

PERFORMANCE AUDIT

Upper Merion Area School District Montgomery County, Pennsylvania

March 2020



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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**EUGENE A. DePASQUALE
AUDITOR GENERAL**

Dr. John A. Toleno, Superintendent
Upper Merion Area School District
435 Crossfield Road
King of Prussia, Pennsylvania 19406

Dr. Gary Ledebur, Board President
Upper Merion Area School District
435 Crossfield Road
King of Prussia, Pennsylvania 19406

Dear Dr. Toleno and Dr. Ledebur:

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

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

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

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

Sincerely,

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

Eugene A. DePasquale
Auditor General

March 16, 2020

cc: **UPPER MERION AREA SCHOOL DISTRICT** Board of School Directors

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Executive Summary

Audit Work

The Pennsylvania Department of the Auditor General conducted a performance audit of the Upper Merion Area School District (District). Our audit sought to answer certain questions regarding the District's application of best practices and compliance with certain relevant state laws, regulations, contracts, and administrative procedures and to determine the status of corrective action taken by the District in response to our prior audit recommendations.

Our audit scope covered the period July 1, 2014 through June 30, 2018, except as otherwise indicated in the audit scope, objectives, and methodology section of the report (see Appendix A). Compliance specific to state subsidies and reimbursements was determined for the 2014-15 through 2017-18 school years.

Audit Conclusion and Results

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

Finding No. 1: The District Failed to Retain Required Documentation to Support \$3.4 Million Received for Transportation Reimbursement.

The District did not comply with the record retention provision of the Public School Code when it failed to retain adequate source documents to verify the accuracy of \$3,445,386 it received in transportation reimbursements from the Pennsylvania Department of Education (PDE) for the 2014-15 through 2017-18 school years. The District failed to retain supporting documentation for the \$2,671,921 in regular transportation reimbursement received for the 2014-15 through 2017-18 school years. Additionally, the District

failed to retain supporting documentation for the \$773,465 in supplemental transportation reimbursement it received for the 2014-15 through 2016-17 school years (see page 7).

Finding No. 2: The District Inaccurately Reported the Number of Nonpublic School Students Transported Resulting in an \$49,280 Overpayment to the District.

The District was overpaid \$49,280 in transportation reimbursements from PDE. This overpayment was due to inaccurately reporting the number of nonpublic school students transported during the 2017-18 school year (see page 12).

Status of Prior Audit Findings and Observations.

With regard to the status of our prior audit recommendations, we found the District implemented all of our recommendations pertaining to lack of compliance with certain provisions of the Pennsylvania Right to Know Law (see page 16).

Background Information

School Characteristics 2018-19 School Year ^A	
County	Montgomery
Total Square Miles	19
Number of School Buildings	7 ^B
Total Teachers	358
Total Full or Part-Time Support Staff	263
Total Administrators	25
Total Enrollment for Most Recent School Year	4,063
Intermediate Unit Number	23
District Career and Technical School	Central Montco Technical High School

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

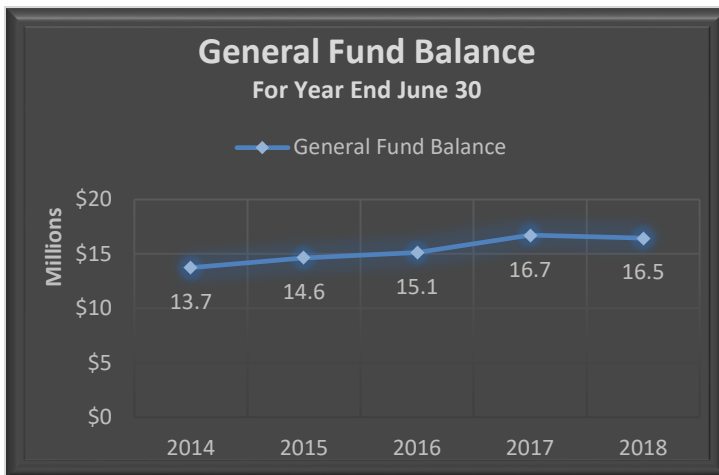
B – Academic score data is provided for six schools in the appendix of this report. Gulph Elementary School opened for the 2018-19 school year.

Mission Statement^A

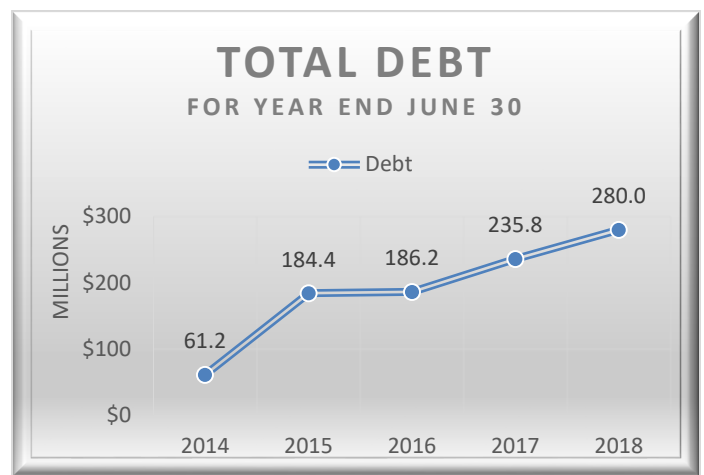
The mission of the Upper Merion Area School District is to inspire excellence...in every student, every day.

