

PERFORMANCE AUDIT

Schuylkill Haven Area School District Schuylkill County, Pennsylvania

March 2021



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

Dr. Shawn T. Fitzpatrick, Superintendent
Schuylkill Haven Area School District
501 East Main Street
Schuylkill Haven, Pennsylvania 17972

Mr. Scott R. Jacoby, Board President
Schuylkill Haven Area School District
501 East Main Street
Schuylkill Haven, Pennsylvania 17972

Dear Dr. Fitzpatrick and Mr. Jacoby:

We have conducted a performance audit of the Schuylkill Haven Area School District (District) for the period July 1, 2015 through June 30, 2019, except as otherwise indicated in the audit scope, objective, and methodology section of the report. We evaluated the District's performance in the following areas as further described in Appendix A of this report:

- Transportation Operations
- Bus Driver Requirements
- Administrator Separations

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 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 bus driver requirements and those deficiencies are detailed in the findings in this report. A summary of the results is presented in the Executive Summary section of this audit report.

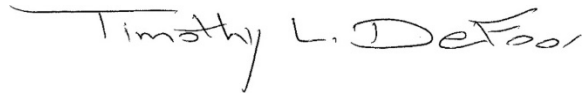
In addition, we identified internal control deficiencies in the area of administrator separations and certain parts of transportation operations that were not significant but warranted the attention of District management and those charged with governance. Those deficiencies were verbally communicated to District management and those charged with governance for their consideration.

Our 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 improved the District's operations and facilitate compliance with legal and other relevant requirements.

Dr. Shawn T. Fitzpatrick
Mr. Scott R. Jacoby
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We appreciate the District's cooperation during the course of the audit.

Sincerely,

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

Timothy L. DeFoor
Auditor General

March 12, 2021

cc: **SCHUYLKILL HAVEN AREA SCHOOL DISTRICT** Board of School Directors

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Executive Summary

Audit Work

The Pennsylvania Department of the Auditor General conducted a performance audit of the Schuylkill Haven Area 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, 2015 through June 30, 2019, 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 2015-16 through 2018-19 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's Failure to Implement an Internal Control System Resulted in an Overpayment of \$6,137 to the District.

The District inaccurately reported the number of students transported by the District who were not eligible for transportation reimbursement. As a result, the District was overpaid a total of \$6,137 in transportation reimbursements from the Pennsylvania Department of Education for the 2015-16, 2016-17, 2017-18, and 2018-19 school years (see page 7).

Finding No. 2: The District Failed to Comply with Provisions of the Public School Code and Associated Regulations by Not Maintaining Complete Records for and Properly Monitoring Its Contracted Bus Drivers.

The District failed to meet its statutory obligations related to the employment of individuals having direct contact with students during the 2020-21 school year by not maintaining complete and updated records for all drivers transporting students. We also found that the District's Board of School Directors approved drivers whose qualifications and clearances were not on file at the District and failed to approve one driver utilized by the District's transportation contractor. By not adequately maintaining and monitoring driver qualifications, the District could not ensure that all contracted drivers were properly qualified and cleared to transport students. Finally, we noted that the District's board policy regarding contracted services does not include the legal requirement to renew background clearances every five 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 2019-20 School Year*	
County	Schuylkill
Total Square Miles	23.4
Number of School Buildings	3
Total Teachers	103
Total Full or Part-Time Support Staff	95
Total Administrators	9
Total Enrollment for Most Recent School Year	1,155
Intermediate Unit Number	29
District Career and Technical School	Schuylkill Technology Center

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

Mission Statement*

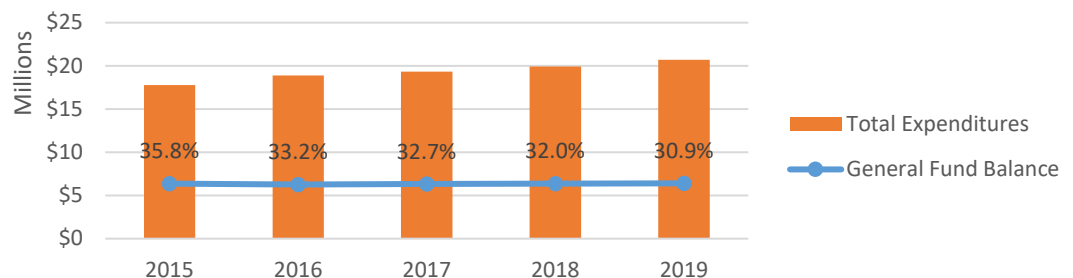
The mission of the Schuylkill Haven Area School District, in partnership with the community, is to empower each student to embrace the challenges of the future in an ever-changing global community.

Financial Information

The following pages contain financial information about the Schuylkill Haven Area 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**.

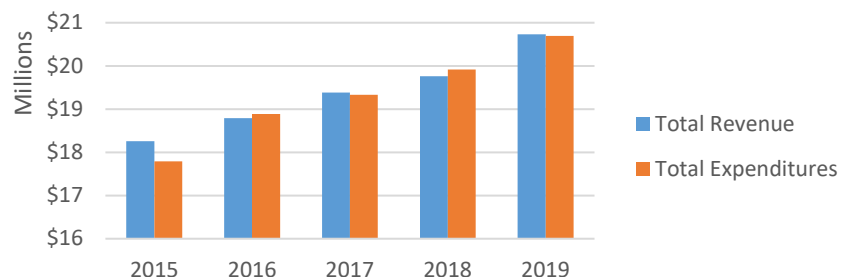
General Fund Balance as a Percentage of Total Expenditures

	General Fund Balance
2015	\$6,364,866
2016	\$6,266,235
2017	\$6,319,562
2018	\$6,370,382
2019	\$6,404,288



Revenues and Expenditures

	Total Revenue	Total Expenditures
2015	\$18,260,723	\$17,789,079
2016	\$18,791,127	\$18,889,759
2017	\$19,383,007	\$19,329,679
2018	\$19,762,868	\$19,916,463
2019	\$20,729,540	\$20,695,634

