

PERFORMANCE AUDIT

Northern Cambria School District Cambria County, Pennsylvania

February 2016



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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

EUGENE A. DePASQUALE
AUDITOR GENERAL

Mr. Joe Kimmel, Superintendent
Northern Cambria School District
601 Joseph Street
Northern Cambria, Pennsylvania 15714

Mr. Brian Bougher, Board President
Northern Cambria School District
601 Joseph Street
Northern Cambria, Pennsylvania 15714

Dear Mr. Kimmel and Mr. Bougher:

We have conducted a performance audit of the Northern Cambria School District (District) for the period July 1, 2012 through December 18, 2015. We evaluated the District's performance in following areas:

- Governance
- Hiring and Separations
- School Safety
- Bus Driver Requirements

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

Our audit found that the District performed adequately in the areas listed above except as noted in the following finding:

- **Failure to Obtain Required Background Clearances for Bus Drivers and Failure to Maintain Required Bus Driver Qualification Documentation**

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

Sincerely,

Eugene A. DePasquale
Auditor General

February 18, 2016

cc: **NORTHERN CAMBRIA SCHOOL DISTRICT** Board of School Directors

Table of Contents

	Page
Background Information	1
Findings and Observations	4
Finding – Failure to Obtain Required Background Clearances for Bus Drivers and Failure to Maintain Required Bus Driver Qualification Documentation	4
Status of Prior Audit Findings and Observations	9
Appendix: Audit Scope, Objectives, and Methodology	11
Distribution List	14

Background Informationⁱ

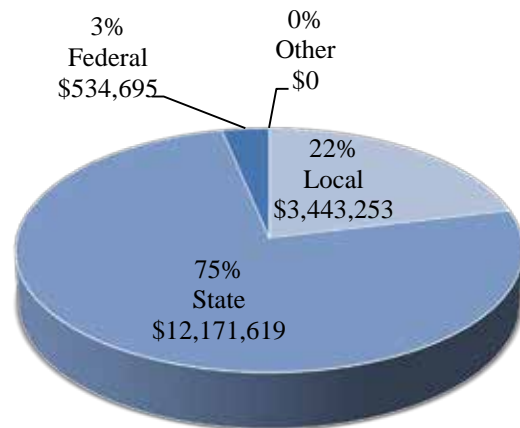
School Characteristics 2014-15 School Year ⁱⁱ	
County	Cambria
Total Square Miles	63.8
Resident Population ⁱⁱⁱ	7,898
Number of School Buildings	2 ¹
Total Teachers	87
Total Full or Part-Time Support Staff	61
Total Administrators	5
Total Enrollment for Most Recent School Year	1,120
Intermediate Unit Number	8
District Vo-Tech School	Admiral Perry Vo-Tech

Mission Statement

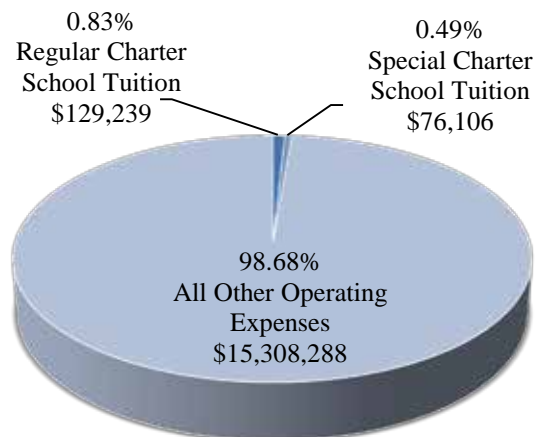
“It is the mission of the Northern Cambria School District to provide a quality educational environment which supports independent, critical and creative thinking, promotes ethical and productive, responsible behavior, and encourages citizens in the life-long pursuit of excellence for both today's and tomorrow's challenges.”

