

PERFORMANCE AUDIT

Perkiomen Valley School District Montgomery County, Pennsylvania

May 2020



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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

**EUGENE A. DePASQUALE
AUDITOR GENERAL**

Dr. Barbara Russell, Superintendent
Perkiomen Valley School District
3 Iron Bridge Drive
Collegetown, Pennsylvania 19426

Mrs. Judy Lofton, Board President
Perkiomen Valley School District
3 Iron Bridge Drive
Collegetown, Pennsylvania 19426

Dear Dr. Russell and Mrs. Lofton:

Our performance audit of the Perkiomen Valley 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

May 18, 2020

cc: **PERKIOMEN VALLEY SCHOOL DISTRICT** Board of School Directors

Table of Contents

	Page
Executive Summary	1
Background Information	2
Findings	7
Finding No. 1 – The District Inaccurately Reported Transportation Data to PDE Resulting in an Underpayment to the District of \$332,155	7
Finding No. 2 – The District Inaccurately Reported the Number of Nonpublic School and Charter School Students Transported Resulting in an Overpayment of \$50,820	11
Status of Prior Audit Findings and Observations	15
Appendix A: Audit Scope, Objectives, and Methodology	16
Appendix B: Academic Detail	19
Distribution List	25

Executive Summary

Audit Work

The Pennsylvania Department of the Auditor General conducted a performance audit of the Perkiomen Valley 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.

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 applied best practices and complied, in all significant respects, with certain relevant state laws, regulations, contracts, and administrative procedures, except for two findings.

Finding No. 1: The District Inaccurately Reported Transportation Data to PDE Resulting in an Underpayment to the District of \$332,155.

The District was underpaid \$332,155 in transportation reimbursements from the Pennsylvania Department of Education (PDE). This underpayment was due to the District's failure to report all vehicles used to transport District students during the 2014-15, 2016-17, and the 2017-18 school years. As a result of underreporting the number of vehicles used to transport students, the District underreported the number of students transported and the number of miles students were transported to PDE (see page 7).

Finding No. 2: The District Inaccurately Reported the Number of Nonpublic School and Charter School Students Transported Resulting in an Overpayment of \$50,820.

The District was overpaid a total of \$50,820 in net transportation reimbursements from PDE. This overpayment was due to the District inaccurately reporting the number of nonpublic school and charter school students transported by the District during the 2014-15, 2015-16, 2016-17, and 2017-18 school years (see page 11).

Status of Prior Audit Findings and Observations.

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

Background Information

School Characteristics 2018-19 School Year ^A	
County	Montgomery
Total Square Miles	13
Number of School Buildings	7
Total Teachers	432
Total Full or Part-Time Support Staff	250
Total Administrators	28
Total Enrollment for Most Recent School Year	5,550
Intermediate Unit Number	23
District Career and Technical School	North Montco Technical Career Center

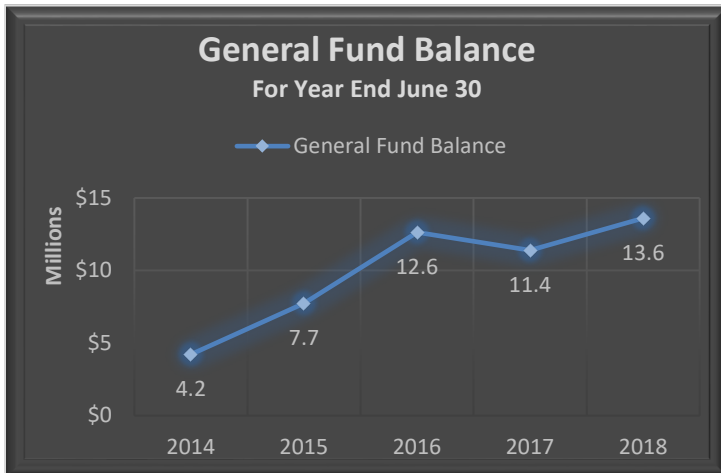
A - Source: Information provided by the District administration and is unaudited.

Mission Statement^A

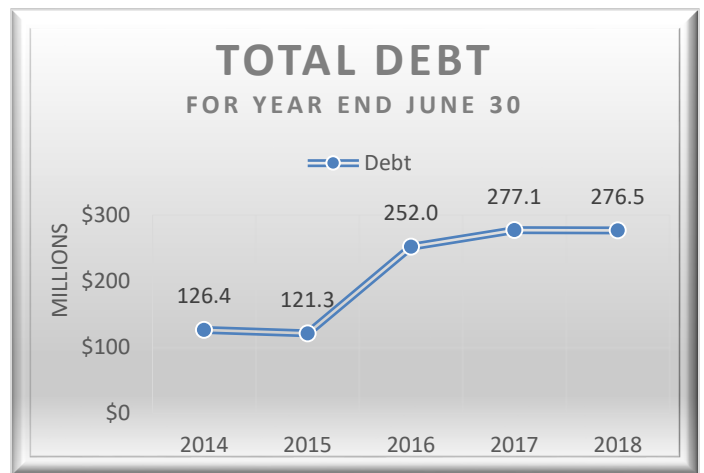
We cultivate an inclusive community of learners empowered to grow intellectually, socially, and emotionally.

Financial Information

The following pages contain financial information about the Perkiomen Valley 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**.

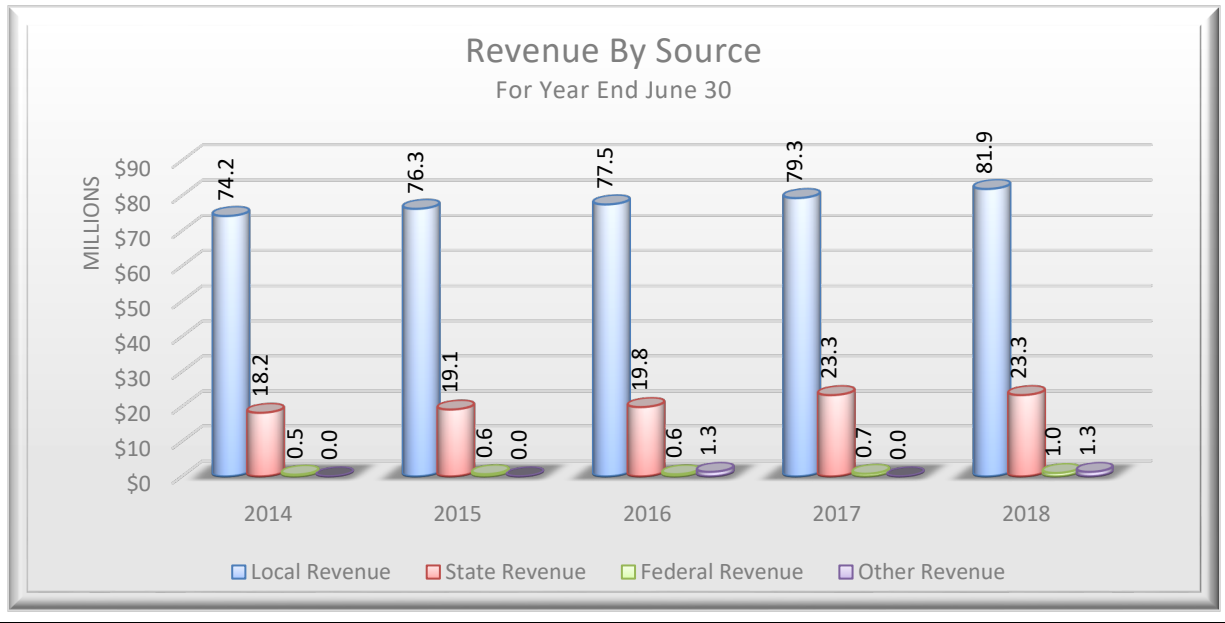
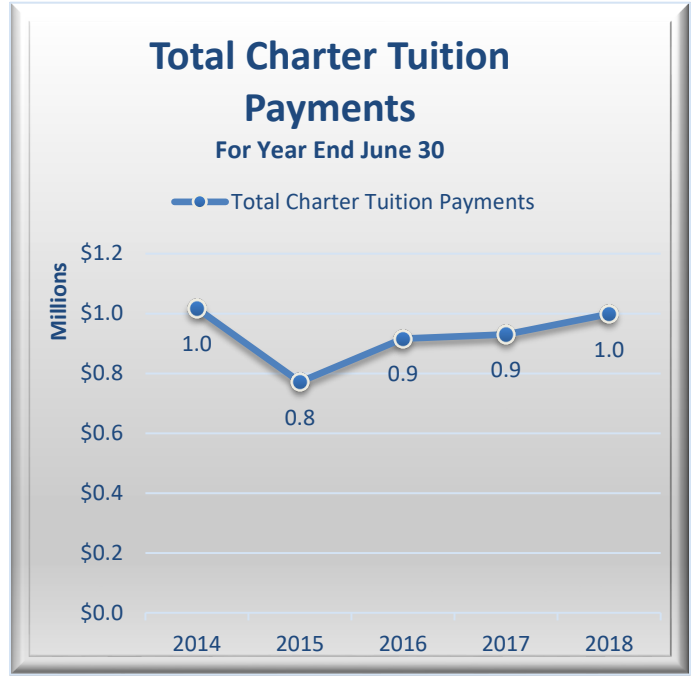
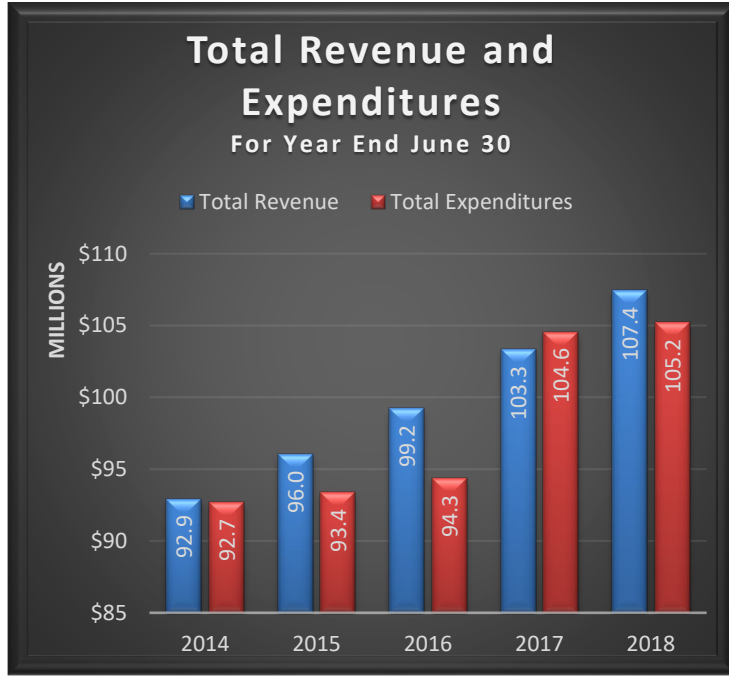