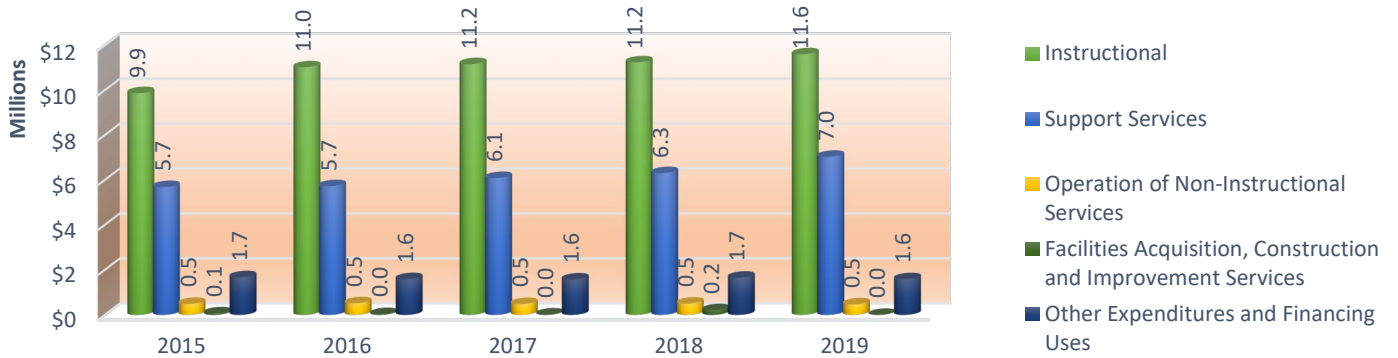


Financial Information Continued

Revenues by Source

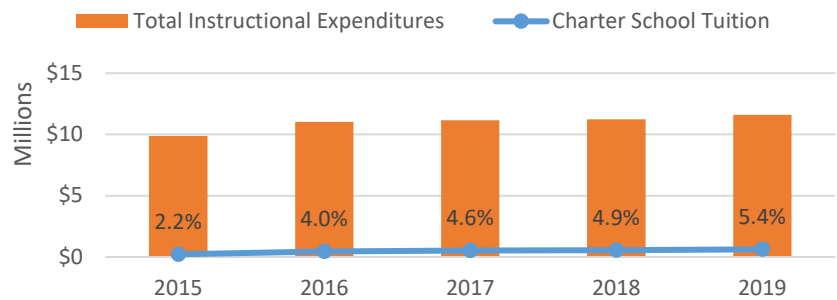


Expenditures by Function

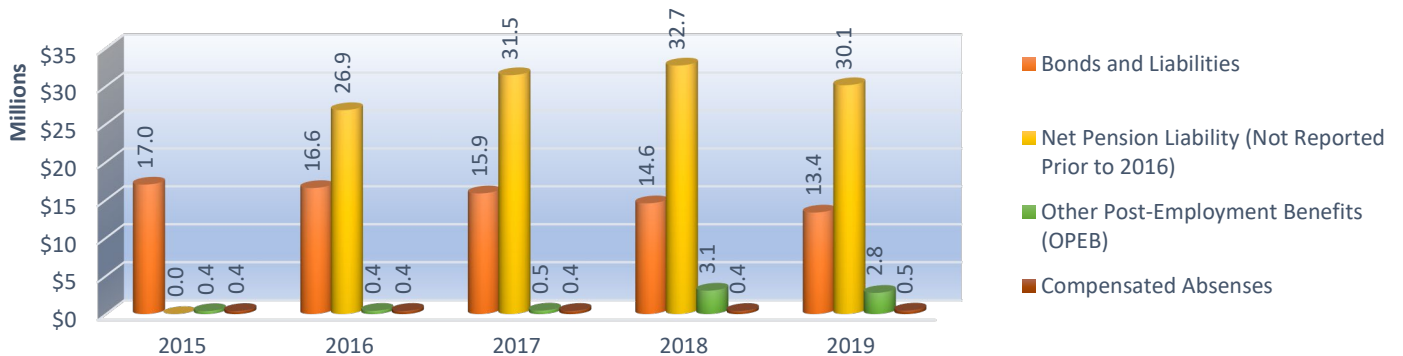


Charter Tuition as a Percentage of Instructional Expenditures

	Charter School Tuition	Total Instructional Expenditures
2015	\$220,314	\$9,869,404
2016	\$437,101	\$11,022,694
2017	\$518,580	\$11,162,916
2018	\$545,448	\$11,242,818
2019	\$623,164	\$11,603,501



Long-Term Debt

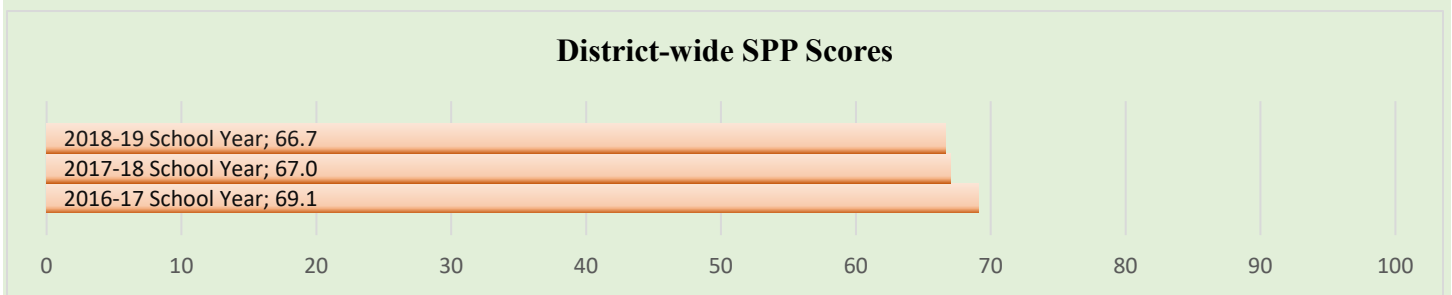


Academic Information

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 2016-17, 2017-18, and 2018-19 school years.¹ The District's individual school building scores are presented in Appendix B. These scores are provided in this audit report for **informational purposes only**, and they were not audited by our Department.

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.

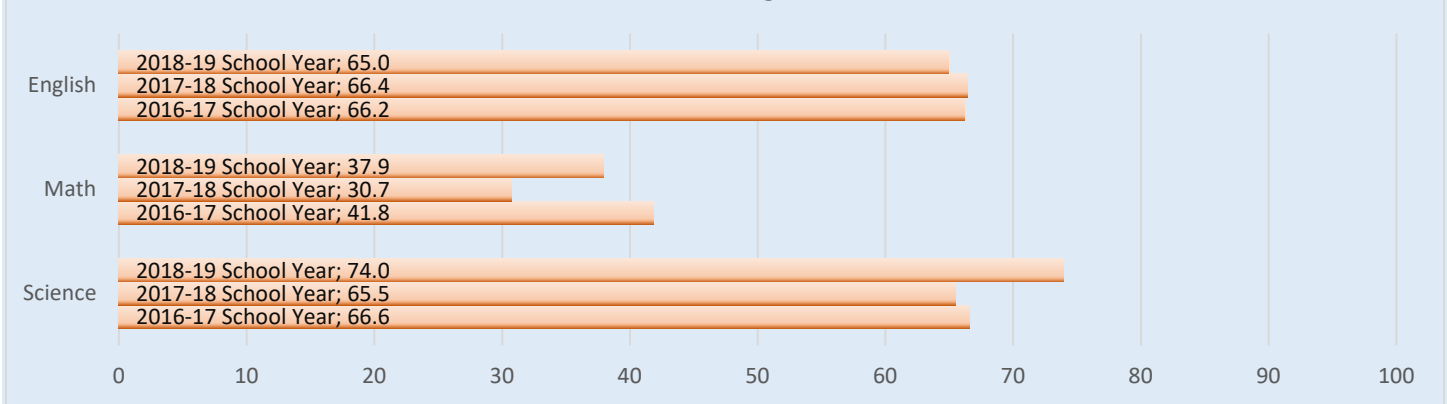
Academic Information Continued

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.