Financial Information

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

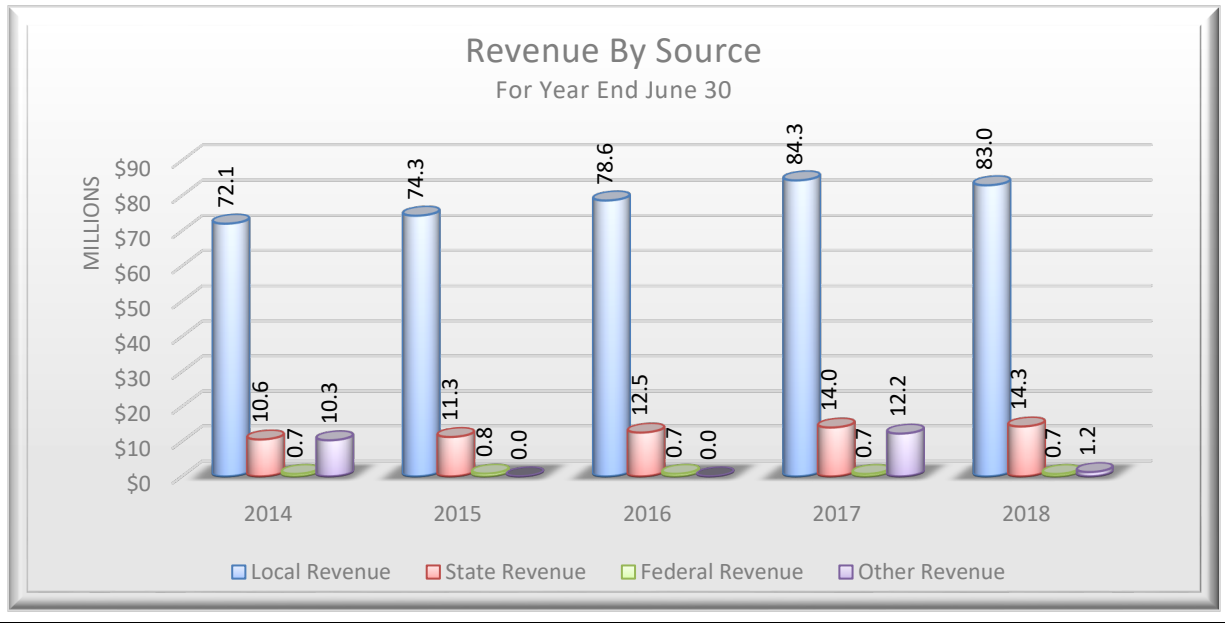
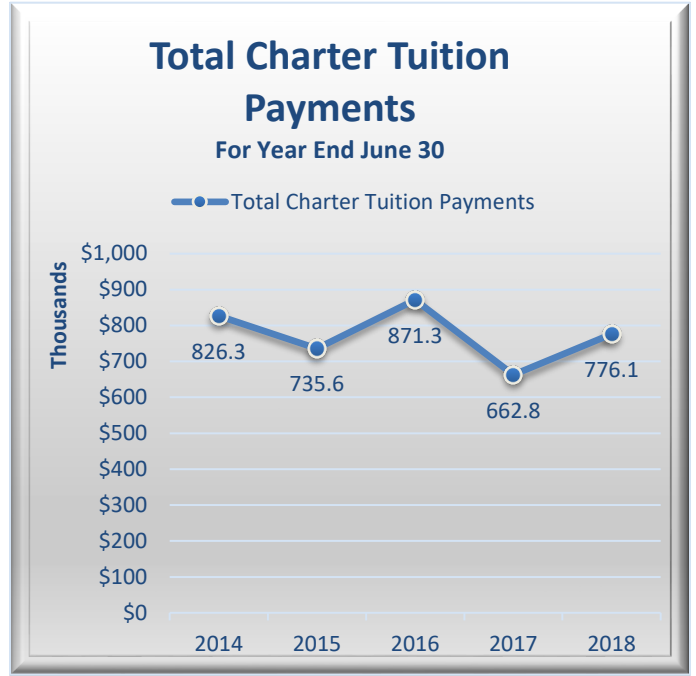
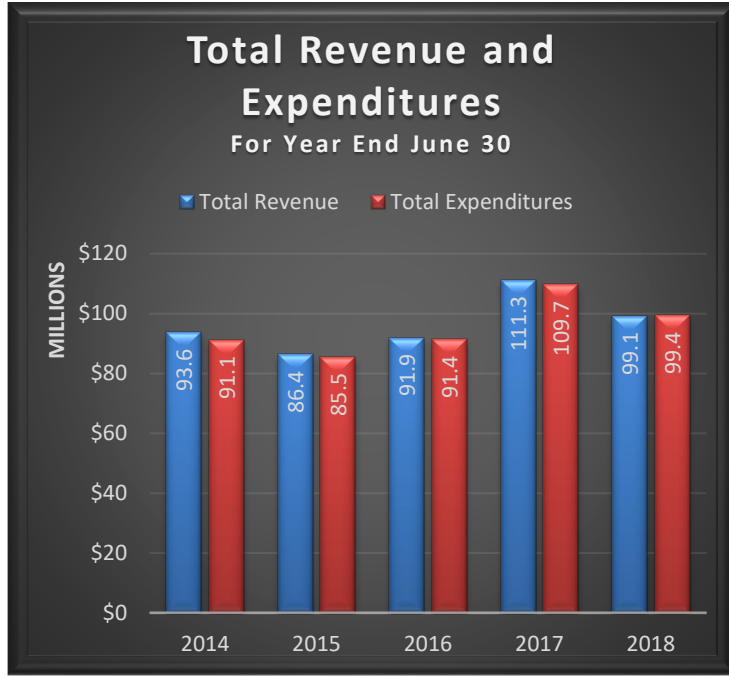


Note: General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



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

Financial Information Continued

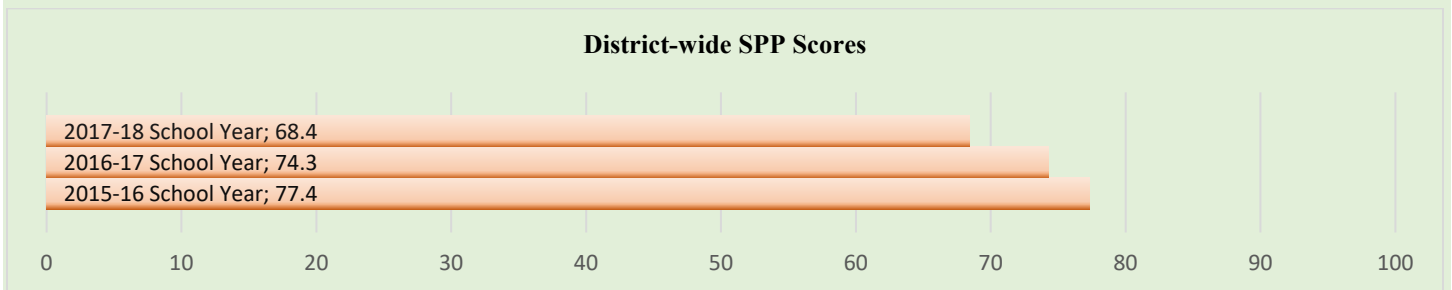


Academic Information

The graphs on the following pages present the District-wide School Performance Profile (SPP) scores, Pennsylvania System of School Assessment (PSSA) scores, Keystone Exam results, and 4-Year Cohort Graduation Rates for the District obtained from PDE's data files for the 2015-16, 2016-17, and 2017-18 school years.¹ The District's individual school building scores are presented in Appendix B. These scores are provided in this audit report for **informational purposes only**, and they were not audited by our Department. 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.²

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.³



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

² PDE'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.

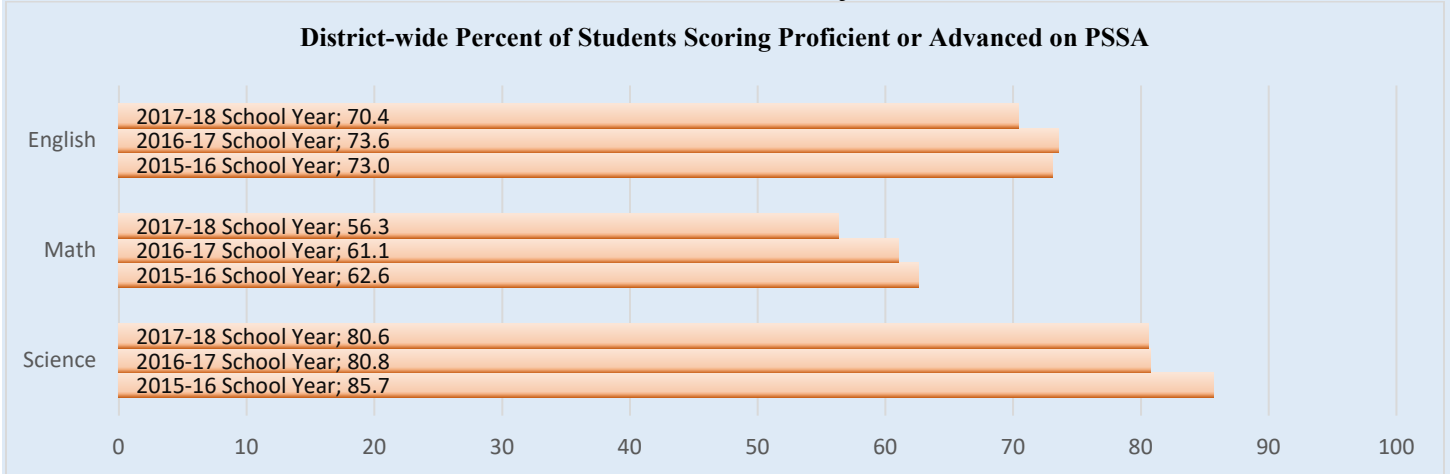
³ PDE started issuing a SPP score for all public school buildings beginning with the 2012-13 school year. For the 2014-15 school year, PDE only issued SPP scores for high schools taking the Keystone Exams as scores for elementary and middle scores were put on hold due to changes with PSSA testing. PDE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

Academic Information Continued

What is the PSSA?

