

PERFORMANCE AUDIT

Peters Township School District Washington County, Pennsylvania

April 2022



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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

**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

Dr. Jeannine L. French, Superintendent
Peters Township School District
631 East McMurray Road
McMurray, Pennsylvania 15317

Mr. Thomas McMurray, Board President
Peters Township School District
631 East McMurray Road
McMurray, Pennsylvania 15317

Dear Dr. French and Mr. McMurray:

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

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

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

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

Our audit identified areas of noncompliance and significant internal control deficiencies in the areas of transportation operations and nonresident student data. Those deficiencies are detailed in the two findings of this report. A summary of those results is presented in the Executive Summary section of this report.

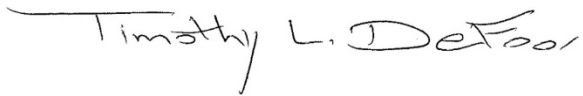
In addition, we identified internal control deficiencies in the area of administrator separations that were not significant but warranted the attention of District management and those charged with governance. These deficiencies were communicated to District management and those charged with governance for their consideration. Lastly, we found the District performed adequately in the area of bus driver requirements.

Dr. Jeannine L. French
Mr. Thomas McMurray
Page 2

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 that reads "Timothy L. DeFoor". The signature is written in a cursive style with a horizontal line above the first few letters.

Timothy L. DeFoor
Auditor General

April 18, 2022

cc: **PETERS TOWNSHIP SCHOOL DISTRICT** Board of School Directors

Table of Contents

	Page
Executive Summary	1
Background Information	2
Findings	7
Finding No. 1 – The District’s Failure to Implement an Adequate Internal Control System Led to Inaccurate Reporting of Transportation Data Resulting in a \$23,597 Underpayment	7
Finding No. 2 – The District Inaccurately Reported Nonresident Student Data to PDE Resulting in a \$10,235 Overpayment	11
Status of Prior Audit Findings and Observations	14
Appendix A: Audit Scope, Objectives, and Methodology	15
Appendix B: Academic Detail	21
Distribution List	25

Executive Summary

Audit Work

The Pennsylvania Department of the Auditor General conducted a performance audit of the Peters Township 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, 2016 through June 30, 2020, 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 2016-17 through 2019-20 school years.

Audit Conclusion and Results

Our audit found areas of noncompliance and significant internal control deficiencies as detailed in the two findings in this report.

Finding No. 1: The District's Failure to Implement an Adequate Internal Control System Led to Inaccurate Reporting of Transportation Data Resulting in a \$23,597 Underpayment.

We found that the District did not implement an adequate internal control system over its process for reporting regular transportation data to the Pennsylvania Department of Education (PDE). Consequently, the District inaccurately reported the number of miles travelled by vehicles transporting District students during the 2018-19 and 2019-20 school years which resulted in the District receiving \$23,597 less in transportation reimbursements than it was eligible to receive (see page 7).

Finding No. 2: The District Inaccurately Reported Nonresident Student Data to PDE Resulting in a \$10,235 Overpayment.

We found that the District failed to implement an adequate control system over the categorization and reporting of nonresident student data resulting in a \$10,235 overpayment from PDE. This overpayment was caused by the District inaccurately reporting the number of foster students educated by the District during the 2016-17 school year (see page 11).

Status of Prior Audit Findings and Observations.

There were no findings or observations in our prior report.

Background Information

School Characteristics 2020-21 School Year*	
County	Washington
Total Square Miles	19.5
Number of School Buildings	5
Total Teachers	272
Total Full or Part-Time Support Staff	221
Total Administrators	25
Total Enrollment for Most Recent School Year	4,136
Intermediate Unit Number	1
District Career and Technical School	Western CTC

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

Mission Statement*

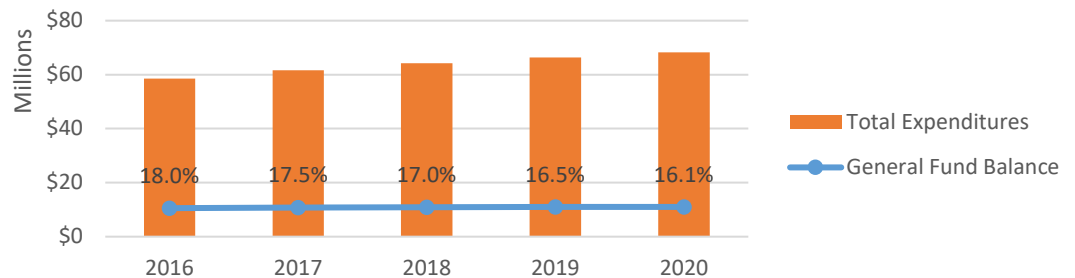
Will promote academic excellence, build leadership, and inspire character as a prominent Pennsylvania school district measured by state and national standards.

Financial Information

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

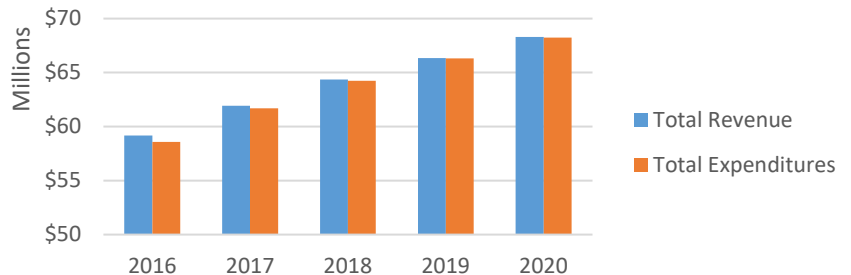
General Fund Balance as a Percentage of Total Expenditures

	General Fund Balance
2016	\$10,558,409
2017	\$10,809,709
2018	\$10,934,201
2019	\$10,963,746
2020	\$11,012,904



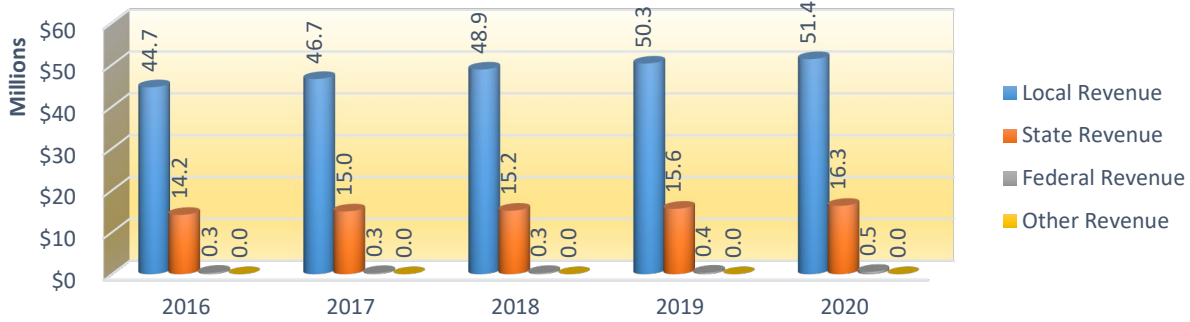
Revenues and Expenditures

	Total Revenue	Total Expenditures
2016	\$59,172,039	\$58,567,315
2017	\$61,929,279	\$61,677,979
2018	\$64,361,142	\$64,236,649
2019	\$66,333,501	\$66,303,956
2020	\$68,297,313	\$68,248,155