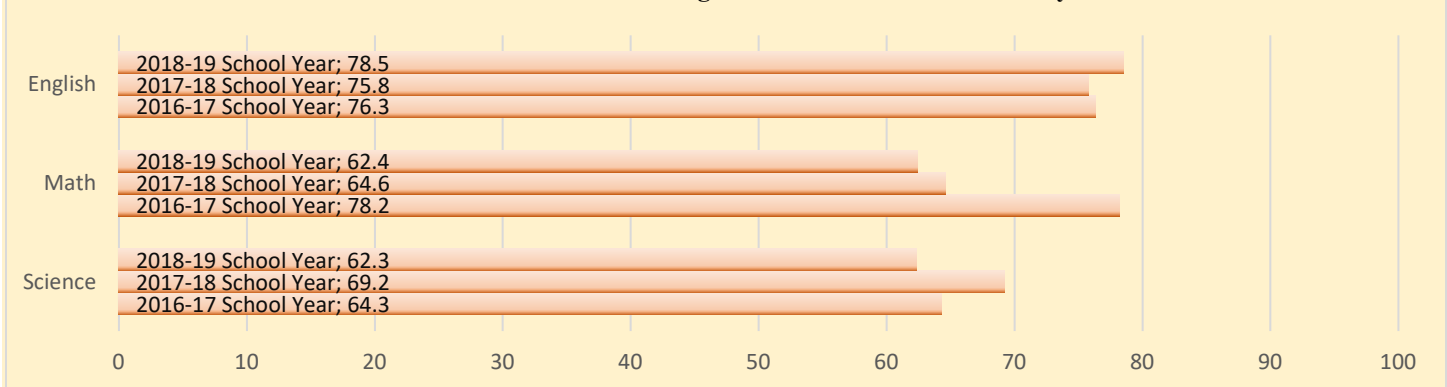
District-wide Percent of Students Scoring Proficient or Advanced on PSSA



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.

District-wide Percent of Students Scoring Proficient or Advanced on Keystone Exams

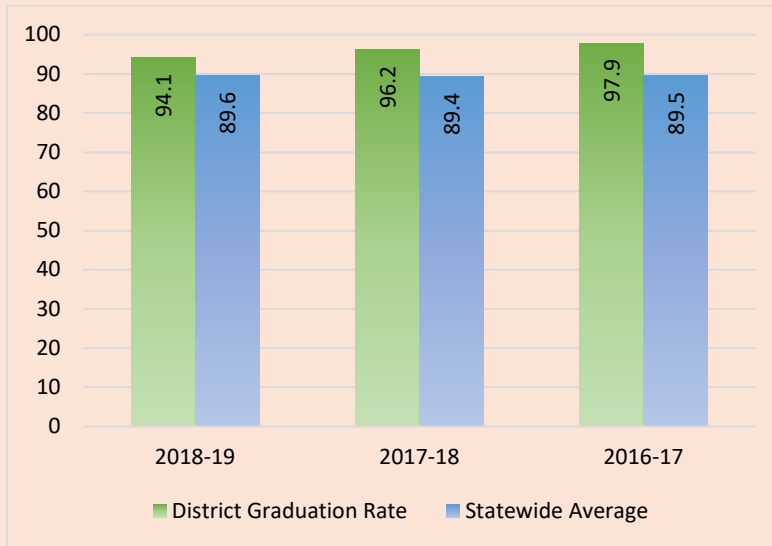


³ Act 158 of 2018, effective October 24, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement until the 2021-22 school year. See 24 P.S. § 1-121(b)(1). Please refer to the following link regarding further guidance to local education agencies (LEAs) 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.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's Failure to Implement an Internal Control System Resulted in an Overpayment of \$6,137 to the District

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 Department of Education... 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).

Total Students Transported

Section 2541(a) of the PSC states, in part: "School districts shall be paid by the commonwealth for every school year on account of pupil transportation which, and the means and contracts providing for which, have been approved by the Department of Education, in the cases hereinafter enumerated, an amount to be determined by multiplying the cost of approved reimbursable pupils transportation incurred by the district by the district's aid ratio. In determining the formula for the cost of approved reimbursable transportation, the Secretary of Education may prescribe the methods of determining approved mileages and the utilized passenger capacity of vehicles for reimbursement purposes." See 24 P.S. § 25-2541(a).

We found that the Schuylkill Haven Area School District (District) did not implement an adequate internal control system over the identification, calculation, and reporting of the number of reimbursable students transported. Consequently, the District inaccurately reported the number of students transported and eligible for reimbursement during the 2015-16 through 2018-19 school years which resulted in the District receiving a \$6,137 overpayment in regular transportation reimbursements.

Background: School districts receive two separate transportation reimbursement payments from the Pennsylvania Department of Education (PDE). The **regular** transportation 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. The **supplemental** transportation reimbursement is based on the number of nonpublic school and charter school students transported. The inaccuracies addressed 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 reimbursements, it is essential for the District to properly identify students that it transports, maintain records for these students, and accurately report this 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:

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

Criteria relevant to the finding (continued):

Nonreimbursable Students

Nonreimbursable students are elementary students who reside **within 1.5 miles of their elementary school** and secondary students who reside **within 2 miles of their secondary school**. Nonreimbursable students do not include special education students or students who reside on routes determine by the Pennsylvania Department of Transportation to be hazardous. (Emphases added.) See 24 P.S. § 25-2541(b)(1).

Sworn Statement and Annual Filing Requirements

Section 2543 of the PSC, which is entitled, “**Sworn statement** of amount expended for reimbursable transportation; payment; withholding” of the PSC states, in part: “Annually, each school district entitled to reimbursement on account of pupil transportation shall provide in a format prescribed by the Secretary of Education, data pertaining to pupil transportation for the prior and current school year. . . . The Department of Education may, for cause specified by it, withhold such reimbursement, in any given case, permanently, or until the school district has complied **with the law or regulations** of the State Board of Education.” (Emphases added.) See 24 P.S. § 25-2543.

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.⁵ The sworn statement includes the superintendent’s signature attesting to the accuracy of the reported data. Because of this statutorily required attestation, the District should ensure it has implemented an adequate internal control system to provide it with the confidence it needs to sign the sworn statement.

Reimbursable Student Reporting Errors

As stated above, regular transportation reimbursement is based in part on the number of students transported. These students fall into multiple reporting categories including students transported who are not eligible to be reported to PDE as reimbursable. Nonreimbursable students are students that the District transports despite these students not being eligible for transportation services according to PDE guidelines.⁶ Districts can choose to transport nonreimbursable students, but if transported, the district receives a reduced regular transportation reimbursement from PDE compared to if the students were classified as reimbursable.

The District chose to provide transportation for all elementary school students during the four-year audit period regardless of how far each student resided from their respective school; therefore, a portion of the students should have been reported as nonreimbursable. We found that District personnel responsible for reporting this data during the audit period were not aware of PDE’s definition of a nonreimbursable student. During the audit period, District personnel erroneously reported all students transported to a career and technical school⁷ as a nonreimbursable student.

The District was able to provide us with the Pennsylvania Department of Transportation hazardous routes and the residency information for its students residing within the “nonreimbursable” zones who were provided with transportation during the audit period. We reviewed this information and we were able to determine the accurate number of students who should have been reported as nonreimbursable.

⁵ See 24 P.S. § 25-2543.

⁶ Nonreimbursable students are defined as elementary students residing less than 1.5 miles from the school and secondary students residing less than 2.0 miles from the school, excluding special education and career and technical students, as well as students who live on a PennDOT defined hazardous walking route. Please see criteria box.

⁷ Please note that Section 1517 of the PSC was recently further amended by Act 76 of 2019 (effective December 30, 2019) to replace the reference to “area vocational technical school” to “area career and technical school” in the section’s definitional provision. See 24 P.S. § 15-1517(f).

Criteria relevant to the finding (continued):

Instructions on PDE-Form 2089 Summary of Students Transported

Number of Nonreimbursable Pupils Transported on Contracted Vehicles: Enter the number of nonreimbursable pupils (both public and nonpublic pupils) transported on contracted service vehicles. If [a district] transports elementary pupils who reside within 1.5 miles of their school or secondary pupils who reside within 2 miles of their school who are not exceptional children or not required to use a certified hazardous walking route to reach their school, they are nonreimbursable pupils. Pupils who reside as indicated above, but are being transported to/from daycare providers located beyond those distances are still nonreimbursable. The location of their residence is the deciding factor.

