

PERFORMANCE AUDIT

Twin Valley School District Berks County, Pennsylvania

December 2021



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

Dr. Patrick Winters, Superintendent
Twin Valley School District
4851 North Twin Valley Road
Elverson, Pennsylvania 19520

Mr. Gary McEwen, Board President
Twin Valley School District
4851 North Twin Valley Road
Elverson, Pennsylvania 19520

Dear Dr. Winters and Mr. McEwen:

We have conducted a performance audit of the Twin Valley 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:

- Nonresident Student Data
- Transportation Operations
- Bus Driver Requirements
- Administrator Separations
- Social Security Reimbursements

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 (PDE), 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 nonresident student data, transportation operations, and bus driver requirements. We also identified noncompliance and deficiencies in the reporting of fire and security drill data to PDE, which is detailed in Finding No. 4 of this report. A summary of the results is presented in the Executive Summary section of this report.

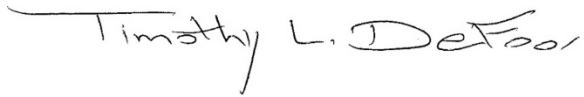
In addition, we identified internal control deficiencies in the areas of administrator separations and social security reimbursements that were not significant but warranted the attention of District management. Those deficiencies were communicated to District management and those charged with governance for their consideration.

Dr. Patrick Winters
Mr. Gary McEwen
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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 horizontal line extending from the left.

Timothy L. DeFoor
Auditor General

November 29, 2021

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

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Executive Summary

Audit Work

The Pennsylvania Department of the Auditor General conducted a performance audit of the Twin Valley School District (District). Our audit sought to answer certain questions regarding the District's application of best practices and compliance with certain relevant state laws, regulations, contracts, and administrative procedures.

Our audit scope covered the period July 1, 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 four findings in this report.

Finding No. 1: The District's Failure to Implement an Adequate Internal Control System Led to Inaccurate Reporting of Nonresident Student Data to PDE Resulting in a Net Overpayment of \$59,612.

We found that the District failed to implement an adequate internal control system over the categorization and reporting of nonresident student data resulting in a \$59,612 net overpayment from the Pennsylvania Department of Education (PDE). This overpayment was caused by the District inaccurately reporting the number of wards of the Commonwealth and foster students educated in facilities within the District during the 2015-16 through 2018-19 school years (see page 8).

Finding No. 2: The District's Failure to Implement an Adequate Internal Control System Resulted in a Transportation Reimbursement Underpayment of \$30,412 to the District.

We found that the District failed to implement an adequate internal control system over the input, calculation, and reporting of regular transportation data. The failure to implement internal controls led to the District inaccurately reporting the amounts paid to its two primary contractors to transport students to PDE for the 2016-17, 2017-18, and 2018-19 school years. These errors resulted in the District receiving \$30,412 less than it was eligible for in regular transportation reimbursements (see page 13).

Finding No. 3: The District Failed to Comply with Provisions of the Public School Code and Associated Regulations by Not Maintaining Complete Records for and Properly Monitoring Its Contracted Bus Drivers.

The District failed to meet its statutory obligations related to the employment of individuals having direct contact with students during the 2020-21 school year by not maintaining complete and updated records for all drivers transporting students. Specifically, we found 16 drivers with missing and/or expired clearances and driver credentials. We also found that the District's Board of School Directors did not approve 16 drivers utilized by the District's primary contractors. We determined that the District did not implement sufficient internal controls to meet these obligations. By not adequately maintaining and monitoring driver qualifications, the District could not ensure that all contracted drivers were properly qualified and cleared to transport students as required by state law and associated regulations (see page 17).

Finding No. 4: The District Failed to Conduct All Required Monthly Fire Drills and Failed to Meet the Security Drill Requirements in Accordance with the Public School Code.

Our review of the District's fire and security drill data found that the District's five schools failed to conduct and/or accurately report all of their monthly fire drills in the 2018-19 and 2019-20 school years, as required by the Public School Code (PSC). Furthermore, our review disclosed that one school building failed to comply with the PSC requirement to conduct a school security drill during the first 90 days of the 2019-20 school year. We could not determine if that same school complied with the requirement to conduct a security drill in the first 90 days of the 2018-19 school year because the District's supporting documentation was not sufficiently detailed. Finally, we found that the District's Superintendent inappropriately attested to the accuracy of the drill data in the annual report and certification statements required to be submitted to PDE for both school years (see page 22).

Status of Prior Audit Findings and Observations.

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

Background Information

School Characteristics 2020-21 School Year*	
Counties	Berks & Chester
Total Square Miles	88.7
Number of School Buildings	5
Total Teachers	249
Total Full or Part-Time Support Staff	190
Total Administrators	25
Total Enrollment for Most Recent School Year	3,070
Intermediate Unit Number	14 & 24
District Career and Technical School	Berks County CTC and Technical College High School

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

Mission Statement*

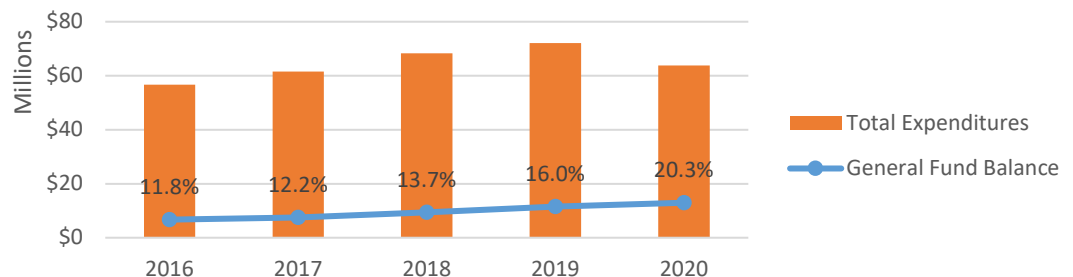
Twin Valley School District promotes a supportive, challenging, and collaborative learning environment for today's students.

Financial Information

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

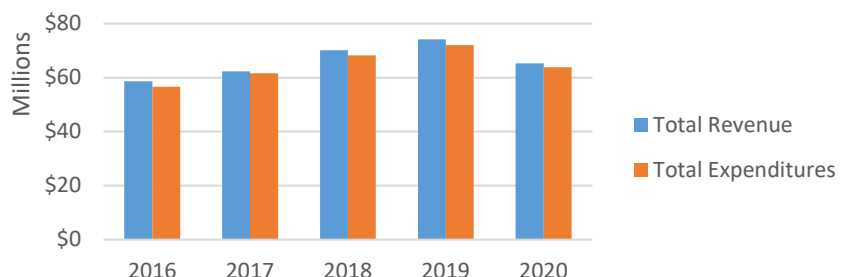
General Fund Balance as a Percentage of Total Expenditures

	General Fund Balance
2016	\$6,700,712
2017	\$7,496,975
2018	\$9,388,469
2019	\$11,541,768
2020	\$12,958,073



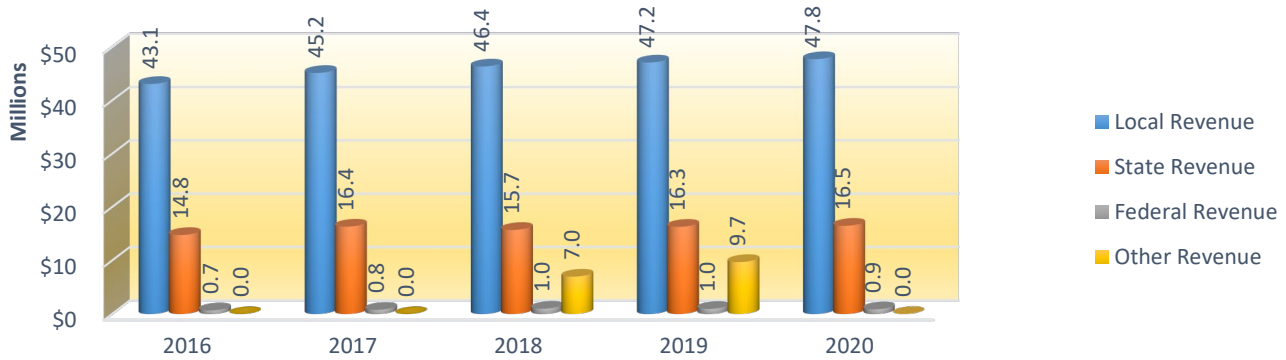
Revenues and Expenditures

	Total Revenue	Total Expenditures
2016	\$58,612,430	\$56,624,513
2017	\$62,362,750	\$61,566,486
2018	\$70,172,655	\$68,281,160
2019	\$74,193,846	\$72,040,547
2020	\$65,235,827	\$63,819,521

