

PERFORMANCE AUDIT

Central Greene School District Greene County, Pennsylvania

September 2021



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

Dr. Kevin M. Monaghan, Superintendent
Central Greene School District
P.O. Box 472
250 South Cumberland Street
Waynesburg, Pennsylvania 15370

Mrs. Sharon Bennett, Board President
Central Greene School District
P.O. Box 472
250 South Cumberland Street
Waynesburg, Pennsylvania 15370

Dear Dr. Monaghan and Mrs. Bennett:

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

- Nonresident Student Data
- Transportation Operations
- Administrator Separations
- Bus Driver Requirements

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

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

Our audit identified areas of noncompliance and significant internal control deficiencies in the areas of nonresident student data and transportation operations. These deficiencies are detailed in the two findings in this report. A summary of the results is presented in the Executive Summary section of this report.

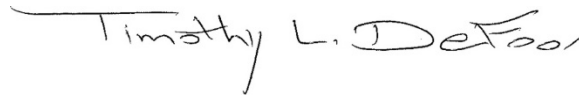
In addition, we identified internal control deficiencies in the areas of administrator separations and bus driver requirements that were not significant but warranted the attention of District management and those charged with governance. Those deficiencies were communicated to District management and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

Dr. Kevin M. Monaghan
Mrs. Sharon Bennett
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Our audit findings and recommendations have been discussed with the District, 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 other relevant requirements.

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

Sincerely,

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive style with a horizontal line extending from the start of the name.

Timothy L. DeFoor
Auditor General

August 31, 2021

cc: **CENTRAL GREENE SCHOOL DISTRICT** Board of School Directors

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Executive Summary

Audit Work

The Pennsylvania Department of the Auditor General conducted a performance audit of the Central Greene 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 areas of noncompliance and significant internal control deficiencies as detailed in the two findings in this report.

Finding No. 1: The District's Failure to Implement Adequate Internal Controls Led to Inaccurate Nonresident Student Data Reported to PDE Resulting in a \$50,485 Overpayment.

We found that the District failed to implement adequate internal controls over the identification, categorization, and reporting of nonresident student data resulting in a \$50,485 overpayment from the Pennsylvania Department of Education. This overpayment was caused by the District inaccurately reporting the number of foster students educated by the District during the 2015-16, 2016-17, and 2017-18 school years (see page 7).

Finding No. 2: The District's Failure to Implement an Adequate Internal Control System Resulted in an \$18,095 Overpayment and an Unauditable \$3 Million in Transportation Reimbursements.

We found that the District did not implement an adequate internal control system over the input, calculation, and reporting of regular and supplemental transportation data, which resulted in the District receiving an \$18,095 overpayment in supplemental transportation reimbursements. Additionally, the District did not comply with the record retention provisions of the Public School Code when it failed to obtain and retain adequate documentation for the regular transportation reimbursements received for the audit period, and therefore, we could not determine the accuracy of the \$3,081,995 the District received in regular transportation reimbursements (see page 11).

Status of Prior Audit Findings and Observations.

Our prior audit report of the District was released on May 26, 2016 and resulted in one finding and three recommendations. The finding detailed the deficiencies we identified in the acquisition, execution, and monitoring of various contracts for goods and services. During our current audit, we found that the District did take appropriate actions to address our prior recommendations (see page 16).

Background Information

School Characteristics 2020-21 School Year*	
County	Greene
Total Square Miles	168
Number of School Buildings	3
Total Teachers	123
Total Full or Part-Time Support Staff	77
Total Administrators	9
Total Enrollment for Most Recent School Year	1,488
Intermediate Unit Number	1
District Career and Technical School	Greene County Career and Technology Center

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

Mission Statement*

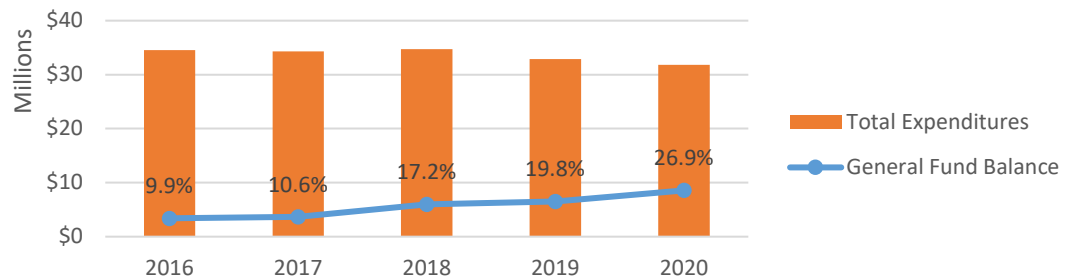
“To provide a comprehensive education for all students to become critical thinkers as they enter a global society.”

Financial Information

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

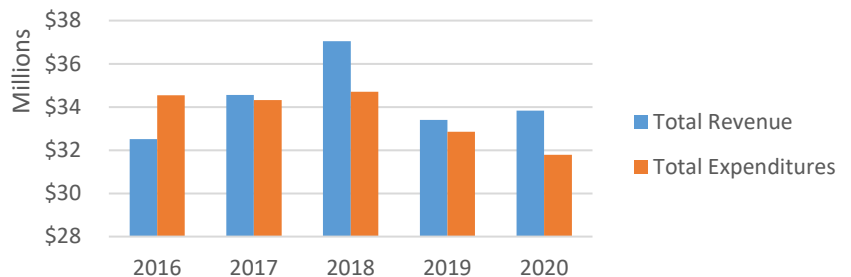
General Fund Balance as a Percentage of Total Expenditures

	General Fund Balance
2016	\$3,403,323
2017	\$3,642,062
2018	\$5,978,374
2019	\$6,520,198
2020	\$8,564,441



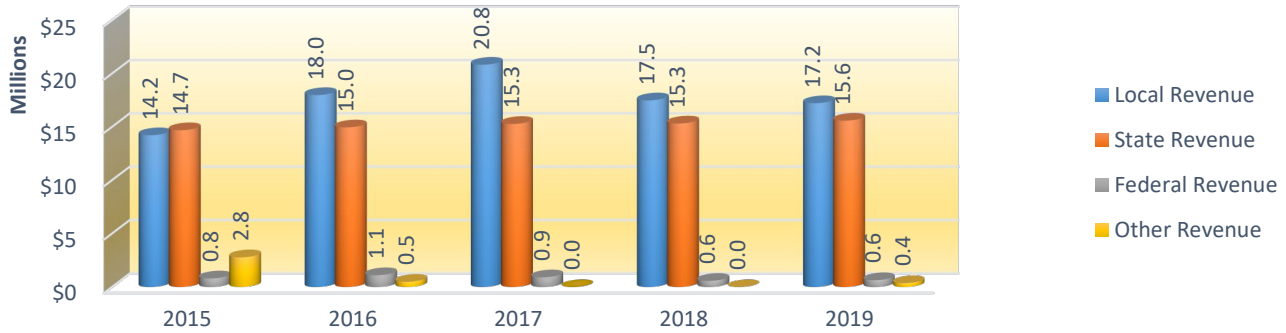
Revenues and Expenditures

	Total Revenue	Total Expenditures
2016	\$32,507,653	\$34,539,375
2017	\$34,558,561	\$34,319,824
2018	\$37,039,637	\$34,703,325
2019	\$33,398,955	\$32,857,131
2020	\$33,834,682	\$31,790,440