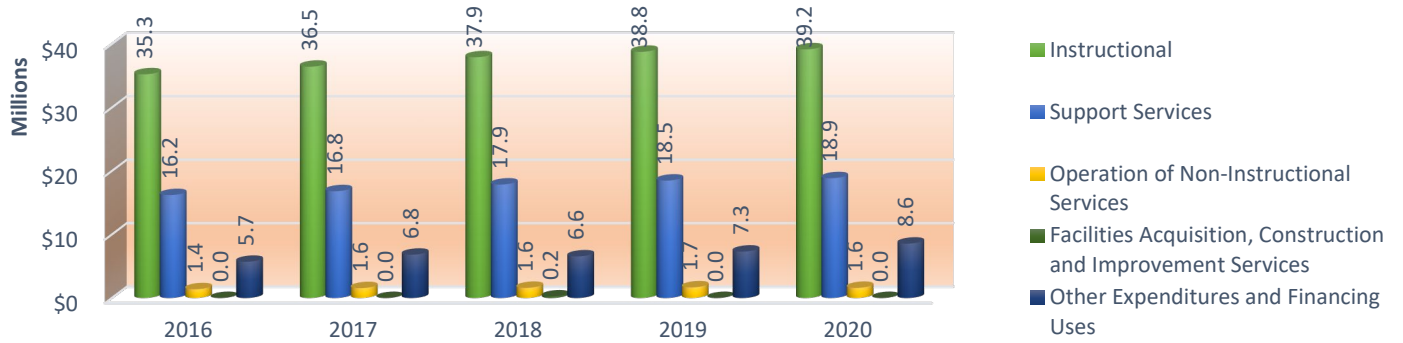


Financial Information Continued

Revenues by Source

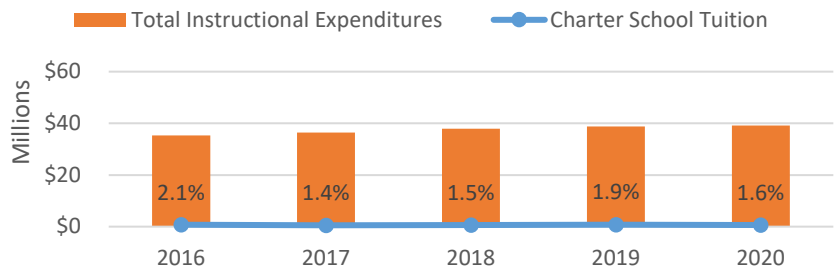


Expenditures by Function

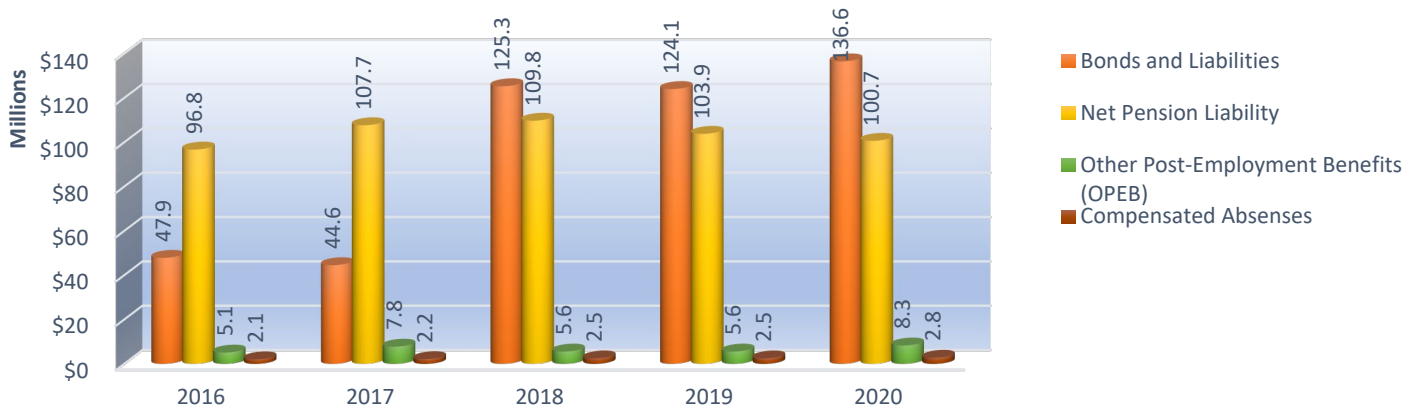


Charter Tuition as a Percentage of Instructional Expenditures

	Charter School Tuition	Total Instructional Expenditures
2016	\$736,019	\$35,255,242
2017	\$525,463	\$36,453,153
2018	\$580,191	\$37,939,490
2019	\$756,478	\$38,798,635
2020	\$619,719	\$39,190,812



Long-Term Debt

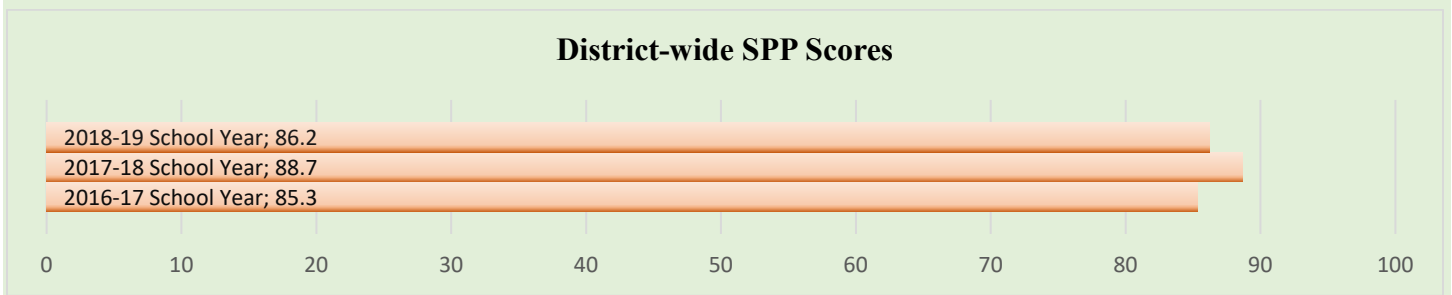


Academic Information¹

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

What is a SPP score?

