

# PERFORMANCE AUDIT

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## Allegheny Valley School District Allegheny County, Pennsylvania

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July 2021



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR  
AUDITOR GENERAL**

Dr. Patrick M. Graczyk, Superintendent  
Allegheny Valley School District  
300 Pearl Avenue  
Cheswick, Pennsylvania 15024

Mr. Larry Pollick, Board President  
Allegheny Valley School District  
300 Pearl Avenue  
Cheswick, Pennsylvania 15024

Dear Dr. Graczyk and Mr. Pollick:

We have conducted a performance audit of the Allegheny Valley 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:

- Transportation Operations
- Nonresident Student Data
- 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 transportation operations and nonresident student data. 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.

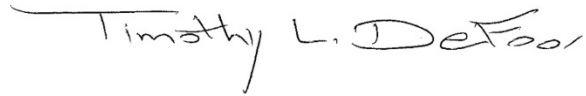
In addition, we identified an internal control deficiency in the area of bus driver requirements that was not significant but warranted the attention of District management and those charged with governance. This deficiency was communicated to District management and those charged with governance for their consideration.

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

Dr. Patrick M. Graczyk  
Mr. Larry Pollick  
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We appreciate the District's cooperation during the course of the audit.

Sincerely,

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

Timothy L. DeFoor  
Auditor General

June 25, 2021

cc: ALLEGHENY VALLEY SCHOOL DISTRICT Board of School Directors

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## Executive Summary

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### **Audit Work**

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

Our audit scope covered the period July 1, 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 Resulted in a Transportation Reimbursement Overpayment of \$103,515.**

We found that the District did not implement an adequate internal control system over input, categorization, calculating, and reporting of regular transportation data. The failure to implement internal controls led to multiple inaccuracies in the transportation data reported to the Pennsylvania Department of Education (PDE). Consequently, the District received an overpayment of \$103,515 in regular transportation reimbursements for the 2015-16 through 2018-19 school years (see page 7).

#### **Finding No. 2: The District's Failure to Implement Adequate Internal Controls Led to Inaccurate Reporting of Nonresident Student Data Resulting in an Overpayment of \$40,866.**

We found that the District failed to implement internal controls over the categorization, input, and reporting of nonresident student data resulting in a \$40,866 overpayment from PDE. This overpayment was caused by the District inaccurately reporting the number of foster students educated by the District for the 2015-16 and 2018-19 school years. In addition, the District failed to report an eligible nonresident student in those same school years (see page 13).

#### **Status of Prior Audit Findings and Observations.**

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

## Background Information

School Characteristics 2019-20 School Year*	
County	Allegheny
Total Square Miles	9
Number of School Buildings	2 <sup>1</sup>
Total Teachers	82
Total Full or Part-Time Support Staff	52 full-time 12 part-time
Total Administrators	14
Total Enrollment for Most Recent School Year	940
Intermediate Unit Number	3
District Career and Technical School	Forbes Road Career and Technology Center

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

### Mission Statement\*

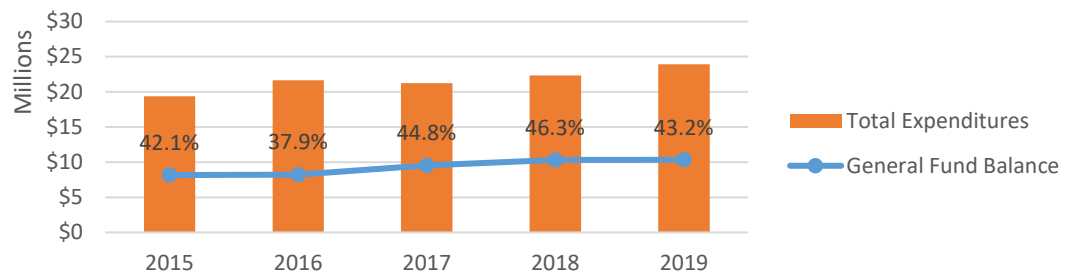
“The mission of the Allegheny Valley School District, a group of small traditional communities, is to educate all students to achieve their maximum potential. A dedicated staff, in partnership with school, home, and community, will empower students to become responsible and contributing citizens able to meet challenges in an international society.”

## Financial Information

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

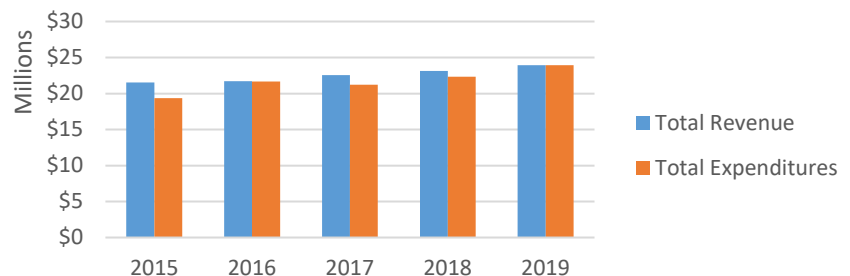
### General Fund Balance as a Percentage of Total Expenditures

	General Fund Balance
2015	\$8,162,903
2016	\$8,208,599
2017	\$9,517,388
2018	\$10,331,510
2019	\$10,334,508



### Revenues and Expenditures

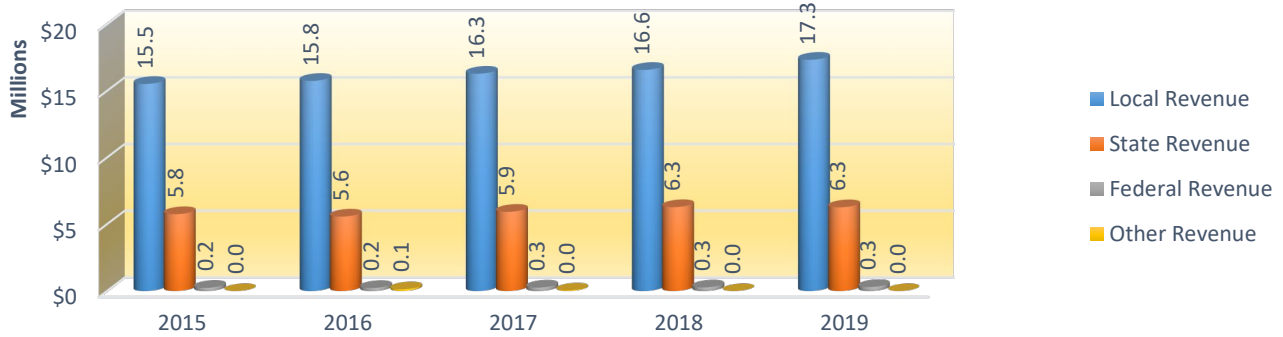
	Total Revenue	Total Expenditures
2015	\$21,521,653	\$19,374,889
2016	\$21,692,372	\$21,646,677
2017	\$22,536,116	\$21,227,327
2018	\$23,133,987	\$22,319,865
2019	\$23,915,228	\$23,915,228



