Director prior to payment.

Prior Finding No. 2: Transportation Errors Resulted in Subsidy Overpayments of \$14,552

Prior Finding Summary: During our prior audit of the District, we found that submitted incorrect transportation data to the Pennsylvania Department of Education (PDE) for the 2010-11 and 2011-12 school years. The errors resulted in an overpayment of \$14,552.

Prior Recommendations: We recommended that the District should:

1. Ensure the process for reporting pupil data to PDE is sufficient to provide reasonable assurance of complying with PDE reporting guidelines.
2. Review transportation reports submitted for years subsequent to the audit years and, if errors are found, submit revisions to PDE.

We also recommended that PDE should:

3. Adjust the District's allocations to resolve the overpayments of \$14,552.

Current Status:

The District partially implemented our recommendations. Per the Director of Transportation, the District implemented a transportation data review process in August 2015. The Director of Transportation, who is independent of the data reporting process, reviews the data before submittal to PDE. However, there was no evidence of this review. Also, in May 2015, the Transportation Department Secretary reviewed the transportation data reported to PDE for the 2012-13 school year and made appropriate corrections.

PDE implemented our recommendation. In February 2017, PDE adjusted the District's transportation subsidy by \$21,914.

Prior Finding No. 3: Possible Inaccurate Reporting of Retirement Wages

Prior Finding Summary: During our prior audit of the District, we found that retirement wages for two administrators may have been overstated in reports to the Public School Employees' Retirement System (PSERS) for the years ended June 30, 2011, 2012, 2013, and 2014. Total possible ineligible wages were \$61,578 and \$10,512, respectively.

Prior Recommendations: We recommended that the District should:

1. Ensure District personnel understand and report to PSERS only those wages allowable for retirement purposes, as stated in PSERS regulations and guidelines.

We also recommended that PSERS should:

2. Review the compensation reported for the former Superintendent and Director of Curriculum for the school years ended June 30, 2011, 2012, 2013, and 2014, and render an opinion on the propriety of the wages reported as eligible for retirement purposes by the District.
3. Make the necessary corrections to individual pension benefit contributions for any amounts determined to be ineligible for retirement compensation.

Current Status:

The District implemented our recommendation. Since September 2015, employees involved in payroll processing have attended PSERS trainings and have received access to PSERS guidelines to ensure proper reporting of wages.

PSERS also implemented our recommendations. In July 2015, PSERS made appropriate adjustments to the affected retirement accounts.

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,⁸ 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 Pennridge 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).⁹ 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.

⁸ 72 P.S. §§ 402 and 403.

⁹ Internal controls are processes designed by management to provide reasonable assurance of achieving objectives in areas such as: effectiveness and efficiency of operations; relevance and reliability of operational and financial information; and compliance with certain relevant state laws, regulations, contracts, and administrative procedures.

Objectives/Methodology

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

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

- ❖ Nonresident Student Data
- ❖ Transportation Operations
- ❖ Administrator Separations
- ❖ Bus Driver Requirements
- ❖ School Safety
- ❖ Career and Technical Education Funding
- ❖ Employee Supplemental Benefits

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

- Did the District accurately report nonresident students to PDE? Did the District receive the correct reimbursement for these nonresident students?¹⁰
 - ✓ To address this objective, we interviewed District officials to determine the reasons the District was not reimbursed for educating nonresident foster students during the 2014-15 through 2017-18 school years. After discussion with District officials, we obtained documentation to determine if the District educated any foster care students that qualify for Commonwealth reimbursement. Documentation included confirmation that the custodial parents or guardian were not residents of the District and confirmation that the foster parent received a stipend for caring for the student. The results of our review of this objective can be found in Finding No. 1 on Page 7 of this report.
- 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?¹¹
 - ✓ To address this objective, we randomly selected of 13 out of 131 vehicles used to transport students during the 2017-18 school year.¹² We obtained odometer readings, student rosters, and vehicle invoices. We reviewed sample average calculations for each vehicle selected. Our review of this portion of the objective did not result in in reportable issues.

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

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

¹² While representative selection is a required factor of audit sampling methodologies, audit sampling methodology was not applied to achieve this test objective; accordingly, the results of this audit procedure are not, and should not, be projected to the population.

