

PERFORMANCE AUDIT

Yough School District Westmoreland County, Pennsylvania

April 2021



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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

**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

Dr. Janet M. Sardon, Superintendent
Yough School District
915 Lowber Road
Herminie, Pennsylvania 15637

Mr. Jared Filapose, Board President
Yough School District
915 Lowber Road
Herminie, Pennsylvania 15637

Dear Dr. Sardon and Mr. Filapose:

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

- Nonresident Student Data
- Bus Driver Requirements
- Financial Stability

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

The audit was conducted pursuant to Sections 402 and 403 of The Fiscal Code (72 P.S. §§ 402 and 403), and in accordance with the Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit identified areas of noncompliance and significant internal control deficiencies in the nonresident student data reported by the District and those deficiencies are detailed in the finding in this report titled:

The District Failed to Implement Adequate Internal Controls Over the Nonresident Student Data Reported to the Pennsylvania Department of Education

In addition, we identified internal control deficiencies in the bus driver requirements area that were not significant but warranted the attention of District management and those charged with governance. Those deficiencies were verbally communicated to District management and those charged with governance for their consideration. Our review of the District's financial stability resulted in no reportable issues.

Dr. Janet M. Sardon

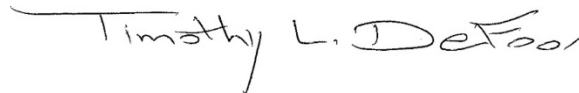
Mr. Jared Filapose

Page 2

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

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

Sincerely,

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

Timothy L. DeFoor
Auditor General

April 26, 2021

cc: **YOUGH SCHOOL DISTRICT** Board of School Directors

Table of Contents

	Page
Background Information	1
Finding	6
Finding – The District Failed to Implement Adequate Internal Controls Over the Nonresident Student Data Reported to the Pennsylvania Department of Education	6
Status of Prior Audit Findings and Observations	11
Appendix A: Audit Scope, Objectives, and Methodology	12
Appendix B: Academic Detail	17
Distribution List	21

Background Information

School Characteristics 2019-20 School Year*	
County	Westmoreland
Total Square Miles	77
Number of School Buildings	5
Total Teachers	151
Total Full or Part-Time Support Staff	52
Total Administrators	13
Total Enrollment for Most Recent School Year	1,895
Intermediate Unit Number	7
District Career and Technical School	Central Westmoreland CTC

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

Mission Statement*

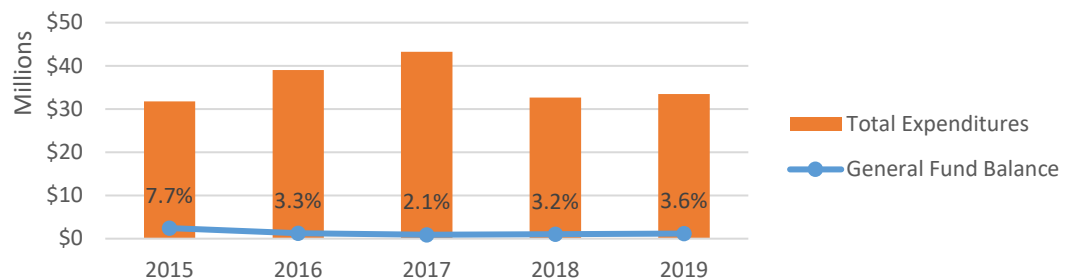
In partnership with our community, our mission is to create a safe learning atmosphere that cultivates academic, social, and emotional skills, which challenge, motivate, and inspire students to achieve their full individual potential.

Financial Information

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

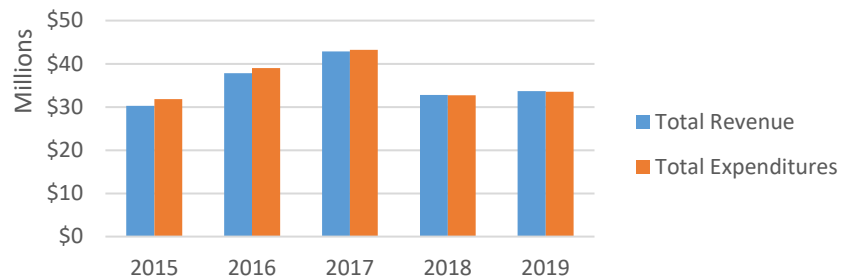
General Fund Balance as a Percentage of Total Expenditures

	General Fund Balance
2015	\$2,447,558
2016	\$1,291,783
2017	\$911,424
2018	\$1,044,685
2019	\$1,198,825



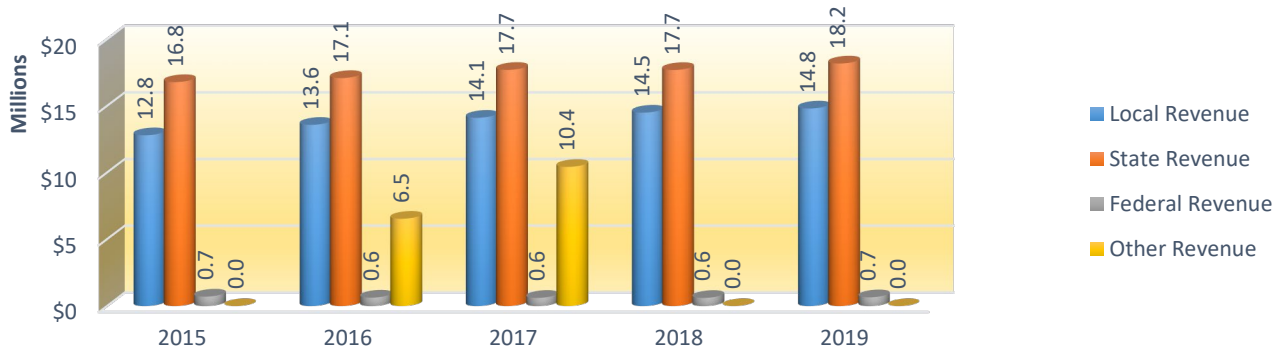
Revenues and Expenditures

	Total Revenue	Total Expenditures
2015	\$30,301,591	\$31,802,695
2016	\$37,845,037	\$39,000,812
2017	\$42,866,081	\$43,246,441
2018	\$32,810,273	\$32,677,013
2019	\$33,657,492	\$33,503,353