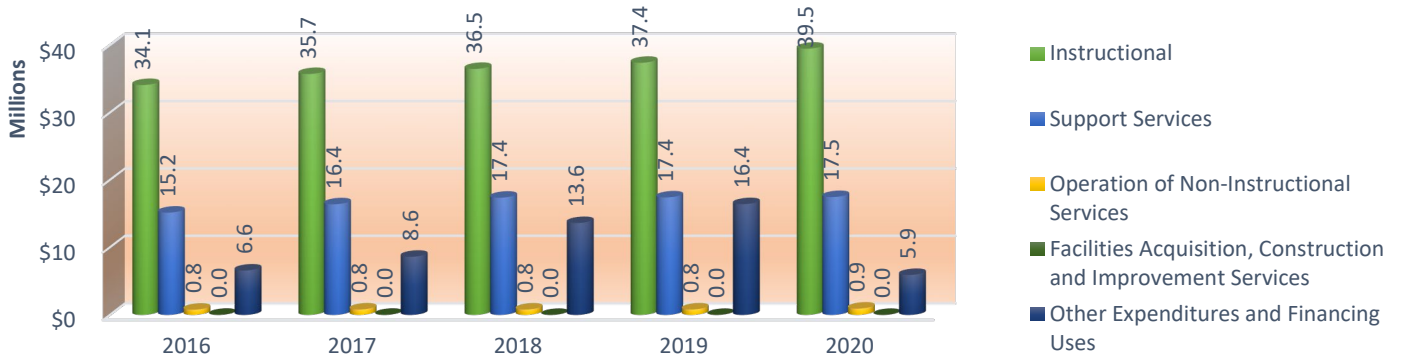


Financial Information Continued

Revenues by Source

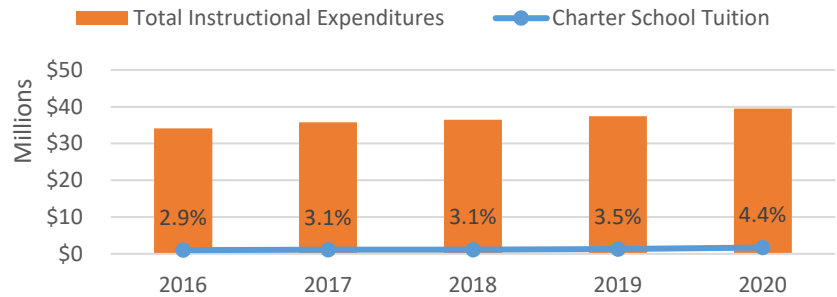


Expenditures by Function

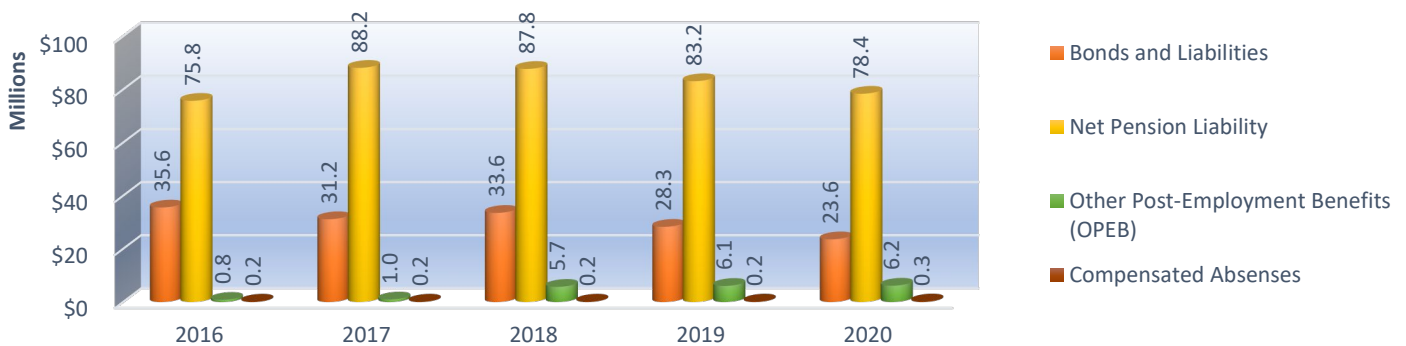


Charter Tuition as a Percentage of Instructional Expenditures

	Charter School Tuition	Total Instructional Expenditures
2016	\$1,005,543	\$34,106,742
2017	\$1,098,997	\$35,739,980
2018	\$1,123,839	\$36,498,746
2019	\$1,294,930	\$37,409,803
2020	\$1,723,619	\$39,499,270



Long-Term Debt

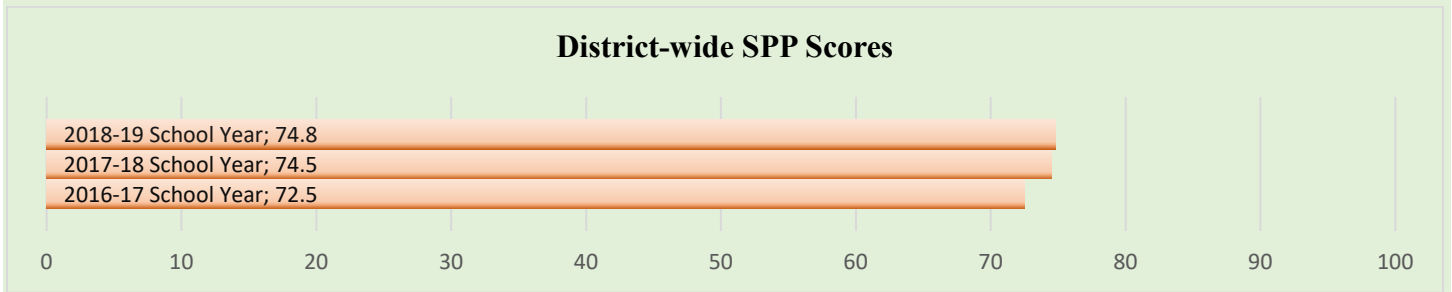


Academic Information¹

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

What is a SPP score?

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



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

² Due to the COVID-19 pandemic the PSSA and Keystone Exam requirements were waived for the 2019-20 school year; therefore, there is no academic data to present for this school year.

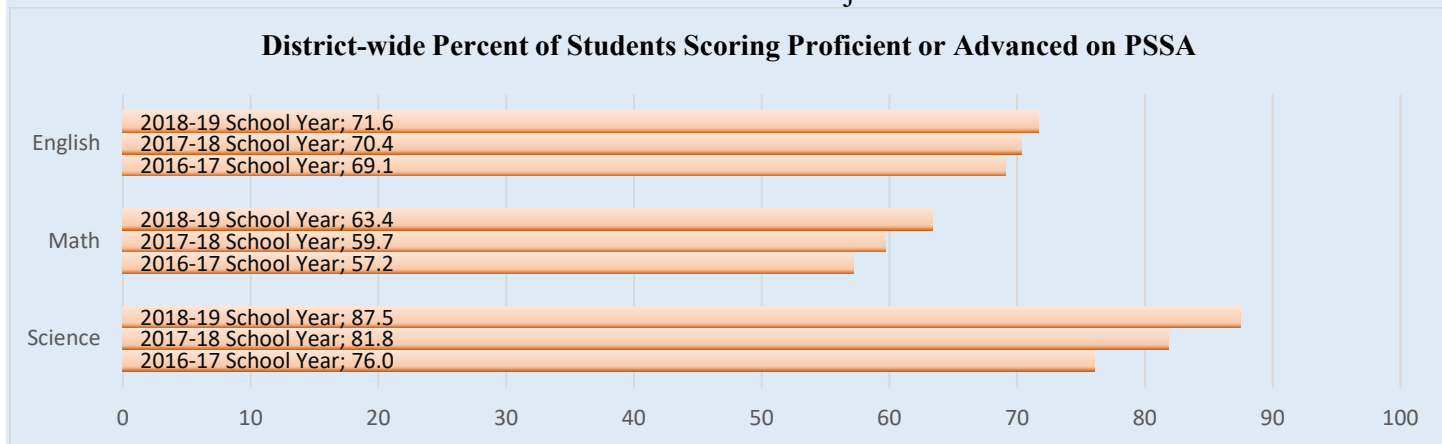
³ Graduation rates were still reported for the 2019-20 school year despite the COVID-19 pandemic.

Academic Information Continued

What is the PSSA?

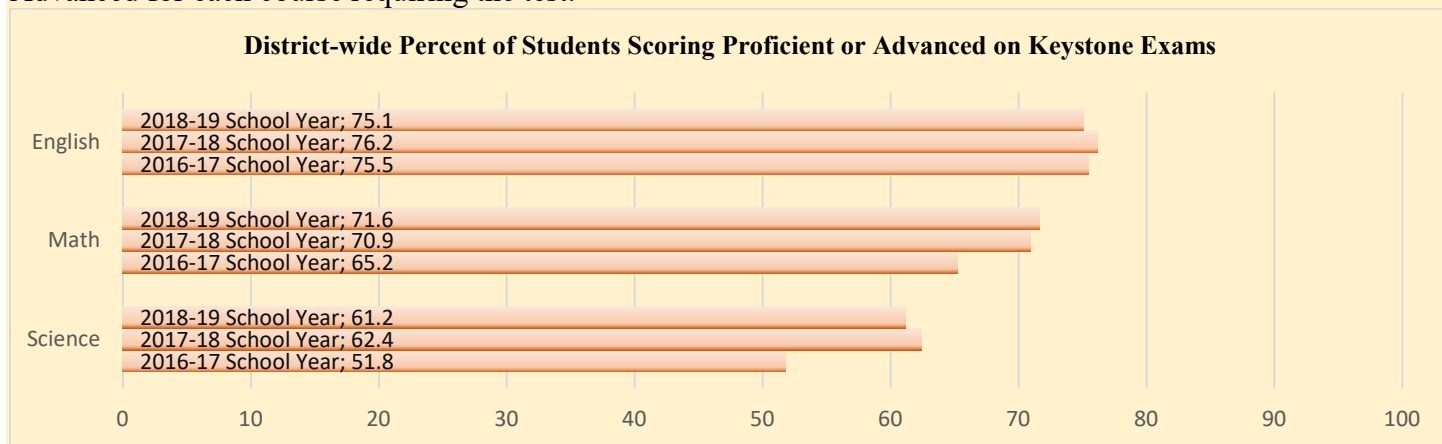
The PSSA is an annual, standardized test given across the Commonwealth to students in grades 3 through 8 in core subject areas, including English, Math and Science. The PSSAs help Pennsylvania meet federal and state requirements and inform instructional practices, as well as provide educators, stakeholders,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

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



What is the Keystone Exam?