- ✓ Additionally, we initially randomly selected 25 out of 619 nonpublic school students reported to PDE as transported during the 2017-18 school year.¹³ After the District was unable to provide supporting documentation for initially selected students, we requested supporting documentation for all nonpublic school and charter school students reported to PDE as transported by the District.¹⁴ The results of our review of this objective can be found in Finding No. 2 on Page 10 of this report.
- Did the District ensure that all individually contracted employees who separated employment from the District were compensated in accordance with their contract? Also, did the District comply with the Public School Code¹⁵ and the Public School Employees' Retirement System (PSERS) guidelines when calculating and disbursing final salaries and leave payouts for these contracted employees?
 - ✓ To address this objective, we reviewed the contract, board policies, and leave and payroll records for the two individually contracted administrator who separated employment from the District during the period of July 1, 2014 through July 1, 2019. We reviewed the final payouts to determine that they were calculated correctly. We verified that leave payouts were not reported as eligible wages to PSERS. We verified the reason for the separation was made public through the board meeting minutes¹⁶ and that a board vote was conducted according to Section 508 of the Public School Code. Our review of this objective did not disclose any reportable issues.
- Did the District ensure that bus drivers transporting District students had the required driver's license, physical exam, training, background checks, and clearances¹⁷ as outlined in applicable laws?¹⁸ Also, did the District have written policies and procedures governing the hiring of new bus drivers that would, when followed, provide reasonable assurance of compliance with applicable laws?
 - ✓ To address this objective, we randomly selected 11 of the 113 bus drivers transporting District students as of September 10, 2019.¹⁹ We reviewed documentation to ensure the District complied with the requirements for bus drivers. We also determined if the District had written policies and procedures governing the hiring of bus drivers and if those procedures, if followed, ensure compliance with bus driver hiring requirements. Our review of this objective did not disclose any reportable issues.

¹³ Ibid

¹⁴ The District reported 682 nonpublic school students during the 2014-15 school year, 642 during the 2015-16 school year, 668 during the 2016-17 school year, and 619 during the 2017-18 school year. The District reported 15 charter school students transported during the 2014-15 school year, 9 charter school students during the 2015-16 school year, and 12 charter school students during the 2016-17 and 2017-18 school years.

¹⁵ 24 P.S. § 10-1073(e) (2) (v).

¹⁶ Required for all superintendent and assistant superintendent contracts signed or renewed from the date of September 12, 2012, forward.

¹⁷ 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.

¹⁸ 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.

¹⁹ 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.

- 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, safety plans, training schedules, anti-bullying policies, and after action reports, and fire drill reports. In addition, we conducted on-site reviews at three of the District’s eleven school buildings (one from each educational level)²¹ to assess whether the District had implemented basic safety practices.²² Due to the sensitive nature of school safety, the results of our review of this objective area are not described in our audit report. The results of our review of school safety are shared with District officials, PDE, and other appropriate agencies deemed necessary.

- Did the District make contributions to its Career and Technical School (School) in accordance with the District and the School’s Articles of Agreement?
 - ✓ To address this objective, we reviewed the School funding calculations for the 2014-15 through 2018-19 school years to determine if funding was calculated in accordance with the Articles of Agreement. We also reviewed documentation to ensure that actual contributions to the School agreed with the calculations. Our review of this objective did not disclose any reportable issues.

- Did the District implement the audit recommendations made by its contracted audit firm related to employee supplemental benefits?
 - ✓ To address this objective, we reviewed the recommendations made in an audit report by the independent audit firm hired by the District to perform a review of employee supplemental benefits. We interviewed District officials and obtained and reviewed documentation from the District to determine if the District complied with the recommendations from the audit report. Our review of this objective did not disclose any reportable issues.