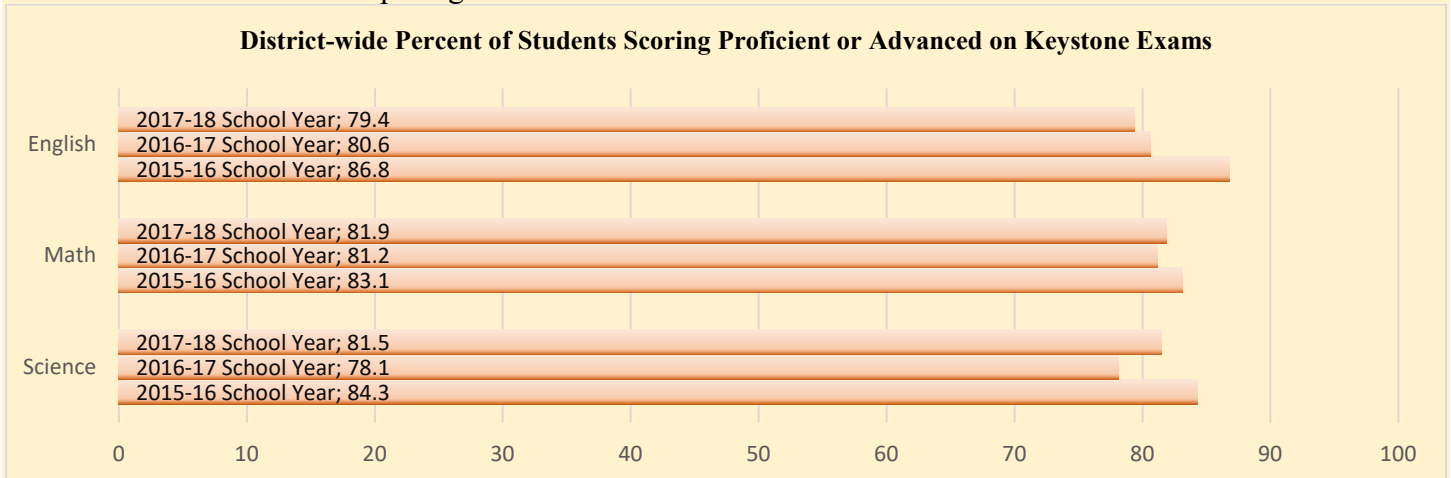
The PSSA is an annual, standardized test given across the Commonwealth to students in grades 3 through 8 in core subject areas, including English, Math and Science. The PSSAs help Pennsylvania meet federal and state requirements and inform instructional practices, as well as provide educators, stakeholders,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

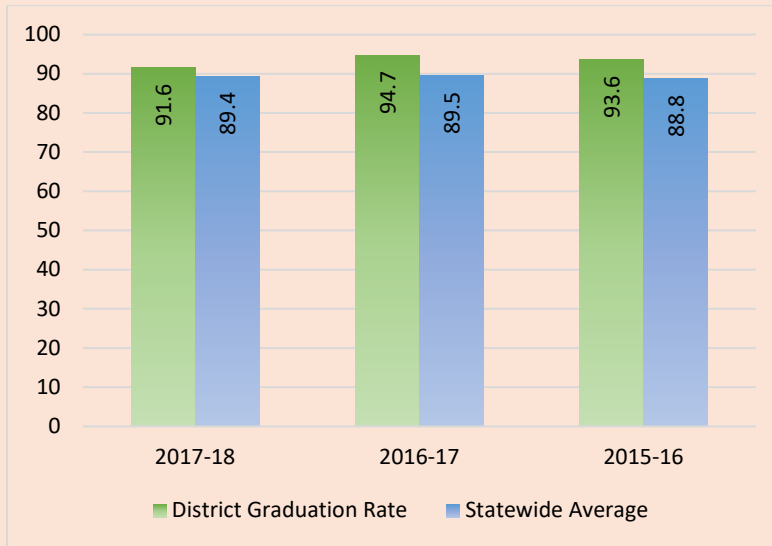


⁴ Act 158 of 2018, effective October 24, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement until the 2021-22 school year. See 24 P.S. § 1-121(b)(1).

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:
<http://www.education.pa.gov/Data-and-Statistics/Pages/Cohort-Graduation-Rate.aspx>.

Findings

Finding No. 1

The District Failed to Retain Required Documentation to Support \$3.4 Million Received for Transportation Reimbursement

Criteria relevant to the finding:

Record Retention Requirement

Section 518 of the Public School Code (PSC) requires that financial records of a district be retained by the district for a period of **not less than six years**. (Emphasis added.) 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.

Total Students Transported

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

The Upper Merion Area School District (District) did not comply with the record retention provision of the Public School Code (PSC) when it failed to retain adequate source documents to verify the accuracy of \$3,445,386 it received in transportation reimbursements from the Pennsylvania Department of Education (PDE) for the 2014-15 through 2017-18 school years. The District failed to retain supporting documentation for the \$2,671,921 in regular transportation reimbursement received for the 2014-15 through 2017-18 school years. Additionally, the District failed to retain supporting documentation for the \$773,465 in supplemental transportation reimbursement it received for the 2014-15 through 2016-17 school years.⁶

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

Without proper documentation, we were unable to determine the appropriateness of the regular and supplemental transportation reimbursements received by the District. It is absolutely essential that records related to the District's transportation expenses and reimbursements be retained in accordance with the PSC's record retention provision (for a period of not less than six years) and be readily available for audit. As a state auditing agency, it is extremely concerning to us that the District did not have the necessary and legally required documents available for audit. Periodic auditing of such documents is extremely important for District accountability and verification of accurate reporting.

Regular Transportation Reimbursement

The number of students transported, number of days transported, and miles driven are the basis for calculating the regular transportation reimbursement amount. Therefore, it is essential for districts to document, verify, and retain (mileage) odometer readings, student rosters, and any

⁶ See Finding No. 2 for the results of our review of the District supplemental transportation reimbursement received for the 2017-18 school year.

Criteria relevant to the finding (continued):

Supplemental Transportation Subsidy for Nonpublic School Students

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

The Charter School Law, through its reference to Section 2509.3 of the PSC, extends the \$385 per student payment to charter school students. *See* 24 P.S. § 17-1726A(a).

Sworn Statement and Annual Filing Requirements

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

changes that may occur during the school year, for each vehicle transporting students.

In this case, the District did not maintain sufficient documentation of this information for the four years reviewed. The table below show the student and vehicle data reported to PDE and the regular reimbursement the District received for each school year.

Table 1

Upper Merion School District Transportation Data Reported to the PDE			
School Year	Reported Number of Students Transported	Reported Number of Vehicles	Total Reimbursement Received
2014-15	3,933	74	\$ 569,625
2015-16	3,928	75	\$ 736,577
2016-17	4,284	70	\$ 656,252
2017-18	4,814	69	\$ 709,467
Totals	16,959	288	\$2,671,921

As illustrated in the table above, the reported number of students decreased from the 2014-15 to 2015-16 school year. However, the reported number of vehicles increased and the total reimbursement received increased significantly. Additionally, the reported number of students transported increased significantly from the 2016-17 school year to the 2017-18 school year, despite the reported number of vehicles decreasing. Based on past accumulative experience, reported information of an inconsistent nature indicates possible errors and, therefore, warrants a detailed review of the reported information. In this case, we were unable to determine the accuracy of the reported information due to the District's failure to retain appropriate supporting documentation.

Failure to Retain Source Documentation

When we requested the supporting documentation for the regular transportation reimbursement it received during the audit period, the District provided us with annual transportation data reported to PDE that was generated by the District's transportation software program. District officials stated that the reported data was generated from route mileage and number of students transported that was entered into the District's software prior to the school year. However, the District was unable to provide the original route mileage documentation or student rosters to support the data reported to PDE.⁷ District officials believed that the District was not required to keep supporting documentation since they were using PDE approved transportation software. Without the supporting

⁷ The District averaged the mileage and student data for the months of October through May and reported this data to PDE. The District maintained mileage data and student rosters for June only. The information from June was entered into the District's software; however, this data was not used in the annual calculation reported to PDE.

Criteria relevant to the finding (continued):

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.) Ibid.

PDE Instructions to Complete the Worksheet for Computing Sample Averages

<https://www.education.pa.gov/Documents/Teachers-Administrators/Pupil%20Transportation/eTran%20Application%20Instructions/PupilTransp%20Instructions%20SampleAverageWorksheet.pdf> (accessed 12/13/19).

