

# PERFORMANCE AUDIT

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## Shamokin Area School District Northumberland County, Pennsylvania

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April 2020



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General

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**EUGENE A. DePASQUALE  
AUDITOR GENERAL**

Mr. Chris J. Venna, Superintendent  
Shamokin Area School District  
2000 West State Street  
Coal Township, Pennsylvania 17866

Mr. Brian G. Persing, Board President  
Shamokin Area School District  
2000 West State Street  
Coal Township, Pennsylvania 17866

Dear Mr. Venna and Mr. Persing:

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

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

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

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

Sincerely,

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

Eugene A. DePasquale  
Auditor General

April 16, 2020

cc: SHAMOKIN AREA SCHOOL DISTRICT Board of School Directors

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## Executive Summary

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### Audit Work

The Pennsylvania Department of the Auditor General conducted a performance audit of the Shamokin 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, 2014 through June 30, 2018, except as otherwise indicated in the audit scope, objectives, and methodology section of the report (see Appendix A). Compliance specific to state subsidies and reimbursements was determined for the 2014-15 through 2017-18 school years.

### Audit Conclusion and Results

Our audit found that the District complied, in all significant respects, with certain relevant state laws, regulations, contracts, and administrative procedures, except for two findings.

#### **Finding No. 1: The District Failed in its Legal Duty to Ensure Its Contracted Bus Drivers Were Qualified and Cleared to Transport Students, Thereby Putting Them at Risk of Harm.**

In October 2019, we obtained a list of 46 bus drivers authorized to transport students for the 2019-20 school year and found that the District did not have current drivers' qualifications and clearances mandated by law for 42, or 91 percent, of the District's drivers. The District failed to meet its statutory obligations related to the employment of individuals having direct contact with students by not maintaining complete and updated records for all bus drivers transporting students. We also found that the District was not following its own transportation policy, which required the District to evaluate the results of the contractor's screening

process, or its transportation contract, which required the contractor to provide all necessary documentation to the District. By not adequately maintaining and monitoring driver qualifications, the District could not ensure that all contracted bus drivers remained properly qualified and cleared to transport students throughout employment (see page 7).

#### **Finding No. 2: The District Inaccurately Reported the Number of Nonpublic School Students Transported Resulting in an Overpayment of \$18,480.**

The District was overpaid a total of \$18,480 in supplemental transportation reimbursements from the Pennsylvania Department of Education. This overpayment was due to the District inaccurately reporting the number of nonpublic school students transported by the District during the 2014-15, 2015-16, 2016-17, and 2017-18 school years (see page 13).

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

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

## Background Information

School Characteristics 2018-19 School Year <sup>A</sup>	
County	Northumberland
Total Square Miles	65
Number of School Buildings <sup>1</sup>	4
Total Teachers	161
Total Full or Part-Time Support Staff	104
Total Administrators	11
Total Enrollment for Most Recent School Year	2,310
Intermediate Unit Number	16
District Career and Technical School	Northumberland County Career and Technology Center

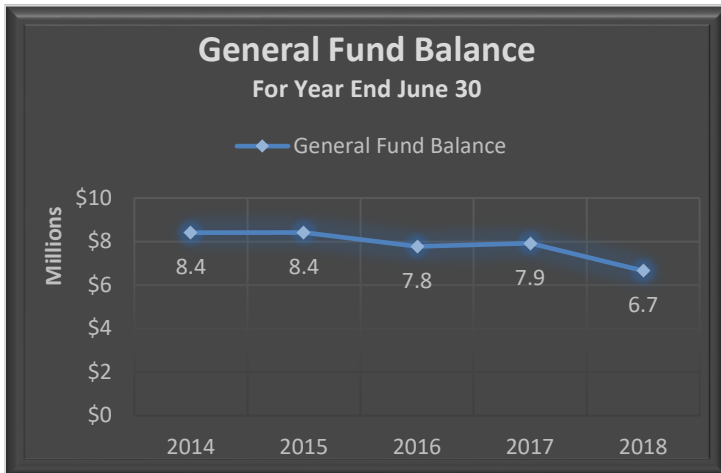
A - Source: Information provided by the District administration and is unaudited.

### Mission Statement<sup>A</sup>

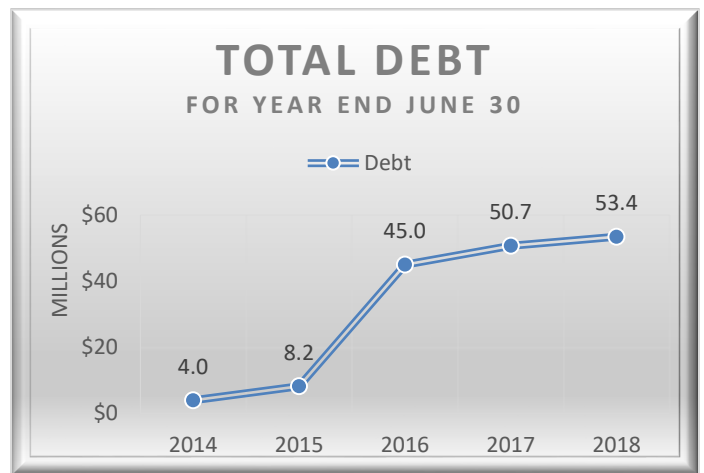
All students graduating from the Shamokin Area School District will possess the learning skills needed to communicate effectively and be productive and responsible citizens. All students and staff will respect individuals and society and will possess the ability to adapt to diversity and change.