Note: General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



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

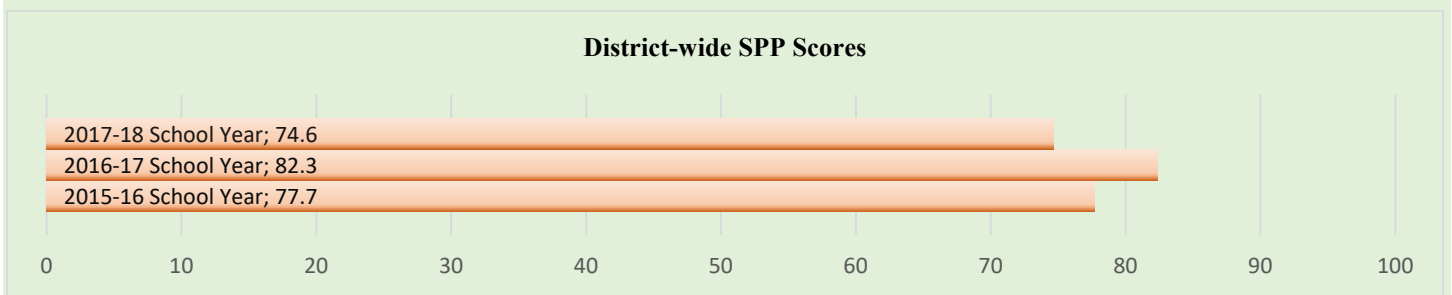


Academic Information

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 the Appendix. These scores are provided in this audit report for **informational purposes only**, and they were not audited by our Department.

What is a SPP score?

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



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

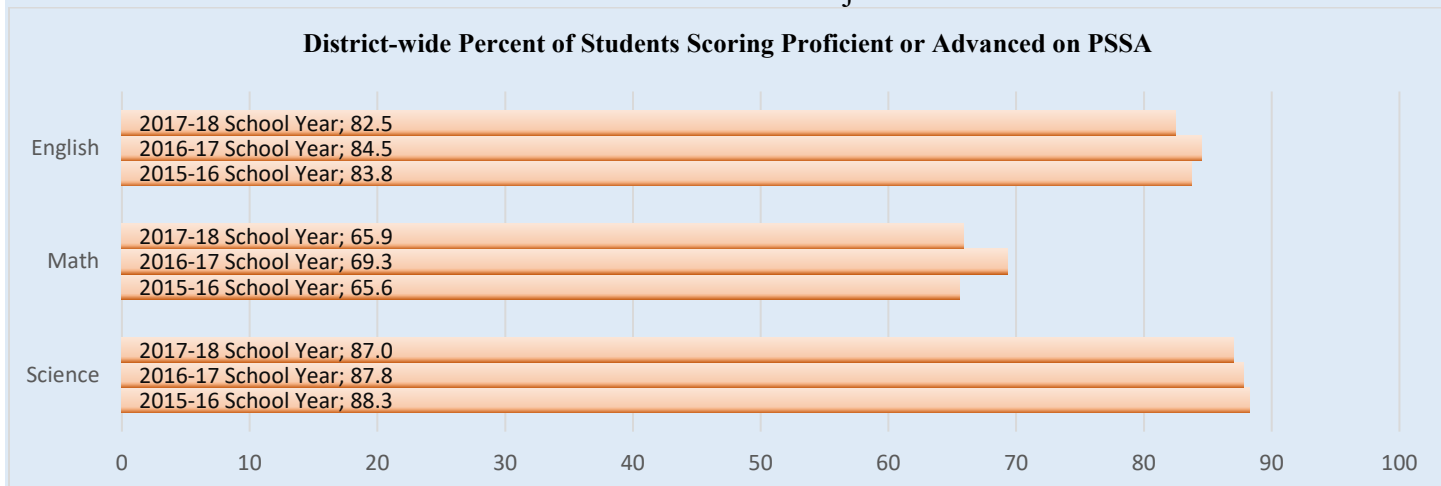
² PDE started issuing a SPP score for all public school buildings beginning with the 2012-13 school year. For the 2014-15 school year, PDE only issued SPP scores for high schools taking the Keystone Exams as scores for elementary and middle scores were put on hold due to changes with PSSA testing. PDE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

Academic Information Continued

What is the PSSA?