Financial Information

Revenue by Source for 2013-14 School Year

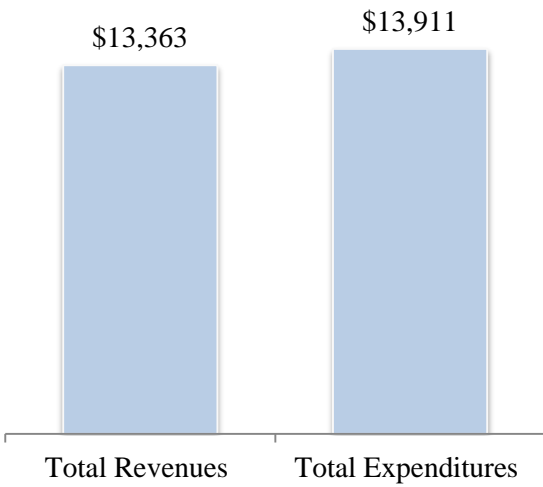


Select Expenditures 2013-14 School Year



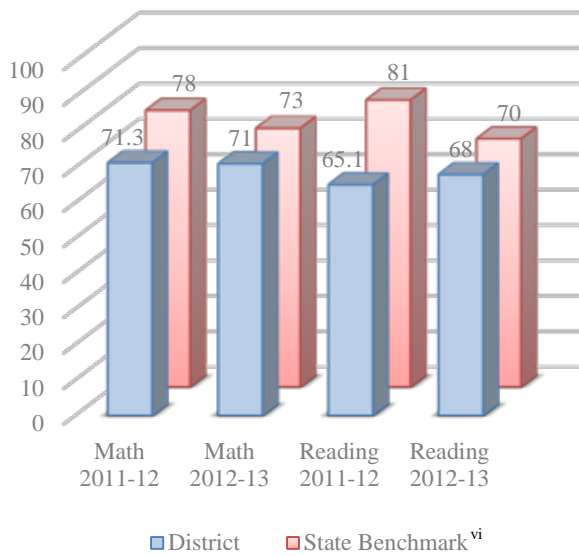
¹ The Northern Cambria elementary and middle schools are located in the same building.

**Dollars Per Student
2013-14 School Year**



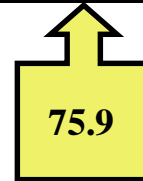
Academic Information

Percentage of District Students Who Scored "Proficient" or "Advanced" on 2011-12 and 2012-13 PSSA^{iv v}



District's 2012-13 SPP Score^{vii}

A	B	C	D	F
90-100	80-89.9	70-79.9	60-69.9	<60
▲	▲	■	▼	▼



**Individual Building SPP and PSSA Scores^{viii}
2012-13 School Year**

School Building	SPP Score	PSSA % School Proficient and Advanced in Math	PSSA % Statewide Benchmark of 73% Above or Below	PSSA % School Proficient and Advanced in Reading	PSSA % Statewide Benchmark of 70% Above or Below	Federal Title I Designation (Reward, Priority, Focus, No Designation)^{ix}
Northern Cambria Elementary	78.7	78	5	74	4	No Designation
Northern Cambria HS	72.6	45	28	69	1	N/A
Northern Cambria MS	79.2	68	5	61	9	N/A

Findings and Observations

Finding

Failure to Obtain Required Background Clearances for Bus Drivers and Failure to Maintain Required Bus Driver Qualification Documentation

Criteria relevant to the finding:

Pennsylvania Department of Transportation bus driver regulations require the possession of a valid driver's license and passing a physical examination.

Section 111 of the Public School Code (PSC), 24 P.S. § 1-111, as amended, requires state and federal criminal background checks, and Section 6344 of the Child Protective Services Law (CPSL), 23 Pa.C.S. § 6344, as amended, requires a child abuse clearance.

Specifically, Section 111(b) and (c.1) of the PSC requires prospective school employees who have direct contact with children, including independent contractors and their employees, to submit a report of state Criminal History Record Information (CHRI) obtained from the Pennsylvania State Police, as well as a federal CHRI obtained from the Federal Bureau of Investigation (FBI). *See* 24 P.S. § 1-111(b) and (c.1).

Section 111(e)(1)-(2) of the PSC lists convictions for certain criminal offenses, including most major criminal offenses such as criminal homicide, rape, and drug convictions, that require an absolute ban on employment.