## Financial Information

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



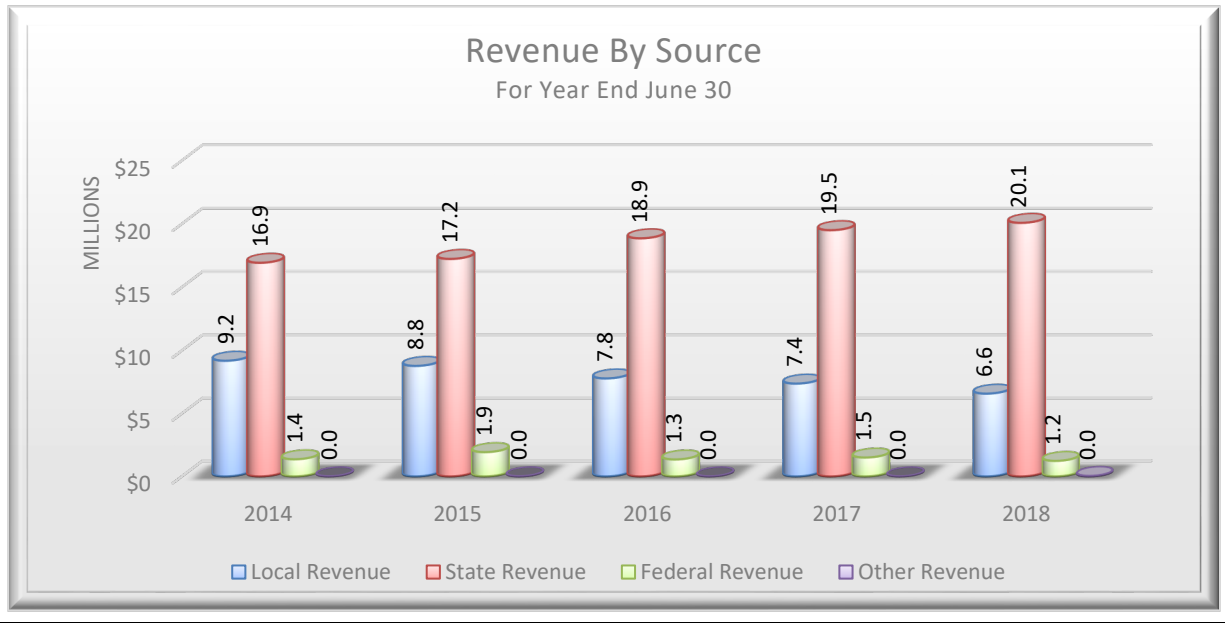
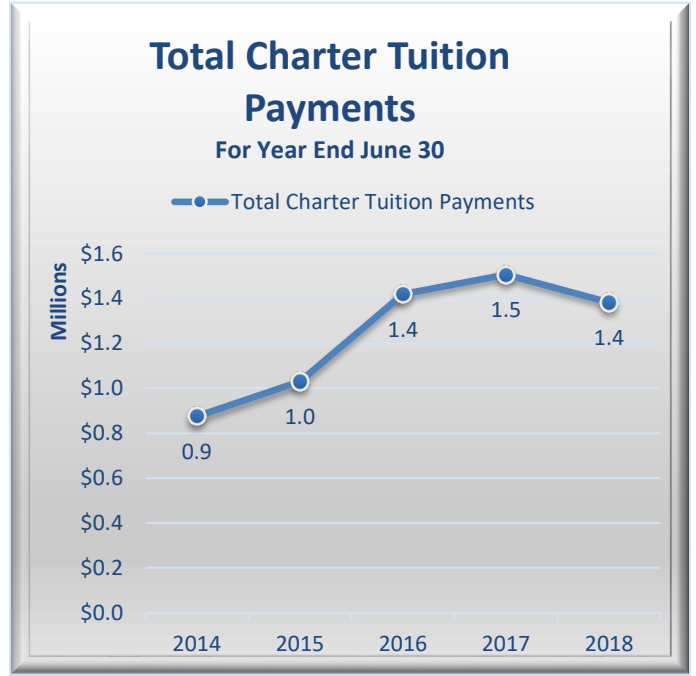
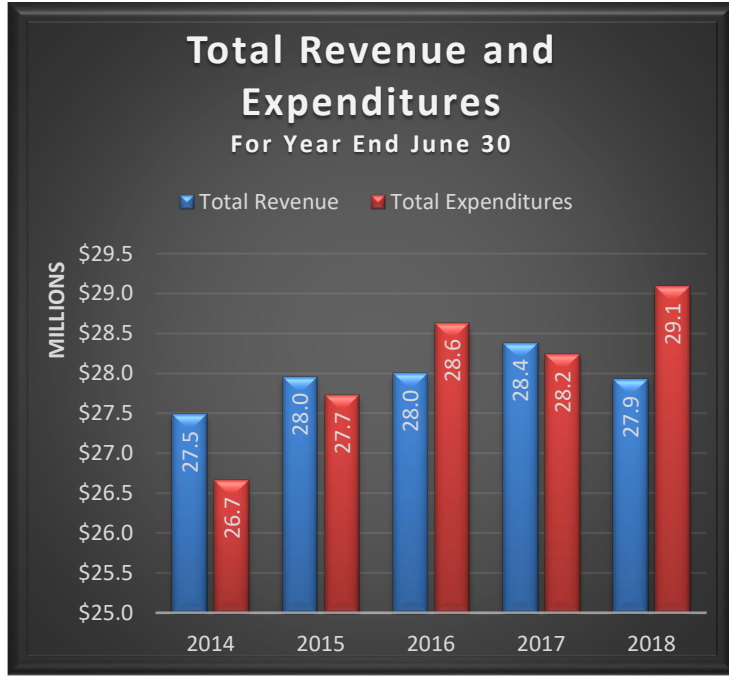
**Note:** General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



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

<sup>1</sup> The middle school and high school are identified as one physical building; however, academic scores are presently separately.

## Financial Information Continued

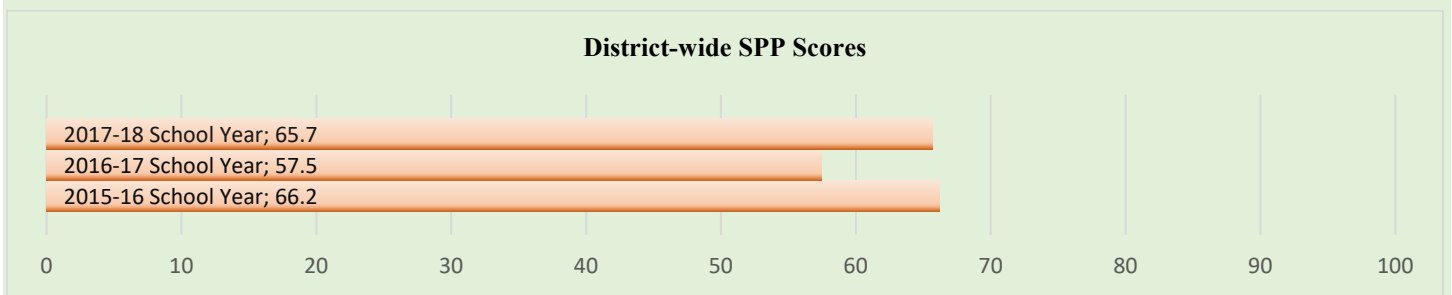


## Academic Information

The graphs on the following pages present the District-wide School Performance Profile (SPP) scores, Pennsylvania System of School Assessment (PSSA) scores, Keystone Exam results, and 4-Year Cohort Graduation Rates for the District obtained from PDE's data files for the 2015-16, 2016-17, and 2017-18 school years.<sup>2</sup> The District's individual school building scores are presented in Appendix B. These scores are provided in this audit report for **informational purposes only**, and they were not audited by our Department.

### What is a SPP score?

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



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<sup>2</sup> PDE is the sole source of academic data presented in this report. All academic data was obtained from PDE's publicly available website.

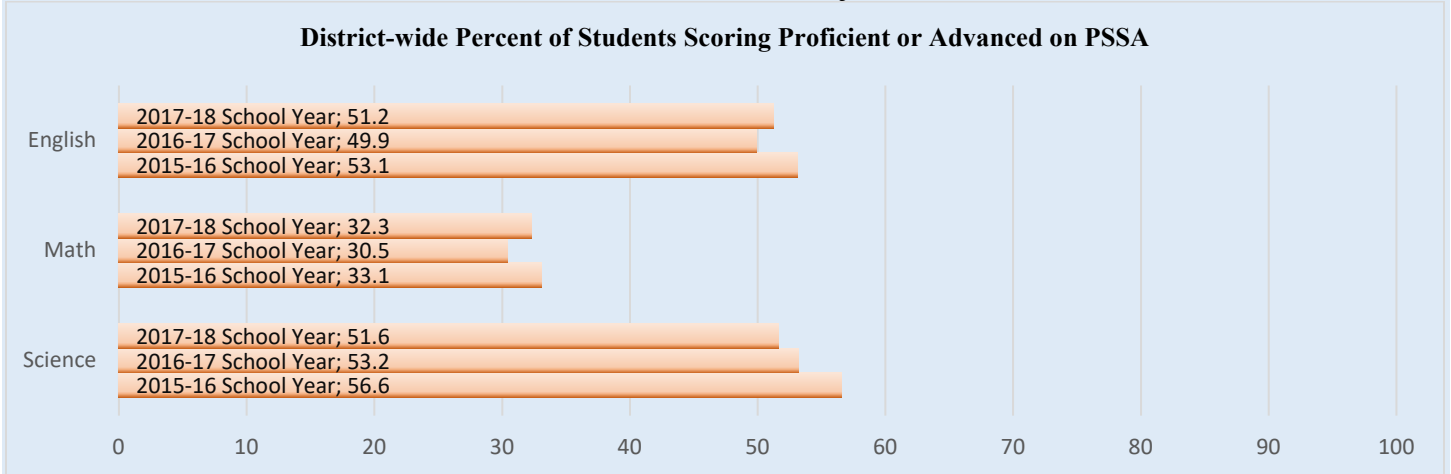
<sup>3</sup> PDE started issuing a SPP score for all public school buildings beginning with the 2012-13 school year. For the 2014-15 school year, PDE only issued SPP scores for high schools taking the Keystone Exams as scores for elementary and middle scores were put on hold due to changes with PSSA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