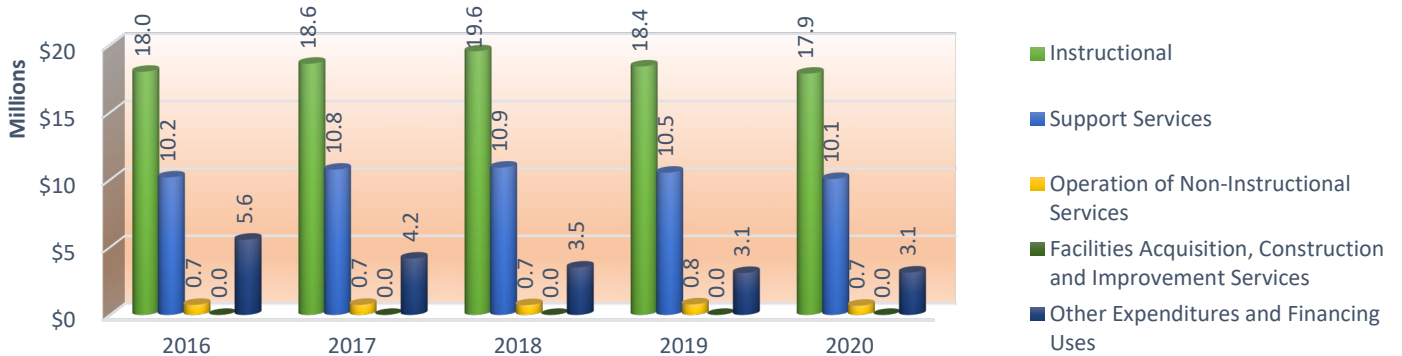


Financial Information Continued

Revenues by Source

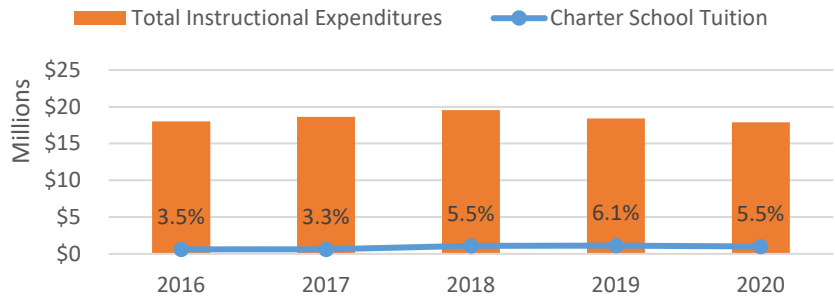


Expenditures by Function

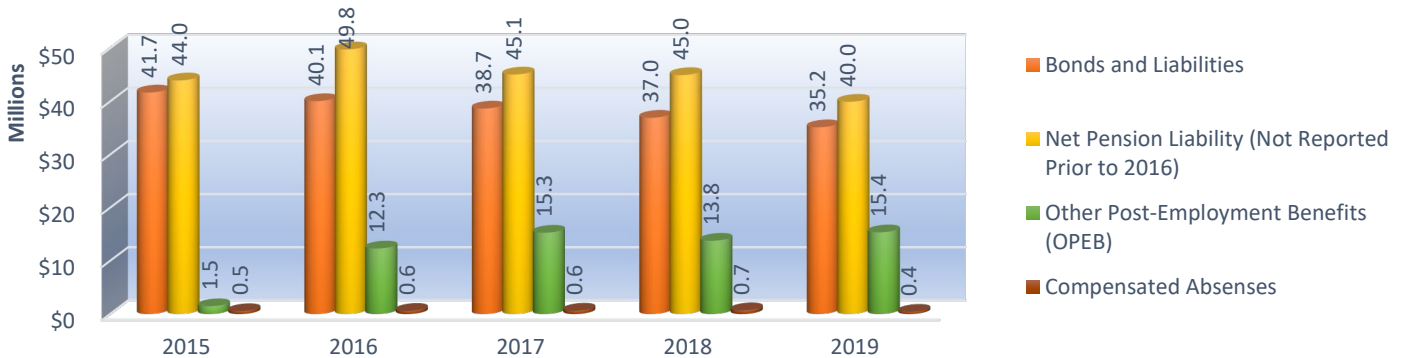


Charter Tuition as a Percentage of Instructional Expenditures

	Charter School Tuition	Total Instructional Expenditures
2016	\$626,258	\$18,037,953
2017	\$616,337	\$18,635,785
2018	\$1,083,344	\$19,554,722
2019	\$1,117,283	\$18,431,008
2020	\$987,804	\$17,894,637



Long-Term Debt

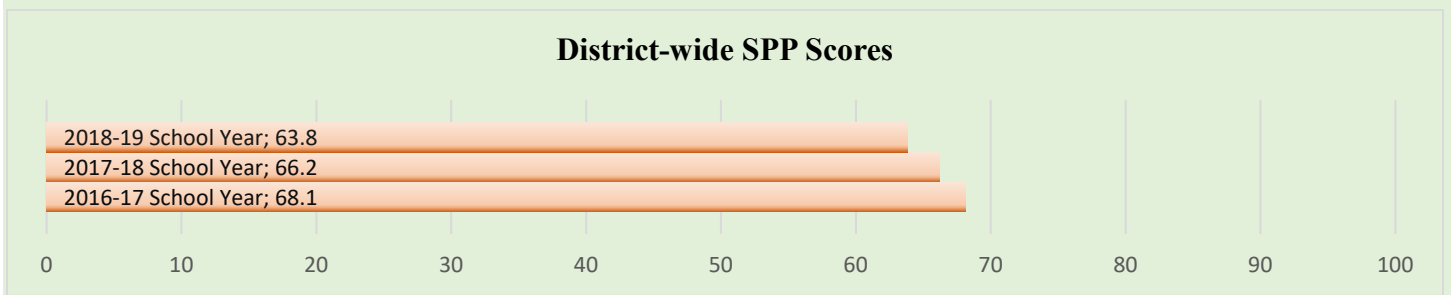


Academic Information¹

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

What is a SPP score?

A SPP score serves as a benchmark for schools to reflect on successes, achievements, and yearly growth. PDE issues a SPP score annually using a 0-100 scale for all school buildings in the Commonwealth, which is calculated based on standardized testing (i.e., PSSA and Keystone exam scores), student improvement, advance course offerings, and attendance and graduation rates. Generally speaking, a SPP score of 70 or above is considered to be a passing rate.⁴



