

PERFORMANCE AUDIT

Wallenpaupack Area School District Pike County, Pennsylvania

April 2020



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



**Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, PA 17120-0018
Facebook: Pennsylvania Auditor General
Twitter: @PAAuditorGen
www.PaAuditor.gov**

**EUGENE A. DePASQUALE
AUDITOR GENERAL**

Mr. Michael R. Silsby, Superintendent
Wallenpaupack Area School District
2552 Route 6
Hawley, Pennsylvania 18428

Mr. John F. Spall, Board President
Wallenpaupack Area School District
2552 Route 6
Hawley, Pennsylvania 18428

Dear Mr. Silsby and Mr. Spall:

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

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

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

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

Sincerely,

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

Eugene A. DePasquale
Auditor General

April 17, 2020

cc: **WALLENPAUPACK AREA SCHOOL DISTRICT** Board of School Directors

Table of Contents

	Page
Executive Summary	1
Background Information	2
Finding	7
Finding No. 1 – The District Inaccurately Reported Transportation Data to the Pennsylvania Department of Education Resulting in an Overpayment to the District of \$36,622	7
Finding No. 2 – The District Inaccurately Reported Nonresident Student Data Resulting in an Overpayment of \$18,654 and Lacked Required Documentation to Verify \$243,635 in Reimbursement Received	12
Status of Prior Audit Findings and Observations	16
Appendix A: Audit Scope, Objectives, and Methodology	17
Appendix B: Academic Detail	21
Distribution List	25

Executive Summary

Audit Work

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

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

Audit Conclusion and Results

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

Finding No. 1: The District Inaccurately Reported Transportation Data to the Pennsylvania Department of Education Resulting in an Overpayment to the District of \$36,622.

The District was overpaid \$36,622 in transportation reimbursements from the Pennsylvania Department of Education (PDE). This overpayment was due to the District over reporting the number of days and total approved miles traveled to transport students during the 2016-17 and 2017-18 school years, as well as over reporting the number of nonpublic school students transported during the 2014-15 and 2017-18 school years (see page 7).

Finding No. 2: The District Inaccurately Reported Nonresident Student Data Resulting in an Overpayment of \$18,654 and Lacked Required Documentation to Verify \$243,635 in Reimbursement Received.

The District reported a total of 48 students to PDE for reimbursements as nonresident foster students during the audit period. The District was reimbursed \$446,756 based on the reported information. We found that the District had adequate supporting documentation for only 17, or 35 percent, of the nonresident foster students reported to PDE. Of the other 31 nonresident foster students reported to PDE, we were able to determine that 5 were inaccurately reported. The remaining 26 students reported to PDE lacked the required supporting documentation for us to conclude on the accuracy of the reported residency status. The District was reimbursed \$243,635 for these 26 students, and we could not confirm the accuracy of the reimbursements received. Additionally, we found that the District failed to report three nonresident foster students. The net result of inaccurately reporting five nonresident foster students and failing to report three nonresident foster students was the District being overpaid \$18,654 (see page 12).

Status of Prior Audit Findings and Observations.

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

Background Information

School Characteristics 2018-19 School Year ^A	
Counties	Wayne and Pike
Total Square Miles	325
Number of School Buildings	5
Total Teachers	311
Total Full or Part-Time Support Staff	173
Total Administrators	17
Total Enrollment for Most Recent School Year	3,010
Intermediate Unit Number	19
District Career and Technical School	Wallenpaupack Area School District

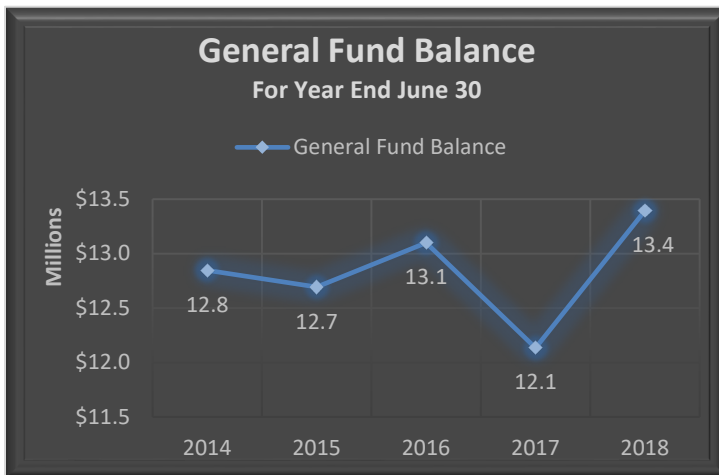
A - Source: Information provided by the District administration and is unaudited.

Mission Statement^A

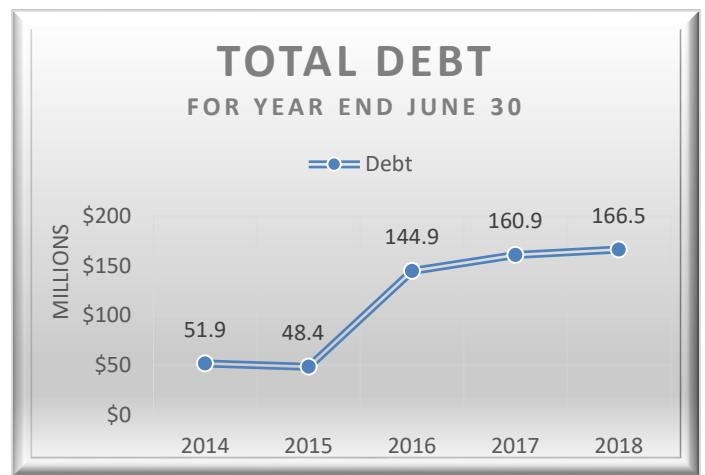
To provide an education environment that promotes excellence for all students, thereby developing life-long learners and responsible citizens.

Financial Information

The following pages contain financial information about the Wallenpaupack 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**.