²⁰ 24 P.S. § 13-1301-A *et seq.*

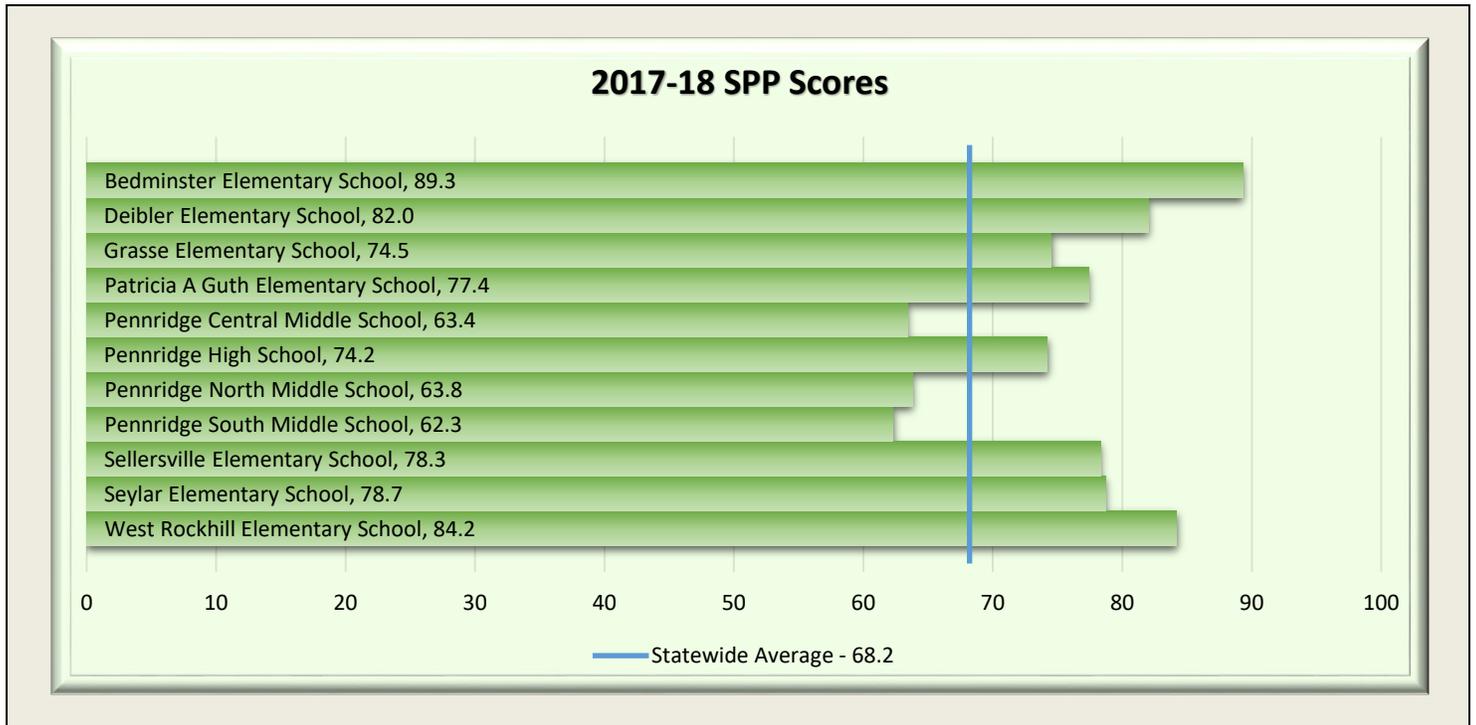
²¹ Buildings were selected due to proximity to the District’s administrative building. Audit sampling methodology was not applied to achieve this test objective; accordingly, the results of this audit procedure are not, and should not, be projected to the population.

²² Basic safety practices evaluated were building security, bullying prevention, visitor procedures, risk and vulnerability assessments, and preparedness.

Appendix B: Academic Detail

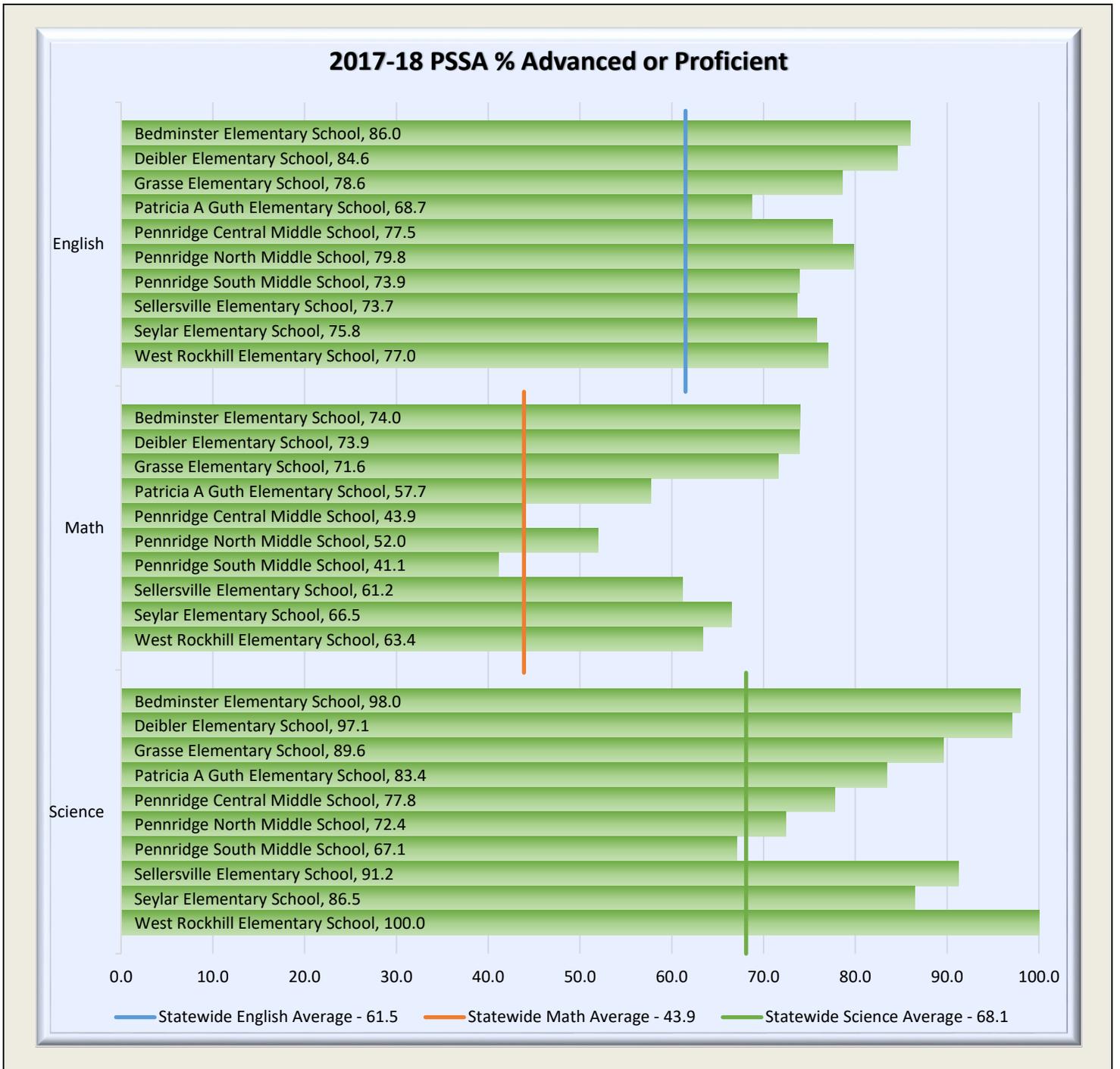
Benchmarks noted in the following graphs represent the statewide average of all public school buildings in the Commonwealth that received a score in the category and year noted.²³