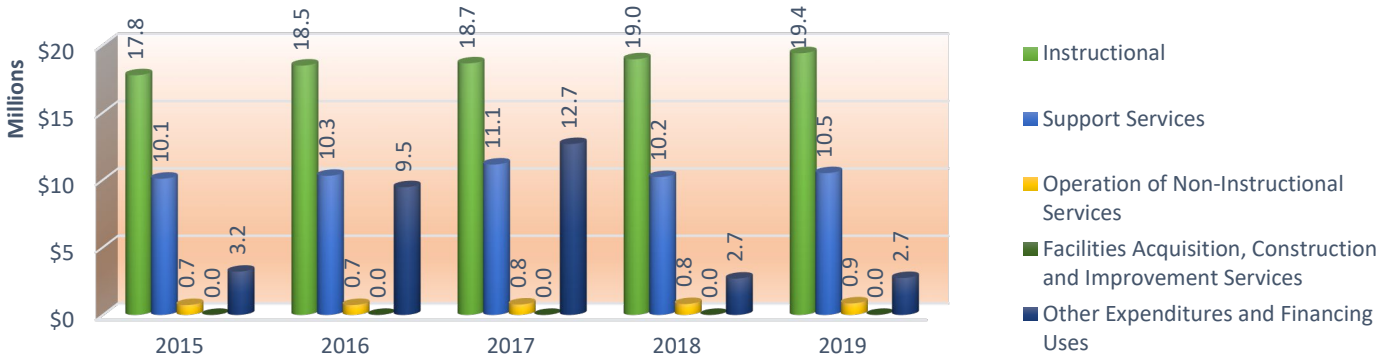


Financial Information Continued

Revenues by Source

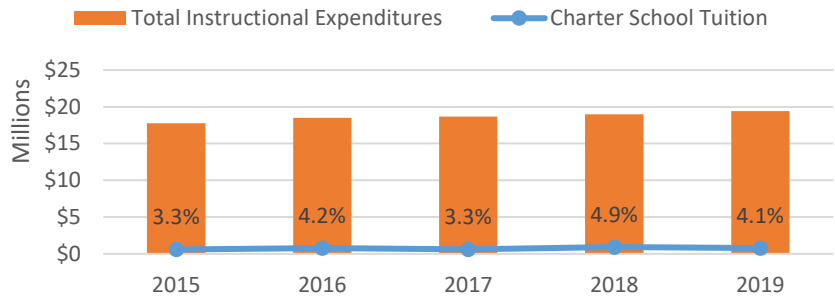


Expenditures by Function

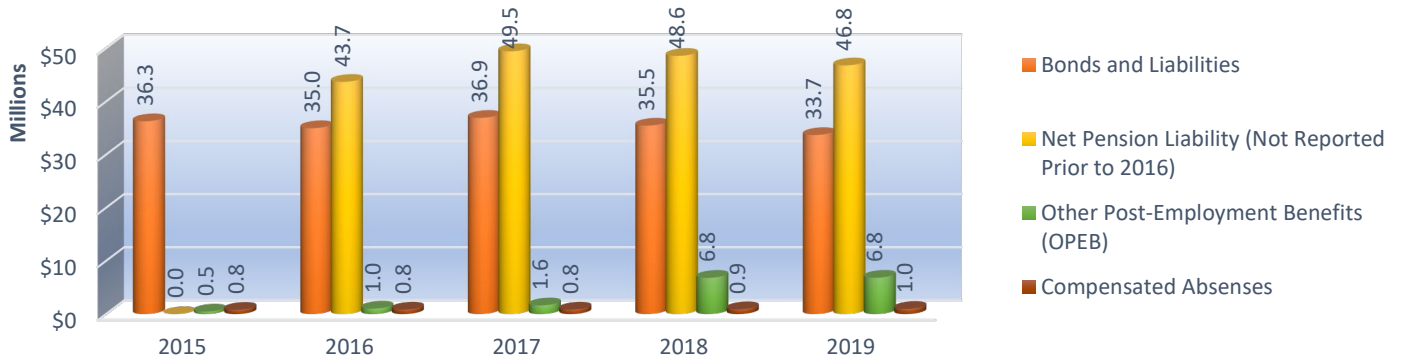


Charter Tuition as a Percentage of Instructional Expenditures

	Charter School Tuition	Total Instructional Expenditures
2015	\$593,441	\$17,777,926
2016	\$781,452	\$18,495,504
2017	\$611,684	\$18,661,203
2018	\$927,456	\$18,963,380
2019	\$795,522	\$19,412,275



Long-Term Debt

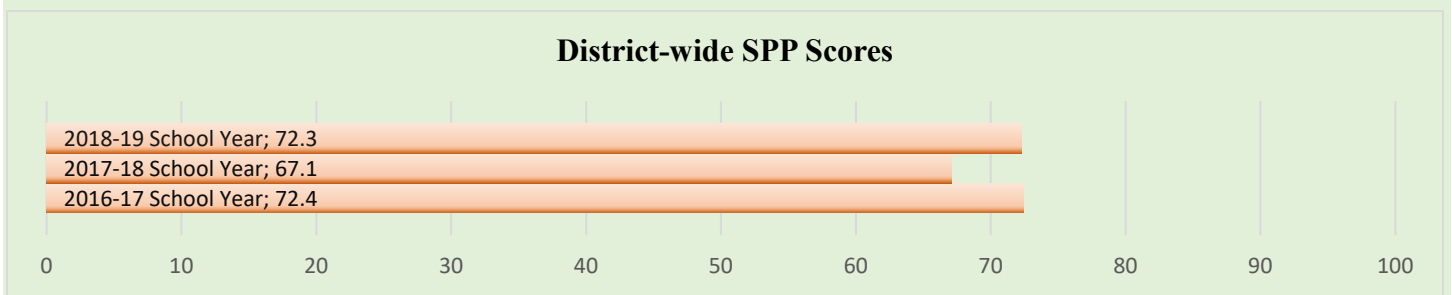


Academic Information

The graphs on the following pages present the District-wide School Performance Profile (SPP) scores, Pennsylvania System of School Assessment (PSSA) scores, Keystone Exam results, and 4-Year Cohort Graduation Rates for the District obtained from PDE's data files for the 2016-17, 2017-18, and 2018-19 school years.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.