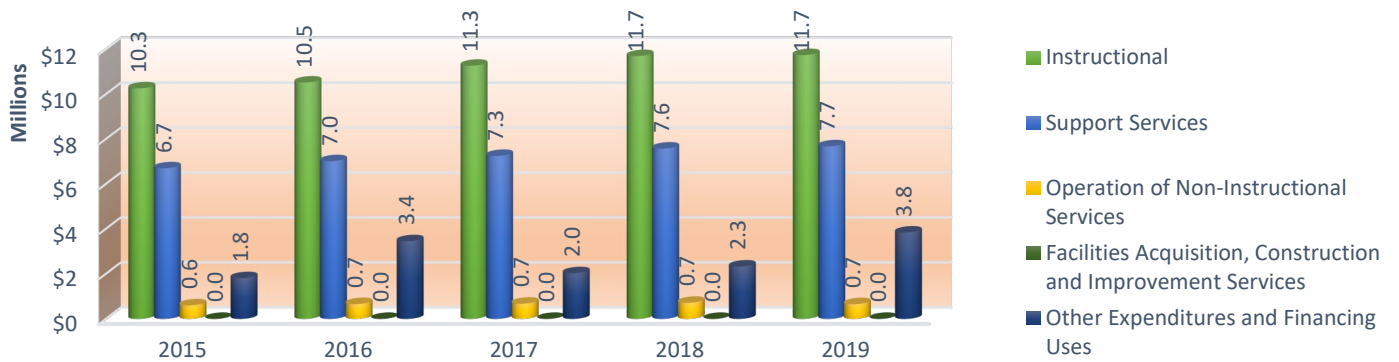
<sup>1</sup> Colfax Elementary School closed in December 2018. Academic information is presented for three schools until the 2018-19 school year.

## Financial Information Continued

### Revenues by Source

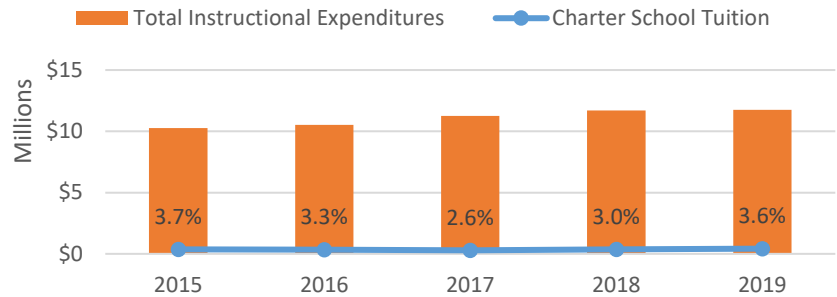


### Expenditures by Function

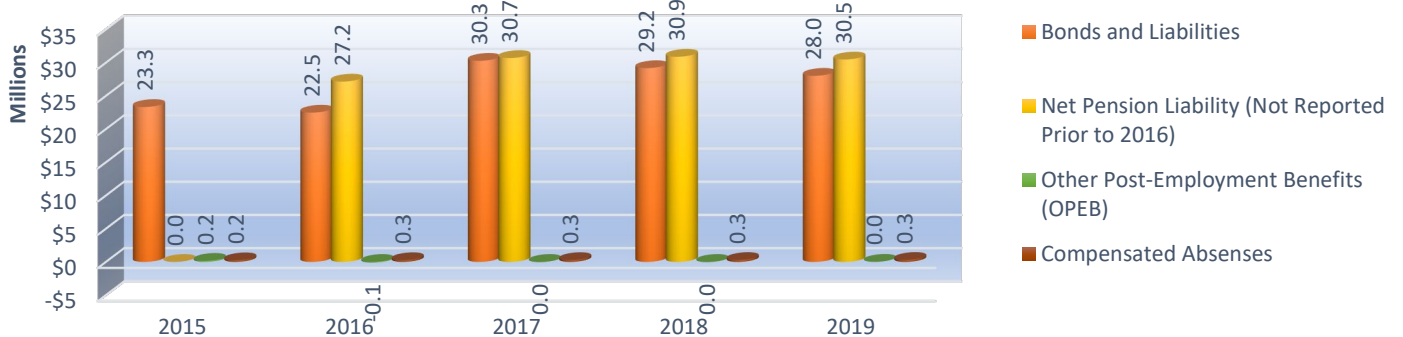


### Charter Tuition as a Percentage of Instructional Expenditures

	Charter School Tuition	Total Instructional Expenditures
2015	\$376,734	\$10,261,626
2016	\$351,892	\$10,522,268
2017	\$284,650	\$11,268,934
2018	\$356,408	\$11,699,063
2019	\$424,025	\$11,743,537



### Long-Term Debt

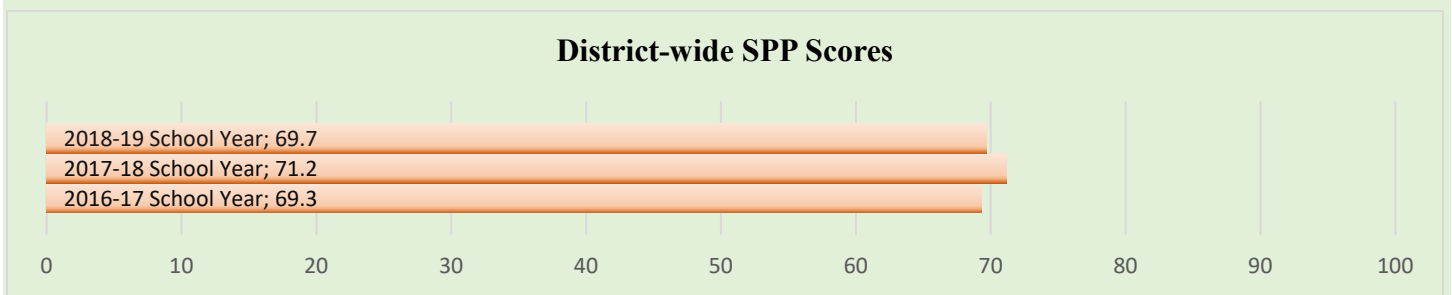


## Academic Information

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

### What is a SPP score?

A SPP score serves as a benchmark for schools to reflect on successes, achievements, and yearly growth. PDE issues a SPP score annually using a 0-100 scale for all school buildings in the Commonwealth, which is calculated based on standardized testing (i.e., PSSA and Keystone exam scores), student improvement, advance course offerings, and attendance and graduation rates. Generally speaking, a SPP score of 70 or above is considered to be a passing rate.<sup>3</sup>



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<sup>2</sup> PDE is the sole source of academic data presented in this report. All academic data was obtained from PDE's publicly available website.

<sup>3</sup> 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.