2017-18 Academic Data School Scores Compared to Statewide Averages

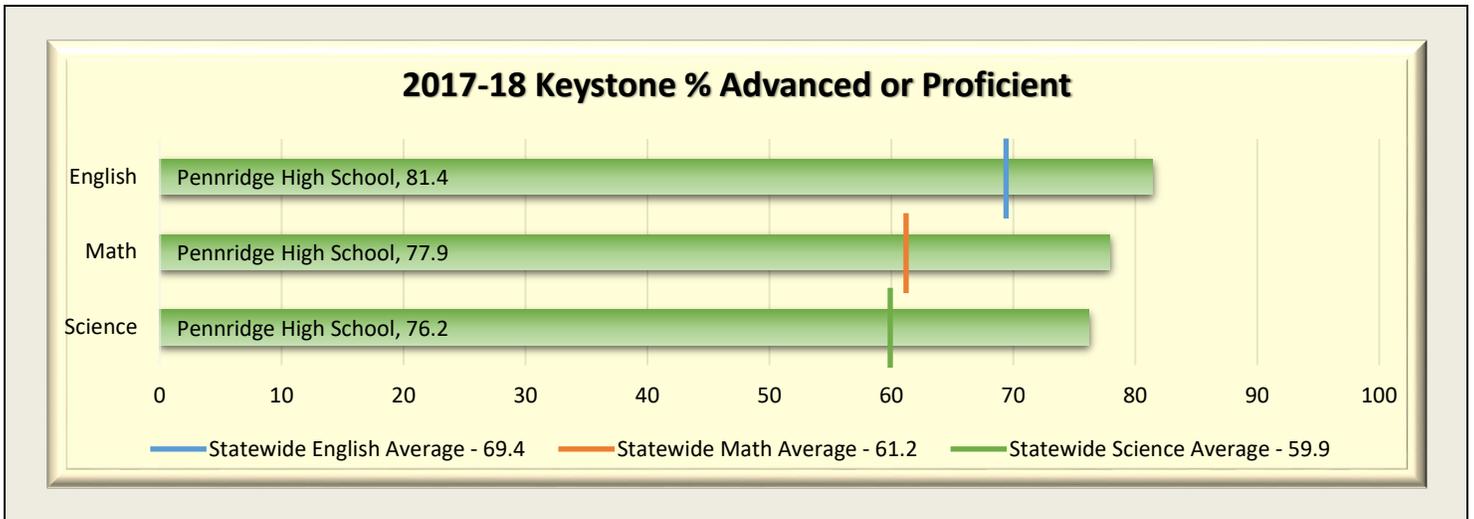


²³ Statewide averages were calculated by our Department based on individual school building scores for all public schools in the Commonwealth, including district schools, charters schools, and cyber charter schools.