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



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

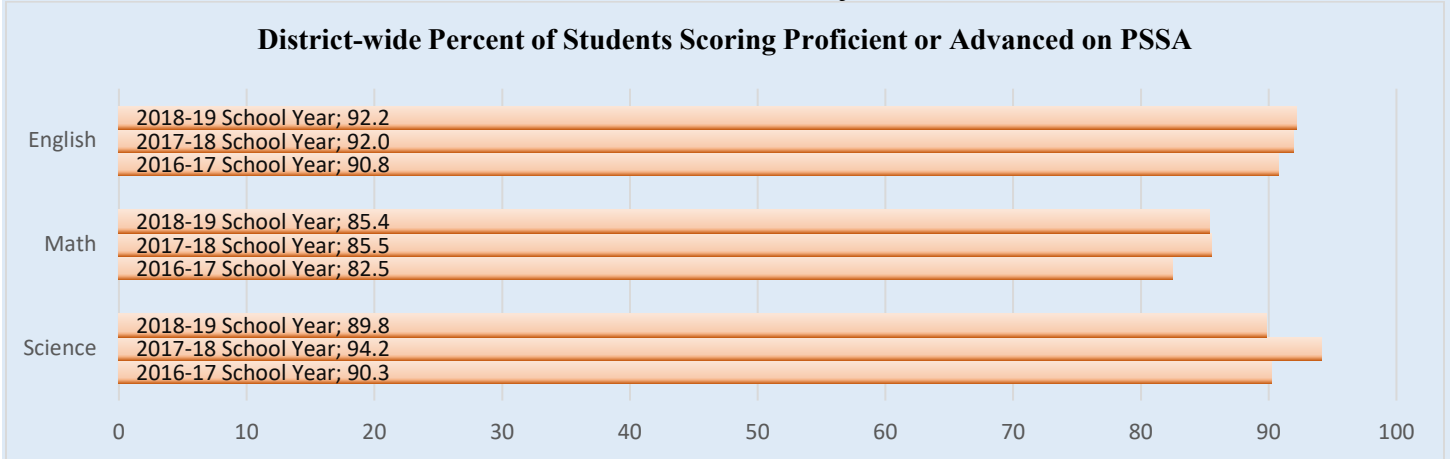
³ Graduation rates were still reported for the 2019-20 school year despite the COVID-19 pandemic.

Academic Information Continued

What is the PSSA?

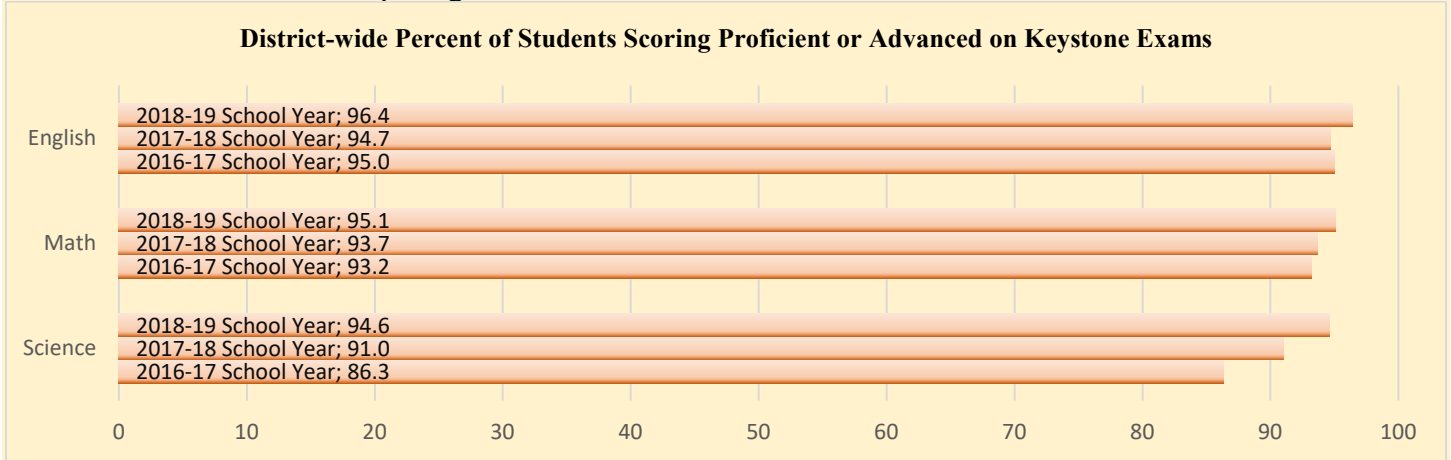
The PSSA is an annual, standardized test given across the Commonwealth to students in grades 3 through 8 in core subject areas, including English, Math and Science. The PSSAs help Pennsylvania meet federal and state requirements and inform instructional practices, as well as provide educators, stakeholders,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

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



What is the Keystone Exam?

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

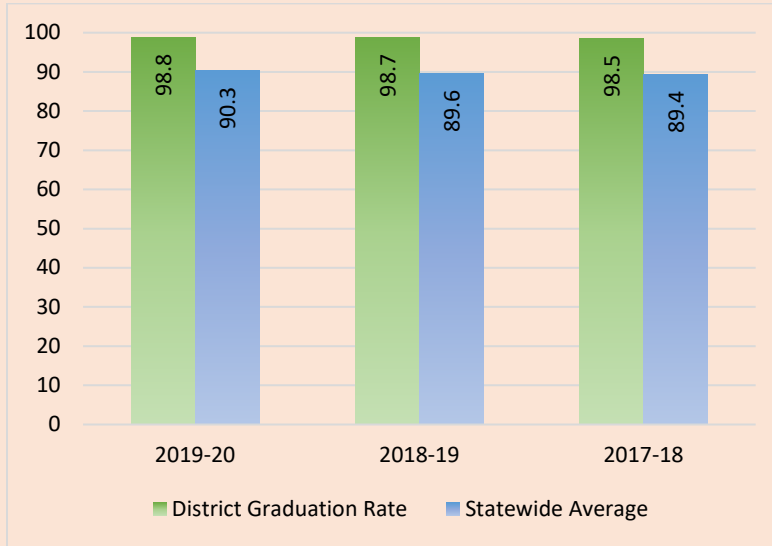


⁴ Act 158 of 2018, effective October 24, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement until the 2021-22 school year. See 24 P.S. § 1-121(b)(1). Please refer to the following link regarding further guidance to local education agencies (LEAs)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

Academic Information Continued

What is a 4-Year Cohort Graduation Rate?

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



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

Findings

Finding No. 1

The District's Failure to Implement an Adequate Internal Control System Led to Inaccurate Reporting of Transportation Data Resulting in a \$23,597 Underpayment

Criteria relevant to the finding:

Student Transportation Subsidy

Section 2541(a) of the Public School Code (PSC) states, in part: "School districts shall be paid by the commonwealth for every school year on account of pupil transportation which... have been approved by the Pennsylvania Department of Education (PDE)... 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, 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....

We found that the Peters Township School District (District) did not implement an adequate internal control system over its process for calculating and reporting regular transportation data to the Pennsylvania Department of Education (PDE). Consequently, the District inaccurately reported the number of miles traveled by vehicles transporting District students during the 2018-19 and 2019-20 school years which resulted in the District receiving \$23,597 less in transportation reimbursements than it was eligible to receive.⁶

Background

School districts receive two separate transportation reimbursement payments from PDE. The **regular** transportation reimbursement is broadly based on the number of students transported, the number of days each vehicle was used to transport students, and the number of miles that vehicles are in service, both with and without students. The **supplemental** transportation reimbursement is based on the number of nonpublic school and charter school students transported at any time during the school year. The errors identified in this finding pertain to the District's regular transportation reimbursements.

Since the above listed components are integral to the calculation of the District's transportation reimbursement, it is essential that the District properly record, calculate, and report transportation data to PDE. Therefore, the District should have a strong system of internal control over its regular transportation operations that should include, but not be limited to, the following:

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

It is also important to note that the Public School Code requires all school districts to annually file with PDE a sworn statement of student transportation data for the prior and current school years in order to be eligible for transportation reimbursements.⁷ The sworn statement includes the superintendent's signature attesting to the accuracy of the reported

⁶ The District received \$1,414,842 in total regular transportation reimbursements for the 2018-19 and 2019-20 school years.

