

PERFORMANCE AUDIT

Bald Eagle Area School District Centre County, Pennsylvania

October 2020



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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**EUGENE A. DePASQUALE
AUDITOR GENERAL**

Mr. Scott Graham, Superintendent
Bald Eagle Area School District
751 South Eagle Valley Road
Wingate, Pennsylvania 16823

Mrs. Tina Greene, Board President
Bald Eagle Area School District
751 South Eagle Valley Road
Wingate, Pennsylvania 16823

Dear Mr. Graham and Mrs. Greene:

We have conducted a performance audit of the Bald Eagle Area 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:

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

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

The audit was conducted pursuant to Sections 402 and 403 of The Fiscal Code (72 P.S. §§ 402 and 403), and in accordance with 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 significant internal control deficiencies in the bus driver requirements and nonresident student data areas and those deficiencies are detailed in the findings in this report. A summary of the results is presented in the Executive Summary section of the audit report.

In addition, we identified internal control deficiencies in the transportation operations of the District that were not significant but warranted the attention of those charged with governance. Those deficiencies were verbally communicated to those charged with governance for their consideration. We also found that the District performed adequately in the administrator separations area.

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

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

Sincerely,

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Eugene A. DePasquale
Auditor General

September 28, 2020

cc: **BALD EAGLE AREA 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 Bald Eagle Area School District (District). Our audit sought to answer certain questions regarding the District's application of best practices and compliance with certain relevant state laws, regulations, contracts, and administrative procedures.

Our audit scope covered the period July 1, 2015 through June 30, 2019, except as otherwise indicated in the audit scope, objectives, and methodology section of the report (see Appendix A). Compliance specific to state subsidies and reimbursements was determined for the 2015-16 through 2018-19 school years.

Audit Conclusion and Results

Our audit found that the District complied, in all significant respects, with certain relevant state laws, regulations, contracts, and administrative procedures, except for two findings.

Finding No. 1: The District Failed to Comply with Provisions of the Public School Code and Associated Regulations by Not Maintaining Complete Records for and Properly Monitoring Its Contracted Bus Drivers

We reviewed the personnel files of all 94 drivers employed by the District's six transportation contractors and found that required documentation was either not on file or out of date for 57 drivers (61 percent). In addition, one of the 94 drivers was not approved by the Board of School Directors to transport students by the District but was used as a substitute driver by one of the contractors.

We also found that the District was not following its own transportation policy, which required the District to maintain an accurate and complete

database of contractor and driver information along with implementing an ongoing monitoring process to ensure all drivers comply with driver qualification and clearance requirements. (See page 7).

Finding No. 2: The District Lacked the Required Documentation to Verify \$220,429 in Nonresident Foster Student Reimbursements Received

We found that the District lacked required supporting documentation for all 14 students it reported to the Pennsylvania Department of Education for reimbursement purposes. The District's lack of required supporting documentation for these 14 students precluded us from concluding on the accuracy of the reported residency status of these students; therefore, we could not verify the accuracy of the more than \$220,000 the District received in reimbursements for these students. (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 2018-19 School Year*	
County	Centre
Total Square Miles	341.16
Number of School Buildings	5
Total Teachers	145
Total Full or Part-Time Support Staff	104
Total Administrators	12
Total Enrollment for Most Recent School Year	1,563
Intermediate Unit Number	10
District Career and Technical School	Central PA Institute of Science and Technology

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

Mission Statement*

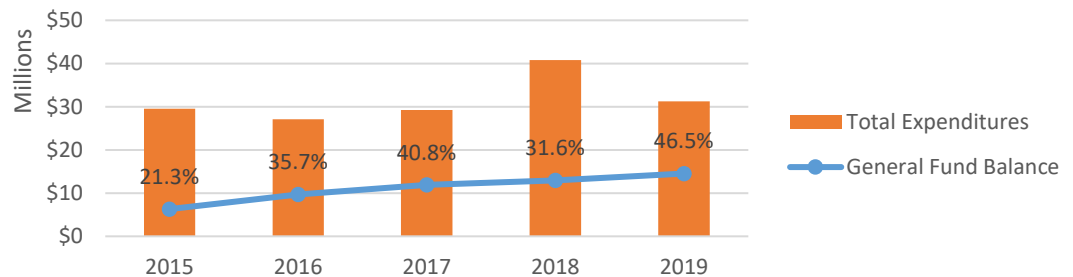
The mission of the Bald Eagle Area School District is to provide all students with academically challenging educational experiences and opportunities to grow into responsible lifelong learners and productive contributors to our global society.