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

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

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

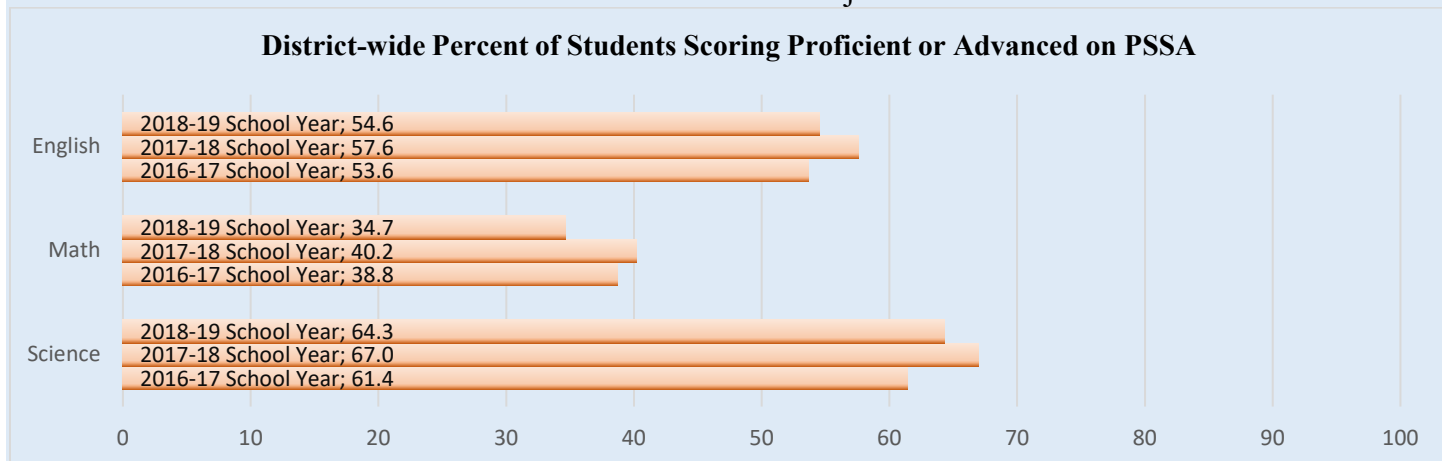
⁴ PDE started issuing a SPP score for all public school buildings beginning with the 2012-13 school year. For the 2014-15 school year, PDE only issued SPP scores for high schools taking the Keystone Exams as scores for elementary and middle scores were put on hold due to changes with PSSA testing. PDE resumed issuing a SPP score for all schools for the 2015-16 school year.

Academic Information Continued

What is the PSSA?

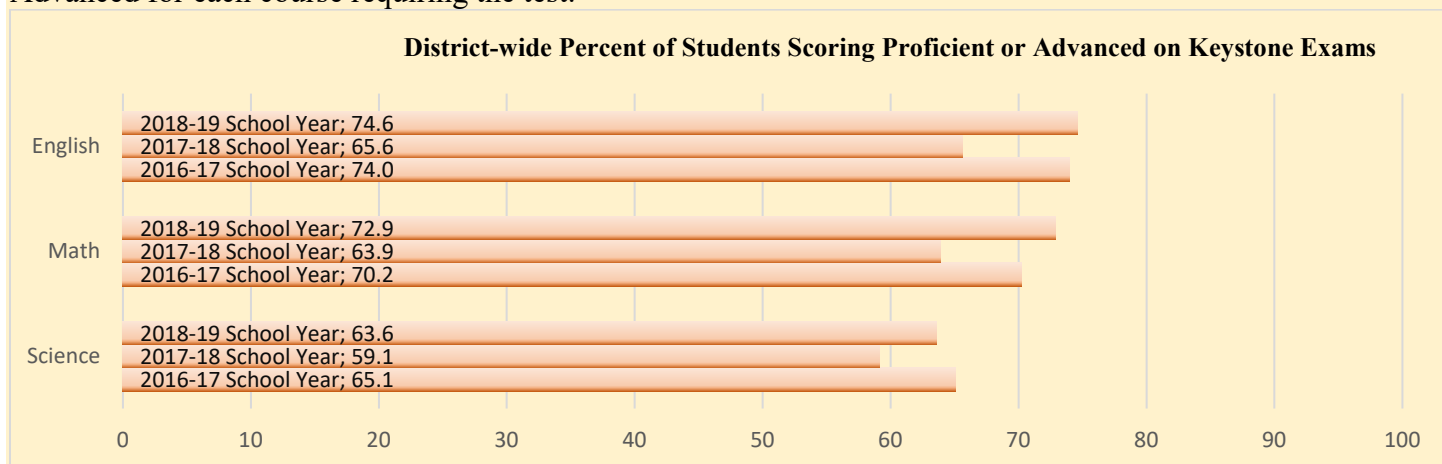
The PSSA is an annual, standardized test given across the Commonwealth to students in grades 3 through 8 in core subject areas, including English, Math and Science. The PSSAs help Pennsylvania meet federal and state requirements and inform instructional practices, as well as provide educators, stakeholders, 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.⁵ 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.

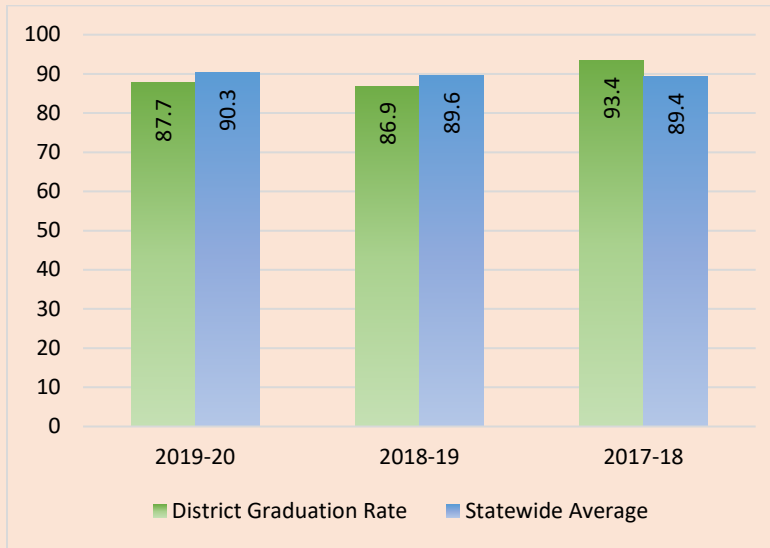


⁵ Act 158 of 2018, effective October 24, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement until the 2021-22 school year. See 24 P.S. § 1-121(b)(1). Please refer to the following link regarding further guidance to local education agencies (LEAs) 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.⁶



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

Findings

Finding No. 1

The District's Failure to Implement Adequate Internal Controls Led to Inaccurate Nonresident Student Data Reported to PDE Resulting in a \$50,485 Overpayment

Criteria relevant to the finding:

The State Board of Education's regulations and Pennsylvania Department of Education (PDE) guidelines govern the classifications of nonresident children placed in private homes 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 Central Greene School District (District) failed to implement adequate internal controls over the identification, categorization, and reporting of nonresident student data resulting in a \$50,485 overpayment from the Pennsylvania Department of Education (PDE). This overpayment was caused by the District inaccurately reporting the number of foster students educated by the District during the 2015-16, 2016-17, and 2017-18 school years.⁷

Background: School districts are entitled to receive Commonwealth paid tuition for educating certain nonresident students. For a district to be eligible to receive Commonwealth paid tuition, the District must ensure that the student has met all four eligibility components:

- 1) The student's parent/guardian must not be a resident of the educating district.
- 2) The student must have been placed in a private home of a resident within the district by order of the court or by arrangement with an association, agency, or institution.⁸
- 3) The district resident must be compensated for the care of the student.
- 4) The student must not be in pre-adoptive status.

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. Further, the district must obtain updated documentation for each year that the district reports a student as a nonresident student.

Because school districts can be eligible for additional revenue for educating nonresident students, 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.

⁷ We found the District accurately reported foster students data for the 2018-19 school year.

⁸ For example, the applicable county children and youth agency.

*Criteria relevant to the finding
(continued):*

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

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

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

“(a) 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 residents 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).

Foster Student Reporting Errors

We found that the District made a total of 11 reporting errors during the audit period. These reporting errors involved nine students including two students who were improperly reported for multiple years. The following table details the number of students improperly reported and the overpayment to the District.