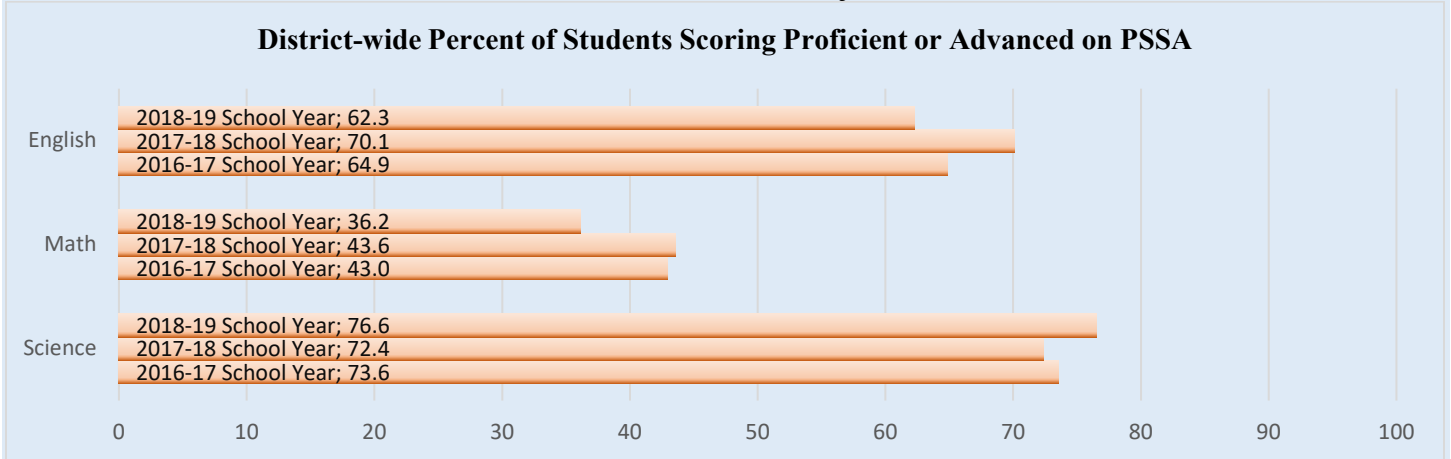


## Academic Information Continued

### What is the PSSA?

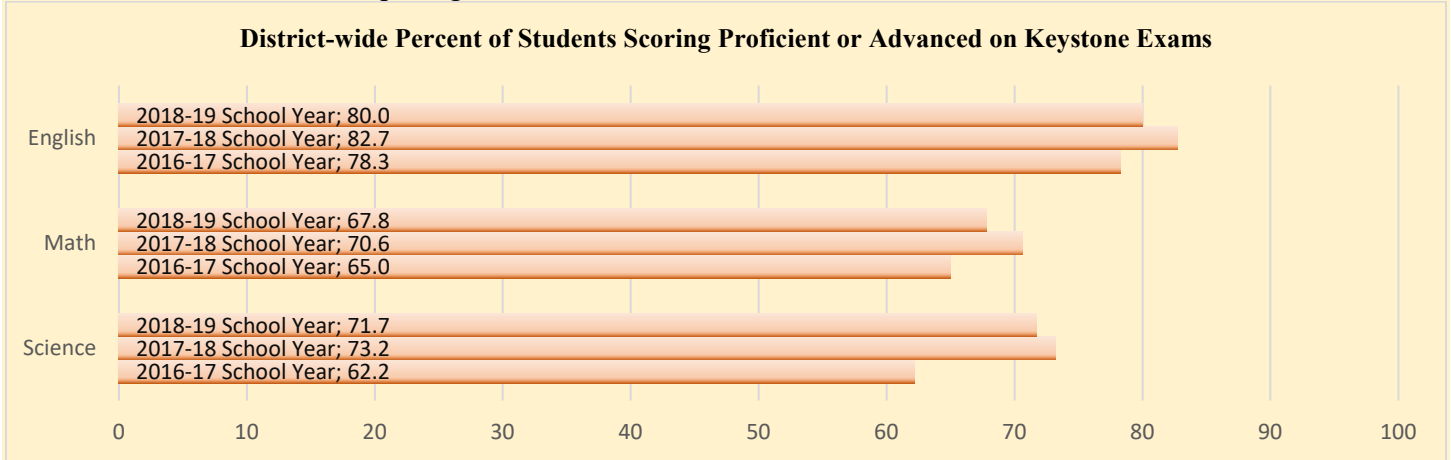
The PSSA is an annual, standardized test given across the Commonwealth to students in grades 3 through 8 in core subject areas, including English, Math and Science. The PSSAs help Pennsylvania meet federal and state requirements and inform instructional practices, as well as provide educators, stakeholders, 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.<sup>4</sup> In the meantime, the exam is still given as a standardized assessment and results are included in the calculation of SPP scores. The Keystone Exam is scored using the same four performance levels as the PSSAs, and the goal is to score Proficient or Advanced for each course requiring the test.

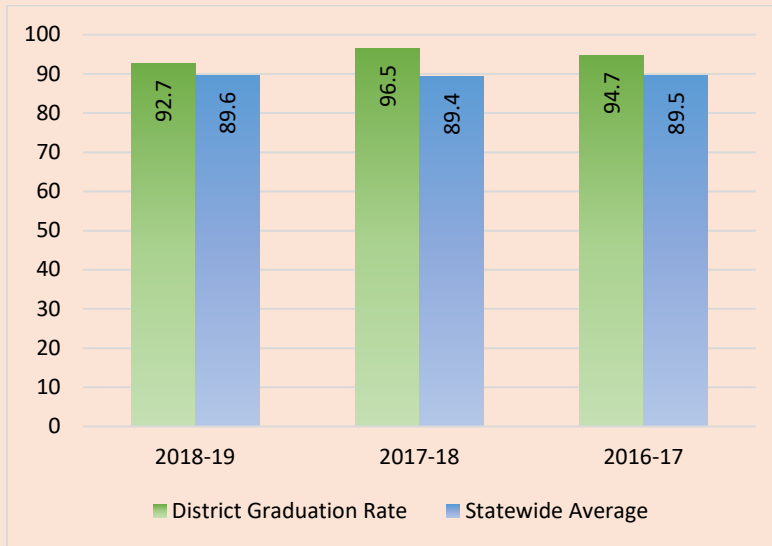


<sup>4</sup> Act 158 of 2018, effective October 24, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement until the 2021-22 school year. See 24 P.S. § 1-121(b)(1). Please refer to the following link regarding further guidance to local education agencies (LEAs) on Keystone end-of-course exams (Keystone Exams) in the context of the pandemic of 2020: <https://www.education.pa.gov/Schools/safeschools/emergencyplanning/COVID-19/Pages/Keystone-Exams.aspx>

## 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.<sup>5</sup>



<sup>5</sup> 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 Resulted in a Transportation Reimbursement Overpayment of \$103,515

#### *Criteria relevant to the finding:*

#### **Student Transportation Subsidy**

Section 2541(a) of the Public School Code (PSC) states, in part: "School districts shall be paid by the Commonwealth for every school year on account of pupil transportation which... have been approved by the Pennsylvania Department of Education (PDE) ... 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).

#### **Sworn Statement and Annual Filing Requirements**

Section 2543 of the PSC, which is entitled, "**Sworn statement** of amount expended for reimbursable transportation; payment; withholding" of the PSC states, in part: "Annually, each school district entitled to reimbursement on account of pupil transportation shall provide in a format prescribed by the Secretary of Education, data pertaining to pupil transportation for the prior and current school year. . . . The Department of Education may, for cause specified by it, withhold such reimbursement, in any given case, permanently, or until the school district has complied **with the law or regulations** of the State Board of Education." (Emphases added.) See 24 P.S. § 25-2543.