## Academic Information Continued

### What is the PSSA?

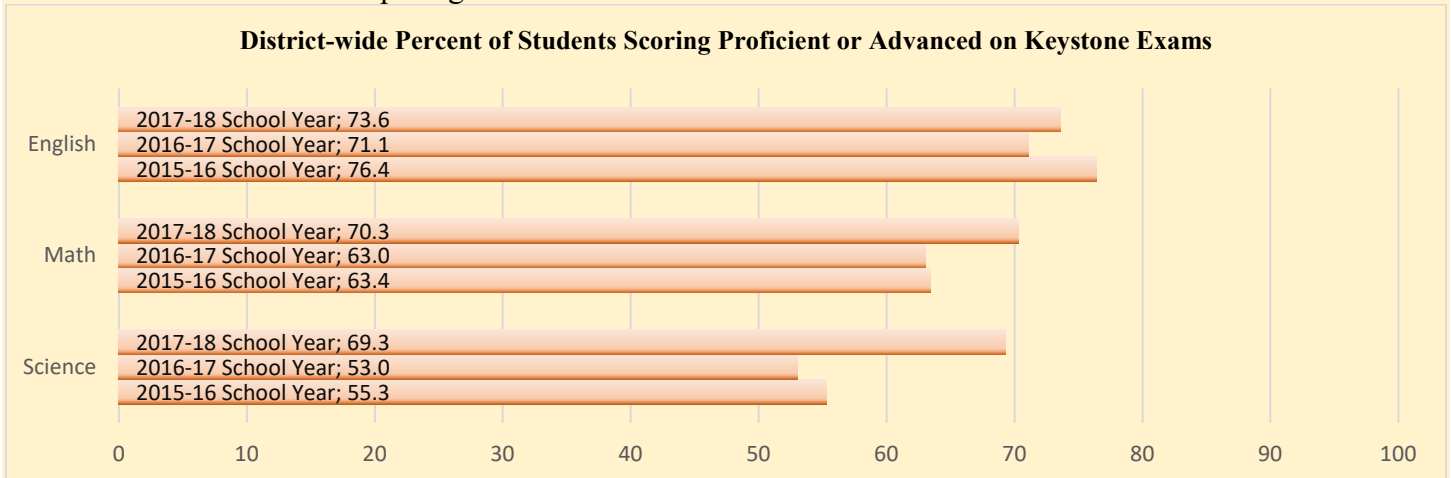
The PSSA is an annual, standardized test given across the Commonwealth to students in grades 3 through 8 in core subject areas, including English, Math and Science. The PSSAs help Pennsylvania meet federal and state requirements and inform instructional practices, as well as provide educators, stakeholders,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

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



### What is the Keystone Exam?

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



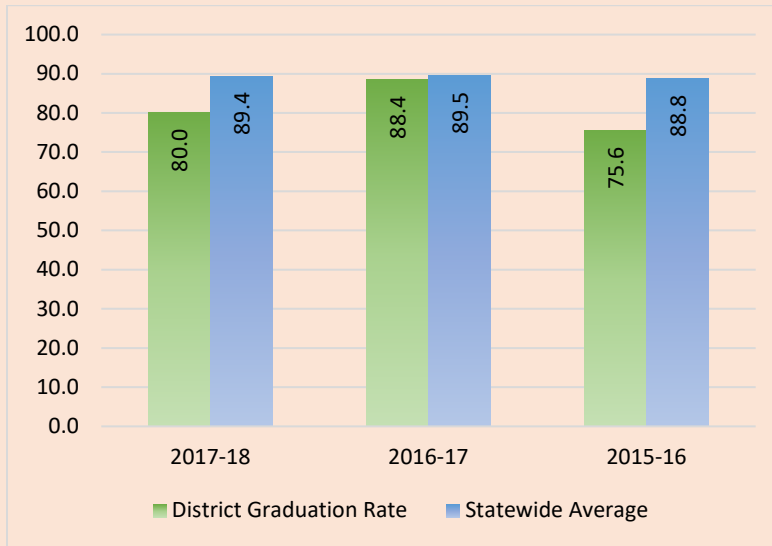
<sup>4</sup> Act 158 of 2018, effective October 24, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement until the 2021-22 school year. See 24 P.S. § 1-121(b)(1).



## Academic Information Continued

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

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



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

## Findings

### Finding No. 1

### The District Failed in its Legal Duty to Ensure Its Contracted Bus Drivers Were Qualified and Cleared to Transport Students, Thereby Putting Them at Risk of Harm

#### *Criteria relevant to the finding:*

Chapter 23 (relating to Pupil Transportation) of the State Board of Education regulations, among other provisions, provides that the board of directors of a school district is responsible for the selection and approval of eligible operators who qualify under the law and regulations. *See*, in particular, 22 Pa. Code § 23.4(2).

Section 111 of the Public School Code (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

In October 2019, we obtained a list of 46 bus drivers authorized to transport students for the 2019-20 school year and found that the Shamokin Area School District (District) did not have current drivers' qualifications and clearances mandated by law for 42, or 91 percent, of the District's drivers. The District failed to meet its statutory obligations related to the employment of individuals having direct contact with students by not maintaining complete and updated records for all bus drivers transporting students. We also found that the District was not following its own transportation policy, which required the District to evaluate the results of the contractor's screening process, or its transportation contract, which required the contractor to provide all necessary documentation to the District. By not adequately maintaining and monitoring driver qualifications, the District could not ensure that all contracted bus drivers remained properly qualified and cleared to transport students throughout employment.

#### **Employment Requirements**

Several state statutes and regulations establish the minimum required qualifications for school bus drivers under, among others, the Public School Code (PSC) and the Child Protective Services Law (CPSL). The ultimate purpose of these requirements is to ensure the protection, safety, and welfare of the students transported on school buses.

Regardless of whether they hire their own drivers or use a contractor's 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 of School Directors' (Board) approval:

1. Driver qualification credentials,<sup>6</sup> 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).

<sup>6</sup> Pennsylvania's Vehicle Code, 75 Pa.C.S. §§ 1508.1 (relating to Physical examinations) and 1509 (relating to Qualifications for school bus driver endorsement).

*Criteria relevant to the finding  
(continued):*

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).

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).

- c. Annual physical examination (if operating a school bus).
2. Criminal history reports/clearances:
  - a. State Criminal History Record (PSP clearance).
  - b. Federal Criminal History Record, based on a full set of fingerprints (FBI clearance).
  - c. PA Child Abuse History Clearance.

### **Missing and Expired Driver Qualification Records and Background Clearances**

In October 2019, we requested and reviewed the personnel files of all 46 drivers employed by the District's transportation contractor for our review period to determine whether the District complied with bus driver requirements, including the maintenance and monitoring of updated documentation after the initial date of hire.

We determined that although some bus driver documentation was maintained at the District and the Board was approving a list of drivers, the District failed to maintain complete records and properly monitor and update driver records throughout employment. Instead, the District was relying on its contractor to provide required documentation, which was not always occurring and not being monitored. Consequently, we found that **required driver documentation was either not on file or out of date for 42 of 46 drivers, or 91 percent of all drivers**, in the District's personnel files as noted below:

- 3 drivers were missing the Federal Criminal History Record.
- 3 drivers had an expired Federal Criminal History Record.
- 4 drivers had an expired State Criminal History Record.
- 2 drivers were missing the PA Child Abuse History Clearance.
- 4 drivers had an expired PA Child Abuse History Clearance.
- 27 drivers were missing a valid driver's license with the required "S" endorsement.
- 10 drivers had an expired driver's license with the required "S" endorsement.
- 3 drivers were missing a valid driver's license (no "S" endorsement was required).
- 1 driver had an expired driver's license (no "S" endorsement was required).
- 1 driver had an expired CDL learners permit with the required "S" endorsement.
- 27 drivers were missing the physical examination record.
- 11 drivers had an expired physical examination record.

We also noted that all required documentation for four drivers was missing and/or was outdated during our initial review at the District.

*Criteria relevant to the finding (continued):*

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. *See* 24 P.S. § 1-111(e) and (f.1).

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 employes would have direct contact with children.” [Emphasis added]. *See* 22 Pa. Code § 8.2(a).