Central Greene School District Nonresident Student Data		
School Year	No. of Students Improperly Reported as Foster Students	Overpayment
2017-18	1	\$ 4,307
2016-17	6	\$31,804
2015-16	4	\$14,374
Total	11	\$50,485

We found that eight of nine students improperly reported as foster students were in therapeutic placements. When a student is in a therapeutic placement, as opposed to a traditional foster placement, the educating district is responsible for billing each student’s resident district for tuition costs. The District did not bill the resident district for these eight students. By reporting them as foster students, the District effectively billed the Commonwealth for their tuition instead of the resident school district.

The remaining student who was improperly reported was educated at a career and technical school. The District properly classified this student in its internal software; however, the District inaccurately reported this student to PDE as a foster student. The District failed to perform a reconciliation of the District’s internal software categorizations to what was reported to PDE. A reconciliation of this nature could have identified this error.

Significant Internal Control Deficiencies

The District did not have adequate internal controls over the identification, categorization, and reporting of foster student data. The District relied on one employee from each school building to identify, categorize, and report foster students. Although a District official reviewed the categorization of foster students, this employee was not adequately trained on the PDE requirements. The employees at each of the school buildings and the District official responsible for reviewing the identification and categorization of foster students were not aware of how to properly identify, categorize, and report students in therapeutic placements. Additionally, the District did not have written policies and procedures to

*Criteria relevant to the finding
(continued):*

Section 2562 of the PSC specifies the payments by districts for pupils attending in Other Districts as follows, in part:

“For each elementary or high school pupil attending a public school of another district, the receiving district shall bill the sending district, and the sending district shall pay the amount of the tuition charge per elementary pupil, or the tuition charge per high school pupil, as the case may be. In the case of pupils attending the receiving district’s public schools for less than a full school term, the tuition charge per elementary or high school pupil shall be prorated by reference to the period of time over which such pupils actually attended the receiving district’s schools . . .”
See 24 P.S. § 25-2562.

assist its employees in properly identifying and categorizing foster students.

Future Reimbursement Adjustment: We provided PDE with documentation detailing the reporting errors we identified for the audit period. We recommend that PDE adjust the District’s future subsidy reimbursement amount by the \$50,485 that we calculated as an overpayment.

Recommendations

The *Central Greene School District* should:

1. Develop and implement an internal control system governing the process for categorizing, and reporting nonresident student data. The internal control system should include, but not be limited to, the following:
 - a) All personnel involved in the identification, categorization, and reporting of nonresident student data are trained on PDE’s reporting requirements.
 - b) Clear and concise written procedures are developed to document the categorization and reporting process for nonresident student data.
2. Perform a reconciliation of the foster student data to source documents before reporting the data to PDE.
3. Bill tuition costs to the resident district(s) for those students in therapeutic foster placements and educated by the District.

The *Pennsylvania Department of Education* should:

4. Adjust the District’s future nonresident student reimbursements to resolve the overpayment of \$50,485.

Management Response

District management provided the following response:

Please note that the District had a different Business Manager and Superintendent for [the] audit period cited in this Finding. These former officials deleted and shredded any information that could have proven to be helpful in answering these findings.

The District will do the following to address these findings:

1. The District will implement an internal control system for categorizing and reporting nonresident student data. Written procedures will need to

be put in place and communicated to all personnel involved in the process. The central office staff responsible for reporting this information will develop a written plan.

2. Reconciliation of foster student data will need to be confirmed between the building level personnel and the central office personnel before reporting the information to PDE.
3. Once the reconciliation of foster student data has been confirmed by the responsible building level personnel and the responsible central office personnel, tuition costs will be billed to the resident district(s) for those students who are placed in therapeutic foster placements and are educated by the Central Greene School District.
4. The District will resolve the overpayment of \$50,485.

Auditor Conclusion

We are encouraged that the District provided a detailed corrective action plan to address all of our recommendations. The District's commitment to strengthening their internal controls and seeking training on the reporting of membership data will help ensure that the data reported to PDE is accurate. We will review the effectiveness of the District's corrective actions during our next audit of the District.

Finding No. 2

The District's Failure to Implement an Adequate Internal Control System Resulted in an \$18,095 Overpayment and an Unauditable \$3 Million in Transportation Reimbursements

Criteria relevant to the finding:

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.

Sworn Statement and Annual Filing Requirements

Section 2543 of the PSC, which is entitled, "Sworn statement of amount expended for reimbursable transportation; payment; withholding" sets forth the requirement for school districts to annually file a sworn statement of student transportation data for the prior and current school year with PDE in order to be eligible for the transportation subsidies and 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.) *See* 24 P.S. § 25-2543.

We found that the District did not implement an adequate internal control system over the input, calculation, and reporting of regular and supplemental transportation data. Consequently, the District inaccurately reported the number of nonpublic school students it transported during the audit period, which resulted in the District receiving an \$18,095 overpayment in supplemental transportation reimbursements.

Additionally, the District did not comply with the record retention provisions of the Public School Code (PSC) when it failed to obtain and retain adequate documentation to support the regular transportation data reported to PDE. Therefore, we could not determine the accuracy of the \$3,081,995 the District received in regular transportation reimbursements during the four-year audit period.

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

It is absolutely essential that records related to the District's transportation reimbursements be retained in accordance with the PSC's record retention provisions (for a period of not less than six years) and be readily available for audit. Periodic auditing of such documents is extremely important for District accountability and verification of accurate reporting. Therefore, the District should have a strong system of internal control over its regular and supplemental transportation operations that should include, but not be limited to, the following:

- Segregation of duties.
- Written procedures.
- Training on PDE reporting requirements.

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 years with PDE in order to be eligible for transportation reimbursements.⁹ The sworn statement includes the superintendent's

⁹ *See* 24 P.S. § 25-2543.

Criteria relevant to the finding (continued):

Supplemental Transportation Subsidy for Nonpublic School Students

Section 2509.3 of the PSC provides that each school district shall receive a supplemental transportation payment of \$385 for each nonpublic school student transported.

Record Retention Requirement

Section 518 of the PSC requires that the financial records of a district be retained by the district for a period of not less than six years. *See* 24 P.S. § 5-518.

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).

signature attesting to the accuracy of the reported data. Because of that statutorily required attestation, the District should ensure it has implemented an adequate internal control system to provide the superintendent with the confidence he/she needs to sign the sworn statement.

Supplemental Transportation Reporting Errors

The PSC requires school districts to provide transportation services to students who reside in its district and who attend a charter school or nonpublic school, and it provides for a reimbursement from the Commonwealth of \$385 for each nonpublic school student transported by the district.¹⁰

We found that the District inaccurately reported the number of nonpublic school students it transported for three years of the audit period as detailed in the table below.

Table No. 1

Central Greene School District Nonpublic School Student Reporting Errors		
School Year	No. of Students Over-reported¹¹	Overpayment¹²
2015-16	15	\$ 5,775
2016-17	14	\$ 5,390
2017-18	18	\$ 6,930
Total	47	\$18,095

Every school year, the District should obtain a written request to transport each nonpublic school student from the parent/guardian. The District must maintain this documentation as support for the number of students it reports to PDE to be used in the supplemental reimbursement calculation. However, District officials responsible for reporting this data were unaware of this requirement and the District did not have the documentation to support the nonpublic school students reported to PDE.