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.²



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

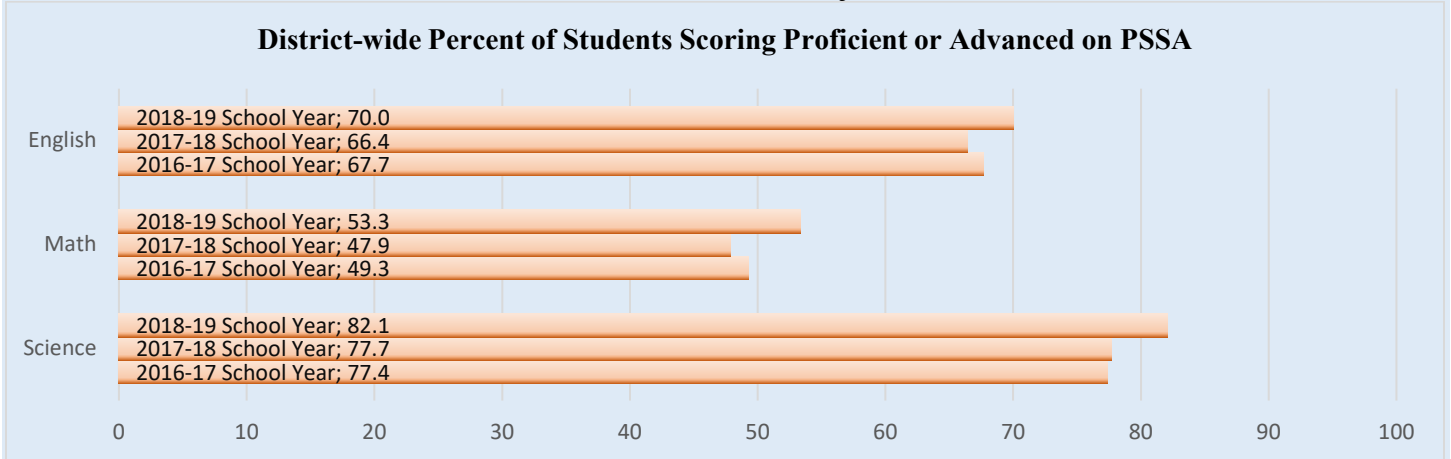
² PDE started issuing a SPP score for all public school buildings beginning with the 2012-13 school year. For the 2014-15 school year, PDE only issued SPP scores for high schools taking the Keystone Exams as scores for elementary and middle scores were put on hold due to changes with PSSA testing. PDE resumed issuing a SPP score for all schools for the 2015-16 school year.

Academic Information Continued

What is the PSSA?

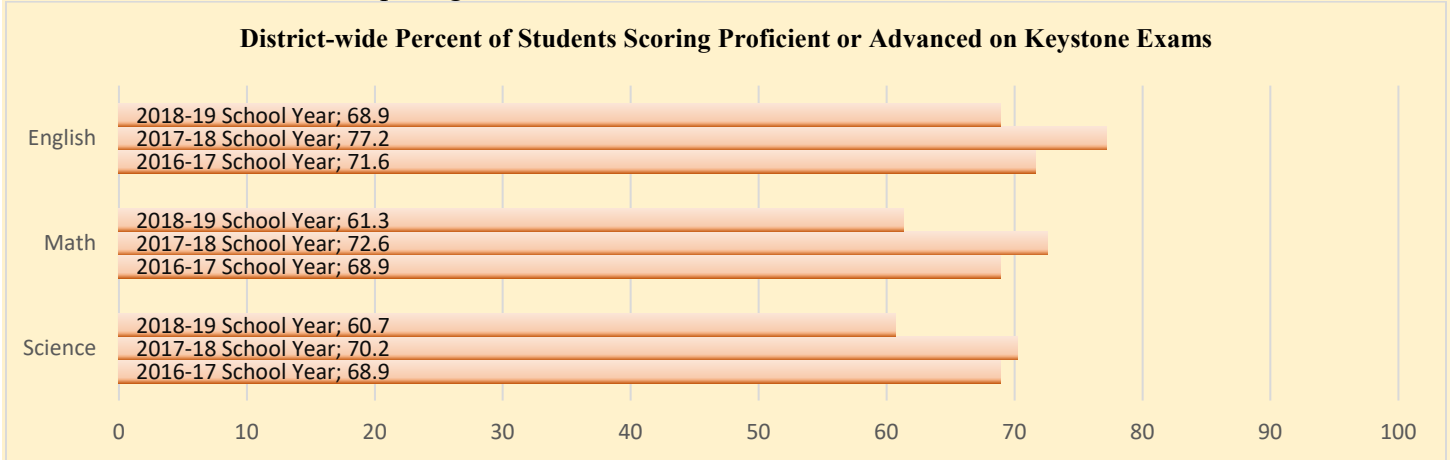
The PSSA is an annual, standardized test given across the Commonwealth to students in grades 3 through 8 in core subject areas, including English, Math and Science. The PSSAs help Pennsylvania meet federal and state requirements and inform instructional practices, as well as provide educators, stakeholders,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

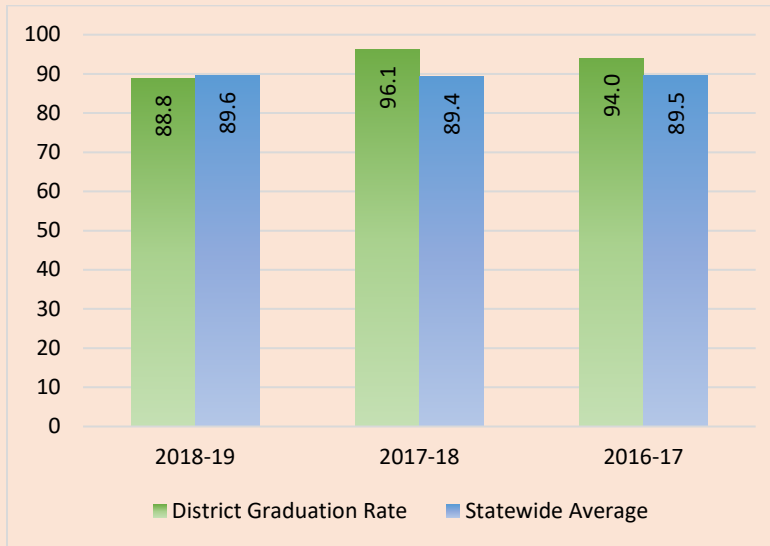


³ Act 158 of 2018, effective October 24, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement until the 2021-22 school year. See 24 P.S. § 1-121(b)(1). Please refer to the following link regarding further guidance to local education agencies (LEAs) on Keystone end-of-course exams (Keystone Exams) in the context of the pandemic of 2020: <https://www.education.pa.gov/Schools/safeschools/emergencyplanning/COVID-19/Pages/Keystone-Exams.aspx>

Academic Information Continued

What is a 4-Year Cohort Graduation Rate?