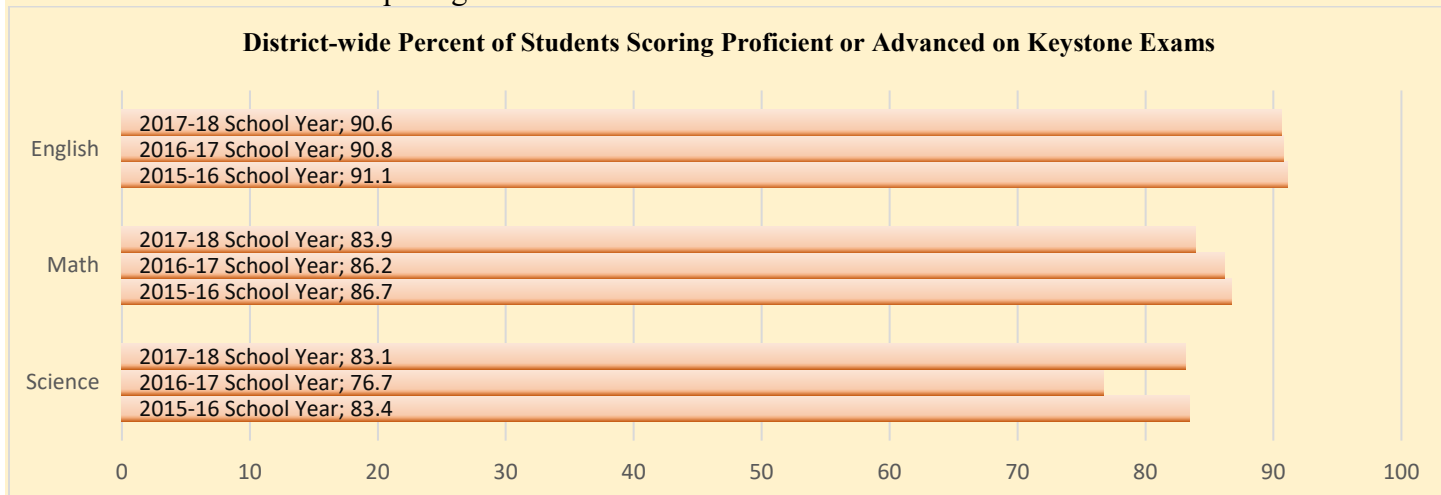
The PSSA is an annual, standardized test given across the Commonwealth to students in grades 3 through 8 in core subject areas, including English, Math and Science. The PSSAs help Pennsylvania meet federal and state requirements and inform instructional practices, as well as provide educators, stakeholders,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

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



What is the Keystone Exam?

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

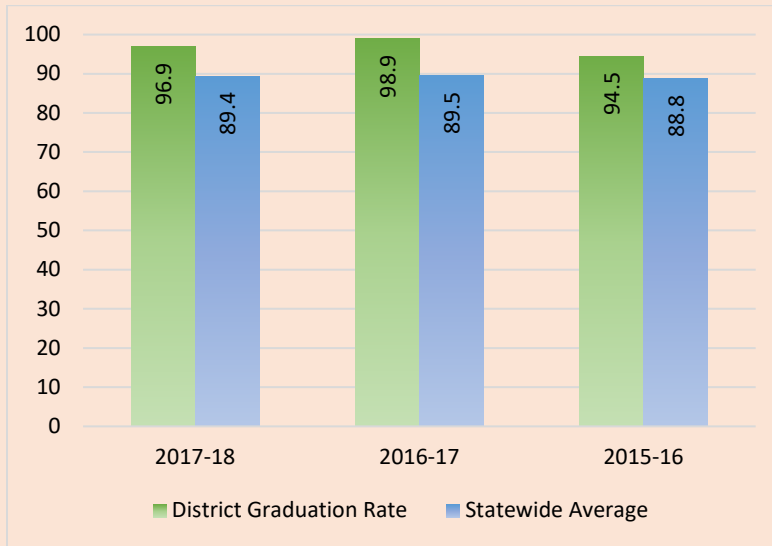


³ Act 158 of 2018, effective October 24, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement until the 2021-22 school year. See 24 P.S. § 1-121(b)(1).

Academic Information Continued

What is a 4-Year Cohort Graduation Rate?

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



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

Findings

Finding No. 1

The District Inaccurately Reported Transportation Data to PDE Resulting in an Underpayment to the District of \$332,155

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).

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 PDE in order to be eligible for the transportation subsidies. *See* 24 P.S. § 25-2543.

The Perkiomen Valley School District (District) was underpaid \$332,155 in transportation reimbursements from the Pennsylvania Department of Education (PDE). This underpayment was due to the District's failure to report all vehicles used to transport District students during the 2014-15, 2016-17, and 2017-18 school years.⁵ As a result of underreporting the number of vehicles used to transport students, the District underreported the number of students transported and the number of miles students were transported to PDE.

Districts receive two separate transportation reimbursement payments from PDE. One reimbursement is based on the number of students transported, the number of days each vehicle was used to transport students, and the number of miles vehicles were in service both with and without students (i.e., regular transportation reimbursement). The other reimbursement is based on the number of charter school and nonpublic school students transported (i.e., supplemental transportation reimbursement). The issues and errors we identified in this finding impact the District's regular transportation reimbursement. *See* Finding No. 2 of this report for more discussion of the District's supplemental transportation reimbursement.

Regular transportation reimbursement is based on several components that are reported by the District to PDE for use in calculating the District's annual reimbursement amount. These components include, but are not limited to, the following:

- Total number of days each vehicle was used to transport students to and from school.
- Miles traveled with and without students for each vehicle.
- Number of students assigned to each vehicle.

Since the above listed components are integral to the calculation of the District's regular transportation reimbursement, it is essential for the District to properly calculate, record, and report this information to PDE. The foundational element of this process is identifying all the vehicles that were used to transport students so the District has the complete components prior to reporting data to PDE.

⁵ The District accurately reported the number of vehicles used to transport students during the 2015-16 school year.

*Criteria relevant to the finding
(continued):*

Section 2543 of the PSC, which is entitled, “Sworn statement of amount expended for reimbursable transportation; payment; withholding” 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.) Ibid.

PDE instructions for Local Education Agencies (LEA) on how to complete the PDE-1049. The PDE-1049 is the electronic form used by LEAs to submit transportation data annually to PDE.

<http://www.education.pa.gov/Documents/Teachers-Administrators/Pupil%20Transportation/eTran%20Application%20Instructions/PupilTransp%20Instructions%20PDE%201049.pdf> (accessed 1/16/20)

Pupils Assigned – Report the greatest number of pupils assigned to ride this vehicle at any one time during the day. Report the number of pupils assigned to the nearest tenth. The number cannot exceed the seating capacity. If the number of pupils assigned changed during the year, calculate a weighted average or a sample average.

It is also important to note that the Public School Code (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 reimbursements. The Perkiomen Valley School District completed this sworn statement for all four school years discussed in this finding. It is essential that the District accurately report transportation data to PDE and retain the support for this transportation data. Further, the sworn statement of student transportation data should not be filed with the state Secretary of Education unless the data has been double-checked for accuracy by personnel trained on PDE’s reporting requirements. An official signing a sworn statement must be aware that by submitting the transportation data to PDE, he/she is asserting that the information is true and that they have verified evidence of accuracy.⁶

The table below illustrates the number of vehicles not reported to PDE for reimbursement, the mileage and number of students underreported, and the resulting underpayment to the District.

Perkiomen Valley School District				
Student Transportation Data				
School Year	Number of Vehicles Not Reported to PDE⁷	Mileage Underreported to PDE	Number of Students Not Reported to PDE	Underpayment
2014-15	8	50,705	18	\$ 46,094
2016-17	12	147,566	88	\$140,200
2017-18	5	35,567	253	\$145,861
Total:	25	233,838	359	\$332,155

The District contracted with a vendor to provide transportation services to District students during the audit period. The District was reliant on its transportation contractor to provide it with all of the components necessary to report transportation data to PDE for reimbursements. The District’s transportation contractor annually compiled the miles traveled with and without students, number of students transported, and the number of days in service for each vehicle. The District was provided with this information in one document and was responsible for reporting this information to PDE for reimbursement, but the District did not include all of the information received from the contractor in its submission to PDE.

⁶ Please note that while a sworn statement is different from an affidavit, in that a sworn statement is not typically signed or certified by a notary public but are, nonetheless, taken under oath. See <https://legaldictionary.net/sworn-statement/> (accessed September 4, 2019).

⁷ The District reported 136 vehicles during the 2014-15 school year, 122 during the 2016-17 school year, and 130 during the 2017-18 school year.

*Criteria relevant to the finding
(continued):*

Daily Miles With

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

Daily Miles Without

Report the number of miles per day, to the nearest tenth, that the vehicle traveled without pupils. If this figure changed during the year, calculate a weighted average or sample average.

**PDE INSTRUCTIONS FOR
WORKSHEET COMPLETION
WORKSHEET FOR
COMPUTING SAMPLE
AVERAGES**

Record the vehicle odometer readings on or about July 1 prior to the beginning of the school year and on or about July 1 at the end of the school year. The two readings should be about one year apart. After the second reading, subtract the beginning of the year odometer reading from the end of the year odometer reading to determine the annual odometer mileage.