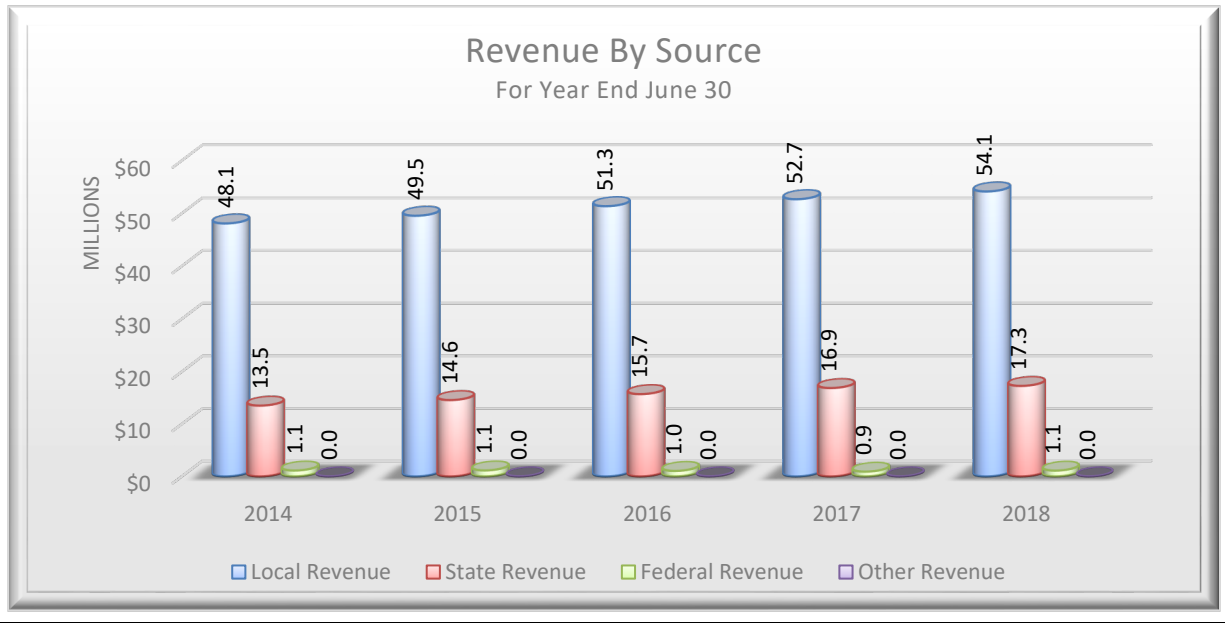
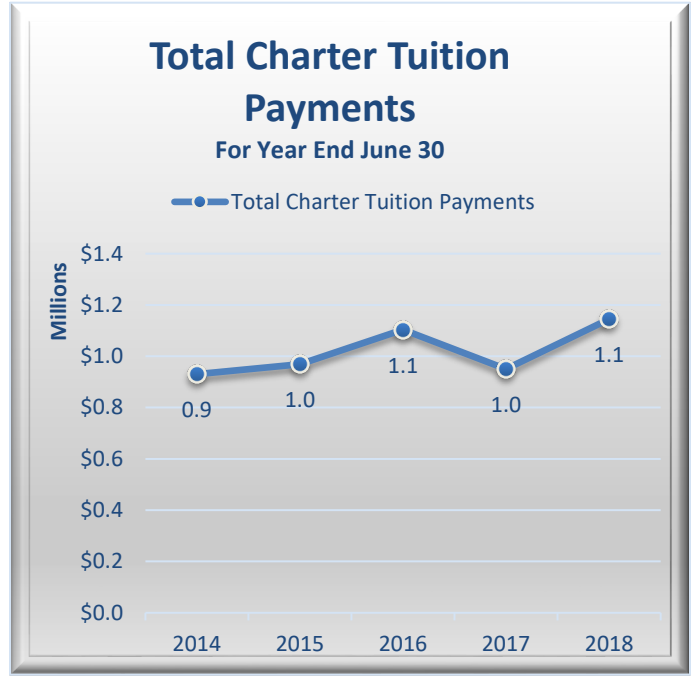
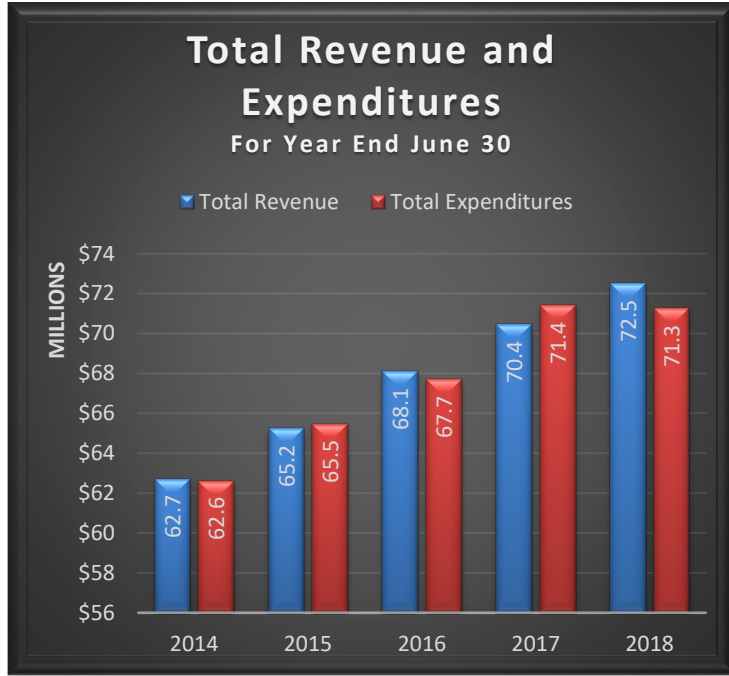


Note: General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



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

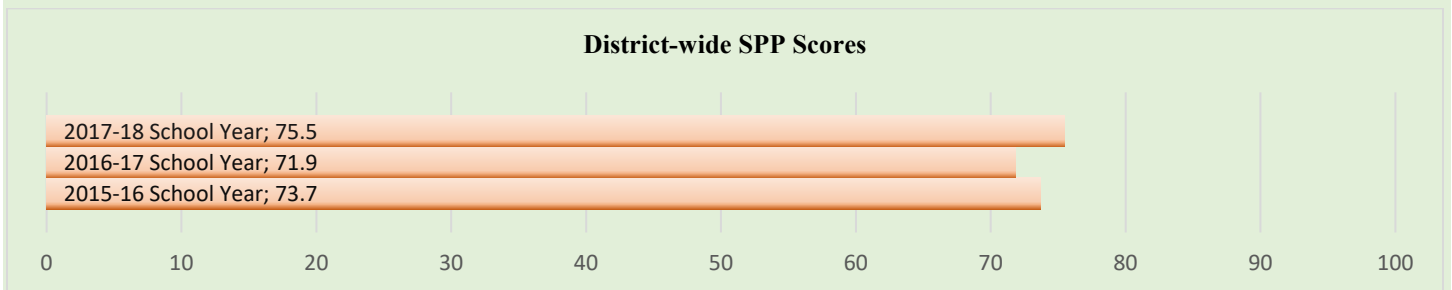


Academic Information

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.

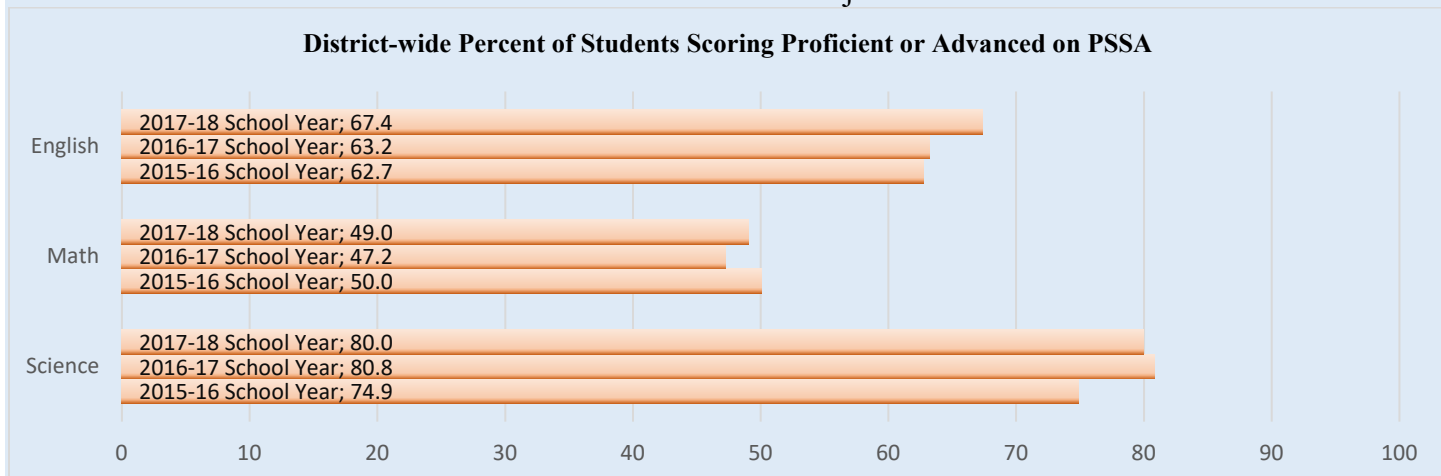
³ PDE started issuing a SPP score for all public school buildings beginning with the 2012-13 school year. For the 2014-15 school year, PDE only issued SPP scores for high schools taking the Keystone Exams as scores for elementary and middle scores were put on hold due to changes with PSSA testing. PDE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