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



⁴ 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>.

Finding

Finding

The District Failed to Implement Adequate Internal Controls Over the Nonresident Student Data Reported to the Pennsylvania Department of Education

Criteria relevant to the finding:

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

Payment of Tuition

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

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

We found that the Yough School District (District) failed to implement adequate internal controls over the categorization, inputting, and reporting of nonresident student data to the Pennsylvania Department of Education (PDE). Specifically, the District did not implement any form of oversight of this process and, instead, it relied on just one employee to perform all aspects of the nonresident student reporting. The lack of oversight led to the District not having adequate support for most of its nonresident foster students at the onset of our review.

The District reported a total of 44 students to PDE for reimbursements as nonresident foster students for the 2015-16, 2016-17, 2017-18, and 2018-19 school years. The District was reimbursed \$278,130 based on the reported information. We initially found that the District had adequate supporting documentation for only 5, or 11 percent, of the nonresident foster students reported to PDE. We determined that for the 39 other students reported to PDE, the District did not have sufficient documentation for us to conclude on the accuracy of the reported residency status.

However, after we brought the deficiencies to the District's attention, officials were able to obtain the required documentation. We reviewed that documentation and confirmed that all 44 students were accurately reported based on the subsequent documentation provided. Although the documentation was obtained and verified, the District did not implement adequate internal controls to ensure that documentation was obtained annually and verified for completeness and accuracy prior to reporting this data to PDE.

Background: 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. 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 these students that the district educated to PDE.

*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).

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

“A nonresident child is entitled to attend the district’s public schools if that child is fully maintained and supported in the home of a district resident as if the child were the resident’s own child and if the resident receives no personal compensation for maintaining the student in the district. Before accepting the child as a student, the board of school directors of the district shall require the resident to file with the secretary of the board of school directors either appropriate legal documentation to show dependency or guardianship or a sworn statement that the child is supported fully without personal compensation or gain, and that the resident will assume all personal obligations for the child relative to school requirements and intends to so keep and fully support the child continuously and not merely through the school term.” See 22 Pa. Code § 11.19(a).

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

- Training on PDE reporting requirements
- Written internal procedures to ensure compliance with PDE requirements
- Reconciliations of source documents to information reported to PDE
- A review of the data by an employee other than the employee that prepared the data before it is submitted to PDE

During our initial review, we found multiple pieces of required information were missing for the 39 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 continued to meet the requirements to be reported as a foster student.

Significant Internal Control Deficiencies

The District did not have adequate internal controls over the identification, categorization, and reporting of nonresident foster students during the audit period. The District did not implement procedures to ensure that agency placement letters or other similar documentation was obtained annually for each potential foster student. Furthermore, the District did not review the documentation that it did receive to ensure it included critical information—such as foster parent compensation during the applicable school year—that is needed to make the foster student determination.

The District relied solely on one employee to identify, categorize, and report foster student data to PDE. This information was reported to PDE without a review by an official knowledgeable in PDE reporting requirements or a reconciliation to source documents to ensure each foster student met the PDE requirements. The District’s employee who was responsible for identifying, categorizing, and reporting foster student data to PDE was not adequately trained on the documentation and requirements necessary to report foster students accurately. The District also did not have written policies and procedures to assist personnel in accurately identifying a foster student and obtaining the required documentation needed to support this categorization.

Finally, the District did not follow its own Board Policy 202: *Eligibility of Nonresident Students* which states in relevant part:

The Superintendent or designee shall develop procedures for the enrollment of nonresident students which:

1. Admit such students only on proper application and submission of required documentation by the parent/guardian.
2. Verify claims of residency.

While the District was ultimately able to produce the required documentation to support the residency determination for all 44 students it reported to PDE, we note the potential for more costly errors impacting the District nonresident reimbursements if the internal control deficiencies are not corrected. Implementing adequate segregation of duties that includes a review and reconciliation process will help ensure that the nonresident student data reported to PDE is accurate. Since PDE uses that data to calculate the reimbursements provided to the District, it is imperative that the data be reviewed for accuracy prior to reporting it to PDE.

Recommendations

The *Yough School District* should:

1. Develop and implement an internal control system governing the process for identifying, categorizing, and reporting nonresident foster student data. The internal control system should include, but not be limited to, the following:
 - All personnel involved in the identification, categorization, and reporting of nonresident foster data are trained on PDE's reporting requirements.
 - A review of nonresident foster data is conducted by an employee, other than the employee who prepared the data, before it is submitted to PDE.
 - Clear and concise written procedures are developed to document the categorization and reporting process for nonresident foster student data.
2. Obtain updated agency placement letters annually for all nonresident foster students to ensure proper categorization and accurate reporting to PDE.
3. Review nonresident foster student data reported to PDE for the 2019-20 school year and ensure the District has sufficient documentation to demonstrate that all requirements have been met to support the nonresident foster student determination, and if necessary, submit revised data to PDE.

Management Response

District management provided the following response to the finding:

“After reviewing the recommendations regarding the Finding No. 1: The District Failed to Implement Adequate Internal Controls Over the Nonresident Student Data Reported to the Pennsylvania Department of Education, the District agrees with the finding.

As a school district, we are involved in the PDE Data Summit, Data Quality Network, Foster Collaborations, and in an effort to keep updated on what is required to be kept in a student file as back up documentation for a Foster Family (1305 Nonresident) situation. Through this process, we have learned the information necessary for backup documentation and will streamline and facilitate the proper processes and internal controls as expected and noted in the recommendations.

Recommendations #1: Develop and implement an internal control system governing the process for identifying, categorizing, and reporting nonresident student data. The internal control system should include, but not be limited to, the following:

Sub-bullet one: All personnel involved in the identification, categorization, and reporting of nonresident data are trained on PDE's reporting requirements.

—As a district, key personnel will attend the yearly data summit through PDE and the Data Quality Network meetings held monthly within our Intermediate Unit. We will continue to do these trainings, and also will join ACAPA (Attendance and Child Accounting Professional Association), in the hopes that they will provide additional training on this subject. As a district, we have also called our Intermediate Unit Data Quality representative who is talking to PDE to determine how we as a district can receive this type of training. We are hoping that one of these organizations is able to assist us with this issue.