We found that the Allegheny Valley School District (District) did not implement an adequate internal control system over the input, categorization, calculation, and reporting of regular transportation data. The failure to implement internal controls led to multiple inaccuracies in the transportation data reported to the Pennsylvania Department of Education (PDE). Consequently, the District was overpaid \$103,515 in regular transportation reimbursements for the 2015-16 through 2018-19 school years.

**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 for transporting students, and the number of miles that vehicles are in service, both with and without students. The **supplemental** transportation reimbursement is based on the number of nonpublic school and charter school students transported. The errors identified in this finding pertain to the District's regular transportation reimbursements.

Since the above listed components are integral to the calculation of the District's transportation reimbursements, it is essential that the District properly record, calculate, categorize, and report transportation data to PDE. Therefore, the District should have a strong system of internal control over transportation operations that should include, but not be limited to, the following:

- Segregation of duties.
- Comprehensive written procedures.
- Training on PDE reporting requirements.

It is also important to note that the Public School Code (PSC) requires that all school districts annually file a sworn statement of student transportation data for the prior and current school years with PDE in

*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 April 16, 2020)

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

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

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

order to be eligible for transportation reimbursements.<sup>6</sup> The sworn statement includes the superintendent’s signature attesting to the accuracy of the reported data. Because of this statutorily required attestation, the District should ensure it has implemented an adequate internal control system to provide it with the confidence it needs to sign the sworn statement.

### **Regular Transportation Reporting Errors**

PDE guidelines state that school districts are required to report the number of miles per day to the nearest tenth that each vehicle travels with and without students. Districts are also required to report the number of students assigned to each vehicle. These students fall into multiple reporting categories including, but not limited to, students transported and eligible for reimbursement due to residing on a Pennsylvania Department of Transportation (PennDOT) determined public hazardous walking route and students transported who are not eligible for reimbursement.

Elementary students residing within 1.5 miles of their respective school or secondary students residing within 2 miles of their school are not eligible to be reported as reimbursable unless the student resides on a PennDOT determined hazardous walking route.<sup>7</sup> If the miles traveled and/or students assigned changes during the school year, an average must be calculated and reported. The districts are also required to report the number of days each vehicle transported students. These transportation data elements are some of the elements that are required to be reported to PDE annually and are data inputs in a PSC determined “formula” that calculates the District’s regular transportation reimbursement amount.

We found that during the audit period, the District relied on just one employee to obtain, calculate, and report these transportation data elements. We found multiple reporting errors during the four-year audit period that led to the overpayment of regular transportation reimbursements. The District failed to accurately report the following:

- **Miles traveled** during the 2015-16 through 2018-19 school years.
- **Days in operation** during the 2015-16 through 2018-19 school years.
- **Non-reimbursable** students for the 2017-18 and 2018-19 school years.

Our review of the District’s supporting documentation disclosed that the miles traveled to transport students and number of days in service the

<sup>6</sup> See 24 P.S. § 25-2543.

<sup>7</sup> When PennDOT certifies a route as hazardous, a determination letter is issued to the District. These determinations must be retained as evidence to support the number of public hazardous students reported to PDE.

*Criteria relevant to the finding (continued):*

**Non-reimbursable Pupils** –

Non-reimbursable students are elementary students who reside within 1.5 miles of their elementary school and secondary students who reside within 2 miles of their secondary school.

Non-reimbursable students do not include special education students or students who reside on routes determined by the Pennsylvania Department of Transportation to be hazardous. See 24 P.S. § 25-2541 (b)(1).

District reported to PDE for 18 of 156 vehicles was inaccurate.<sup>8</sup> In addition to the 18 vehicles with mileage and/or days in operation errors, the District failed to report a total of 45 non-reimbursable students during the 2017-18 and 2018-19 school years.

We summarized the errors for the audit period and calculated the total amount of reimbursements that the District was overpaid and present the details in the table below.

<b>Allegheny Valley School District Transportation Data Inaccurately Reported to PDE</b>				
<b>School Year</b>	<b>Miles Over Reported</b>	<b>Days Over Reported</b>	<b>Non-reimbursable Students Not Reported</b>	<b>Overpayment</b>
<b>2015-16</b>	18,177	281	-	\$ 28,613
<b>2016-17</b>	6,648	79	-	\$ 16,358
<b>2017-18</b>	15,222	289	14	\$ 31,052
<b>2018-19</b>	<u>9,868</u>	<u>157</u>	<u>31</u>	<u>\$ 27,492</u>
<b>Total:</b>	<b>49,915</b>	<b>806</b>	<b>45</b>	<b>\$103,515</b>

The primary reason for overreporting mileage was due to the inaccurate reporting of activity runs.<sup>9</sup> When a vehicle transports students on both regular and activity runs, PDE requires activity run mileage to be reported separately from regular run mileage. The District did report activity run mileage separately; however, the District also reported activity run mileage with regular run mileage. The secondary reason for overreporting mileage was due to mathematical errors we identified on the source data worksheets used by the District to report transportation data to PDE.

The number of days vehicles were used to transport students was overreported for each year of the audit period because multiple vehicles were reported as if they transported students for the entire school year when the vehicles were actually only used for a portion of the school year.

While the District accurately reported non-reimbursable students to PDE for the 2015-16 and 2016-17 school years, a clerical oversight was the cause of the errors we identified in 2017-18 and 2018-19. More specifically, we found that the District had correctly categorized these students as non-reimbursable students in its internal system; however, it failed to include these student numbers in the reports submitted to PDE. The errors we identified, along with the District’s explanations for the cause of the errors, highlight the need for strong internal controls to be implemented over these processes.

<sup>8</sup> The District reported 34 vehicles for the 2015-16 school year, 44 vehicles for the 2016-17 school year, 41 vehicles for the 2017-18 school year, and 37 vehicles for the 2018-19 school year.

<sup>9</sup> An activity run or a “late run” is for the transportation of students to activities that are outside of the normal school day.

## Significant Internal Control Deficiencies

Our review revealed that the District did not have an adequate internal control system over its regular transportation operations. Specifically, we found that the District did not implement adequate segregation of duties when it placed responsibility on only one employee for obtaining the required supporting documentation, calculating the average data required to be reported to PDE, and reporting this data to PDE. All of these functions were performed without any review or oversight by another District official. Furthermore, this employee did not receive adequate training on PDE's transportation reporting requirements. Finally, the District did not have comprehensive written procedures for accurately calculating and reporting transportation data to PDE.

These internal control deficiencies led to multiple reporting errors and resulted in a \$103,515 overpayment in the District's transportation reimbursement subsidy for the four-year audit period. The monetary effect of the errors we identified demonstrate the importance of strong internal controls over the transportation data reporting system.

Future Reimbursement Adjustment: We provided PDE with reports detailing the reporting errors related to the regular transportation reimbursements for the 2015-16 through 2018-19 school years. We recommend that PDE adjust the District's future transportation reimbursements by the \$103,515 that we identified as an overpayment.

## Recommendations

The *Allegheny Valley School District* should:

1. Develop and implement an internal control system over its regular transportation operations. The internal control system should include, but not be limited to, the following:
  - All personnel involved in regular transportation data reporting 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.
  - Comprehensive written procedures are developed to ensure accurate reporting of the regular transportation operations.
2. Review transportation data reported to PDE for the 2019-20 school year and, if necessary, submit revised reports to PDE.