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

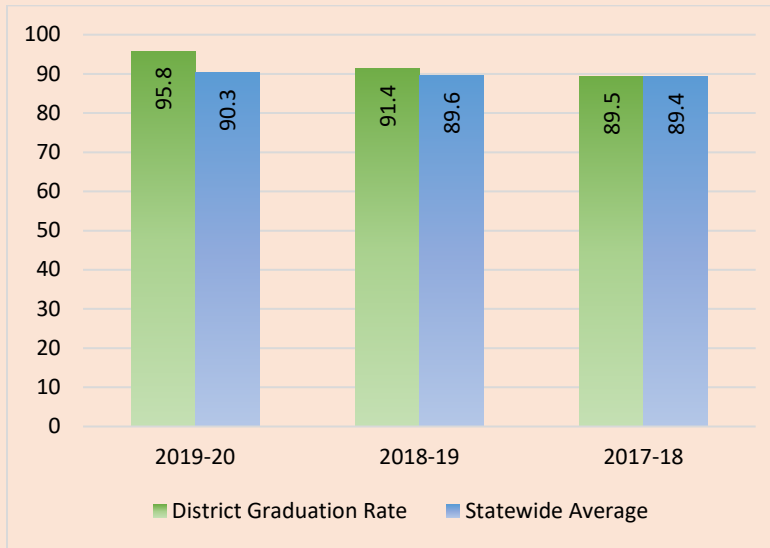


⁴ Act 158 of 2018, effective October 24, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement until the 2021-22 school year. See 24 P.S. § 1-121(b)(1). Please refer to the following link (last updated May 20, 2020) regarding further guidance to local education agencies (LEAs) on Keystone end-of-course exams (Keystone Exams) in the context of the pandemic of 2020: <https://www.education.pa.gov/Schools/safeschools/emergencyplanning/COVID-19/Pages/Keystone-Exams.aspx>

Academic Information Continued

What is a 4-Year Cohort Graduation Rate?

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



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

Findings

Finding No. 1

The District's Failure to Implement an Adequate Internal Control System Led to Inaccurate Reporting of Nonresident Student Data to PDE Resulting in a Net Overpayment of \$59,612

Criteria relevant to the finding:

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

Payment of Tuition

Subsection (a) of Section 1306 (relating to Nonresident...[children placed in] children's institutions) of the PSC provides for Commonwealth payment of tuition for nonresident children placed in institutions as follows, in part:

"The board of school directors of any school district in which there is located any orphan asylum, home for the friendless, children's home, or other institution for the care or training of orphans or other children, shall permit any children who are inmates of such homes, but **not legal residents in such district**, to attend the public schools in said district, either with or without charge for tuition, text books, or school supplies, as the directors of the district in which such institution is located may determine...." (Emphasis added.) See 24 P.S. § 13-1306(a).

We found that the Twin Valley School District (District) failed to implement an adequate internal control system over the categorization and reporting of nonresident student data resulting in a \$59,612 net overpayment from the Pennsylvania Department of Education (PDE).⁶ This overpayment was caused by the District inaccurately reporting the number of wards of the Commonwealth and foster students educated in facilities within the District during the 2015-16 through 2018-19 school years.⁷

Background: School districts are entitled to receive Commonwealth paid tuition for certain nonresident students educated within District boundaries. Districts are eligible to receive Commonwealth paid tuition for students who are wards of the Commonwealth and for foster students. In most districts, these students are educated in district facilities; however, there is an institution within the Twin Valley School District that educated the students referenced in this finding.⁸ The District had a contractual agreement with the institution to pay it for educating wards of the Commonwealth. The District was eligible to receive reimbursement from PDE for those wards and for foster students it reported to PDE.

For a district to be eligible to report a student as a ward of the Commonwealth, the district must ensure that the student has met the following two conditions:

- 1) The student resided in an institution or group home located within District boundaries.
- 2) The student's parents/guardians' residency could not be determined by the District after documented attempts to determine residency.

⁶ The District received \$656,282 in Commonwealth reimbursement for the reported number of wards of the Commonwealth and foster students for the 2015-16 through 2018-19 school years.

⁷ The term "wards" refers to children placed in children's homes or other types of institutions. See 24 P.S. § 13-1306(a).

⁸ The Abraxas Academy (institution) is located within the Twin Valley School District and provides educational services to the students discussed in this finding.

*Criteria relevant to the finding
(continued):*

Subsection (a) of Section 1305 (relating to Nonresident child placed in home of resident) 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).

Subsection (c) of 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 or one thousand three hundred six** of the act to which this is an amendment, 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).

For a district to be eligible to report a student as a foster student, the district must ensure that the student has met the following four eligibility criteria:

- 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.⁹
- 3) The district resident must be compensated for the care of the student.
- 4) The student must not be in pre-adoptive status.

It is the responsibility of the school 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 it reports a student as a nonresident.

Because of the unique nature of the District’s relationship with the institution and the number of wards of the Commonwealth annually reported by the District to PDE for reimbursement, it is essential for the District to properly identify, categorize, and report nonresident students educated within the district to PDE. Therefore, the District 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.

⁹ For example, the applicable county children and youth agency.

*Criteria relevant to the finding
(continued):*

Clause 6 of Section 2561 (relating to tuition charges for pupils of other districts) of the PSC specifies the amount of Commonwealth-paid tuition on behalf of nonresident children placed in detention facilities by providing:

“When the public school district administers and delivers the educational services required by this act to a child referred to an institution, pursuant to a proceeding under 42 Pa.C.S. Ch. 63 (relating to juvenile matters), at the institution itself, the tuition charged to the district of residence of such child **shall be one and one-half times the amount determined in accordance with clauses (1) through (5), but not to exceed the actual cost of the educational services provided to such child.**” (Emphasis added.) See 24 P.S. § 25-2561(6).

Nonresident Student Reporting Errors

We found that the District made a total of 86 errors over the four-year audit period when it reported nonresident data to PDE. The following table details the number of students that the District inaccurately reported as wards of the Commonwealth and foster students for each school year of the audit period.

Twin Valley School District Nonresident Student Data		
School Year	Number of Students Inaccurately Reported	Overpayment/ (Underpayment) ¹⁰
2015-16	24	\$26,450
2016-17	20	\$49,089
2017-18	31	(\$33,438)
2018-19	11	\$17,511
Totals	86	\$59,612

The primary reasons for the overpayments in the 2015-16, 2016-17, and 2018-19 school years were the following:

- The District did not have the required documentation necessary to show that students met the eligibility criteria to be reported as wards of the Commonwealth or foster students.
- The District reported students as wards of the Commonwealth who were residents of other Commonwealth school districts. When a student is determined to be a resident of a Commonwealth school district other than the host district of the institution, the host district is responsible for billing tuition costs to the resident district. In this instance, the District is not eligible for reimbursement from PDE.
- The District reported students as wards of the Commonwealth who were residents of other states. Tuition for these students is paid by the home state, not the Commonwealth.

In the 2017-18 school year, the District inaccurately reported students as residents of other states when these students were wards of the Commonwealth. The District was eligible for Commonwealth reimbursement for these students. The District’s failure to accurately report these students resulted in the District not receiving more than \$33,000 in reimbursements that it was eligible to receive. However, due to the errors we identified in the other years we reviewed, we calculated that the District received a net overpayment of \$59,612.

¹⁰ The number of students inaccurately reported was less in the 2016-17 school year as compared to the 2015-16 and 2017-18 school years; however, the monetary effect was greater due to the number of days the students were inaccurately reported.

Significant Internal Control Deficiencies

The District did not have adequate internal controls over the categorization and reporting of wards of the Commonwealth and foster student data. The institution categorized the students it educated and provided this data to the District. The District relied on the data provided by the institution without any further review or verification and reported this data to PDE.

A reconciliation to source documents to ensure each ward of the Commonwealth and foster student met the eligibility requirements was not performed during the audit period. Additionally, the District employee with responsibility for reporting this data to PDE was not adequately trained on PDE's requirements, including the documentation needed to demonstrate that nonresident students have met the eligibility criteria. Finally, the District did not have written policies to assist its employees in accurately identifying wards of the Commonwealth and foster students. Such policies should include procedures requiring District employees to obtain the required documentation needed to support this categorization.

Future Reimbursement Adjustment: We provided PDE with documentation detailing the reporting errors we identified for the 2015-16 through 2018-19 school years. We recommend that PDE adjust the District's future reimbursements by the \$59,612 that we identified as a net overpayment.

Recommendations

The *Twin Valley School District* should:

1. Develop and implement an internal control system governing the process for categorizing and reporting data for wards of the Commonwealth and foster students. The internal control system should include, but not be limited to, the following:
 - All personnel involved in categorizing and reporting nonresident student data are trained on PDE's reporting requirements.
 - A review of nonresident student data is conducted by an employee—other than the employee who prepared the data—before it is submitted to PDE.
 - Written procedures are developed to document the categorization and reporting process for nonresident student data.
2. Bill tuition costs to the districts of residency for the students inaccurately reported to PDE as wards of the Commonwealth.
3. Review the nonresident student data submitted to PDE for the 2019-20 and 2020-21 school years to determine if revisions are necessary.

The *Pennsylvania Department of Education* should:

4. Adjust the District's future reimbursements to resolve the overpayment of \$59,612.

Management Response

District management provided the following response:

“The District's problem related to the reporting of nonresident student data that resulted in a net overpayment of \$59,612 is due to not having adequate internal controls over how the District categorized and reported wards of state and foster student data. The District relied on the data provided by Abraxas and did not further review or verify it before reporting the data to the Pa Department of Education, Therefore, in order to remedy this issue, the District will take the following corrective action measures: (1) Further develop and implement our internal control system that governs how wards of the state and foster students are categorized and reported, including training for the Data Manager and Business Administrator, a review of nonresident student data by the Superintendent prior to Pa Department of Education submission, and written District procedures related to categorization and reporting of nonresident student data, (2) Ensure that we bill tuition costs to the districts of residency for those students inaccurately reported as wards of the state, and (3) Review the nonresident student data reported to the Pa Department of Education for 19-20 and 20-21 and decide whether or not additional revisions are needed.”