During our audit of the District's school bus drivers' qualifications, we found that the District did not have bus driver qualification documentation on file for any of the 30 District bus drivers that transported District students during the 2015-16 school year. At our insistence, the District requested this required information from their bus service contractor. The contractor provided the bus driver qualification information to the District.

Our review of this information revealed that the District's contractor failed to obtain the federal CHRI reports from the FBI for eight bus drivers transporting District students and there was no documentation available to evidence that the District monitored the status of the required documentation for bus drivers transporting District students. The District's failure to obtain and review this information prior to drivers transporting students is not only in noncompliance with Section 111 of the PSC, but it could result in the District having a school bus driver regularly transporting students who may not have been suitable to have direct contact with children.

Lack of Bus Driver Qualification Documentation on File

When we requested to review the bus driver qualification documentation, the District administration was unable to provide the documents because they could not locate them. According to District employees, the informal procedure was for the bus contractor to submit the documentation electronically, via flash drive, to the business manager who would then print out the documentation. However, due to turnover in the business manager position, no current District employee could locate the flash drive or even determine whether flash drive was ever submitted. The District requested the information from the contracted bus

*Criteria relevant to the finding
(continued):*

Further, effective September 28, 2011, Act 24 added Section 111(f.1) to the PSC which provides that a ten, five, or three year *look-back period* for certain convictions be met before an individual is eligible for employment.

Amendments to Section 111 required all current school employees to submit an “Arrest/Conviction Report and Certification” form (PDE-6004) to local education agencies indicating whether or not they have ever been arrested or convicted of any Section 111 offense by December 27, 2011. Furthermore, all employees subsequently arrested or convicted of a Section 111 offense must complete the form within 72 hours of the arrest or conviction. *See 24 P.S. § 1-111(j).*

Section 6344(a.1)(1) of the CPSL requires prospective school employees to submit an official child abuse clearance statement obtained from the Pennsylvania Department of Human Services. The CPSL prohibits the hiring of an individual determined by a court to have a committed child abuse or is named as the alleged perpetrator in a pending child abuse investigation.

Additionally, Section 111(c.1) provides, in part: . . .

“Administrators shall maintain a copy of the required information...”
(Emphasis added.)

Chapter 23 of the State Board of Education Regulations indicate that the Board of School Directors is responsible for the selection and approval of eligible operators who qualify under the law and regulations. *See 22 Pa. Code § 23.4(2).*

See 22 Pa. Code § 8.2(a).

service, which promptly provided the information to the District.

The failure to have the required records on file at the District was the result of the turnover in the business manager position and the lack of written administrative procedures governing the required process to maintain this information. By not having the required bus drivers’ qualification documents on file at the District, the District was not able to review the documents prior to allowing the drivers to transport the District’s students. The inability to maintain this information on file could result in the District having a school bus driver regularly transporting students who may not have been suitable to have direct contact with children.

Criminal History Clearance

Section 111 of the PSC outlines background check requirements for student teachers and the employees of public and private schools and their contractors. The Pennsylvania Department of Education (PDE) contracted with a private company to manage the fingerprinting process and obtain federal CHRI reports from the FBI for the Commonwealth. The multi-step process begins with the prospective employee registering online or over the phone, prior to being fingerprinted. The applicant pays a \$27 fee for the fingerprinting service and for the federal CHRI to be obtained from the FBI. The CHRI is available online to the employer, and the applicant receives a paper copy in the mail.¹ The applicant may share the paper copy of the CHRI with prospective employers.

However, the school administrator is required to review the official CHRI online and print a copy of the federal CHRI if the applicant is hired by the District or their contractor. The Board of School Directors (Board) must select and approve a driver based on the results of the school administrator’s review of whether the contractor properly vetted the bus driver’s qualifications, including, among others, meeting the age requirement, and successful completion of training and the physical exam, as well as possibly being disqualified under Section 111 of the PSC and Section 6344 of the CPSL. As noted in our *Criteria*

¹ www.pa.cogentid.com outlines the registration process.