Sub-bullet two: A review of nonresident data is conducted by an employee, other than the employee who prepared the data, before it is submitted to PDE.

—We have created and will utilize a district developed Section 1305 Entrance Certificate to be completed each year, and a revised enrollment form. All of these documents have an additional sign off for verification by the Superintendent/LEA Foster PA Point of Contact. The purpose of the sign off will be for verification of proper procedures and documentation. These forms will be reviewed during the enrollment process, and yearly at the beginning of each school year to ensure proper documentation for reporting purposes.

Sub-bullet three: Clear and concise written procedures are developed to document the categorization and reporting process for nonresident student data.

—We have developed a written procedure to document the categorization, reporting process, and collection of documentation for all nonresident student data.

—We have also reviewed and will be approving a revised Policy #202 from PSBA over the months of April and May to insure our processes and procedures are documented within our policy manual.

Recommendation #2: Obtaining updated agency placement letters annually for all foster students to ensure proper categorization and accurate reporting to PDE.

—We have created and will utilize a district developed Section 1305 Entrance Certificate to be completed each year, and a revised enrollment form. All of these documents have an additional sign off for verification by the Superintendent/LEA Foster PA Point of Contact. The purpose of the sign off will be for verification of proper procedures and documentation. These forms will be reviewed during the enrollment process, and yearly at the beginning of each school year to ensure proper documentation for reporting purposes.

Recommendation #3: Review nonresident foster student data reported to PDE for the 2019-20 school year and ensure the District has sufficient documentation to demonstrate that all requirements have been met to support the nonresident foster student determination, and if necessary submit revised data to PDE.

—All data submitted for foster students during the 2019-2020 school year has been reviewed in its entirety. Verification has occurred that the data was submitted properly or data was corrected to reflect proper processes and procedures as outlined above.

I want to end by saying thank you to the Bureau of School Audits, and the auditors for their time and efforts in working with us to improve our processes within the district.”

Auditor Conclusion

We are encouraged that the District is taking appropriate measures to implement our recommendations along with other corrective actions. We will determine the effectiveness of the District’s corrective actions during our next audit of the District.

Status of Prior Audit Findings and Observations

Our prior audit of the Yough School District (District) released on May 19, 2016, resulted in one finding, as shown below. As part of our current audit, we determined the status of corrective action taken by the District to implement our prior audit recommendations. We interviewed District personnel and performed audit procedures as detailed in each status section below.

Auditor General Performance Audit Report Released on May 19, 2016

Prior Finding: **Errors in Reporting the Number of Nonpublic Students Transported by the District Resulted in an Overpayment of Over \$44,000**

Prior Finding Summary: The District inaccurately reported special education students as nonpublic students reported to the Pennsylvania Department of Education (PDE) for reimbursement. District personnel included these students because the District was using an incorrect definition of a nonpublic school student.

Prior Recommendations: We recommended that the District should:

1. Ensure that all nonpublic pupils reported for reimbursement are eligible for reimbursement per PDE's instructions.
2. Review transportation reports submitted to PDE for years subsequent to the audit, and if similar errors are found, submit revised reports to PDE.

We also recommended that PDE should:

3. Adjust the District's reimbursement to recover the \$44,660 overpayment.

Current Status: The District did implement our prior recommendations. The District implemented a review system for nonpublic school students and reviewed the nonpublic school students reported to PDE for the 2014-15 and 2015-16 school years. Revisions were submitted to PDE for the 2014-15 school year. As of April 6, 2021, PDE has recovered \$31,185 of the \$44,660 overpayment we recommended to be recovered during our prior audit.

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,⁵ is not a substitute for the local annual financial audit required by the Public School Code of 1949, as amended. We conducted our audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit.

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

The District's management is responsible for establishing and maintaining effective internal control to provide reasonable assurance that the District's objectives will be achieved.⁶ *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.⁷ The Green Book's standards are organized into five components of internal control. In an effective system of internal control, these five components work together in an integrated manner to help an entity achieve its objectives. Each of the five components of internal control contains principles, which are the requirements an entity should follow in establishing an effective system of internal control. We illustrate the five components and their underlying principles in Figure 1 on the following page.

⁵ 72 P.S. §§ 402 and 403.

⁶ 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.

⁷ Even though the Green Book was written for the federal government, it explicitly states that it may also be adopted by state, local, and quasi-government entities, as well as not-for-profit organizations, as a framework for establishing and maintaining an effective internal control system. The Green Book is assessable at <https://www.gao.gov/products/GAO-14-704G>

Figure 1: Green Book Hierarchical Framework of Internal Control Standards

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

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

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

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

Figure 2 – Internal Control Components and Principles Identified as Significant

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

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

Objectives/Scope/Methodology

In order to properly plan our audit and to guide us in selecting objectives, we reviewed pertinent laws and regulations, the District's annual financial reports, annual General Fund budgets, and the independent audit reports of the District's basic financial statements for the July 1, 2015 through June 30, 2019 fiscal years. We conducted analytical procedures on the District's state revenues and the transportation reimbursement data. We reviewed the prior audit report and we researched current events that possibly affected District operations. We also determined if the District had key personnel or software vendor changes since the prior audit.

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

Nonresident Student Data

- Did the District accurately report nonresident students to PDE? Did the District receive the correct reimbursement for these nonresident students?⁸
 - ✓ To address this objective, we reviewed all 44 nonresident foster students reported to PDE as educated by the District for the 2015-16 through 2018-19 school years. We verified that each nonresident foster student's custodial parent or guardian was not a resident of the District. The foster parent(s) were a resident of the District and received a stipend for caring for the student. The student listings were compared to the total days reported on the Membership Summary and Instructional Time and Membership Report and agency placement letters to ensure that reporting was accurate and that the District received the correct reimbursement for these students.

Conclusion: The results of our procedures identified areas of noncompliance and significant internal control deficiencies related to the categorization, inputting, and reporting of the 1305 nonresident student membership reported to PDE. Our results are detailed in the Finding beginning on page 6 of this report.

Bus Driver Requirements

- Did the District ensure that all bus drivers transporting District students are approved by the Board of School Directors (Board) and had the required driver's license, physical exam, training, background checks, and clearances⁹ as outlined in applicable laws?¹⁰ Also, did the District adequately monitor driver

⁸ See 24 P.S. §§ 13-1301, 13-1302, 13-1305, 13-1306; 22 Pa. Code Chapter 11.

