

# PERFORMANCE AUDIT

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## Southern Huntingdon County School District Huntingdon County, Pennsylvania

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September 2021



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR  
AUDITOR GENERAL**

Mr. Dwayne D. Northcraft, Superintendent  
Southern Huntingdon County School District  
10339 Pogue Road  
Three Springs, Pennsylvania 17264

Ms. Candy Sonnenberg, Board President  
Southern Huntingdon County School District  
10339 Pogue Road  
Three Springs, Pennsylvania 17264

Dear Mr. Northcraft and Ms. Sonnenberg:

We have conducted a performance audit of the Southern Huntingdon County 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
- Nonresident Student Data
- Bus Driver Requirements
- Administrator Separations

We also evaluated the application of best practices and determined compliance with certain legal and other requirements in the area of school safety, including compliance with fire and security drill requirements. 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, nonresident student data, and bus driver requirements. These deficiencies are detailed in the three findings of this report. A summary of the results is presented in the Executive Summary section of this report. We also found that the District performed adequately in the area of administrator separations and no significant internal control deficiencies were identified for this objective.

Mr. Dwayne D. Northcraft

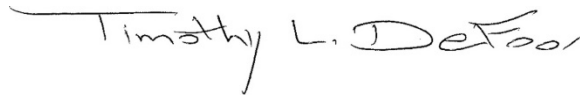
Ms. Candy Sonnenberg

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

We appreciate the District's cooperation during the course of the audit.

Sincerely,

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

Timothy L. DeFoor  
Auditor General

August 31, 2021

cc: **SOUTHERN HUNTINGDON COUNTY 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 Southern Huntingdon County 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 areas of noncompliance and significant internal control deficiencies as detailed in the three findings in this report.

#### **Finding No. 1: The District's Failure to Implement an Adequate Internal Control System Resulted in a \$3,850 Overpayment and an Unauditable \$3.8 million in Transportation Reimbursements.**

We found that the District did not implement an adequate internal control system over the input, calculation, and reporting of regular and supplemental transportation data. Consequently, the District inaccurately reported the number of nonpublic school students it transported during the 2015-16 school year, which resulted in the District being overpaid \$3,850 in supplemental transportation reimbursements. Additionally, the District failed to retain documentation to support the more than \$3.8 million in regular transportation reimbursements it received for the 2015-16 through 2018-19 school years, and therefore, we could not

audit the reported data and determine the accuracy of those reimbursements (see page 7).

#### **Finding No. 2: The District Did Not Implement Adequate Internal Controls to Ensure Compliance with Bus Driver Qualification and Background Clearance Requirements.**

We found that the District did not implement sufficient internal controls to meet its statutory obligations under the Public School Code and associated regulations related to the employment of individuals having direct contact with students during the 2020-21 school year (see page 12).

#### **Finding No. 3: The District's Failure to Implement Adequate Internal Controls Led to Inaccurate Nonresident Student Data Reported to PDE Resulting in an Overpayment of \$6,521.**

We found that the District failed to implement internal controls over the categorization and reporting of nonresident student data resulting in a \$6,521 overpayment from the Pennsylvania Department of Education. This overpayment was caused by the District inaccurately reporting the number of foster students educated by the District during the 2015-16, 2017-18, and 2018-19 school years (see page 19).

#### **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	Huntingdon
Total Square Miles	221
Number of School Buildings	4
Total Teachers	93
Total Full or Part-Time Support Staff	58
Total Administrators	8
Total Enrollment for Most Recent School Year	1,146
Intermediate Unit Number	11
District Career and Technical School	Huntingdon County CTC

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

## Mission Statement\*

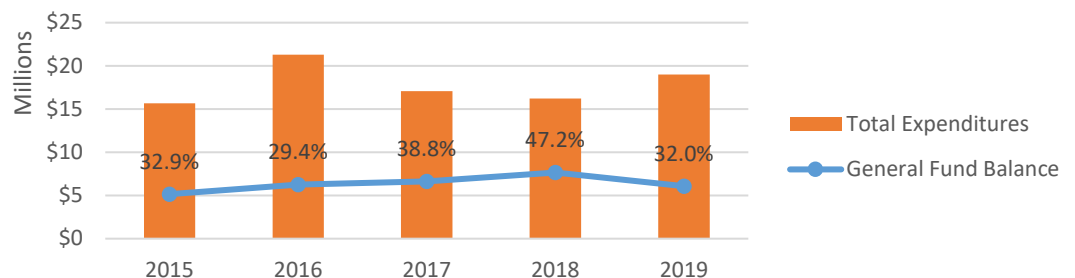
Rocketing our students into their future.

## Financial Information

The following pages contain financial information about the Southern Huntingdon County 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**.

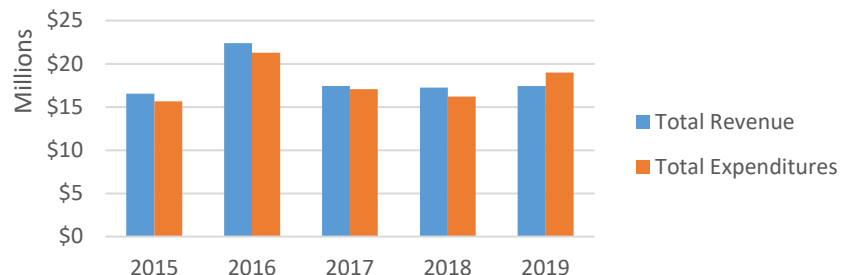
### General Fund Balance as a Percentage of Total Expenditures

	General Fund Balance
2015	\$5,150,227
2016	\$6,261,802
2017	\$6,626,267
2018	\$7,652,467
2019	\$6,081,344



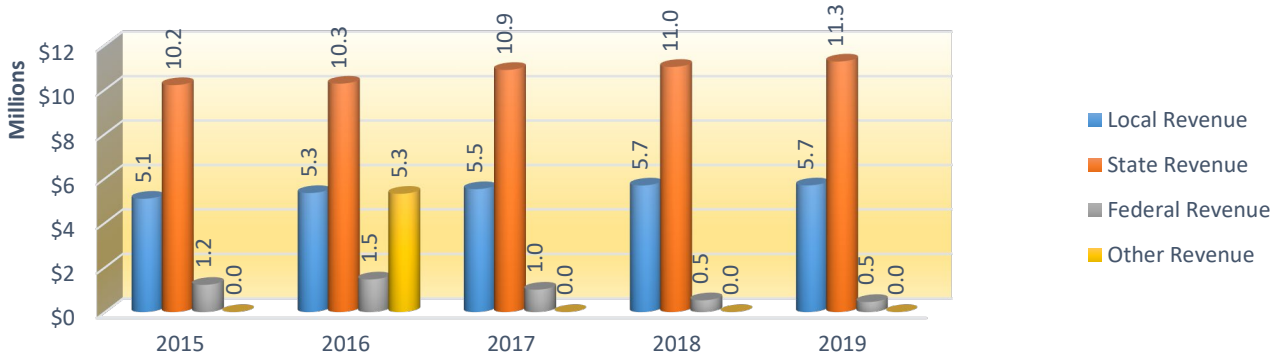
### Revenues and Expenditures

	Total Revenue	Total Expenditures
2015	\$16,523,782	\$15,647,698
2016	\$22,403,627	\$21,292,051
2017	\$17,421,073	\$17,056,607
2018	\$17,246,289	\$16,220,092
2019	\$17,415,427	\$18,986,550