¹⁰ According to the PSC, a nonpublic school is defined, in pertinent part, as a nonprofit school other than a public school within the Commonwealth of Pennsylvania, wherein a resident of the Commonwealth may legally fulfill the compulsory school attendance requirements. *See* Section 922.1-A (b) (relating to “Definitions”) of the PSC, 24 P.S. § 9-922.1-A (b).

¹¹ The District reported the total number of nonpublic school students transported during each school year as follows: 1) 15 students in 2015-16, 2) 14 students in 2016-17, 3) 18 students in 2017-18, and 4) no students in 2018-19.

¹² Calculated by multiplying the “No. of Students Overreported” column by \$385.

Criteria relevant to the finding
(continued):

PDE instructions for Local Education Agencies (LEA) on how to complete the PDE-1049. The PDE-1049 is the electronic form used by LEAs to submit transportation data annually to PDE. <http://www.education.pa.gov/Documents/Teachers-Administrators/Pupil%20Transportation/eTran%20Application%20Instructions/PupilTransp%20Instructions%20PDE%201049.pdf> (Accessed on 7/14/21.)

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

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 seating capacity. If the number of pupils assigned changed during the year, calculate a weighted average or a sample average.

Unauditable Regular Transportation Reimbursements of More Than \$3 Million

As previously stated, the regular transportation reimbursement is based on several components that are reported by a school district to PDE for use in calculating the district's annual reimbursement amount. PDE guidelines state that districts are required to report the number of days a vehicle is in service, the number of students assigned to each vehicle, as well as the miles per day, to the nearest tenth, that each vehicle travels with and without students. If the number of students assigned and/or mileage changes during the school year the District is required to calculate an average and report this data.

Multiple District officials reported transportation data to PDE during the audit period, and we found that the District was unable to provide complete source documents to support this data (days, miles, and students) for all years of the audit period. District officials responsible for reporting this data were unaware of the need to retain the detailed supporting documents. Without this supporting documentation, we were unable to determine the accuracy of the data reported to PDE as detailed in the table below.

Table No. 2

Central Greene School District Transportation Data Reported to PDE				
School Year	Reported Number of Students	Reported Number of Vehicles	Reported Approved Annual Miles	Regular Transportation Reimbursement Received
2015-16	1,682	47	382,259	\$ 688,385
2016-17	1,679	50	413,279	\$ 744,365
2017-18	1,625	50	448,843	\$ 856,136
2018-19	1,384	49	442,925	\$ 793,109
Totals	6,370	196	1,687,306	\$3,081,995

Even though we were unable to audit the reported data, a cursory review of the reported data shows potential irregularities that warranted further review. For example, the District reported the same number of vehicles used to transport students in the 2016-17 and 2017-18 school years, as well as a similar number of students transported, however, the reported approved annual miles increased by more than 35,000 and the amount of reimbursement received increased by more than \$110,000 in the 2017-18 school year. Potential irregularities of this nature would necessitate a detailed review of the reported information; however, the District's failure to retain appropriate supporting documentation precluded us from conducting such a review. Without a detailed review of reported data, we

*Criteria relevant to the finding
(continued):*

**PDE Instructions for Local
Education Agencies (LEA) on how
to complete the PDE-2089**

[https://www.education.pa.gov/
Documents/Teachers-Administrators/
Pupil%20Transportation/eTran%
20Application%20Instructions/
PupilTransp%20Instructions%
20PDE-2089%20SummPupils
Transp.pdf](https://www.education.pa.gov/Documents/Teachers-Administrators/Pupil%20Transportation/eTran%20Application%20Instructions/PupilTransp%20Instructions%20PDE-2089%20SummPupilsTransp.pdf)

The “PDE-2089 Summary of Pupils Transported” form is used to report the total number of pupils transported during the school year. This transportation includes LEA-Owned vehicles, contracted service and fare-based service, and provides, in part:

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

could not reach an evidence based conclusion on the accuracy of the regular transportation reimbursement received by the District during the audit period.

Significant Internal Control Deficiencies

Our review revealed that the District did not have adequate controls over the process of inputting, categorizing, and reporting of both regular and supplemental transportation data to PDE. Specifically, we found that the District did not do the following:

- Ensure that the employee responsible for reporting transportation data to PDE was adequately trained on PDE’s reporting requirements and the supporting documentation required to be obtained and retained.
- Implement adequate segregation of duties when it assigned responsibility solely to one person for reporting both regular and supplemental transportation data to PDE.
- Ensure that an employee, other than the employee responsible for inputting and categorizing regular and supplemental transportation data, has reviewed the data before it was submitted to PDE.
- Develop detailed written procedures for obtaining and maintaining the documentation needed to accurately report vehicle data, including the number of nonpublic school students, to PDE.

All of the above internal control deficiencies led to the errors we identified in the District’s reported supplemental transportation data and to our inability to fully audit the regular transportation reimbursements received by the District.

Recommendations

The *Central Greene School District* should:

1. Develop and implement an internal control system over its regular and supplemental transportation operations. The internal control system should include, but not be limited to, the following:
 - All personnel involved in inputting, categorizing, calculating, and reporting transportation data are trained on PDE’s reporting requirements.
 - A review of transportation data is conducted by an employee other than the employee who prepared the data before it is submitted to PDE.
 - Clear and concise written procedures are developed to document the transportation data collection, categorization, reporting process, and retention of documentation.
2. Ensure that complete supporting documentation for all vehicle data is obtained, reviewed, and retained in accordance with PSC requirements.

Record retention procedures should be documented and staff trained on these procedures.

3. Complete a reconciliation of nonpublic school students to individual requests for transportation to help ensure accuracy prior to reporting data to PDE.

The *Pennsylvania Department of Education* should:

4. Adjust the District's future transportation subsidy to resolve the \$18,095 overpayment for supplemental transportation reimbursement.

Management Response

District management provided the following response:

Please note that the District had a different Business Manager and Superintendent for the audit period cited in this Finding. These former officials deleted and shredded any information that could have proven to be helpful in answering these findings. Due to the circumstances, we are unable to refute any of these findings.

The District will do the following to address these findings:

1. Develop and implement an internal control system over the regular and supplemental transportation operations. The control system will include the involvement of one other employee to review the data that is to be submitted to PDE. The business manager or her designee will put together a clear and concise plan to meet the requirements associated with this recommendation.
2. Ensure that complete supporting documentation for all vehicle data is obtained, reviewed, and retained in accordance with PSC requirements. Record retention procedures should be documented and staff will be trained on these procedures.
3. Complete a reconciliation of nonpublic school students to individual requests for transportation to help ensure accuracy prior to reporting to PDE.

Auditor Conclusion

We are encouraged that the District provided a corrective action plan to address all of our recommendations. The District's commitment to strengthening their internal controls and seeking training on the reporting of transportation data will help ensure that the reported data to PDE is accurate. We will review 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 Central Greene School District (District) released on May 26, 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.

Auditor General Performance Audit Report Released on May 26, 2016

Prior Finding: **The District's Acquisition of Technology Equipment in the Amount of \$239,000 was in Noncompliance with the Public School Code Bidding Requirements. The District Also Failed in the Execution and Monitoring of Contracts**

Prior Finding Summary: During our prior audit of the District, we found deficiencies in the acquisition, execution, and monitoring of various contracts for goods and services. We found that the District did not seek competitive bids for the purchase of \$239,000 in technology equipment and failed to fully execute a contract with a maintenance services company. In addition, we found that the food service contract was not appropriately monitored to ensure that the District was controlling costs.