Record the vehicle odometer readings on or about July 1 prior to the beginning of the school year and on or about July 1 at the end of the school year. The two readings should be about one year apart. After the second reading, subtract the beginning of the year odometer reading from the end of the year odometer reading to determine the annual odometer mileage.

Once during each month, from October through May, for to-and-from school transportation, measure and record:

1. The number of miles the vehicle traveled with students.

documentation for the data used to report to the PDE we were unable to verify the accuracy of the regular transportation reimbursement received.

Supplemental Transportation Reimbursement

According to the PSC, a nonpublic school is defined, in pertinent part, as a nonprofit school other than a public school within the Commonwealth of Pennsylvania, wherein a resident of the Commonwealth may legally fulfill the compulsory school attendance requirements.⁸ 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. This reimbursement was made applicable to the transportation of charter school students pursuant to an equivalent provision in the Charter School Law, which refers to Section 2509.3 of the PSC.⁹

The table below illustrates the number of nonpublic school and charter school students reported to PDE as transported during the 2014-15 through 2016-17 school years and the supplemental transportation reimbursement received for those school years.

Table 2

Upper Merion School District Transportation Data Reported to the PDE		
School Year	Nonpublic and Charter School Students Reported	Supplemental Transportation Reimbursement Received ¹⁰
2014-15	664	\$255,640
2015-16	653	\$251,405
2016-17	692	\$266,420
Total	2,009	\$773,465

The District acknowledged that it failed to retain the supporting documentation to support the supplemental transportation reimbursement received during the 2014-15 through 2016-17 school years. The District stated it disposed of the supporting documentation in the form of student requests for transportation to support the supplemental transportation reimbursements received for the 2014-15 and 2015-16 school years. District officials stated that the supporting documentation was lost for the 2016-17 school year when the District’s transportation data was relocated to a different physical location. Without supporting documentation, we

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

⁹ See 24 P.S. § 17-1726-A(a) which refers to 24 P.S. § 25-2509.3. A charter school is an independent public school and educates public school students within the applicable school district. See 24 P.S. § 17-1703-A (relating to “Definitions”).

¹⁰ Calculated by multiplying nonpublic school students reported by \$385.

Criteria relevant to the finding (continued):

2. The number of miles the vehicle traveled without students.
3. The greatest number of students assigned to ride the vehicle at any one time during the day.

At the end of the school year, calculate the average of the eight measurements for each of the three variables calculated to the nearest tenth. These averages are called sample averages.

The annual odometer mileage and the sample averages determined by the above methods should be used to complete the PDE-1049, end-of-year pupil transportation report in the eTran system.

Use of this specific form is not a PDE requirement; it has been designed and provided as a service to local education agencies that wish to use it for recording and calculating data that is reported to PDE on the PDE-1049 report in eTran. If used, this form, along with the source documentation that supports the data, should be retained for auditor review.

were unable to verify the accuracy of the \$773,465 in supplemental transportation reimbursement received for the 2014-15 through 2016-17 school years.

Conclusion

The District failed in its fiduciary duties to taxpayers and was not in compliance with the PSC by not retaining this information. Without the documentation, we could not determine whether the amount of regular transportation reimbursement received was appropriate for the 2014-15 through 2017-18 school years. Additionally, we were unable to verify the accuracy of the supplemental transportation reimbursement for the 2014-15, 2015-16, and 2016-17 school years. Transportation expenses and the subsequent transportation reimbursements are significant factors that can impact the District's overall financial position. Therefore, it is in the best interest of the District to ensure that it regularly and consistently meets its fiduciary and statutory duties and complies with the PSC's record retention requirements.

Recommendations

The *Upper Merion Area School District* should:

1. Take appropriate administrative measures to ensure that it retains all documentation supporting the transportation data reported to PDE, including (mileage) odometer readings for miles with and without students, student bus rosters, and supporting documentation, such as transportation requests from nonpublic schools for nonpublic students that were provided transportation.
2. Ensure that record retention procedures are well documented and staff are trained on the procedures.
3. Establish a safe and adequate location to store all source documents and calculations supporting the transportation data submitted to PDE.

Management Response

District management provided the following response:

Cause: As it relates to the 2017-18 Fiscal year, UMASD experienced a change in staff as the District transitioned from an in-house transportation service to a contracted service. During the transition multiple offices were created and relocated in the Bus Garage and the employee responsible for record keeping was no longer employed by the District. As a result of the changes, the District was unable to locate the paper records.

As it relates to the remaining years at issue, The District provided access to all paper files maintained by the District. However, the District's

understanding of its use of the bus boss software was that it had been approved by PDE for reliance on its calculations. As such, the District did not print paper copies of its output on a monthly basis, and was unable to provide this information after the fact as Bus Boss updates the information within its system as the year proceeds.

1. Take appropriate administrative measures to ensure that it retains all documentation supporting the transportation data reported to PDE, including (mileage) odometer readings for miles with and without students, student bus rosters, and supporting documentation, such as transportation requests from nonpublic schools, for non-public students that were provided transportation. **The District will retain the source data which supports the data and calculations reported to PDE.**
2. Ensure that record retention procedures are well documented and staff are trained on the procedures. **The District will document record retention procedures and ensure staff are trained in the procedures.**
3. Establish a safe and adequate location to store all source documents and calculations supporting the transportation data submitted to PDE. **The District has identified a location to store documents and calculations supporting the transportation data submitted to PDE.**

Auditor Conclusion

We are pleased that the District intends to implement corrective action to address all of our recommendations. We will evaluate the corrective actions stated above and any other corrective action taken by the District during our next audit.

Finding No. 2

The District Inaccurately Reported the Number of Nonpublic School Students Transported Resulting in an \$49,280 Overpayment to the District

Criteria relevant to the finding:

Supplemental Transportation Subsidy for Nonpublic School Students

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

Nonpublic school pupils are children whose parents are paying tuition for them to attend a nonprofit or parochial school.

Sworn Statement and Annual Filing Requirements

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

The Local Education Agency should only request subsidies from students that are transported to schools that are nonpublic or private (parent paid tuition).

The District was overpaid \$49,280 in transportation reimbursements from PDE. This overpayment was due to inaccurately reporting the number of nonpublic school students transported during the 2017-18 school year.¹¹

School districts receive two separate transportation reimbursement payments from PDE. One reimbursement is broadly based on the number of students transported, the number of days each vehicle was used for transporting students, and the number of miles that vehicles are in service, both with and without students (regular transportation reimbursement). The other reimbursement is based on the number of charter school and nonpublic school students transported (supplemental transportation reimbursement). The issues discussed in this finding pertain to the District's supplemental transportation reimbursement.

According to the PSC, a nonpublic school is defined, in pertinent part, as a nonprofit school other than a public school within the Commonwealth of Pennsylvania, wherein a resident of the Commonwealth may legally fulfill the compulsory school attendance requirements.¹² If a school district provides transportation services to students who reside in its district, the PSC requires that school district to provide transportation services to students attending a nonpublic school. The PSC also provides for a reimbursement from the Commonwealth of \$385 for each nonpublic school student transported by the district.

It is also important to note that the PSC requires all school districts to annually file a sworn statement of student transportation data for the prior and current school years with PDE in order to be eligible for the transportation subsidies. The Upper Merion Area School District completed this sworn statement for the school year discussed in this finding. An official signing a sworn statement must be aware that by submitting the transportation data to PDE, he/she is asserting that the information is true and that they have verified evidence of accuracy.¹³

¹¹ Refer to Finding No. 1 for the results of our review of nonpublic school students for the 2014-15 through 2016-17 school years.

¹² *See* Section 921.1-A(b) (relating to "Definitions") of the PSC, 24 P.S. § 9-922.1-A(b).

¹³ Please note that while a sworn statement is different from an affidavit, in that a sworn statement is not typically signed or certified by a notary public but is, nonetheless, taken under oath. *See* <https://legaldictionary.net/sworn-statement/> (accessed December 19, 2019).