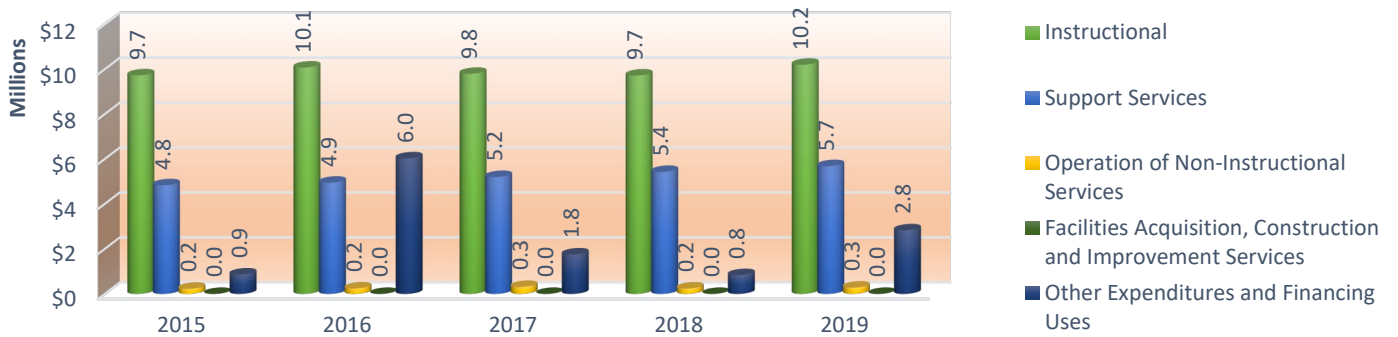


## Financial Information Continued

### Revenues by Source

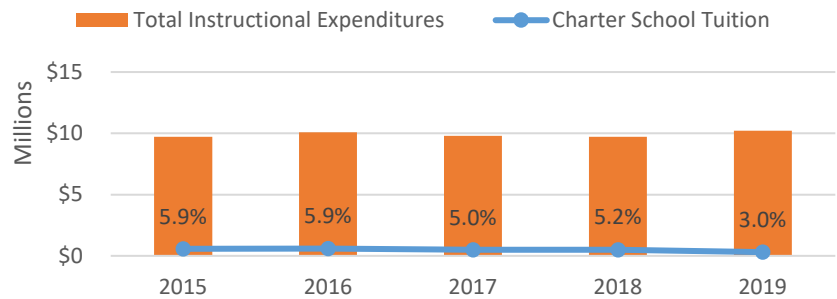


### Expenditures by Function

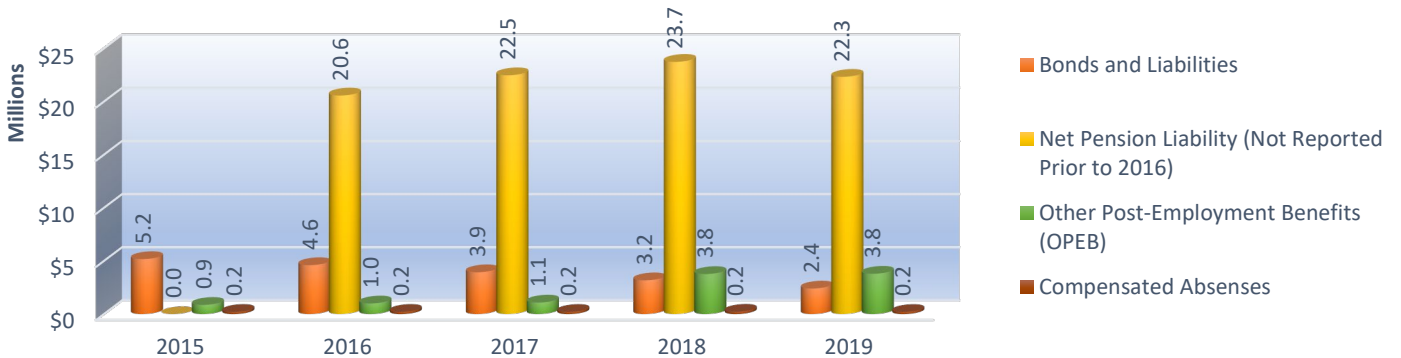


### Charter Tuition as a Percentage of Instructional Expenditures

	Charter School Tuition	Total Instructional Expenditures
2015	\$576,234	\$9,726,275
2016	\$593,288	\$10,074,534
2017	\$491,802	\$9,796,120
2018	\$505,241	\$9,719,051
2019	\$303,038	\$10,198,865



### Long-Term Debt

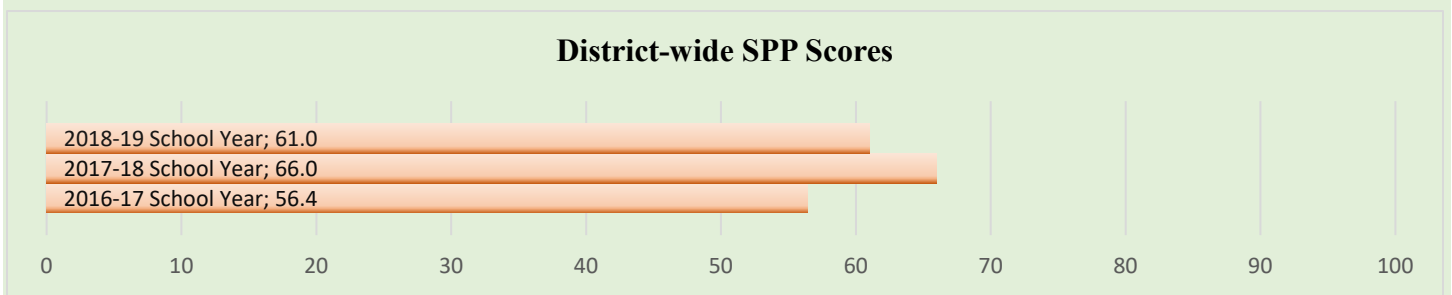


## Academic Information

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.<sup>1</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>2</sup>



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<sup>1</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>2</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.

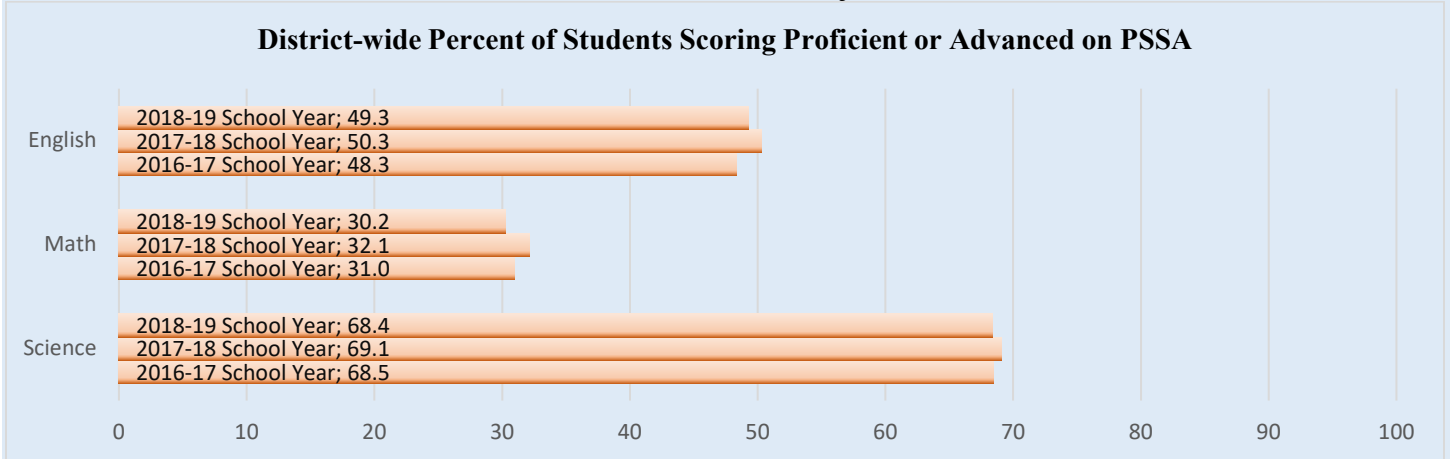


## Academic Information Continued

### What is the PSSA?

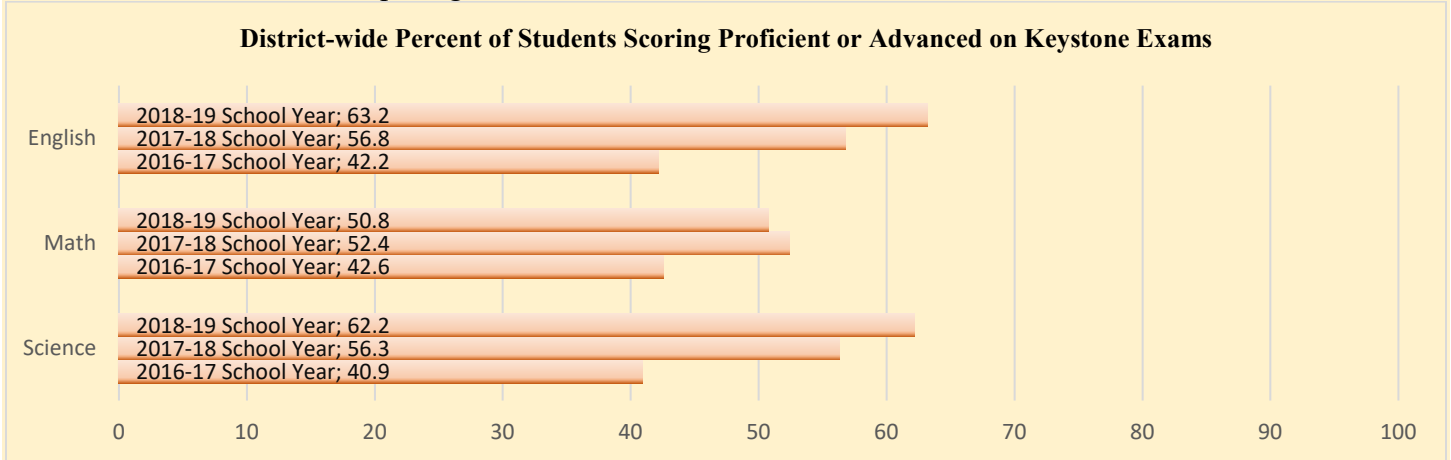
The PSSA is an annual, standardized test given across the Commonwealth to students in grades 3 through 8 in core subject areas, including English, Math and Science. The PSSAs help Pennsylvania meet federal and state requirements and inform instructional practices, as well as provide educators, stakeholders, 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>3</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.