Once during each month, from October through May, for to-and-from school transportation, measure and record:

1. The number of miles the vehicle traveled with students,
2. The number of miles the vehicle traveled without students,
3. The greatest number of students assigned to ride the vehicle at any one time during the day.

At the end of the school year, calculate the average of the eight measurements for each of the three variables calculated to the nearest tenth. These averages are called sample averages.

The District lacked internal controls over the reporting of transportation data. The District was entirely reliant on its contractor to compile the information and did not have a documented process for the review of the data prior to submission. The District official responsible for reporting this data had multiple other job duties and the District did not have anyone else reviewing the data prior to reporting the data to PDE. A reconciliation of the transportation data provided by the contractor to the information submitted to PDE would have revealed the District's failure to report all vehicles for the 2014-15, 2016-17, and 2017-18 school years.

District officials attributed the failure to report to PDE its complete transportation data, partially to formatting errors that led to vehicles not appearing on the report when the District officials printed out the summary information provided by its transportation contractor. Additionally, the District stated that the errors made for the 2017-18 school year were the result of a miscommunication between the District and its contractor concerning the number of "new buses" during that school year. However, when we reviewed the summary documentation provided by the District's contractor, the vehicles not reported to PDE did not conform to the pattern suggested by the District. Further, when we reviewed the number of vehicles reported for the 2016-17 and 2017-18 school years, the reported numbers did not support the District statements.

It was evident during our review that the District was dependent on its transportation contractor to calculate and compile the transportation data required to be reported to PDE. Also, the District did not review this data for accuracy or take steps to ensure that the data was accurately reported to PDE. The District's failure to institute internal controls over the reporting of its transportation directly led to the District receiving \$332,155 less in reimbursement than it was eligible to receive during the audit period.

We provided PDE with reports detailing the District's transportation reporting errors for the 2014-15, 2016-17, and 2017-18 school years. PDE requires these reports to verify the underpayment to the District. The District's future transportation subsidies should be adjusted by the amount of the underpayment.

Recommendations

The *Perkiomen Valley School District* should:

1. Ensure personnel in charge of calculating and reporting transportation data are trained with regard to PDE's reporting requirements.
2. Develop written procedures for transportation reporting. These procedures should include a review of transportation data by an individual other than the person who prepared the data to provide

*Criteria relevant to the finding
(continued):*

The annual odometer mileage and the sample averages determined by the above methods should be used to complete the PDE-1049, end-of-year pupil transportation report in the eTran system.

Use of this specific form is not a PDE requirement; it has been designed and provided as a service to local education agencies that wish to use it for recording and calculating data that is reported to PDE on the PDE-1049 report in eTran. If used, this form, along with the source documentation that supports the data, should be retained for auditor review.

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

3. additional assurance of the accuracy of the information before it is submitted to PDE.
4. Review transportation reports completed for the 2018-19 school years and, if necessary, submit revised reports to PDE.
5. Perform a reconciliation of bus contractor invoices to vehicles reported to PDE to ensure that all permissible vehicles have been reported to PDE for reimbursement.

The *Pennsylvania Department of Education* should:

1. Adjust the District's future transportation subsidy to resolve the \$332,155 underpayment.

Management Response

District management provided the following response:

“The District had developed a Procedures Manual to effectively eliminate this issue moving forward. The upgraded Manual includes procedures to track, evaluate, review and finalize all figures that are sent to the State for transportation reimbursement purposes. Additionally, the documentation now includes specific signatures that are required to ensure proper care and attention to detail by all. The State auditors have reviewed this document and agree this will eliminate any issues in the future.”

Auditor Conclusion

We are pleased that the District has developed a procedure manual that includes procedures to track, review, and report vehicle data correctly to PDE. We will evaluate the District's corrective action plan in our next audit of the District.

Finding No. 2

The District Inaccurately Reported the Number of Nonpublic School and Charter School Students Transported Resulting in an Overpayment of \$50,820

Criteria relevant to the finding:

Supplemental Transportation Subsidy for Public Charter School and Nonpublic School Students

The Charter School Law (CSL), through its reference to Section 2509.3 of the Public School Code (PSC), provides for an additional, per student subsidy for the transportation of charter school students. *See* 24 P.S. § 17-1726-A(a); 24 P.S. § 25-2509.3.

Section 1726-A(a) of the CSL (as cited above) addresses the transportation of charter school students in that: “[s]tudents who attend a charter school located in their school district of residence, a regional charter school of which the school district is a part or a charter school located outside district boundaries at a distance not exceeding ten (10) miles by the nearest public highway shall be provided free transportation to the charter school by their school district of residence on such dates and periods that the charter school is in regular session whether or not transportation is provided on such dates and periods to students attending schools of the district...”

The District was overpaid a total of \$50,820 in net transportation reimbursements from PDE. This overpayment was due to the District inaccurately reporting the number of nonpublic school and charter school students transported by the District during the 2014-15, 2015-16, 2016-17, and 2017-18 school years.

School districts receive two separate transportation reimbursement payments from PDE. One 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 (regular transportation reimbursement). The other reimbursement is based on the number of nonpublic school and charter school students transported (supplemental transportation reimbursement). The issues discussed in this finding pertain to the District’s supplemental transportation reimbursements.

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.⁸ The PSC requires school districts to provide transportation services to students who reside in its district and who attend a charter school or nonpublic school, and it provides for a reimbursement from the Commonwealth of \$385 for each nonpublic school student transported by the district. This reimbursement was made applicable to the transportation of charter school students pursuant to an equivalent provision in the Charter School Law, which refers to Section 2509.3 of the PSC.⁹

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 year with PDE in order to be eligible for the transportation subsidies. The District completed this sworn statement for all four school years discussed in this finding. An official signing a sworn statement must be aware that by submitting the transportation data to PDE,

⁸ *See* Section 922.1-A(b) (relating to “Definitions”) of the PSC, 24 P.S. § 9-922.1-A(b).

⁹ *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):

Section 1726-A(a) of the CSL further provides for districts to receive a state subsidy for transporting charter school students both within and outside district boundaries in that: “[d]istricts providing transportation to a charter school outside the district and, for the 2007-2008 school year and each school year thereafter, districts providing transportation to a charter school within the district shall be eligible for payments under section 2509.3 for each public school student transported.”

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 provision is also applicable to charter school students through Section 1726-A(a) of the CSL. *See* 24 P.S. § 17-1726-A(a); 24 P.S. § 25-2509.3.

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 PDE in order to be eligible for the transportation subsidies. *See* 24 P.S. § 25-2543.

he/she is asserting that the information is true and that they have verified evidence of accuracy.¹⁰

The following table summarizes the District’s nonpublic school and charter school student reporting errors by school year and the resulting net cumulative overpayment:

Perkiomen Valley School District Nonpublic School Reporting Errors			
School Year	Nonpublic Students Over Reported ¹¹	Charter School Students Over/(Under) Reported	Overpayment ¹²
2014-15	64	1	\$ 25,025
2015-16	26	1	\$ 10,395
2016-17	27	(4)	\$ 8,855
2017-18	16	1	\$ 6,545
Total	133	(1)	\$ 50,820

For each year of the audit period the District was unable to provide a listing of nonpublic school and charter school students that agreed to the totals reported to PDE. During the 2014-15 through 2016-17 school years, the District relied on its transportation contractor to report to the District the number of nonpublic school and charter school students transported. The District annually reported the numbers to PDE provided by its transportation contractor without requiring supporting documentation for the number of students transported.

We obtained the supporting documentation for the number of nonpublic school and charter school students reported to PDE and found that the District inaccurately reported students for reimbursement who attended nonpublic/charter schools, but were not transported by the District. During the 2016-17 school year, the District under reported the number of charter schools students who were not transported for the entire school year. It is important to note that if a district transports one nonpublic school or charter school student for at least one day then the District is eligible for reimbursement for that student.

During the 2017-18 school year, the District took a more active role in identifying the number of nonpublic school and charter school students transported by its transportation contractor. The District started a new

¹⁰ Please note that while a sworn statement is different from an affidavit, in that a sworn statement is not typically signed or certified by a notary public but are, nonetheless, taken under oath. See <https://legaldictionary.net/sworn-statement/> (accessed October 28, 2019).