⁷ See 24 P.S. § 25-2543.

Criteria relevant to the finding (continued):

PDE 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.) See 24 P.S. § 25-2543.

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

<http://www.education.pa.gov/Documents/Teachers-Administrators/Pupil%20Transportation/eTran%20Application%20Instructions/PupilTransp%20Instructions%20PDE%201049.pdf> (accessed 2/14/22)

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.

data. Because of this statutorily required attestation, the District should ensure it has implemented an adequate internal control system so its submission to PDE can be made with the utmost confidence.

Regular Transportation Reporting Errors

PDE requires school districts to report the number of miles per day to the nearest tenth that each vehicle travels with and without students. Districts are also required to report the number of students assigned to each vehicle. If the miles traveled and/or students assigned changes during the school year, an average must be calculated and reported. Districts are also required to report the number of days each vehicle transported students.

We found that the District inaccurately reported miles traveled for the majority of the vehicles it reported to PDE during the 2018-19 and 2019-20 school years. Our review disclosed that the District inaccurately reported miles traveled for 122 of the 134, or 91 percent, of the total vehicles reported to PDE during the 2018-19 and 2019-20 school years. The table below summarizes the errors we identified.

Peters Township School District Regular Transportation Mileage Reporting Errors		
School Year	Total Miles Under Reported	Underpayment
2018-19	16,205	\$ 9,820
2019-20	26,640	\$13,777
Total:	42,845	\$23,597

The District reported estimated vehicle mileage that was determined at the beginning of each school year when it was developing individual vehicle routes. Reporting of this nature is not in compliance with PDE reporting requirements since the District did not report the actual mileage traveled both with and without students. The vehicle data reported to PDE could not and did not account for any variation in the routes over the course of the school year. District officials acknowledged that estimated transportation data was reported to PDE and that vehicle routes changed during the school year and those changes were not considered when the data was reported to PDE.

Significant Internal Control Deficiencies

Our review revealed that the District did not have an adequate internal control system over the process of inputting, categorizing, calculating, and reporting regular transportation data to PDE. Specifically, District personnel responsible for transportation data were not adequately trained on PDE’s reporting requirements. Further, the District did not implement adequate segregation of duties when it placed responsibility on one

employee for calculating and reporting regular transportation data to PDE without a review by another employee. Finally, the District did not have comprehensive written procedures detailing the documentation needed to accurately calculate and report transportation data.

Recommendations

The *Peters Township School District* should:

1. Develop and implement an internal control system over its regular transportation data operations. The internal control system should include, but not be limited to, the following:
 - All personnel involved in calculating, and reporting transportation data are adequately trained on PDE’s reporting requirements.
 - A review of transportation data is conducted by an employee other than the employee who prepared the data before it is submitted to PDE.
 - Clear and concise written procedures are developed to document the regular transportation data calculation and reporting process.
2. Review the mileage data submitted for the 2016-17 and 2017-18 school years and determine if errors similar to those reported in this finding occurred and, if necessary, submit revised reports to PDE.

The *Pennsylvania Department of Education* should:

3. Adjust the District’s future transportation allocations to resolve the \$23,597 underpayment to the District.

Management Response

District management provided the following response:

“Cause: The District reported estimated vehicle mileage that was determined at the beginning of each school year during route development instead of reporting the actual mileage traveled both with and without students. The vehicle data reported to PDE did not account for any variation in the routes over the course of the school year. This reporting error resulted in an underpayment to the District.

“In response to the Audit Recommendations, the Peters Township School District will:

“Develop and implement an internal control system over regular transportation data operations. The internal control system will include the following:

“All personnel involved in calculating, and reporting transportation data will be adequately trained on PDE's reporting requirements.

“A review of transportation data will be conducted by an employee other than the employee who prepared the data before it is submitted to PDE.

“Clear and concise written procedures will be developed to document the regular transportation data calculation and reporting process.

“The District will review the mileage data submitted for the 2016-17 and 2017-18 school years and determine if errors similar to those reported in this finding occurred and, if necessary, submit revised reports to PDE.”

Auditor Conclusion

We are encouraged that the District has taken appropriate corrective actions to implement all of our recommendations including training all staff on PDE transportation reporting requirements and developing written procedures for transportation reporting. We continue to stress the importance of creating and implementing these controls which should improve the District's operations and facilitate compliance with legal and other relevant requirements.

Finding No. 2

The District Inaccurately Reported Nonresident Student Data to PDE Resulting in a \$10,235 Overpayment

Criteria relevant to the finding:

The State Board of Education's regulations and PDE guidelines govern the classifications of nonresident children placed in private homes based on the criteria outlined in the PSC.

Payment of Tuition

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

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

We found that the District failed to implement an adequate control system over the categorization and reporting of nonresident student data resulting in a \$10,235 overpayment from PDE.⁸ This overpayment was caused by the District inaccurately reporting the number of foster students educated by the District during the 2016-17 school year.⁹

Background: School districts are entitled to receive Commonwealth paid tuition for educating certain nonresident students. For a district to be eligible to receive Commonwealth paid tuition, the District must ensure that the student has met all four eligibility components:

- 1) The student's parent/guardian must not be a resident of the educating district.
- 2) 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.¹⁰
- 3) The district resident must be compensated for the care of the student.
- 4) The student must not be in pre-adoptive status.

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 these students that the district educated to PDE. Further, the district must obtain updated documentation for each year that the district reports a student as a nonresident foster student.

Because school districts can be eligible for additional revenue for educating nonresident students, it is essential for districts to properly identify, categorize, and report nonresident students that it educated to PDE. Therefore, school districts should have a strong system of internal controls over this process that should include, but not be limited to, the following:

- Training on PDE reporting requirements.
- Written internal procedures to help ensure compliance with PDE requirements.
- Reconciliations of source documents to information reported to PDE.

⁸ The District received a total of \$10,235 in nonresident foster student reimbursements for the four-year audit period.

⁹ We found that the District accurately reported that no foster students were educated by the District for the 2017-18 through 2019-20 school years.

¹⁰ 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).

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

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

Foster Student Reporting Error

We found that the District reported one student as a nonresident foster student in the 2016-17 school year. The District had documentation that this student had been placed with a permanent legal custodian. Once placed in permanent legal custody the student no longer meets the eligibility criteria to be reported as a nonresident foster student. Since the District erroneously reported this student as a foster student for the 2016-17 school year, the District received \$10,235 that it was not eligible to receive. This error occurred because the District official responsible for categorizing and reporting nonresident foster student data did not fully understand the eligibility requirements for foster students.

Significant Internal Control Deficiencies

The District did not have adequate internal controls over the process of the identification, categorization, and reporting of foster student data. The employee responsible for reporting nonresident student data to PDE was not adequately trained on PDE’s reporting requirements. A reconciliation to source documents to ensure the foster student met the eligibility requirements was not performed during the audit period. As previously stated, the District relied solely on one employee to identify, categorize, and report foster students. This information was not reviewed prior to it being reported to PDE. A review of this nature most likely would have revealed the error we identified in this finding. Finally, the District did not have written policies and procedures to assist its employees in properly identifying and categorizing foster students.

Future Reimbursement Adjustment

We provided PDE with documentation detailing the reporting error we identified for the 2016-17 school year. We recommend that PDE adjust the District’s future reimbursement amount by the \$10,235 that we calculated as an overpayment.