The *Pennsylvania Department of Education* should:

3. Adjust the District's future transportation subsidy to resolve the \$103,515 overpayment for regular transportation reimbursements.

## Management Response

District management provided the following response:

“The source of the transportation finding relates to the multiple responsibilities of one person serving as a building principal, transportation coordinator, and school safety and security coordinator. In addition, this employee's efforts to control the complete management of transportation reporting were also complicated by the inconsistency of secretarial support, ongoing district transportation software issues, overseeing a school construction project, and its subsequent consolidation. Therefore, additional duties and responsibilities and a lack of adequate segregation of transportation duties led to multiple inaccuracies in the input, categorization, calculation, and reporting of regular transportation data.

The corrective action that is planned is as follows:

- A comprehensive written procedure will be developed to ensure accurate reporting of regular transportation operations. These procedures will include the following:
- Develop a reliable internal controls team that would include a contractor representative, the district transportation secretary, the district transportation director, the district technology system coordinator, and a district administrator.
- All personnel involved in regular transportation data reporting will be trained on PDE’s reporting requirements.
- Establish a partnership with a representative from the Pennsylvania Association of School Officials (PASBO) to assist with transportation data reporting questions and guidance.
- Participate in the Southwestern Transportation Regional Chapter meetings.
- On a monthly basis, the transportation contractor will provide the district with bus mileages, which will include mileages with students and mileages without students.
- On a monthly basis, the transportation contractor will provide all vehicle information and usage. This will include the vehicles' make, model, VIN, bus number, and capacity. The information will also include each vehicle's destination and the number of days that the vehicle was used each month.

- On a monthly basis, a transportation contractor rep and the district transportation director will review data on vehicle mileage and invoices.
- On a monthly basis, the transportation director and/or transportation secretary will input the data into an electronic monthly mileage form.
- On a monthly basis, school principals and/or school bus duty staff will conduct a headcount of all students riding their assigned school bus.
- Coordinate transportation data with the CSIU Transportation platform, as needed.
- A separate color-coded mileage report will be used for all district Activity Bus Runs.
- The district will review and revise transportation data reported to PDE for the 2019-20 school year if needed.
- The transportation director will be reviewing hazardous routes (for walkers) with PennDOT this year.”

### **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 transportation data will help to 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.



## Finding No. 2

### The District's Failure to Implement Adequate Internal Controls Led to Inaccurate Reporting of Nonresident Student Data Resulting in an Overpayment of \$40,866

#### *Criteria relevant to the finding:*

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

#### **Payment of Tuition**

Subsection (a) of Section 1305 (relating to Nonresident child placed in home of resident) 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 District failed to implement adequate internal controls over the identification, categorization, and reporting of nonresident student data resulting in a \$40,866 overpayment from PDE. This overpayment was caused by the District inaccurately reporting the number of foster students educated by the District during the 2015-16 and 2018-19 school years.<sup>10</sup>

**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.<sup>11</sup>
- 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." It is the responsibility of the educating district to obtain documentation to ensure that each student met the eligibility criteria to be classified as a nonresident student. Further, the district must obtain updated documentation for each year that the district reports a student as a nonresident.

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 internal control system 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.

<sup>10</sup> We found that the District accurately reported foster student data during the 2016-17 and 2017-18 school years.

<sup>11</sup> For example, the applicable county children and youth agency.

*Criteria relevant to the finding (continued):*

Subsection (c) of Section 2503 (relating to Payments on account of tuition ) 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 **eight errors** when it reported nonresident data to PDE for the 2015-16 and 2018-19 school years. These reporting errors involved **eight different students** and resulted in a \$40,866 net overpayment to the District. The following table details the number of students inaccurately reported for the 2015-16 and 2018-19 school years.

Allegheny Valley School District Foster Student Data				
School Year	Students Improperly Reported As Foster Students	Foster Students Not Reported <sup>12</sup>	Total Days Over/ (Under) Reported	Over / (Under) Payment
2015-16	1	2	(100)	(\$ 7,346)
2018-19	4	1	569	\$48,212
<b>Totals</b>	<b>5</b>	<b>3</b>	<b>469</b>	<b>\$40,866</b>

The District did not have the required documentation to show that **five students** met all four eligibility criteria to be reported as nonresident foster students. Without the required documentation, these five students should have been classified as residents and, therefore, the District was not eligible to receive reimbursement for educating these students. The District failed to obtain updated documentation for these students. We also found **three other students** that met the requirements to be reported as foster students; however, the District failed to properly report these students to PDE. Consequently, the District did not receive Commonwealth-paid tuition for these students.

### 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 solely on one employee to identify, categorize, and report foster students. This information was reported to PDE without a review by a District official sufficiently knowledgeable on PDE reporting requirements. A reconciliation to source documents to ensure each foster student met the eligibility requirements was also not performed during the audit period. Additionally, this employee was not adequately trained on the PDE requirements and the documentation needed to demonstrate compliance with the eligibility criteria. Finally, the District did not have written policies and procedures to assist its employees in accurately identifying a

<sup>12</sup> Two of the three students were not reported at all and the third student was only reported for a portion of the school year even though the District educated the student for the full school year.

foster student by obtaining the required documentation needed to support this categorization.

**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 by the \$40,866 that we calculated as a net overpayment.

### **Recommendations**

The *Allegheny Valley School District* should:

1. Develop and implement an internal control system governing the process for categorizing and reporting foster 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 foster student data are trained on PDE's reporting requirements.
  - b) A review of foster student data is conducted by an employee, other than the employee who prepared the data, before it is submitted to PDE.
  - c) Clear and concise written procedures are developed to document the categorization and reporting process for foster student data.
2. Obtain updated agency placement information annually for all nonresident students to ensure proper categorization and perform a reconciliation of the foster student data to source documents, before reporting data to PDE.

The *Pennsylvania Department of Education* should:

3. Adjust the District's future reimbursements to resolve the overpayment of \$40,866.

### **Management Response**

District management provided the following response:

“We acknowledge a problem with foster student paperwork for the mentioned years. As a result, we have put internal controls in place within the District to ensure more frequent communication between county placement agencies and the District. These communications will include minimally, yearly Placement Letters or the like that include the required information for all students placed in foster care related to the Allegheny Valley School District.

The district will enforce stronger internal controls over the identification, categorization, and reporting of foster student data. The District

administrator will review information reported to PDE. A reconciliation to source documents to ensure each foster student met the eligibility requirements will be performed by the district administrator as well.”

### **Auditor Conclusion**

We are encouraged that the District has acknowledged the weaknesses noted and provided a corrective action plan that addresses most of our recommendations. The District’s corrective action plan did not include the assurance that training will be provided and written procedures would be developed. Appropriate training and written procedures are an essential part of ensuring all the required processes are completed timely and accurately. We will review the effectiveness of the District’s corrective actions during our next review.

## **Status of Prior Audit Findings and Observations**

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**O**ur prior audit of the Allegheny Valley School District resulted in no findings or observations.