Financial Information

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

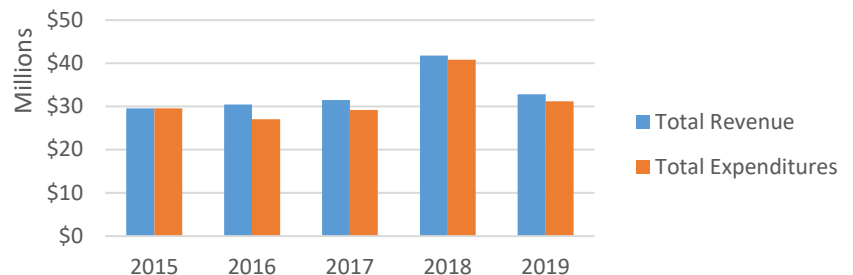
General Fund Balance as a Percentage of Total Expenditures

	General Fund Balance
2015	\$6,306,015
2016	\$9,670,384
2017	\$11,927,143
2018	\$12,911,813
2019	\$14,531,115



Revenues and Expenditures

	Total Revenue	Total Expenditures
2015	\$29,595,788	\$29,552,343
2016	\$30,452,966	\$27,088,596
2017	\$31,489,658	\$29,232,900
2018	\$41,785,342	\$40,800,672
2019	\$32,841,544	\$31,222,243