Prior Recommendations: We recommended that the District should:

1. Establish procedures that would allow the District to monitor food service department purchases.
2. Take the necessary steps to advertise for bidders or purchase products from already established purchasing channels such as Participatory Public Expenditure Management – a statewide list of vendors with pre-approved prices for the purchase of furniture, equipment, textbooks, school supplies and other appliances.
3. The solicitor and/or district administration should as a best business practice agree on the contract language with the maintenance company and have the contract properly executed.

Current Status: During our current audit, we found that the District implemented our recommendations. The District implemented an inventory list which is maintained by the food service Director and reviewed with the Business Manager prior to food service department purchases. Additionally, a monthly food service report is provided to the Board of School Directors with the detail of the monthly purchases. Beginning in August 2016, the District provided invoices to document the use of approved vendors. The District's solicitor provided a mandatory training session for District administrators on February 4, 2019 regarding bidding and purchasing procedures. We encourage other periodic trainings regarding the bidding/purchasing procedures, especially as new employees are hired.

Appendix A: Audit Scope, Objectives, and Methodology

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

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

Our audit focused on the District's effectiveness and/or compliance with applicable statutory provisions and related regulations in the areas of Nonresident Student Data, Transportation Operations, Administrator Separations, Bus Driver Requirements, 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.¹⁴ *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.¹⁵ 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.

¹³ 72 P.S. §§ 402 and 403.

¹⁴ 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.

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

Figure 1: Green Book Hierarchical Framework of Internal Control Standards

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

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

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

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

Figure 2 – Internal Control Components and Principles Identified as Significant

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

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

Objectives/Scope/Methodology

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

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

Nonresident Student Data

- Did the District accurately report nonresident students to PDE? Did the District receive the correct reimbursement for these nonresident students?¹⁶
- ✓ To address this objective, we assessed the District's internal controls for inputting, categorizing, and reporting of nonresident foster students to PDE. We reviewed all 21 nonresident foster students reported to PDE as educated by the District during the 2015-16 through 2018-19 school years. We reviewed documentation to verify that the custodial parents or guardian of the foster students were not residents of the District and to determine if the foster parents received a stipend for caring for the student. We also determined if the District received the correct amount of reimbursement for the education of these students.

Conclusion: The results of our procedures identified areas of noncompliance and significant control deficiencies related to the input, categorization, and reporting of nonresident foster student data. Those results are detailed in Finding No. 1 beginning on page 7 of this report.

Transportation Operations

- Did the District ensure compliance with applicable laws and regulations governing transportation operations, and did the District receive the correct transportation reimbursement from the Commonwealth?¹⁷
- ✓ To address this objective, we assessed the District's internal controls for obtaining, processing, and reporting transportation data to PDE. We reconciled the reported mileage and student data on the PDE-2518 (*Summary of Individual Vehicle Data for Contracted Service*) to the District created calculation sheets for the 2016-17 and 2018-19 school years. To determine if the District accurately calculated and reported transportation data (miles, students, and days) to PDE, we requested school

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

¹⁷ See 24 P.S. § 25-2541(a).

calendars as well as the vehicle odometer readings and student rosters for all 196 vehicles reported to PDE as transporting District students during the 2015-16 through 2018-19 school years. However, the District was unable to provide all of the requested documentation so we could not audit the more than \$3 million the District received in regular transportation reimbursements.

- ✓ Additionally, we assessed the District's internal controls for inputting, categorizing, and reporting nonpublic school and charter school student data to PDE. We requested and reviewed the supporting documentation for each of the 47 nonpublic school students reported to PDE as transported by the District during the 2015-16 through 2018-19 school years.

Conclusion: The results of our procedures identified areas of noncompliance and significant internal control deficiencies. Those results are detailed in Finding No. 2 beginning on page 11 of this report.

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 contracts comply with the Public School Code and were the final payments in compliance with the Public School Employees' Retirement System (PSERS) guidelines?
- ✓ To address this objective, we assessed the District's internal controls for processing the final payments to individually contracted employees who separated employment from the District. We reviewed the employment contracts, payroll, and leave records for the five individually contracted administrators who separated employment from the District during the period of July 1, 2015 through March 31, 2021. We reviewed the final payouts to determine if the administrators were compensated in accordance with the contracts and that only eligible wages were reported to PSERS. We verified the Board of School Directors (Board) complied with Section 508 of the Public School Code by voting to approve each administrator's separation from employment with the District.

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

Bus Driver Requirements

- Did the District ensure that all bus drivers transporting District students are approved by the Board and had the required driver's license, physical exam, training, background checks, and clearances¹⁸ as outlined in applicable laws?¹⁹ Also, did the District adequately monitor driver records to ensure compliance with the ongoing five-year clearance requirements and ensure it obtained updated licenses and health physical records as applicable throughout the school year?
- ✓ To address this objective, we assessed the District's internal controls for reviewing, maintaining, and monitoring the required bus driver qualification documents. We determined if all drivers were

¹⁸ 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.

¹⁹ 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*.

approved by the District's Board. We randomly selected 40 of the 80 contracted drivers transporting District students as of March 19, 2021 and reviewed documentation to ensure the District complied with the requirements for those bus drivers.²⁰ We also determined of the District had monitoring procedures to ensure that all drivers had updated licenses, clearances, and physicals.

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

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?²¹ Also, did the District follow best practices related to physical building security and providing a safe school environment?

- ✓ To address this objective, we reviewed a variety of documentation including but not limited to safety plans, training schedules, risk and vulnerability assessments, anti-bullying policies, safety committee meetings, 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 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?²² 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 at the District's three buildings to determine whether drills were conducted as required for the 2018-19 and 2019-20 school years. 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.

²⁰ While representative selection is a required factor of audit sampling methodologies, audit sampling methodology was not applied to achieve this test objective; accordingly, the results of this audit procedure are not, and should not be, projected to the population.

²¹ Safe Schools Act 24 P.S. § 13-1301-A *et seq.*, Emergency Management Services Code 35 Pa.C.S. § 7701.

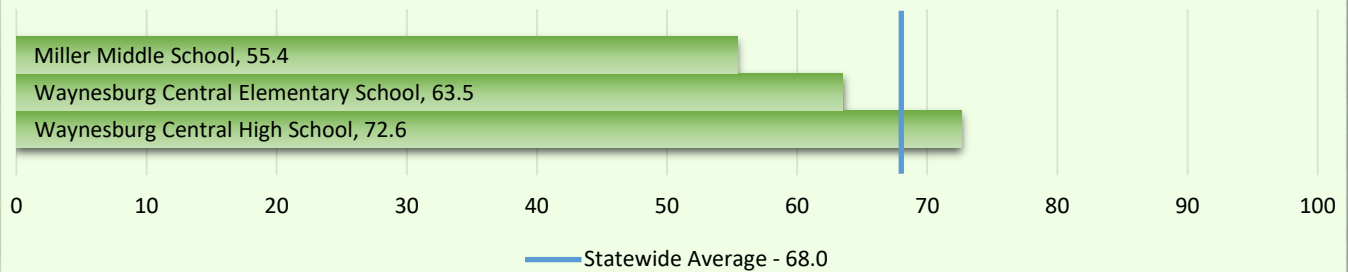
²² Public School Code (Fire and Security Drills) 24 P.S. § 15-1517.