Recommendations

The *Peters Township School District* should:

1. Develop and implement an internal control system governing the process for identifying and reporting nonresident foster student data. The internal control system should include, but not be limited to, the following:
 - All personnel involved in identifying, categorizing, and reporting nonresident data are trained on PDE’s reporting requirements.
 - A review of nonresident data is conducted by an employee, other than the employee who prepared the data, before it is submitted to PDE.

- Clear and concise written procedures are developed to document the categorization and reporting process for nonresident student data.

The *Pennsylvania Department of Education* should:

2. Adjust the District's future reimbursements to resolve the overpayment of \$10,235.

Management Response

District management provided the following response:

“The District inaccurately reported one student as a nonresident foster student for the 2016-17 school year. This error occurred when the individual responsible for coding new student enrollment did not fully understand the eligibility requirements for foster student designation. The error was not identified prior to submission to PDE.

Corrective Action:

“An internal control system governing the process for identifying and reporting student data, including nonresident foster student data, has been developed and implemented. Specifically, the Director of Technology created a New Student Enrollment Program Manual (V2.0-2/18/22) as a guide to the processes and procedures for enrolling a new student in the Peters Township School District. The manual provides clear and concise written procedures to document student enrollment data, including nonresident student data.

“On 2/18/2022, all school-based and central office staff involved in identifying, categorizing, and reporting student data, including nonresident data, were trained on PDE's reporting requirements. Per the new enrollment procedures, any new enrollment categorized as a nonresident foster student must be reviewed and verified by both the Office of Pupil Services and the District Data Coordinator prior to being entered into the District Student Data System.”

Auditor Conclusion

We are encouraged that the District has taken appropriate corrective actions to implement our recommendations including training all staff on PDE reporting requirements for nonresident student data. We continue to stress that creating and implementing internal controls will improve the District's operations and facilitate compliance with legal and other relevant requirements.

Status of Prior Audit Findings and Observations

Our prior Limited Procedures Engagement of the Peters Township 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,¹¹ is not a substitute for the local annual financial audit required by the Public School Code of 1949, as amended. We conducted our audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit.

Our audit focused on the District's effectiveness and/or compliance with applicable statutory provisions and related regulations in the areas of Transportation Operations, Nonresident Student Data, Administrator Separations, Bus Driver Requirements, and School Safety, including fire and security drills. The audit objectives supporting these areas of focus are explained in the context of our methodology to achieve the objectives in the next section. Overall, our audit covered the period July 1, 2016 through June 30, 2020. The scope of each individual objective is also detailed in the next section.

The District's management is responsible for establishing and maintaining effective internal control to provide reasonable assurance that the District's objectives will be achieved.¹² *Standards for Internal Control in the Federal Government* (also known as and hereafter referred to as the Green Book), issued by the Comptroller General of the United States, provides a framework for management to establish and maintain an effective internal control system. The Department of the Auditor General used the Green Book as the internal control analysis framework during the conduct of our audit.¹³ The Green Book's standards are organized into five components of internal control. In an effective system of internal control, these five components work together in an integrated manner to help an entity achieve its objectives. Each of the five components of internal control contains principles, which are the requirements an entity should follow in establishing an effective system of internal control. We illustrate the five components and their underlying principles in Figure 1 on the following page.

¹¹ 72 P.S. §§ 402 and 403.

¹² District objectives can be broadly classified into one or more of the following areas: effectiveness of operations; reliability of reporting for internal and external use; and compliance with applicable laws and regulations, more specifically in the District, referring to certain relevant state laws, regulations, contracts, and administrative procedures.

¹³ Even though the Green Book was written for the federal government, it explicitly states that it may also be adopted by state, local, and quasi-government entities, as well as not-for-profit organizations, as a framework for establishing and maintaining an effective internal control system. The Green Book is assessable at <https://www.gao.gov/products/GAO-14-704G>

Figure 1: Green Book Hierarchical Framework of Internal Control Standards

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

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

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

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

Figure 2 – Internal Control Components and Principles Identified as Significant

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

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

Objectives/Scope/Methodology

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

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

Transportation Operations

- Did the District ensure compliance with applicable laws and regulations governing transportation operations, and did the District receive the correct transportation reimbursement from the Commonwealth?¹⁴
 - ✓ To address this objective, we assessed the District's internal controls for obtaining, inputting, processing, and reporting regular transportation data (vehicle mileage data) to PDE. We reconciled the reported days, mileage and number of students transported for all 134 vehicles reported as transporting students on the PDE-2518 (*Summary of Individual Vehicle Data for Contracted Service*) to the District created summary weighted average calculations for all vehicles reported for the 2018-19 and 2019-20 school years. We obtained and reviewed monthly odometer readings for all 134 of the vehicles used to transport students during the 2018-19 and 2019-20 school years.¹⁵ For each vehicle, we verified that mileage was accurately calculated and reported to PDE.
 - ✓ Additionally, we assessed the District's internal controls for identifying, categorizing, and reporting reimbursable students who reside on a Pennsylvania Department of Transportation (PennDOT) determined hazardous walking route. We obtained and reviewed the PennDOT approved hazardous walking routes applicable during the audit to determine if the District accurately reported students who were provided transportation and lived within 1.5 miles of their elementary school and 2 miles of their secondary school for the 2016-17 through 2019-20 school years.¹⁶

¹⁴ See 24 P.S. § 25-2541(a).

¹⁵ The District reported 68 vehicles were used to transport students during the 2018-19 school year and 66 vehicles were used to transport students during the 2019-20 school year.

¹⁶ The District reported a total of 2,296 hazardous route students over the audit period: 755 during the 2016-17 school year, 525 during the 2017-18 school year, 515 during the 2018-19 school year, and 501 during the 2019-20 school year.

Conclusion: The results of our procedures identified areas of noncompliance and significant internal control deficiencies related to this objective. Those results are detailed in Finding No. 1 beginning on page 7 of this report.

Nonresident Student Data

- Did the District accurately report nonresident students to PDE? Did the District receive the correct reimbursement for these nonresident students?¹⁷
 - ✓ To address this objective, we assessed the District’s internal controls over inputting, processing residency status, and reporting nonresident foster students to PDE. We reviewed the nonresident foster student reported to PDE as educated by the District during the 2016-17 through 2019-20 school years.¹⁸ We reviewed documentation to verify that the custodial parent or guardian was not a resident of the district and to determine whether the foster parent(s) received a stipend for caring for the student. We then determined whether the District received the correct reimbursement for this nonresident student.

Conclusion: The results of our procedures identified areas of noncompliance and significant internal control deficiencies related to this objective. Those results are detailed in Finding No. 2 beginning on page 11 of this report.

Administrator Separations

- Did the District provide any individually contracted employees with excessive payments upon separation of employment? Did the District ensure all payroll wages reported to Public School Employees’ Retirement System (PSERS) were appropriate and accurate?
 - ✓ To address this objective, we assessed the District’s internal controls over the calculations of post-employment benefits and final payments made to individually contracted administrators who separated employment from the District. We reviewed the employment contracts, separation agreements, and payroll and leave records for the one individually contracted administrator who separated employment from the District during the period of July 1, 2016 through June 30, 2020. We reviewed board meeting minutes to verify that the Board voted to approve the dismissal of the administrator in accordance with the Public School Code. We also reviewed the final payouts to determine if the administrator was compensated in accordance with the contract and that all payments were accurately reported to PSERS.