*Criteria relevant to the finding
(continued):*

Section 2543 of the PSC, which is entitled, “**Sworn statement** of the amount expended for reimbursable transportation; payment; withholding” states, in part: “Annually, each school district entitled to reimbursement on account of pupil transportation shall provide in a format prescribed by the Secretary of Education, data pertaining to pupil transportation for the prior and current school year. . . . 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.]

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

Excerpt of PDE-2089 Summary of Pupils Transported

Number of Nonpublic School Pupils Transported

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

During our audit, we found that the District inaccurately reported students to PDE as nonpublic school students who were transported to District schools and some private schools during the 2017-18 school year. These students did not attend schools that met the requirements to be reported as nonpublic school students, and the District received \$49,280 in transportation reimbursements for these 128 students that it was ineligible to receive.

The primary reason the District inaccurately reported nonpublic school students was due to an error made when the District was electronically submitting its transportation data to report to PDE. The District inadvertently included students transported to one of its schools in the reported number of nonpublic school students transported. Additionally, the District reported some students transported to private alternative education schools as nonpublic school students. The District was ineligible to receive reimbursement for these students.

The District did not perform a secondary review of the number of nonpublic school students reported annually to PDE or reconcile the number of students reported to individual requests for transportation. A secondary review of this nature or a reconciliation of bus rosters to student requests for transportation by trained personnel could have helped identify the over-reporting of nonpublic school students. Additionally, the sworn statement of student transportation data should not be filed with the state Secretary of Education unless the data has been double-checked for accuracy by personnel trained on PDE’s reporting requirements.

We provided PDE with reports detailing the nonpublic school student reporting errors for the 2017-18 school year. PDE requires these reports to verify the overpayment to the District. The District’s future transportation subsidies should be adjusted by the amount of the overpayment.

Recommendations

The *Upper Merion Area School District* should:

1. Institute a review of the number of nonpublic school students transported by an employee other than the employee who prepared the data to help ensure accuracy of reported numbers.
2. Perform yearly reconciliations of bus rosters to student requests for transportation to ensure all nonpublic school students are accounted for and are accurately reported to PDE.
3. Ensure personnel in charge of calculating and reporting the number of nonpublic school students transported by the District are well trained with regard to PDE’s transportation reporting requirements.

The *Pennsylvania Department of Education* should:

4. Adjust the District's future transportation subsidy to resolve the \$49,280 overpayment to the District.

Management Response

District management provided the following response:

Cause: Nonpublic information is manually entered into PDE's system. When this report was populated, one public school's enrollment was inadvertently added to the nonpublic school data. This inadvertent data entry was not identified by the District during its review process prior to the submission of the data to PDE for reimbursement.

1. Institute a review of the number of nonpublic school students transported by an individual other than the person who prepared the data to help ensure accuracy of reported numbers. **Data submitted to PDE will be reviewed by an employee other than the employee who enters the data to verify the accuracy of the number of nonpublic students transported.**
2. Perform yearly reconciliations of bus rosters to student requests for transportation to ensure all nonpublic school students are accounted for and are accurately reported to PDE. **A form will be developed for each non-public school to certify that the students for which they are requesting transportation are the District's residents. The District will annually reconcile the certified non-public students to the bus rosters in the transportation software.**
3. Ensure personnel in charge of calculating and reporting the number of nonpublic school students transported by the District are trained with regard to PDE's transportation reporting requirements. **Appropriate personnel will attend training provided by the transportation software provider, PDE and PASBO to stay up to date on PDE's transportation reporting requirements.**

The *Pennsylvania Department of Education* should:

4. Adjust the District's future transportation subsidy to resolve the \$49,280 overpayment to the District. **Acknowledged**

Auditor Conclusion

We are pleased that the District plans to implement corrective action to address all of our recommendations. However, we recommend that the District utilize a request of transportation form signed by parents who request transportation services for each student. We further recommend that the District maintains all such forms and that the District not rely on the nonpublic schools to certify reimbursement eligibility. The form must be obtained for each school year. We will review all corrective action taken by the District during our next audit.

Status of Prior Audit Findings and Observations

Our prior Limited Procedures Engagement of the Upper Merion Area School District (District) released on May 22, 2015, resulted in one finding, as shown below. As part of our current audit, we determined the status of corrective action taken by the District to implement our prior audit recommendations. We reviewed the District's written response provided to the Pennsylvania Department of Education (PDE), interviewed District personnel, and performed audit procedures as detailed in each status section below.

Auditor General Performance Audit Report Released on May 22, 2015

Prior Finding: **Lack of Compliance with Certain Provision of the PA Right to Know Law**

Prior Finding Summary: During our prior audit of the District, we found that the District did not comply with certain provision of the Pennsylvania Right to Know Law (RTK). The District did not provide the Pennsylvania Office of Open Records (OOR) with the name and contact information of its Open Records Officer. The District's website did not contain contact information for its Open Records Officer or the Pennsylvania OOR. Finally, the District did not provide relevant appeals information to individuals whose RTK requests were denied in whole or in part.

Prior Recommendations: We recommended that the District should:

1. The District should complete the Agency Open Records Officer Registration form that is found on the Pennsylvania OOR website.
2. The District should create an easily locatable tab or link on its website to inform the public about RTK information including contact information for its Open Records Officer, contact information for the Pennsylvania OOR or other applicable appeals officer, its RTK policies and procedures, and a request form.
3. The District should provide, in writing, relevant appeals information to every individual whose RTK request has been denied in whole or in part.

Current Status: The Upper Merion Area School District took corrective action to address all the prior audit recommendations. The District's Agency Open Records Officer completed the registration form with the Office of Open Records. The District created a more visible Right to Know page on the District's website. A Right to Know link to a page which includes all the required Right to Know information is found on the District's Home Page. The District's Open Records Officer included appeals information in the Right to Know denials and partial denials.

Appendix A: Audit Scope, Objectives, and Methodology

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

Our audit, conducted under authority of Sections 402 and 403 of The Fiscal Code,¹⁴ is not a substitute for the local annual financial audit required by the Public School Code of 1949, as amended. We conducted our audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit.

Scope

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

The Upper Merion Area School District's (District) management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the District is in compliance with certain relevant state laws, regulations, contracts, and administrative procedures (relevant requirements).¹⁵ In conducting our audit, we obtained an understanding of the District's internal controls, including any information technology controls, if applicable, that we considered to be significant within the context of our audit objectives. We assessed whether those controls were properly designed and implemented. Any deficiencies in internal controls that were identified during the conduct of our audit and determined to be significant within the context of our audit objectives are included in this report.

¹⁴ 72 P.S. §§ 402 and 403.

¹⁵ Internal controls are processes designed by management to provide reasonable assurance of achieving objectives in areas such as: effectiveness and efficiency of operations; relevance and reliability of operational and financial information; and compliance with certain relevant state laws, regulations, contracts, and administrative procedures.

Objectives/Methodology

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

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

- ❖ Transportation Operations
- ❖ Bus Driver Requirements
- ❖ School Safety

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

- Did the District ensure compliance with applicable laws and regulations governing transportation operations, and did the District receive the correct transportation reimbursement from the Commonwealth?¹⁶
 - ✓ To address this objective, we interviewed District personnel to get an understanding of the District's procedures for obtaining, calculating, and reporting transportation data to PDE. Additionally, we attempted to review the accuracy of the regular transportation reimbursement received for the 2014-15 through 2017-18 school years. However, the District failed to retain the necessary supporting documentation to support the regular transportation reimbursement received. See Finding No. 1 on page 7 of this report for the results of our review of this area.
 - ✓ We also reviewed all nonpublic school students reported to PDE as transported by the District during the 2017-18 school year.¹⁷ We reviewed student vehicles rosters and individual requests for transportation to ensure that these nonpublic school students were accurately reported to PDE and the District received the correct amount of supplemental transportation reimbursement. See Finding No. 2 on page 12 of this report for the results of our review of this part of the objective. Additionally, we attempted to review all nonpublic school students reported to the PDE as transported during the 2014-15 through 2016-17 school years.¹⁸ However, the District failed to retain the necessary supporting documentation to support the supplemental transportation reimbursement received. See Finding No. 1 on page 7 of this report for the results of our review of this part of the objective.
 - ✓ Finally, we reviewed PennDOT determined hazardous walking route documentation along with vehicle rosters and vehicle route information. We randomly selected 60 students¹⁹ reported by

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

¹⁷ The District reported 720 nonpublic school students transported during the 2017-18 school year.