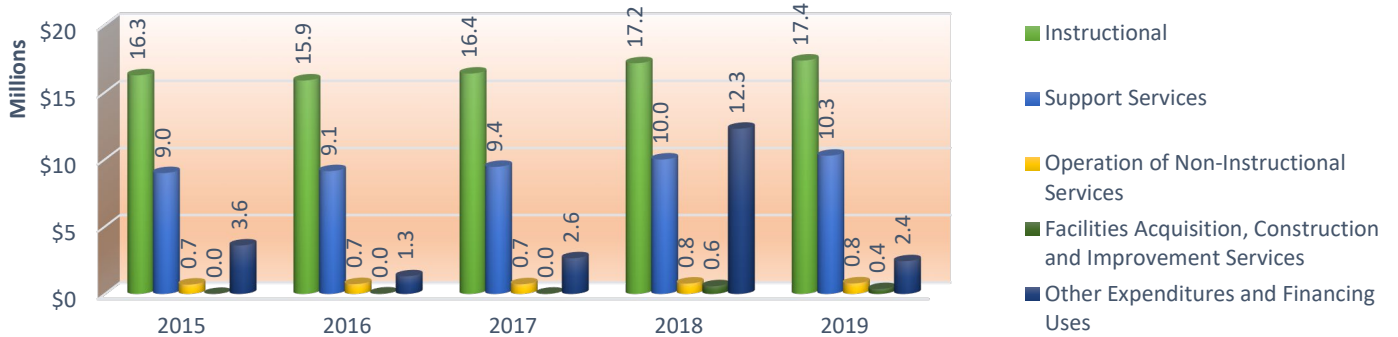


Financial Information Continued

Revenues by Source

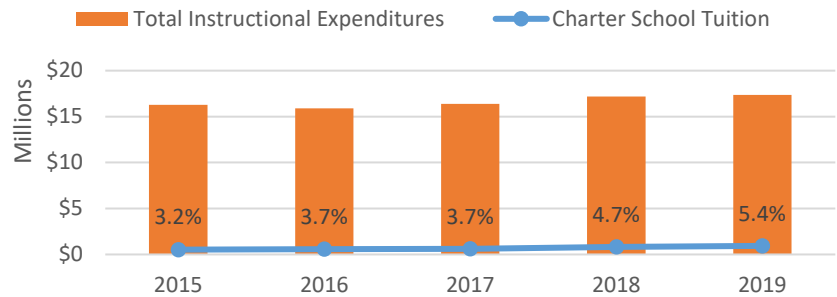


Expenditures by Function

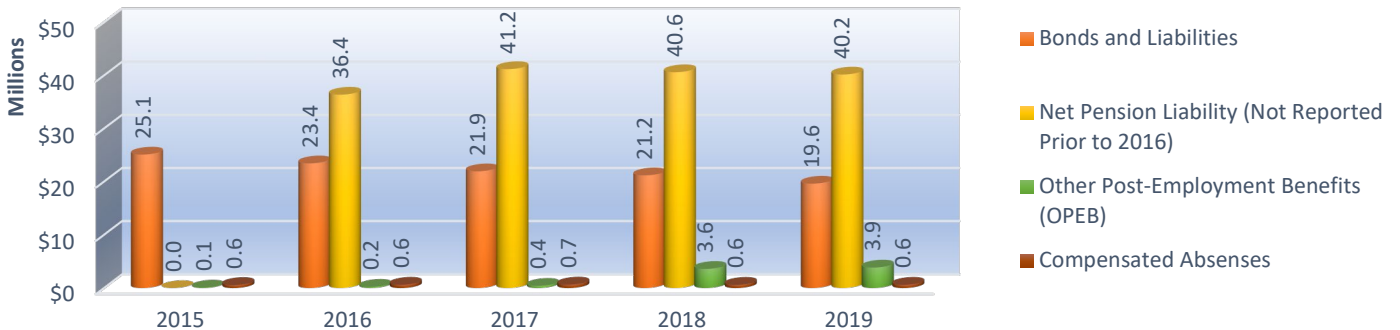


Charter Tuition as a Percentage of Instructional Expenditures

	Charter School Tuition	Total Instructional Expenditures
2015	\$522,750	\$16,273,199
2016	\$582,119	\$15,886,210
2017	\$612,107	\$16,400,318
2018	\$815,439	\$17,172,100
2019	\$930,415	\$17,370,229



Long-Term Debt

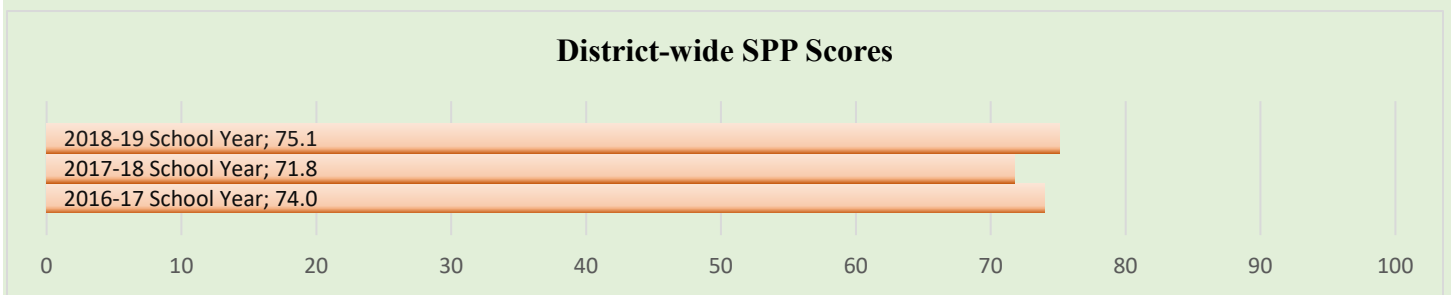


Academic Information

The graphs on the following pages present the District-wide School Performance Profile (SPP) scores, Pennsylvania System of School Assessment (PSSA) scores, Keystone Exam results, and 4-Year Cohort Graduation Rates for the District obtained from PDE's data files for the 2016-17, 2017-18, and 2018-19 school years.¹ The District's individual school building scores are presented in Appendix B. These scores are provided in this audit report for **informational purposes only**, and they were not audited by our Department.

What is a SPP score?