Auditor Conclusion

We are pleased that the District intends to implement all of our recommendations in this area. We emphasize that developing effective internal controls should help ensure accurate reporting of this data to PDE. We will evaluate the effectiveness of the District's corrective actions during our next audit of the District.

Finding No. 2

The District's Failure to Implement an Adequate Internal Control System Resulted in a Transportation Reimbursement Underpayment of \$30,412 to the District

Criteria relevant to the finding:

Student Transportation Subsidy

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... have been approved by the Department of Education... an amount to be determined by multiplying the cost of approved reimbursable pupils transportation incurred by the district by the district's aid ratio.

In determining the formula for the cost of approved reimbursable transportation, the Secretary of Education may prescribe the methods of determining approved mileages and the utilized passenger capacity of vehicles for reimbursement purposes..." See 24 P.S. § 25-2541(a).

Sworn Statement and Annual Filing Requirements

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

We found that the District did not implement an adequate internal control system over the inputting, calculating, and reporting of regular transportation data. The failure to implement internal controls led to the District inaccurately reporting the amounts paid to its two primary contractors to transport students to PDE for the 2016-17, 2017-18, and 2018-19 school years.¹¹ These errors resulted in the District receiving \$30,412 less than it was eligible for in regular transportation reimbursements.¹²

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

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

- Segregation of duties.
- Comprehensive written procedures.
- Training on PDE reporting requirements.

It is also important to note that the Public School Code (PSC) requires that all school districts annually file a sworn statement of student transportation data for the prior and current school years with PDE in order to be eligible for transportation reimbursements.¹³ 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 the Superintendent with the confidence needed to sign the sworn statement.

¹¹ The District accurately reported the amounts paid to its two primary contractors for the 2015-16 school year.

¹² The District received \$7,761,659 in regular transportation reimbursements during the 2015-16 through 2018-19 school years.

¹³ See 24 P.S. § 25-2543.

Regular Transportation Reimbursement Reporting Errors

We reviewed the invoices for the District's two primary contractors and found that the District inaccurately reported the amounts paid to these contractors in the 2016-17, 2017-18, and 2018-19 school years.

Twin Valley School District Amounts Paid to Primary Contractors for Transportation Service							
	Contractor A				Contractor B		
School Year	Reported Costs	Audited Costs	Over/ (Under) Reported		Reported Costs	Audited Costs	Over/ (Under) Reported
2016-17	\$1,407,664	\$1,570,896	\$(163,232)		\$1,430,795	\$1,639,804	\$ (209,009)
2017-18	\$1,701,277	\$1,679,828	\$ 21,449		\$1,756,005	\$1,701,582	\$ 54,423
2018-19	\$1,690,737	\$1,690,860	\$ (123)		\$1,719,721	\$1,718,694	\$ 1,027
Totals	\$4,799,678	\$4,941,584	\$(141,906)		\$4,906,521	\$5,060,080	\$ (153,559)

Criteria relevant to the finding (continued):

PDE Instructions for Completing the PDE-1049 Form

Amount Paid Contractor – Enter the total amount paid to this contractor for the service described for the vehicles listed under the 'Notification Number.' This amount should include payment for any activity run service (some schools refer to this as a 'late run'), but should not include payment for field trips, athletic events, extended school year or any service provided other than to-and-from school transportation.

It should also include payment to the contractor for the purchase of fuel or local education agency cost incurred to purchase fuel for the contractor. If the amount reported includes an amount representing the cost of fuel, any fuel tax refunds anticipated for this service year must be subtracted from that amount.

The primary reason for the errors was the District's failure to include nonpublic school student transportation costs in the reported amount paid to each contractor for the 2016-17 school year coupled with the inappropriate inclusion of field trip/sports trip costs in the reported amount paid to the contractors for the 2017-18 school year. PDE instructions specifically exclude field trip/sports trip costs from being included in the amount paid to the contractor that is reported to PDE. There were additional discrepancies between the amounts paid to the contractor reported to PDE and the invoice totals that the District could not explain. The District official responsible for reporting this data began with the 2016-17 school year. The District did not implement a process to reconcile the contractor cost amounts recorded in the District's accounting system to the data reported to PDE. A reconciliation of this nature, coupled with a review by another knowledgeable employee, may have revealed these discrepancies prior to reporting contractor costs to PDE.

PDE reimburses school districts for a portion of their transportation expenditures. PDE calculates a "final formula allowance" by using, among other items, the number of days students were transported and approved daily miles driven. To determine the amount of a school district's regular transportation reimbursement subsidy, PDE compares the final formula allowance to the reported amounts paid to each contractor and reimburses the district based on the lesser of the two amounts.

The reporting errors noted in the table above only had a monetary effect for Contractor B in the 2016-17 school year. In this year, the District was reimbursed based on the amount paid to the contractor. However, the reporting errors we identified increased the amount paid to the contractor and these costs exceeded the "final formula allowance." When

reimbursement is changed to the “final formula allowance,” the monetary effect is a \$30,412 underpayment to the District.

The District was reimbursed based on the “final formula allowance” for Contractor B for the 2017-18 and 2018-19 school years and for all three years with reporting errors for Contractor A. The reporting errors noted for Contractor A and for Contractor B in the 2017-18 and 2018-19 school years did not reduce the amount paid to the contractor below the “final formula allowance.” Even though there was no monetary effect for the errors in these years, it is imperative for the District to address the significant internal control deficiencies that led to inaccurate reporting of transportation data to help prevent errors that could have a significant monetary effect.

Significant Internal Control Deficiencies

Our review revealed that the District did not have an adequate internal control system over the process of inputting, calculating, and reporting regular 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.
- Implement adequate segregation of duties when it assigned responsibility to one employee for calculating and reporting transportation data to PDE without assigning another employee the responsibility for reviewing the data before it was submitted to PDE.
- Reconcile monthly transportation service invoices to the amounts recorded in the accounting system to ensure accurate costs are reported to PDE.
- Develop detailed written procedures for calculating and reporting vehicle and contractor cost data to PDE.

All of the above internal control deficiencies led to the errors we discussed in this finding.

Future Reimbursement Adjustment: We provided PDE with documentation detailing the transportation reporting errors for the 2016-17 school year. We recommend that PDE adjust the District’s future transportation reimbursements by the \$30,412 that we identified as an underpayment.

Recommendations

The *Twin Valley School District* should:

1. Develop and implement an internal control system over its transportation operations. The internal control system should include, but not be limited to, the following:
 - All personnel involved in 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.
 - Comprehensive written procedures are developed to ensure accurate reporting of transportation data.
2. Review the contractor cost data submitted for the 2019-20 and 2020-21 school years to determine if similar errors were made and, if necessary, submit a revised report to PDE.

The *Pennsylvania Department of Education* should:

3. Adjust the District's future allocations to resolve the \$30,412 underpayment to the District.

Management Response

District management provided the following response:

“This finding occurred because in the 2017-2018 school year, Twin Valley School District underreported what we paid our bus contractors. We did not have adequate internal control systems, which resulted in a transportation reimbursement underpayment of \$30,412. Specifically, our internal control system did not sufficiently monitor our processes for inputting, calculating, and reporting regular transportation data to PDE. As a result, Twin Valley School District will take the following corrective action steps: (1) Improve the District's overall internal control system over transportation operations, (2) The Transportation Supervisor will be trained on PDE's reporting requirements, (3) The Business Administrator will review transportation data annually before it is submitted to PDE, and (4) The District will develop comprehensive written procedures to make certain our reporting of transportation data is accurate.”

Auditor Conclusion

We are pleased the District plans to address all of our recommendations. We will evaluate the effectiveness of the District's corrective actions during our next audit.

Finding No. 3

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

Criteria relevant to the finding:

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 in September 2014, provides a framework for management to establish and maintain an effective internal control system. Principle 10, *Design Control Activities*, Attribute 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. . . .” See Section 10.3 of the Green Book.

Statutory and Regulatory Requirements

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).

The District failed to meet its statutory obligations related to the employment of individuals having direct contact with students during the 2020-21 school year by not maintaining complete and updated records for all drivers transporting students. Specifically, we found 16 drivers with missing and/or expired clearances and driver credentials. We also found that the District’s Board of School Directors (Board) did not approve 16 drivers utilized by the District’s primary contractors.¹⁴ We determined that the District did not implement sufficient internal controls to meet these obligations. By not adequately maintaining and monitoring driver qualifications, the District could not ensure that all contracted drivers were properly qualified and cleared to transport students as required by state law and associated regulations (see criteria box).

Background

Importance of Internal Controls

Several state statutes and regulations establish the minimum required qualifications for school bus and van drivers, including, among others, the PSC and the Child Protective Services Law. The District’s Board is responsible for the selection and approval of eligible school bus and van operators who qualify under state law and regulations.¹⁵ Therefore, the District should have a strong system of internal control over its bus driver review process that should include, but not be limited to, the following:

- Documented review of all driver credentials prior to Board approval.
- Monitoring of driver credentials to ensure current clearances, licenses, and annual physical exam results are on file.
- Monitoring who is driving buses and vans each day throughout the school year, to ensure all drivers have been authorized by the Board.
- Clear and concise written procedures.
- Training on driver qualification and clearance requirements for employees responsible for all bus driver records.

¹⁴ The 16 drivers who were not Board approved are not necessarily the same drivers that were missing the required documentation.

¹⁵ See 22 Pa. Code § 23.4(2).

*Criteria relevant to the finding
(continued):*

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).

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).

Driver Employment Requirements

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

1. Driver qualification credentials,¹⁶ including:
 - a. Valid driver's license (Commercial driver's license if operating a school bus).
 - b. Valid school bus endorsement card commonly referred to as an "S" card, indicating completion of skills and safety training (if operating a school bus).
 - c. Annual physical examination (if operating a school bus).
2. Criminal history reports/clearances:
 - a. State Criminal History Clearance (Pennsylvania State Police [PSP] clearance).
 - b. Federal Criminal History Clearance, based on a full set of fingerprints (FBI clearance).
 - c. PA Child Abuse History Clearance.¹⁷

It is important to note that all three clearances must be obtained every five years.¹⁸

Inadequate Internal Controls Resulted in Incomplete Records and a Lack of Board Approval

The District utilizes two primary contractors and one secondary contractor to provide bus and van drivers (drivers) to transport students. The secondary contractor only provides one van with one driver.