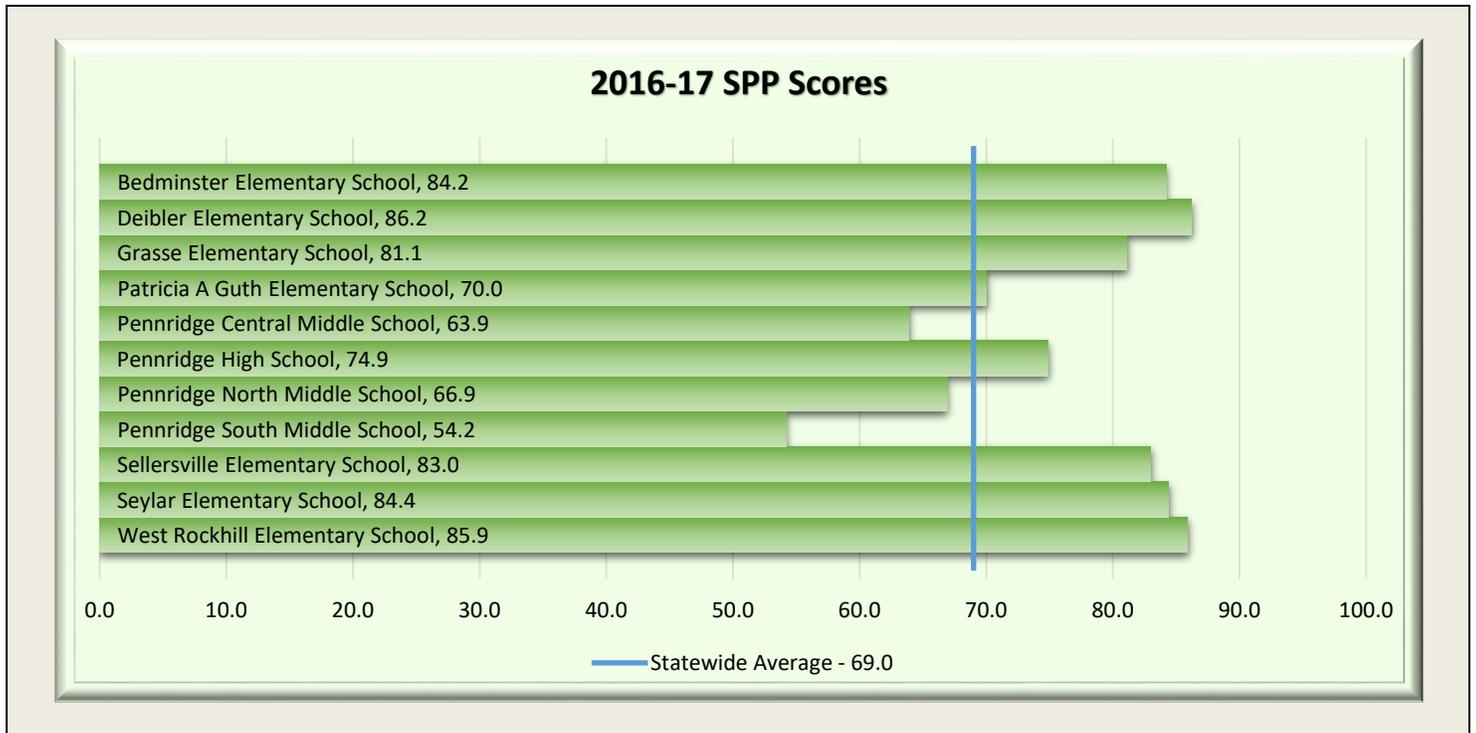
2017-18 Academic Data
School Scores Compared to Statewide Averages (continued)



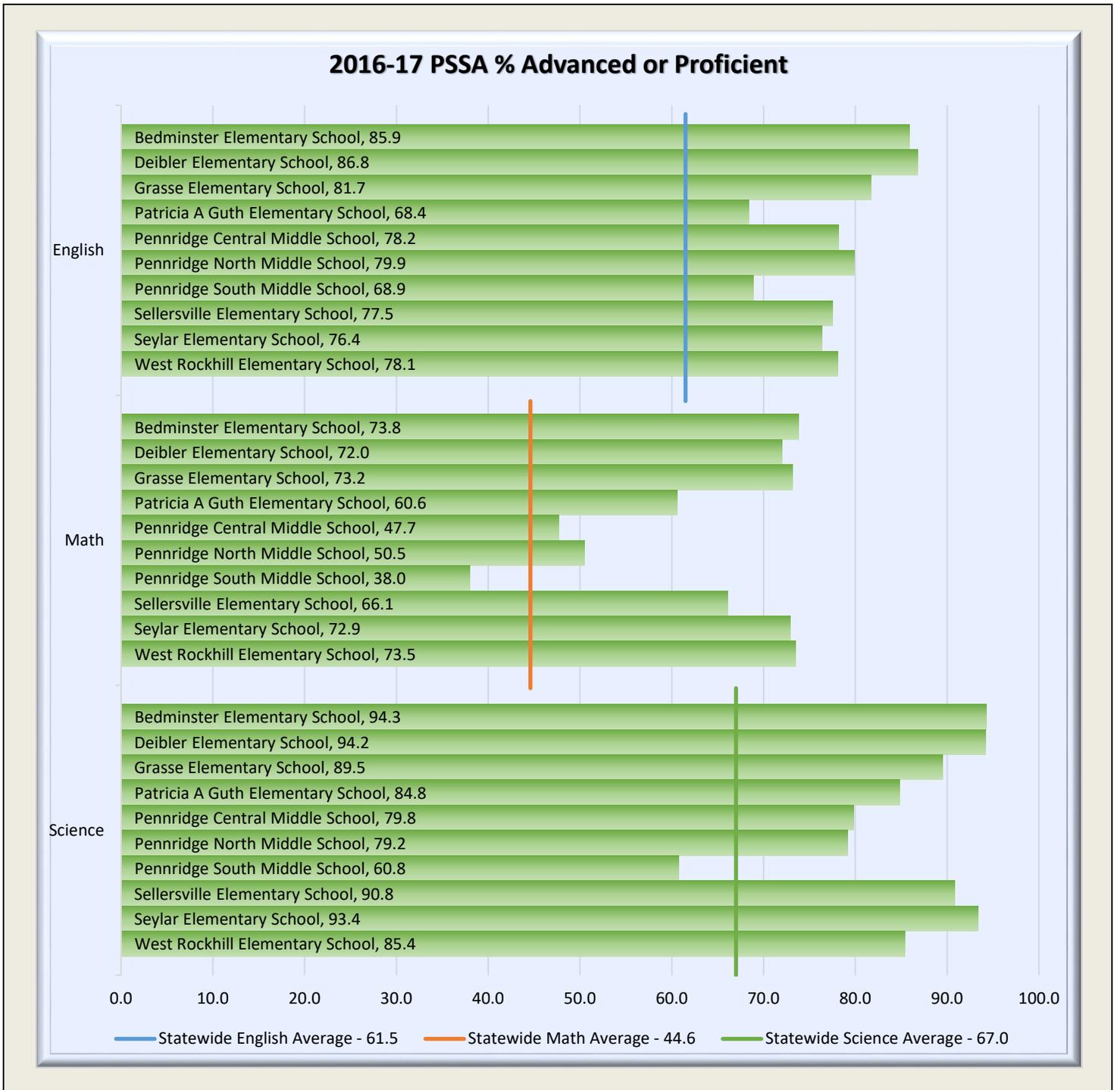
2017-18 Academic Data
School Scores Compared to Statewide Averages (continued)