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



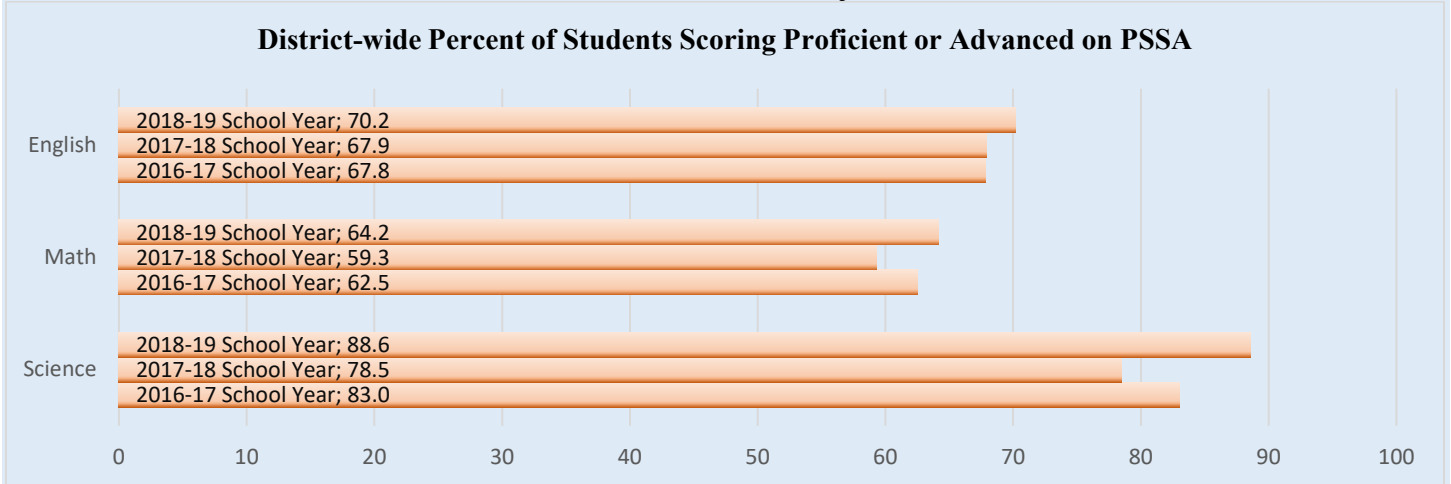
¹ PDE is the sole source of academic data presented in this report. All academic data was obtained from PDE's publicly available website.

Academic Information Continued

What is the PSSA?

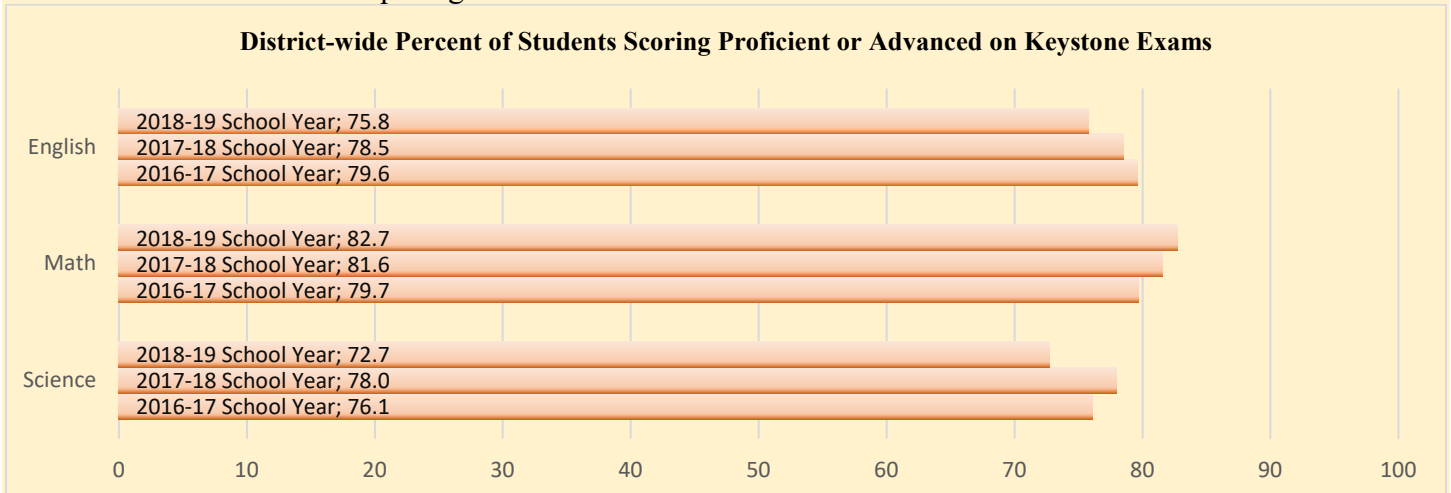
The PSSA is an annual, standardized test given across the Commonwealth to students in grades 3 through 8 in core subject areas, including English, Math and Science. The PSSAs help Pennsylvania meet federal and state requirements and inform instructional practices, as well as provide educators, stakeholders,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

The 2014-15 school year marked the first year that PSSA testing was aligned to the more rigorous PA Core Standards. The state uses a grading system with scoring ranges that place an individual student's performance into one of four performance levels: Below Basic, Basic, Proficient, and Advanced. The state's goal is for students to score Proficient or Advanced on the exam in each subject area.



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.² 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.