Academic Information Continued

What is the PSSA?

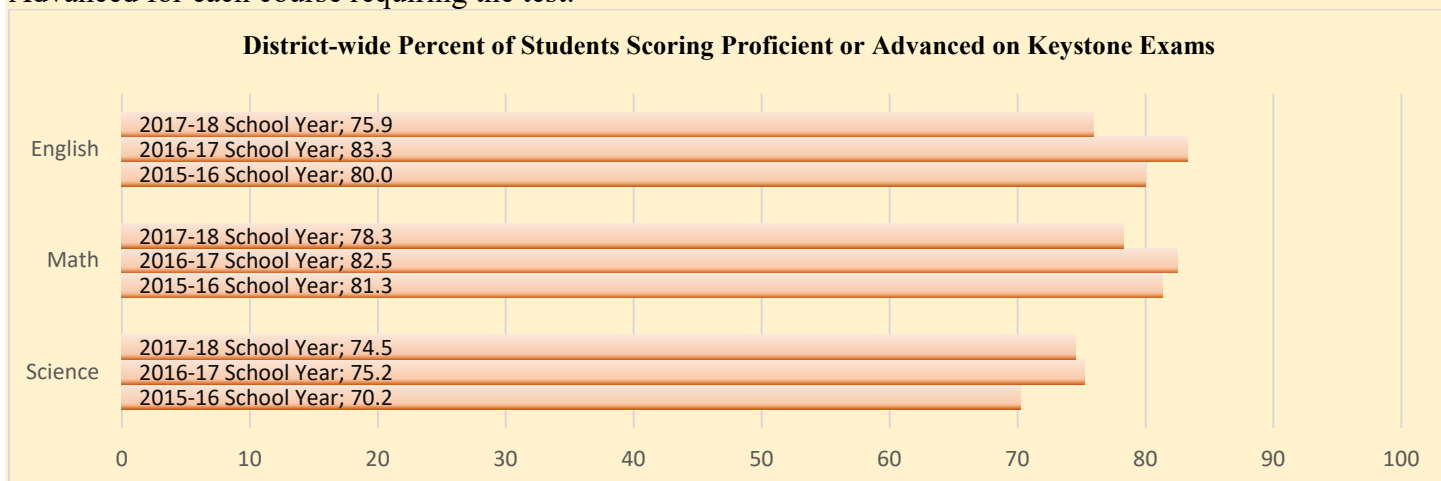
The PSSA is an annual, standardized test given across the Commonwealth to students in grades 3 through 8 in core subject areas, including English, Math and Science. The PSSAs help Pennsylvania meet federal and state requirements and inform instructional practices, as well as provide educators, stakeholders,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

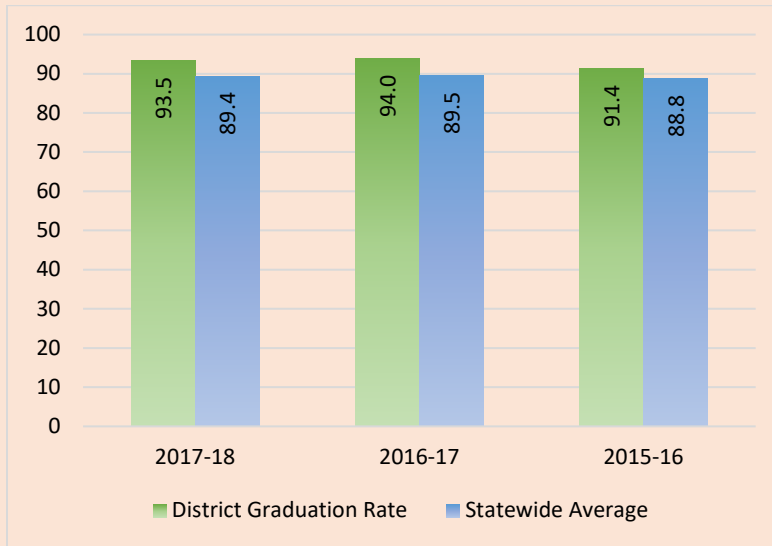


⁴ Act 158 of 2018, effective October 24, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement until the 2021-22 school year. See 24 P.S. § 1-121(b)(1).

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 Inaccurately Reported Transportation Data to the Pennsylvania Department of Education Resulting in an Overpayment to the District of \$36,622

Criteria relevant to the finding:

Student Transportation Subsidy:

The Public School Code (PSC) provides that school districts receive a transportation subsidy for most students who are provided transportation. Section 2541 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 Wallenpaupack Area School District (District) was overpaid \$36,622 in transportation reimbursements from the Pennsylvania Department of Education (PDE). This overpayment was due to the District over reporting the number of days and total approved miles traveled to transport students during the 2016-17 and 2017-18 school years, as well as over reporting the number of nonpublic school students transported during the 2014-15 and 2017-18 school years. We did not identify any transportation reporting errors for the 2015-16 school year.

Districts receive two separate transportation reimbursement payments from PDE. One reimbursement is based on the number of students transported, the number of days each vehicle was used for transporting students, and the number of miles of vehicles in service, both with and without students (i.e., regular transportation reimbursement). The other reimbursement is based on the number of charter school and nonpublic school students transported (i.e., supplemental transportation reimbursement). The errors we identified in this finding impact the District’s regular and supplemental transportation reimbursements received.

Regular Transportation Reimbursement Errors

Regular transportation reimbursement is based on several components that are reported by the District to PDE for use in calculating the District’s annual reimbursement amount. These components include, but are not limited to, the following:

- Total number of days each vehicle is used to transport students to and from school.
- Miles traveled with and without students for each vehicle.
- Students assigned to each vehicle.

Since the above listed components are integral to the calculation of the District’s regular transportation reimbursement, it is essential for the District to properly calculate, record, and report this information to PDE. PDE provides instructions to help districts report this information accurately. Relevant portions of these instructions are cited in our criteria section of this finding.