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

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

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

Our audit focused on the District's effectiveness and/or compliance with applicable statutory provisions and related regulations in the areas of Transportation Operations, Nonresident Student Data, 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.<sup>14</sup> *Standards for Internal Control in the Federal Government* (also known as and hereafter referred to as the Green Book), issued by the Comptroller General of the United States, provides a framework for management to establish and maintain an effective internal control system. The Department of the Auditor General used the Green Book as the internal control analysis framework during the conduct of our audit.<sup>15</sup> The Green Book's standards are organized into five components of internal control. In an effective system of internal control, these five components work together in an integrated manner to help an entity achieve its objectives. Each of the five components of internal control 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.

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<sup>13</sup> 72 P.S. §§ 402 and 403.

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

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

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

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

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

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

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

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

Principle →	Internal Control Significant ?	Control Environment					Risk Assessment					Control Activities			Information and Communication			Monitoring	
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
General/overall	Yes	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X	
Transportation	Yes				X			X	X		X		X	X	X	X	X		
Nonresident Student Data	Yes				X			X	X		X		X	X	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.

## **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?<sup>16</sup>
  - ✓ 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 summary weighted average calculations for the 2015-16 through 2018-19 school years. We reviewed all 156 vehicles used to transport District students during the 2015-16 through 2018-19 school years.<sup>17</sup> For the vehicles selected, we obtained odometer readings, student rosters, and contractor invoices to determine if the District accurately calculated and reported transportation data (miles, students, and days) to PDE. For all vehicles, we verified that the District accurately calculated sample averages on the District's average calculations worksheets and determined if days were accurately reported based on the average calculations.
  - ✓ In addition, we assessed the District's internal controls for identifying, processing, and reporting the number of students transported but not eligible to be reported as reimbursable. We reviewed all 32 students reported to PDE as transported but not eligible for reimbursement in the 2015-16 through 2018-19 school years. We obtained vehicle rosters and address information for these students for each year of the audit period to determine if data reported to PDE was accurate.

**Conclusion:** The results of our procedures identified noncompliance and significant internal control deficiencies related to the input, calculation, and reporting of transportation data to PDE. Those results are detailed in Finding No. 1 beginning on page 7 of this report.

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<sup>16</sup> See 24 P.S. § 25-2541(a).

<sup>17</sup> The District reported 34 vehicles in 2015-16, 44 vehicles in 2016-17, 41 vehicles in 2017-18 and 37 vehicles in 2018-19 school years.



## **Nonresident Student Data**

- Did the District accurately report nonresident students to PDE? Did the District receive the correct reimbursement for these nonresident students?<sup>18</sup>
  - ✓ 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 22 nonresident foster students reported to PDE as educated by the District during the 2015-16 through 2018-19 school years.<sup>19</sup> We reviewed documentation to confirm that the custodial parents or guardian of the foster students were not residents of the District and confirmed that the foster parent received a stipend for caring for the student. We also determined if the District received the correct reimbursement for the education of these students.

**Conclusion:** The results of our procedures identified areas of noncompliance and significant internal control deficiencies related to the input, categorization and reporting of nonresident foster student data. Those results are detailed in Finding No. 2 beginning on page 13 of this report.

## **Bus Driver Requirements**

- Did the District ensure that all bus drivers transporting District students are board approved and had the required driver's license, physical exam, training, background checks, and clearances<sup>20</sup> as outlined in applicable laws?<sup>21</sup> 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 approved by the District's Board of School Directors. We randomly selected 18 of the 36 drivers transporting District students as of February 12, 2021, and we reviewed documentation to ensure the District complied with the requirements for those drivers.<sup>22</sup> We also determined if the District had monitoring procedures to ensure that all drivers had updated clearances, licenses and physicals.

**Conclusion:** The results of our procedures did not identify any reportable issues; however, we did identify internal control 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.

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

<sup>19</sup> The District reported the following nonresident foster students: 8 in 2018-19, 1 in 2017-18, 6 in 2016-17 and 7 in the 2015-16 school years.

<sup>20</sup> Auditors reviewed the required state, federal, and child abuse background clearances that the District obtained from the most reliable sources available, including the FBI, the Pennsylvania State Police, and the Department of Human Services. However, due to the sensitive and confidential nature of this information, we were unable to assess the reliability or completeness of these third-party databases.

<sup>21</sup> PSC 24 P.S. § 1-111, CPSL 23 Pa.C.S. § 6344(a.1), PSC (Educator Discipline) 24 P.S. § 2070.1a *et seq.*, State Vehicle Code 75 Pa.C.S. §§ 1508.1 and 1509, and State Board of Education's regulations 22 Pa. Code Chapter 8.

<sup>22</sup> 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.

## **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, memorandums of understanding with local law enforcement?<sup>23</sup> Also, did the District follow best practices related to physical building security and providing a safe school environment?
  - ✓ To address this objective, we obtained and reviewed a variety of documentation including safety plans, training schedules, anti-bullying policies, 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 our objective are not described in our audit report, but they are shared with District officials, PDE’s Office of Safe Schools, and other appropriate law enforcement agencies deemed necessary.<sup>24</sup>

- Did the District comply with the fire and security drill requirements of Section 1517 of the Public School Code?<sup>25</sup> Also, did the District accurately report the dates of drills to PDE and maintain supporting documentation to evidence the drills conducted and reported to PDE?
  - ✓ To address this objective, we obtained and reviewed fire and security drill records for all three of the school buildings to determine whether drills were conducted as required for the 2018-19 and 2019-20 school years.<sup>26</sup> We determined if a security drill was conducted within 90 days of the school year for each building 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 identify any reportable issues.

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<sup>23</sup> Safe Schools Act 24 P.S. § 13-1301-A *et seq.*, Emergency Management Services Code 35 Pa.C.S. § 7701.

<sup>24</sup> Other law enforcement agencies include the Pennsylvania State Police, the Attorney General’s Office, and local law enforcement with jurisdiction over the District’s school buildings.

<sup>25</sup> Public School Code (Fire and Security Drills) 24 P.S. § 15-1517.

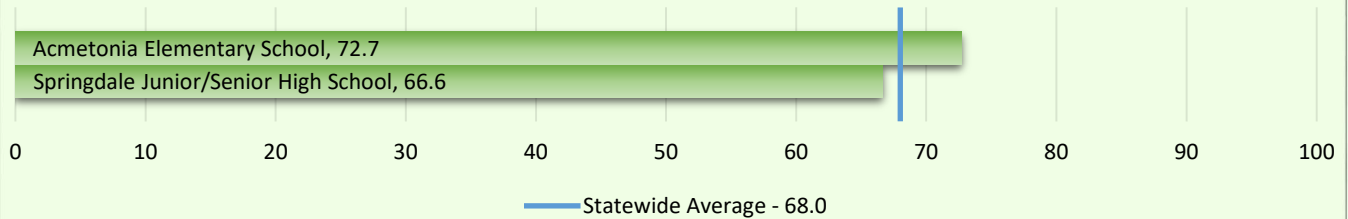
<sup>26</sup> For the 2018-19 school year, the District educated students in three buildings through December 2018, due to the closure of Colfax Elementary School.