*Criteria relevant to the finding
(continued):*

Further, Chapter 8 of the State Board of Education Regulations states: “(a) School entities shall require a criminal history background check prior to hiring an applicant or accepting the services of a contractor, if the applicant, contractor or contractor’s employees would have direct contact with children. The criminal history background check may not be more than one year old at the time of employment or engagement of contracted services.”

Section 111(g)(1) of the PSC provides that an administrator, or other person responsible for employment decisions in a school or other institution under this section who willfully fails to comply with the provisions of this section commits a violation of this act, subject to a hearing conducted by PDE, and shall be subject to civil penalty up to \$2,500.

relevant to the finding, any administrator or other person responsible for employment decisions in a school who willfully fails to comply with the provisions of this section commits a violation of this act and may be subject to a PDE hearing and a civil penalty up of to \$2,500. The ultimate purpose of these requirements is to ensure the safety and welfare of the students transported in school buses.

The District was able to produce documentation evidencing that eight contracted employees started the process by registering to be fingerprinted, but the District did not obtain the federal CHRI reports from the FBI. The District also had on file the required clearances regarding the Pennsylvania Child Abuse History Clearance Report and the state CHRI. However, the federal CHRI provides detail on an individual’s criminal history that occurred outside the Commonwealth of Pennsylvania and that would not be reflected on the state CHRI.

By failing to obtain the results of the federal CHRI, the District cannot make an informed determination as to the suitability of the drivers to transport the District’s students. Section 111 of the PSC lists certain criminal offenses that are subject to an absolute ban on employment² and requires that any offense similar in nature to those in the enumerated crimes involving federal crimes or crimes outside of the Commonwealth be subject to this ban as well.³ Since the information in the federal CHRI may not be captured by the information contained in the state CHRI, the District is taking a risk that a convicted out-of-state or federal felon could be hired.

The District has failed to ensure that all requirements in regard to District bus drivers were met and in turn has not properly ensured the safety and welfare of all District students.

² 24 P.S. § 1-111(e)(1)-(2).

³ 24 P.S. § 1-111(e)(3).

Recommendations

The *Northern Cambria School District* should:

1. Immediately verify that all required clearances have been obtained, reviewed, and are on file at the District to ensure the safety of District students.
2. Prepare and comply with formal documented procedures that require the District's administration to obtain, review, and approve the qualifications of the potential bus drivers in accordance with required criteria.
3. Provide training to transportation personnel to enable them to become familiar with the documentation required by law and by school policy to assure that all drivers possess all clearances.
4. Require the bus contractor to forward the bus driver qualification documents to the District's transportation coordinator instead of the business manager so that future any turnover in that position does not affect the process of receiving and reviewing the documentation.

Management Response

Management stated the following:

“The Transportation Coordinator in the Business Office was not aware of the requirement to have on site documentation of bus driver clearances and qualifications.

Beginning Immediately:

The Transportation Coordinator has received and maintains copies of the following documentation of all bus drivers from the bus contractor as recommended:

Copies of a Valid Driver's License
Passing Physical Examination
Criminal Background Check (Act 34)
Federal Criminal History Record (Act 114)
Pa Child Abuse Clearance (Act 151)
Mandated Reporting (Act 126)
Arrest/Conviction Report and Certification (Act 24)”

Auditor Conclusion

We appreciate the District administration taking corrective action to address this weakness. However, we further recommend the District provide additional training to not only the transportation coordinator but also its own District staff to provide each responsible person with the necessary information about the requirements for obtaining, reviewing, and documenting bus driver qualifications. This will help prevent these issues from occurring in the future.

Status of Prior Audit Findings and Observations

Our prior audit of the District released on January 13, 2014, resulted in two findings, as shown below. As part of our current audit, we determined the status of corrective action taken by the District to implement our prior audit recommendations. We reviewed the District's written response provided to PDE, interviewed District personnel, and performed audit procedures as detailed in each status section below.