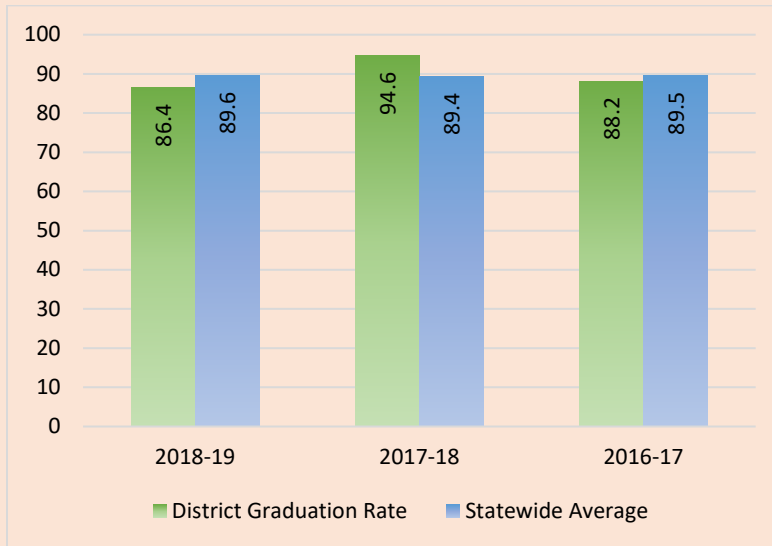


<sup>3</sup> Act 158 of 2018, effective October 24, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement until the 2021-22 school year. See 24 P.S. § 1-121(b)(1). Please refer to the following link regarding further guidance to local education agencies (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.<sup>4</sup>



<sup>4</sup> PDE also calculates 5-year and 6-year cohort graduation rates. Please visit PDE's website for additional information:  
<https://www.education.pa.gov/DataAndReporting/CohortGradRate/Pages/default.aspx>.

## Findings

### Finding No. 1

### The District's Failure to Implement an Adequate Internal Control System Resulted in a \$3,850 Overpayment and an Unauditable \$3.8 million in Transportation Reimbursements

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

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

Section 2509.3 of the Public School Code (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

#### **Record Retention Requirement**

Section 518 of the PSC requires that the financial records of a district be retained by the district for a period of not less than six years. *See* 24 P.S. § 5-518.

#### **Student Transportation Subsidy**

The PSC provides that school districts receive a transportation subsidy for most students who are provided transportation. Section 2541 (relating to Payments on account of pupil transportation) of the PSC specifies the transportation formula and criteria. *See* 24 P.S. § 25-2541.

We found that the Southern Huntingdon County School District (District) did not implement an adequate internal control system over the input, calculation, and reporting of regular and supplemental transportation data. Consequently, the District inaccurately reported the number of nonpublic school students it transported during the 2015-16 school year, which resulted in the District being overpaid \$3,850 in supplemental transportation reimbursements. Additionally, the District failed to retain documentation to support the more than \$3.8 million in regular transportation reimbursements it received for the 2015-16 through 2018-19 school years. Therefore, we could not audit the reported data and determine the accuracy of those 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 the 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 errors and lack of documentation identified in this finding pertain to both the District's regular and supplemental transportation reimbursements.

Since the above 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. The District must also obtain and retain this data in accordance with the Public School Code (PSC) requirements (see the criteria box). Therefore, the District should have a strong internal control system over its regular and supplemental transportation operations that should include, but not be limited to, the following:

- Segregation of duties.
- Written policies that include record retention procedures.
- Training on PDE reporting requirements.

*Criteria relevant to the finding  
(continued):*

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

**Sworn Statement and Annual Filing Requirements**

Section 2543 of the PSC, 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.) *See* 24 P.S. § 25-2543.

It is also important to note that the PSC requires that all school districts annually file a sworn statement of student transportation data for the prior and current school years with PDE in order to be eligible for transportation reimbursements.<sup>5</sup> 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.

**Supplemental Transportation Reporting Errors**

The PSC requires school districts to provide transportation services to students who reside in its district and who attend a charter school or nonpublic school, and it provides for a reimbursement from the Commonwealth of \$385 for each nonpublic school student transported by the district.<sup>6</sup>

We found that the District over-reported the number of nonpublic school students it transported in the 2015-16 school year. The District erroneously reported ten students transported to special education facilities as nonpublic school students and consequently was overpaid \$3,850. These ten students were the only students reported as nonpublic school students during the four-year audit period.<sup>7</sup> The District’s former transportation coordinator was solely responsible for categorizing and reporting nonpublic school students in the 2015-16 school year. The District did not have written procedures to help ensure the accurate categorization of nonpublic school students and did not perform a review of this data prior to reporting to PDE.

**More than \$3.8 million in Regular Transportation Reimbursements Unauditable**

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

<sup>5</sup> *See* 24 P.S. § 25-2543.

<sup>6</sup> 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. *See* Section 922.1-A(b) (relating to “Definitions”) of the PSC, 24 P.S. § 9-922.1-A(b).

<sup>7</sup> The District did not report any charter schools students as transported during the audit period.

The District primarily utilized contracted vendors to provide transportation services during the audit period.<sup>8</sup> We found that the District reported average mileage and student ridership data per PDE instructions for the majority of its contracted vehicles. However, the District failed to retain adequate documentation supporting the average mileage calculations and the number of students transported. In some instances, the District was able to provide one month of mileage and student ridership data, but it could not provide complete supporting documentation for the entire year. Therefore, we were unable to audit the reported contracted vehicle data and the related reimbursement shown in the table below.

<b>Southern Huntingdon County School District Regular Transportation Data</b>		
<b>School Year</b>	<b>Reported Total Number of Contracted Vehicles</b>	<b>Total Reimbursement Received Based on Contracted Services</b>
<b>2015-16</b>	37	\$ 889,666
<b>2016-17</b>	37	\$ 947,619
<b>2017-18</b>	33	\$ 974,695
<b>2018-19</b>	39	\$1,023,086
<b>Totals</b>	<b>146</b>	<b>\$3,835,066</b>

When we inquired about the incomplete documentation, District officials stated that they were unaware of the PSC requirement to retain the supporting documentation for transportation reimbursements.

### **Significant Internal Control Deficiencies**

Our review revealed that the District did not have an adequate internal control system over the process of collecting, obtaining, reviewing, and reporting regular and supplemental transportation data to PDE.

Specifically, 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 and the supporting documentation required to be obtained and retained.
- Ensure that an employee other than the employee responsible for reporting transportation data to PDE reviewed the data before it was submitted to PDE.

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<sup>8</sup> The District utilized one District owned vehicle to transport students during the 2015-16 through 2017-18 school years and relied solely on contractor provided vehicles for transportation services in the 2018-19 school year.

- Develop detailed written procedures for retaining the documentation needed to accurately report vehicle data to PDE along with procedures to accurately report nonpublic school students transported.
- Ensure it retained source documentation from its contractor and ensure that this information was reviewed for completeness and accuracy.

All of the above internal control deficiencies led to the errors we found in the supplemental transportation reimbursement and our inability to audit the regular transportation reimbursements.

Future Reimbursement Adjustment: We provided PDE with a report detailing the transportation reporting errors for the 2015-16 school year. We recommend that PDE adjust the District's future transportation reimbursement amounts by the \$3,850 that we identified as an overpayment.

### **Recommendations**

The *Southern Huntingdon County 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 regular transportation data reporting are trained on PDE's reporting requirements.
  - A review of transportation data is conducted by an employee other than the employee who prepared the data before it is submitted to PDE.
  - Develop comprehensive written procedures that include procedures for regular and supplemental transportation data calculations, reporting data to PDE, and retaining supporting documentation from contractors in accordance with the PSC's record retention requirements.
2. Review transportation data reported to PDE for the 2019-20 school year and, if necessary, submit revised reports to PDE.