## Appendix B: Academic Detail

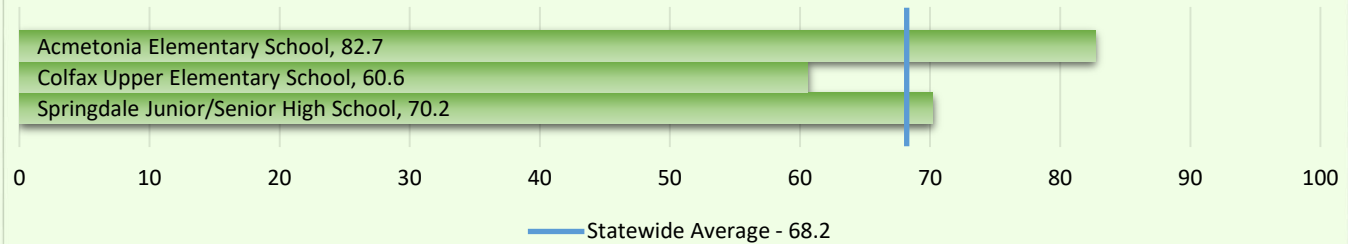
Benchmarks noted in the following graphs represent the statewide average of all public school buildings in the Commonwealth that received a score in the category and year noted.<sup>27</sup> Please note that if one of the District's schools did not receive a score in a particular category and year presented below, the school will not be listed in the corresponding graph.<sup>28</sup>

### SPP School Scores Compared to Statewide Averages

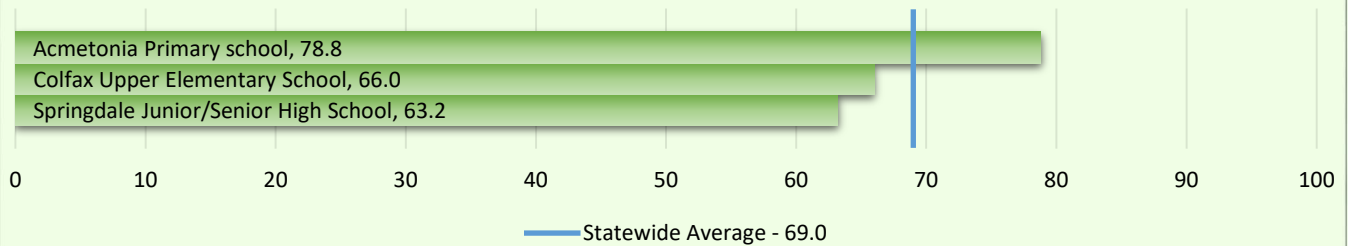
#### 2018-19



#### 2017-18



#### 2016-17

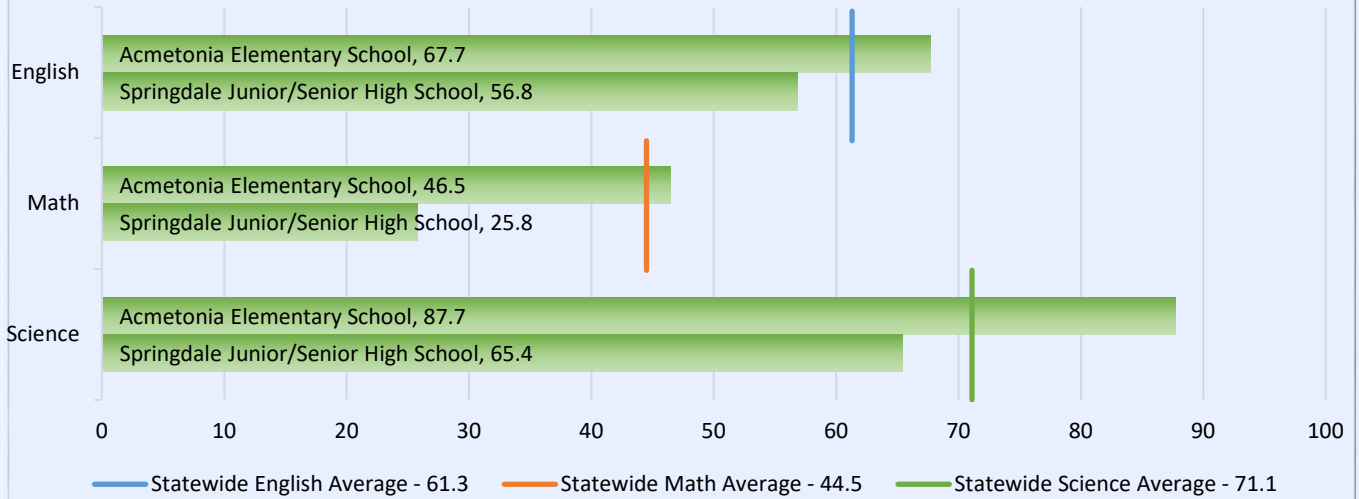


<sup>27</sup> Statewide averages were calculated by our Department based on individual school building scores for all public schools in the Commonwealth, including district schools, charters schools, and cyber charter schools.

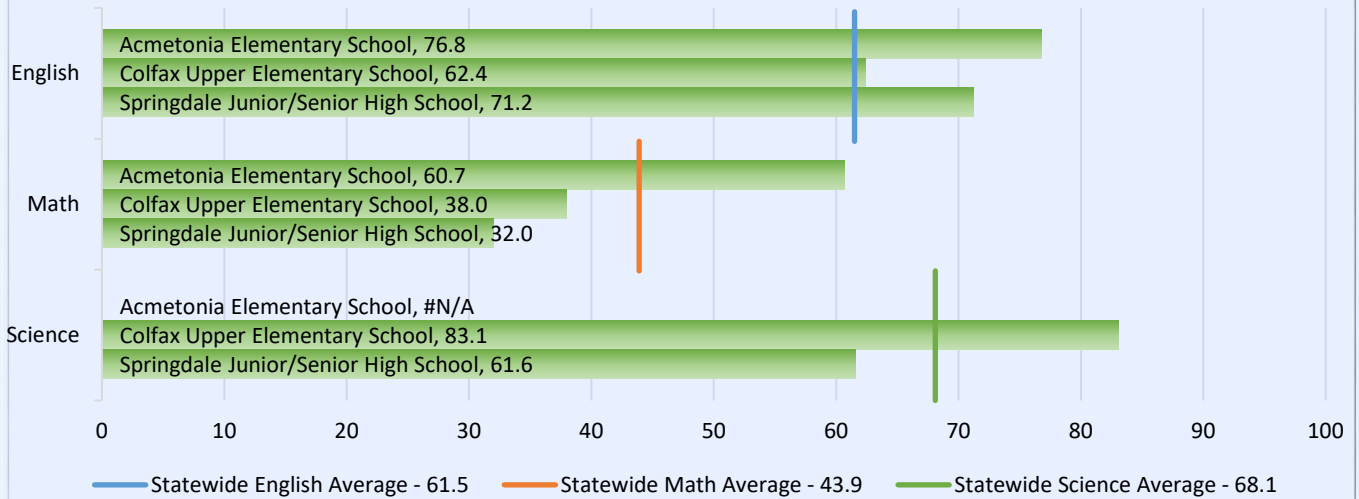
<sup>28</sup> PDE's data does not provide any further information regarding the reason a score was not published for a specific school. However, readers can refer to PDE's website for general information regarding the issuance of academic scores.