Section 23.4 of Title 22, Chapter 23 (relating to Pupil Transportation) of the State Board of Education regulations provide that the board of directors of a school district is responsible for the selection and approval of eligible operators who qualify under the law and regulations. *See* 22 Pa. Code § 23.4(2).

*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>).

However, while the audit was in progress, the District was able to obtain all of the required documents from the contractor within a few days, except for three Federal Criminal History Records. The District retrieved the three Federal Criminal History Records from the FBI database and printed the records because the actual clearances were not on file at the District or at the contractor’s place of business. Our review of the documents obtained from the contractor and the FBI database found that all of the drivers were eligible to transport students.

### **Lack of On-Going Monitoring Procedures**

We also found that the District delegated on-going monitoring procedures of driver qualifications and clearances to the contractor, when ultimately the District is responsible for determining both pre-employment and post-employment driver fitness. Specifically, the District acknowledged that it did not have a process in place to monitor expiration or renewal dates of driver licenses and background clearances and that it placed monitoring and updating responsibilities on the contractor. For example, driver licenses and “S” endorsements expire every four years and physical cards are valid for 13 months. Furthermore, recent amendments to the PSC and the CPSL require that all clearances be renewed every five years.<sup>7</sup> Without a process to monitor the expiration dates on these items, the District would be unaware of when drivers with expired credentials and/or clearances are transporting students.

The District’s lack of monitoring of ongoing bus driver qualifications and clearances due to reliance on the contractor caused the District to have incomplete files, which resulted in the District not complying with the PSC, the CPSL, the State Vehicle code, the State Board of Education regulations, and PDE guidance.

### **Non-Compliance with Transportation Policy and Contract**

The District did not comply with its transportation policy and its contract with the transportation contractor when it failed to monitor drivers and oversee its contractors to ensure students’ safety.

The District’s Policy No. 810, *Transportation*, stated:

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.

<sup>7</sup> *See* 24 P.S. § 1-111(c.4) and 23 Pa.C.S. § 6344.4.

The District and the Contractor did not comply with their own contract, which stated:

Contractor agrees to submit a list of certified drivers and copies of driver licenses, physical examination cards, and certificates of school bus instruction to the District before the start of each school year under this Agreement or prior to the start of service by new drivers. Additionally, Contractor agrees to furnish Act 34 and Department of Public Welfare clearances, as well as the appropriate FBI clearances, for all personnel involved with this Agreement, including but not limited to all drivers, before drivers are allowed to transport students.

### **Lack of a Comprehensive List of Board Approved Drivers**

We found that the District lacked a comprehensive list of all drivers approved by the Board to transport students. We also found there was no process in place for the District to verify that only Board approved drivers had been transporting students on a daily basis. While the Board approved a list of drivers prior to the start of each school year and the Board approved additional drivers as they were hired, the District did not maintain a comprehensive list of all drivers transporting students to ensure that the District knows who is transporting students on a daily basis. The District had been keeping the individual approvals on file but not maintaining a comprehensive list of all Board approved drivers. The transportation coordinator was not aware that a comprehensive list was recommended as a matter of common best practice.

### **Conclusion**

The District and its Board did not meet their statutory obligations to ensure that bus drivers remain qualified and eligible to transport students throughout employment. Specifically, the District and its Board failed to comply with all applicable laws, regulations, the Pennsylvania Department of Education (PDE) guidance documents, its board policy, and its transportation contract by not properly monitoring and updating ongoing driver requirements. Ensuring that ongoing credential and clearance requirements are satisfied are vital student protection legal obligations and responsibilities 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 negate these legal obligations and responsibilities.

### **Recommendations**

The *Shamokin Area School District* should:

1. Comply with the PSC's requirements to obtain, review, and maintain all contracted driver credentials and background clearances.

2. Develop and implement formal written procedures requiring the District to determine driver eligibility prior to employment and to conduct routine and ongoing monitoring of bus driver records. These procedures should ensure all required credentials and clearances are obtained, reviewed, and on file at the District prior to individuals transporting students, and that all required documentation continues to be updated and complete. The procedures should also require the administration to attest in an open and public meeting before the Board that the list of drivers provided for approval contains only drivers for whom the District has obtained all of the required records.
3. Follow the District's transportation policy establishing the District's duty to ensure background clearances are evaluated by both the District and the contractor prior to employment.
4. Ensure that both the District and the contractor are fulfilling all of their responsibilities outlined in the transportation contract.
5. Maintain a comprehensive, up-to-date list of all drivers that have been approved by the Board to transport students as a best practice to help ensure that only Board approved drivers are transporting students on a daily basis.

### **Management Response**

District management agreed with the finding and provided the following response:

“We will be sure to obtain, review, and maintain all contracted driver credentials and background clearances prior to asking our School Board for their approval as drivers.

“We will develop written procedures to determine driver eligibility prior to employment and to conduct routine and ongoing monitoring of bus driver records.

“We will be sure to follow the District's transportation policy to ensure background clearances are evaluated by both the District and the contractor.

“We will ensure that both the District and contractor are fulfilling all responsibilities outlined in the transportation contract.

“We will maintain a comprehensive, up-to-date list of all drivers that have been approved by the Board.

“In addition, we will check our comprehensive drivers list each month to ensure that all background clearances are up to date.”

## **Auditor Conclusion**

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

## Finding No. 2

## The District Inaccurately Reported the Number of Nonpublic School Students Transported Resulting in an Overpayment of \$18,480

### *Criteria relevant to the finding:*

#### **Supplemental Transportation Subsidy for Nonpublic School Students**

Section 2509.3 of the PSC provides that each school district shall receive a supplemental transportation payment of \$385 for each nonpublic school student transported. *See* 24 P.S. § 25-2509.3.

#### **Sworn Statement and Annual Filing Requirement**

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

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

The District was overpaid a total of \$18,480 in supplemental transportation reimbursements from PDE. This overpayment was due to the District inaccurately reporting the number of nonpublic school students transported by the District during the 2014-15, 2015-16, 2016-17, and 2017-18 school years.

School districts receive two separate transportation reimbursement payments from PDE. 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 charter school and nonpublic school students transported at any given time during the school year. The issues discussed in this finding pertain to the District’s supplemental transportation reimbursement.

According to the PSC, a nonpublic school is defined, in pertinent part, as a nonprofit school other than a public school within the Commonwealth of Pennsylvania, wherein a resident of the Commonwealth may legally fulfill the compulsory school attendance requirements.<sup>8</sup> The PSC requires school districts to provide transportation services to students who reside in its district and who attend a nonpublic school, and it provides for a reimbursement from the Commonwealth of \$385 for each nonpublic school student transported by the district. If a district transports one nonpublic school student for one day, the district is eligible for the \$385 reimbursement.

It is important to note that the PSC requires that all school districts annually file a sworn statement of student transportation data for the prior and current school years with PDE in order to be eligible for the transportation subsidies. The District annually filed this statement for all four school years discussed in this finding. It is essential that the District accurately report transportation data to PDE. Further, the sworn statement of student transportation data should not be filed with the state Secretary of Education unless the data has been double-checked for accuracy by personnel trained on PDE’s reporting requirements. An official signing a sworn statement must be aware that by submitting the transportation data

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



*Criteria relevant to the finding (continued):*

PDE has established a Summary of Students Transported form (PDE-2089) and relevant instructions specifying how districts are to report nonpublic school students transported to and from school.

**Number of Nonpublic School Pupils Transported**

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

to PDE, he/she is asserting that the information is true and that they have verified evidence of accuracy.<sup>9</sup>

The table below illustrates the District’s nonpublic school student reporting errors and the resulting transportation reimbursement overpayments.

Shamokin Area School District Nonpublic School Student Reporting Errors		
School Year	Nonpublic School Students Over Reported <sup>10</sup>	Overpayment <sup>11</sup>
2014-15	11	\$ 4,235
2015-16	12	\$ 4,620
2016-17	13	\$ 5,005
2017-18	12	\$ 4,620
<b>Total</b>	<b>48</b>	<b>\$18,480</b>

The District transported students to five nonpublic schools each year of the audit period. The District received requests for transportation for students enrolled in four of the nonpublic schools and accurately reported data for these schools. However, the remaining nonpublic school sent supporting documentation to the District for each student enrolled that contained a question that asked if transportation was needed. The District reported to PDE that all students enrolled in this nonpublic school were transported by the District, despite transportation not being requested or provided for the students represented in the table above.