The *Pennsylvania Department of Education* should:

3. Adjust the District's future transportation reimbursements to resolve the overpayment of \$3,850.

## **Management Response**

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

“The \$3,850 overpayment was a result of the prior Business Manager incorrectly reporting 10 students as nonpublic students. The current Business Manager understands the classification of nonpublic student, so this will not be an issue in the future.

The Southern Huntingdon County SD received an estimated \$3.8 million dollars in transportation reimbursements from 2015-2019. During this time period, the District did not utilize the BusTracks software to prepare the yearly PDE transportation report. The District relied on manual spreadsheets maintained by the prior Business Manager. It was very difficult to find supporting documentation that matched the information entered into the manual spreadsheets. The current Business Manager has already implemented the complete use of the BusTracks software to track the miles traveled, number of students assigned to each vehicle, and the number of days each vehicle transported students. At the end of the school year, a simple upload will be performed from BusTracks to PDE’s eTran system to complete the yearly PDE transportation report. This will totally eliminate the manual spreadsheets that were maintained in prior years. The current Business Manager has also attended numerous PASBO webinars and trainings to gain a better understanding of PDE’s reporting requirements. Lengthy discussion also occurred between the Business Manager and state auditors in regards to what supporting documentation was needed in the future.”

## **Auditor Conclusion**

We are encouraged that the District has taken appropriate corrective actions to implement our recommendations. We continue to recommend that a multi-employee review process be implemented to help ensure accurate reporting and that the District develop comprehensive written procedures over reporting transportation data. We will evaluate the effectiveness of all District corrective actions during our next audit.

## Finding No. 2

# The District Did Not Implement Adequate Internal Controls to Ensure Compliance with Bus Driver Qualification and Background Clearance Requirements

*Criteria relevant to the finding:*

### Internal Control Standards

*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. . . .”

### Statutory and Regulatory Requirements

Chapter 23 (relating to Pupil Transportation) of the State Board of Education’s 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).

We found that the District did not implement sufficient internal controls to meet its statutory obligations under the PSC and associated regulations related to the employment of individuals having direct contact with students during the 2020-21 school year. Specifically, we found that the District did not timely obtain and review bus driver records or monitor who was driving its school buses on a daily basis for 17 different transportation contractors providing drivers to the District. Additionally, the District’s Board of School Directors (Board) approved both active drivers and potential substitute drivers before obtaining and reviewing all required documentation. Further, the District was not following its own Board approved transportation policies and transportation contracts, which required the contractors to provide all necessary documentation to the District. By not obtaining, maintaining, and continuously monitoring complete driver records, the District could not ensure that all contracted bus drivers were properly qualified to transport students.

### Background

#### *Importance of Internal Controls*

Several state statutes and regulations establish the minimum required qualifications for school bus drivers, including the PSC and the Child Protective Services Law. The District and its Board are responsible for the selection and approval of eligible drivers who qualify under the applicable laws and regulations.<sup>9</sup> Therefore, the District should have a strong system of internal controls 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 on file are current.
- A system to track who is driving each bus throughout the school year to ensure the Board has authorized all drivers.
- Clear and concise written procedures specific to bus drivers.
- Training on bus driver qualification and clearance requirements.

<sup>9</sup> *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).

## ***Driver Employment Requirements***

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 approval:

1. Driver qualification credentials,<sup>10</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).
  - c. Annual physical examination (if operating a school bus).
2. Criminal history reports/clearances:
  - a. State Criminal History Report (Pennsylvania State Police clearance).
  - b. Federal Criminal History Record, based on a full set of fingerprints (FBI clearance).
  - c. PA Child Abuse History Clearance.<sup>11</sup>

It is important to note that all three clearances must be obtained every five years.<sup>12</sup>

## **Insufficient Internal Controls Resulted in Driver Documentation Deficiencies**

We obtained a list of all drivers for the 2020-21 school year and reviewed the board meeting minutes to ensure that the Board approved all drivers. We also requested and reviewed the personnel files for all 69 drivers utilized by the District through its use of 17 different transportation contractors for the 2020-21 school year to determine whether the District complied with driver requirements, including the maintenance and monitoring of required documentation prior to and throughout employment. The District's procedures for obtaining, reviewing, and monitoring driver requirements were considered before and after testing, and we determined that insufficient internal controls resulted in the following deficiencies.

<sup>10</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).

<sup>11</sup> This clearance is from the state Department of Human Services.

<sup>12</sup> 24 P.S. § 1-111(c.4) and 23 Pa.C.S. § 6344.4.

*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 8.2 of Title 22, Chapter 8 (relating to Criminal Background Checks) of the State Board of Education's 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).

*Expired Driver Qualifications and Outdated Background Clearances*

We found that copies of documentation required to be on file at the District, such as a renewed driver's license and updated background clearances, were expired and/or outdated for 43 of the 69 contracted drivers (62 percent). Multiple drivers had more than one deficiency with required documentation. These documentation deficiencies occurred because the District was relying on its contractors to provide updated and current documentation without an adequate internal review process or ongoing monitoring system to provide independent oversight.

After presenting the results of our review to District officials, they were able to obtain updated copies of the expired and/or outdated documentation from the 17 contractors for 35 of the 43 drivers who were actively driving for the District. The District did not obtain or provide the expired and/or outdated documentation for the remaining eight drivers because the District employee responsible for maintaining and reviewing driver credentials stated that these eight drivers were additional substitute drivers, but they never actually transported District students. This single employee was the only employee obtaining and reviewing documentation for individuals that she believed were actively driving an assigned route, instead of performing the same procedures for all drivers who were Board approved and could potentially transport District students. The employee also did not routinely monitor who was driving the District students on a daily basis because she did not have daily contact with the contractors nor did she have a process to be notified when a substitute driver was used. Therefore, she was unaware when substitute drivers were filling in for the assigned drivers during the school year.

*Board Approval Without All Required Documentation*

We found that the Board approved drivers even though the District did not obtain and review required documentation to ensure that these individuals were properly vetted and suitable to transport students. As stated above, we found that the District did not have required documentation on file for 43 of the 69 contracted drivers, including eight potential substitute drivers that were presented to the Board for approval and for whom all required documentation was never obtained. Regardless of whether drivers were considered active or substitute, the District should have received and reviewed all required driver documentation prior to the Board approving these drivers.

**No Standardized Review Process and Ongoing Monitoring Procedures**

The District did not have a standardized review process and ongoing monitoring procedures to ensure that all contracted drivers were properly qualified throughout employment with the District. While we found that the District maintained a spreadsheet with driver names and document

*Criteria relevant to the finding (continued):*

### **PDE Guidance Document**

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>).

### **Board Policies and Transportation Contracts**

Board Policy 810a, *Transportation*, states, in relevant 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 has evaluated the results of that screening process. . . ."

Board Policy No. 818, *Contracted Services Personnel*, states, in relevant part:

"... Prior to assignment of contractor employees to perform work for the district in a position or assignment involving direct contact with children, contractor employees shall submit an official child abuse clearance statement and state and federal criminal history background checks (certifications) as required by law. . . ."

dates, there was no ongoing or documented review of the spreadsheet, which was evidenced by the expired/outdated documentation on file at the District that we identified during our testing.

In addition, we also found that the District was utilizing a Pennsylvania Department of Transportation report (PennDOT/DMV report) to verify drivers' "S" endorsement and driver's license expiration dates rather than obtaining and reviewing a copy of the actual "S" endorsement cards and driver's licenses required to be maintained by the District. Overall, except for the PennDOT/DMV reports, the District relied on its contractors to track the expiration dates and provide the District with copies of actual driver's licenses, "S" endorsements, and the required and updated clearance documentation.

Further, and as discussed above, we determined that only one District employee is responsible for manually maintaining and monitoring required driver documents, and no secondary review of the information was performed unless the driver had a criminal conviction. Additionally, this individual was only obtaining and reviewing documentation for drivers who she believed to be actively driving, instead of performing the same procedures for all potential drivers prior to Board approval.

A standardized review process and monitoring procedures are key internal controls important to ensuring compliance with all statutory requirements related to bus driver requirements. Without having these vital internal controls in place, student safety could be jeopardized. The use of a large number of contractors to provide student transportation heightens the importance of having strong and effective internal controls, including knowing who is actually driving the vehicles transporting District students at all times.

### **Noncompliance with Board Policies and Transportation Contracts**

By not adequately maintaining and monitoring driver requirements, the District failed to follow its board approved Policies No. 810a, *Transportation* and No. 818, *Contracted Services Personnel*, which require the District to obtain all required driver credentials and clearances prior to employment or assignment of a contracted employee. Additionally, the District failed to ensure its contractors complied with a provision in their service contract requiring a valid license and proper background clearances be submitted before the effective date of the annual contracts.

