

# PERFORMANCE AUDIT

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## West Mifflin Area School District Allegheny County, Pennsylvania

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November 2020



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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**EUGENE A. DePASQUALE  
AUDITOR GENERAL**

Mr. Jeffrey Soles, Superintendent  
West Mifflin Area School District  
1020 Lebanon Road, Suite 250  
West Mifflin, Pennsylvania 15122

Mr. Anthony DiCenzo, Board President  
West Mifflin Area School District  
1020 Lebanon Road, Suite 250  
West Mifflin, Pennsylvania 15122

Dear Mr. Soles and Mr. DiCenzo:

We have conducted a performance audit of the West Mifflin Area School District (District) for the period July 1, 2015 through June 30, 2019, except as otherwise indicated in the audit objective, scope, and methodology section of the report. We evaluated the District's performance in the following areas as further described in Appendix A of this report:

- Transportation Operations
- Bus Driver Requirements
- Financial Stability
- Administrator Separations

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.

The audit was conducted pursuant to Sections 402 and 403 of The Fiscal Code (72 P.S. §§ 402 and 403), and 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 objectives.

Our audit identified significant internal control deficiencies in the areas of transportation operations and bus driver requirements and those deficiencies are detailed in the two findings in this report. A summary of the results is presented in the Executive Summary section of the audit report. We also found that the District performed adequately in the other two bulleted areas listed above (financial stability and administrator separation).

Mr. Jeffrey Soles  
Mr. Anthony DiCenzo  
Page 2

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,



Eugene A. DePasquale  
Auditor General

November 2, 2020

cc: **WEST MIFFLIN AREA SCHOOL DISTRICT** Board of School Directors

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## Executive Summary

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### Audit Work

The Pennsylvania Department of the Auditor General conducted a performance audit of the West Mifflin 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, 2015 through June 30, 2019, except as otherwise indicated in the audit scope, objectives, and methodology section of the report (see Appendix A). Compliance specific to state subsidies and reimbursements was determined for the 2015-16 through 2018-19 school years.

### Audit Conclusion and Results

Our audit found that the District applied best practices and complied, in all significant respects, with certain relevant state laws, regulations, contracts, and administrative procedures, in the areas of financial stability and administrator separations. However, we found that the District did not comply with all requirements and we identified significant internal control deficiencies in the areas of transportation operations and bus driver requirements as detailed in the two findings of this report.

**Finding No. 1: The District Failed to Retain Required Supporting Documentation to Verify \$4.8 Million Received in Regular Transportation Reimbursements.** The District did not comply with the record retention provisions of the Public School Code when it failed to retain adequate source documentation to verify the accuracy of \$4.8 million it received in regular transportation reimbursements from the Pennsylvania Department

of Education for the 2015-16 through 2018-19 school years. We made four recommendations to address the issues we identified. (See finding beginning on page 8).

**Finding No. 2: The District Failed to Comply with Provisions of the Public School Code and Associated Regulations by Not Maintaining Complete Records and Properly Monitoring Its Contracted Bus Drivers.** The District failed to meet its statutory obligations related to the employment of individuals having direct contact with students during the 2019-20 school year by not maintaining complete and updated records and monitoring qualifications for all drivers transporting students utilizing its two transportation contractors. We also found that the District had a deficient contracted services policy that did not include the legal requirement to renew background clearances every five years. Finally, the District's Board of School Directors did not approve drivers prior to the start of the school year for its two transportation contractors. By not adequately maintaining and monitoring driver qualifications and having board approved drivers, the District could not ensure that all contracted drivers were properly qualified and cleared to transport students. We made six recommendations to address the issues we identified. (See finding beginning on page 12).

### Status of Prior Audit Findings and Observations.

There were two findings and two observations in our prior audit report that was released in November 2015.

With regard to the status of our prior audit recommendations to the District for Finding No. 1, we found that while the District did not specifically implement our recommendations; it did take some corrective action to increase its General Fund balance finding. (See page 19).

With regard to our prior audit Finding No. 2 related to professional employee certification deficiencies, we found that the District took appropriate corrective action to address our prior recommendations. (See page 20).

Our prior Observation No. 1 addressed the District's use of debt refinancing tools. During the current audit, we found that the District continued to refinance debt when it deemed it to be financially beneficial to the District. The District's actions resulted in a more balanced debt portfolio; however, we continued to recommend that the District exercise caution when utilizing debt refinancing tools. (See page 21).

The prior Observation No. 2 discussed the District's lack of clear guidance in its policy regarding meal reimbursements and purchases on the District-issued credit cards. We found that the District took appropriate corrective action to address our prior recommendations for prior Observation No. 2. (See page 21).

## Background Information

School Characteristics 2018-19 School Year*	
County	Allegheny
Total Square Miles	14.4
Number of School Buildings	5
Total Teachers	189
Total Full or Part-Time Support Staff	128
Total Administrators	18
Total Enrollment for Most Recent School Year	2,760
Intermediate Unit Number	3
District Career and Technical School	Steel Center for Career and Technology

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

## Mission Statement\*

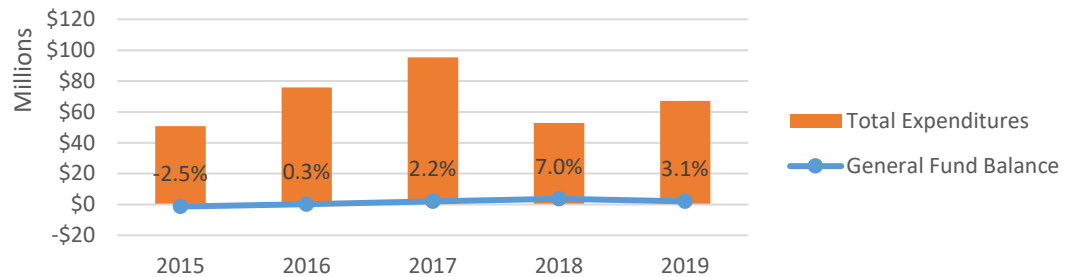
The mission of West Mifflin Area School District – in partnership with families and community – is to establish a challenging and safe learning environment, where all students will attain the quality education and life experiences to become responsible life-long learners and contributing members of an ever-changing global society.

## Financial Information

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

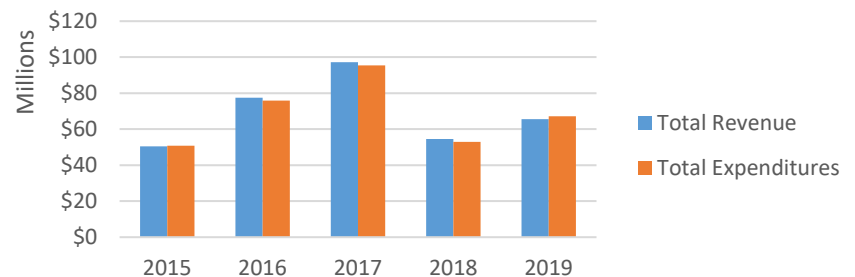
### General Fund Balance as a Percentage of Total Expenditures

	General Fund Balance
2015	(\$1,286,150)
2016	\$224,982
2017	\$2,123,735
2018	\$3,699,551
2019	\$2,099,989



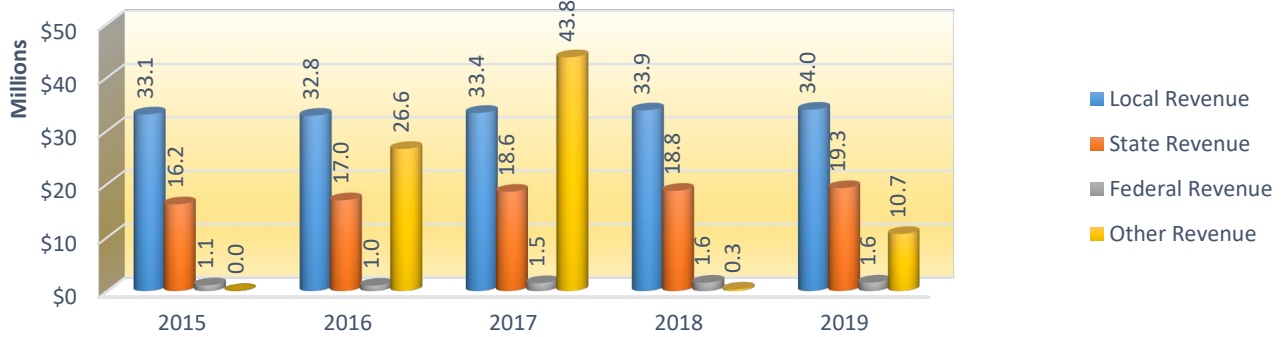
### Revenues and Expenditures

	Total Revenue	Total Expenditures
2015	\$50,407,411	\$50,810,019
2016	\$77,443,717	\$75,932,584
2017	\$97,249,580	\$95,350,828
2018	\$54,461,716	\$52,885,901
2019	\$65,517,351	\$67,116,911