Incomplete Driver List

We reviewed driver information for the 2020-21 school year. The District provided a list of 79 drivers transporting students as of April 12, 2021. We evaluated the completeness of that list by comparing it with information from the District's three contractors and found that the District failed to include nine drivers on its list, including the driver from the secondary contractor. Consequently, we determined the District's driver list was not complete.

¹⁶ Pennsylvania's Vehicle Code, 75 Pa.C.S. §§ 1508.1 (relating to Physical examinations) and 1509 (relating to Qualifications for school bus driver endorsement).

¹⁷ This clearance is from the state Department of Human Services.

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

*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 PDE, and shall be subject to a civil penalty up to \$2,500. *See* 24 P.S. § 1-111(g)(1).

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

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

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 then requested the District’s personnel files for 40 of the 79 drivers from the District’s list, plus we added the 9 drivers not on the District’s list to our testing population. In total, we reviewed 49 driver files to determine whether the District complied with driver and background clearance requirements, including the maintenance and monitoring of required documentation during our review period.

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

Incomplete Driver Records and Missing Personnel Files

During our initial review, we found drivers with missing and/or expired clearances and driver credentials. Specifically, we found that 16 of the 49 drivers reviewed had at least one documentation deficiency, as noted below:

- Six drivers did not have a personnel file at the District.
- One driver was missing the FBI clearance.
- Two drivers were missing the PSP clearance.
- One driver was missing the child abuse clearance, and another driver had an expired child abuse clearance.
- One driver did not have a driver’s license on file, and another had an expired driver’s license.
- One driver did not have an “S” endorsement on file, and four other drivers had expired “S” endorsements.
- Two drivers had expired physical cards on file.

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

Furthermore, District officials attributed incomplete driver documentation to miscommunication with its two primary contractors. The primary contractors added 15 drivers after the start of the school year. The District had personnel files for only 10 of the 15 drivers. Additionally, the District did not have a personnel file for the secondary contractor’s driver and District officials acknowledged that they never requested the information from the secondary contractor.

*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](https://www.education.pa.gov/Educators/Clearances/Pages/default.aspx)).

The District worked with all its contractors to obtain the missing documentation. However, even after our follow-up review, the District still did not have one "S" endorsement and one FBI clearance on file. The District and its contractor indicated that the driver without an "S" endorsement card had discontinued serving as a substitute driver and, therefore, no longer maintained that endorsement. Additionally, the missing FBI clearance could not be accessed due to system limitations. Once an FBI clearance is completed, the District only has a set amount of time to access and print the record for its files.

Failure to Board Approve All Drivers

The requirement to Board approve drivers is designed to provide the public with assurance that District administration has determined that authorized drivers have the required qualifications and clearances on file *prior to* employment. The Board approved an initial list of drivers for the 2020-21 school year at its August 2020 meeting. However, we found that 10 drivers from the District's list of 79 drivers as of April 12, 2021 were not Board approved. Additionally, six of the nine drivers who were not included on the District's driver list were also not Board approved. The other three individuals were Board approved as bus aides or special trip drivers. The District acknowledged that it does not have a process in place to approve drivers hired after the start of the school year.

Conclusion

The District and its Board did not meet their statutory requirements to ensure that all drivers were qualified and eligible to transport students by not having adequate internal controls in place to properly oversee its contracted drivers. Specifically, the District and its Board did not comply with all applicable laws, regulations, and PDE guidance documents when it failed to have the Board approve **all** drivers and failed to obtain, review, and maintain all required driver qualifications and clearances.

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

Recommendations

The *Twin Valley 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 for approval and/or transporting students.
 - All required documentation is continuously monitored, updated, and complete.
2. Comply with all applicable laws and regulations to obtain, review, and maintain required credentials and background clearances for **all** contracted drivers that have direct contact with students.
 3. Ensure that all qualification and clearance documents for new drivers added after the start of the school year are reviewed and all drivers are presented to the Board for approval in a timely manner.

Management Response

District management provided the following response:

“The problem the District had related to contracted bus drivers was a result of internal control weaknesses in how the District obtained, reviewed, and monitored the qualifications and clearances for our contracted drivers. This resulted in incomplete driver records. More specifically, the District had bus drivers with missing and/or expired clearances and credentials. Of the 49 drivers reviewed, 33% had at least one documentation issue. Therefore, in order to address this problem, the District will take the following corrective action steps: (1) Improve our internal control procedures to make certain that only qualified and authorized individuals are driving bus for the District, (2) Ensure that all required credentials and clearances are on file at the District prior to a potential bus driver being recommended for Board approval, (3) Monitor all driver qualification and clearance documentation, (4) Follow all laws and regulations related to obtaining, reviewing, and maintaining required credentials and clearances for all bus drivers, including substitute drivers, (5) Take the necessary steps to review all clearance and qualification documents for potential bus drivers in a timely manner prior to Board approval, and (6) Approve potential bus drivers and bus aides throughout the year as we have new regular and substitute bus drivers.”

Auditor Conclusion

We are pleased that the District intends to implement corrective actions to address these recommendations. We will evaluate the effectiveness of the District’s corrective actions during our next audit of the District.

Finding No. 4

The District Failed to Conduct All Required Monthly Fire Drills and Failed to Meet the Security Drill Requirements in Accordance with the Public School Code

Criteria relevant to the finding:

Section 1517(a) of the PSC requires:

“Except as provided under subsection (a.1), in all school buildings of school entities where fire-escapes, appliances for the extinguishment of fires, or proper and sufficient exits in case of fire or panic, either or all, are required by law to be maintained, fire drills shall be periodically conducted, **not less than one a month**, by the teacher or teachers in charge, under rules and regulations to be promulgated by the chief school administrator under whose supervision such school entities are. In such fire drills, the pupils and teachers shall be instructed in, and made thoroughly familiar with, the use of the fire-escapes, appliances and exits. **The drill shall include** the actual use thereof, and **the complete removal of the pupils and teachers**, in an expeditious and orderly manner, by means of fire-escapes and exits, from the building to a place of safety on the grounds outside.” (Emphases added.) See 24 P.S. § 15-1517(a) (as amended by Act 55 of 2017, effective November 6, 2017).

Our review of the District’s fire and security drill data found that the District’s five schools failed to conduct and/or accurately report all of their monthly fire drills in the 2018-19 and 2019-20 school years, as required by the PSC.¹⁹ Furthermore, our review disclosed that one school building failed to comply with the PSC requirement to conduct a school security drill during the first 90 days of the 2019-20 school year. We could not determine if that same school complied with the requirement to conduct a security drill in the first 90 days of the 2018-19 school year because the District’s supporting documentation was not sufficiently detailed.²⁰ Finally, we found that the District’s Superintendent inappropriately attested to the accuracy of the drill data in the annual report and certification statements required to be submitted to PDE for both school years.

Reporting Requirements

As detailed in the criteria box, the PSC requires that each school building perform a fire drill each and every month while school is in session. The PSC further mandates that each school also conduct a security drill within the first 90 days of the school year. According to the PSC, districts are permitted to substitute a maximum of two additional security drills in place of two monthly fire drills after the first 90 days of the school year. Both fire and security drill data must be reported annually to PDE through the *Fire Evacuation and Security Drill Accuracy Certification Statement (ACS)* report.

In an effort to help prepare students and staff for potential emergency situations, the mandatory fire and security drill requirements of the PSC should be closely followed by all school entities across the Commonwealth.

Noncompliance with Fire and Security Drill Requirements

To determine compliance with drill requirements, we requested and reviewed the 2018-19 and 2019-20 fire and security drill data reported to PDE for the District’s five school buildings, along with supporting documentation to evidence the reported drills. We reviewed the months of September 2018 through May 2019 and September 2019 through

¹⁹ 24 P.S. § 15-1517(a) (as amended by Act 55 of 2017, effective November 6, 2017).

²⁰ 24 P.S. § 15-1517(a.1) (as last amended by Act 39 of 2018, effective July 1, 2018).

Criteria relevant to the finding (continued):

Section 1517(a.1) of the PSC requires:

“Within ninety (90) days of the commencement of the school year after the effective date of this subsection and within ninety (90) days of the commencement of each school year thereafter, each school entity shall conduct one school security drill per school year in each school building in place of a fire drill required under subsection (a). After ninety (90) days from the commencement of each school year, each school entity may conduct two school security drills per school year in each school building in place of two fire drills required under subsection (a).” See 24 P.S. § 15-1517(a.1) (as last amended by Act 39 of 2018, effective July 1, 2018

Further, Sections 1517(b) and (c) of the PSC also require:

“(b) Chief school administrators are hereby required to see that the provisions of this section are faithfully carried out in the school entities over which they have charge.”

“(c) On or before the tenth day of April of each year, each chief school administrator shall certify to the Department of Education that the emergency evacuation drills and school security drills herein required have been conducted in accordance with this section.” See 24 P.S. § 15-1517(b) and (c) (as last amended by Act 55 of 2017, effective November 6, 2017).

February 2020 since drills are required to be conducted with students and staff present.²¹

Overall, our review found that none of the District’s five school buildings in the 2018-19 school year and only one of the five school buildings in the 2019-20 school year performed **all** required fire and security drills and correctly reported the drills to PDE. Fire and security drill deficiencies include missed drills, inaccurately reported drills, and a lack of supporting documentation, as further described below.

Missed and Inaccurately Reported Fire Drills

We found that four of five school buildings in the 2018-19 school year and two of five buildings in the 2019-20 school year missed and/or inaccurately reported fire drills. In the 2018-19 school year, all four schools with fire drill deficiencies had inaccurately reported drills, and one school missed two fire drills. In the 2019-20 school year, one school inaccurately reported a fire drill, and another school missed one monthly fire drill.