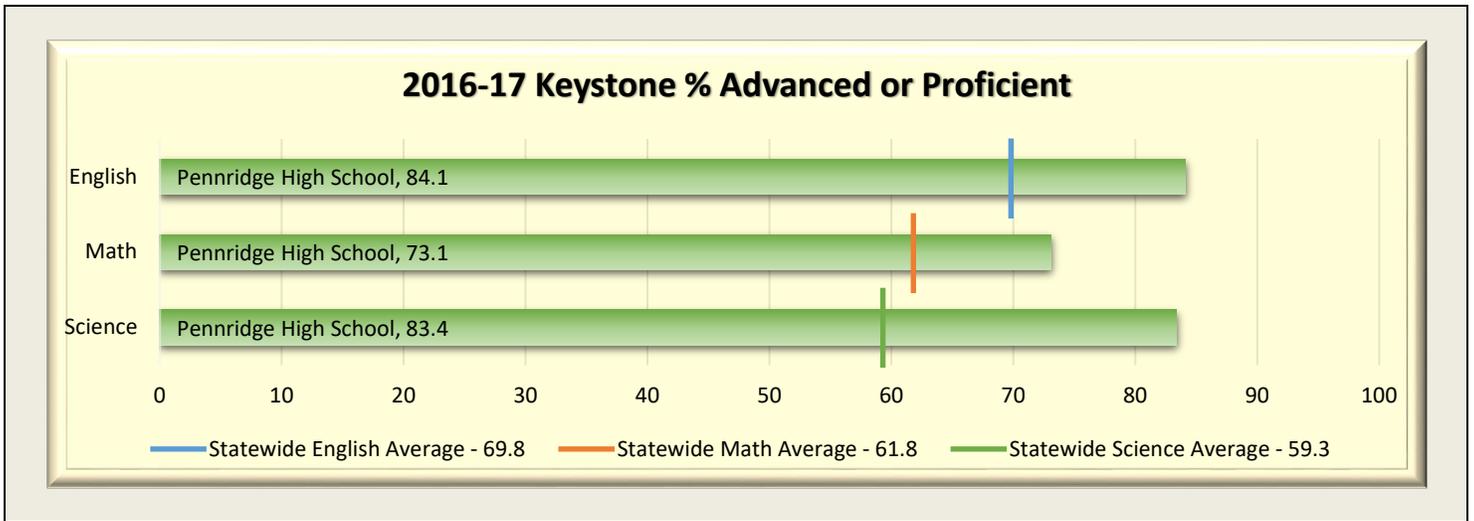
2016-17 Academic Data
School Scores Compared to Statewide Averages