¹⁸ The District reported 654 nonpublic school students transported during the 2014-15 school year, 632 nonpublic school students transported during the 2015-16 school year, and 675 nonpublic school students transported during the 2016-17 school year.

¹⁹ 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.

the District as reimbursable due to residing on a hazardous walking route in each of the 2014-15 through 2017-18 school years.²⁰ We verified that each student reported by the District met the requirements to be categorized as reimbursable due to residing on a hazardous walking route. Our review of this objective area did not disclose any reportable issues.

- Did the District ensure that bus drivers transporting District students had the required driver's license, physical exam, training, background checks, and clearances²¹ as outlined in applicable laws?²² Also, did the District have written policies and procedures governing the hiring of new bus drivers that would, when followed, provide reasonable assurance of compliance with applicable laws?
 - ✓ To address this objective, we randomly selected 10 of the 62 contracted bus drivers transporting District students as of September 6, 2019.²³ We reviewed documentation to ensure the District complied with the requirements for bus drivers. We also determined if the District had written policies and procedures governing the hiring of bus drivers and if those procedures, when followed, would ensure compliance with bus driver hiring requirements. Our review of this objective did not disclose any reportable issues.

- Did the District take actions to ensure it provided a safe school environment?²⁴
 - ✓ To address this objective, we reviewed a variety of documentation including, safety plans, training schedules, anti-bullying policies, fire drill documentations, and after action reports. In addition, we conducted an on-site review at one out of the District's seven school buildings²⁵ to assess whether the District had implemented basic safety practices.²⁶ Due to the sensitive nature of school safety, the results of our review for this objective area are not described in our audit report but are shared with District officials, PDE, and other appropriate agencies deemed necessary.

²⁰ The District reported 1,295 students as reimbursable due to residing on a hazardous walking route during the 2014-15 school year, 1,456 during the 2015-16 school year, 1,474 during the 2016-17 school year, and 1,450 during the 2017-18 school year.

²¹ 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.

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

²³ 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.

²⁴ 24 P.S. § 13-1301-A *et seq.*

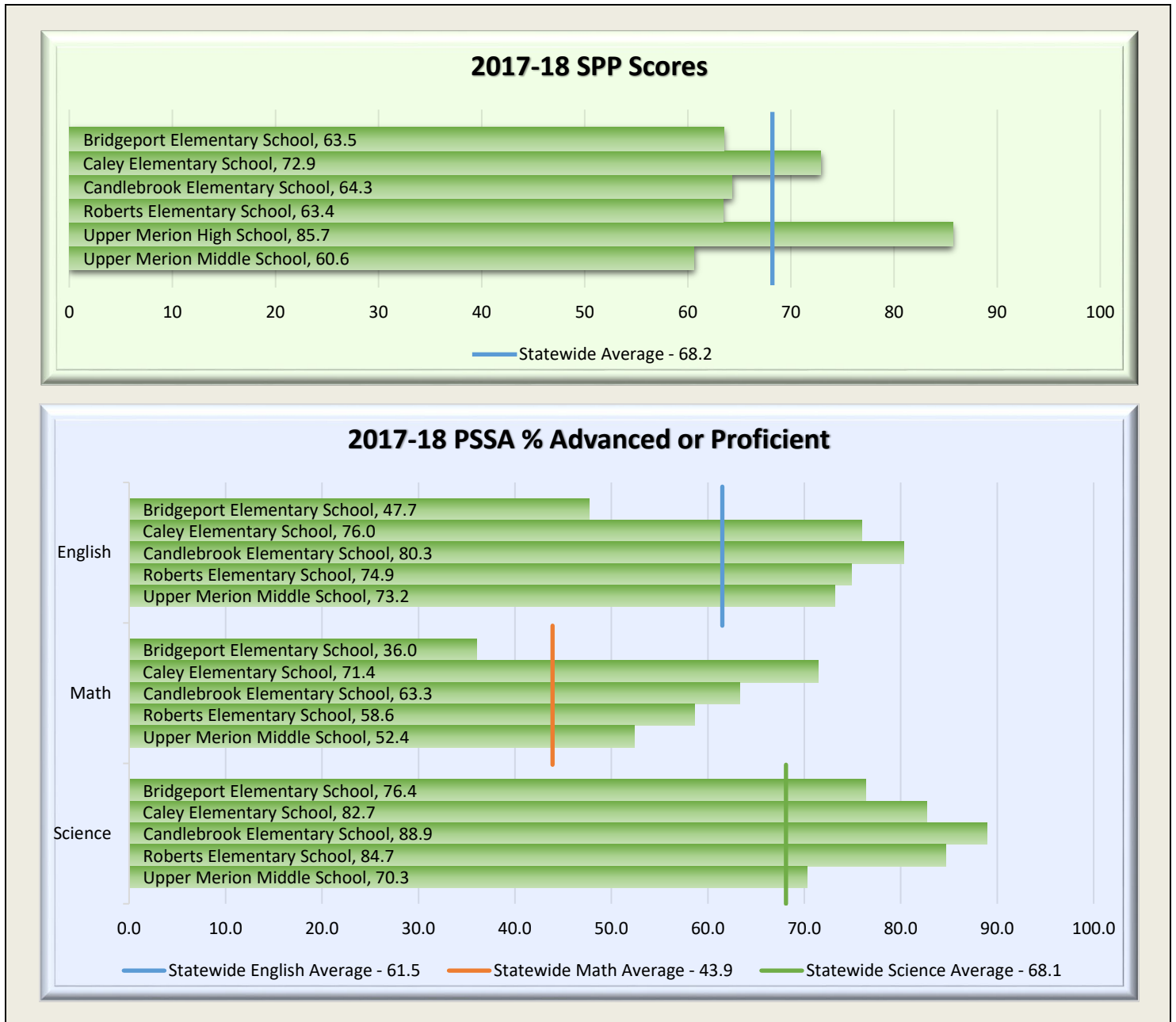
²⁵ The high school was selected because it was the District's oldest building and educates the most students. Audit sampling methodology was not applied to achieve this test objective; accordingly, the results of this audit procedure are not, and should not, be projected to the population.

²⁶ Basic safety practices evaluated were building security, bullying prevention, visitor procedures, risk and vulnerability assessments, and preparedness.

Appendix B: Academic Detail

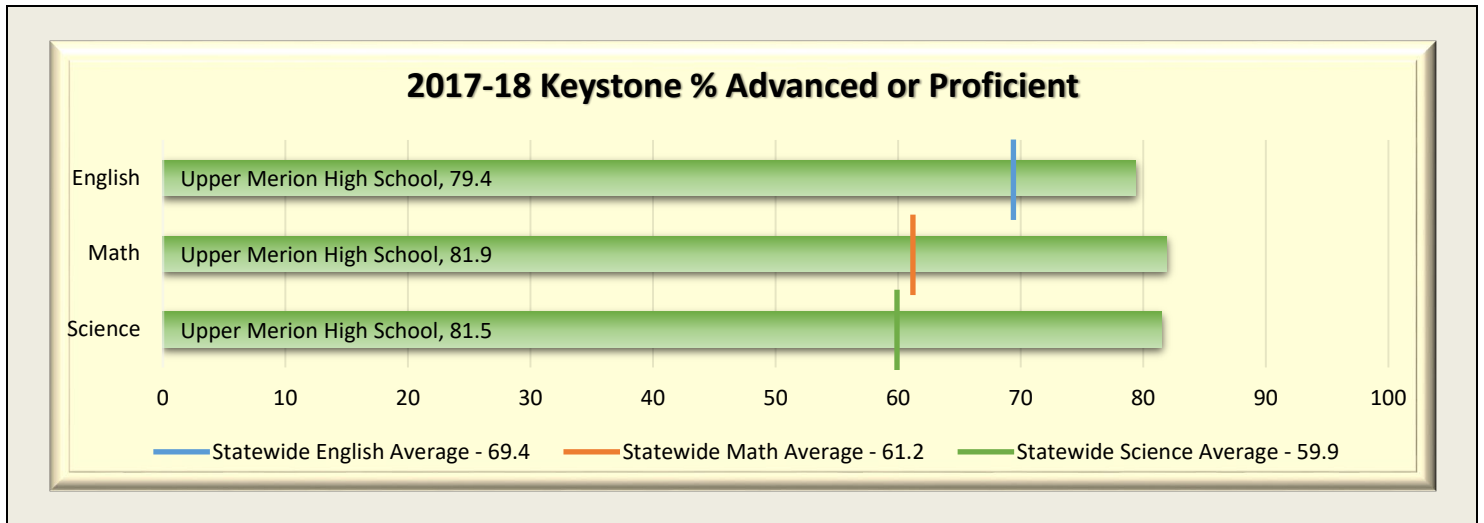
Benchmarks noted in the following graphs represent the statewide average of all public school buildings in the Commonwealth that received a score in the category and year noted.²⁷