Auditor General Performance Audit Report Released on January 13, 2014

Prior Finding No. 1: Errors in Reporting Non-Resident Membership Resulted in an Underpayment of \$25,104 in Tuition for Children Placed in Private Homes (Partially Resolved)

Prior Finding Summary:

Our prior audit review of the District's pupil membership reports submitted to PDE, for the 2011-12 school year, revealed that non-resident membership for children placed in private homes (foster children) was understated by 540 days for elementary grades. The error resulted in an underpayment of \$25,104 in tuition for foster children payable in the 2012-13 school year.

Prior Recommendations:

We recommended that the District should:

1. Establish a centralized review process to ensure membership data is accurately maintained.
2. Thoroughly review all child accounting data for accuracy prior to submission to PDE.
3. Perform a detailed review of PDE's Preliminary Summary of Child Accounting report to ensure accurate reporting of students.
4. Review reports submitted subsequent to the years audited and submit revised reports to PDE, if errors are found.

The *Pennsylvania Department of Education* should:

5. Adjust the District's future allocations to correct the \$25,104 underpayment of tuition for foster children.

Current Status:

During our current audit, we determined if the District followed all four of our prior audit recommendations. We found that the District had implemented a centralized review process to ensure membership data is accurately maintained, thoroughly reviewed all child accounting data for accuracy prior to submission to PDE, and performed a detailed review of PDE's Preliminary Summary of Child Accounting report to ensure accurate reporting of students. We noted the District did not implement one of our prior audit recommendations, which was to review reports submitted subsequent to the years audited and submit revised reports to PDE, if errors were found. We also noted, that as of December 18, 2015, the subsidy underpayment is still pending.

Prior Finding No. 2: Possible Conflicts of Interest (Resolved)

Prior Finding Summary:

Our prior audit review of the District's board meeting minutes, for the period July 15, 2008 through March 19, 2013, found possible conflicts of interest pertaining to votes made for payment of bills and votes to approve a confidential settlement agreement.

Prior Recommendations:

We recommended that the District should:

1. Require the board members to abstain from voting to approve payments, contracts, and transactions that involve family members.
2. Require the board members to publicly announce and disclose the nature of their interests as a public record in a written communication to the Board Secretary.

Current Status:

During our current audit, we determined whether board members abstained from voting and whether the abstentions were noted in the board meeting minutes for similar situations. We found that the District did implement both of our prior recommendations.

Appendix: 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, PDE, and other concerned entities.

Our audit, conducted under authority of Section 403 of The Fiscal Code,⁵ is not a substitute for the local annual financial audit required by the PSC of 1949, as amended. We conducted our audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit.

Scope

Overall, our audit covered the period July 1, 2012 through December 18, 2015. In addition, the scope of each individual audit objective is detailed on the next page.

The District's management is responsible for establishing and maintaining effective internal controls⁶ to provide reasonable assurance that the District is in compliance with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures (relevant requirements). In conducting our audit, we obtained an understanding of the District's internal controls, including any information technology controls, that we consider to be significant within the context of our audit objectives. We assessed whether those controls were properly designed and implemented. Any deficiencies in internal controls that were identified during the conduct of our audit and determined to be significant within the context of our audit objectives are included in this report.

⁵ 72 P.S. § 403.

⁶ Internal controls are processes designed by management to provide reasonable assurance of achieving objectives in areas such as: effectiveness and efficiency of operations; relevance and reliability of operational and financial information; and compliance with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures.

Objectives/Methodology

In order to properly plan our audit and to guide us in selecting objectives, we reviewed pertinent laws and regulations, board meeting minutes, academic performance data, financial reports, annual budgets, and new or amended policies and procedures. We also determined if the District had key personnel or software vendor changes since the prior audit.

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

- Governance
- Hiring and Separations
- School Safety
- Bus Driver Requirements

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

- ü Did the LEA's Board and administration maintain best practices in overall organizational governance?
 - To address this objective, conducted in-depth interviews with the current Superintendent and his or her staff, reviewed board meeting books, policies and procedures, and reports used to inform the Board about student performance, progress in meeting student achievement goals, budgeting and financial position, and school violence data to determine if the Board was provided sufficient information for making informed decisions.