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

¹⁷ See 24 P.S. §§ 13-1301, 13-1302, 13-1305, 13-1306; 22 Pa. Code Chapter 11.

¹⁸ The District reported one nonresident foster student during the audit period.

Bus Driver Requirements

- Did the District ensure that all bus drivers transporting District students are approved by the Board of School Directors (Board) and had the required driver’s license, physical exam, training, background checks, and clearances¹⁹ as outlined in applicable laws?²⁰ Also, did the District adequately monitor driver records to ensure compliance with the ongoing five-year clearance requirements and ensure it obtained updated licenses and health physical records as applicable throughout the school year?
 - ✓ To address this objective, we assessed the internal controls over the receipt, review, and monitoring of driver qualification and clearance documents. We randomly selected 11 of the 109 drivers transporting District students as of December 1, 2021.²¹ We obtained a list of drivers from the District and from the bus contractor to verify all drivers were approved by the Board and properly qualified in accordance with laws and regulations. We reviewed documentation to ensure the District complied with the qualification and clearance requirements for those drivers. We also determined if the District had monitoring procedures to ensure that those drivers selected had updated clearances, licenses, and physicals.

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

School Safety

- Did the District comply with requirements in the Public School Code and the Emergency Management Code related to emergency management plans, bullying prevention, and memorandums of understanding with local law enforcement?²² Also, did the District follow best practices related to physical building security and providing a safe school environment?
 - ✓ To address this objective, we reviewed a variety of documentation including but not limited to safety plans, training schedules, risk and vulnerability assessments, anti-bullying policies, safety committee meetings, school climate surveys, and memorandums of understanding with local law enforcement.

Conclusion: Due to the sensitive nature of school safety, the results of our review for this objective are not described in our audit report, but they were shared with District officials, PDE’s Office of Safe Schools, and other appropriate law enforcement agencies deemed necessary.

- Did the District comply with the fire and security drill requirements of Section 1517 of the Public School Code?²³ Also, did the District accurately report the dates of drills to PDE and maintain supporting documentation to evidence the drills conducted and reported to PDE?

¹⁹ 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.

²⁰ PSC 24 P.S. § 1-111, CPSL 23 Pa.C.S. § 6344(a.1), PSC (Educator Discipline) 24 P.S. § 2070.1a *et seq.*, State Vehicle Code 75 Pa.C.S. §§ 1508.1 and 1509, and State Board of Education’s regulations 22 *Pa. Code Chapter 8*.

²¹ 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.

²² Safe Schools Act 24 P.S. § 13-1301-A *et seq.*, Emergency Management Services Code 35 Pa.C.S. § 7701.

²³ Public School Code (Fire and Security Drills) 24 P.S. § 15-1517.

- ✓ To address this objective, we obtained and reviewed the fire and security drill records for the District's six buildings for the 2018-19 and 2019-20 school years to determine if drills were held as required by PDE. We determined if a security drill was held within the first 90 days of the school year for each building in the District and if monthly fire drills were conducted in accordance with requirements. We also obtained the *Accuracy Certification Statement* that the District filed with PDE and compared the dates reported to the supporting documentation.

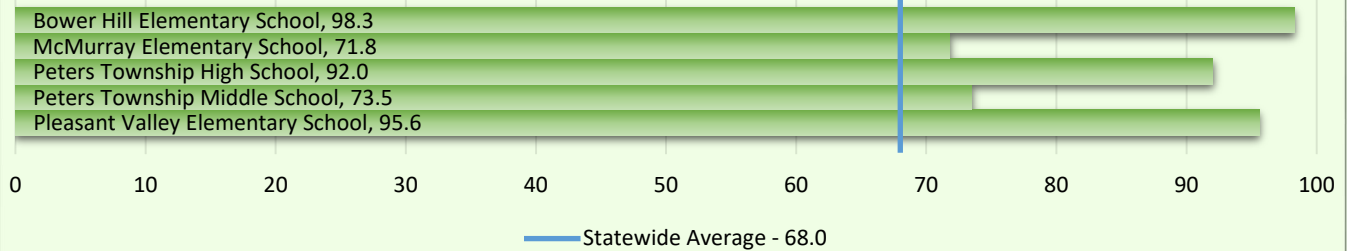
Conclusion: The results of our procedures for this objective did not disclose any reportable issues.

Appendix B: Academic Detail

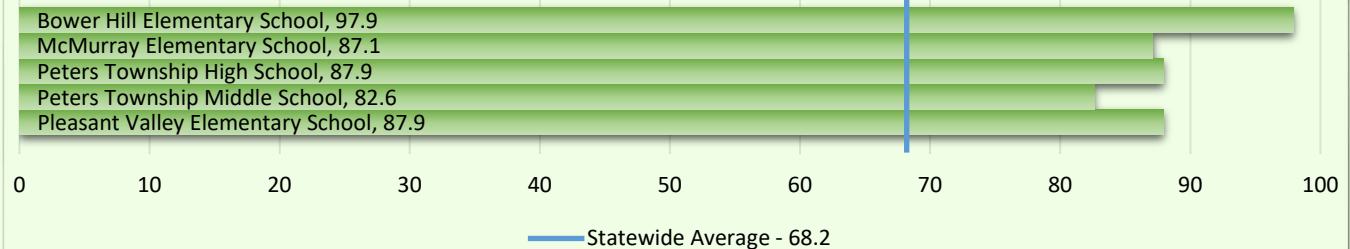
Benchmarks noted in the following graphs represent the statewide average of all public school buildings in the Commonwealth that received a score in the category and year noted.²⁴ Please note that if one of the District's schools did not receive a score in a particular category and year presented below, the school will not be listed in the corresponding graph.²⁵