⁹ 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.

¹⁰ 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.

records to ensure compliance with the ongoing five-year clearance requirements and ensure it obtained updated licenses and health physical records as applicable throughout the school year?

- ✓ To address this objective, we assessed the District’s internal controls for maintaining and reviewing the required bus driver qualification documents and procedures for being aware of who transported students daily. We determined if all drivers were approved by the District’s Board. We selected all 61 drivers transporting District students as of November 25, 2020, and we reviewed documentation to ensure the District complied with the requirements for those drivers. We also determined if the District had monitoring procedures to ensure that all drivers had updated clearances, licenses, and physicals.

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

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 requested the District’s annual financial reports, General Fund budgets, and independent auditors’ reports for the 2015-16 through 2018-2019 fiscal years. The financial and statistical data was used to calculate the District’s General Fund balance, operating position, charter school costs, debt ratio, and current ratio. These financial indicators are 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.

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 Emergency Management Code related to emergency management plans, bullying prevention, and memorandums of understanding with local law enforcement?¹¹ 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, risk and vulnerability assessments, anti-bullying policies, school climate surveys, and memorandums of understanding with local law enforcement.

Conclusion: Due to the sensitive nature of school safety, the results of our review for this portion of the objective are not described in our audit report, but they were shared with District

¹¹ Safe Schools Act 24 P.S. § 13-1301-A *et seq.*, Emergency Management Services Code 35 Pa.C.S. § 7701.

officials, PDE's Office of Safe Schools, and other appropriate law enforcement agencies deemed necessary.

- Did the District comply with the fire and security drill requirements of Section 1517 of the Public School Code?¹² 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 reviewed the fire and emergency drills for all five of the District's school buildings to determine whether drills were conducted as required 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.

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

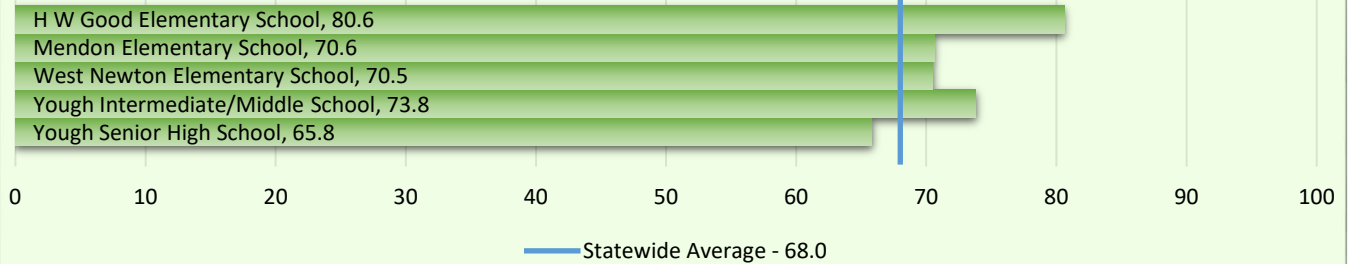
¹² Public School Code (Fire and Security Drills) 24 P.S. § 15-1517.

Appendix B: Academic Detail

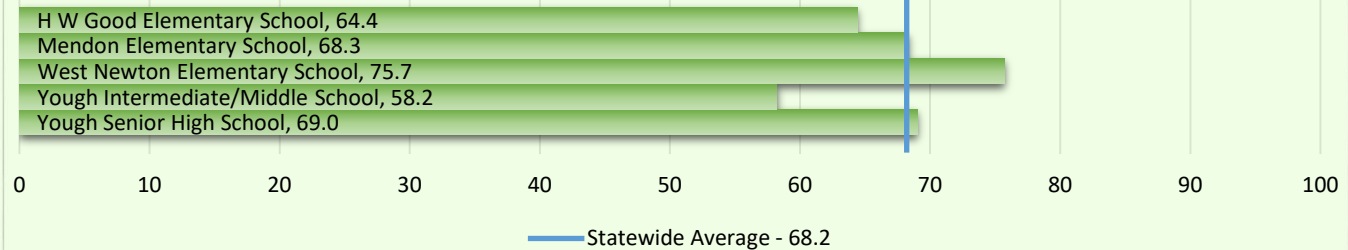
Benchmarks noted in the following graphs represent the statewide average of all public school buildings in the Commonwealth that received a score in the category and year noted.¹³ Please note that if one of the District's schools did not receive a score in a particular category and year presented below, the school will not be listed in the corresponding graph.¹⁴