The District relied on its contractor to provide the total number of nonpublic school students transported and did not perform a reconciliation between the number of nonpublic school students reported to PDE and each individual student’s request for transportation. A reconciliation of this nature could have helped the District identify the errors noted in this finding.

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

<sup>9</sup> Please note that while a sworn statement is different from an affidavit, in that a sworn statement is not typically signed or certified by a notary public but is, nonetheless, taken under oath. See <https://legaldictionary.net/sworn-statement/> (accessed October 28, 2019).

<sup>10</sup> The District reported 234 nonpublic school students transported during the 2014-15 school year, 257 transported during the 2015-16 school year, 269 transported during the 2016-17 school year, and 272 transported during the 2017-18 school year.

<sup>11</sup> Calculated by multiplying the “Nonpublic Students Over/(Under) Reported” column by \$385.

## **Recommendations**

The *Shamokin Area School District* should:

1. Perform yearly reconciliations of bus rosters to student requests for transportation to ensure all nonpublic school students are accounted for and are accurately reported to PDE.
2. Implement procedures that include a review of nonpublic school students by an employee other than the employee who prepared the data and ensure personnel in charge of reporting and reviewing this data are trained with regard to PDE's reporting guidelines for nonpublic school students.
3. Review the nonpublic school students reported for the 2018-19 school year, and if errors are found, submit revised reports to PDE.

The *Pennsylvania Department of Education* should:

4. Adjust the District's future allocations to resolve the \$18,480 overpayment to the District.

## **Management Response**

District management agreed with the finding and provided the following response:

“Shamokin Area School District agrees with the finding of not being able to verify all students transported by the district to the nonpublic school. During this audit process, we learned of a weakness in communication between the nonpublic school and the school district. We have met with the nonpublic school's administrator and have requested a beginning of school year listing of students that will require bus transportation to be reviewed and submitted to our district by their office. We have also requested any additional students needing bus transportation throughout the school year to be sent to us in a timely fashion. This information will be shared with our contractor.

In addition the district will:

\*perform yearly reconciliations of bus rosters to student requests for transportation to ensure all nonpublic school students are account for and are accurately reported to PDE.

\*implement procedures that include a review of nonpublic school students by an individual in the business office other than the person who prepared the data. This individual in charge of reporting and reviewing this data will be trained with regards to PDE's reporting guidelines for nonpublic students.

\*review the nonpublic school students reported for the 2018-19 school year, and if errors are found, submit revised reports to PDE.”

**Auditor Conclusion**

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

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

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**O**ur prior audit of the Shamokin Area School District resulted in no findings or observations.

## Appendix A: Audit Scope, Objectives, and Methodology

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School performance audits allow the Pennsylvania Department of the Auditor General to determine whether state funds, including school subsidies, are being used according to the purposes and guidelines that govern the use of those funds. Additionally, our audits examine the appropriateness of certain administrative and operational practices at each local education agency (LEA). The results of these audits are shared with LEA management, the Governor, the Pennsylvania Department of Education (PDE), and other concerned entities.

Our audit, conducted under authority of Sections 402 and 403 of The Fiscal Code,<sup>12</sup> is not a substitute for the local annual financial audit required by the Public School Code of 1949, as amended. We conducted our audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit.

### Scope

Overall, our audit covered the period July 1, 2014 through June 30, 2018. In addition, the scope of each individual audit objective is detailed on the next page.

The Shamokin Area School District's (District) management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the District is in compliance with certain relevant state laws, regulations, contracts, and administrative procedures (relevant requirements).<sup>13</sup> In conducting our audit, we obtained an understanding of the District's internal controls, including any information technology controls, if applicable, that we considered to be significant within the context of our audit objectives. We assessed whether those controls were properly designed and implemented. Any deficiencies in internal controls that were identified during the conduct of our audit and determined to be significant within the context of our audit objectives are included in this report.

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<sup>12</sup> 72 P.S. §§ 402 and 403.

<sup>13</sup> Internal controls are processes designed by management to provide reasonable assurance of achieving objectives in areas such as: effectiveness and efficiency of operations; relevance and reliability of operational and financial information; and compliance with certain relevant state laws, regulations, contracts, and administrative procedures.

## Objectives/Methodology

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

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

- ❖ Bus Driver Requirements
- ❖ Transportation Operations
- ❖ Administrator Separations
- ❖ Nonresident Student Data
- ❖ School Safety
- ❖ Social Security and Retirement Reimbursements

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

- Did the District ensure that all bus drivers transporting District students are Board approved and had the required driver's license, physical exam, training, background checks, and clearances<sup>14</sup> as outlined in applicable laws?<sup>15</sup> Also, did the District adequately monitor driver records to ensure compliance with the ongoing five-year clearance requirements and ensure it obtained updated licenses and health physical records as applicable throughout the school year?
  - ✓ To address this objective, we assessed the District's internal controls for maintaining and reviewing required bus driver qualification documents and procedures for being made aware of who transported students daily. We determined if all drivers were board approved by the District. We selected all 46 drivers transporting District students as of October 21, 2019. We reviewed documentation to ensure the District complied with the requirements for bus drivers. We also determined if the District had written policies and procedures governing the hiring of bus drivers and if those procedures, when followed, would ensure compliance with bus driver hiring requirements. Our review of this information disclosed weaknesses that are described in Finding No. 1 on page 7.

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

<sup>15</sup> 24 P.S. § 1-111, 23 Pa.C.S. § 6344(a.1), 24 P.S. § 2070.1a *et seq.*, 75 Pa.C.S. §§ 1508.1 and 1509, and 22 Pa. Code Chapter 8.

- Did the District ensure compliance with applicable laws and regulations governing transportation operations, and did the District receive the correct transportation reimbursement from the Commonwealth?<sup>16</sup>
  - ✓ To address this objective, we assessed the District’s internal controls for obtaining, processing and reporting transportation data to PDE. We reviewed all nonpublic school students reported by the District to PDE as transported during the 2014-15 through 2017-18 school years.<sup>17</sup> We interviewed District officials to get an understanding of how the District categorized and reported nonpublic school students, and we reviewed transportation rosters along with individual student’s requests for transportation to ensure that the District accurately reported this data. Our review of this information disclosed errors that are addressed in Finding No. 2 on page 13.
  - ✓ Additionally, we randomly selected 10 of the 35 vehicles used to transport District students during the 2017-18 school year.<sup>18</sup> For the vehicles selected, we obtained odometer readings, school calendars, and student rosters to determine if the District accurately calculated and reported vehicle data to PDE and if the District was reimbursed accurately. Our review of this area did not result in any reportable issues.
  - ✓ Finally, we randomly selected 60 of the 308 students reported by the District as non-reimbursable and 60 of the 625 students reported by the District as reimbursable due to residing on a Penn-DOT defined hazardous route for the 2017-18 school year.<sup>19</sup> We interviewed District officials to get an understanding of how the District categorized and reported both groups of students, and we reviewed transportation rosters, Penn-DOT hazardous route approvals, and individual student’s information to ensure that the District accurately reported this data. Our review of this information did not disclose errors.
- Did the District ensure that all individually contracted employees who separated employment from the District were compensated in accordance with their contract? Also, did the District comply with the Public School Code<sup>20</sup> and the Public School Employees’ Retirement System (PSERS) guidelines when calculating and disbursing final salaries and leave payouts for these contracted employees?
  - ✓ To address this objective, we reviewed the contract, settlement agreement, board meeting minutes, board policies, and payroll records for the one individually contracted administrator who separated employment from the District during the period of July 1, 2014 through June 30, 2018. We reviewed the final payouts to determine that they were calculated correctly. We verified that leave payouts were not reported as eligible wages to PSERS. Our review of this objective did not disclose any errors.