¹¹ The District reported 750 nonpublic and 29 charter school students transported to PDE during the 2014-15 school year; 724 nonpublic and 37 charter school students during the 2015-16 school year; 665 nonpublic and 27 charter school students for the 2016-17 school year; and 630 nonpublic and 24 charter school students for the 2017-18 school year.

¹² The overpayment is computed by multiplying the net amount of nonpublic and charter school students reported by \$385.

*Criteria relevant to the finding
(continued):*

Section 2543 of the PSC, which is titled, “**Sworn statement** of amount expended for reimbursable transportation; payment; withholding,” 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.” (Emphases added.) Ibid.

process of maintaining a list of nonpublic school and charter school students that requested transportation for the 2017-18 school year. The District actively worked with the transportation contractor to keep an up-to-date listing of all nonpublic school and charter school students transported. However, after a review of the supporting documentation, we found that the District continued to report nonpublic school and charter schools students who were not transported. Additionally, the District inaccurately included charter school students in the number of nonpublic school students reported. This resulted in the District over reporting nonpublic school and charter school students for the 2017-18 school year.

Our discussions with District officials and the results of our review indicated that the District did not have a good understanding of how to define, identify, and report nonpublic school and charter school students transported by the District. The District did not have written administrative procedures for how to report transportation data, and specifically does not have procedures for the reporting of nonpublic school students and charter school students transported. Additionally, the District did not have a process in place for reconciling nonpublic school and charter school students transported to individual requests for transportation. A reconciliation process of this nature could have helped the District identify inaccurate data prior to reporting to PDE.

It is essential that the District accurately report transportation data to PDE and retain the supporting documentation for this transportation data. Further, the sworn statement of student transportation data should not be filed with PDE unless the data has been double checked for accuracy by personnel trained on PDE’s reporting requirements.

We provided PDE with reports detailing the nonpublic school and charter school student reporting errors for the 2014-15, 2015-16, 2016-17, and 2017-18 school years. PDE requires these reports to verify the overpayment to the District. The District’s future transportation subsidies should be adjusted by the amount of the overpayment for these four years.

Recommendations

The Perkiomen Valley School District should:

1. Perform yearly reconciliations of bus rosters to student requests for transportation to ensure nonpublic school students and charter school students are reported accurately to PDE.
2. Develop written administrative procedures for transportation reporting. These procedures should include a review of transportation data by an employee other than the employee who prepared the data to provide additional assurance of the accuracy of the information before it is submitted to PDE.

3. Ensure personnel in charge of calculating and reporting the number of nonpublic school students transported by the District are well trained with regard to PDE's reporting requirements.

The *Pennsylvania Department of Education* should:

1. Adjust the District's future transportation subsidy to resolve the \$50,820 overpayment to the District.

Management Response

District management provided the following response:

“The District has actively begun to enforce tracking all students that are transported for nonpublic and charter schools via integrated technology (Google Docs) that forces the District registrar and contracted transportation company to track the multiple placements and changes throughout the school years. The State auditors have seen the recent changes with the documents and agree that this will facilitate better tracking procedures immediately.”

Auditor Conclusion

We are pleased that the District has immediately updated their procedures regarding the tracking and reporting of nonpublic school students and charter school students to PDE. We will evaluate the District's corrective action discussed in its response above and any other additional corrective actions taken during our next audit of the District.

Status of Prior Audit Findings and Observations

Our prior audit of the Perkiomen Valley 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,¹³ 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 Perkiomen Valley 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).¹⁴ 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.

¹³ 72 P.S. §§ 402 and 403.

¹⁴ 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:

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

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

- Did the District ensure compliance with applicable laws and regulations governing transportation operations, and did the District receive the correct transportation reimbursement from the Commonwealth?¹⁵
 - ✓ To address this objective, we interviewed District personnel to get an understanding of the District's procedures for obtaining and reporting transportation data to PDE. We randomly selected 13 of 130 reported vehicles used to transport students during the 2017-18 school year and randomly selected 13 of the 122 reported vehicles used to transport students during the 2016-17 school year.¹⁶ We obtained documentation supporting sample average data reported to PDE along with mileage readings, student rosters, school calendars, and the contractor's yearly vehicle summary report. During our review of this information, we identified that the District failed to report all vehicles used to transport students to PDE, so we obtained the contractor's vehicle report for the 2014-15 and 2015-16 school years. During our review of this information, we identified the issues found in Finding No. 1 of this report.
 - ✓ Additionally, we reviewed all nonpublic school and charter school students who were reported by the District to PDE as reimbursable for the 2014-15 through 2017-18 school years.¹⁷ We obtained various documents including student rosters, contractor vehicle rosters, individual student requests for transportation, and discussed the District process of identifying, compiling, and reporting nonpublic school and charter schools students to PDE. The results of this review can be found in Finding No. 2 of this report.

¹⁵ See 24 P.S. §§ 13-1301, 13-1302, 13-1305, 13-1306; 22 Pa. Code Chapter 11.

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

¹⁷ The District reported 750 nonpublic school students and 29 charter school students in 2014-15, 724 nonpublic school students and 37 charter school students in 2015-16, 665 nonpublic school students and 27 charter school students in 2016-17, and 630 nonpublic school students and 24 charter school students in 2017-18.

- Did the District accurately report nonresident students to PDE? Did the District receive the correct reimbursement for these nonresident students?¹⁸
 - ✓ To address this objective, we reviewed documentation for all four nonresident foster students for the 2017-18 school year. We reviewed documentation confirming that the custodial parents or guardian of the foster students were not residents of the District and confirmed that the foster parent received a stipend for caring for the student. We also verified that the District received correct reimbursement for the education of these students. Our review of this objective did not disclose any reportable issues.
- 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 Code¹⁹ and the Public School Employees' Retirement System guidelines when calculating and disbursing final salaries and leave payouts for these contracted employees?
 - ✓ To address this objective, we reviewed the contract, settlement agreement, board meeting minutes, board policies, and payroll records for one former administrator who separated employment from the District during the period July 1, 2014 through June 30, 2018. Our review 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 clearances²⁰ as outlined in applicable laws?²¹ 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 18 of the 178 bus drivers transporting District students as of December 6, 2019.²² We reviewed documentation to ensure the District complied with the requirements for bus drivers. We also determined if the District had written policies and procedures governing the hiring of bus drivers and if those procedures, when followed, ensure compliance with bus driver hiring requirements. Our review did not disclose any reportable issues.
- Did the District take actions to ensure it provided a safe school environment?²³
 - ✓ To address this objective, we reviewed a variety of documentation including, safety plans, training schedules, anti-bullying policies, fire drills reports, and after action reports. Due to the sensitive nature of school safety, the results of our review for this objective area are not described in our audit report but are shared with District officials, PDE, and other appropriate agencies as deemed necessary.

¹⁸ See 24 P.S. §§ 13-1301, 13-1302, 13-1305, 13-1306; 22 Pa. Code Chapter 11.

¹⁹ 24 P.S. § 10-1073(e) (2) (v).

²⁰ 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.

²¹ 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.