*Criteria relevant to the finding
(continued):*

The Pennsylvania Department of Education (PDE) instructions for Local Education Agencies (LEA) on how to complete the PDE-1049. The PDE-1049 is the electronic form used by LEAs to submit transportation data annually to PDE.

<http://www.education.pa.gov/Documents/Teachers-Administrators/Pupil%20Transportation/eTran%20Application%20Instructions/PupilTransp%20Instructions%20PDE%201049.pdf>
(accessed 2/11/20)

Daily Miles With

Report the number of miles per day, to the nearest tenth, that the vehicle traveled with pupils. If this figure changed during the year, calculate a weighted average or sample average.

Daily Miles Without

Report the number of miles per day, to the nearest tenth, that the vehicle traveled without pupils. If this figure changed during the year, calculate a weighted average or sample average.

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. The District completed this sworn statement for all four school years discussed in this finding. It is essential that the District accurately report transportation data to PDE and retain the support for this transportation data. Further, the sworn statement of student transportation data should not be filed with the state Secretary of Education unless the data has been double-checked for accuracy by personnel trained on PDE's reporting requirements. An official signing a sworn statement must be aware that by submitting the transportation data to PDE, he/she is asserting that the information is true and that they have verified evidence of accuracy.⁶

PDE guidelines state that districts should report the number of miles per day to the nearest tenth miles that each vehicle travels with and without students, and if that figure changes during the year, to calculate a sample average. PDE guidelines prohibit districts from including mileage that was used to transport students to summer and Extended School Year (ESY) programs.⁷ The Wallenpaupack Area School District used multiple transportation contractors for transportation services during the audit period. Several of the District's contractors provided transportation for summer and ESY programs. During the 2016-17 and 2017-18 school years, the District inaccurately reported to PDE the days and mileage some students were transported to summer and ESY programs.⁸ This was the primary cause for the overpayment of \$34,697 in regular transportation reimbursements. A secondary cause was a calculation error for one vehicle when the District was calculating a sample average.

Beginning with the 2016-17 school year, new District personnel were assigned to compile, process, and review transportation data. These new employees were unfamiliar with reporting requirements for summer/ESY transportation services. The District's Transportation Coordinator responsible for reporting this information prior to the 2016-17 school year provided "standard operating procedures" to assist the new personnel with reporting transportation data to PDE. However, the new personnel responsible for reporting transportation data to PDE, as well as the District official responsible for reviewing this transportation data prior to submission to PDE, misinterpreted the instructions relating to reporting ESY days. Despite having a secondary review of transportation data, the District official responsible for completing this review did not identify the inaccurate reporting of ESY days or the error in calculating the sample average for one vehicle.

⁶ 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 are, nonetheless, taken under oath. See <https://legaldictionary.net/sworn-statement/> (accessed September 4, 2019).

⁷ Extended School Year services are specialized education and related services that are provided to students with disabilities beyond the 180 day school year.

⁸ The District accurately reported this information during the 2014-15 and 2015-16 school years.

Criteria relevant to the finding (continued):

Number of Days

Report the number of days (a whole number) this vehicle provided to and from school transportation. Count any part of a day as one day. Depending upon the service the vehicle provided, this number could exceed or be less than the number of days the district was in session; however, summer school or “Extended School Year” (Armstrong v. Kline) transportation may not be included in this number. “Early Intervention” program transportation may be included. If the district received a waiver of instructional days due to a natural or other disaster (such as a hurricane), the waiver does not extend to transportation services. Only days on which transportation was actually provided may be reported.

Supplemental Transportation Subsidy for Nonpublic School Students

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

Sworn Statement and Annual Filing Requirement

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

Supplemental Transportation Reimbursements Errors

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.⁹ The PSC requires school districts to provide transportation services to students who reside in its district and who attend a nonpublic school and it provides for a reimbursement from the Commonwealth of \$385 for each nonpublic school student transported by the district. If a district transports one nonpublic student for one day, the district is eligible for the \$385 reimbursement.

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

Wallenpaupack Area School District Nonpublic School Student Reporting Errors		
School Year	Nonpublic School Students Over Reported ¹⁰	Overpayment ¹¹
2014-15	1	\$ 385
2017-18	4	\$1,540
Total	5	\$1,925

The District transported two charter school students during the 2014-15 school year and inaccurately reported one student as both a nonpublic school and charter school student. The District transported four charter school students during the 2017-18 school year and inaccurately reported all four students as both nonpublic school and charter school students. During the 2015-16 and 2016-17 school years, the District accurately reported the number of nonpublic school students transported.

The District did not have a review process in place during the audit period where someone other than the employee responsible for compiling the number of nonpublic school and charter school students reviewed this data for accuracy. A review of this nature could have helped identify the students reported as both nonpublic school and charter school students.

We provided PDE with reports detailing the errors we identified in the District’s regular transportation reimbursements received for the 2016-17 and 2017-18 school years and supplemental transportation reimbursements received for the 2014-15 and 2017-18 school years. PDE requires these

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

¹⁰ The District reported to PDE that 13 nonpublic school students were transported during the 2014-15 and 2015-16 school years. The District reported 12 nonpublic school students transported during the 2016-17 school year and 14 nonpublic school students transported during the 2017-18 school year.

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

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.” (Emphasis added.) Ibid.

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

Number of Nonpublic School Pupils Transported

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

reports to verify the overpayments to the District. The District’s future transportation subsidies should be adjusted by the amount of the overpayments.

Recommendations

The *Wallenpaupack Area School District* should:

1. Ensure personnel in charge of reporting transportation data to PDE are trained with regard to the PDE’s reporting requirements, specifically related to “approved mileage” and mileage used to transport students to summer and ESY programs.
2. Implement procedures that include a review of nonpublic school students by an employee other than the employee who prepared the data and ensure personnel in charge of reporting and reviewing this data are trained with regard to PDE’s reporting guidelines for nonpublic school students.
3. Ensure that the sworn statement of student transportation data is not filed with the state Secretary of Education until the data has been properly double checked for accuracy by personnel trained on PDE’s reporting requirements.

The *Pennsylvania Department of Education* should:

4. Adjust the District’s future allocations to resolve the \$36,622 overpayment to the District.

Management Response

District management provided the following response:

1. “The District acknowledges that errors related to summer transportation and extended school year were erroneously reported as reimbursable mileage. We have since updated our Transportation Coordinator Informational Guide to clearly state the reporting of extended school year and summer school are non-reimbursable. The Transportation Coordinator recognizes this practice and will ensure of no further errors. In addition, we will continually have the Transportation Coordinator involved in webinars offered through the membership with PASBO or information released by PDE.
2. The District recognizes the errors involved with reporting of nonpublic students and the Business Administrator has changed the monthly enrollment report to include detailed data on nonpublic students so reconciliation of the yearly transportation report may be verified with the information reported by the Transportation

Coordinator. The Business Administrator will continue to seek relevant training.

3. The transportation report will be completed by the Transportation Coordinator and reviewed and verified by the Business Administrator. Upon completion and prior to reporting deadline, both the Transportation Coordinator and Business Administrator will meet and review the report with the Superintendent prior to the sworn statement being signed.
4. The District acknowledges the transportation overpayment of \$36,622 will be deducted from future subsidies.”