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

<sup>17</sup> 234 nonpublic school students were reported by the District to PDE in the 2014-15 school year, 257 nonpublic school students in the 2015-16 school year, 269 nonpublic school students in the 2016-17 school year, and 272 nonpublic school students in the 2017-18 school year.

<sup>18</sup> While representative selection is a required factor of audit sampling methodologies, audit sampling methodology was not applied to achieve this test objective, accordingly, the results of this audit procedure are not, and should not be, projected to the population.

<sup>19</sup> Ibid.

<sup>20</sup> 24 P.S. § 10-1073(e) (2) (v).

- Did the District accurately report nonresident students to PDE? Did the District receive the correct reimbursement for these nonresident students?<sup>21</sup>
  - ✓ To address this objective, we reviewed all five nonresident foster students educated by the District and reported to PDE for the 2017-18 school year, all six for the 2016-17 school year, all six for 2015-16 school year, and all nine for the 2014-15 school year. We reviewed documentation confirming that the custodial parents or guardian were not residents of the District and confirmation that the foster parent received a stipend for caring for the student. We also verified that the District was accurately reimbursed for these students. Our review of this objective did not disclose any reportable errors.
  
- Did the District comply with requirements in the Public School Code and the Emergency Management Code related to emergency management plans, bullying prevention, memorandums of understanding with local law enforcement, and fire drills?<sup>22</sup> Also, did the District follow best practices related to physical building security and providing a safe school environment?
  - ✓ To address this objective, we reviewed a variety of documentation including, safety plans, training schedules, anti-bullying policies, after action reports and fire drill reporting data. In addition, we conducted an on-site review at one of the District's three school buildings<sup>23</sup> to assess whether the District had implemented basic safety practices.<sup>24</sup>
  
- Did the District correctly calculate and report Social Security and Medicare wages reported to PDE along with salary data reported to PSERS for District employees, and did the District receive the correct amount of reimbursement from PDE and PSERS?<sup>25</sup>
  - ✓ To address this objective, we obtained and reviewed IRS 941 quarterly tax returns, Reimbursement of Social Security and Medicare Tax Contributions forms, and the District's wage reports for the 2015-16 school year. We interviewed District officials to understand the District's reporting of Social Security and Medicare wages and verified their understanding of Act 29 hiring date requirements. Additionally, we obtained the District's employee listing for the 2015-16 school year of contract settlement raise increases and verified that the raises were included on the wage reports and properly reported to PSERS. We randomly selected 60 of the 363 employees reported in the first quarter 2016 on the wage reports and verified that salary increases were properly reported if they were received.<sup>26</sup> We also randomly selected 60 of the 296 employees reported in March 2016 on the PSERS work report and verified that salary increases were properly reported if they were received.<sup>27</sup> Finally, we verified the Social Security and Medicare wages reported on the PDE-2105 agreed to the Act 29 Wage reports. Our review of this objective did not disclose errors.

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<sup>21</sup> See 24 P.S. §§ 13-1301, 13-1302, 13-1305, 13-1306; 22 Pa. Code Chapter 11.

<sup>22</sup> 24 P.S. § 13-1301-A *et seq.*, 35 Pa.C.S. § 7701, and 24 P.S. § 15-1517.

<sup>23</sup> We reviewed the District's elementary school annex since that was the only building that the Pennsylvania State Police did not conduct a Risk and Vulnerability Assessment.

<sup>24</sup> Basic safety practices evaluated were building security, bullying prevention, visitor procedures, risk and vulnerability assessments, and preparedness.

<sup>25</sup> See 24 P.S. § 8329.

<sup>26</sup> While representative selection is a required factor of audit sampling methodologies, audit sampling methodology was not applied to achieve this test objective, accordingly, the results of this audit procedure are not, and should not be, projected to the population.

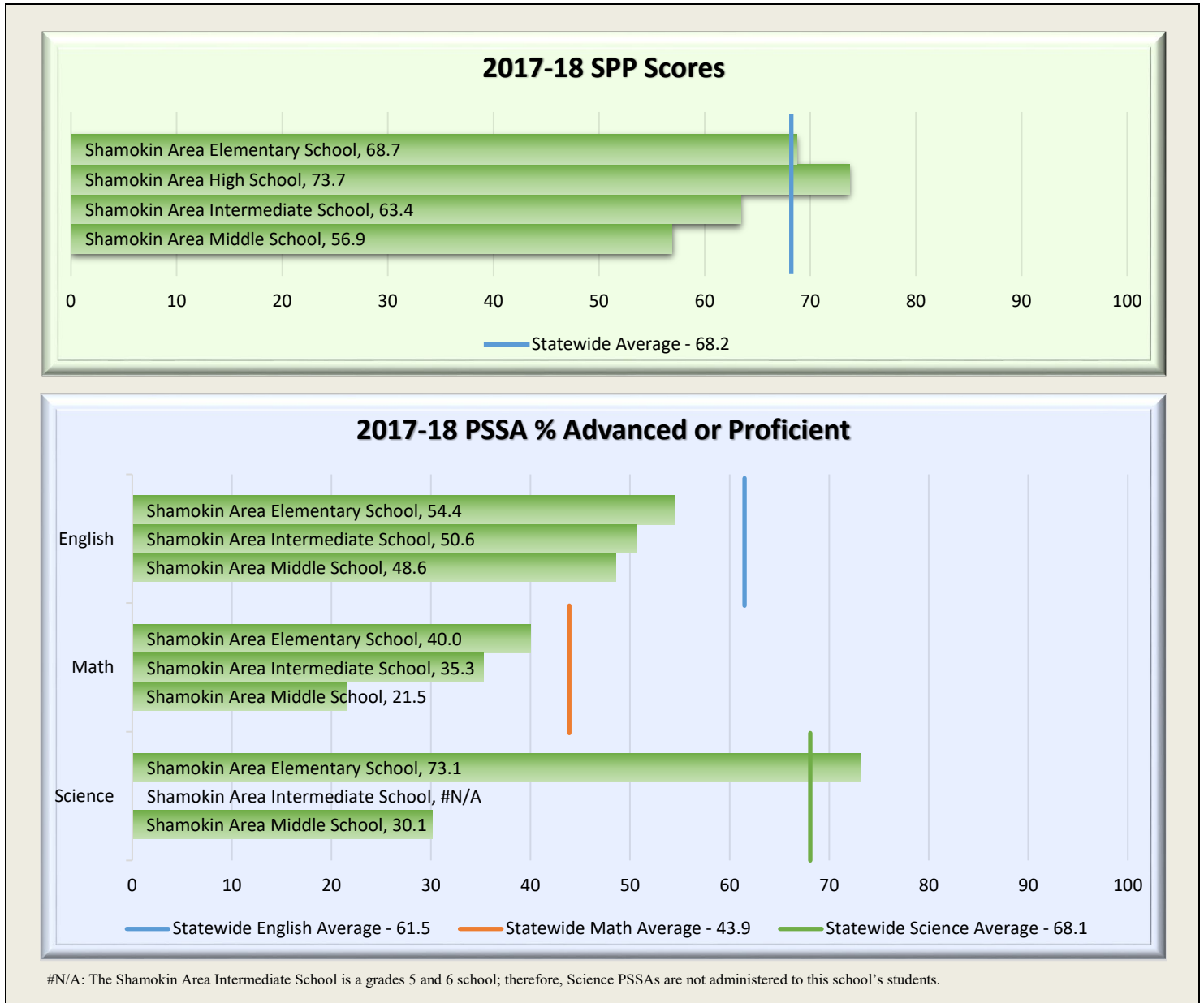
<sup>27</sup> *Ibid.*



## Appendix B: Academic Detail by Building

Benchmarks noted in the following graphs represent the statewide average of all public school buildings in the Commonwealth that received a score in the category and year noted.<sup>28</sup> Please note that if one of the District's schools did not receive a score in a particular category and year presented below, the school will not be listed in the corresponding graph.<sup>29</sup>