As shown in the table below, the net effect of the reporting errors was a \$6,137 overpayment to the District.

Schuylkill Haven Area School District Nonreimbursable Student Reporting Errors				
School Year	Reported No. of Students	Audited No. of Students	(Under)/Over Reported	Regular Transportation (Under) / Overpayment
2015-16	56	42	(14)	\$ (1,833)
2016-17	-	51	51	\$ 7,245
2017-18	52	55	3	\$ 440
2018-19	51	53	2	\$ 285
Total	159	201	42	\$ 6,137

Significant Internal Control Deficiencies

Our review revealed that the District did not have an adequate internal control system over the reporting of nonreimbursable students. As stated previously, the primary issue was that the District official responsible for reporting this data did not know the definition of a nonreimbursable student. Additionally, we found that the District did not do the following:

- Ensure that the employee responsible for reporting transportation data to PDE was adequately trained on PDE’s reporting requirements.
- Ensure that an employee other than the employee responsible for reporting student transportation data to PDE performed a documented review of the data before it was submitted to PDE.
- Develop detailed written procedures for reporting the number of nonreimbursable students transported.

A strong internal control system operating effectively may have prevented the errors we identified in this finding.

Future Reimbursement Adjustment: We provided PDE with reports detailing the regular transportation reporting errors we identified for the 2015-16 through 2018-19 school years. We recommend that PDE adjust the District’s future transportation reimbursements by the \$6,137 that we calculated as an overpayment.

Recommendations

The *Schuylkill Haven Area School District* should:

1. Develop and implement an internal control system over its regular and supplemental transportation operations. The internal control system should include, but not be limited to, the following:
 - All personnel involved in identifying, calculating, and reporting students transported are trained on PDE's reporting requirements.
 - A documented 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 transportation data collection and reporting process.

The *Pennsylvania Department of Education* should:

2. Adjust the District's future transportation subsidy to resolve the \$6,137 overpayment for regular transportation data.

Management Response

District management provided the following response:

“The Schuylkill Haven Area School District has developed and implemented an internal control procedure to track nonreimbursable students as required. Training will be conducted to the appropriate District Office employees pertaining to PDE reporting requirements. Following training internal procedures will be clearly and concisely written, documented, and maintained. The Business Manager will review and sign-off the prepared data prior to being submitted to PDE.”

Auditor Conclusion

We are encouraged that the District is taking appropriate measures to implement our recommendations. We will determine the effectiveness of the District's corrective actions during our next audit of the District.

Finding No. 2

The District Failed to Comply with Provisions of the Public School Code and Associated Regulations by Not Maintaining Complete Records for and Properly Monitoring Its Contracted Bus Drivers

Criteria relevant to the finding:

Section 23.4(2) of Chapter 23 (Pupil Transportation) of the State Board of Education regulations, in Title 22 provides that, “[t]he board of directors of a school district is responsible for all aspects of pupil transportation programs, including the following:*** (2) The selection and approval of appropriate vehicles for use in district service and eligible operators who qualify under the law and regulations.” See 22 Pa. Code § 23.4(2).

Standards for Internal Control in the Federal Government (also known 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. Specifically, Section 10.03, states, in part, “Management designs appropriate types of control activities for the entity’s internal control system. Control activities help management fulfill responsibilities and address identified risk responses in the internal control system. . . .”

The District failed to meet its statutory obligations related to the employment of individuals having direct contact with students during the 2020-21 school year by not maintaining complete and updated records for all drivers transporting students. We also found that the District’s Board of School Directors (Board) approved drivers whose qualifications and clearances were not on file at the District and failed to approve one driver utilized by the contractor. By not adequately maintaining and monitoring driver qualifications, the District could not ensure that all contracted drivers were properly qualified and cleared to transport students as required by state law and regulations (see criteria box). Finally, we noted that the District’s board policy regarding contracted services does not include the legal requirement to renew background clearances every five years.

Background

Several state statutes and regulations establish the minimum required qualifications for school bus drivers. The ultimate purpose of these requirements is to ensure the protection, safety, and welfare of the students transported on school buses. The District’s Board is responsible for the selection and approval of eligible school bus operators who qualify under the law and regulations.⁸ Furthermore, the District’s contracts for transportation services provide terms which, if followed, would assist in fulfilling the Board’s responsibilities. Therefore, the District should have a strong system of internal control over its bus driver review process that should include, but not be limited to, the following:

- Documented review of all bus driver credentials prior to Board approval.
- Monitoring of bus driver credentials to ensure current clearances, licenses, and physicals are on file.
- Monitoring who is driving each bus each day throughout the school year, to ensure all drivers have been authorized by the Board.
- Comprehensive written procedures.
- Training on bus driver qualification and clearance requirements.

⁸ See 22 Pa. Code § 23.4(2).

*Criteria relevant to the finding
(continued):*

Section 111 of the PSC requires state and federal criminal background checks and Section 6344(b) of the Child Protective Services Law (CPSL) requires a child abuse clearance. *See* 24 P.S. § 1-111 and 23 Pa.C.S. § 6344(b), as amended. Additionally, administrators are required to maintain copies of all required clearances. *See* 24 P.S. § 1-111(b) and (c.1) and 23 Pa.C.S. § 6344(b.1).

Furthermore, both the PSC and the CPSL now require recertification of the required state and federal background checks and the child abuse clearance every 60 months (or every five years). *See* 24 P.S. § 1-111(c.4) and 23 Pa.C.S. § 6344.4.

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

Moreover, Section 6344(a.1) and (b)(1) of the CPSL require school employees to obtain a Pennsylvania Child Abuse History Clearance to certify whether an applicant is named in the Statewide database as an alleged perpetrator in a pending child abuse investigation or as the perpetrator of a founded report or an indicated report. *See* 23 Pa.C.S. § 6344(a.1) and (b)(1).

Employment Requirements

Regardless of whether they hire their own drivers or use contracted drivers, school districts are required to verify and have on file a copy of the following documents for each employed or contracted driver *before* he or she can transport students with Board approval:

1. Driver qualification credentials,⁹ including:
 - a. Valid driver's license (Commercial driver's license if operating a school bus).
 - b. Valid school bus endorsement card, commonly referred to as an "S" card, indicating completion of skills and safety training (if operating a school bus).
 - c. Annual physical examination (if operating a school bus).
2. Criminal history reports/clearances:
 - a. State Criminal History Clearance (PSP clearance).¹⁰
 - b. Federal Criminal History Clearance, based on a full set of fingerprints (FBI clearance).
 - c. PA Child Abuse History Clearance.

Inadequate Internal Controls Resulted in Incomplete and Unreviewed Records for Contracted Bus Drivers

The District utilizes a transportation contractor to provide bus and van drivers (drivers) to transport students. We reviewed driver information for the 2020-21 school year. The District provided a list of 35 drivers transporting students as of November 10, 2020. We evaluated the completeness of that list by comparing it with information from the District's contractor and found that the District failed to include one driver on its list. We then requested and reviewed the District's personnel files for all 36 contracted drivers to determine whether the District complied with driver and background clearance requirements, including the maintenance and monitoring of required documentation during our review period.

⁹ Pennsylvania's Vehicle Code, 75 Pa.C.S. §§ 1508.1 (relating to Physical examinations) and 1509 (relating to Qualifications for school bus driver endorsement).

¹⁰ Pennsylvania State Police.