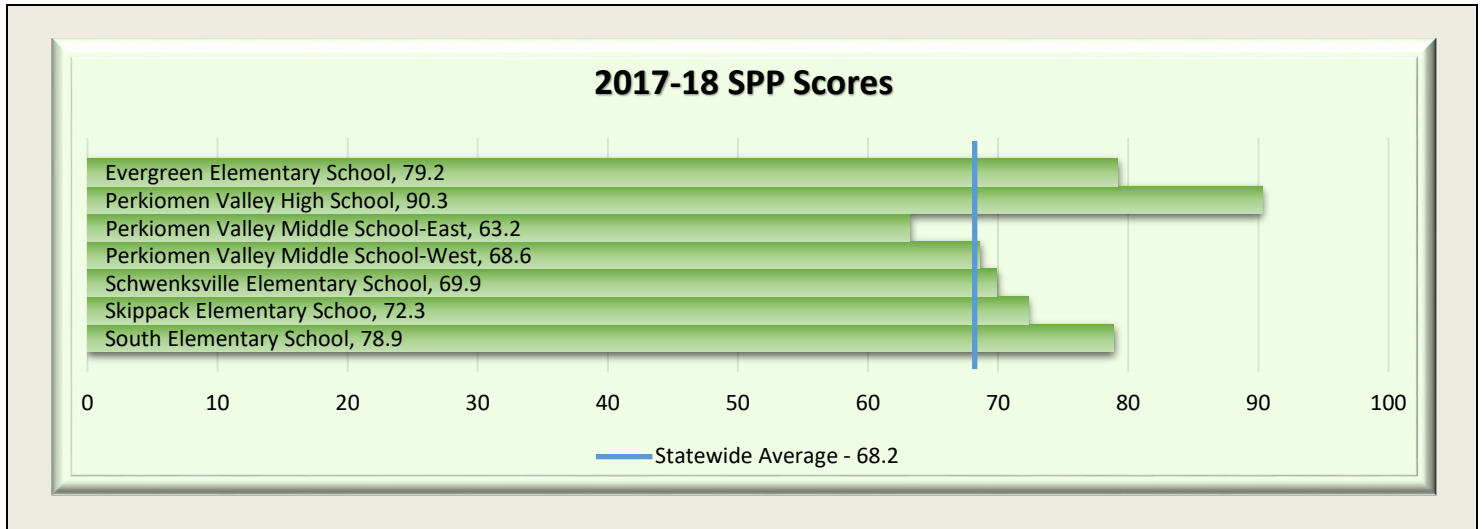
²² While representative selection is a required factor of audit sampling methodologies, audit sampling methodology was not applied to achieve this test objective, accordingly, the results of this audit procedure are not and should not be projected to the population.

²³ 24 P.S. § 13-1301-A *et seq.*

Appendix B: Academic Detail by Building

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.²⁴ 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.²⁵

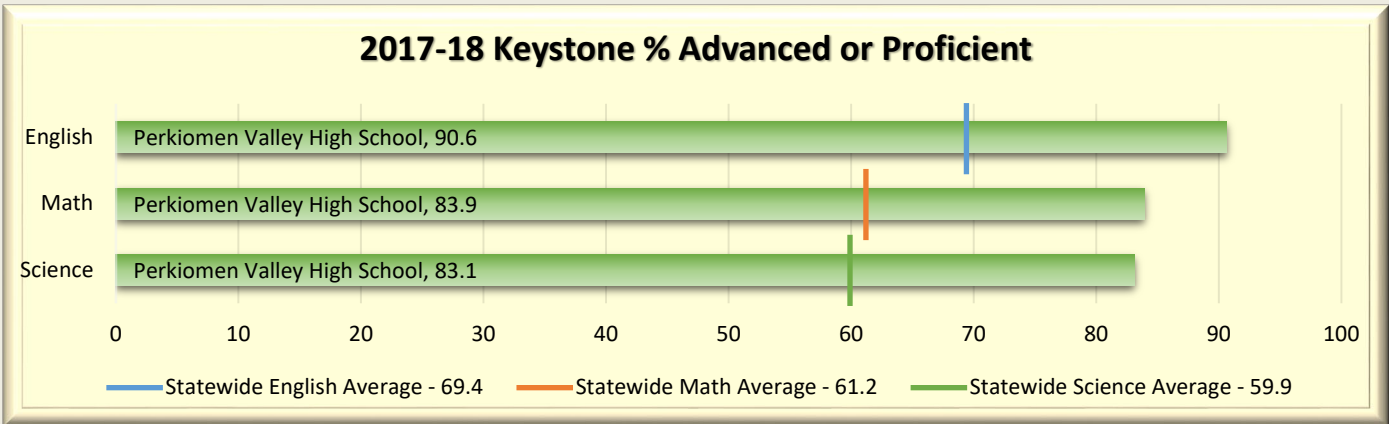
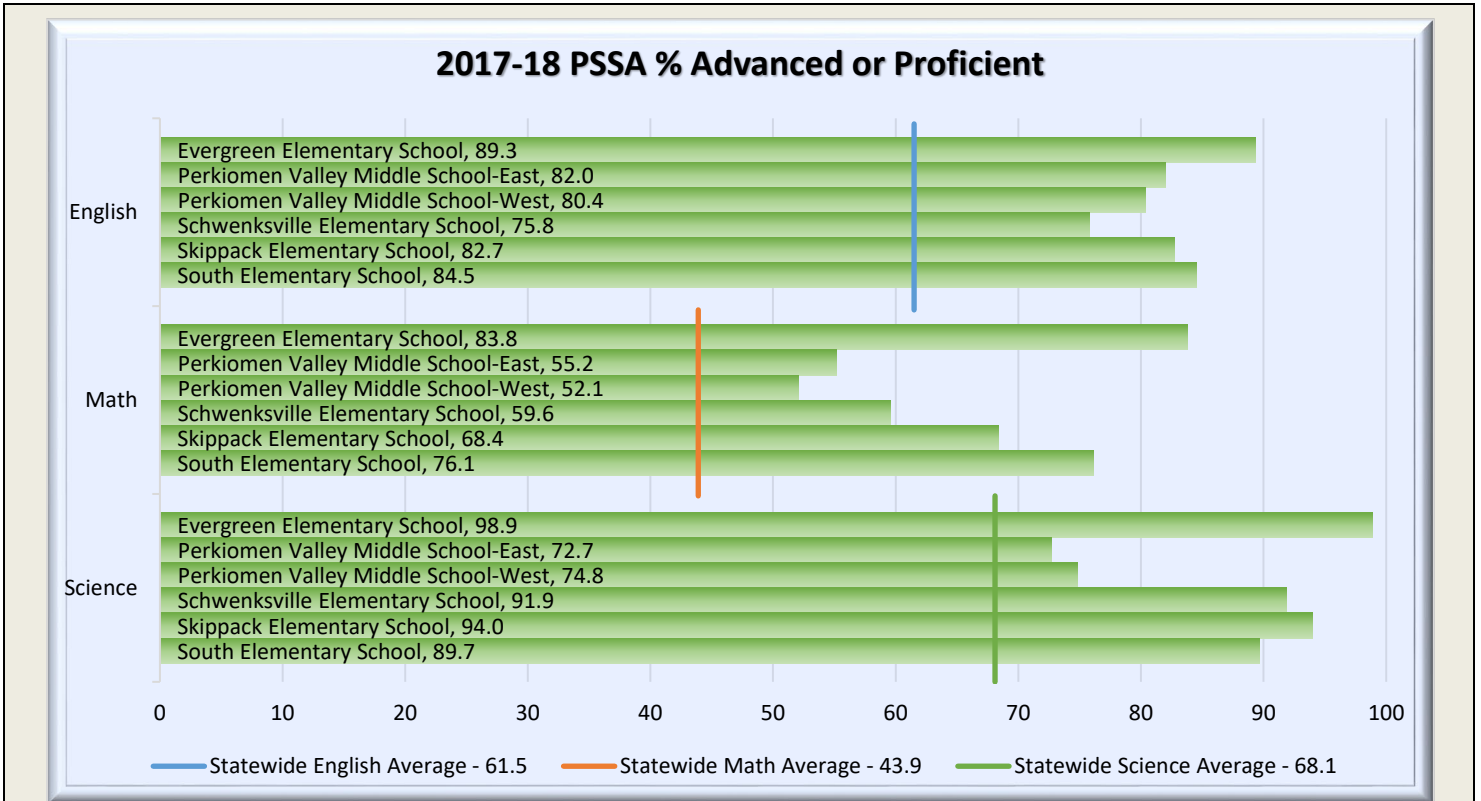
2017-18 Academic Data School Scores Compared to Statewide Averages



²⁴ 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.