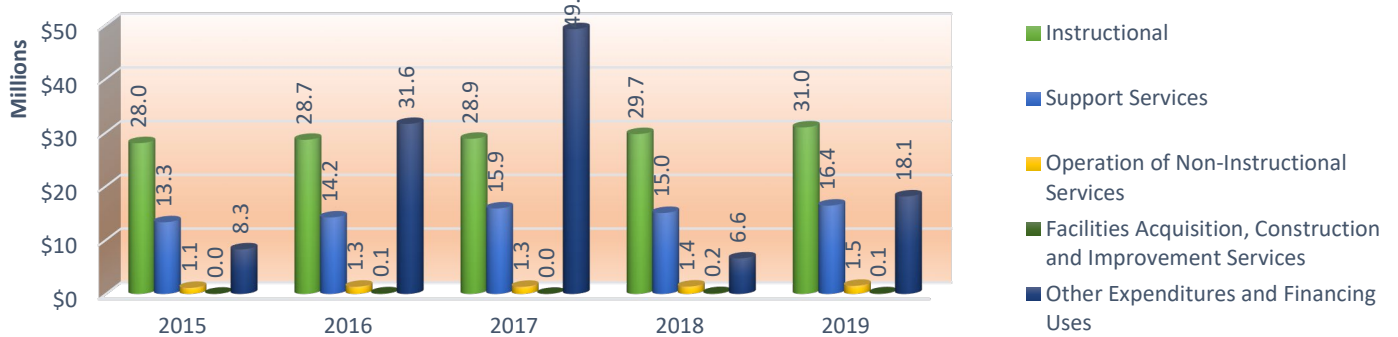


## Financial Information Continued

### Revenues by Source

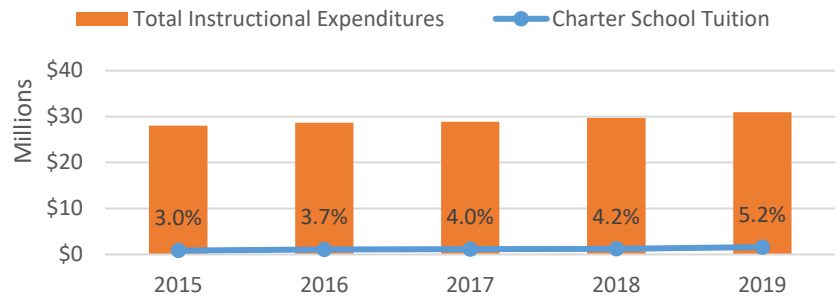


### Expenditures by Function

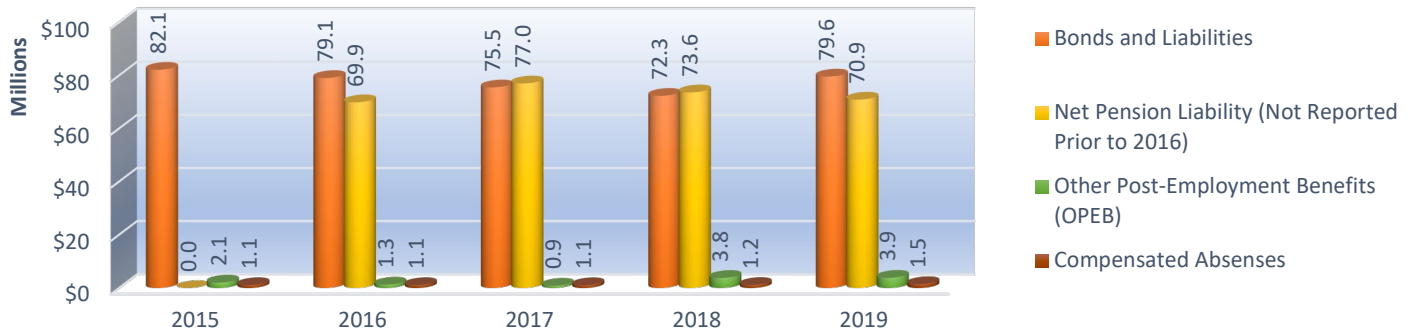


### Charter Tuition as a Percentage of Instructional Expenditures

Year	Charter School Tuition	Total Instructional Expenditures
2015	\$845,762	\$28,044,827
2016	\$1,066,506	\$28,656,286
2017	\$1,158,154	\$28,853,839
2018	\$1,235,362	\$29,730,425
2019	\$1,604,789	\$30,972,776



### Long-Term Debt



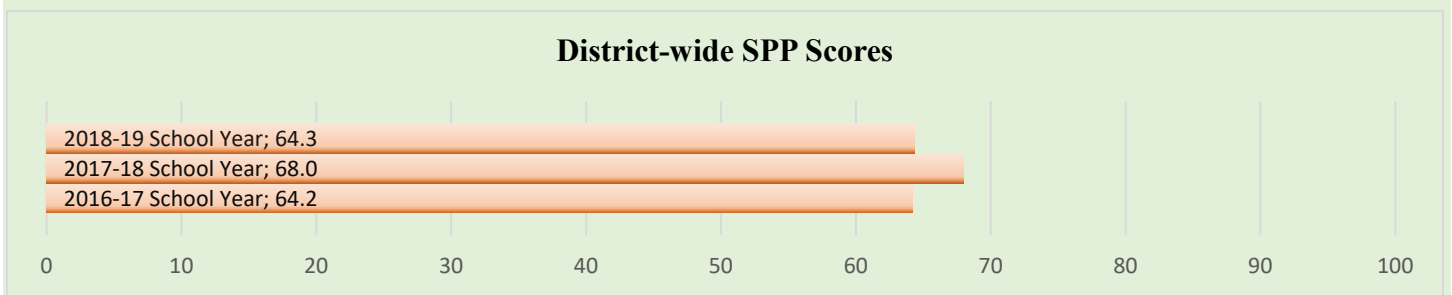


## Academic Information

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

### What is a SPP score?

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



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

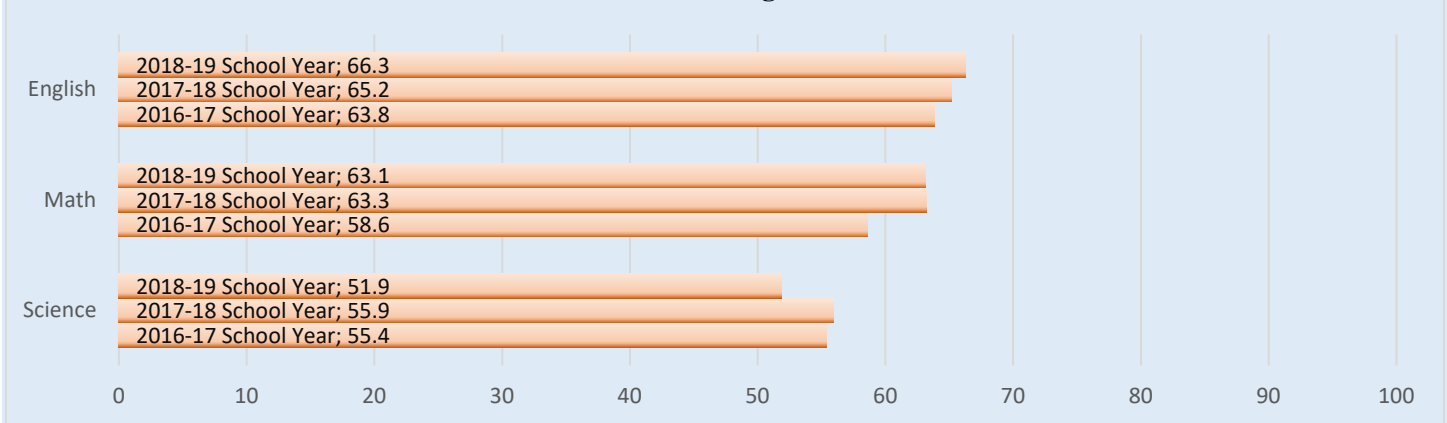
## Academic Information Continued

### 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.

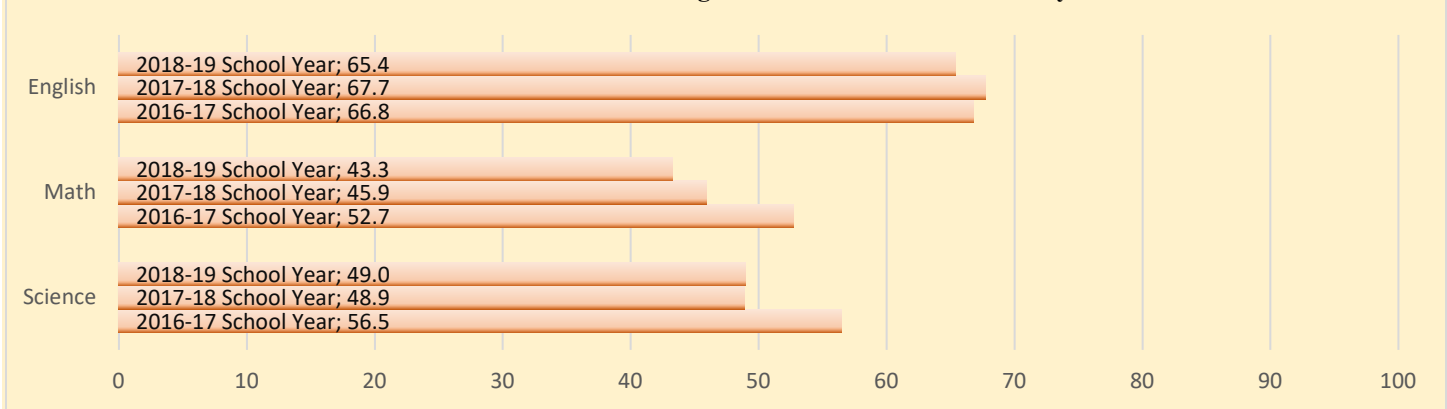
**District-wide Percent of Students Scoring Proficient or Advanced on PSSA**



### What is the Keystone Exam?

The Keystone Exam measures student proficiency at the end of specific courses, such as Algebra I, Literature, and Biology. The Keystone Exam was intended to be a graduation requirement starting with the class of 2017, but that requirement has been put on hold until the 2020-21 school year.<sup>2</sup> In the meantime, the exam is still given as a standardized assessment and results are included in the calculation of SPP scores. The Keystone Exam is scored using the same four performance levels as the PSSAs, and the goal is to score Proficient or Advanced for each course requiring the test.