*Criteria relevant to the finding
(continued):*

As for contracted school bus drivers, Section 111(a.1)(1) specifies that bus drivers employed by a school entity through an independent contractor who have direct contact with children must also comply with Section 111 of the PSC. *See* 24 P.S. § 1-111(a.1)(1). *See also* CPSL 23 Pa.C.S. § 6344(a.1)(1).

Pursuant to Section 111(c.4) of the PSC, administrators are required to review the background clearances and determine if the clearance reports disclose information that may require further action. *See* 24 P.S. § 1-111(c.4).

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

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

The results of our procedures disclosed internal control weaknesses related to the District obtaining, reviewing, and monitoring qualifications and clearances for its contracted drivers. Our testing further found that these control deficiencies resulted in incomplete driver records, as described below.

Missing Background Clearances and Incomplete Driver Records

During our initial review, we found multiple drivers with missing clearances and driver credentials as noted below:

- Six drivers were missing the FBI clearance.
- Two drivers were missing the PSP clearance.
- Seven drivers were missing the child abuse clearance, and three other drivers had expired child abuse clearances.
- One driver did not have a driver's license on file, another had an expired driver's license, and yet another driver did not have an "S" endorsement on file.

District officials attributed the missing documents to administrative error. The District employee who monitors driver files did not complete a full review of those files to determine if all required credentials and clearances had been provided and were valid.

The District worked with its contractor to obtain the missing documentation. However, even after our follow-up review, the District still could not provide all of the missing credentials and clearances. The District stated that its contractor indicated recently requested child abuse and FBI clearances have not been timely processed due to backlogs created by COVID-19 restrictions and closures at the agencies which process the clearances.

Board Approved Drivers Whose Qualifications Were Not Obtained and Reviewed

The requirement for the Board to approve drivers is designed to provide the public with assurance that District administration has determined that authorized drivers have the required qualifications and clearances on file prior to employment.¹¹ The Board approved an initial list of drivers for the 2020-21 school year at its August 2020 meeting. A revised list of 35 drivers was approved at the November meeting. This list was provided to us when we requested a list of all contracted drivers utilized by the District. As previously noted, this list was missing one driver. As such, this driver was not Board approved. Additionally, we found that the

¹¹ Section 23.4(2) of Chapter 23 (Pupil Transportation) of the State Board of Education Regulations in Title 22 provides that: "[t]he board of directors of a school district is responsible for all aspects of pupil transportation programs, including the following:***(2) The selection and approval of appropriate vehicles for use in district service and eligible operators who qualify under the law and regulations." *See* 22 Pa. Code § 23.4(2).

Criteria relevant to the finding (continued):

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

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

The District’s Policy No. 810, *Transportation*, states, in part:

“A school bus driver shall not be employed until s/he has complied with the mandatory background check requirements for criminal history and child abuse and the district and contractor have evaluated the results of that screening process.”

The District’s Policy No. 818, *Contracted Services*, states, in part:

“The Board is required by law to ensure that independent contractors and their employees comply with the mandatory background check requirements for criminal history and child abuse.”

District did not have all required credentials and clearances on file for 13 of the 36 drivers we reviewed. One of those 13 drivers is the driver who was not included on the District’s list of drivers. The Board relied on District administrators to monitor and ensure all drivers were qualified to transport students.

Lack of Standardized Review Process and Ongoing Monitoring Procedures

The District lacked a written standardized review process and ongoing monitoring procedures to ensure that all contracted transportation employees having direct contact with children were properly qualified prior to and throughout employment. The lack of a standardized process and insufficient monitoring resulted in missing documentation for contracted drivers. While the District indicated that it monitored drivers, there was no written evidence of monitoring, such as a monitoring spreadsheet, and our testing procedures found incomplete driver records.

Noncompliance With and Outdated Board Policies

During our review, we noted that District Policies No. 810, *Transportation* and No. 818, *Contracted Services*, were adopted in July 2006 and last revised in February 2009. These policies require contracted drivers to comply with the mandatory background check requirements for criminal history and child abuse. Policy No. 818 also requires the District to ensure that all contractors submit a report of criminal history record information and an official child abuse clearance statement for each contractor’s prospective employees prior to employment and to maintain a copy of the required information. By failing to have complete and updated records for all drivers upon our initial review, including missing background clearances, the District did not comply with its own policies.

Additionally, the 2009 revision to the District’s contracted service policy does not incorporate the significant changes to laws and regulations that were made to the PSC and the Child Protective Services Law (CPSL) related to background clearances in recent years.¹² For example, both the PSC and the CPSL were amended to require that all three background clearances be obtained every five years.¹³ Policy No. 818 does not address this important statutory change.

¹² Please note that our General Assembly has continually refined and enhanced the background clearance requirements first enacted in the mid-1990s and related child protection provisions by enacting more **than 20 pieces** of legislation since 2013, including improved reporting and mandated reporter requirements, to ensure that individuals such as bus drivers do not have criminal offenses on their record that would preclude them from having direct contact with children and to prevent and decrease child abuse in Pennsylvania. See <http://www.keepkidssafe.pa.gov/about/cpsl/index.htm> (accessed July 14, 2020).

¹³ 24 P.S. § 1-111(c.4) and 23 Pa.C.S. § 6344.4

*Criteria relevant to the finding
(continued):*

“The Superintendent or Business Manager shall ensure that all contractors submit for each of the contractor’s prospective employees prior employment:

1. Report of criminal history record information.
2. Federal criminal history Registration ID number.
3. Official child abuse clearance statement.

The District shall maintain a copy of the required information.”

Conclusion

The District and its Board did not meet their statutory requirements to ensure that bus drivers were qualified and eligible to transport students. Specifically, the District and its Board did not comply with all applicable laws, regulations, and PDE guidance documents when it failed to obtain, review, and maintain all required bus driver qualifications and clearances and when it failed to have the Board approve all drivers. Finally, the District failed to update its relevant board policies.

Ensuring that ongoing credential and clearance requirements are satisfied is a vital student protection obligation and responsibility placed on the District and its Board. The ultimate purpose of these requirements is to ensure the safety and welfare of students transported on school buses. The use of a contractor to provide student transportation does not alleviate the District from its responsibility to ensure compliance with requirements for driver qualifications and background clearances.

Recommendations

The *Schuylkill Haven Area School District* should:

1. Implement verifiable internal controls procedures with a documented review process to ensure that only qualified and authorized individuals are driving for the District. These procedures should ensure that all required credentials and clearances are obtained, reviewed, and on file at the District prior to individuals being presented to the Board and/or transporting students, and that all required documentation is continuously monitored, updated, and complete.
2. Comply with the PSC’s requirements to obtain, review, and maintain required credentials and background clearances for all contracted employees that have direct contact with students.
3. Promptly update board policies and procedures for contracted services to address the requirement to obtain updated clearances every five years.
4. Ensure that all new drivers added after the start of the school year are presented to the Board for approval in a timely manner.

Management Response

District management provided the following response:

“The Schuylkill Haven Area School District has implemented internal control procedures to ensure all authorized credentials and clearances are obtained, reviewed, and on file at the District prior to individuals being presented to the Board and/or transporting students. While management

agrees with this finding, it is important to know a lot of the findings were a direct result of COVID-19 pandemic closures and delays. All documentation will be continuously updated and monitored for accuracy, as required. Business Manager sign-off will be performed for each driver on a monthly basis and new driver sign-off prior to monthly board approval for all drivers. A weekly report is provided from the transportation contractor listing substitute drivers for each day of that week. This report will also be maintained internally within the District. Procedure documentation will be maintained in the District Office.