Auditor Conclusion

We are encouraged that the District is taking corrective actions by revising its written procedures to clarify the proper reporting of extended school year and improving its review process of nonpublic school student reporting. We believe that the implementation of our recommendations will help the District accurately report transportation data to PDE. We will review the corrective actions implemented by the District during our next audit of the District.

Finding No. 2

The District Inaccurately Reported Nonresident Student Data Resulting in an Overpayment of \$18,654 and Lacked Required Documentation to Verify \$243,635 in Reimbursement Received

Criteria relevant to the finding:

The State Board of Education's regulations and PDE guidelines govern the classifications of nonresident children placed in private homes.

Payment of Tuition

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

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

The District reported a total of 48 students to PDE for reimbursements as nonresident foster students during the audit period. The District was reimbursed \$446,756 based on the reported information. We found that the District had adequate supporting documentation for only 17, or 35 percent, of the nonresident foster students reported to PDE. Of the other 31 nonresident foster students reported to PDE, we were able to determine that 5 were inaccurately reported. The remaining 26 students reported to PDE lacked the required supporting documentation for us to conclude on the accuracy of the reported residency status. The District was reimbursed \$243,635 for these 26 students, and we could not confirm the accuracy of the reimbursements received. Additionally, we found that the District failed to report three nonresident foster students. The net result of the District inaccurately reporting five nonresident foster students and failing to report three nonresident foster students was the District being overpaid \$18,654.

School districts are entitled to receive Commonwealth-paid tuition for educating certain nonresident students. To be eligible to receive Commonwealth-paid tuition, the student's parent/guardian must not be a resident of the educating district and 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.¹² Additionally, the district resident must be compensated for the care of the student.

These students are commonly referred to as "foster students" and it is the mandate of the educating District to obtain the required documentation to correctly categorize and accurately report the number of foster students educated to PDE. As previously stated, the District inaccurately classified and reported 5 students during the audit period, failed to report 3 students educated by the District, and did not obtain the required documentation to support the categorization and reporting of 26 additional foster students.

The primary reason that the District inaccurately reported five foster students during the audit period was that the District mistakenly reported foster students who were adopted by District residents. Once a student is adopted by a District resident, the student must be reported as a resident.

¹² For example, the applicable county children and youth agency.

*Criteria relevant to the finding
(continued):*

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

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

The secondary reason for the errors was that the District inaccurately reported a foster student being educated by another District.

The District’s failure to report three foster students during the audit period is attributable to the District’s registrar entering an incorrect residency code upon enrollment. The registrar intended to report these students as foster students, but made a clerical error when entering the residency code for these three students. The District’s lack of a review process contributed to the District not identifying and failing to be reimbursed for these students.

There was an array of required documentation lacking for the 26 foster students reported to PDE during the audit period. For example, the District reported some of these students for reimbursement without the address information for the student’s parent or guardian. Other documentation that was missing included annually updated records that would confirm if the District’s resident foster parent was being compensated for the care of the student and that each student annually continued to meet the requirements to be reported as a foster student.

The District lacked internal controls over the categorization and reporting of foster student data. The District did not have policies and procedures to assist personnel in accurately identifying a foster student, as well as the required documentation needed to support this categorization. The District relied on its registrar to enroll and categorize students registering at the District.

It became evident to us during our review that this employee was not adequately trained on the documentation necessary to report foster students and the requirements needed to be reported as a foster student. Additionally, the District did not have an adequate review process when a student was enrolled or when changes in residency status occurred. A District employee other than the registrar who was categorizing and enrolling students should have reviewed the documentation supporting this categorization prior to reporting to PDE. Finally, the District did not have procedures to review its categorization of nonresident foster students when new information was obtained by the District.

We provided PDE with reports detailing the errors we identified for the 2014-15, 2016-17, and 2017-18 school years. PDE requires these reports to verify the net overpayment to the District.

Recommendations

The *Wallenpaupack Area School District* should:

1. Ensure that District personnel responsible for enrolling students and making residency determinations are properly trained on the classifications of nonresident students and the required documentation needed for nonresident foster students.
2. Ensure that District personnel, other than the employee categorizing foster students, reviews student determinations for accuracy.
3. Reconcile the number of foster students reported to PDE to individual supporting documentation and ensure that a review of this reconciliation is performed by someone other than the employee who prepared the reconciliation.
4. Develop policies and procedures pertaining to the accurate reporting of foster students.

The *Pennsylvania Department of Education* should:

5. Adjust the District's allocation to correct the overpayment of \$18,654.

Management Response

District management provided the following response:

“The District acknowledges the errors related to inaccurately reporting of nonresident student data had occurred.

1. The District will conduct additional training to our Attendance Registrar on the proper procedures of enrolling students, maintaining current students and the importance of obtaining and keeping all the proper documentations. To ensure foster student documentation is complete our PIMS Director will be copied on all those documents and this will be kept in a secondary location.
2. The Business Administrator will review all student data prior to filing our PIMS reports with the assistance of our district secretary who is assigned to work with our PIMS Director.
3. Reconciliation procedures will be conducted with the assistances of the PIMS Director and Business Administrator, so all supporting documentation received by our Attendance Registrar for foster students are complete and accurate prior to any year end reporting.
4. The District has developed new procedures with the reporting of foster students with the development of new “1305 Guidelines” and

has standardized our foster student enrollment form. We will continue to update these guidelines should a change be warranted.

5. The District acknowledges the overpayment of reporting nonresident student data in the amount of \$18,654 and understands it will be deducted from future subsidies.”

Auditor Conclusion

We are encouraged that the District is taking corrective actions by providing training, creating procedures, and implementing a review process. We believe that implementing our recommendations will help the District accurately report nonresident foster student data to PDE. We will review the District’s corrective actions implemented during our next audit of the District.

Status of Prior Audit Findings and Observations

Our prior limited procedures engagement of the Wallenpaupack Area School District resulted in no findings or observations.

Appendix A: Audit Scope, Objectives, and Methodology

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

Our audit, conducted under authority of Sections 402 and 403 of The Fiscal Code,¹³ 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 Wallenpaupack 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).¹⁴ 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.

¹³ 72 P.S. §§ 402 and 403.

¹⁴ 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
- ❖ Nonresident Student Data
- ❖ Administrative Separations
- ❖ Reimbursements for Building Rentals and Sinking Fund Charges
- ❖ 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?¹⁵
 - To address this objective, we interviewed District personnel to get an understanding of the District's procedures for obtaining and reporting transportation data to PDE. We randomly selected 12 of 119 vehicles used to transport District students during the 2016-17 school year.¹⁶ For each vehicle tested, we obtained students rosters, odometer readings, and school calendars and verified that the number of students transported, miles with and without students, and number of days were accurately reported to PDE and that the District was reimbursed accurately for this reported data. During our testing, we found errors in the District's reporting of days vehicles used to transport students to extended school year services provided during the 2016-17 school year. Therefore, we expanded our testing to all vehicles used to transport students to extended school year services during the 2014-15, 2015-16, and 2017-18 school years.¹⁷ For these vehicles, we obtained school calendars and determined if the District accurately reported transportation data for these vehicles to PDE.
 - Additionally, we reviewed all 52 nonpublic school students and 10 charter school students reported to PDE as transported by the District during the 2014-15 through 2017-18 school years. We reviewed bus rosters, requests for transportation, and other supporting documentation to determine if all nonpublic school and charter school students transported by the District were

¹⁵ See 24 P.S. §§ 13-1301, 13-1302, 13-1305, 13-1306; 22 Pa. Code Chapter 11.