Appendix B: Academic Detail

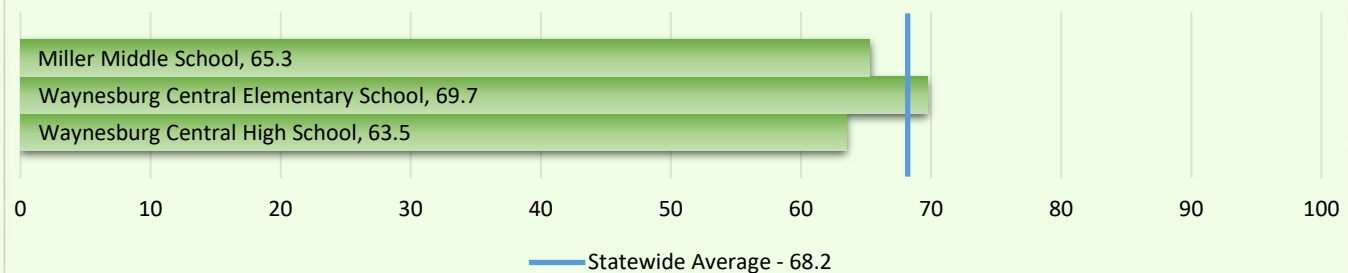
Benchmarks noted in the following graphs represent the statewide average of all public school buildings in the Commonwealth that received a score in the category and year noted.²³ Please note that if one of the District's schools did not receive a score in a particular category and year presented below, the school will not be listed in the corresponding graph.²⁴

SPP School Scores Compared to Statewide Averages

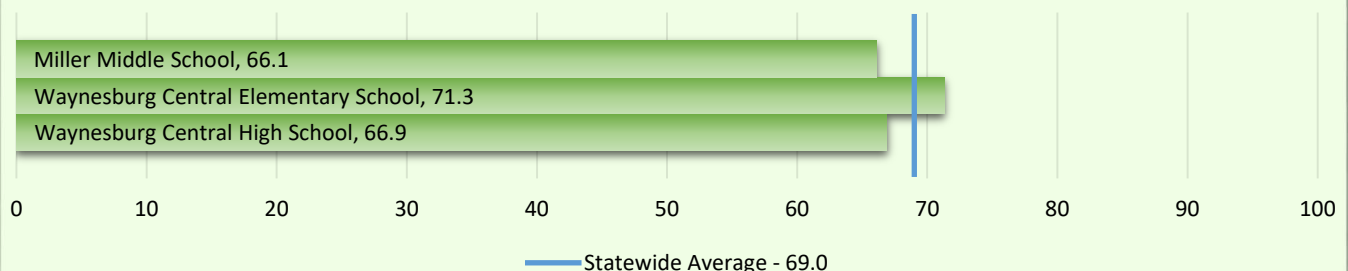
2018-19



2017-18



2016-17

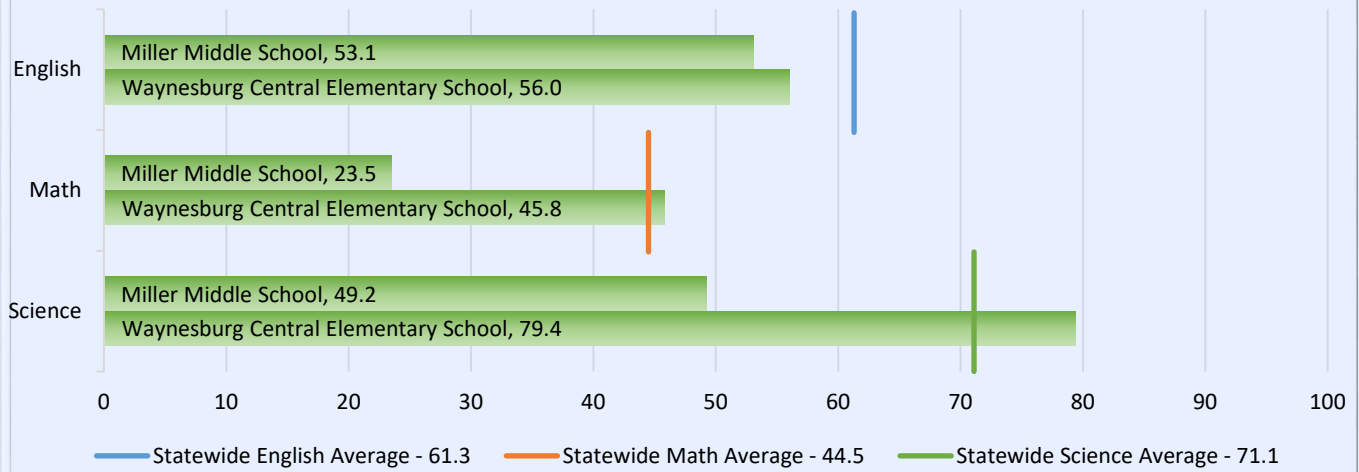


²³ Statewide averages were calculated by our Department based on individual school building scores for all public schools in the Commonwealth, including district schools, charters schools, and cyber charter schools.

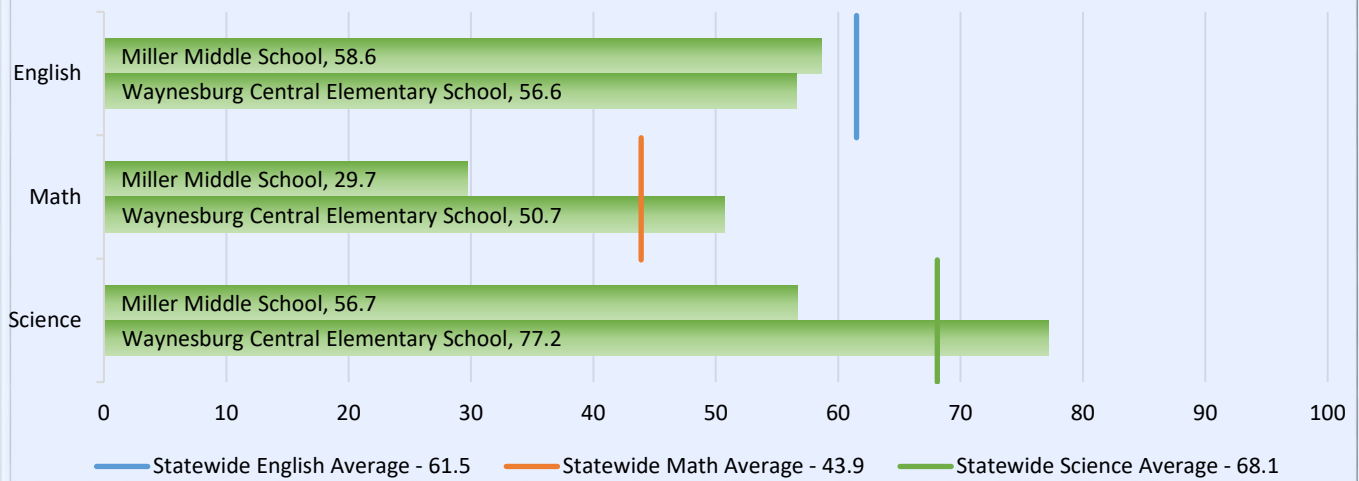
²⁴ PDE's data does not provide any further information regarding the reason a score was not published for a specific school. However, readers can refer to PDE's website for general information regarding the issuance of academic scores.