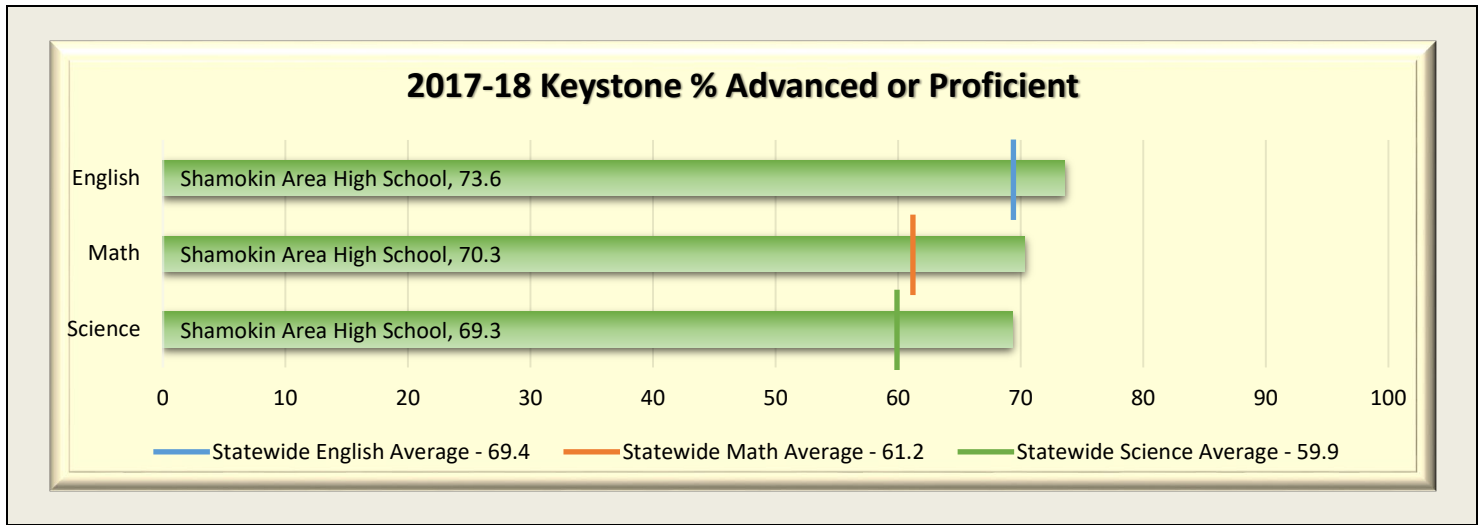
### 2017-18 Academic Data School Scores Compared to Statewide Averages



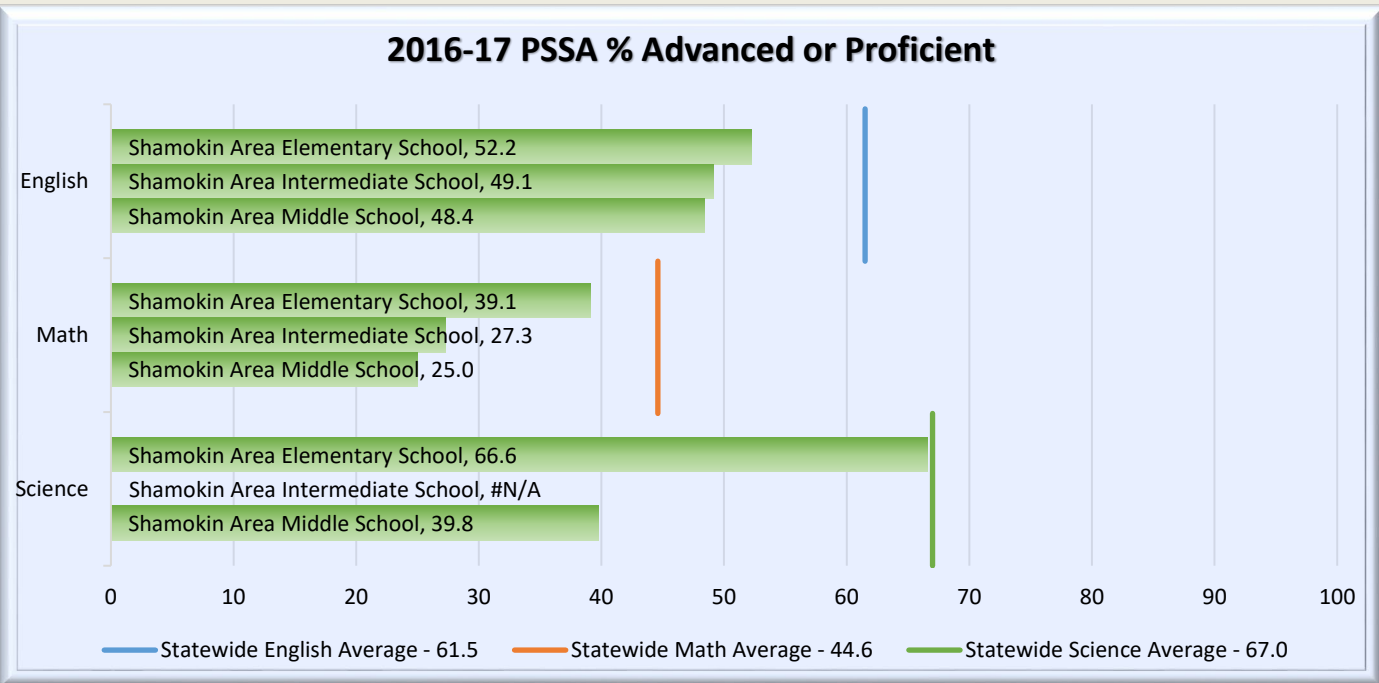
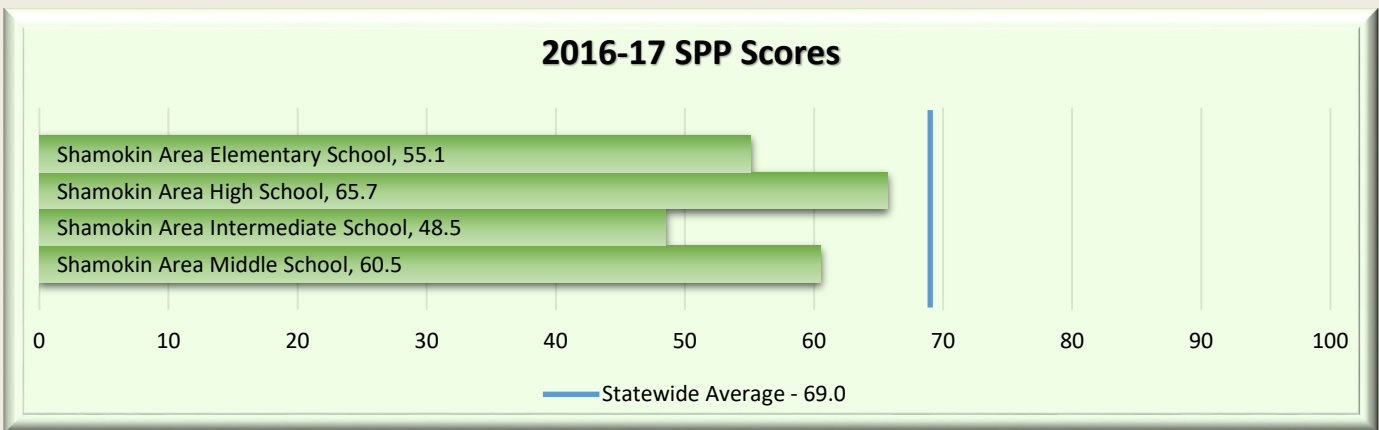
<sup>28</sup> Statewide averages were calculated by our Department based on individual school building scores for all public schools in the Commonwealth, including district schools, charters schools, and cyber charter schools.

<sup>29</sup> PDE's data does not provide any further information regarding the reason a score was not published for a specific school. However, readers can refer to PDE's website for general information regarding the issuance of academic scores.