Missed and Inaccurately Reported Security Drills and Lack of Documentation

Two of five school buildings in both the 2018-19 and 2019-20 school years failed to properly conduct and/or report security drills. In the 2018-19 school year, one school reported a security drill, but the support documentation was not sufficiently detailed to determine if a security drill had actually been conducted. In the 2019-20 school year, our review disclosed that one school failed to conduct a security drill within the first 90 calendar days of school, as required by the PSC. Additionally, we found an instance where one school conducted a severe weather drill that it incorrectly reported as a security drill. The PSC does not provide for any exceptions (including actual incidents, weather conditions, or testing) for missing required fire or security drills. Furthermore, PDE’s guidance indicates that weather drills cannot be counted as fire or security drills.

District officials attributed the inaccurately reported fire and security drills to a failure to update documentation for rescheduled drills. Planned drill dates were recorded but not updated when drills were rescheduled. District officials could not provide an explanation for the missed drills as the employee responsible for monitoring and reporting drills during the review period no longer works at the District.

²¹ Drills were not required for March, April, and May 2020 due to the mandatory, statewide closing of schools because of the COVID-19 pandemic.

*Criteria relevant to the finding
(continued):*

Section 1517(f) of the PSC defines a school security drill as follows: “School security drill shall mean a planned exercise, other than a fire drill or natural disaster drill, designed to practice procedures to respond to an emergency situation that may include, but is not limited to, an act of terrorism, armed intruder situation or other violent threat.” See 24 P.S. § 15-1517(f) (as last by Act 76 of 2019).

Fire Drill Accuracy Certification Statements must be electronically submitted to PDE by July 31 following the end of a school year. Within two weeks of the electronic Pennsylvania Information Management System submission, a printed, signed original must be sent to PDE’s Office for Safe Schools.

The 2018-19 and 2019-20 *Fire Evacuation and Security Drill Accuracy Certification Statement* that the chief school administrator was required to sign and file with PDE states, in part:

“I acknowledge that 24 PS 15-1517 requires that... fire drills shall be periodically conducted, not less than one a month...under rules and regulations to be promulgated by the district superintendent under whose supervision such schools are... District superintendents are hereby required to see that the provisions of this section are faithfully carried out in the schools over which they have charge. I certify that drills were conducted in accordance with 24 PS 15-1517 and that information provided on the files and summarized on the above School Safety Report is correct and true to the best of my knowledge”

Inconsistent Reporting

As part of our review, we compared the ACS report to other available supporting documentation to determine the accuracy of the data reported. We found a variety of inconsistencies and errors that resulted in the missed drills and the inaccurate reporting described above, such as:

- Date discrepancies between the ACS report and the District’s drill logs.
- Lack of detail in the District’s drill logs (e.g., we were unable to determine the time and types of drills held for some school buildings).

District officials acknowledged a general lack of administrative oversight on individual schools’ conducting and documenting fire and security drills, resulting in improper reporting of drill types and drill dates. In addition, there were no standardized procedures for recording and reporting drills at the building level.

The PSC requires the chief school administrator to ensure that all requirements of Section 1517 of the PSC are “faithfully carried out in the schools over which they have charge.”²² Given the concerns noted in the reporting of both fire and security drills, it is evident that the Superintendent did not fulfill this mandate.

Conclusion

In conclusion, it is vitally important that the District’s students and staff regularly participate in fire and security drills as required by the PSC throughout the school year. These drills should be evidenced by adequate documentation maintained by each of the District’s school buildings. Further, it is essential that the District accurately report fire and security drill data to PDE pursuant to PDE’s reporting requirements and other relevant guidance, and that the data has been double-checked for accuracy by knowledgeable personnel.

Recommendations

The *Twin Valley School District* should:

1. Conduct security and fire drills in compliance with the PSC requirements for all future school years.
2. Maintain detailed documentation of every fire and school security drill conducted at each school building in order to accurately report annual data to the PDE.

²² 24 P.S. § 15-1517(b).

3. Require building principals and other senior administrative personnel to verify drill data before submitting the ACS report to PDE.
4. Ensure all personnel in charge of completing and submitting ACS reports are trained on PDE's reporting requirements and guidance.

Management Response

District management provided the following response:

“The cause of the District's problem related to fire and security drill requirements stemmed from the District's acknowledgement that there was insufficient administrative oversight on individual schools conducting and documenting fire and security drills throughout the school year. This lack of oversight resulted in improper reporting of both drill types and drill dates. We also did not have universal procedures for recording and reporting drills at the building level. Therefore, in order to address this problem, the District will take the following corrective action steps: (1) Conduct security and fire drills consistent with state requirements for all future school years, (2) Keep detailed documentation of every fire and school security drill that happens at each building to ensure accurate annual reporting of data to PDE, (3) Ensure that building principals and the Director of Student Services verify drill data before the District ACS Report is submitted to PDE, and (4) Make certain that our Director of Student Services and our Data Manager are trained on PDE's requirements and guidance related to ACS reporting.”

Auditor Conclusion

We are pleased the District plans to implement corrective actions to address these recommendations. We will evaluate the District's corrective actions during our next audit.

Status of Prior Audit Findings and Observations

Our prior audit of the Twin Valley School District resulted in no findings or observations.

Appendix A: Audit Scope, Objectives, and Methodology

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

Our audit, conducted under authority of Sections 402 and 403 of The Fiscal Code,²³ 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 Nonresident Student Data, Transportation Operations, Bus Driver Requirements, School Safety, including fire and security drills, Administrator Separations, and Social Security Reimbursements. 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.²⁴ *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.²⁵ 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.

²³ 72 P.S. §§ 402 and 403.

²⁴ 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.

²⁵ Even though the Green Book was written for the federal government, it explicitly states that it may also be adopted by state, local, and quasi-government entities, as well as not-for-profit organizations, as a framework for establishing and maintaining an effective internal control system. The Green Book is assessable at <https://www.gao.gov/products/GAO-14-704G>

Figure 1: Green Book Hierarchical Framework of Internal Control Standards

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

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

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

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

Figure 2 – Internal Control Components and Principles Identified as Significant

	Internal Control Significant ?	Control Environment					Risk Assessment				Control Activities			Information and Communication			Monitoring	
Principle →		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
Nonresident Student Data	Yes				X			X	X		X		X	X	X	X		
Transportation	Yes				X			X	X		X		X	X	X	X	X	
Bus Drivers	Yes										X		X			X	X	
Administrator Separations	Yes										X				X			
Social Security Reimbursements	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.

Nonresident Student Data

- Did the District accurately report nonresident students to PDE? Did the District receive the correct reimbursement for these nonresident students?²⁶
 - ✓ To address this objective, we assessed the District's internal controls for obtaining, categorizing, and reporting nonresident student membership data to PDE. We reviewed all 205 nonresident students that the District reported to PDE as wards of the Commonwealth living in institutions within the

²⁶ See 24 P.S. §§ 13-1301, 13-1302, 13-1305, 13-1306; 22 Pa. Code Chapter 11.

District or foster students educated by the District during the 2015-16 through 2018-19 school years. We reviewed documentation to verify that each nonresident student the District reported met the eligibility criteria. Specifically, we verified that the custodial parent and/or guardian was not a resident of the District. We also determined whether the foster parent(s) resided within the District and received a stipend for caring for the student. For those students educated in the institution located within the District, we determined whether the student was a resident of another school district within the Commonwealth or was a resident of another state. We determined whether the District received the correct reimbursement for these nonresident students.

Conclusion: The results of our procedures identified areas of noncompliance and significant internal control deficiencies relating to the reporting of nonresident student data. Our results are detailed in Finding No. 1 beginning on page 8 of this report.

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?²⁷
- ✓ To address this objective, we assessed the District's internal controls for obtaining, inputting, processing, and reporting regular transportation data (vehicle data) to PDE. We then randomly selected 15 of the 78 vehicles used to transport students during the 2018-19 school year.²⁸ For each vehicle tested, we obtained and reviewed odometer readings, bus rosters, and transportation invoices to determine if the District accurately calculated and reported sample average data to PDE.

In addition, we reviewed the amounts paid to the District's two primary transportation contractors for the 2015-16 through 2018-19 school years. We obtained all 11 annual invoices for each contractor, totaled these annual invoices, and reconciled the total amount paid to the contractor to what the District reported to PDE.

Conclusion: The results of our procedures identified areas of noncompliance and significant internal control deficiencies relating to the reporting of amounts paid to transportation contractors. Our results are detailed in Finding No. 2 beginning on page 13 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 clearances²⁹ as outlined in applicable laws?³⁰ 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?

²⁷ See 24 P.S. § 25-2541(a).

²⁸ 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.

²⁹ 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.

³⁰ 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.

- ✓ To address this objective, we assessed the District’s internal controls for reviewing, maintaining, and monitoring the required bus driver qualification documents. We determined if all drivers were approved by the Board of School Directors. We selected 49 of 88 bus and van drivers transporting District students as of April 12, 2021. We randomly selected 40 drivers while the remaining 9 drivers were selected due to having a higher risk of noncompliance.³¹ We reviewed documentation to ensure the District complied with the requirements for bus drivers. We also determined if the District had monitoring procedures to ensure that all drivers had updated clearances, licenses, and physicals.

Conclusion: The results of our procedures identified areas of noncompliance and significant internal control deficiencies related to the maintenance and monitoring of driver records. Our results are detailed in Finding No. 3 beginning on page 17 of this report.

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?³² Also, did the District follow best practices related to physical building security and providing a safe school environment?
- ✓ To address this objective, we reviewed a variety of documentation including, but not limited to, safety plans, training agendas, anti-bullying policies, risk and vulnerability assessments, and memorandums of understanding with local law enforcement.