PSSA Advanced or Proficient Percentage School Scores Compared to Statewide Averages

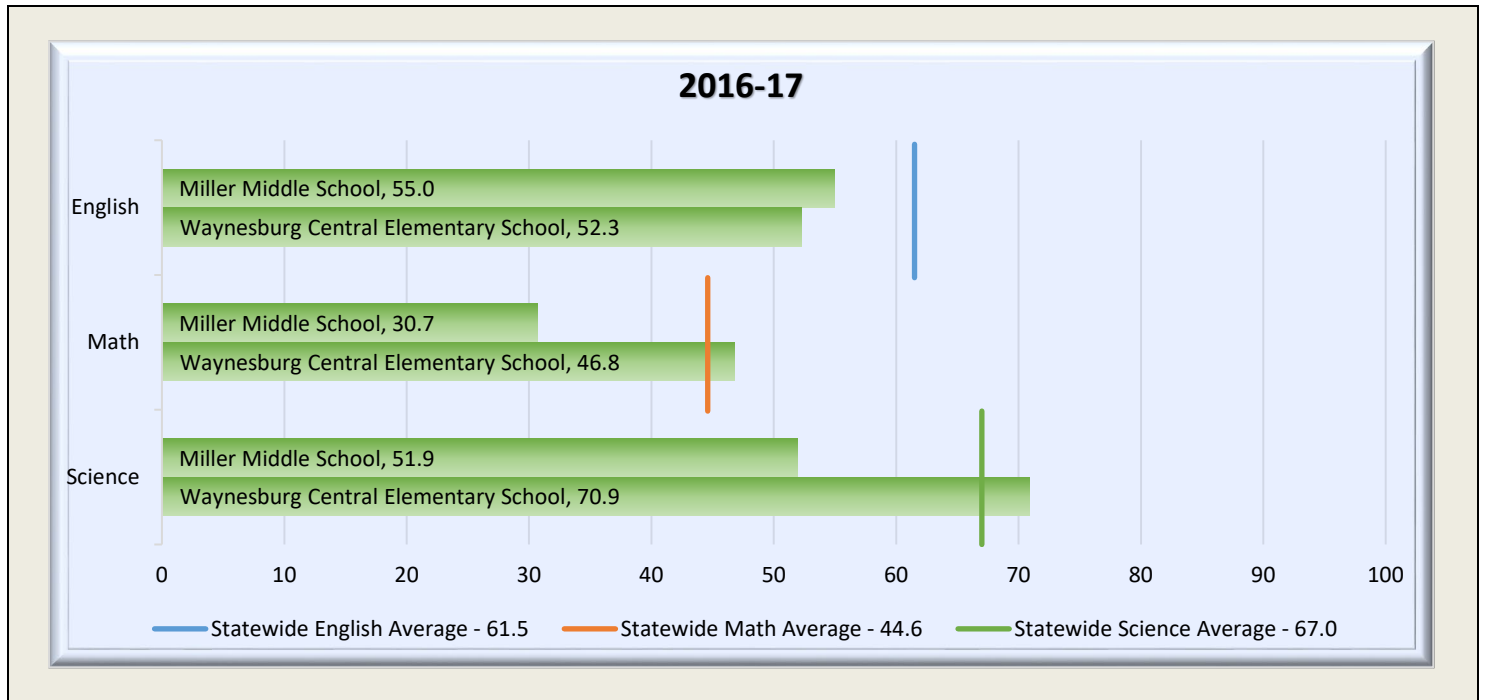
2018-19



2017-18

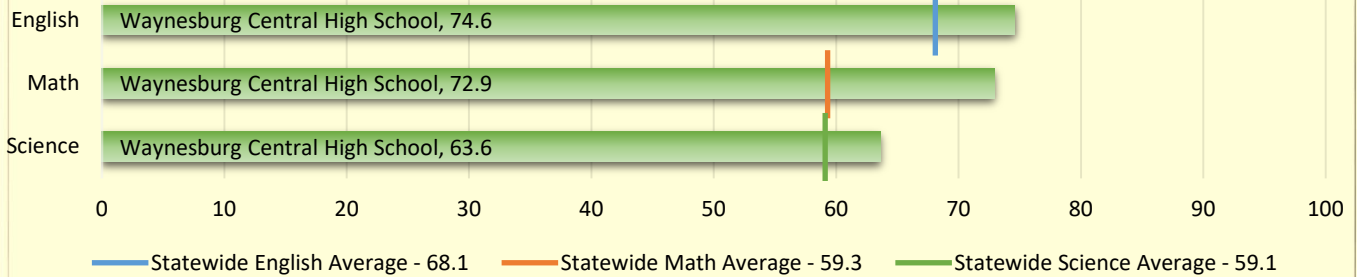


**PSSA Advanced or Proficient Percentage
School Scores Compared to Statewide Averages (continued)**

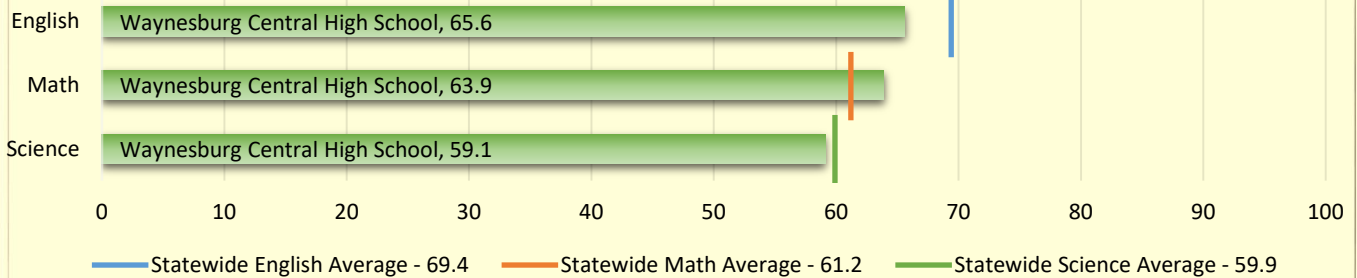


Keystone Advanced or Proficient Percentage School Scores Compared to Statewide Averages

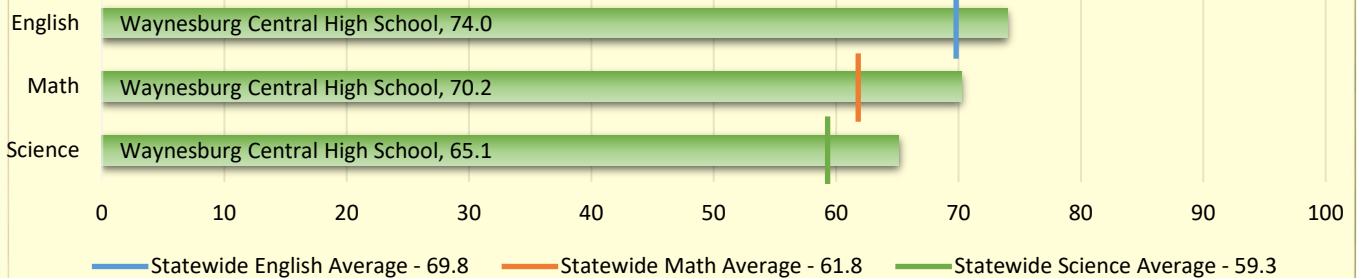
2018-19



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:

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