SPP School Scores Compared to Statewide Averages

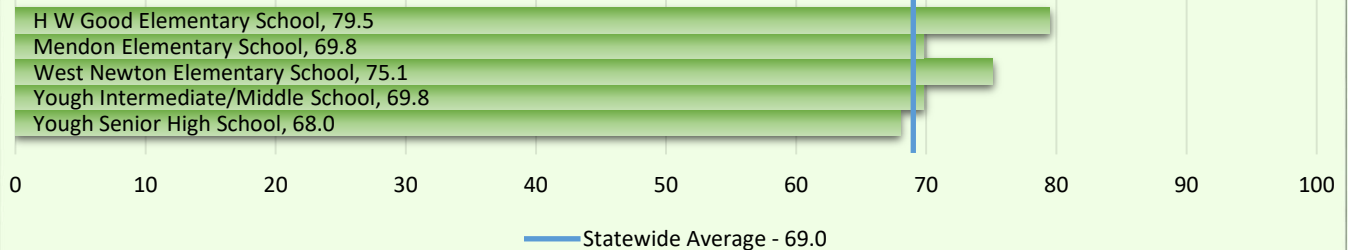
2018-19



2017-18



2016-17

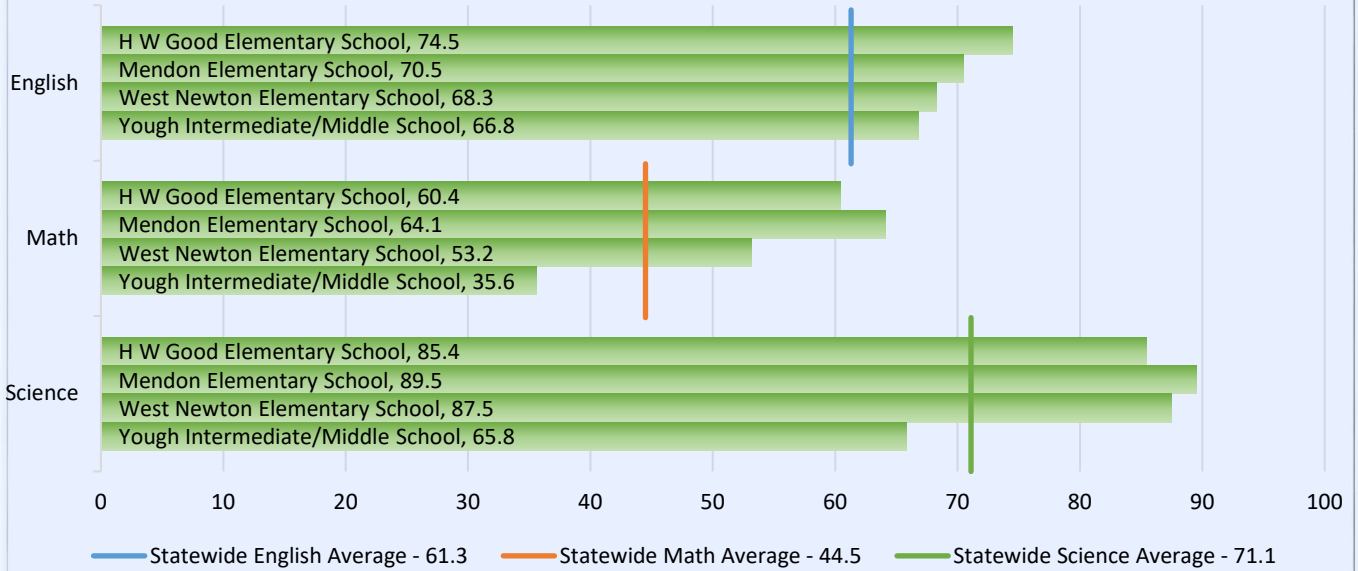


¹³ Statewide averages were calculated by our Department based on individual school building scores for all public schools in the Commonwealth, including district schools, charters schools, and cyber charter schools.

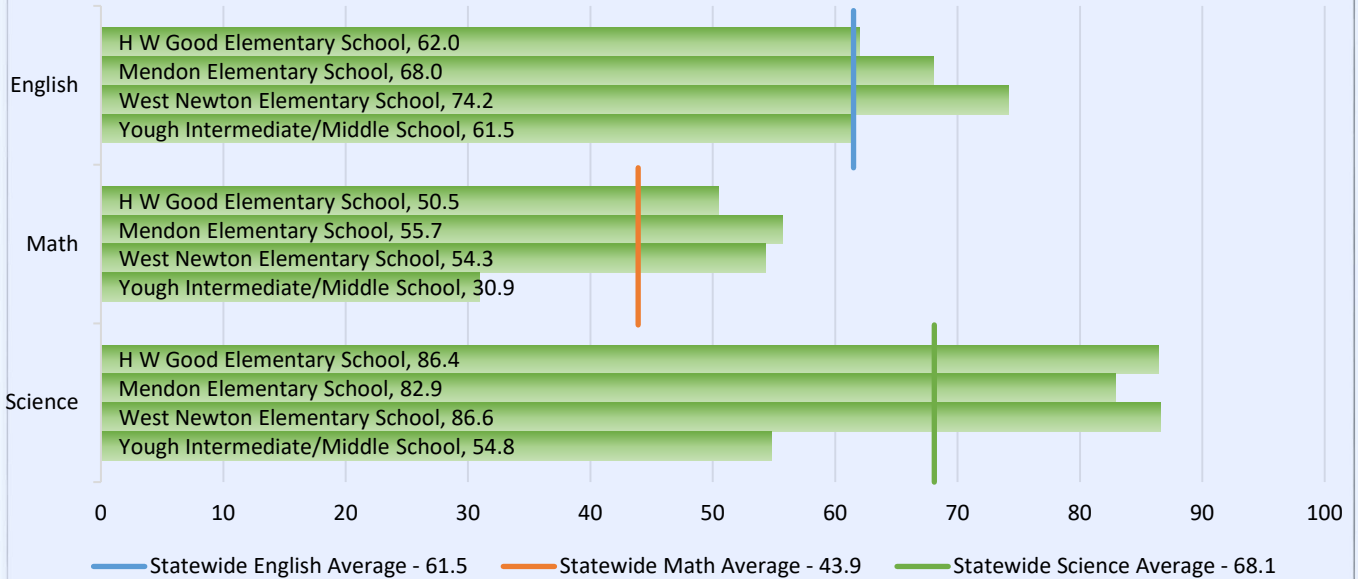
¹⁴ PDE's data does not provide any further information regarding the reason a score was not published for a specific school. However, readers can refer to PDE's website for general information regarding the issuance of academic scores.