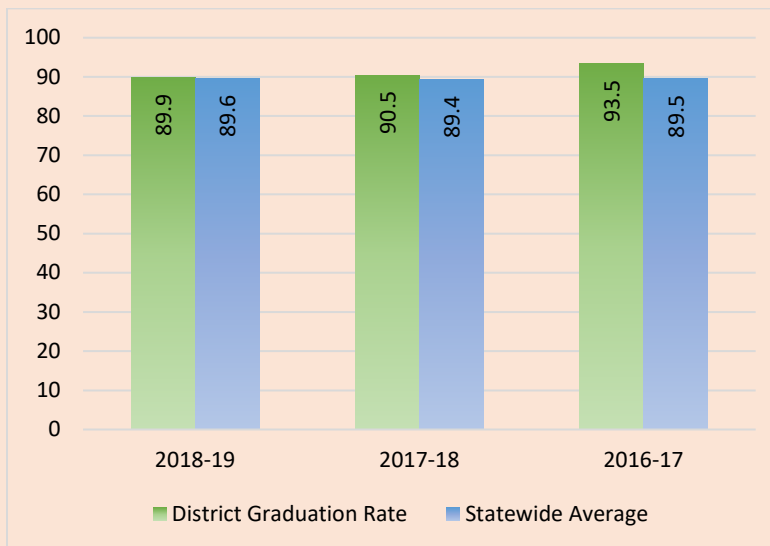
**District-wide Percent of Students Scoring Proficient or Advanced on Keystone Exams**



<sup>2</sup> Act 158 of 2018, effective October 24, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement until the 2021-22 school year. See 24 P.S. § 1-121(b)(1). Please refer to the following link regarding further guidance to local education agencies (LEAs) on Keystone end-of-course exams (Keystone Exams) in the context of the pandemic of 2020: <https://www.education.pa.gov/Schools/safeschools/emergencyplanning/COVID-19/Pages/Keystone-Exams.aspx>

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

PDE collects enrollment and graduate data for all Pennsylvania public schools, which is used to calculate graduation rates. Cohort graduation rates are a calculation of the percentage of students who have graduated with a regular high school diploma within a designated number of years since the student first entered high school. The rate is determined for a cohort of students who have all entered high school for the first time during the same school year. Data specific to the 4-year cohort graduation rate is presented in the graph below.<sup>3</sup>



<sup>3</sup> PDE also calculates 5-year and 6-year cohort graduation rates. Please visit PDE's website for additional information:  
<http://www.education.pa.gov/Data-and-Statistics/Pages/Cohort-Graduation-Rate.aspx>.

## Findings

### Finding No. 1

### The District Failed to Retain Required Supporting Documentation to Verify \$4.8 Million Received in Regular Transportation Reimbursements

#### *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 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 West Mifflin Area School District (District) did not comply with the record retention provisions of the Public School Code (PSC) when it failed to retain adequate source documentation to verify the accuracy of \$4.8 million it received in regular transportation reimbursements from the Pennsylvania Department of Education (PDE) for the 2015-16 through 2018-19 school years.

School districts receive two separate transportation reimbursement payments from PDE. The regular transportation reimbursement is broadly based on the number of students transported, the number of days each vehicle was used to transport students, and the number of miles that vehicles are in service, both with and without students. The supplemental transportation reimbursement is based on the number of charter school and nonpublic school students transported at any time during the school year. The failure to retain adequate supporting documentation precluded us from determining the accuracy of the District's regular transportation reimbursements for the 2015-16 through 2018-19 school years.

Without proper documentation, we were unable to determine the appropriateness of \$4,868,476 in regular transportation reimbursements received by the District during the 2015-16 through 2018-19 school years. 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 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.

It is also important to note that the PSC requires that all school districts annually file a sworn statement of student transportation data for the prior and current school year with PDE in order to be eligible for the transportation subsidies. The West Mifflin School 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

Criteria relevant to the finding  
(continued):

### Sworn Statement and Annual Filing Requirement

Section 2543 of the PSC sets forth the requirement for school districts to annually file a sworn statement, in a format prescribed by the Secretary of Education, of student transportation data for the prior and current school year with the Pennsylvania Department of Education (PDE) in order to be eligible for the transportation subsidies. See 24 P.S. § 25-2543.

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

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

<https://www.education.pa.gov/Documents/Teachers-Administrators/Pupil%20Transportation/eTran%20Application%20Instructions/PupilTransp%20Instructions%20SampleAverageWorksheet.pdf>  
(accessed 8/11/20).

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.<sup>4</sup>

### Lack of Supporting Documentation for Regular Transportation Reimbursement

PDE guidelines state that districts are required to report the number of miles per day, to the nearest tenth, that each vehicle travels with and without students. If this figure changes during the year, districts are required to calculate a weighted or sample average. The District was able to provide us with the summary information reported to PDE. This information was generated by the District’s transportation contractor. However, the District was unable to provide us with the completed documentation to support this reported information. Without complete odometer readings, student rosters, the school calendar, and transportation invoices, we were unable to determine the accuracy of the reported data to PDE and the total reimbursement received for these years. The table below shows the reimbursement received for each school year during the audit period.

West Mifflin Area School District Transportation Data Reported to PDE				
School Year	Reported Number of Vehicles	Reported Number of Students Transported	Reported Total Approved Annual Miles	Total Reimbursement Received
2015-16	113	2,878	676,884	\$1,093,922
2016-17	80	2,637	626,341	\$1,033,318
2017-18	87	2,874	733,650	\$1,266,307
2018-19	65	3,007	852,373	\$1,474,929
<b>Totals</b>	<b>345</b>	<b>11,396</b>	<b>2,889,248</b>	<b>\$4,868,476</b>

As illustrated in the table above, the reported number of students and total annual miles increased while the number of vehicles used to transport students decreased significantly over the audit period. Based on past accumulative experience, reported information of an inconsistent nature indicates possible errors, and; therefore, warrants a detailed review of the reported information. During the audit period, the District reported a large

<sup>4</sup> Please note that while a sworn statement is different from an affidavit, in that a sworn statement is not typically signed or certified by a notary public but are, nonetheless, taken under oath. See <https://legaldictionary.net/sworn-statement/> (accessed August 11, 2020)

*Criteria relevant to the finding  
(continued):*

**Form Completion Instructions –  
PDE 1049 Transportation Services  
Forms**

**Pupils Assigned**

Report the greatest number of pupils assigned to ride this vehicle at any one time during the day. Report the number of pupils assigned to the nearest tenth. The number cannot exceed the capacity. If the number of pupils assigned changed during the year, calculate a weighted or sample average.

**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.

**Number of Days**

Report the number of days (whole number) a vehicle provided transportation to and from school. Include nonpublic and other school calendars for Days in Service.

**Activity Run**

For pupils who stay after the end of the regular school day and are transported home on an “Activity Run,” sometimes referred to as a ‘late run’ the eTran system allows entry of this information by checking the ‘Activity Run’ box. Three data entry boxes will appear to enter the ‘Daily Miles With’, ‘Daily Miles Without’ and ‘Number of Days’ for the late run service only.

number of vehicles with either shared service<sup>5</sup> or one-way trips.<sup>6</sup> While reporting a large number of shared service and one-way trips can partially explain the reduction of vehicles during the audit period, it does not explain the reduction of almost half of the vehicles used to transport more students.

Additionally, the District reported inaccurate mileage data for the two vehicles that transported students on activity runs during the 2017-18 school year. An activity run is also referred to as a late run in PDE reporting guidelines. An activity run is a vehicle trip used to transport students who stay after normal school hours to their homes. Activity runs are usually used to transport students to their homes after extra-curricular activities. A weighted or sample average is required for vehicles used for activity runs and vehicles used to transport students to and from school during normal school hours. The District reported total mileage for both of its activity runs during the 2017-18 school year and not a weighted or sample average. The District reported one activity run as traveling more than 326 daily miles and the second activity run as traveling more than 407 daily miles. The accurate daily mileage when a sample average was calculated was 9.9 miles for the first activity run and 14.7 miles for the second activity run.

This significant over-reporting of mileage led to the District being overpaid transportation reimbursements; however, due to the District’s lack of documentation for the miles traveled and number of students for these vehicles during their regular runs, we were unable to quantify the reporting errors in monetary terms.

The District relied on its transportation contractor to calculate the transportation data required to be reported to PDE. The District’s contractor was able to provide summary data that was reported to PDE; however, the contractor was unable to produce complete odometer readings and student rosters to verify that the reported data was accurate. The District did not develop and implement procedures that addressed reviewing transportation data and retaining source documentation, despite language in the District’s contract stating that reports submitted by the contractor will be reviewed and signed off on by the District. We reviewed the summary reports submitted by the contractor and these reports lacked evidence of District review. The District was not obtaining the source documentation necessary to complete a review of data prior to submission to PDE. Additionally, the errors we found on the activity runs during the 2017-18 school year show that the District was not even performing a high level logical review of this information.

<sup>5</sup> Shared service is reported when a district shares a vehicle with another district, intermediate unit, or vocational education to transport students.

<sup>6</sup> A one-way trip is reported when a vehicle is used only for transporting students to or from school and not both.

*Criteria relevant to the finding  
(continued):*

**PDE Instructions for Sample Average Worksheet**

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.
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.**

**WEST MIFFLIN AREA SCHOOL DISTRICT TRANSPORTATION AGREEMENT (SUN COACH LINES, LLC, Effective July 1, 2016 to June 30, 2026)**

Section 8 of the contract states:

**“Reports and Form Preparation.**

Contractor shall prepare all forms required by any Government Agency including PDE 1043 and PDE 1049 forms in an electronic format so that the proper school authority need only to review, enter, and sign-off on these forms. Contractor agrees to furnish such reports as may be required by the Board or its designated representatives.”

The District failed in its fiduciary duties to taxpayers and was not in compliance with the PSC by not retaining this information. We could not determine the appropriate amount of regular transportation reimbursements the District should have received for the 2015-16 through 2018-19 school years. Any school district official who signs the annual sworn statement must ensure that the transportation data is reviewed for accuracy before he/she attests to the accuracy of the data. 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, including complying with the PSC’s record retention requirements.

**Recommendations**

The *West Mifflin Area School District* should:

1. Immediately take the appropriate administrative measures to ensure that it retains all documentation supporting the transportation data reported to PDE, including student bus rosters, mileage average calculations, and student rosters in accordance with the PSC’s record retention requirements.
2. Ensure that it is following the contractual language requiring that the District review and appropriately sign off on the transportation data compiled by the contractor.
3. Establish procedures to review transportation data. These procedures should include obtaining source documentation and reviewing this data for accuracy prior to reporting data to PDE.
4. Ensure that record retention procedures are documented and staff are trained on these procedures.