¹⁶ 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.

¹⁷ We reviewed an additional four vehicles during this time period. All four of these vehicles transported students to extended school year services and the District reported days used to transport students over the 180 days of the school calendar.

accurately reported to PDE and that the District received the correct amount of supplemental transportation reimbursements for these students.

The results of our review of this objective can be found in Finding No. 1 of this report.

- Did the District accurately report nonresident students to PDE? Did the District receive the correct reimbursement for these nonresident students?¹⁸
 - To address this objective, we interviewed District personnel to get an understanding of the District's procedures for obtaining and reporting nonresident membership data to PDE. We reviewed all 48 nonresident foster students reported by the District to PDE during the 2014-15 through 2017-18 school years. In addition, we reviewed the nine students who were coded as nonresident foster students on the District's child accounting records who not reported to PDE for reimbursement during the 2014-15 through 2017-18 school years. We obtained documentation to verify that the custodial parent and or guardian was not a resident of the District and the foster parent received a stipend for caring for the student. The student listings were compared to the total days reported on the Membership Summary and Instructional Time and Membership Report to ensure that the District received correct reimbursement for these students. The results of our review of this objective can be found in Finding No. 2 of this report.
- Did the District ensure that all individually contracted employees who separated employment from the District were compensated in accordance with their contract? Did employment contracts comply with the Public School Code¹⁹ and the Public School Employees' Retirement System guidelines?
 - To address this objective, we reviewed the contracts, board meeting minutes, board policies, and payroll records for all four individually contracted administrators who separated employment from the District during the period July 1, 2014 through January 10, 2020. Our review of this objective did not disclose any reportable issues.
- Did the District accurately report school building rental and sinking fund charges to PDE and obtain the correct amount of reimbursement for these costs?
 - To address this objective, we reviewed the District's General Fund ledgers and received confirmation for bond payments made for school years ending June 30, 2017, 2018, and 2019 to determine if lease payments agreed with reimbursement applications sent to PDE. Our review of this objective 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 clearances²⁰ as outlined in applicable laws?²¹ 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?

¹⁸ See 24 P.S. §§ 13-1301, 13-1302, 13-1305, 13-1306; 22 Pa. Code Chapter 11.

¹⁹ 24 P.S. § 10-1073(e) (2) (v).

²⁰ 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.

²¹ 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.

- ✓ To address this objective, we interviewed District personnel to get an understanding of the District’s procedures for ensuring drivers had required documentation. We randomly selected 31 of the 147 bus drivers transporting District students as of September 19, 2019.²² 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?²³
 - ✓ To address this objective, we reviewed a variety of documentation including, safety plans, training schedules, anti-bullying policies, fire drill documentation, and after action reports. Due to the sensitive nature of school safety, the results of our review of this objective area are not described in our audit report but are shared with District officials, PDE, and other appropriate agencies as deemed necessary.

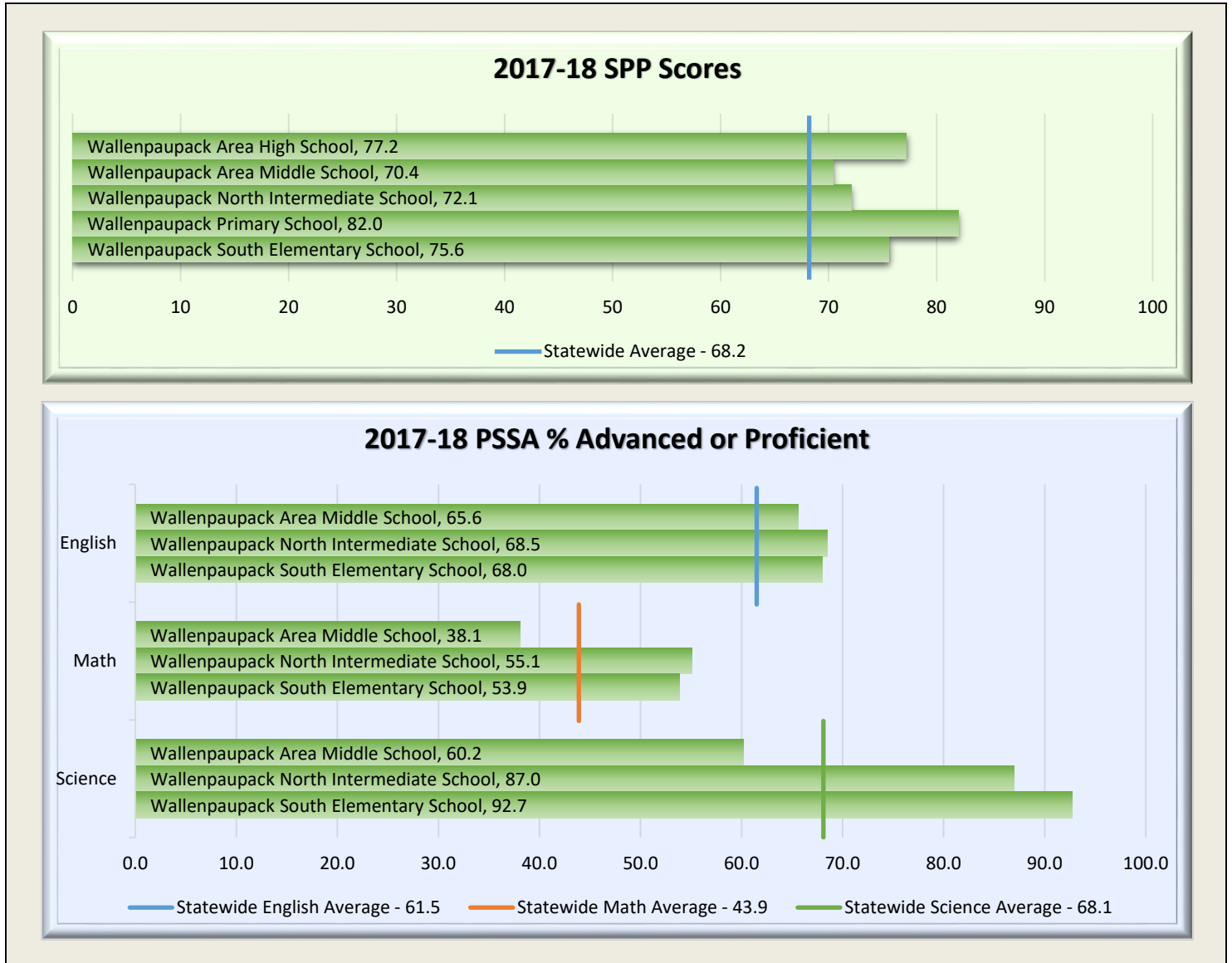
²² While representative selection is a required factor of audit sampling methodologies, audit sampling methodology was not applied to achieve this test objective, accordingly, the results of this audit procedure are not, and should not be, projected to the population.