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

**2018-19**

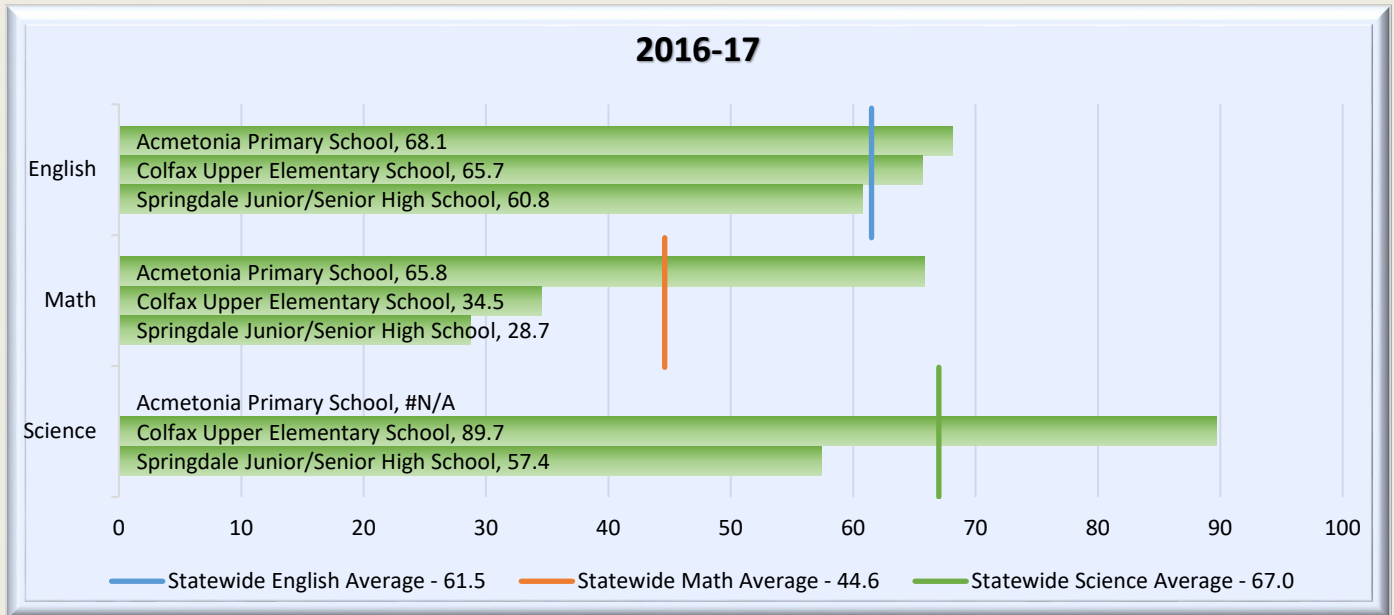


**2017-18**



#N/A: Students in grades 4 and 8 are administered the Science PSSAs. The Acmetonia Elementary School is a grade 3 school; therefore, Science PSSAs are not administered to this school's students.

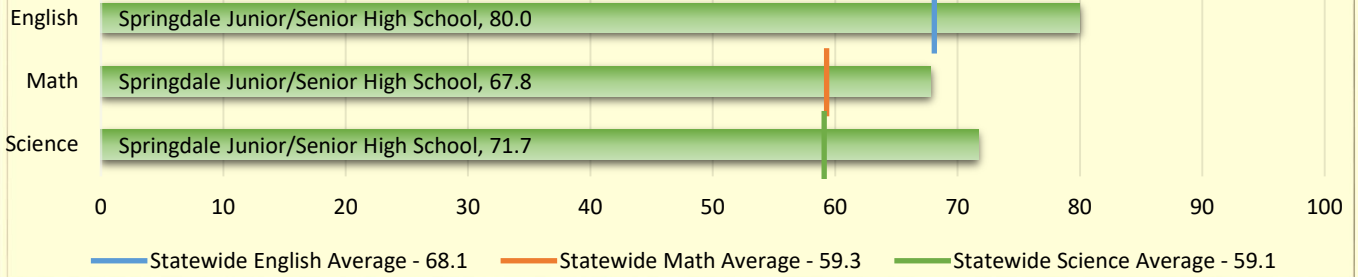
**PSSA Advanced or Proficient Percentage  
School Scores Compared to Statewide Averages (continued)**



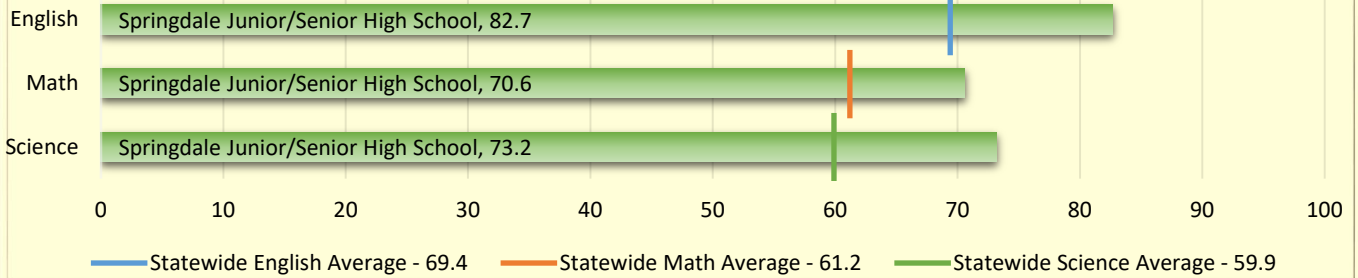
#N/A: Students in grades 4 and 8 are administered the Science PSSAs. The Acmetonia Primary School is a grade 3 school; therefore, Science PSSAs are not administered to this school's students.

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

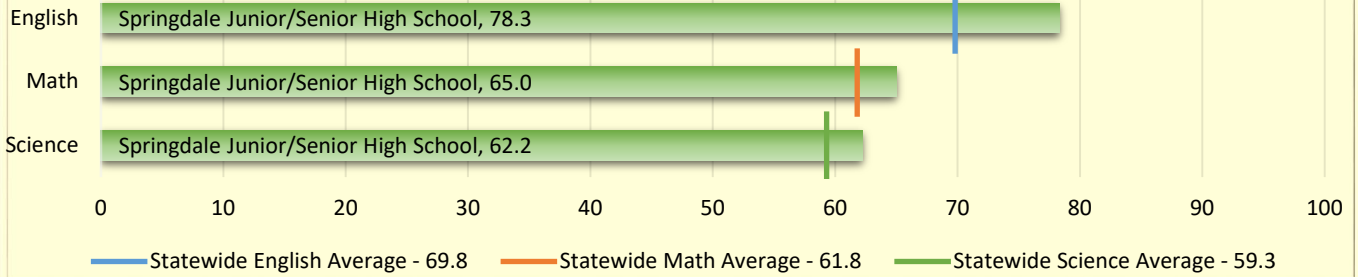
**2018-19**



**2017-18**



**2016-17**



## **Distribution List**

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

**The Honorable Tom W. Wolf**  
Governor  
Commonwealth of Pennsylvania  
Harrisburg, PA 17120

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

**The Honorable Stacy Garrity**  
State Treasurer  
Room 129 - Finance Building  
Harrisburg, PA 17120

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