**Management Response**

District management provided the following response:

“The District acknowledges all recommendations and will work diligently towards implementation of such.”

**Auditor Conclusion**

We are encouraged that the District intends to implement procedures to address all of our recommendations. We will review the District’s corrective actions during our next audit of the District.

## Finding No. 2

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

### *Criteria relevant to the finding:*

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

Section 111 of the PSC requires state and federal criminal background checks and Section 6344(b) of the Child Protective Services Law (CPSL) requires a child abuse clearance. *See* 24 P.S. § 1-111 and 23 Pa.C.S. § 6344(b), as amended. Additionally, administrators are required to maintain copies of all required clearances. *See* 24 P.S. § 1-111(b) and (c.1) and 23 Pa.C.S. § 6344(b.1).

Furthermore, both the PSC and the CPSL now require recertification of the required state and federal background checks and the child abuse clearance every 60 months (or every five years). *See* 24 P.S. § 1-111(c.4) and 23 Pa.C.S. § 6344.4.

The District failed to meet its statutory obligations related to the employment of individuals having direct contact with students during the 2019-20 school year by not maintaining complete and updated records and monitoring qualifications for all drivers transporting students utilizing its two transportation contractors. We also found that the District had an outdated policy regarding contracted services that did not include the legal requirement to renew background clearances every five years. Finally, the District's Board of School Directors (Board) did not approve drivers prior to the start of the school year for its two transportation contractors. By not adequately maintaining and monitoring driver qualifications and having board approved drivers, the District could not ensure that all contracted drivers were properly qualified and cleared to transport students.

### **Background**

The District utilizes two transportation contractors to provide bus and van drivers (drivers) to transport District students. Contractor A is the primary transportation contractor, and Contractor B provides limited supplemental transportation for a specific student population.

### **Employment Requirements**

Several state statutes and regulations establish the minimum required qualifications for school bus drivers. The ultimate purpose of these requirements is to ensure the protection, safety, and welfare of the students transported on school buses.

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



*Criteria relevant to the finding  
(continued):*

With regard to criminal background checks, Sections 111(b) and (c.1) of the PSC require prospective school employees who have direct contact with children, including independent contractors and their employees, to submit a report of criminal history record information obtained from the Pennsylvania State Police, as well as a report of Federal criminal history record information obtained from the Federal Bureau of Investigation. *See* 24 P.S. § 1-111(b) and (c.1).

Moreover, Section 6344(a.1) and (b)(1) of the CPSL require school employees to obtain a Pennsylvania Child Abuse History Clearance to certify whether an applicant is named in the Statewide database as an alleged perpetrator in a pending child abuse investigation or as the perpetrator of a founded report or an indicated report. *See* 23 Pa.C.S. § 6344(a.1) and (b)(1).

As for contracted school bus drivers, Section 111(a.1)(1) specifies that bus drivers employed by a school entity through an independent contractor who have direct contact with children must also comply with Section 111 of the PSC. *See* 24 P.S. § 1-111(a.1)(1). *See also* CPSL 23 Pa.C.S. § 6344(a.1)(1).

Pursuant to Section 111(c.4) of the PSC, administrators are required to review the background clearances and determine if the clearance reports disclose information that may require further action. *See* 24 P.S. § 1-111(c.4).

1. Driver qualification credentials,<sup>7</sup> including:
  - a. Valid driver’s license (Commercial driver’s license if operating a school bus).
  - b. Valid school bus endorsement card, commonly referred to as an “S” card, indicating completion of skills and safety training (if operating a school bus).
  - c. Annual physical examination (if operating a school bus).
2. Criminal history reports/clearances:
  - a. State Criminal History Clearance (PSP clearance).
  - b. Federal Criminal History Clearance, based on a full set of fingerprints (FBI clearance).
  - c. PA Child Abuse History Clearance.

### **Failure to Meet Employment Requirements**

We obtained a list of drivers transporting students during the 2019-20 school year for the District, and we verified the completeness of that list with the District’s two contractors. We requested and reviewed the District’s personnel files for all 54 contracted drivers to determine whether the District complied with driver and background clearance requirements, including the maintenance and monitoring of required documentation during our review period.

Our review found that the District did not adequately maintain and monitor required documentation from either of its contractors. More importantly, we determined that one driver had a criminal conviction potentially impacting employment eligibility that was not properly considered by the District.

### ***Criminal Conviction Potentially Impacting Employment Eligibility***

We found that one driver employed by Contractor A had a disqualifying criminal conviction that may have prevented the initial hiring and/or continued employment of this individual as a bus driver. Specifically, we determined this individual had a criminal conviction that barred employment from September 15, 2016 until September 15, 2021, based on Section 111(f.1)(2) of the PSC requiring a look-back period for a specific misdemeanor offense before being eligible for employment.<sup>8</sup> The individual had a conviction for a misdemeanor in the first degree that required a 5-year look-back period.<sup>9</sup>

<sup>7</sup> Pennsylvania’s Vehicle Code, 75 Pa.C.S. §§ 1508.1 (relating to Physical examinations) and 1509 (relating to Qualifications for school bus driver endorsement).

<sup>8</sup> *See* 24 P.S. § 111(f.1)(2) providing for the following: “(2) If a report of criminal history record information or a form submitted by an employe under subsection (j) indicates the person has been convicted of an offense graded as a **misdemeanor of the first degree**, other than one of the offenses enumerated in subsection (e), the person shall be eligible for continued or prospective employment only if a period of **five years** has elapsed from the date of expiration of the sentence for the offense.” (Emphases added.)

<sup>9</sup> *Ibid.*

*Criteria relevant to the finding  
(continued):*

Administrators are also required to review the required documentation according to Section 111(g)(1) of the PSC. This section provides that an administrator, or other person responsible for employment decisions in a school or institution under this section who willfully fails to comply with the provisions of this section commits a violation of this act, subject to a hearing conducted by PDE, and shall be subject to a civil penalty up to \$2,500. See 24 P.S. § 1-111(g)(1).

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

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

We also found that neither the District nor the contractor were able to provide a date of hire for this individual. Without knowing when this individual began transporting students for the District, we were unable to determine whether or not the individual was eligible for employment at the time of hire. Further, in the alternative, if the conviction occurred during employment, we found no evidence that the District was timely notified or considered the impact of the barred conviction on continued employment eligibility.

Finally, an *Arrest/Conviction Report and Certification Form (PDE-6004 Form)* is another required document under the PSC that must be maintained and considered by districts when determining initial and continued employment eligibility.<sup>10</sup> During our review, the District provided a *PDE-6004 Form* for this individual that indicated no reportable offenses, yet the criminal background clearance documents showed a conviction. We reviewed an email that Contractor A sent to the District in which the contractor incorrectly stated that the individual did not have any reportable offenses. Therefore, it appears that the District did not identify or question the discrepancy between the background clearance and the self-reported information on the *PDE-6004 Form*.

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

During our initial records review, we found that the District failed to have on file at least one required driver qualification or clearance document for 8 of the 54 drivers. Upon notification, the District worked with its two contractors to obtain the missing and/or expired documentation. As of July 13, 2020, all missing and/or expired documentation was obtained for these drivers, with the exception of two drivers with expired PSP clearances and one other driver with an expired “S” endorsement card.

### ***Lack of Standardized Review Process and Ongoing Monitoring Procedures***

The District lacked a standardized review process and ongoing monitoring procedures to ensure that all contracted transportation employees having direct contact with children were properly qualified prior to and throughout employment. The lack of a standardized process and insufficient monitoring resulted in missing documentation for both transportation contractors. The District utilized a driver qualification spreadsheet, but it did not appear to be actively monitored and updated. The monitoring spreadsheet also lacked hiring dates, so the District did not know when a driver started transporting District students.

<sup>10</sup> Pursuant Act 24 of 2011 and Act 82 of 2012, convictions of specific criminal offenses are defined under Sections 111(e) and (f.1) of the PSC, effective September 28, 2011 and July 1, 2012, respectively. See 24 P.S. § 1-111(e) and (f.1).

*Criteria relevant to the finding (continued):*

See also PDE's "Clearances/Background Check" web site for current school and contractor guidance (<https://www.education.pa.gov/Educators/Clearances/Pages/default.aspx>).

Effective July 1, 2012, Section 111(j)(2) of the PSC was amended to require all prospective employees to submit an Arrest/Conviction Report and Certification Form (PDE-6004 Form), including the Section 111(f.1) criminal offenses, to their administrator prior to employment indicating whether or not they have ever been arrested or convicted of any of the reportable offenses provided for in Section 111(e) or (f.1). Further, retroactively effective on December 31, 2015, Section 111(j)(2) was amended by Act 4 of 2016 to require that the PDE-6004 Form include a certification of whether or not an employee was named as a perpetrator of a founded report of child abuse within the past five (5) years as defined by the CPSL. Please note that the district or contracted employee must sign the form subject to a disclaimer indicating that the employee is signing the form with the acknowledgment that any "false statements herein, including, without limitation, any failure to accurately report any arrest or conviction for a Reportable Offense, shall subject [them] to criminal prosecution under 18 Pa.C.S. § 4904, relating to unsworn falsification to authorities." See 24 P.S. § 1-111(f.1) and (j)(2) (Act 24 of 2011, Act 82 of 2012, and Act 4 of 2016) and PDE-6004 Form instructions.

While transportation contractors have an obligation to ensure driver compliance with qualification and clearance requirements, it is ultimately the school district's responsibility to determine all drivers' fitness and eligibility before they begin transporting students and then to monitor eligibility for continued employment. As such, establishing a standardized review process and ongoing monitoring procedures is crucial to a district ensuring that its contracted drivers meet all employment requirements. This responsibility has been heightened by recent amendments to the PSC and the Child Protective Services Law (CPSL) requiring that all clearances be renewed every five years. Without a process to monitor the expiration dates on these items, the District would be unaware of when drivers with expired credentials and/or clearances are transporting students.