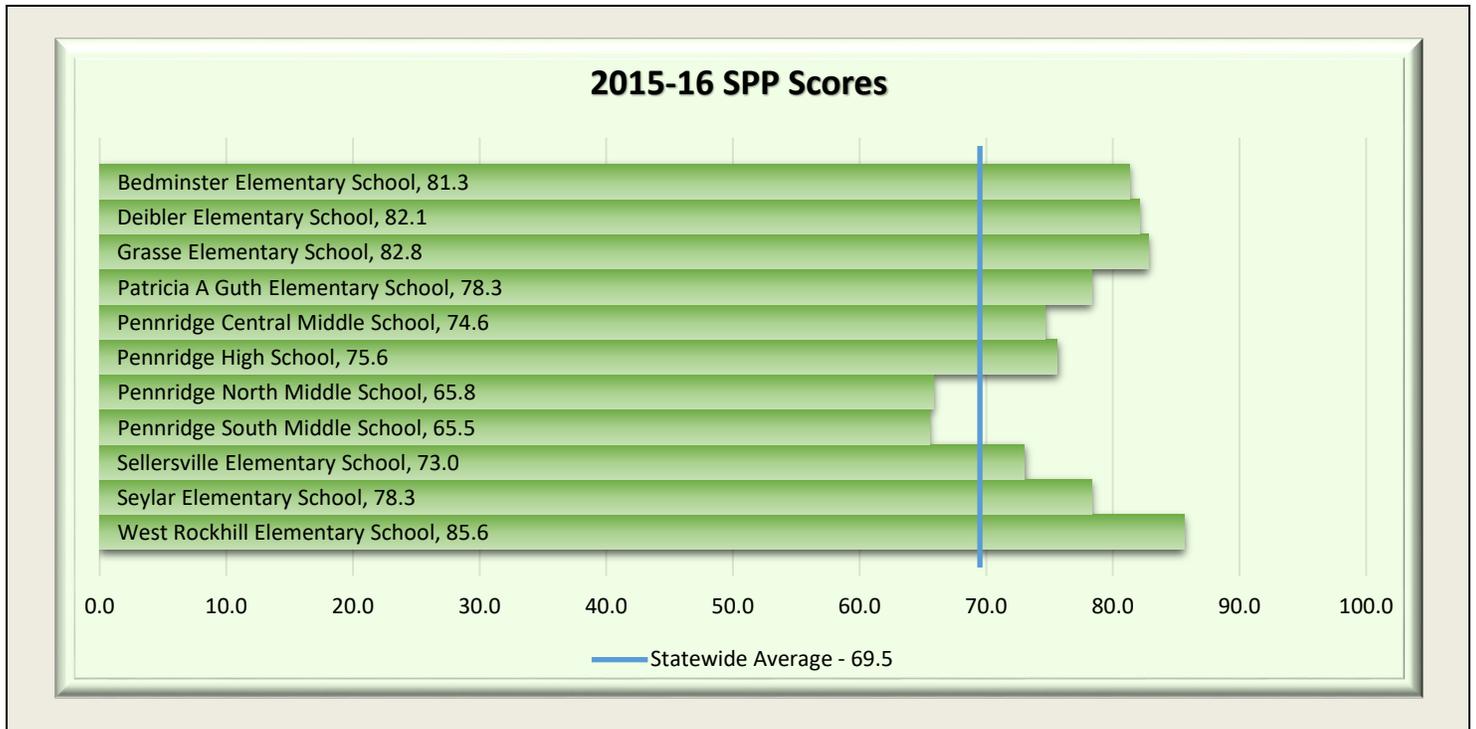
2016-17 Academic Data
School Scores Compared to Statewide Averages (continued)