“Appropriate training will be conducted from PASBO (Pennsylvania Association for School Business Officials) for transportation collection and the reporting process. Internal training documents will be maintained in the District Office for reference to employees performing the role as transportation coordinator/administrator.

“School Board Policy 810 and Policy 818 are being reviewed for appropriate updates and will be submitted for School Board approval per PSBA (Pennsylvania School Board Association) and will be implemented following a 30-day public viewing.”

Auditor Conclusion

While some of the missing documents may have been related to delays caused by the COVID-19 pandemic, many of the qualification and clearance documents missing from the District’s files were provided by the transportation contractor during the audit. Others had expired long before the pandemic began and were not updated timely. Nevertheless, we are pleased that the District intends to implement our recommendations. We will review the effectiveness of the District’s corrective actions during our next audit of the District.

Status of Prior Audit Findings and Observations

Our prior audit of the Schuylkill Haven Area 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,¹⁴ is not a substitute for the local annual financial audit required by the Public School Code of 1949, as amended. We conducted our audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit.

Our audit focused on the District's effectiveness and/or compliance with applicable statutory provisions and related regulations in the areas of Transportation Operations, Bus Driver Requirements, Administrator Separations, and School Safety, including fire and security drills. The audit objectives supporting these areas of focus are explained in the context of our methodology to achieve the objectives in the next section. Overall, our audit covered the period July 1, 2015 through June 30, 2019. 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.¹⁵ *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.¹⁶ 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.

¹⁴ 72 P.S. §§ 402 and 403.

¹⁵ 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.

¹⁶ 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	
Bus Drivers	Yes										X		X			X	X	
Administrator Separations	Yes										X				X			
Safe Schools	No																	

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

Objectives/Scope/Methodology

In order to properly plan our audit and to guide us in selecting objectives, we reviewed pertinent laws and regulations, the District's annual financial reports, annual General Fund budgets, and the independent audit reports of the District's basic financial statements for the July 1, 2015 through June 30, 2019 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?¹⁷
- ✓ To address this objective, we assessed the District's internal controls for obtaining, inputting, processing, and reporting transportation data to PDE. We then randomly selected 10 of 28 vehicles reported by the District to PDE for the 2018-19 school year.¹⁸ For each vehicle tested, we obtained and reviewed odometer readings, bus rosters, and school calendars. We verified the District accurately calculated and reported sample average data to PDE.

We also obtained and reviewed individual requests for transportation for all 73 nonpublic school students reported to PDE as transported for the 2015-16 school year. We compared the requests to the number of students reported to PDE. We verified that each student was transported by the District and accurately reported to PDE.

Conclusion: The results of our review of vehicle data and nonpublic school students transported did not identify any reportable issues; however, we did identify control deficiencies that were not significant to our objective but warranted the attention of the District. These deficiencies were verbally communicated to District management and those charged with governance for their consideration.

- ✓ Additionally, we reviewed all 159 students reported to PDE as not eligible for transportation reimbursement (nonreimbursable students) for the four year audit period. We obtained and reviewed the District's Pennsylvania Department of Transportation determined hazardous walking route

¹⁷ See 24 P.S. § 25-2541(a).

¹⁸ 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.

documentation and student address information from the District to determine if the number of nonreimbursable students was accurately reported to PDE.

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

Bus Driver Requirements

- Did the District ensure that all bus drivers transporting District students are Board approved and had the required driver's license, physical exam, training, background checks, and 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 District's internal controls for reviewing, maintaining, and monitoring the required bus driver qualification documents. We determined if all drivers were Board approved by the District. We reviewed documentation to determine if the District complied with the requirements for bus drivers' qualifications and clearances for all 36 drivers transporting District students as of November 10, 2020. We also determined if the District had monitoring procedures to ensure that all drivers had updated clearances, licenses, and physicals.

Conclusion: The results of our procedures identified areas of noncompliance and significant internal control deficiencies related to the maintenance and monitoring of driver records. Our results are detailed in Finding No. 2 beginning on page 11 of this report.

Administrator Separations

- Were all individually contracted employees who separated employment from the District compensated in accordance with their contract? Also, did all final payments to separated employees comply with the Public School Code²¹ and Public School Employees' Retirement System (PSERS) guidelines?
- ✓ To address this objective, we assessed the District's internal controls over compensating individually contracted employees when separating employment with the District. We reviewed the contract, payroll reports, and leave records for the only individually contracted administrator to separate employment from the District during the period July 1, 2015 through October 5, 2020. We reviewed the final payout to determine if the administrator was compensated in accordance with her contract. We also verified that payments for unused leave were not reported as eligible wages to PSERS. Additionally, we reviewed board meeting minutes to verify that the Board voted to approve the dismissal of this administrator in accordance with the Public School Code.

Conclusion: The results of our procedures did not identify any reportable issues; however, we did identify internal control deficiencies that were not significant to our objective but warranted the

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 24 P.S. § 10-1073(e)(2)(v)

attention of the District. These deficiencies were verbally communicated to District management and those charged with governance for their consideration.

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, memorandums of understanding with local law enforcement agencies, anti-bullying policies, and risk and vulnerability assessments performed at the District. We also completed building walkthroughs at all three of the District's schools.

Conclusion: Due to the sensitive nature of school safety, the results of our review for this portion of the 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?
 - ✓ To address this objective, we obtained and reviewed the fire and security drill records for the 2018-19 and 2019-20 school years. We determined if security drills were held within the first 90 days of each 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 portion of the school safety objective did not disclose any reportable issues.

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

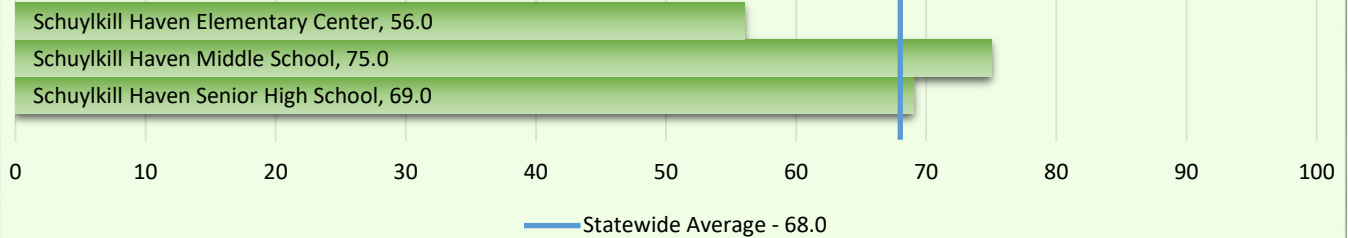
²³ Public School Code (Fire and Security Drills) 24 P.S. § 15-1517.