The District's lack of monitoring of ongoing bus driver qualifications and clearances caused the District to have incomplete files, which resulted in the District not complying with the PSC, the CPSL, the state Vehicle Code, the State Board of Education regulations, and PDE guidance documents.

The District could not provide specific answers as to why it failed to maintain complete and updated driver records and monitor qualification requirements because the staff responsible for drivers' records during our review period were no longer employed by the District.

### **Board Failed to Approve Drivers**

Based on our interviews with District officials and a review of board meeting minutes, we found that the Board did not approve bus drivers as required by the State Board of Education regulations. The Board's failure to approve bus drivers also resulted in non-compliance with the District's Policy No. 810, *Transportation*, which requires the Board to annually approve a list of contracted bus drivers. While the Board approved the transportation contracts and the District obtains a driver list from each contractor at the start of the year, the Board did not approve the drivers on these contractor lists.

The Board relied on District administrators to monitor and ensure all drivers were qualified to transport its students. As the governing body of the District, the Board should have implemented procedures to verify that the administrators were properly monitoring its contracted drivers. Although the District was able to obtain most of the driver's credentials after we identified them as missing, its lack of standard written procedures and outdated policies increased the risk of harm to students. Furthermore, the District did not fulfill its responsibility to maintain an adequate system of internal controls and failed to ensure the validity, completeness, and on-going monitoring of its bus driver's records.

*Criteria relevant to the finding  
(continued):*

The District's Policy No. 818, *Contracted Services Personnel*, states, in part:

“. . . The district is required to ensure that such contractors comply with certain legal requirements regarding contractor employees involved in the delivery of services to the district. This policy is adopted to outline those requirements and the manner in which the district shall direct and monitor contractor compliance. . . . The Superintendent or designee shall review all information provided pursuant to this policy and determine if information is disclosed that precludes employment or continued service of an independent contractor or contractor employee. . . .”

## Deficient Board Policy

During our review, we noted that the District's Policy No. 818, *Contracted Services Personnel*, was adopted in 1992 and last revised in 2019. This policy requires independent contractors and their employees who have direct contact with students to comply with the mandatory background check requirements for criminal history and child abuse. This policy also requires the District to ensure that all contractors submit a report of criminal history record information and an official child abuse clearance statement for each contractor's prospective employees prior to employment and to maintain a copy of the required information.

The 2019 revision of this policy was not in alignment with current statutory and regulatory law since it did not incorporate the significant changes to laws and regulations that were made to the PSC and the CPSL related to background clearances in recent years.<sup>11</sup> For example, both the PSC and the CPSL were amended to require that all three background clearances be obtained every five years.<sup>12</sup> Policy No. 818 does not address this important legislative change.

Also, as previously stated, Policy No. 810, *Transportation*, requires the Board to annually approve the list of contracted drivers. However, the policy does not address the requirement of Board approval for new drivers hired during the school year. It is important that the District updates its policies to reflect the current laws and regulations.

## Conclusion

The District and its Board did not meet their statutory obligations to ensure that bus drivers were qualified and eligible to transport students. Specifically, the District and its Board did not comply with all applicable laws, regulations, and PDE guidance documents when it failed to obtain, review, and maintain all required bus driver qualifications and clearances and when it failed to have the Board approve all drivers. Additionally, the District lacked a standardized process for adequately monitoring and updating ongoing driver requirements throughout employment. Finally, the District failed to update its board policy specific to contracted services.

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<sup>11</sup> Please note that our General Assembly has continually refined and enhanced the background clearance requirements first enacted in the mid-1990s and related child protection provisions by enacting more **than 20 pieces** of legislation since 2013, including improved reporting and mandated reporter requirements, to ensure that individuals such as bus drivers do not have criminal offenses on their record that would preclude them from having direct contact with children and to prevent and decrease child abuse in Pennsylvania. See <http://www.keepkidssafe.pa.gov/about/cpsl/index.htm> (accessed July 14, 2020).

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

Ensuring that ongoing credential and clearance requirements are satisfied are vital student protection obligations and responsibilities placed on the District and its Board. The ultimate purpose of these requirements is to ensure the safety and welfare of students transported on school buses. The use of a contractor to provide student transportation does not negate these important legal and governance obligations and responsibilities of the District.

## **Recommendations**

The *West Mifflin Area School District* should:

1. Comply with the PSC's requirements to obtain, review, and maintain required credentials and background clearances for all contracted employees that have direct contact with students.
2. Develop and implement standardized written procedures requiring it to determine driver eligibility prior to employment and to conduct routine and ongoing monitoring of driver records. These procedures should ensure that all required credentials and clearances are obtained, reviewed, and on file at the District prior to individuals transporting students, and that all required documentation is continuously monitored, updated, and complete. The procedures should also require the administration to attest in an open and public meeting before the Board that the list of drivers provided for approval contains only drivers for whom the District has obtained all of the required records.
3. Promptly update board policies and procedures for contracted services to address the requirements of all laws, regulations, and the PDE guidance document that governs transportation and safety of all District students. These policies should clearly establish the District's and the Board's legal duty to ensure that drivers are qualified and have obtained all clearances, regardless of whether they are employed by contractors, before the District authorizes them to transport District students, as well as the requirement to obtain updated clearances every five years.
4. Review Section 111 of the PSC, as well as the relevant provisions of the CPSL, the Pennsylvania Vehicle Code, and the Pennsylvania Department of Transportation regulations and apply the standards of employment to all contracted transportation employees. This includes reviewing all background clearance documents for current and prospective bus drivers and documenting continued employment eligibility on a case-by-case basis with student safety serving as the utmost consideration.
5. Provide training on Section 111 of the PSC, as well as the relevant provisions of the CPSL, the Pennsylvania Vehicle Code, and the Pennsylvania Department of Transportation regulations to staff

responsible for reviewing qualifications and those tasked with maintaining up-to-date personnel files for contracted bus and van drivers.

6. Provide an up-to-date driver listing, including hire date, to the Board for approval before the start of each school year in accordance with the State Board of Education regulations. New drivers added during the school year should also be presented to the Board for approval.

### **Management Response**

District management provided the following response:

“The District acknowledges all recommendations and will work diligently towards implementation of such.”

### **Auditor Conclusion**

We are encouraged that the District intends to implement procedures to address all of our recommendations. We will review the District’s corrective actions during our next audit of the District.

## Status of Prior Audit Findings and Observations

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Our prior audit of the West Mifflin Area School District (District) released on November 17, 2015, resulted in two findings and two observations, 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 interviewed District personnel and performed audit procedures as detailed in each status section below.

### Auditor General Performance Audit Report Released on November 17, 2015

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**Prior Finding No. 1:           The District Experienced Two Consecutive Years of a Negative General Fund Balance**

Prior Finding Summary:       During our prior audit, our review of the District’s financial records found the District reported a declining fund balance for three of the seven years under review and General Fund deficits were reported for the fiscal years ended June 30, 2010 and June 30, 2011. The District also had concerning current and debt-to-asset ratios. Finally, the District experienced an increase in charter school costs as well as decreasing effective tax rates. While the District’s General Fund balance as of June 30, 2011 was **(\$791,632)**, it had risen to \$1,549,591 by the end of the prior audit period, June 30, 2012. In its response to our finding, District management provided some explanation for its declining financial position and pointed to the positive fund balance in 2012 as evidence that the District was taking measures to increase its fund balance.

Prior Recommendations:       We recommended that the District should:

1. Provide the Board of School Directors (Board) standard monthly updates on key financial benchmarks so that policy changes can be made before the District’s financial condition worsens.
2. Maintain and monitor sensitive budgetary controls so that expenditures do not exceed revenues.
3. Open a dialogue with the District’s communities, West Mifflin and Whitaker Boroughs, to keep stakeholders informed of the financial status and health of the District.
4. Conduct a survey for parents sending children to a charter school to determine the reason why the District is losing more students to charter schools.

Current Status:               We found that since the prior audit, the District initially struggled to maintain its positive fund balance as it experienced three consecutive years of negative fund balances (June 30, 2013, 2014, and 2015). However, beginning in the fiscal year 2016, the District was able to achieve a positive fund balance. While the District did not specifically implement our prior audit recommendations, it did take actions that resulted in a positive fund balance of \$2,099,989 by June 30, 2019.

Although the Board did not receive standard monthly updates on key financial benchmarks as we had recommended, the Board did receive monthly treasurer reports, cash disbursement reports, and monthly revenue and expenditure reports. Further, District officials indicated that the annual budget is discussed throughout the year and key stakeholders are included in this discussion.

District officials also stated that retaining its students in District schools is a focus of operational changes. Charter school costs as a percentage of expenditures remained relatively steady increasing from 1.71% to 2.87% and as of June 30, 2019 total charter schools costs were \$1,604,789.

While it appears that the District became more financially stable throughout the audit period, its fund balance remains far below the amount recommended by the Government Finance Officers Association (GFOA) as a best practice. GFOA recommends that districts maintain an unrestricted fund balance to cover at least 2 months of operating expenditures. The District's 2019 fund balance falls far short of the recommended \$9.3 million. We again recommend that the District continue to take actions necessary to ensure a stable financial position that includes increasing the General Fund balance and avoiding operating deficits.

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**Prior Finding No. 2: School District Professional Employees' Certification Deficiency**

Prior Finding Summary: During our prior audit, our review of the District's professional certification documentation found that one individual was teaching with a lapsed certificate during the 2011-12 and 2012-13 school years. The Pennsylvania Department of Education's (PDE) final review confirmed the deficiency, and the District was subject to subsidy forfeitures of \$2,184 and \$2,175 for the 2011-12 and 2012-13 school years.

Prior Recommendations: We recommended that the District put procedures in place to ensure all professional employees are properly certified for their assignments. We also recommended that PDE recover the \$4,359 in subsidy forfeitures.

Current Status: We found that the individual cited in our prior audit is no longer employed with the District. This individual separated employment from the District in November 2015. District officials stated that its building principals are responsible for ensuring that all individuals in their respective school buildings have proper certifications for their assignments. We also found that in June 2016, PDE implemented a subsidy forfeiture against the District in the amount of \$4,359.