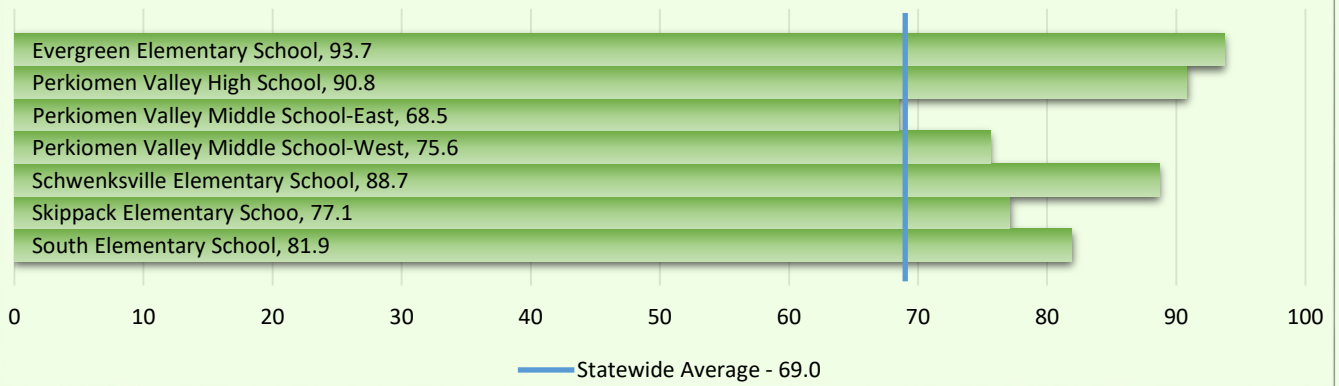
²⁵ PDE's data does not provide any further information regarding the reason a score was not published for a specific school. However, readers can refer to PDE's website for general information regarding the issuance of academic scores.