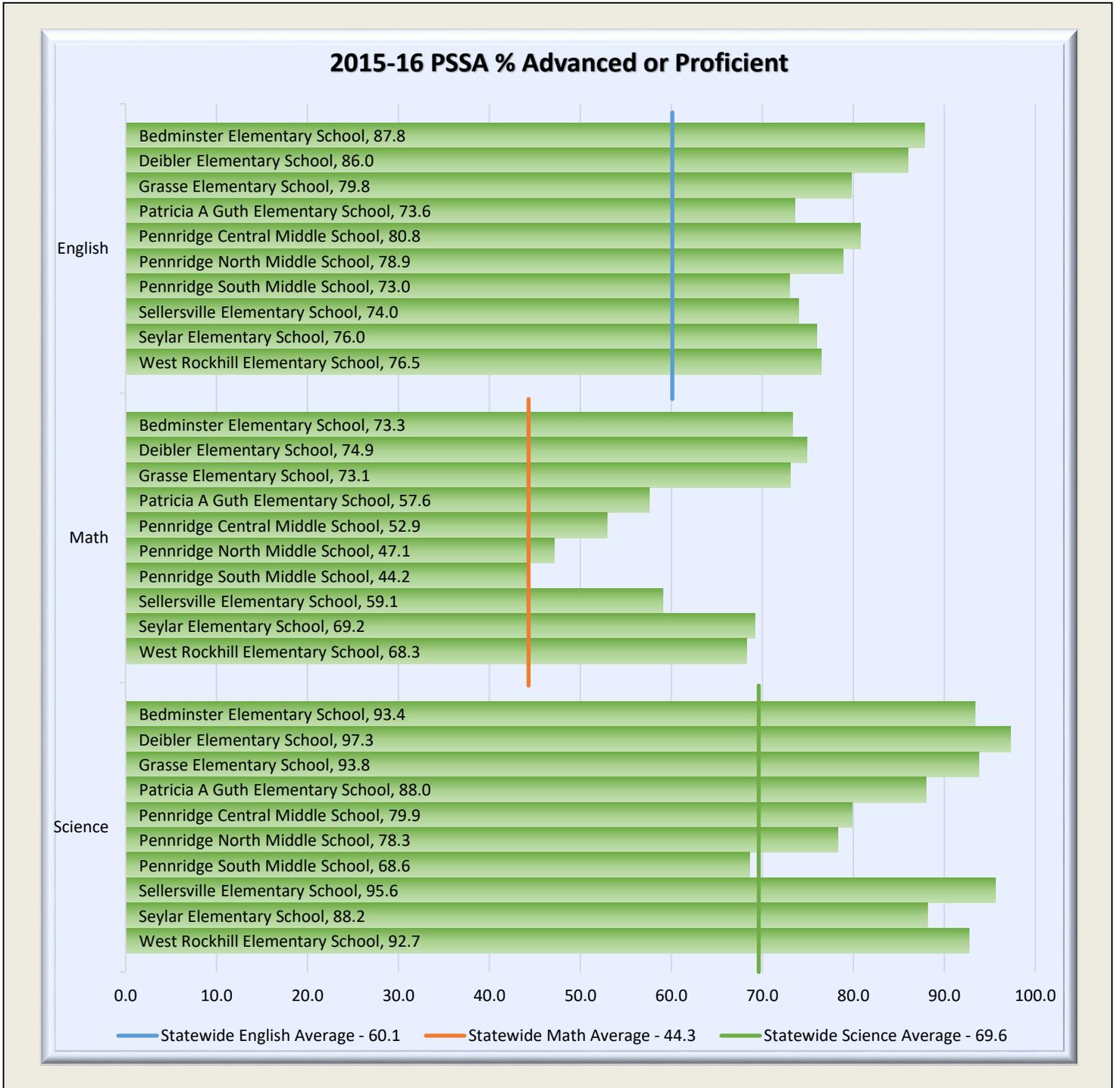
2016-17 Academic Data
School Scores Compared to Statewide Averages (continued)



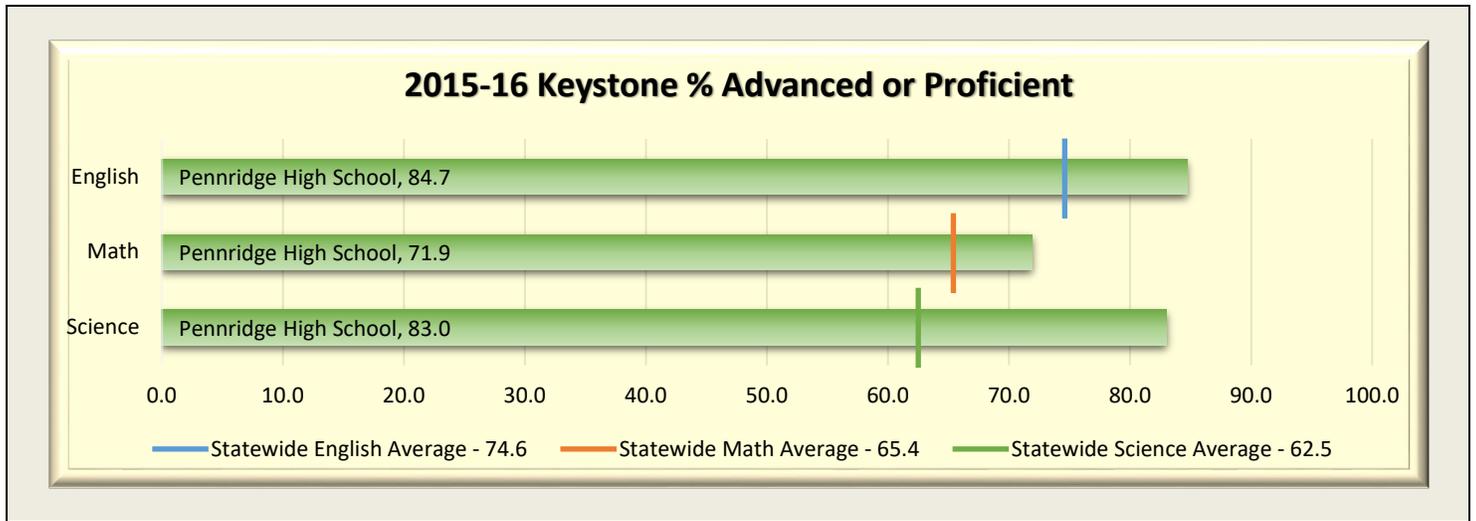
2015-16 Academic Data
School Scores Compared to Statewide Averages



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



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



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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