²³ 24 P.S. § 13-1301-A *et seq.*

Appendix B: Academic Detail by Building

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

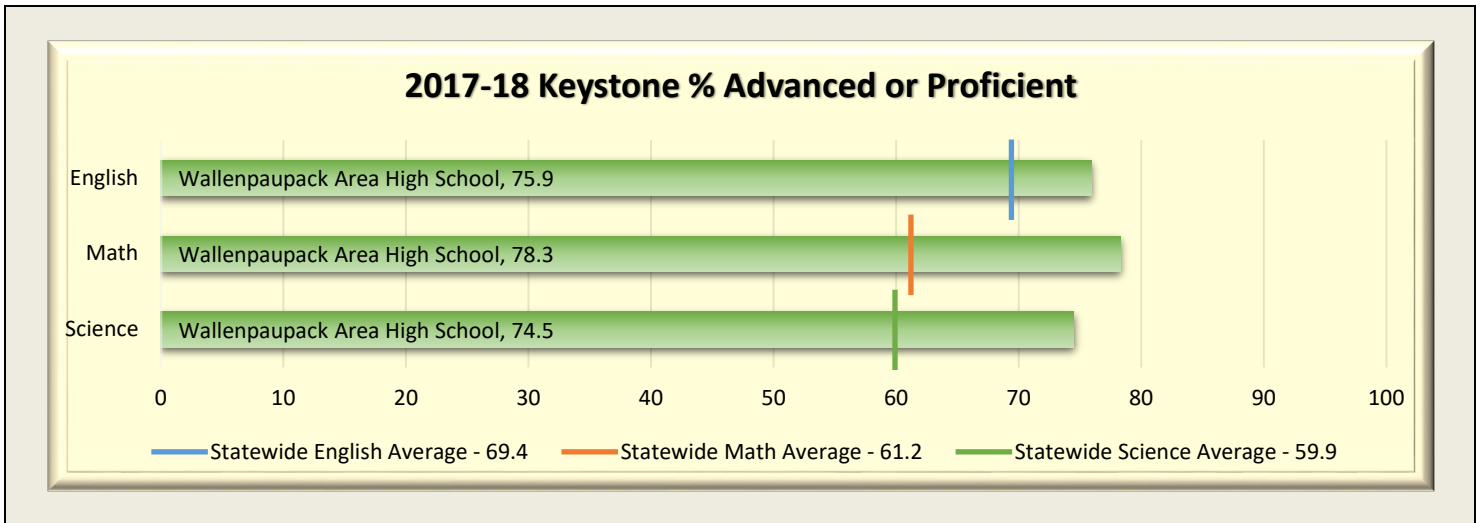
2017-18 Academic Data School Scores Compared to Statewide Averages



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

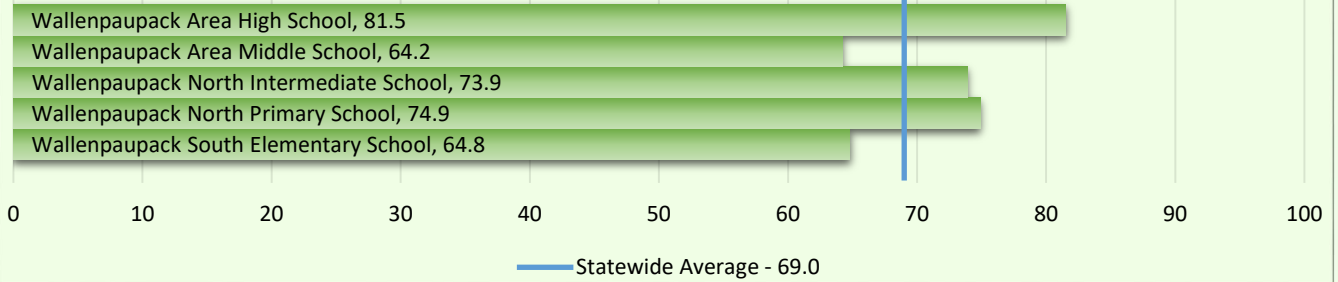
²⁵ PDE's data does not provide any further information regarding the reason a score was not published for a specific school. However, readers can refer to PDE's website for general information regarding the issuance of academic scores.