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

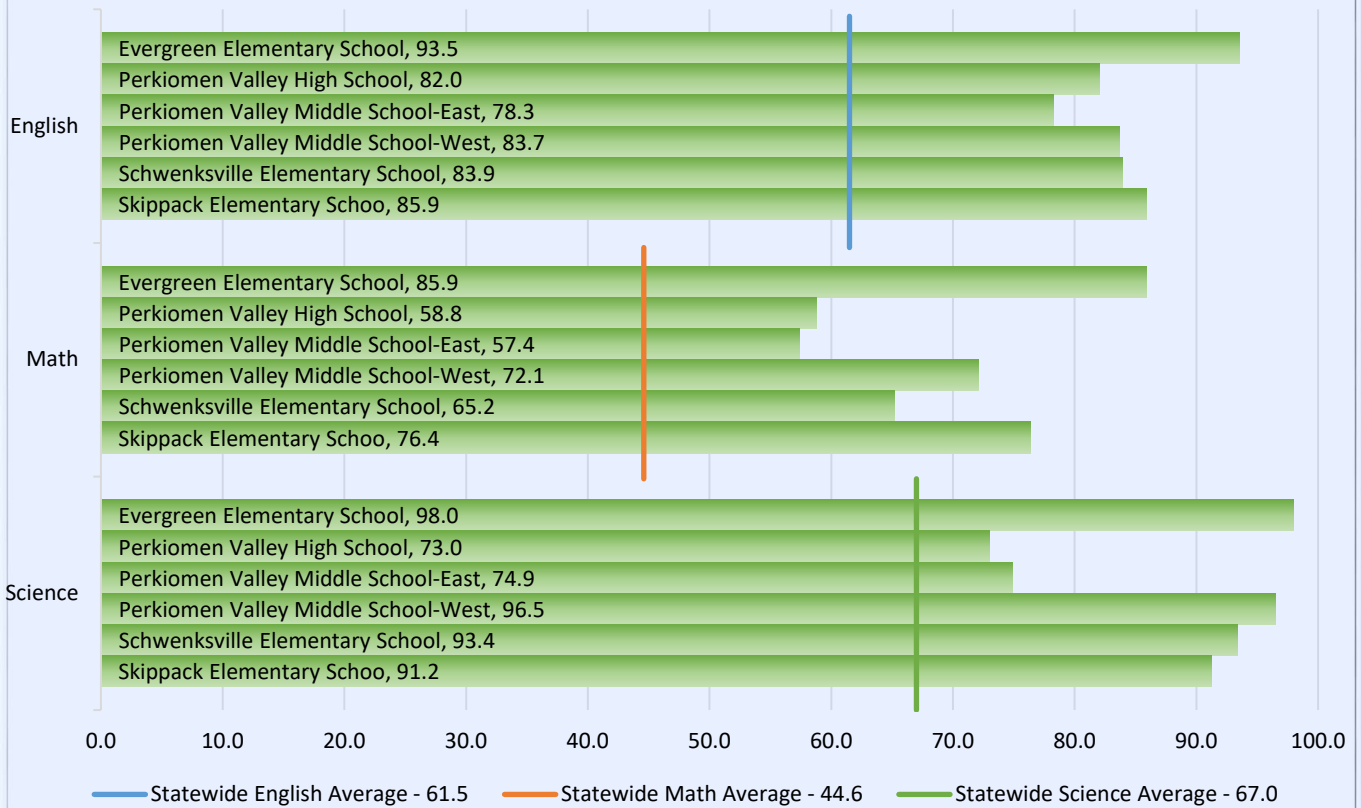


2016-17 Academic Data
School Scores Compared to Statewide Averages

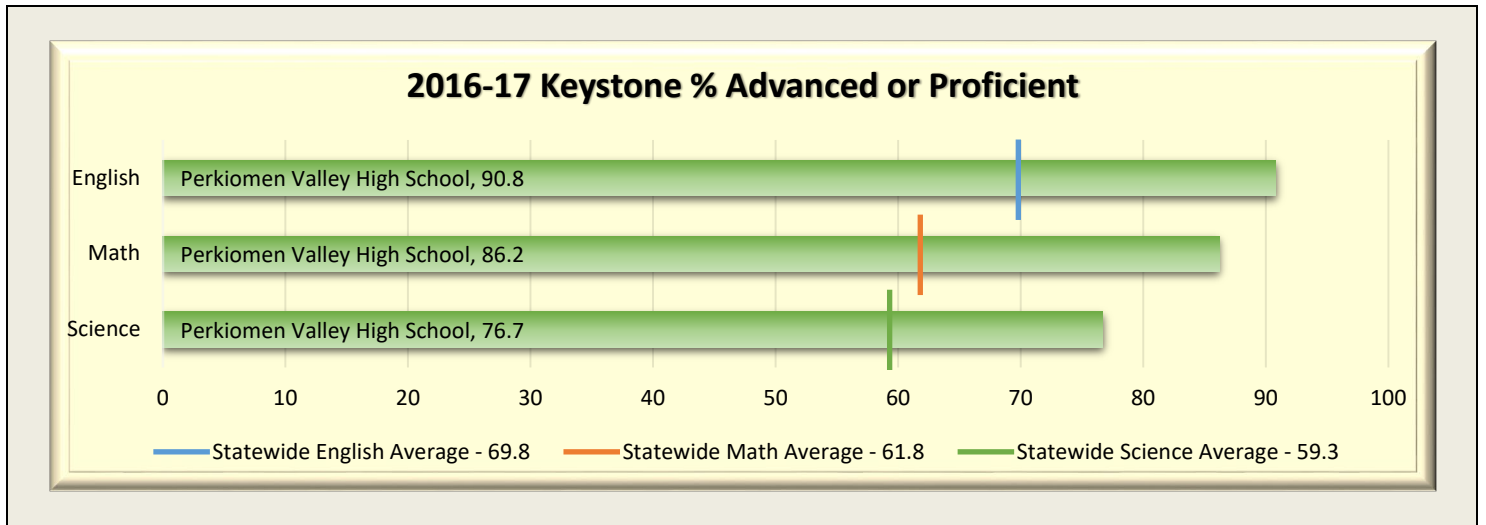
2016-17 SPP Scores



2016-17 PSSA % Advanced or Proficient

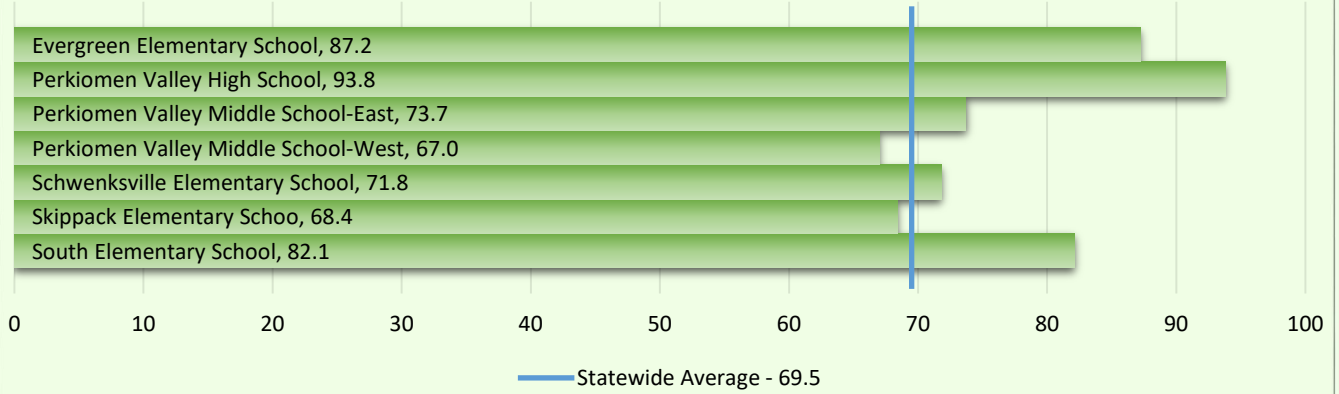


2016-17 Academic Data
School Scores Compared to Statewide Averages (continued)

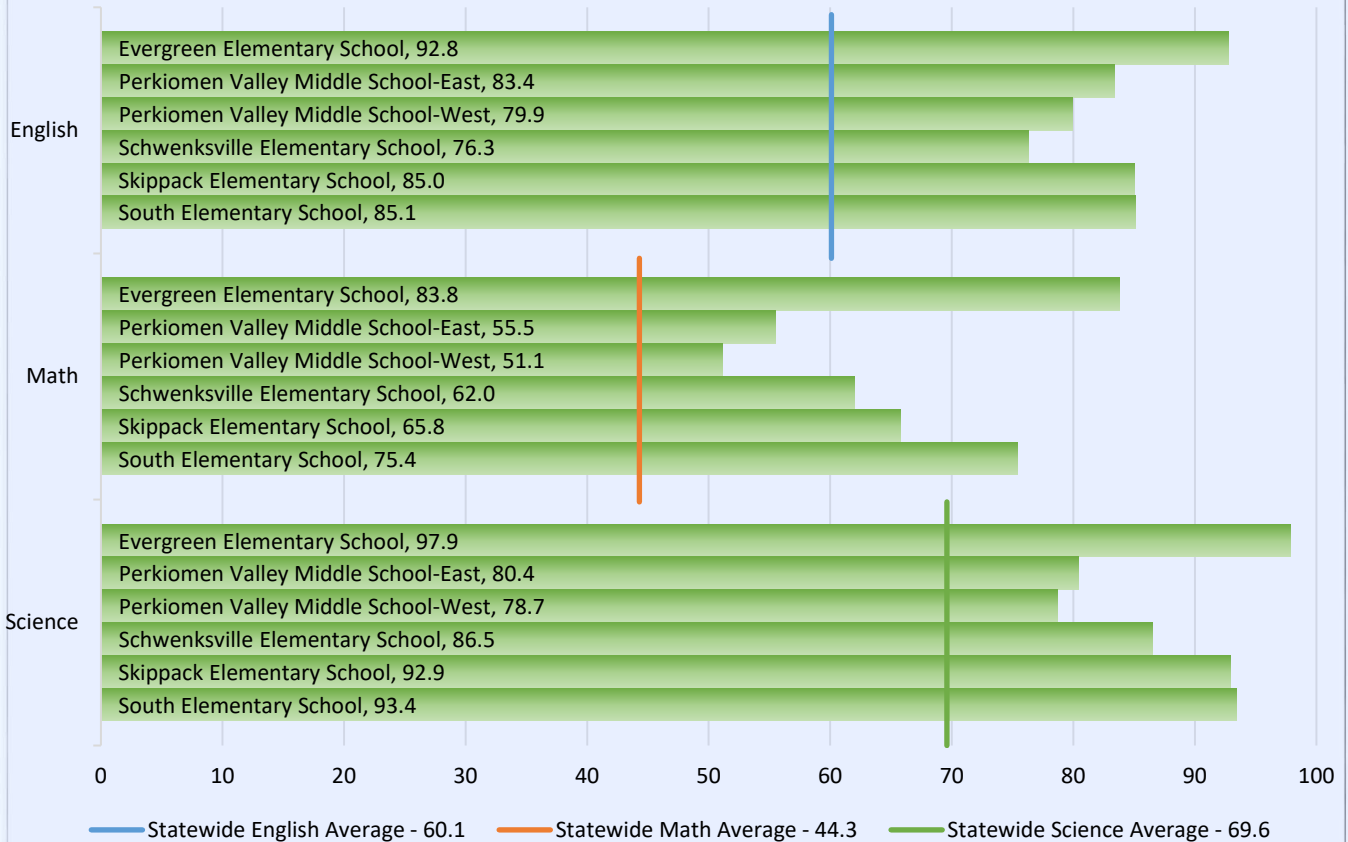


2015-16 Academic Data
School Scores Compared to Statewide Averages

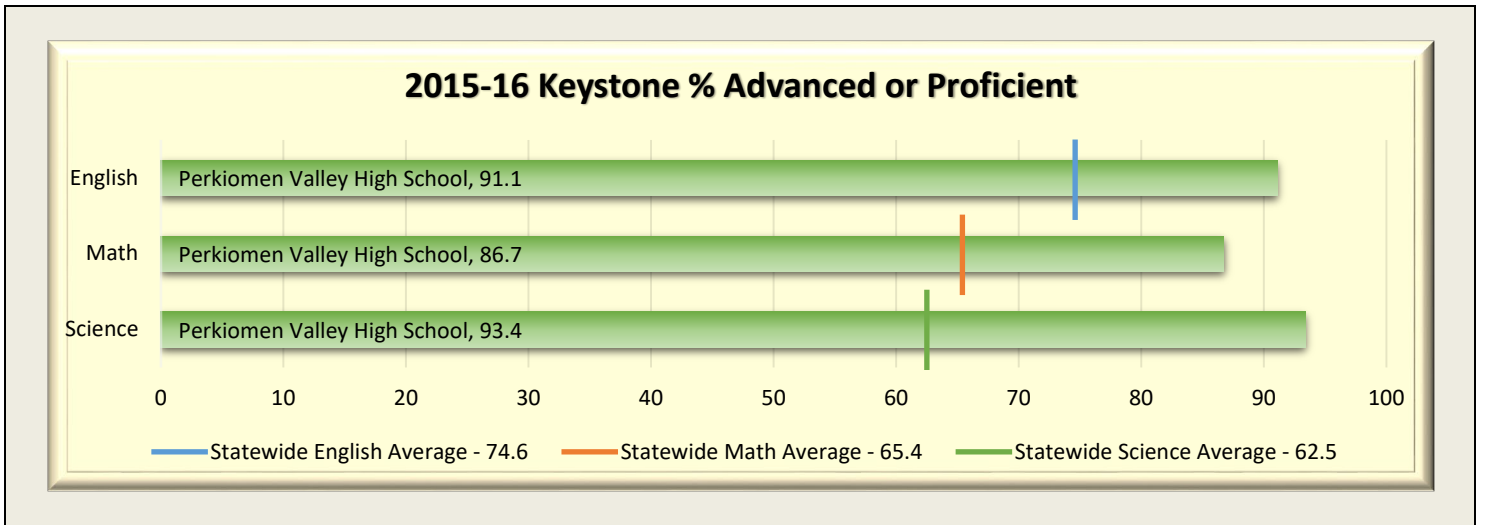
2015-16 SPP Scores



2015-16 PSSA % Advanced or Proficient



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:

The Honorable Tom W. Wolf

Governor
Commonwealth of Pennsylvania
Harrisburg, PA 17120

The Honorable Pedro A. Rivera

Secretary of Education
1010 Harristown Building #2
333 Market Street
Harrisburg, PA 17126

The Honorable Joe Torsella

State Treasurer
Room 129 - Finance Building
Harrisburg, PA 17120

Mrs. Danielle Mariano

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. 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.