### **Conclusion**

The District did not implement adequate internal controls to ensure compliance with all applicable laws, regulations, PDE guidance documents, its board policies, and its transportation contracts by not sufficiently obtaining, monitoring, and updating ongoing driver

*Criteria relevant to the finding  
(continued):*

The District's *Agreement for the Transportation of School Pupils* with its contracted transportation providers states, in relevant part:

" . . . Prior to the effective date of this contract, a copy of a valid bus driver's license and a copy of a "Commonwealth of Pennsylvania School Bus Driver's Physical Examination for all drivers must be submitted before the effective date. The Criminal Record Check and FBI Checks must also be provided to the District. . . . "

requirements. Verifying that ongoing driver credential and background clearance requirements are satisfied are vital to student protection, and to ensuring compliance with legal and governance 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 the District's legal obligations and responsibilities.

### **Recommendations**

The *Southern Huntingdon County School District* should:

1. Implement verifiable internal control procedures with a documented review process to ensure that only qualified and authorized individuals are driving for the District.
  - These procedures should ensure:
    - All required credentials and clearances are obtained, reviewed, and on file at the District prior to individuals being presented to the Board and transporting students.
    - All driver qualification and clearance documentation is monitored on a regular basis sufficient to ensure compliance with relevant requirements.
2. Comply with all applicable laws and regulations to obtain, review, and maintain required credentials and background clearances for all contracted employees that have direct contact with students.
3. Implement contract monitoring procedures to ensure compliance with the terms of its transportation contract as it relates to the provisions requiring the contractor to provide qualification and background clearance documentation for all drivers.
4. Comply with the Board's policies establishing the District's duty to ensure that the qualification and clearance documentation for all contracted drivers are obtained and approved prior to employment and assignment.

### **Management Response**

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

On a yearly basis, the School District receives and reviews a PennDOT/DMV report that shows the expiration date for each bus driver's licenses. If the date was valid for the entire school year, the District did not request an updated copy of the bus driver's license. The District will request this information in the future. 40 of the 43 expired/and or outdated items were due to the District not having an updated copy of the bus driver

licenses on file. However, the District did have a copy of the PennDOT/DMV report for each of these 40 bus drivers showing they had a valid license to operate a school bus.

The remaining 3 of the 43 expired items were for background clearances. Two of the three bus drivers had a valid [Act] 114 [FBI Clearance] on file, however, it was not the "full report" that was requested by the state auditors. The final individual did have an expired background clearance on file and they were contacted immediately by the Business Office Secretary requesting an updated clearance. The updated clearance was received on May 3, 2021.

This District does not rely on our contractors to provide updated and current documentation. The Business Office Secretary tracks all bus driver credentials and clearances in a spreadsheet and contacts the contractors directly when updated information is needed. The procedures for requesting updated credentials and clearances is the same for all drivers, regardless if they are a full time driver or a substitute.

The "S" endorsement card has a recertification date of every 4 years but a new card is issued yearly. If the recertification date listed was still current, the District did not request a new copy because the recertification date was valid. In the future, the District will request a copy of the new card each year.

1. The School District has started to use the BusTracks software to track all credentials and clearances for bus drivers. The software system sends alerts when credentials or clearances are close to expiring. As soon as a notification is received, the Business Office Secretary will contact the driver to request updated information.
2. The new alert system in the BusTracks software removes the human error of relying on a manual spreadsheet to track bus driver credentials and clearances. The District will also maintain current copies of driver's licenses and "S" endorsement cards on file, rather than relying on the PennDOT/DMV report.
3. The Business Manager will review a BusTracks report that shows bus driver credentials and clearances on a monthly basis to ensure compliance.
4. Drivers cannot be board approved unless all credentials and clearances are on file. The School District no longer approves drivers "pending receipt of clearances."

## **Auditor Conclusion**

Although the District disagreed with our finding, the actions being taken by the District indicate agreement that improvements in the process are needed. Therefore, we are encouraged that the District has taken appropriate corrective actions to implement our recommendations including improving controls over the collection, monitoring, and maintenance of driver qualifications and clearances. We will evaluate the effectiveness of corrective actions during our next audit.

### Finding No. 3

## The District's Failure to Implement Adequate Internal Controls Led to Inaccurate Nonresident Student Data Reported to PDE Resulting in an Overpayment of \$6,521

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

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

#### **Payment of Tuition**

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

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

We found that the District failed to implement internal controls over the categorization and reporting of nonresident student data resulting in a \$6,521 overpayment from PDE. This overpayment was caused by the District inaccurately reporting the number of foster students educated by the District during the 2015-16, 2017-18, and 2018-19 school years.<sup>13</sup>

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

- 1) The student's parent/guardian must not be a resident of the educating district.
- 2) The student must have been placed in the private home of a resident within the district by order of the court or by arrangement with an association, agency, or institution.<sup>14</sup>
- 3) The district resident must be compensated for the care of the student.
- 4) The student must not be in pre-adoptive status.

These students are commonly referred to as “foster students.” It is the responsibility of the educating district to obtain documentation to ensure that each student met the eligibility criteria to be classified as a nonresident student. Further, the district must obtain updated documentation for each year that the district reports a student as a nonresident.

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

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

<sup>13</sup> We found that the District accurately reported foster students to PDE for the 2016-17 school year and that the District was accurately reimbursed for these students.

<sup>14</sup> For example, the applicable county children and youth agency.

*Criteria relevant to the finding (continued):*

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

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

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

“A nonresident child is entitled to attend the district’s public schools if that child is fully maintained and supported in the home of a district resident as if the child were the residents own child and if the resident receives no personal compensation for maintaining the student in the district.

## Nonresident Student Reporting Errors

We found that the District made a total of four reporting errors in the 2015-16, 2017-18, and 2018-19 school years. The District failed to report one eligible foster student to PDE for reimbursement in the 2018-19 school year. The other errors were the result of the District inaccurately reporting students as foster students. The following table details the reporting errors we identified.

Southern Huntingdon School District Nonresident Student Data			
School Year	Number of Students Inaccurately Reported as Foster Students	Number of Foster Students Not Reported	Overpayment/ (Underpayment)
2015-16	2	0	\$7,935
2017-18	1	0	\$7,592
2018-19	0	1	(\$9,006)
<b>Total</b>	<b>3</b>	<b>1</b>	<b>\$6,521</b>

Of the three students erroneously reported as foster students, we found that two of these students should have been classified as residents and, therefore, the District was not eligible to receive reimbursement for educating these students as follows:

- The first student was reported as a foster student for the entire school year but the student was adopted during the year. According to PDE guidelines, after the adoption, the student should have been categorized as a resident.
- The second student also should have been reported as a resident as this student was placed in guardianship within the District.<sup>15</sup>

The remaining student inaccurately reported as a foster student was placed in a therapeutic group home within the District. When a student is placed in a therapeutic home, as opposed to a private home, the educating district is responsible for billing the student’s district of residency for tuition costs. The District did not bill the resident district for this student. By reporting this student as a foster student, the District erroneously billed the Commonwealth for tuition.

<sup>15</sup> According to a Huntingdon County Court of Commons Pleas order dated September 28, 2011, the individuals awarded custody rights of the student did not receive compensation.



*Criteria relevant to the finding (continued):*

Before accepting the child as a student, the board of school directors of the district shall require the resident to file with the secretary of the board of school directors either appropriate legal documentation to show dependency or guardianship or a sworn statement that the child is supported fully without personal compensation or gain, and that the resident will assume all personal obligations for the child relative to school requirements and intends to so keep and fully support the child continuously and not merely through the school term.” See 22 Pa. Code § 11.19(a).

**Excerpt from Basic Education Circular – Nonresident Students in Institutions**

**Financing Non-Resident Students Living in Children’s Institutions**

Host school districts will finance the provision of the educational program for the students in children’s institutions through Section 1306 of the school code, “Non-resident inmates of children’s institutions.” This section allows the host school district to charge the school district where the student’s parent live, or “resident” school district, the host district’s tuition rate, as determined by Section 2561, for the education of these students. Arrangements for this payment are made directly between the two school districts.

**Excerpt from Basic Education Circular – Enrollment of Students Pre-Adoptive and Adoptive Students**

Children living in pre-adoptive situations are considered residents of the school district in which their pre-adoptive parents reside under 24 P.S. § 13-1302.

## Significant Internal Control Deficiencies

The District did not have adequate internal controls over the categorization and reporting of foster student data. The District relied solely on one employee to identify, categorize, and report foster students. This information was reported to PDE for reimbursement without a review by a District official sufficiently knowledgeable on PDE reporting requirements. A reconciliation to source documents to ensure each foster student met the eligibility requirements was also not performed during the audit period. Additionally, this employee was not adequately trained on the PDE requirements and the documentation needed to demonstrate compliance with the eligibility criteria. Finally, the District did not have written procedures to assist its employees in accurately identifying a foster student by obtaining the required documentation needed to support this categorization.