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

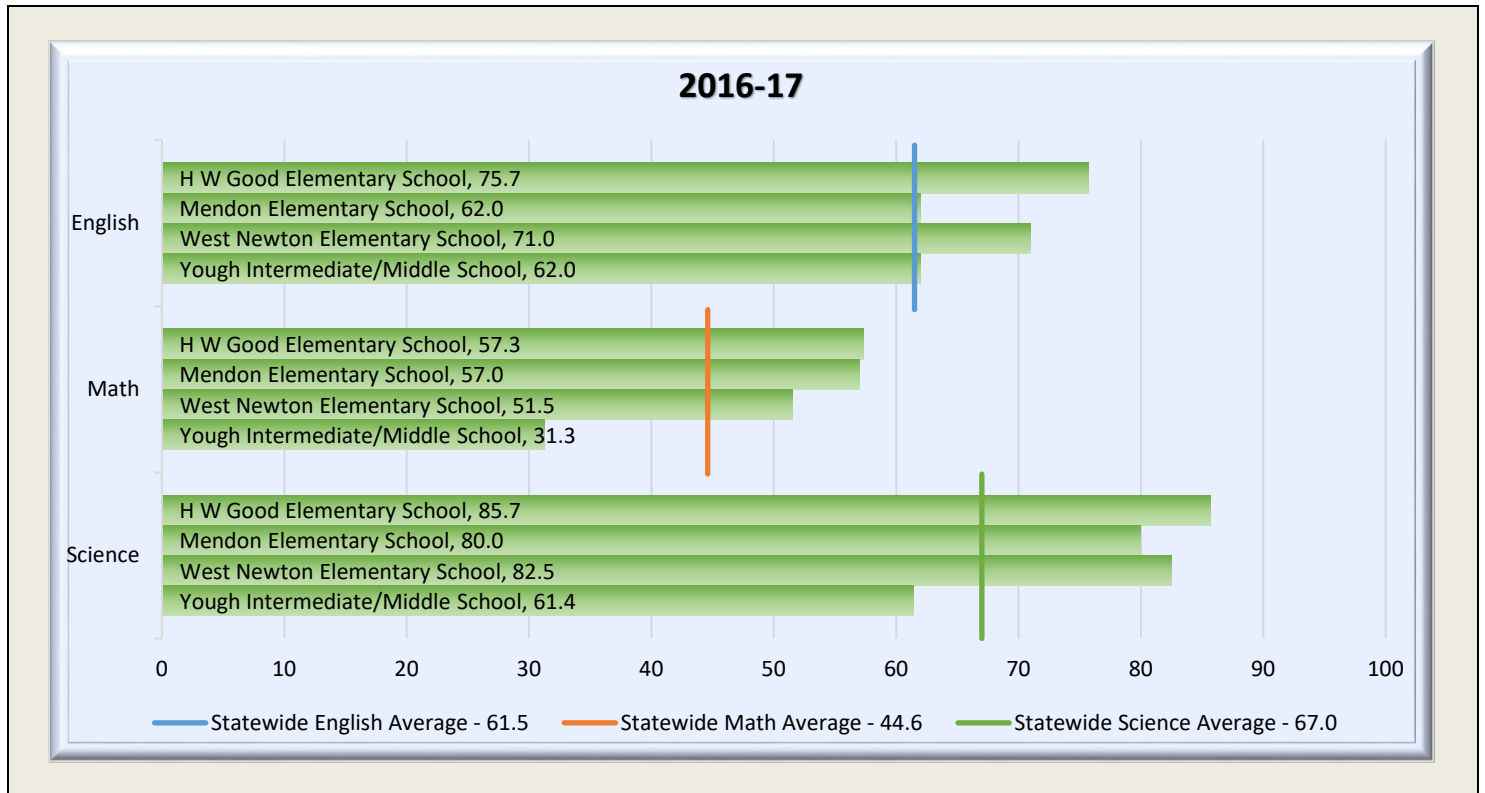
2018-19



2017-18

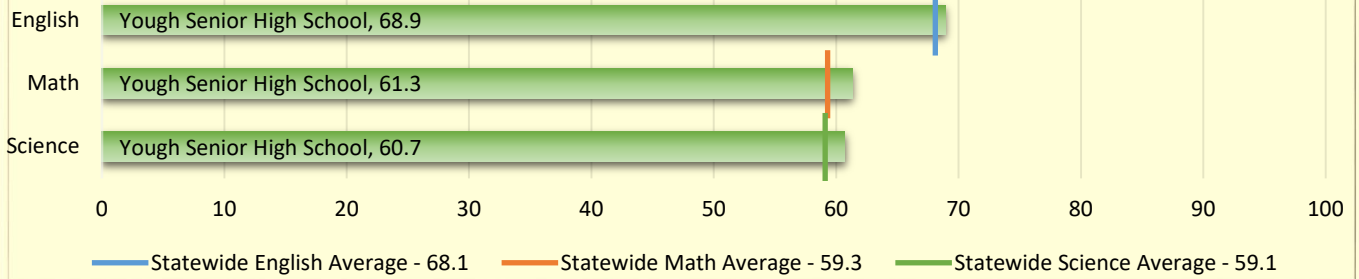


**PSSA Advanced or Proficient Percentage
School Scores Compared to Statewide Averages (continued)**

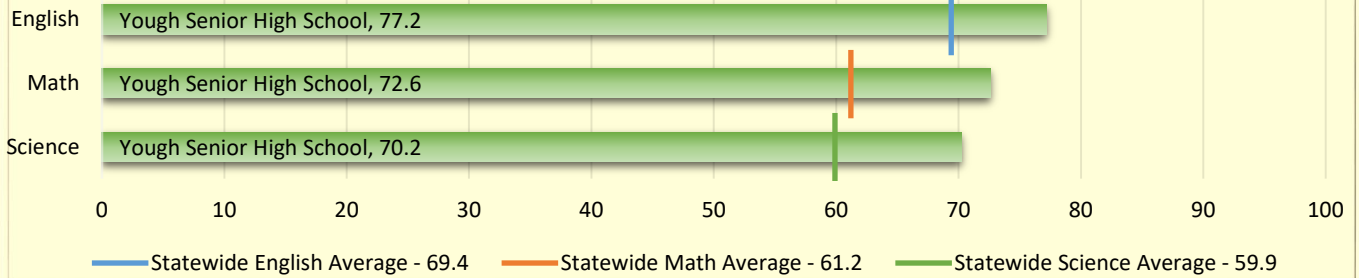


Keystone Advanced or Proficient Percentage School Scores Compared to Statewide Averages

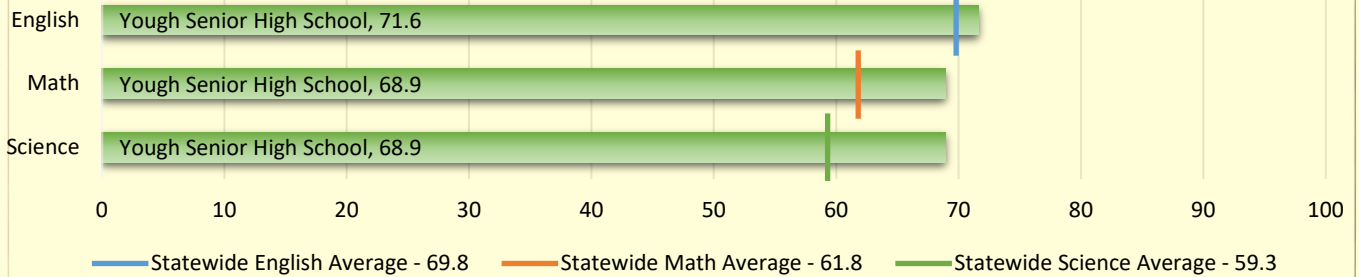
2018-19



2017-18



2016-17



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

The Honorable Stacy Garrity
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.