Appendix B: Academic Detail

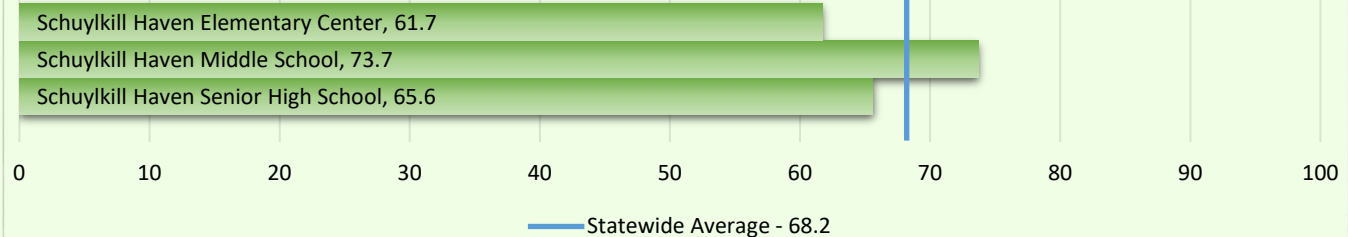
Benchmarks noted in the following graphs represent the statewide average of all public school buildings in the Commonwealth that received a score in the category and year noted.²⁴ Please note that if one of the District's schools did not receive a score in a particular category and year presented below,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

SPP School Scores Compared to Statewide Averages

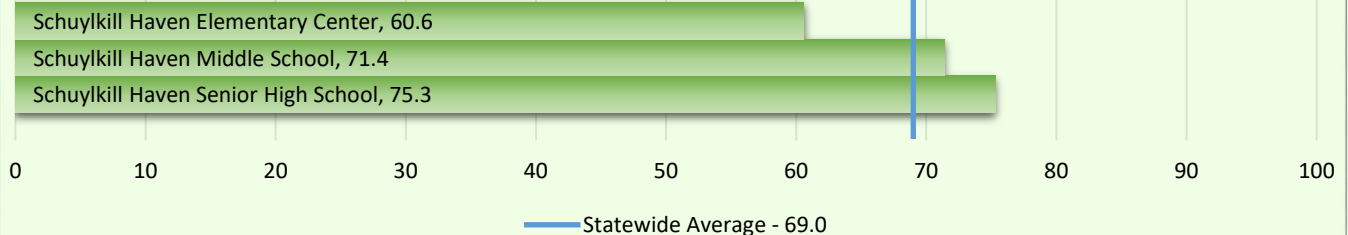
2018-19



2017-18



2016-17

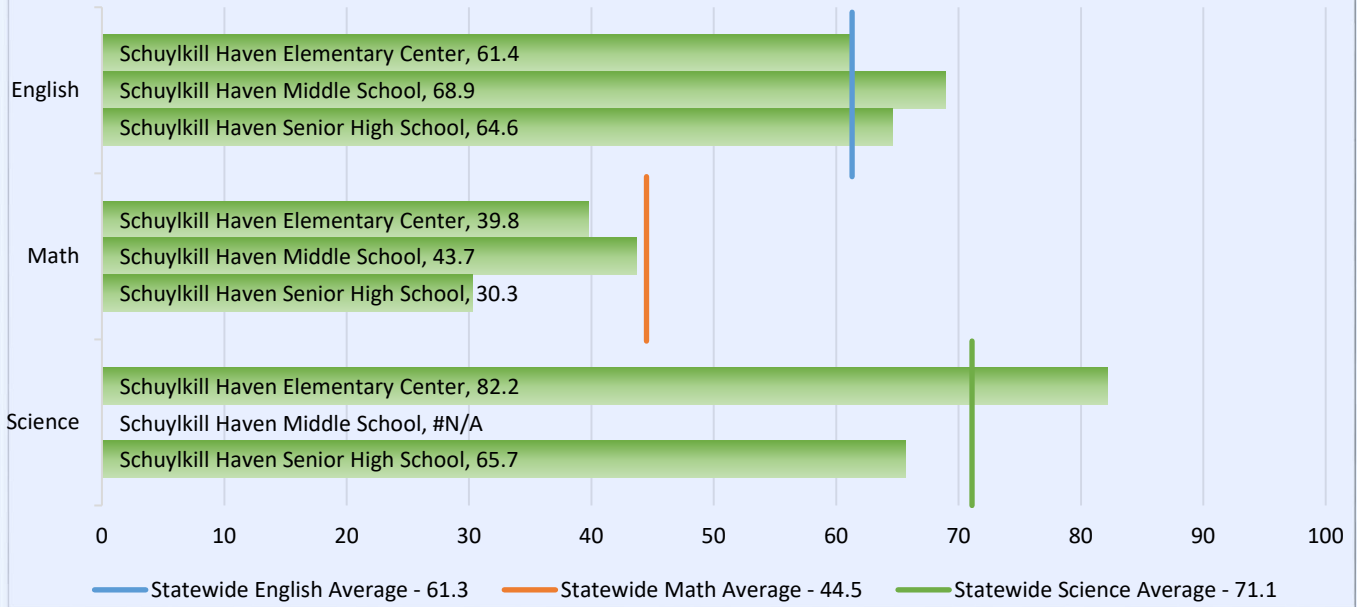


²⁴ Statewide averages were calculated by our Department based on individual school building scores for all public schools in the Commonwealth, including district schools, charters schools, and cyber charter schools.

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.

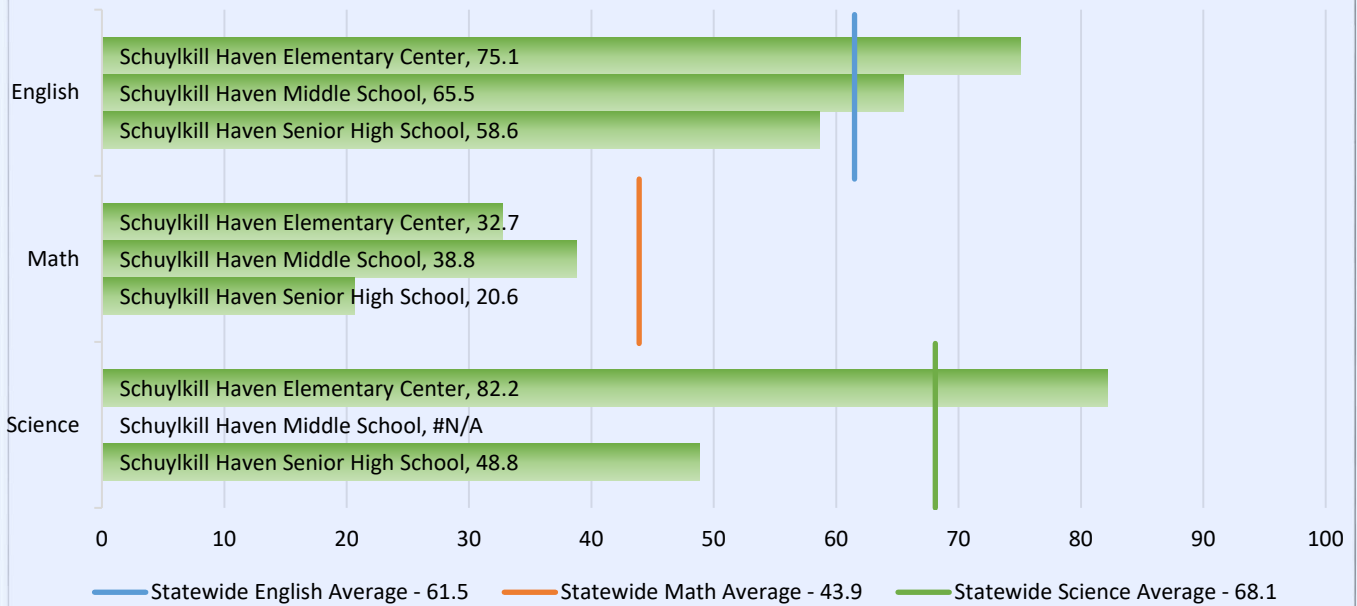
**PSSA Advanced or Proficient Percentage
School Scores Compared to Statewide Averages**