While our testing found only four errors, we note the potential for more costly errors impacting the District nonresident reimbursements if the internal control deficiencies are not corrected.

**Future Reimbursement Adjustment:** We provided PDE with documentation detailing the reporting errors we identified for the 2015-16, 2017-18, and 2018-19 school years. We recommend that PDE adjust the District’s future reimbursement amount by the \$6,521 that we calculated as an overpayment.

## Recommendations

The *Southern Huntingdon County District* should:

1. Develop and implement an internal control system governing the process for identifying and reporting foster student data. The internal control system should include, but not be limited to, the following:
  - All personnel involved in the identification and reporting of nonresident data are trained on PDE’s reporting requirements.
  - A review of nonresident data is conducted by an employee, other than the employee who prepared the data, before it is submitted to PDE.
  - Clear and concise written procedures are developed to document the categorization and reporting process for nonresident student data.
2. Obtain updated placement information annually for all nonresident students to ensure proper categorization and perform a reconciliation of the foster student data to source documents before reporting the relevant data to PDE.

3. Review the nonresident student data reported to PDE for the 2019-20 school year to determine if there were similar reporting errors and, if necessary, submit revised data to PDE.
4. Bill tuition costs to the resident district for the student in therapeutic foster placement and educated by the District.

The *Pennsylvania Department of Education* should:

5. Adjust the District's future nonresident reimbursements to resolve the overpayment of \$6,521.

### **Management Response**

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

- “1. Employees involved in the process for identifying and reporting foster student data will be trained in consultation with a TIU #11 specialist. The appropriate building principals will review the nonresident data before it is submitted to PDE. During consultation with the TIU #11 specialist, clear and concise written procedures will be developed to document the categorization and reporting process for nonresident student data.
2. The District will continue to obtain updated placement information annually for all nonresident students.
3. District personnel are reporting the 2019-20 SY review will reflect similar reporting errors. A review will be conducted with a submission of revised data to PDE.
4. If applicable, resident districts will be billed for the student in therapeutic foster placement and educated by the district.”

### **Auditor Conclusion**

We are encouraged that the District has taken appropriate corrective actions to implement our recommendations including implementing additional controls over the reporting of foster students. We will evaluate the effectiveness of corrective actions during our next audit.

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

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**O**ur prior audit of the Southern Huntingdon County 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>16</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.

Our audit focused on the District's effectiveness and/or compliance with applicable statutory provisions and related regulations in the areas of Transportation Operations, Nonresident Student Data, 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.<sup>17</sup> *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.<sup>18</sup> 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.

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<sup>16</sup> 72 P.S. §§ 402 and 403.

<sup>17</sup> 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.

<sup>18</sup> 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
<b>Control Environment</b>	
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
<b>Risk Assessment</b>	
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
<b>Control Activities</b>	
10	Design control activities
11	Design activities for the information system
12	Implement control activities
<b>Information and Communication</b>	
13	Use quality information
14	Communicate internally
15	Communicate externally
<b>Monitoring</b>	
16	Perform monitoring activities
17	Evaluate issues and remediate deficiencies

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

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

**Figure 2 – Internal Control Components and Principles Identified as Significant**

Principle →	Internal Control Significant ?	Control Environment					Risk Assessment				Control Activities			Information and Communication			Monitoring	
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
General/overall	Yes	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
Transportation	Yes				X			X	X		X		X	X	X	X	X	
Nonresident Student Data	Yes				X			X	X		X		X	X	X	X		
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?<sup>19</sup>
- ✓ To address this objective, we assessed the District's internal controls for obtaining, processing and reporting transportation data to PDE. We verified that the District's data reported on the PDE-2518 (Summary of Individual Vehicle Data for Contracted Vehicle) was the same as the District-created summary weighted average calculations of mileage and student data. We requested odometer readings, student roster, vehicle rosters, and sample/weighted average calculations for all vehicles reported to PDE as transporting students for the 2015-16, 2016-17, and 2017-18 school years.<sup>20</sup> The District did not maintain this required supporting documentation for any vehicles; therefore, we were unable to determine the accuracy of the regular transportation reimbursement the District received from PDE for the audit period. Additionally, to ensure the District accurately reported nonpublic school students for reimbursement, we obtained and reviewed the requests for transportation for all ten nonpublic school students reported as transported by the District during the 2015-16 school year.<sup>21</sup>

**Conclusion:** The results of our procedures identified areas of noncompliance and significant internal control deficiencies related to the District for obtaining, processing, and reporting transportation data to PDE during the audit period. Our results are detailed in a finding beginning on page 7 of this report.

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<sup>19</sup> See 24 P.S. § 2541(a).

<sup>20</sup> The District reported 37 vehicles used to transport students in 2015-16, 37 vehicles in 2016-17, 33 vehicles in 2017-18, and 39 vehicles in 2018-19 to PDE.

<sup>21</sup> 2015-16 was the only school year during the audit period that the District reported transporting nonpublic school students.

## **Nonresident Student Data**

- Did the District accurately report nonresident students to PDE and receive the correct reimbursement for these nonresident students?<sup>22</sup>
  - ✓ To address this objective, we assessed internal controls over the categorization, inputting, and reporting of nonresident foster students. We reviewed supporting documentation for all 44 nonresident foster students reported as educated by the District during the 2015-16 through 2018-19 school years. We verified that each nonresident foster student's custodial parent or guardian was not a resident of the District, the foster parent(s) were a resident of the District and received a stipend for caring for the student. The District's nonresident foster student listings were compared to the total days reported on the Membership Summary and Instructional Time Membership Report, and agency placement letters to determine if the District accurately reported nonresident foster student data to PDE and that the District received the correct reimbursement for these students.

**Conclusion:** The results of our procedures identified areas of noncompliance and significant internal control deficiencies related to the District categorization and reporting of nonresident foster students. Our results are detailed in a finding beginning on page 19 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 clearances<sup>23</sup> as outlined in applicable laws?<sup>24</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 test this objective, we assessed the internal controls over the receipt, review, and monitoring of driver qualifications. We selected all 69 contracted drivers transporting District students as of March 25, 2021. We verified if all drivers were approved by the Board. We reviewed the driver's license, qualifications, and clearance documentation to determine compliance with the requirements. We also determined whether 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 District review and monitoring of driver qualifications. Our results are detailed in a finding beginning on page 12 of this report.

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

<sup>23</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>24</sup> 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.

## **Administrator Separations**

- Did the District provide any individually contracted employees with excessive payments upon separation of employment? Did the District ensure all payroll wages reported to the Public School Employees' Retirement System (PSERS) were appropriate and accurate?
  - ✓ To address this objective, we assessed internal controls for approving, calculating, reviewing, and processing final payouts for administrators at the time of separation from the District. We reviewed the contract, separation agreement, and payroll records for one of the two individually contracted administrators who separated employment from the District between July 1, 2015 and June 30, 2019.<sup>25</sup> We reviewed the contract and agreements to ensure compliance with provisions of the Public School Code regarding termination and severance provisions. We reviewed payroll records, board meeting minutes, and other documentation to ensure compensations were Board approved and correctly reported to PSERS.

**Conclusion:** The results of our procedures did not identify any significant internal control deficiencies required to be reported. In addition, our procedures related to this objective did not disclose any reportable issues.

## **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?<sup>26</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, risk and vulnerability assessments, anti-bullying policies, after action reports, and memorandums of understanding with local law enforcement to assess whether the District had implemented basic safety practices.

**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.<sup>27</sup>

- Did the District comply with the fire and security drill requirements of Section 1517 of the Public School Code?<sup>28</sup> 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 District's five buildings for the 2018-19 and 2019-20 school years. We reviewed documentation to determine if the District conducted a security drill for each building in the District within the first 90

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<sup>25</sup> This administrator was selected because we considered the payments made to this administrator to have a higher risk of non-compliance with contractual language due to the presence of a settlement agreement. Therefore, the selection is not representative of the population of administrators who separated employment from the District, and the results are not, and should not be projected to that population.

<sup>26</sup> Safe Schools Act 24 P.S. § 13-1301-A *et seq.*, Emergency Management Services Code 35 Pa.C.S. § 7701.

<sup>27</sup> Other law enforcement agencies include the Pennsylvania State Police, the Attorney General's Office, and local law enforcement with jurisdiction over the District's school buildings.

<sup>28</sup> Public School Code (Fire and Security Drills) 24 P.S. § 15-1517.



days of each school year and if monthly fire and security drills were conducted while school was in session and 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 to determine if reports were accurate.