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

- Did the District comply with the fire and security drill requirements of Section 1517 of the Public School Code?³³ Also, did the District accurately report the dates of drills to PDE and maintain supporting documentation to evidence the drills conducted and reported to PDE?
- ✓ To address this objective, we obtained and reviewed the fire and security drill records for the 2018-19 and 2019-20 school years. We determined if security drills were held within the first 90 days of each school year for each building in the District, and if monthly fire drills were conducted in accordance with requirements. We also obtained the *Accuracy Certification Statement* that the District filed with PDE and compared the dates reported to supporting documentation provided by the District.

Conclusion: The results of our procedures identified areas of noncompliance and are detailed in Finding No. 4 beginning on page 22 of this report.

³¹ The drivers not randomly selected were chosen because they were not identified by the District on the initial list of 79 drivers provided to us upon request. Therefore, the combined selection of drivers is not representative of the population, and the results of this audit procedure are not, and should not be, projected to the population.

³² Safe Schools Act 24 P.S. § 13-1301-A *et seq.*, Emergency Management Services Code 35 Pa.C.S. § 7701.

³³ Public School Code (Fire and Security Drills) 24 P.S. § 15-1517.

Administrator Separations

- Did the District ensure all individually contracted employees who separate from the District were compensated in accordance with their contracts? In addition, did the contracts comply with the Public School Code, and were the final payments in accordance with the Public School Employees' Retirement System (PSERS) guidelines?
- ✓ To address this objective, we assessed the District's internal controls over the calculations of post-employment benefits and the processing of final payments to individually contracted administrators who separated employment from the District. We reviewed the employment contracts, payroll, and leave records for all five individually contracted administrators who separated employment from the District during the period from July 1, 2015 through June 30, 2021. We reviewed the final payouts to determine if the administrators were compensated in accordance with their contracts and that all payments were accurately reported to PSERS.

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

Social Security Reimbursements

- Did the District correctly calculate and report Social Security and Medicare eligible wages to PDE for District employees, and did the District receive the correct amount of reimbursement from PDE?³⁴
- ✓ To address this objective, we assessed the District's internal controls over inputting, reviewing, and reporting Social security and Medicare wage information to PDE. We obtained the quarterly Act 29 wage reports, federal quarterly tax returns, and the annual social security reimbursement forms (PDE-2105) for the 2017-18 and 2018-19 school years. We totaled the quarterly Act 29 wage reports and the federal quarterly tax returns and reconciled this annual total to the PDE-2105 to ensure that the District accurately calculated and reported Social Security and Medicare wage information to PDE and if the District correctly reported wage data.

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

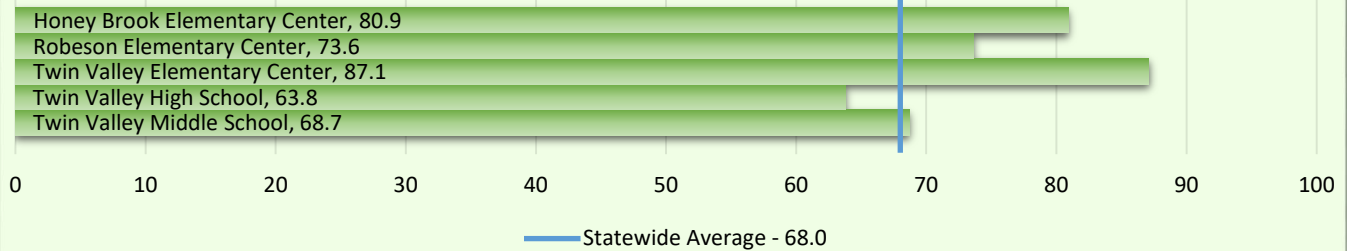
³⁴ See 24 P.S. § 8329.

Appendix B: Academic Detail

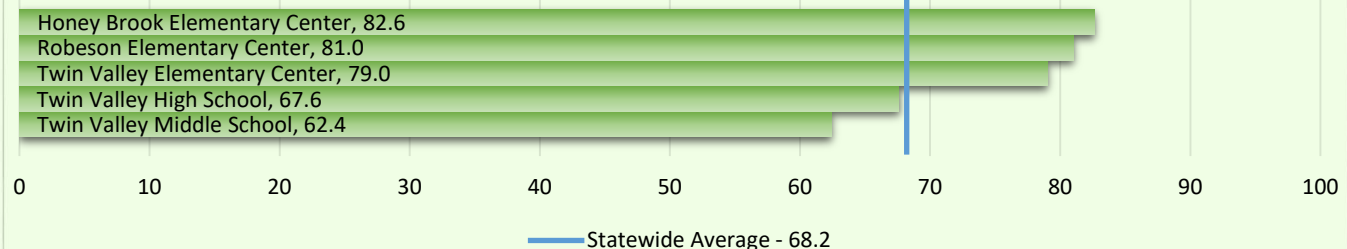
Benchmarks noted in the following graphs represent the statewide average of all public school buildings in the Commonwealth that received a score in the category and year noted.³⁵ Please note that if one of the District's schools did not receive a score in a particular category and year presented below, the school will not be listed in the corresponding graph.³⁶

SPP School Scores Compared to Statewide Averages

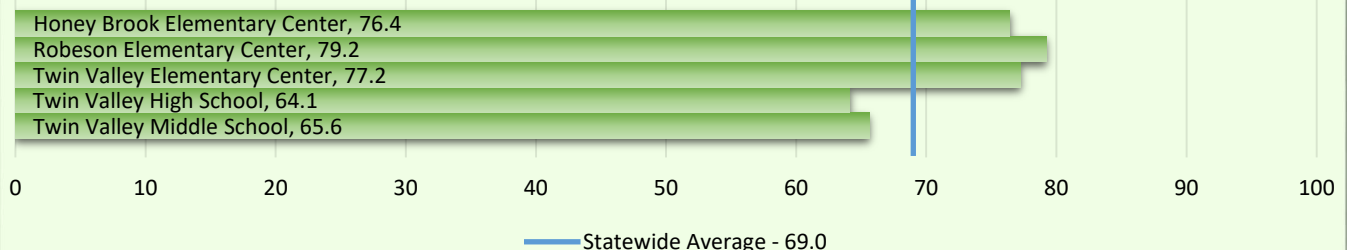
2018-19



2017-18



2016-17

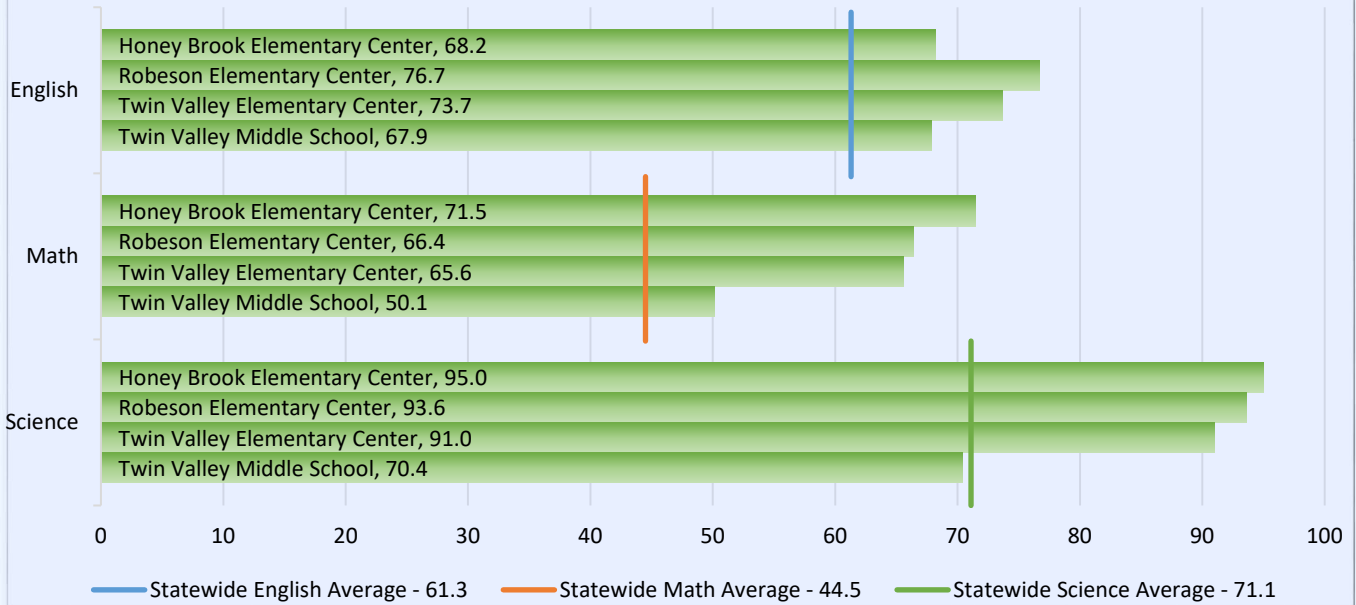


³⁵ Statewide averages were calculated by our Department based on individual school building scores for all public schools in the Commonwealth, including district schools, charters schools, and cyber charter schools.