SPP School Scores Compared to Statewide Averages

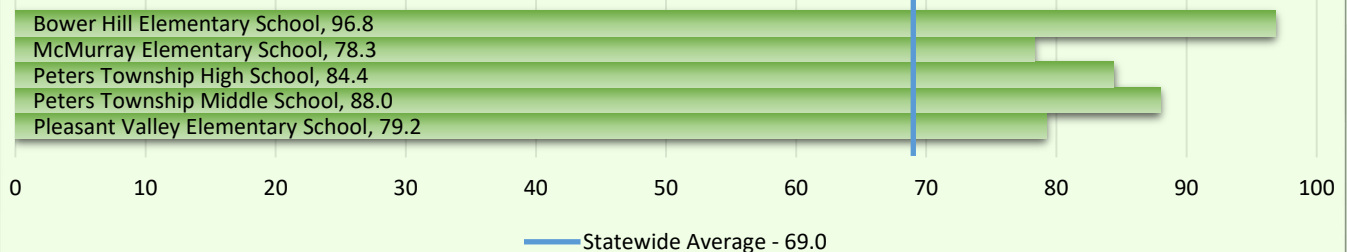
2018-19



2017-18



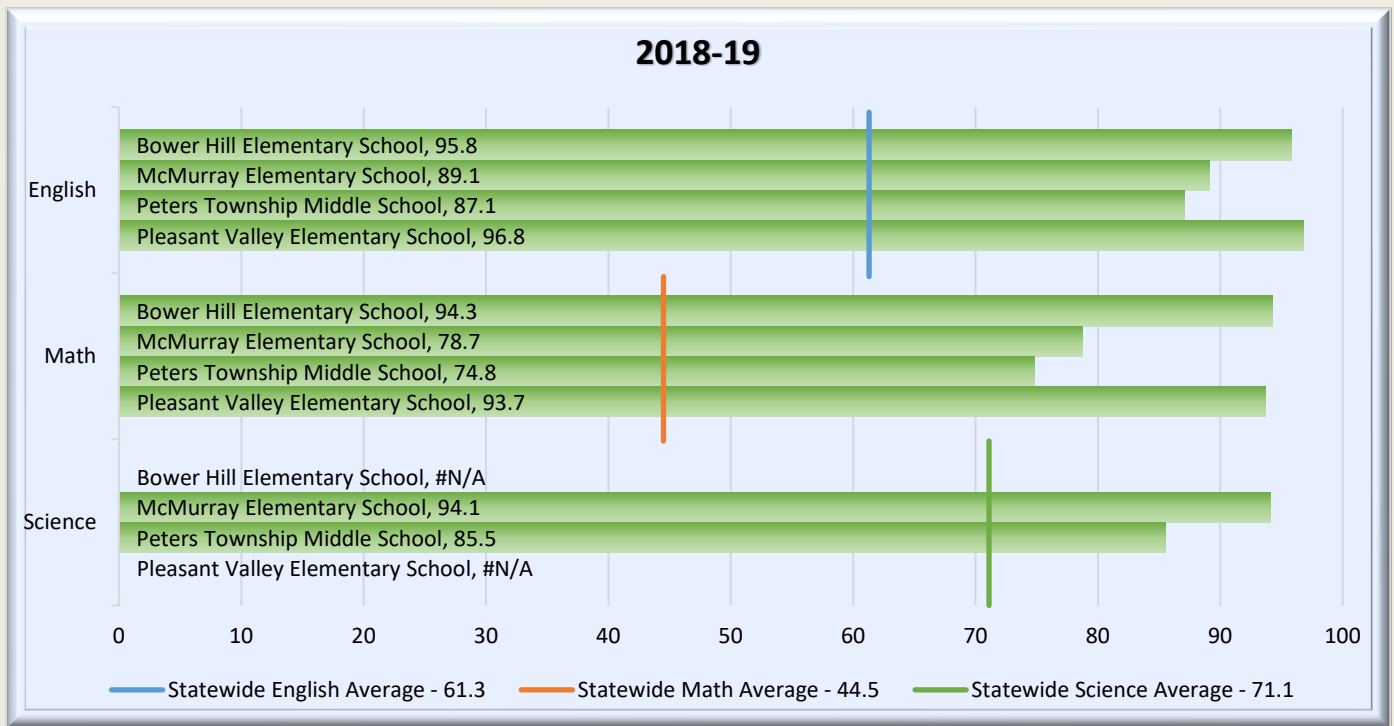
2016-17



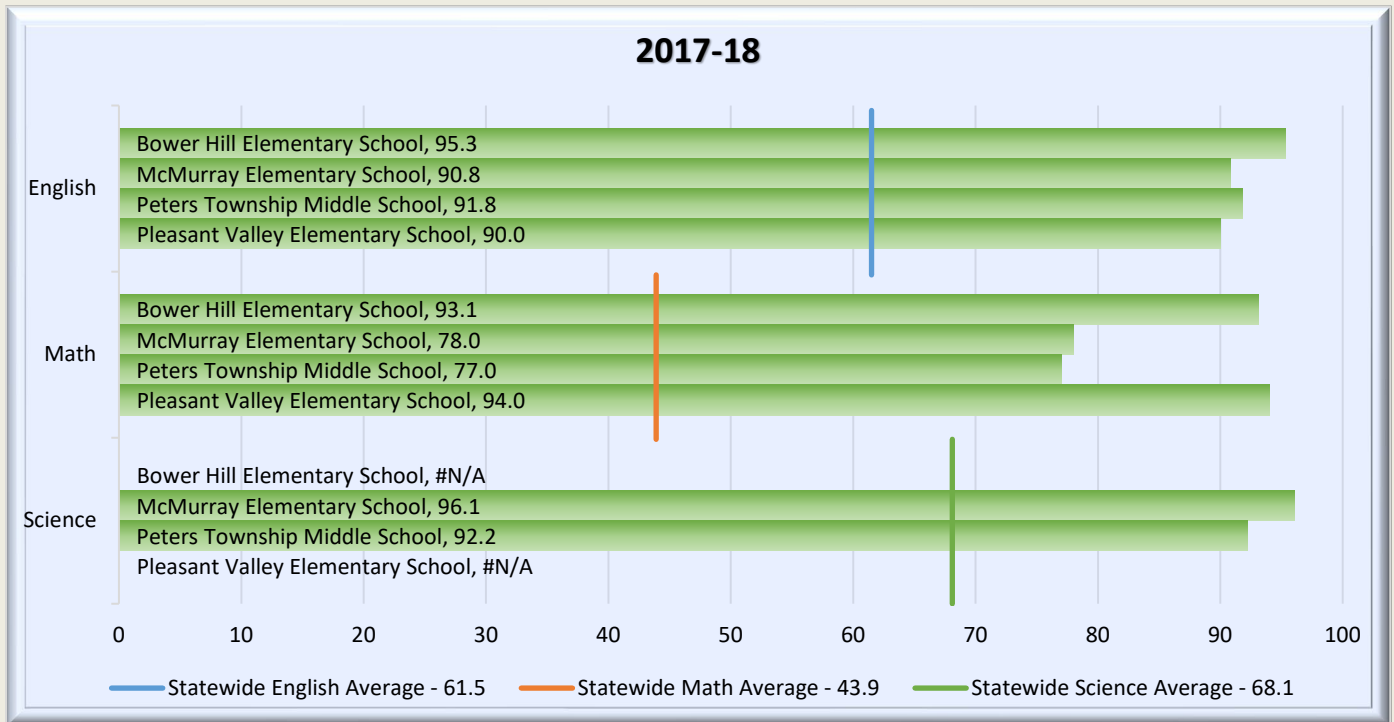
²⁴ Statewide averages were calculated by our Department based on individual school building scores for all public schools in the Commonwealth, including district schools, charters schools, and cyber charter schools.

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.