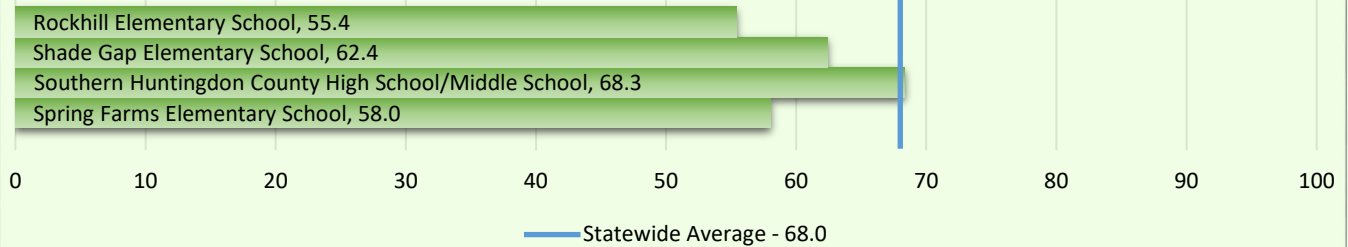
**Conclusion:** The results of our procedures for this portion of the school safety objective did not disclose any reportable issues.

## Appendix B: Academic Detail

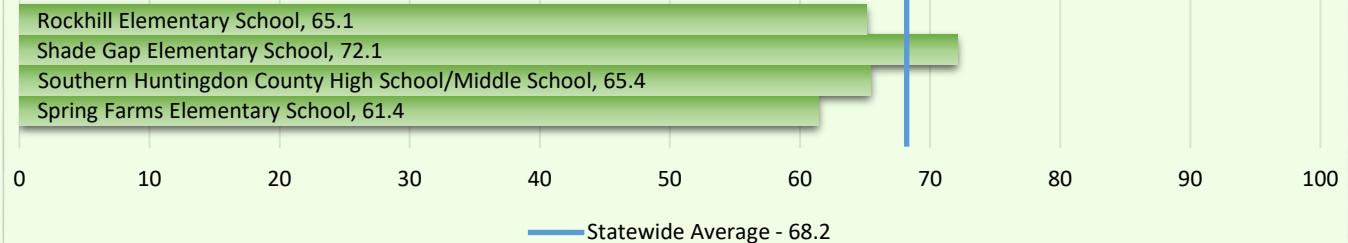
Benchmarks noted in the following graphs represent the statewide average of all public school buildings in the Commonwealth that received a score in the category and year noted.<sup>29</sup> Please note that if one of the District's schools did not receive a score in a particular category and year presented below, the school will not be listed in the corresponding graph.<sup>30</sup>

### SPP School Scores Compared to Statewide Averages

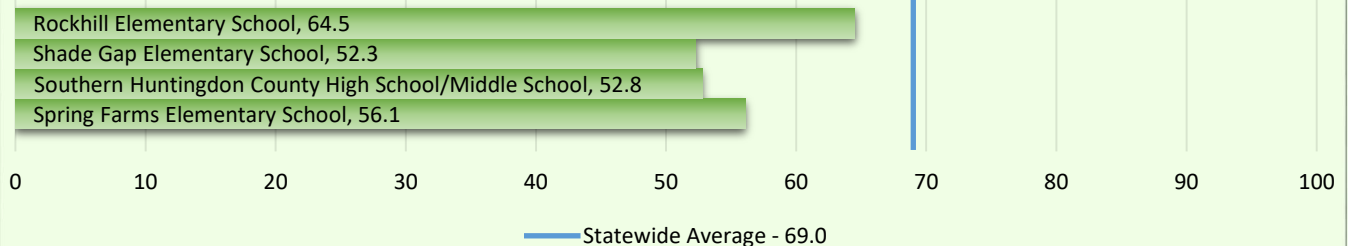
#### 2018-19



#### 2017-18



#### 2016-17

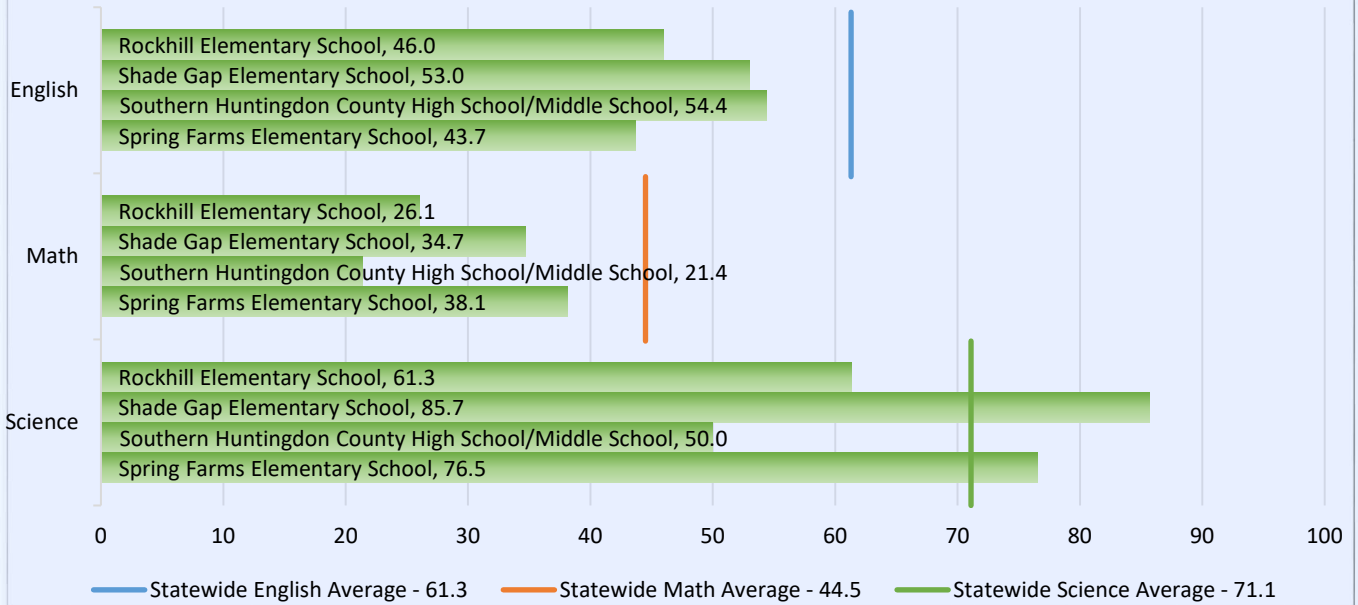


<sup>29</sup> Statewide averages were calculated by our Department based on individual school building scores for all public schools in the Commonwealth, including district schools, charters schools, and cyber charter schools.

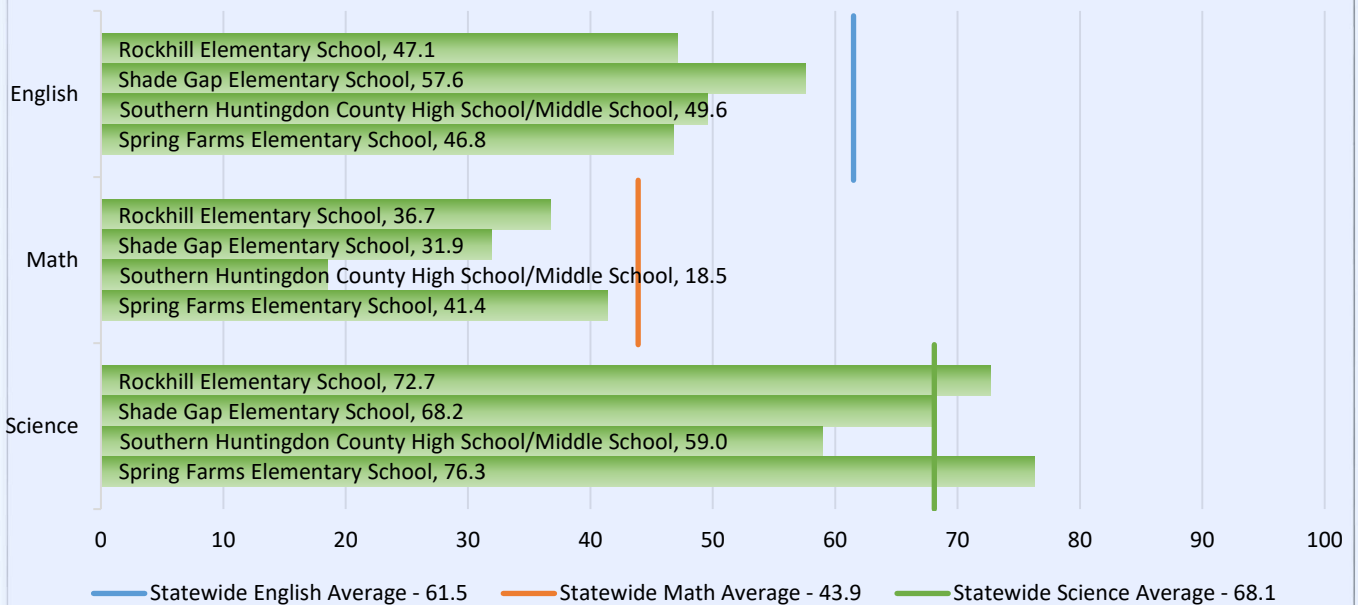
<sup>30</sup> PDE's data does not provide any further information regarding the reason a score was not published for a specific school. However, readers can refer to PDE's website for general information regarding the issuance of academic scores.