**Prior Observation No. 1: The District’s Multiple Refinancing of Debt Results in Excess Interest Costs and Unnecessarily Burdens Future Taxpayers**

Prior Observation Summary: Our prior audit found that the District engaged in the refinancing of its debt multiple times over an eight year period. The refinancing was done in an effort to lower the District’s total annual debt payments and provide for more current operating income in light of a worsening financial situation. The refinancing and staff reductions allowed the District to eliminate a \$3.1 million deficit at the end of the 2010-11 school year without raising taxes. However, we opined that the repeated use of debt refinancing was not a sound, long-term financial strategy and could lead to future increased interest costs and large balloon payments.

Prior Recommendations: We recommended that the District should:

1. Only issue refunding instruments that mature no later than the original bond issue’s maturity date.
2. Only issue bond obligations that result in a more balanced principal repayment process rather than balloon payments the last few years of the bond period.
3. Limit issuing bonds to an infrequent process, thus reducing the incurrence of, and financing of, bond issuance costs to a minimum.

Current Status: The District partially implemented our recommendations. The District did refund debt during the audit period that extended maturity dates; however, the District’s current debt portfolio is more balanced. We found that beginning with the 2017-18 school year, the District’s debt portfolio contains more principal than interest payments. While the District did refund debt multiple times during the audit period, District officials stated that lending costs are taken into consideration in all refinancing to ensure that each refinancing is financially beneficial to the District. We continue to recommend that the District exercise caution when making refinancing decisions but since the District’s refinancing decisions made during the audit period resulted in a more balanced debt portfolio, we consider this prior observation resolved.

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**Prior Observation No. 2: School District Lacked Written Policy Relating to Meals Purchased on District Credit Cards**

Prior Observation Summary: During our prior audit of the District’s procurement card policy and procedures, we found that eight administrators expended \$25,554 during a 12 month period covering November 2013 through October 2014. Additionally, seven of the administrators charged a total of \$5,863 for food purchases, including restaurant meals in violation of the District’s policy since the policy did not explicitly provide for meal expenses in lieu of mileage reimbursement.

Prior Recommendations: We recommended that the District monitor compliance with the revised policy to ensure that purchases are for authorized business use only and are a prudent use of District funds.

Current Status: The District implemented our prior audit recommendation. The District adopted a revised Policy No. 331 titled “Job Related Expenses” on January 22, 2015. This policy contained the following language, “When Administrators are required to attend an evening meeting or school event, the Administrator will have a choice of reimbursement for mileage or a meal, which can be charged to a Procurement Card. The limit on meals is \$25 per meal. Employees cannot charge job related expenses of other employees to their accounts or procurement cards.”

The District provided documentation that the Board’s Finance Committee reviews credit card purchases for compliance with the revised policy and to ensure purchases are for authorized business use only. Policy No. 331 also requires the *Local Travel Reimbursement Form* to be completed monthly, and all receipts must be attached to the form. The policy also requires approval of both the business manager and superintendent. Based on the actions the District has taken since the prior audit, we consider this observation resolved.

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

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

Our audit, conducted under authority of Sections 402 and 403 of The Fiscal Code,<sup>13</sup> is not a substitute for the local annual financial audit required by the Public School Code of 1949, as amended. We conducted our audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit.

Our audit focused on the District's effectiveness and/or compliance with applicable statutory provisions and related regulations in the areas of Transportation Operations, Bus Driver Requirements, Financial Stability, Administrator Separation, and School Safety, including fire and security drills. In the next section, the audit objectives supporting these areas of focus are explained in the context of our methodology to achieve the objectives. Overall, our audit covered the period July 1, 2015 through June 30, 2019. The scope of each individual objective is also detailed in the next section.

The District's management is responsible for establishing and maintaining effective internal control to provide reasonable assurance that the District's objectives will be achieved.<sup>14</sup> *Standards for Internal Control in the Federal Government* (also known as and hereafter referred to as the Green Book), issued by the Comptroller General of the United States, provides a framework for management to establish and maintain an effective internal control system. The Department of the Auditor General used the Green Book as the internal control analysis framework during the conduct of our audit.<sup>15</sup> The Green Book's standards are organized into five components of internal control. In an effective system of internal control, these five components work together in an integrated manner to help an entity achieve its objectives. Each of the five components of internal control contain principles, which are the requirements an entity should follow in establishing an effective system of internal control. We illustrate the five components and their underlying principles in Figure 1 on the following page.

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<sup>13</sup> 72 P.S. §§ 402 and 403.

<sup>14</sup> District objectives can be broadly classified into one or more of the following areas: effectiveness of operations; reliability of reporting for internal and external use; and compliance with applicable laws and regulations, more specifically in the District, referring to certain relevant state laws, regulations, contracts, and administrative procedures.

<sup>15</sup> Even though the Green Book was written for the federal government, it explicitly states that it may also be adopted by state, local, and quasi-government entities, as well as not-for-profit organizations, as a framework for establishing and maintaining an effective internal control system. The Green Book is accessible at <https://www.gao.gov/products/GAO-14-704G>

**Figure 1: Green Book Hierarchical Framework of Internal Control Standards**

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

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

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

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

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

Principle →	Internal Control Significant ?	Control Environment					Risk Assessment				Control Activities			Information and Communication			Monitoring	
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
General/overall	Yes	X	X	X	X	X	X	X		X				X	X	X		
Transportation	Yes							X	X		X		X	X	X	X	X	
Bus Drivers	Yes										X		X			X	X	
Financial Stability	No																	
Administrator Separations	No																	
Safe Schools	No																	

With respect to the principles identified, we evaluated the internal control(s) deemed significant within the context of our audit objectives and assessed those controls to the extent necessary to address our audit objectives. The results of our evaluation and assessment of the District's internal control for each objective is discussed in the following section.

### **Objectives/Scope/Methodology**

In order to properly plan our audit and to guide us in selecting objectives, we reviewed pertinent laws and regulations, the District's annual financial reports, annual General Fund budgets, and the independent audit reports of the District's basic financial statements for the 2015-16 through 18-19 fiscal years. We conducted analytical procedures on the District's state revenues and the transportation reimbursement data. We reviewed the prior audit report and we researched current events that possibly affected District operations. We also determined if the District had key personnel or software vendor changes since the prior audit.

Performance audits draw conclusions based on an evaluation of sufficient, appropriate evidence. Evidence is measured against criteria, such as laws, regulations, third-party studies, and best business practices. Our audit focused on the District's effectiveness in five areas as described below. As we conducted our audit procedures, we sought to determine answers to the following questions, which served as our audit objectives.

### **Transportation Operations**

- Did the District ensure compliance with applicable laws and regulations governing transportation operations, and did the District receive the correct regular transportation reimbursement from the Commonwealth?<sup>16</sup>
  - ✓ To address this objective, we assessed the District's internal controls for obtaining, inputting, processing, and reporting transportation data to PDE. We randomly selected for detailed testing 10 of the 87 vehicles the District reported to PDE for the 2017-18 school year. However, the District could not provide the required supporting documentation needed to verify the accuracy of mileage and student data reported to PDE for the 10 vehicles selected as well as the supporting documentation for the other 77 vehicles reported for the 2017-18 school year. We then requested the supporting documentation for all vehicles reported to PDE for the 2015-16, 2016-17, and 2018-19 school years.<sup>17</sup> The District did not maintain the required supporting documentation for all vehicles requested for all years. Therefore, we were unable to determine the accuracy of the regular transportation reimbursement received from PDE for the audit period.

**Conclusion:** The results of our procedures identified significant internal control deficiencies related to reviewing and maintaining documentation to support the data submitted to PDE for transportation reimbursement. Those results are detailed in Finding No. 1 beginning on page 8 of this report.

- Did the District receive the correct supplemental transportation reimbursement?
  - ✓ To address this portion of the objective, we reviewed all 137 nonpublic school and all 72 charter school students reported to PDE as transported by the District during the 2017-18 school year to

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<sup>16</sup> See 24 P.S. § 25-2541.

<sup>17</sup> The District reported 113 vehicles for the 2015-16 school year, 80 for the 2016-17 school year, and 65 vehicles for the 2018-19 school year.

determine if each nonpublic school and charter school student was properly reported, and that the District received the proper subsidy for transporting these students. We obtained requests for transportation, student transportation lists from nonpublic school and charter schools, and emails from transportation providers to determine if the students were eligible for supplemental transportation reimbursement.

**Conclusion:** The results of our procedures for this portion of the objective did not disclose any reportable issues; however, we identified internal control deficiencies that were not significant but warranted the attention of management. Those deficiencies were verbally communicated to District management for their consideration.

### **Bus Driver Requirements**

- Did the District ensure that all bus drivers transporting District students are board approved and had the required driver's license, physical exam, training, background checks, and clearances<sup>18</sup> as outlined in applicable laws?<sup>19</sup> Also, did the District adequately monitor driver records to ensure compliance with the ongoing 5-year clearance requirements and ensure it obtained updated licenses and health physical records as applicable throughout the school year?
  - ✓ To address this objective, we assessed the District's internal controls for reviewing, maintaining, and monitoring the required bus driver qualification documents. We reviewed documents to determine if all drivers were board approved by the District. We selected all 54 bus drivers transporting District students as of March 11, 2020. We reviewed documentation to ensure the District complied with the requirements for bus drivers.

**Conclusion:** The results of our procedures identified significant internal control deficiencies related to obtaining, reviewing, and monitoring documents supporting bus driver requirements. Our results are detailed in Finding No. 2 beginning on page 12 of this report.

### **Financial Stability**

- Based on an assessment of financial indicators, was the District in a declining financial position, and did it comply with all statutes prohibiting deficit fund balances and the over expending of the District's budget?
  - ✓ To address this objective, we reviewed the District's annual financial reports, General Fund budgets, and independent auditor's reports for the 2015-16 through 2018-19 fiscal years. The financial and statistical data was used to evaluate the District's General Fund balance, operating position, and charter school costs. We also calculated the debt and current ratios for each year of the audit period. These financial indicators were deemed appropriate for assessing the District's financial stability. The financial indicators are based on best business practices established by several agencies, including the Pennsylvania Association of School Business Officials, the Colorado Office of the State Auditor, and the National Forum on Education Statistics.