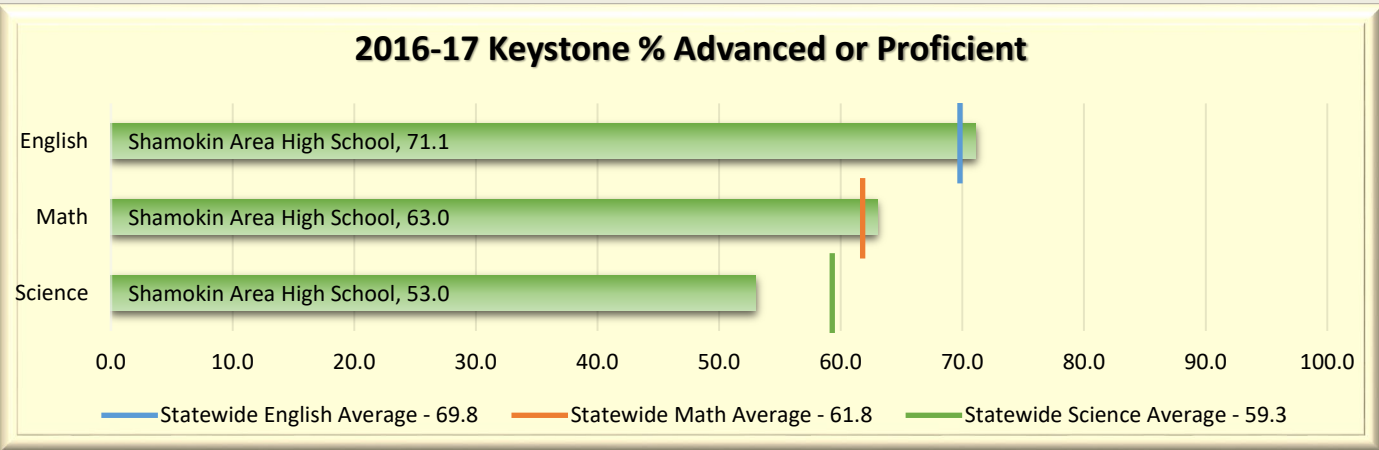
**2017-18 Academic Data**  
**School Scores Compared to Statewide Averages (continued)**



**2016-17 Academic Data**  
**School Scores Compared to Statewide Averages**

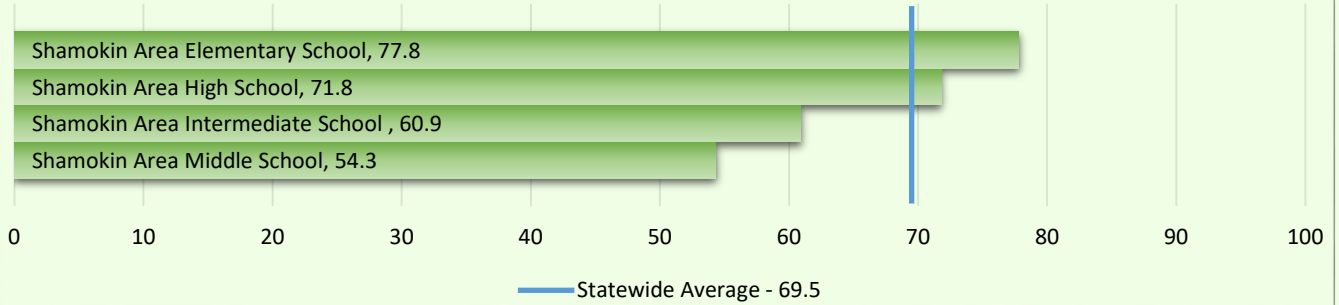


#N/A: The Shamokin Area Intermediate School is a grades 5 and 6 school; therefore, Science PSSAs are not administered to this school's students.

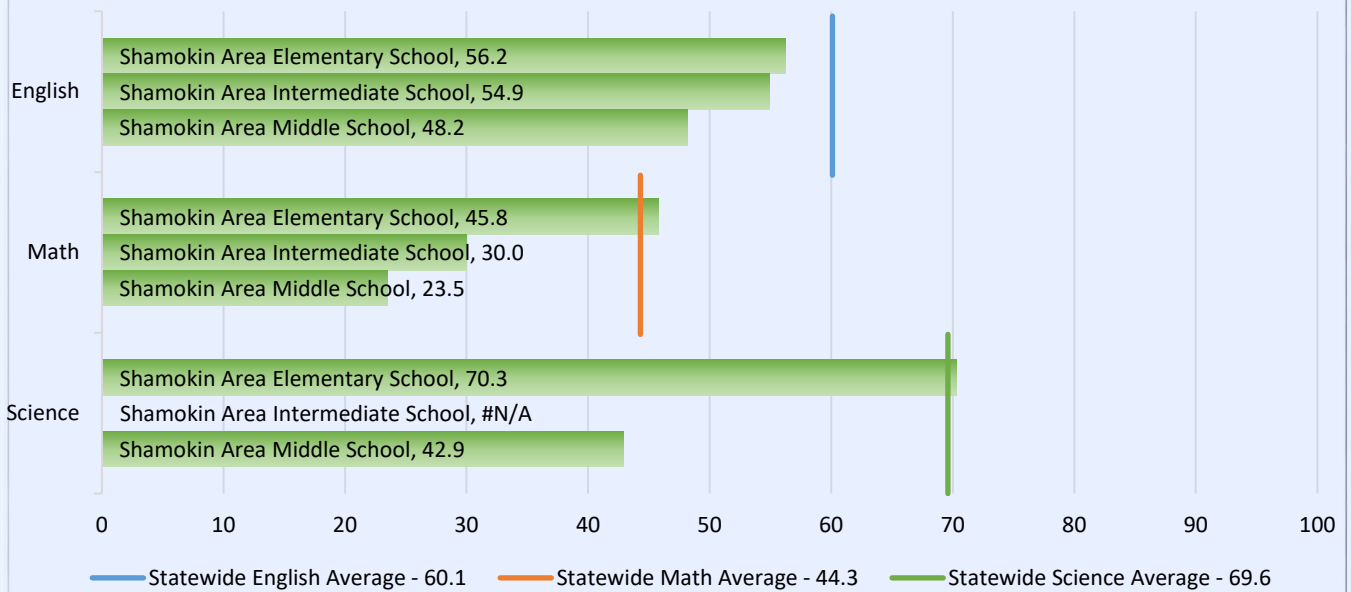


**2015-16 Academic Data**  
**School Scores Compared to Statewide Averages**

**2015-16 SPP Scores**

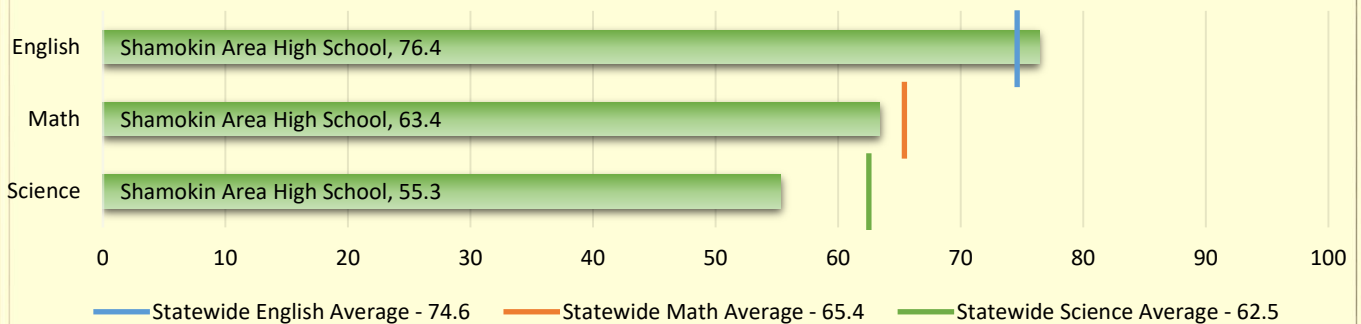


**2015-16 PSSA % Advanced or Proficient**



#N/A: The Shamokin Area Intermediate School is a grades 5 and 6 school; therefore, Science PSSAs are not administered to this school's students.

**2015-16 Keystone % Advanced or Proficient**



## **Distribution List**

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

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