2018-19



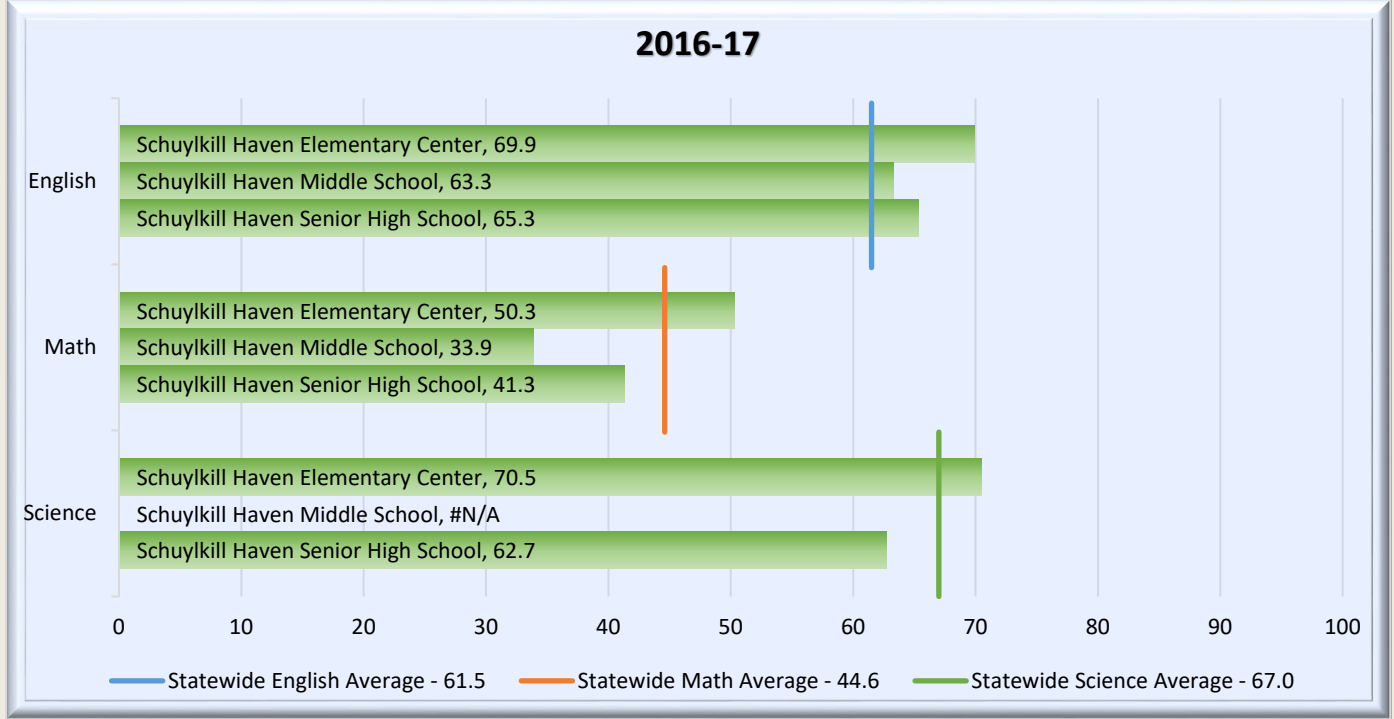
#N/A: Students in grades 4 and 8 are administered the Science PSSAs. The Schuykill Haven Middle School is a grades 5-7 school; therefore, Science PSSAs are not administered to this school's students.

2017-18



#N/A: Students in grades 4 and 8 are administered the Science PSSAs. The Schuykill Haven Middle School is a grades 5-7 school; therefore, Science PSSAs are not administered to this school's students.

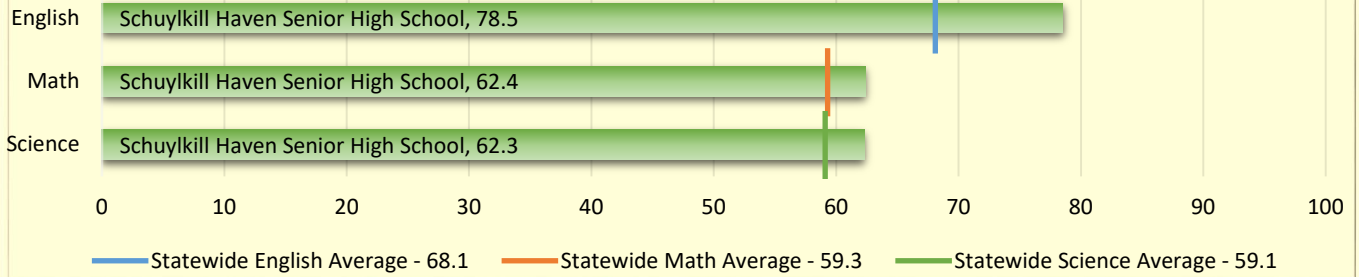
**PSSA Advanced or Proficient Percentage
School Scores Compared to Statewide Averages (continued)**



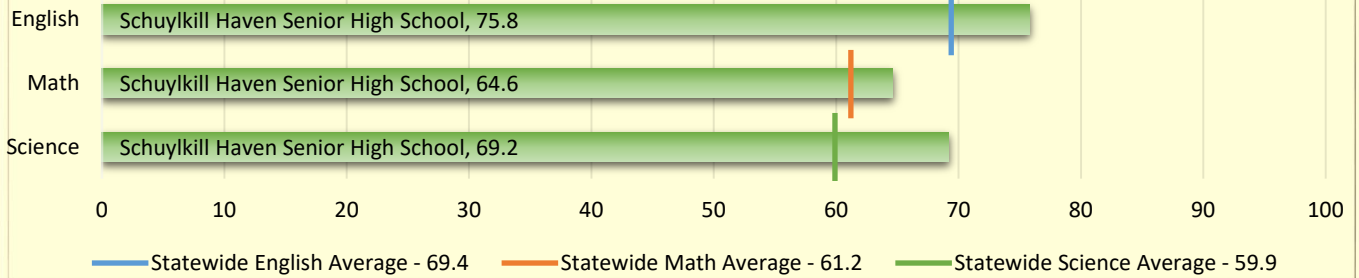
#N/A: Students in grades 4 and 8 are administered the Science PSSAs. The Schuylkill Haven Middle School is a grades 5-7 school; therefore, Science PSSAs are not administered to this school's students.

Keystone Advanced or Proficient Percentage School Scores Compared to Statewide Averages

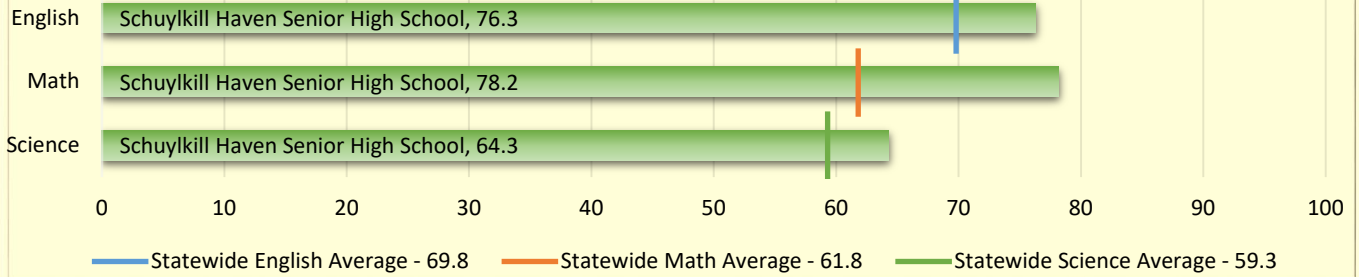
2018-19



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:

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