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<sup>18</sup> Auditors reviewed the required state, federal, and child abuse background clearances that the District obtained from the most reliable sources available, including the FBI, the Pennsylvania State Police, and the Department of Human Services. However, due to the sensitive and confidential nature of this information, we were unable to assess the reliability or completeness of these third-party databases.

<sup>19</sup> PSC 24 P.S. § 1-111, CPSL 23 Pa.C.S. § 6344(a.1), PSC (Educator Discipline) 24 P.S. § 2070.1a *et seq.*, State Vehicle Code 75 Pa.C.S. §§ 1508.1 and 1509, and State Board of Education's regulations 22 Pa. Code Chapter 8.

**Conclusion:** The results of our procedures for this objective did not disclose any reportable issues; however, we identified matters of concern that warranted the attention of management. Those concerns were verbally communicated to District management for their consideration.

### **Administrator Separations**

- Did the District ensure that all individually contracted employees who separated employment from the District were compensated in accordance with their contract? Also, did the District comply with the Public School Code<sup>20</sup> and the Public School Employees' Retirement System guidelines when calculating and disbursing final salaries and leave payouts for these contracted employees?
  - ✓ To address this objective, we reviewed the contracts, settlement agreements, board meeting minutes, board policies, and payroll and leave records for the only two individually contracted administrators who separated employment from the District during the period July 1, 2015 through May 6, 2020. We reviewed the documentation to determine if the individuals were compensated in accordance with the terms of their contracts and confirmed only eligible wages were reported to PSERS.

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

### **School Safety**

- Did the District comply with requirements in the Public School Code and the Pennsylvania Emergency Management Code related to emergency management plans, bullying prevention, and memorandums of understanding with local law enforcement?<sup>21</sup> Also, did the District follow best practices related to physical building security and providing a safe school environment?
  - ✓ To address this objective, we reviewed a variety of documentation including safety plans, training schedules, evidence of physical building security assessments, anti-bullying policies, and memorandums of understanding with local law enforcement. We also interviewed District officials to assess whether the District had implemented basic safety practices.

**Conclusion:** Due to the sensitive nature of school safety, the results of our review of school safety are not described in our audit report. The results are shared with District officials, PDE's Office of Safe Schools, and other appropriate law enforcement agencies deemed necessary.<sup>22</sup>

- Did the District comply with the fire and security drill requirements of Section 1517 of the Public School Code?<sup>23</sup> Also, did the District accurately report the dates of drills to PDE and maintain supporting documentation to evidence the drills conducted and reported to PDE?
  - ✓ To address this objective, we obtained and reviewed the fire and security drill records for the 2018-19 school year. We determined if a security drill was held within the first 90 days of the school year for each building in the District and if monthly fire drills were conducted in accordance with requirements. We also obtained the *Accuracy Certification Statement* that the District filed with PDE and compared the dates reported to the supporting documentation.

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

<sup>21</sup> 24 P.S. § 13-1301-A *et seq.*, 35 Pa.C.S. § 7701.

<sup>22</sup> Other law enforcement agencies include the Pennsylvania State Police, the Office of Attorney General, and local law enforcement with jurisdiction over the District's school buildings.

<sup>23</sup> PSC (Fire and Security Drills) 24 P.S. § 15-1517.

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

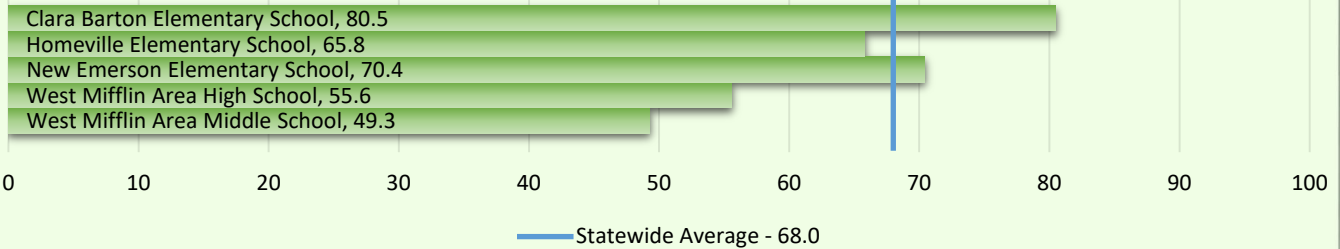


## Appendix B: Academic Detail

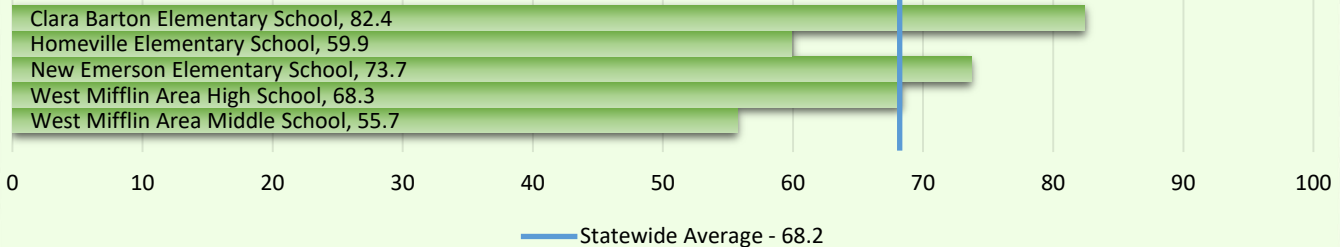
Benchmarks noted in the following graphs represent the statewide average of all public school buildings in the Commonwealth that received a score in the category and year noted.<sup>24</sup> Please note that if one of the District's schools did not receive a score in a particular category and year presented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

### SPP School Scores Compared to Statewide Averages

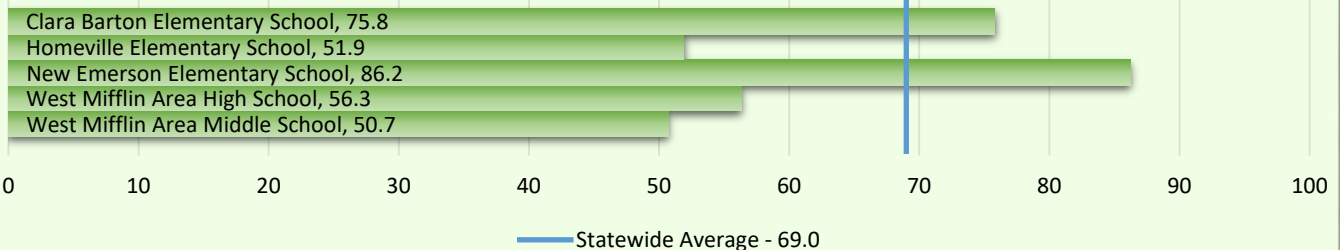
#### 2018-19



#### 2017-18



#### 2016-17

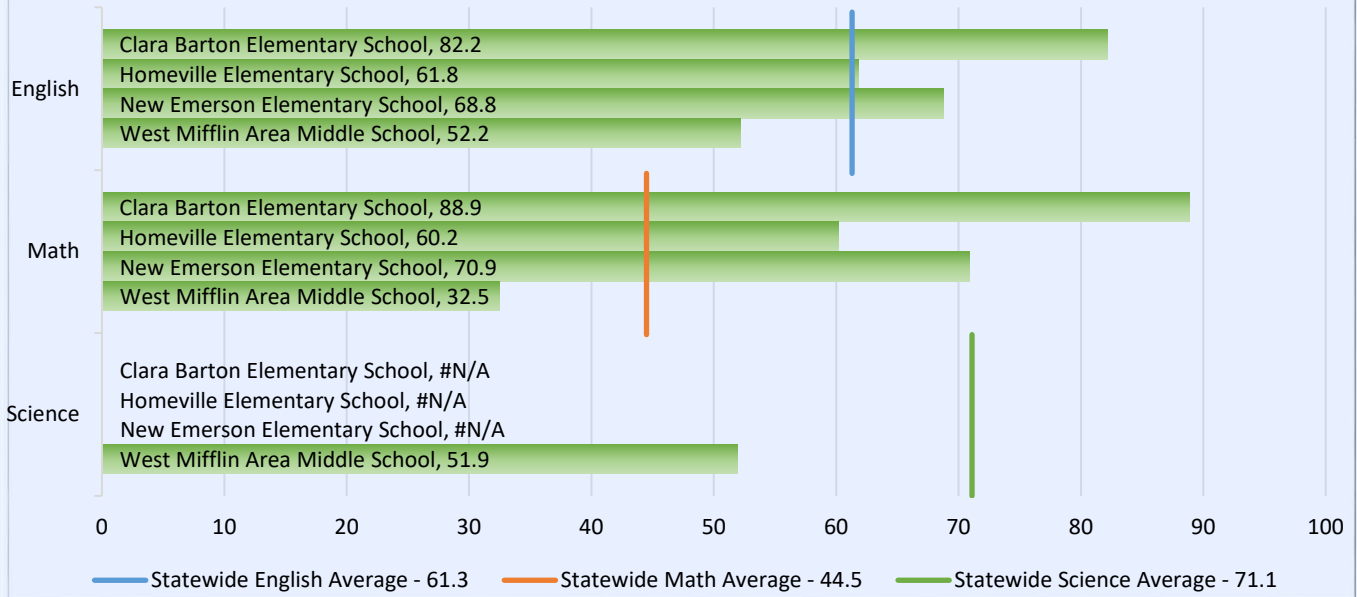


<sup>24</sup> Statewide averages were calculated by our Department based on individual school building scores for all public schools in the Commonwealth, including district schools, charters schools, and cyber charter schools.