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

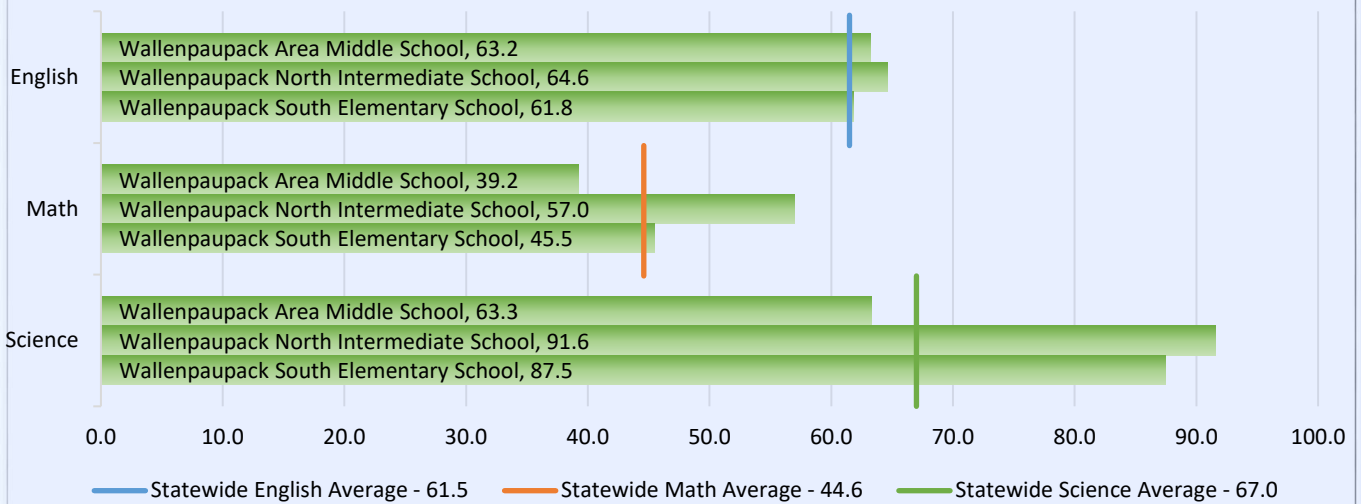


2016-17 Academic Data
School Scores Compared to Statewide Averages

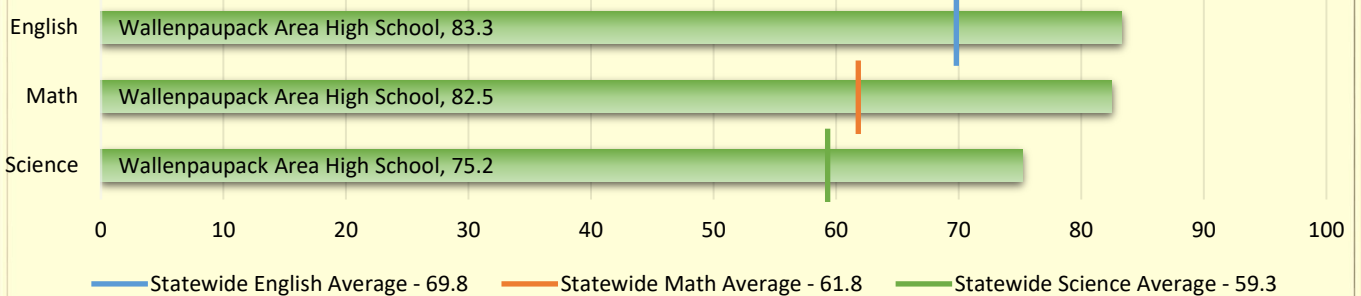
2016-17 SPP Scores



2016-17 PSSA % Advanced or Proficient

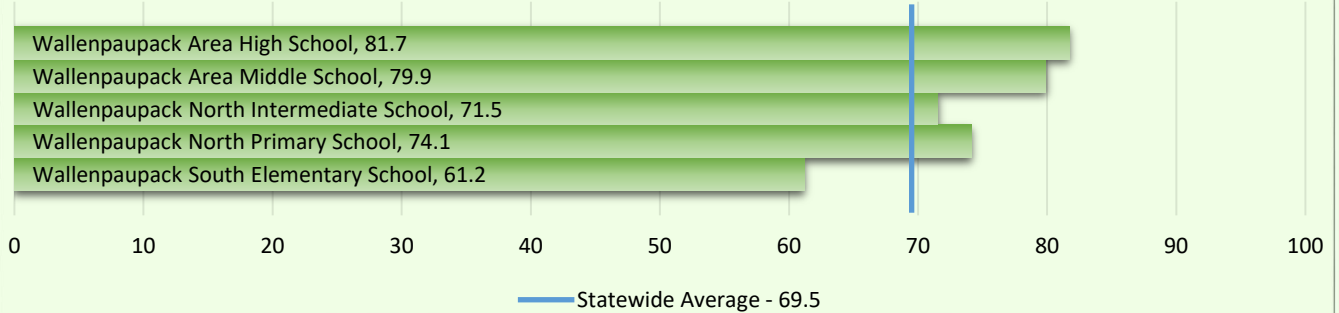


2016-17 Keystone % Advanced or Proficient

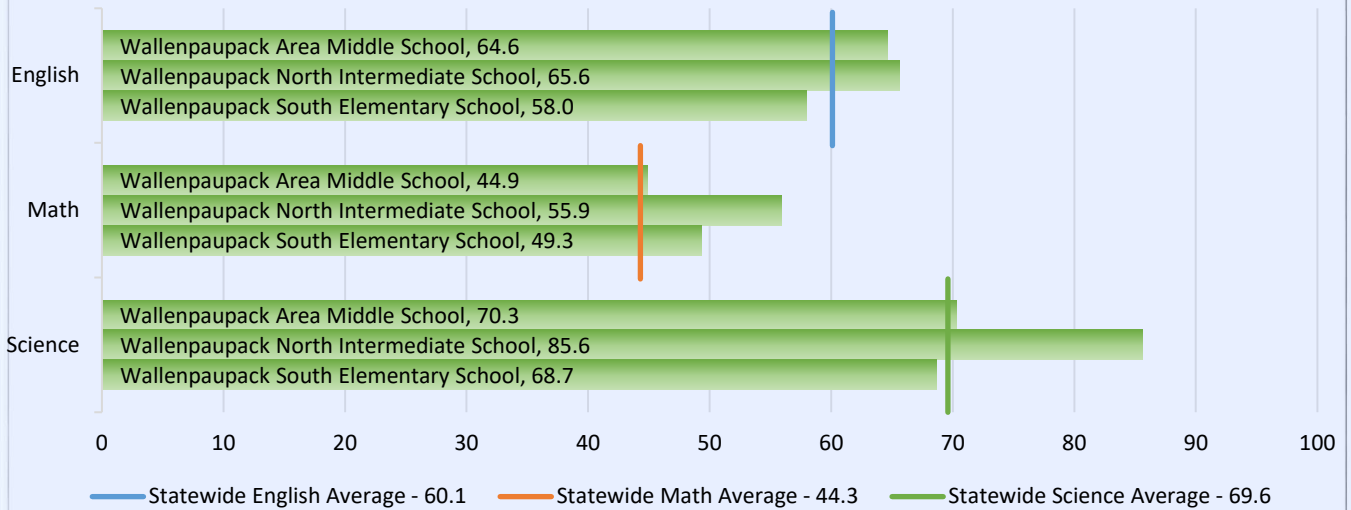


2015-16 Academic Data
School Scores Compared to Statewide Averages

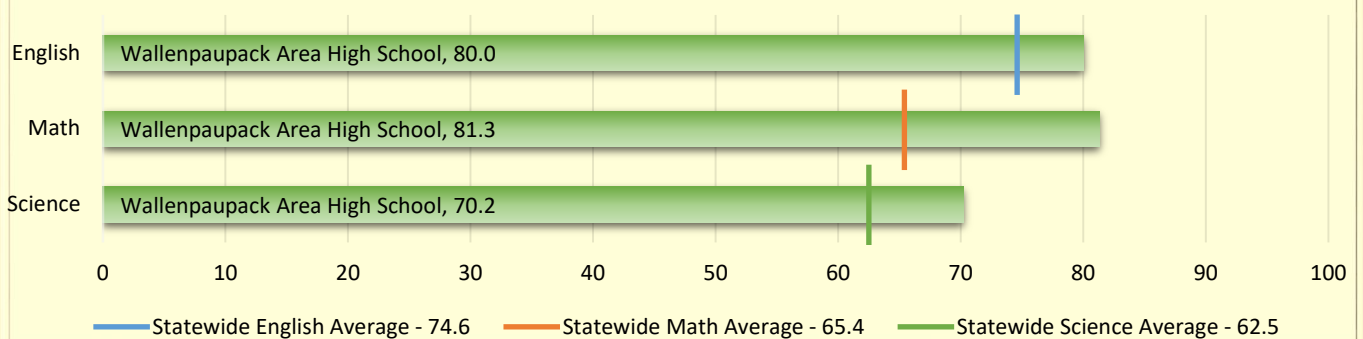
2015-16 SPP Scores



2015-16 PSSA % Advanced or Proficient



2015-16 Keystone % Advanced or Proficient



Distribution List

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

The Honorable Tom W. Wolf

Governor
Commonwealth of Pennsylvania
Harrisburg, PA 17120

The Honorable Pedro A. Rivera

Secretary of Education
1010 Harristown Building #2
333 Market Street
Harrisburg, PA 17126

The Honorable Joe Torsella

State Treasurer
Room 129 - Finance Building
Harrisburg, PA 17120

Mrs. Danielle Mariano

Director
Bureau of Budget and Fiscal Management
Pennsylvania Department of Education
4th Floor, 333 Market Street
Harrisburg, PA 17126

Dr. David Wazeter

Research Manager
Pennsylvania State Education Association
400 North Third Street - Box 1724
Harrisburg, PA 17105

Mr. Nathan Mains

Executive Director
Pennsylvania School Boards Association
400 Bent Creek Boulevard
Mechanicsburg, PA 17050

This report is a matter of public record and is available online at www.PaAuditor.gov. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: News@PaAuditor.gov.