2017-18 Academic Data School Scores Compared to Statewide Averages



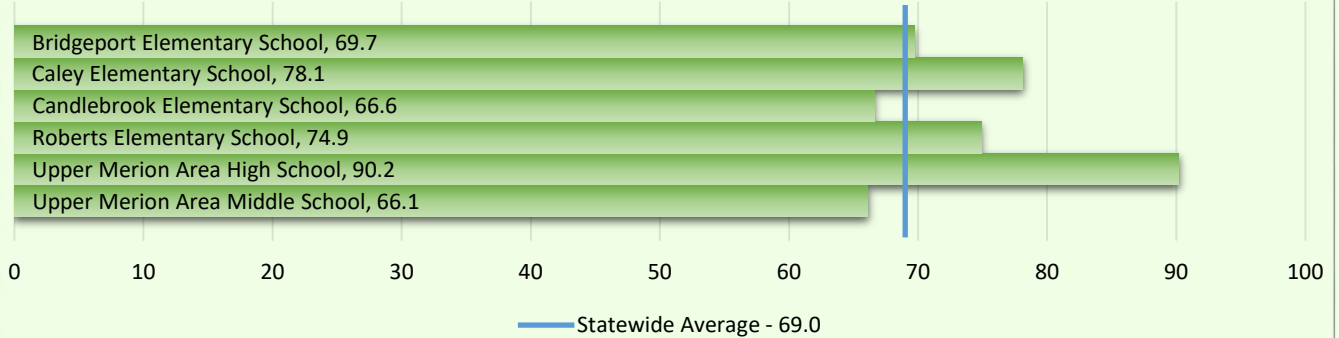
²⁷ Statewide averages were calculated by our Department based on individual school building scores for all public schools in the Commonwealth, including district schools, charters schools, and cyber charter schools.