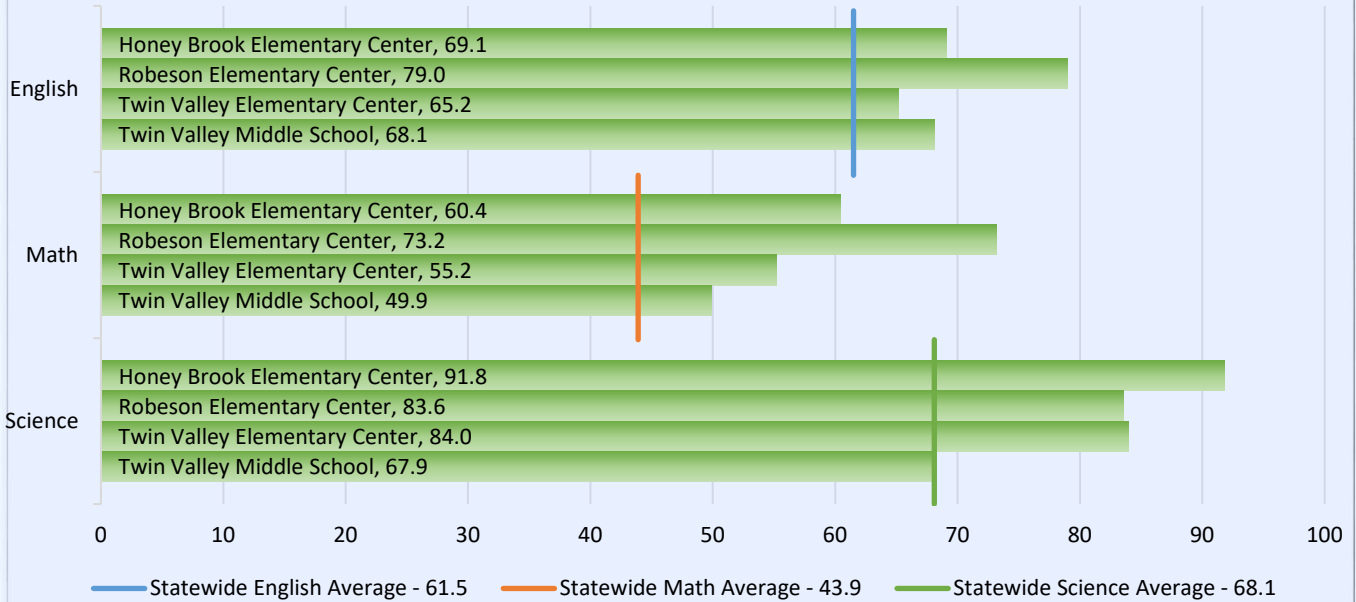
³⁶ PDE's data does not provide any further information regarding the reason a score was not published for a specific school. However, readers can refer to PDE's website for general information regarding the issuance of academic scores.

PSSA Advanced or Proficient Percentage School Scores Compared to Statewide Averages

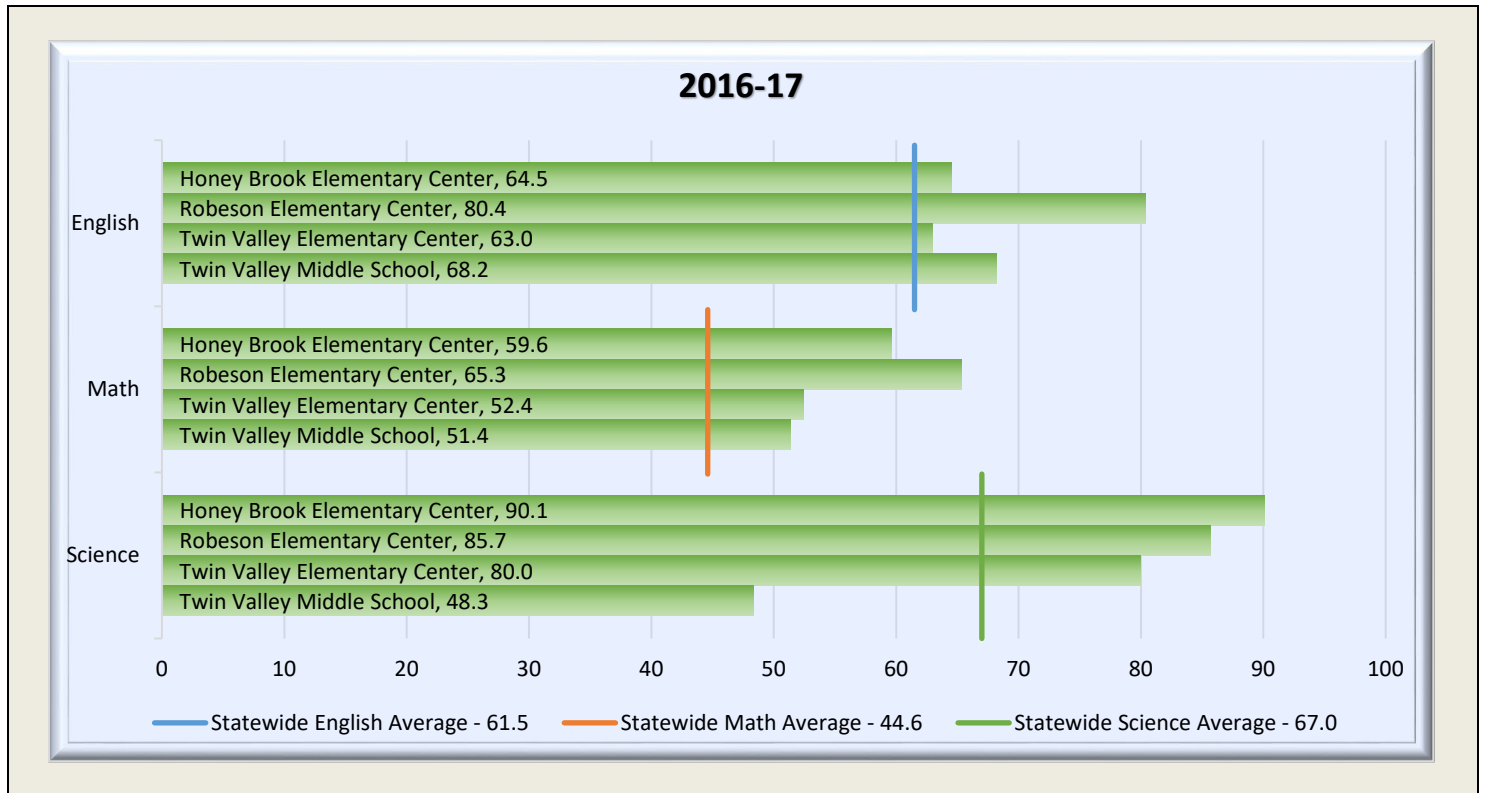
2018-19



2017-18

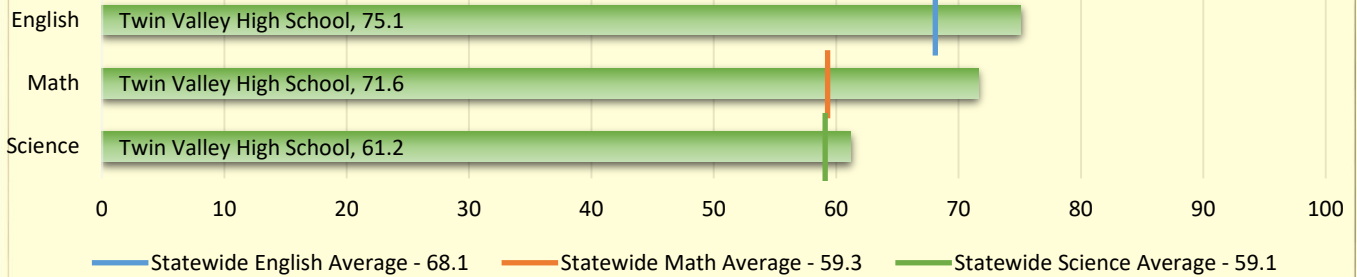


**PSSA Advanced or Proficient Percentage
School Scores Compared to Statewide Averages (continued)**

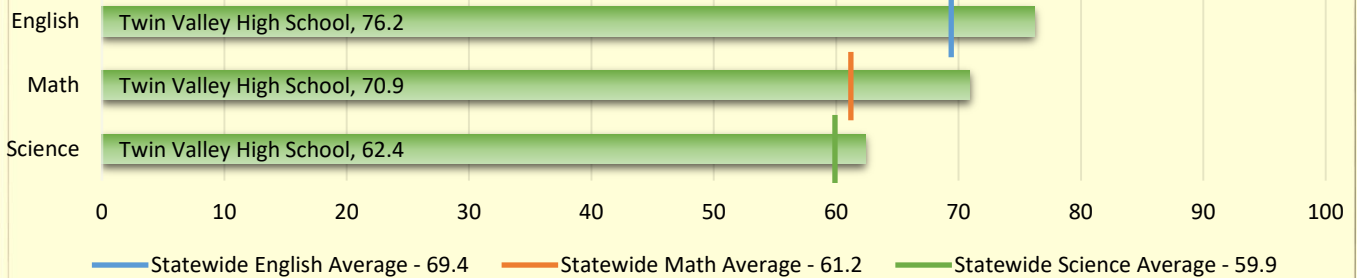


Keystone Advanced or Proficient Percentage School Scores Compared to Statewide Averages

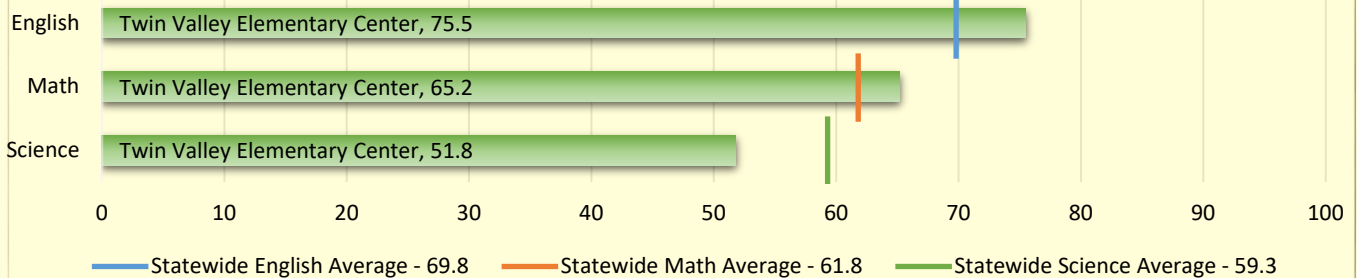
2018-19



2017-18



2016-17



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