PSSA Advanced or Proficient Percentage School Scores Compared to Statewide Averages

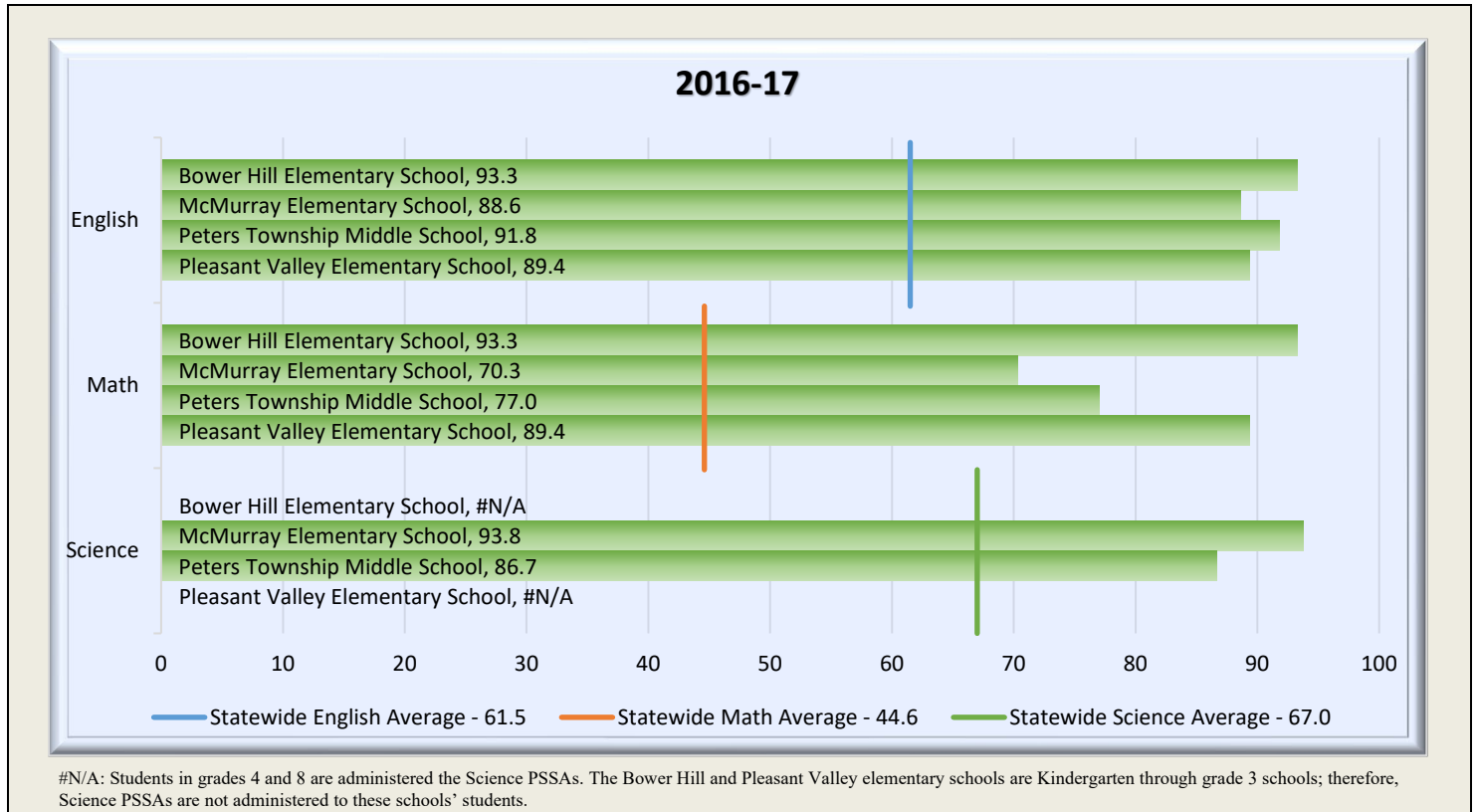


#N/A: Students in grades 4 and 8 are administered the Science PSSAs. The Bower Hill and Pleasant Valley elementary schools are Kindergarten through grade 3 schools; therefore, Science PSSAs are not administered to these schools' students.



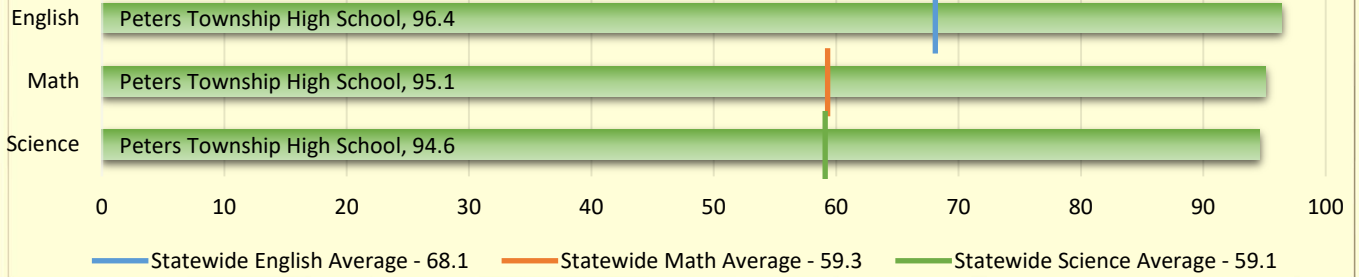
#N/A: Students in grades 4 and 8 are administered the Science PSSAs. The Bower Hill and Pleasant Valley elementary schools are Kindergarten through grade 3 schools; therefore, Science PSSAs are not administered to these schools' students.

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

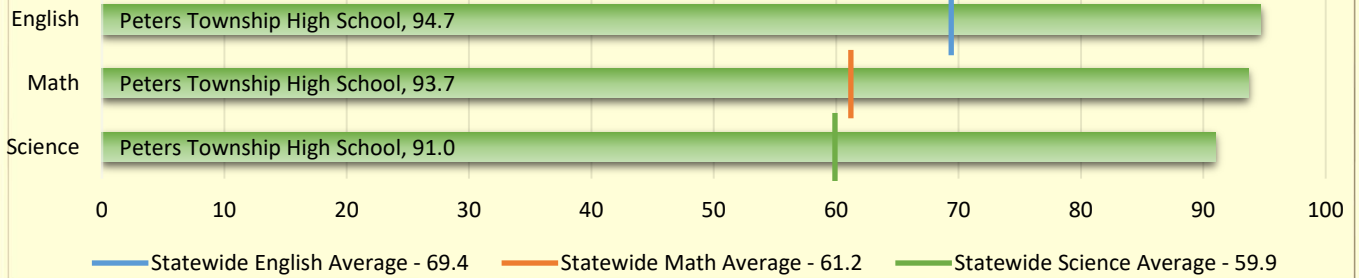


**Keystone Advanced or Proficient Percentage
School Scores Compared to Statewide Averages**

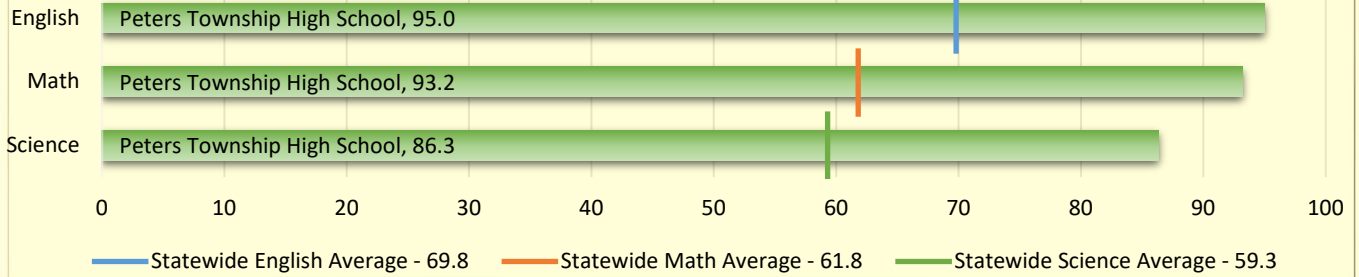
2018-19



2017-18



2016-17



Distribution List

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

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

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

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

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

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

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

This report is a matter of public record and is available online at www.PaAuditor.gov. 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.