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

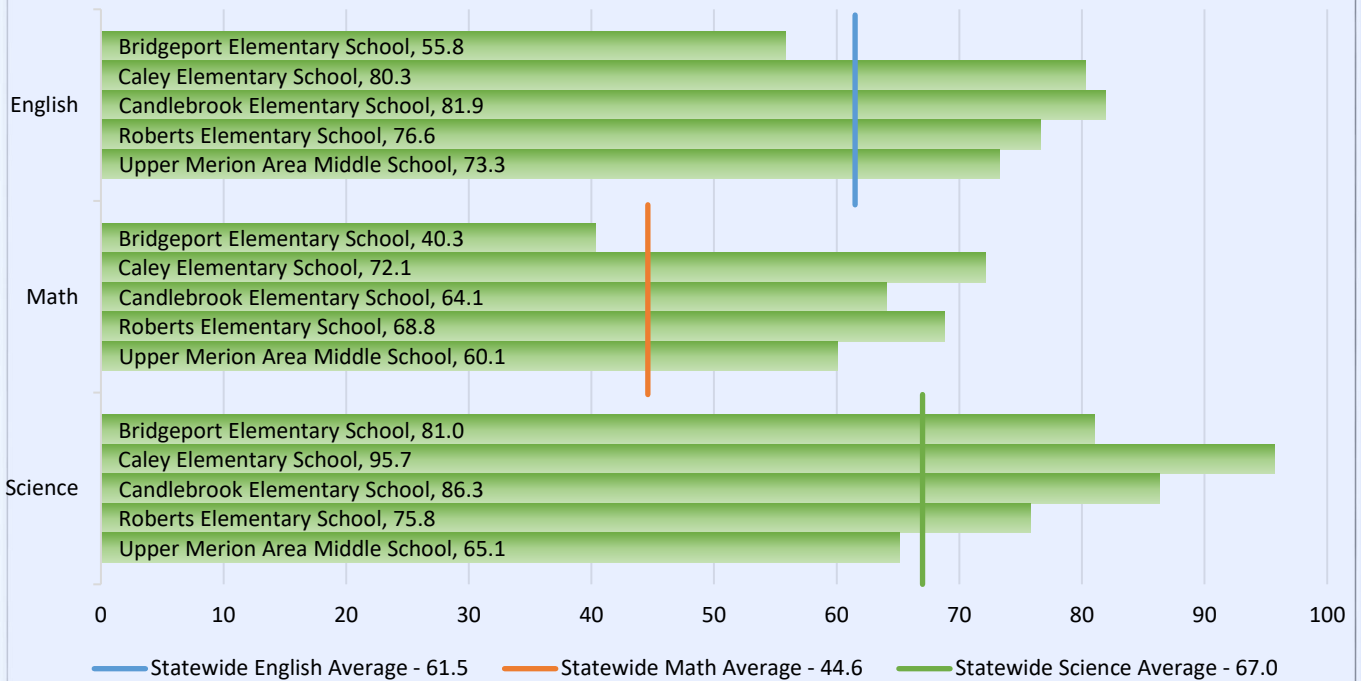


2016-17 Academic Data
School Scores Compared to Statewide Averages

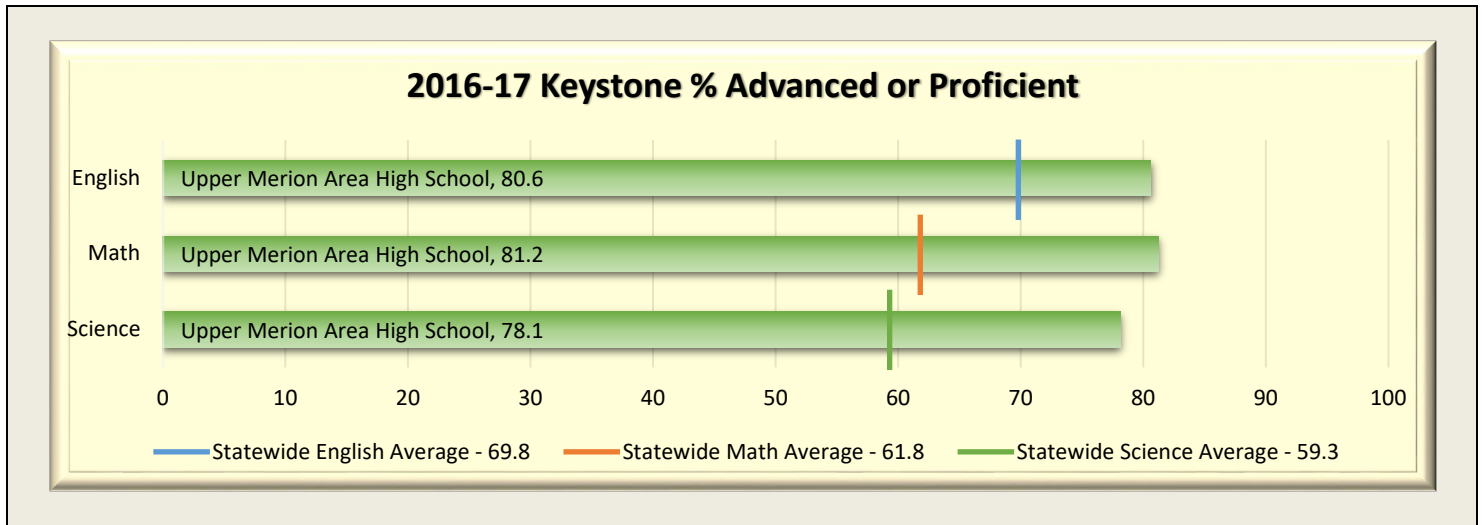
2016-17 SPP Scores



2016-17 PSSA % Advanced or Proficient

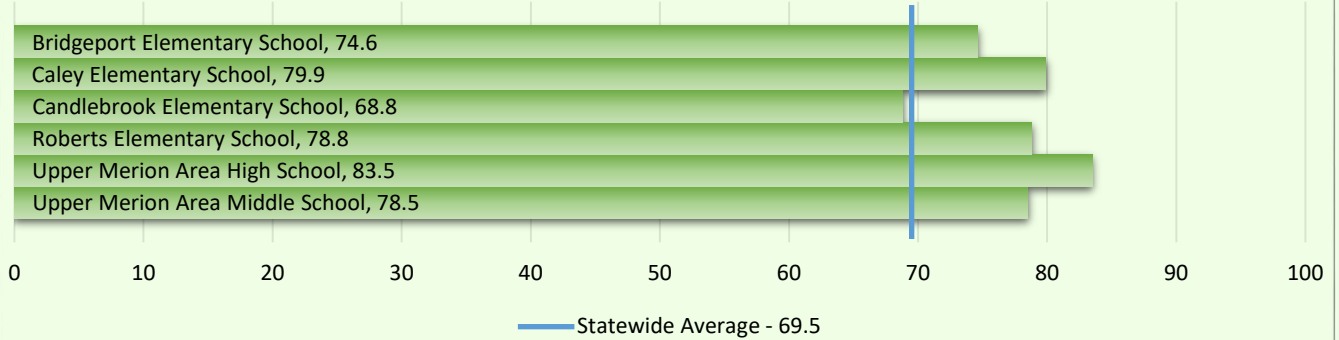


2016-17 Academic Data
School Scores Compared to Statewide Averages (continued)

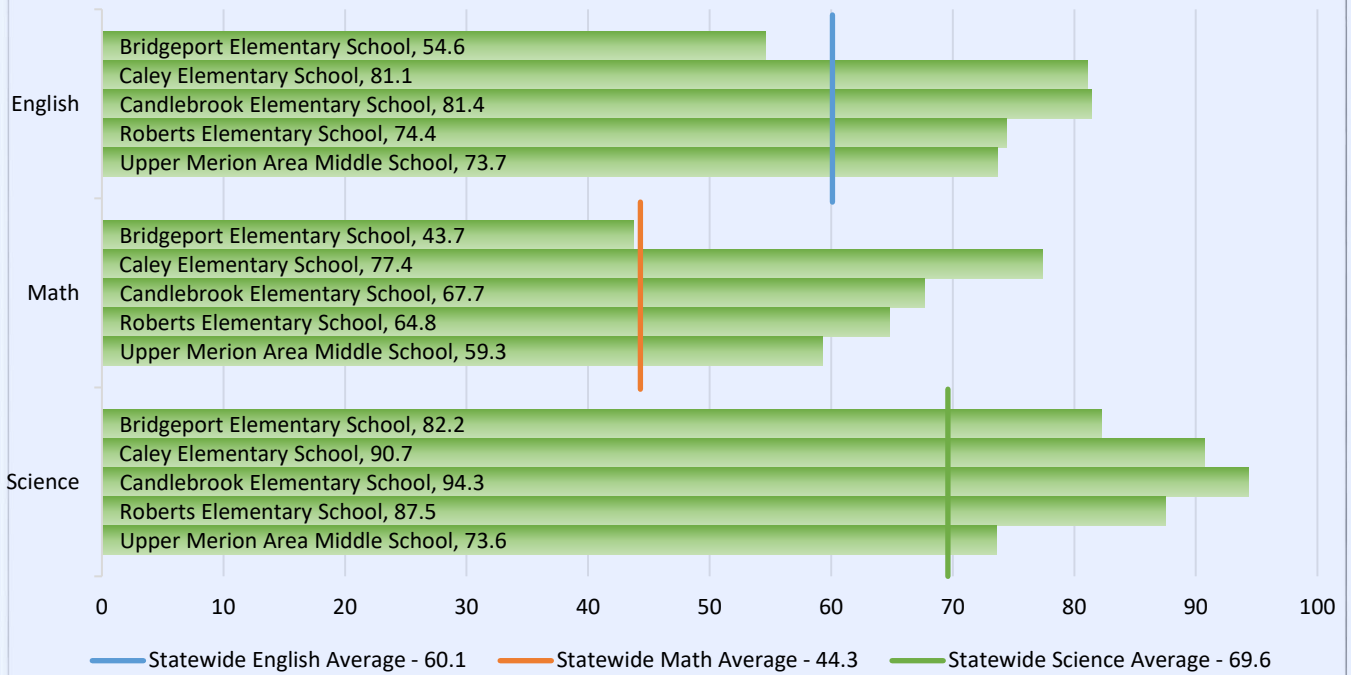


2015-16 Academic Data
School Scores Compared to Statewide Averages

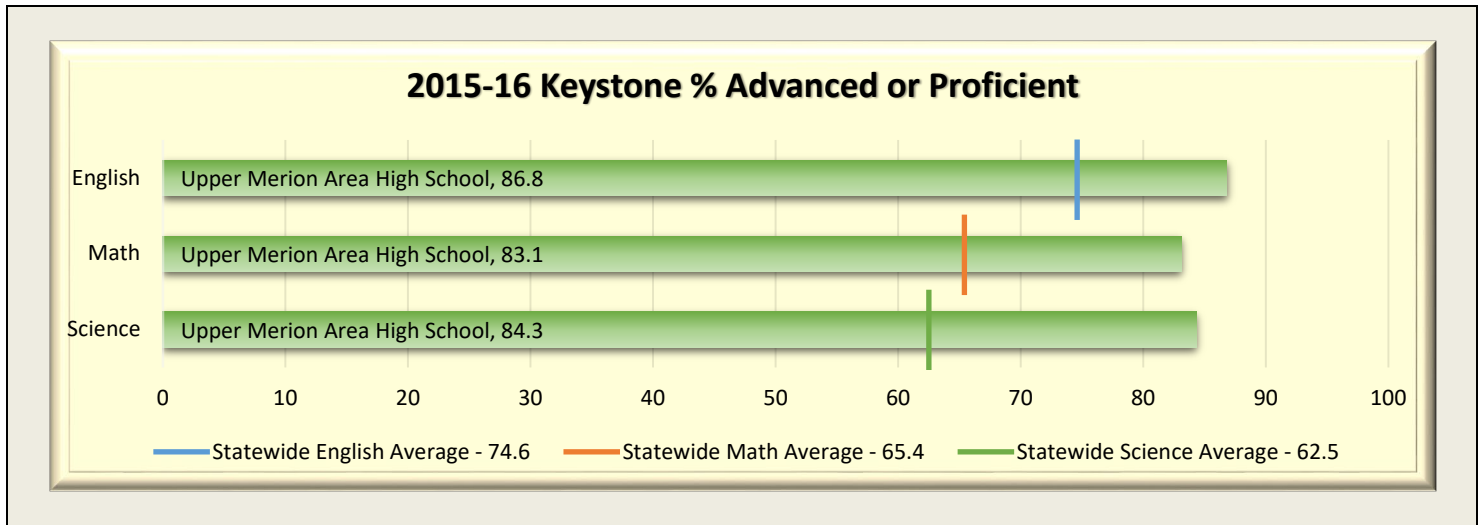
2015-16 SPP Scores



2015-16 PSSA % Advanced or Proficient



2015-16 Academic Data
School Scores Compared to Statewide Averages (continued)



Distribution List

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

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