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

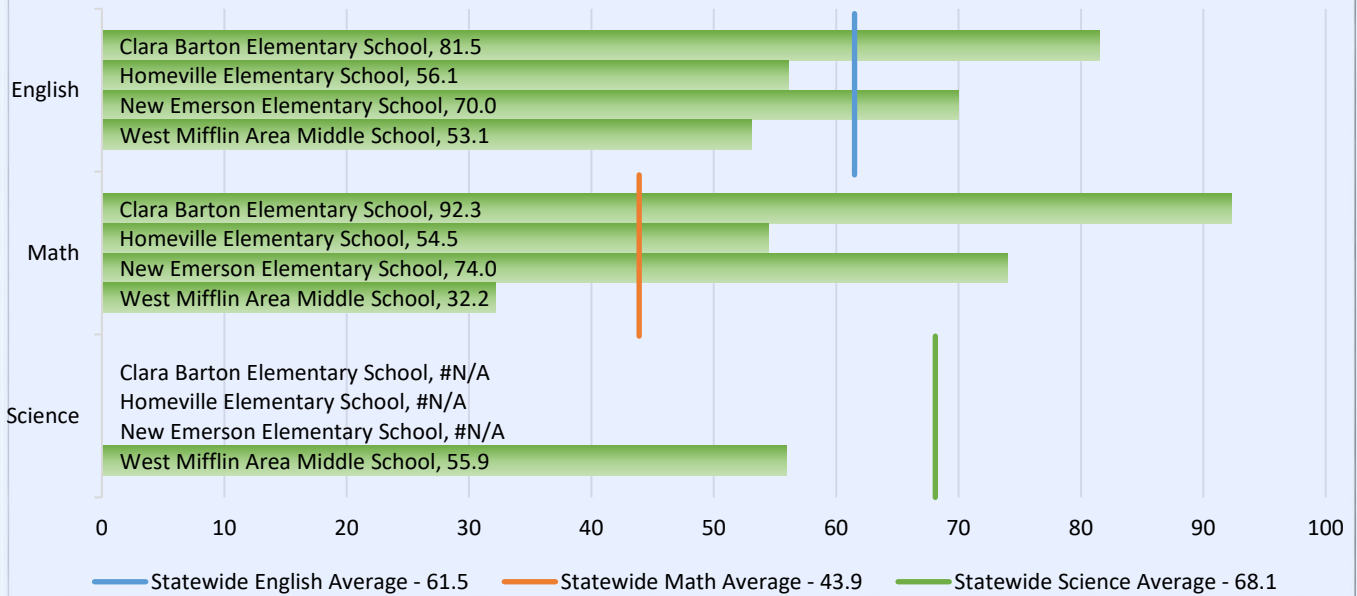
**PSSA Advanced or Proficient Percentage  
School Scores Compared to Statewide Averages**

**2018-19**



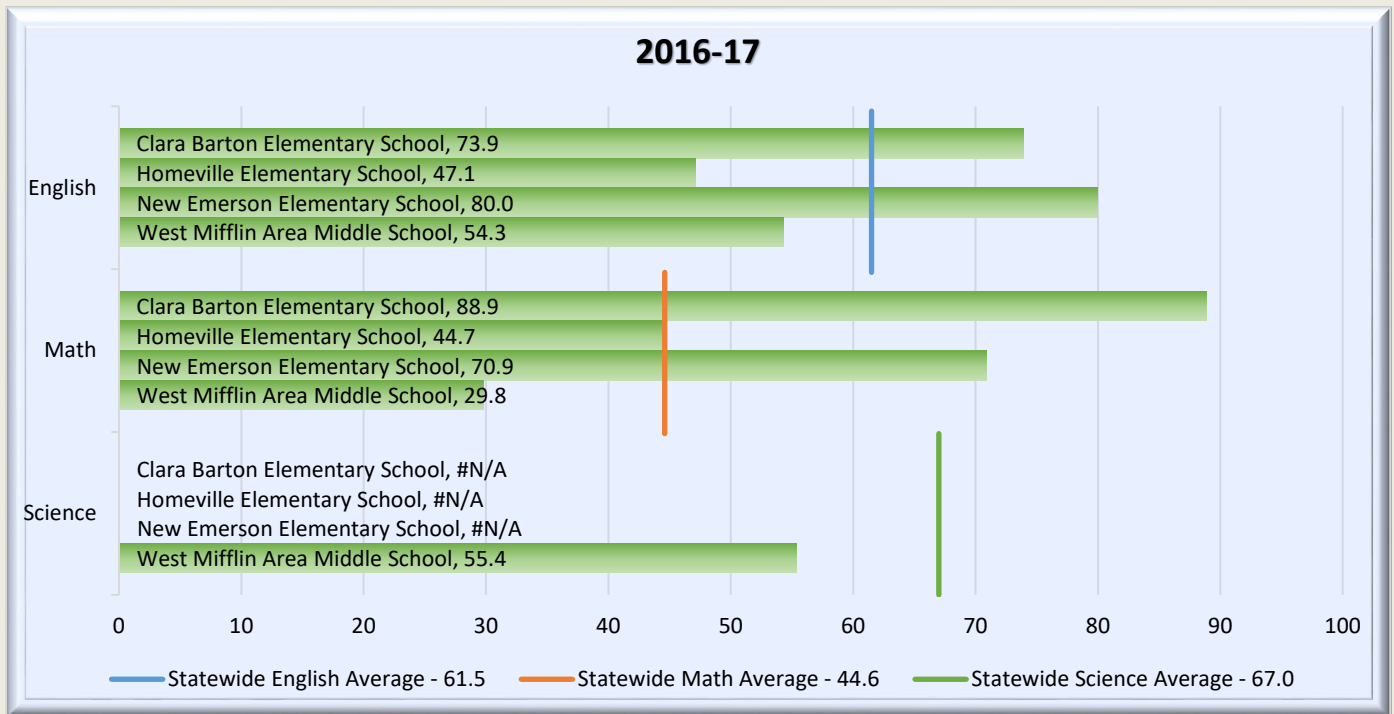
#N/A: The Clara Barton, Homeville and New Emerson Elementary Schools did not report PSSA Science scores for the 2018-19 school year.

**2017-18**



#N/A: The Clara Barton, Homeville and New Emerson Elementary Schools did not report PSSA Science scores for the 2017-18 school year.

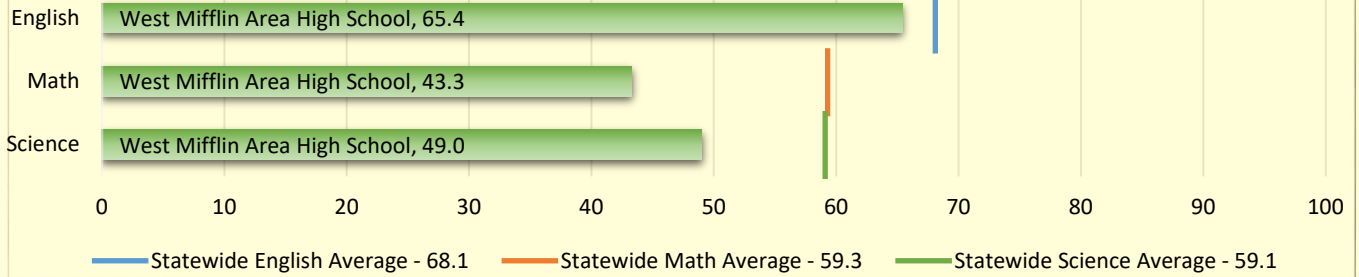
**PSSA Advanced or Proficient Percentage  
School Scores Compared to Statewide Averages (continued)**



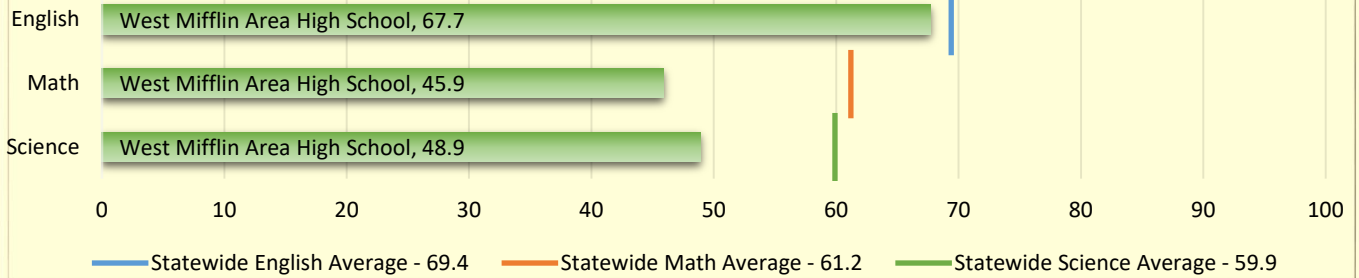
#N/A: The Clara Barton, Homeville and New Emerson Elementary Schools did not report PSSA Science scores for the 2016-17 school year.

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

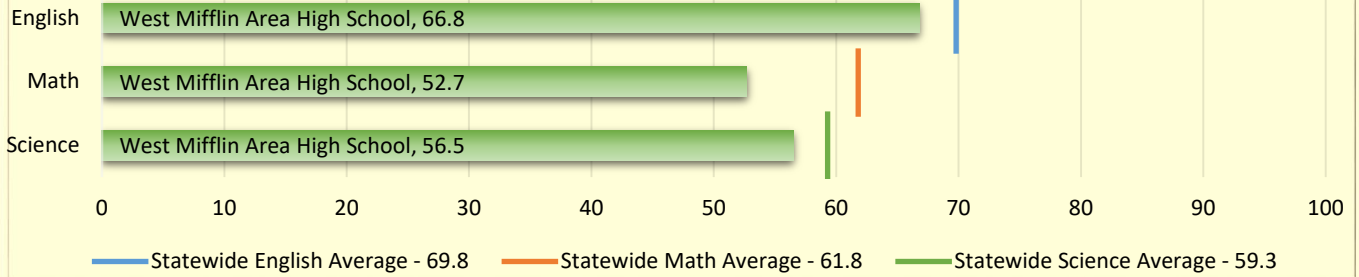
**2018-19**



**2017-18**



**2016-17**



## **Distribution List**

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