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

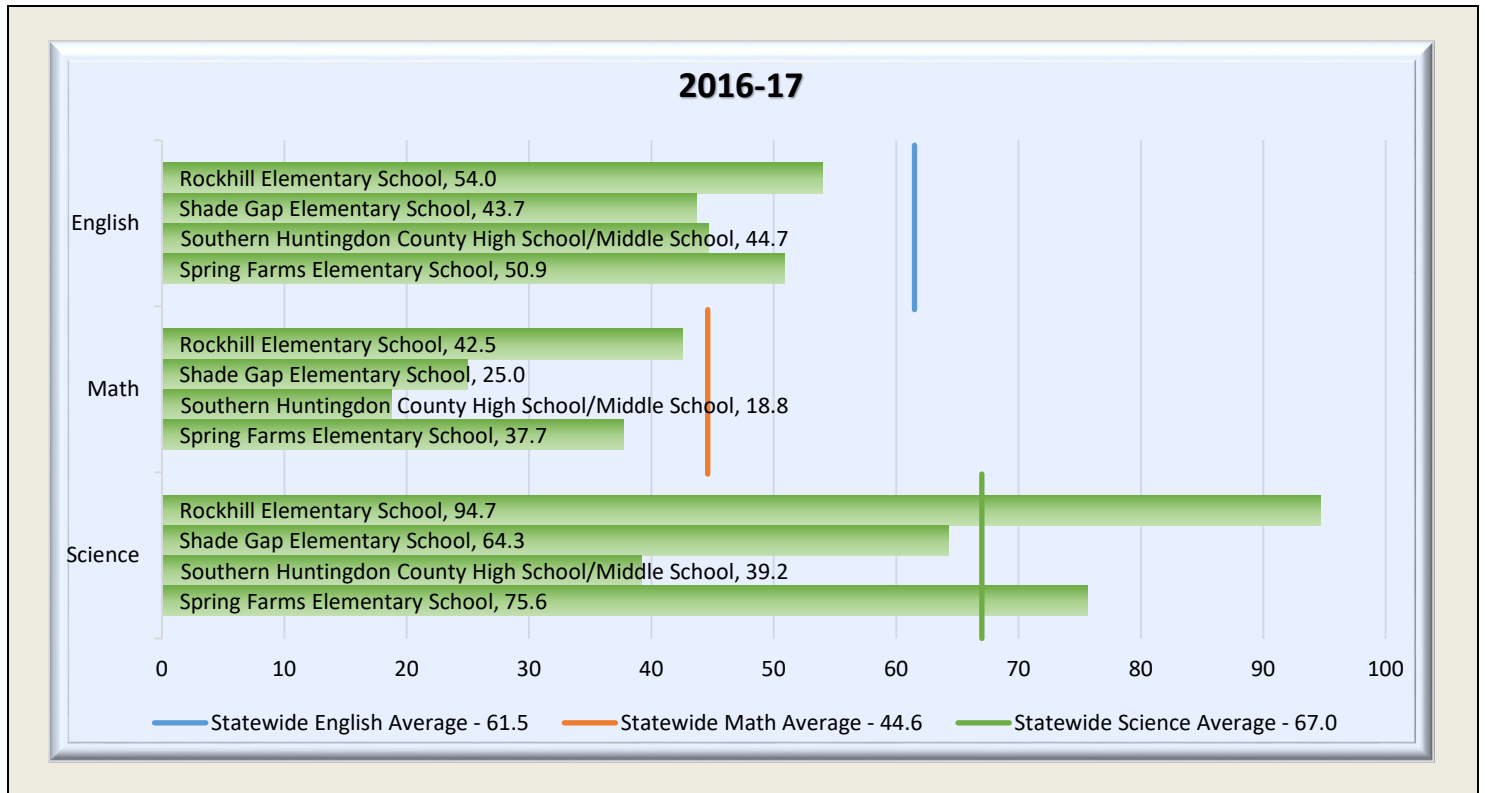
**2018-19**



**2017-18**

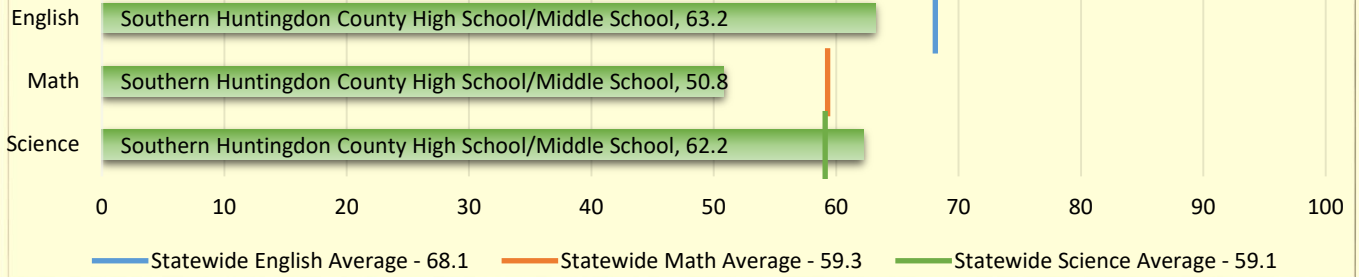


**PSSA Advanced or Proficient Percentage  
School Scores Compared to Statewide Averages (continued)**

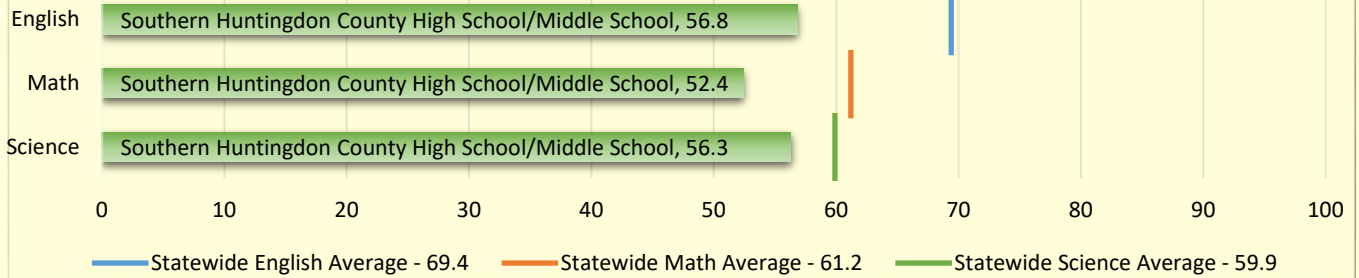


## Keystone Advanced or Proficient Percentage School Scores Compared to Statewide Averages

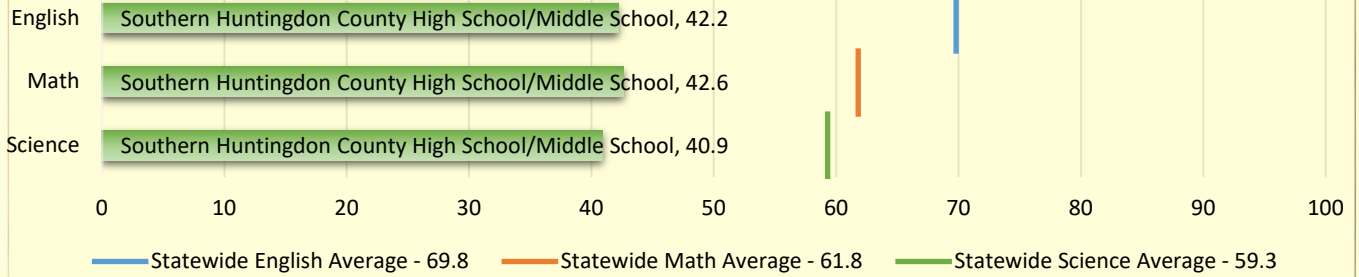
### 2018-19



### 2017-18



### 2016-17



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