- ü Did the LEA follow the PSC and best practices when hiring new staff?
 - To address this objective, we obtained and reviewed the District's hiring policies and procedures. We selected the last three employees hired by the District during the period July 1, 2014 through October 7, 2015, and reviewed documentation to determine if the District complied with the PSC, District policies and procedures, and best practices in hiring new employees.

- ü Did the District take appropriate actions to ensure it provided a safe school environment?
 - To address this objective, we reviewed a variety of documentation including, safety plans, training schedules, anti-bullying policies, and after action reports.

- Ü Did the District ensure that bus drivers transporting District students had the required driver's license, physical exam, training, background checks, and clearances as outline in applicable laws?⁷ Also, did the District have adequate written policies and procedures governing the hiring of new bus drivers?
 - To address this objective, we selected all 30 bus drivers hired by the District bus contractor, during the period July 1, 2013 through October 21, 2015, and reviewed documentation to ensure the District complied with bus driver's requirements. We also determined if the District had written policies and procedures governing the hiring of bus drivers and if those procedures were sufficient to ensure compliance with bus driver hiring requirements.

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

Distribution List

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

The Honorable Tom W. Wolf

Governor
Commonwealth of Pennsylvania
Harrisburg, PA 17120

The Honorable Pedro A. Rivera

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

The Honorable Timothy Reese

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. Lin Carpenter

Assistant Executive Director for Member Services
School Board and Management Services
Pennsylvania School Boards Association
P.O. Box 2042
Mechanicsburg, PA 17055

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.

ⁱ Source: School district, PDE, and U.S. Census data.

ⁱⁱ Source: Information provided by the District administration.

ⁱⁱⁱ Source: United States Census <http://www.census.gov/2010census>

^{iv} PSSA stands for the Pennsylvania System of School Assessment (PSSA), which is composed of statewide, standardized tests administered by PDE to all public schools and the reporting associated with the results of those assessments. PSSA scores in the tables in this report reflect Reading and Math results for the “All Students” group for the 2011-12 and 2012-13 school years.

^v PSSA scores, which are Pennsylvania’s mandatory, statewide academic test scores, are issued by PDE. However, the PSSA scores issued by PDE are collected by an outside vendor, Data Recognition Corporation (DRC). The Pennsylvania Department of the Auditor General and KPMG issued a significant weakness in internal controls over PDE’s compilation of this academic data in the Single Audit of the Commonwealth of Pennsylvania for the fiscal year ended June 30, 2014, citing insufficient review procedures at PDE to ensure the accuracy of test score data received from DRC.

^{vi} In the 2011-12 school year, the state benchmarks reflect the Adequate Yearly Progress targets established under No Child Left Behind. In the 2012-13 school year, the state benchmarks reflect the statewide goals based on annual measurable objectives established by PDE.

^{vii} SPP stands for School Performance Profile, which is Pennsylvania’s new method for reporting academic performance scores for all public schools based on a scale from 0% to 100% implemented in the 2012-13 school year by PDE.

^{viii} *Ibid.* Additionally, federal Title I designations of Priority, Focus, Reward, and No Designation are new federal accountability designations issued by PDE to Title I schools only beginning in the 2012-13 school year. Priority schools are the lowest 5%, focus schools are the lowest 10%, and reward schools are the highest 5% of Title I schools. All Title I schools not falling into one of the aforementioned percentage groups are considered “No Designation” schools. The criteria used to calculate the percentage rates is determined on an annual basis by PDE.

^{ix} Title I Federal accountability designations for Title I schools originate from PDE and are determined based on the number of students at the school who receive free and/or reduced price lunches. School lunch data is accumulated in PDE’s CN-PEARS system, which is customized software developed jointly with an outside vendor, Colyar, Inc. The Pennsylvania Department of the Auditor General and KPMG issued a significant deficiency in internal controls over the CN-PEARS system in the Single Audit of the Commonwealth of Pennsylvania for the fiscal year ended June 30, 2014.