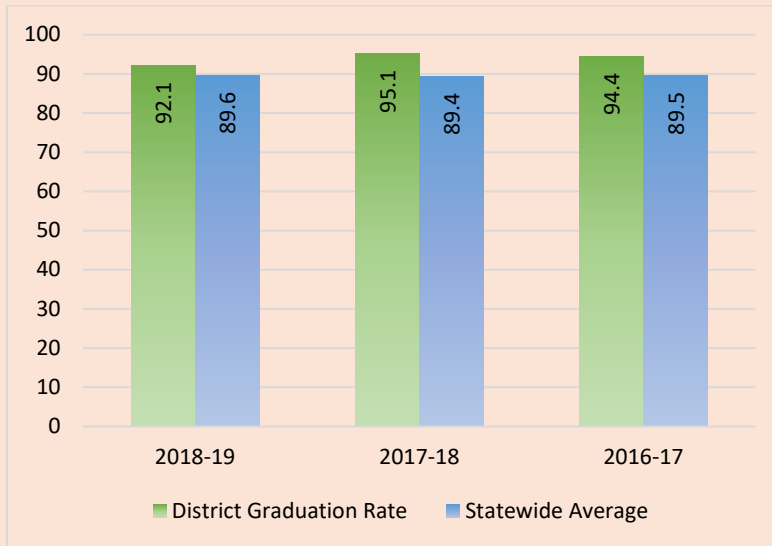


² Act 158 of 2018, effective October 24, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement until the 2021-22 school year. See 24 P.S. § 1-121(b)(1).

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.³



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

Findings

Finding No. 1

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

Criteria relevant to the finding:

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

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

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

The Bald Eagle Area School District (District) failed to meet its statutory obligations related to the employment of individuals having direct contact with students for the 2019-20 school year by not maintaining complete and updated records for all bus drivers transporting students. We also found that the District was not following its own transportation policy, which required the District to maintain an accurate and complete database of contractor and driver information along with implementing an ongoing monitoring process to ensure all drivers comply with driver state certification requirements.⁴ Finally, the District did not ensure its transportation contractors complied with the provisions of the contract requiring them to provide the District with all necessary driver information. By not adequately maintaining and monitoring driver qualifications, the District could not ensure that all contracted bus drivers remained properly qualified and cleared to transport students throughout employment.

Employment Requirements

Several state statutes and regulations established the minimum required qualifications for school bus drivers under, among others, the Public School Code (PSC) and the Child Protective Services Law (CPSL). The ultimate purpose of these requirements is to ensure the protection, safety, and welfare of the students transported on school buses.

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

1. Driver qualification credentials,⁵ including:
 - a. Valid driver's license (Commercial driver's license if operating a school bus).

⁴ Transportation Policy No. 810, adopted November 11, 2010. (Accessed via District website June 26, 2020.)

⁵ Pennsylvania's Vehicle Code, 75 Pa.C.S. §§ 1508.1 (relating to Physical examinations) and 1509 (relating to Qualifications for school bus driver endorsement).

*Criteria relevant to the finding
(continued):*

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

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

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

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

- b. Valid school bus endorsement card, commonly referred to as an “S” card, indicating completion of skills and safety training (if operating a school bus).
 - c. Annual physical examination (if operating a school bus).
2. Criminal history reports/clearances:
 - a. State Criminal History Report (PSP clearance).
 - b. Federal Criminal History Record, based on a full set of fingerprints (FBI clearance).
 - c. PA Child Abuse History Clearance.

Missing and Expired Driver Qualification Records and Background Clearances

We requested and reviewed the personnel files of all 94 drivers employed by the District’s six transportation contractors for our review period to determine whether the District complied with bus driver requirements, including Board approval of all drivers and the maintenance and monitoring of required documentation throughout employment.

One of the 94 drivers was not Board approved to transport students by the District but was used as a substitute driver by one of the contractors. As of July 17, 2020, this driver had not been approved by the Board as required by the State Board of Education’s regulations.⁶ Additionally, we reviewed the District’s personnel files for the 94 drivers and found that required documentation was either not on file or out of date for 57 drivers (61 percent). After notifying the District of our initial results, the District worked with its contractors to obtain the missing and out of date documentation. However, after our subsequent reviews, we identified 22 drivers that still had missing or outdated documentation, as noted below:⁷

- 16 drivers were missing the Federal Criminal History Clearance, and 4 had an expired clearance.
- 10 drivers were missing the State Criminal History Clearance, and 1 had an expired clearance.
- 10 drivers were missing the PA Child Abuse History Clearance.
- 9 drivers were missing a valid driver’s license, and 1 had an expired driver’s license.
- 7 drivers were missing the required “S” endorsement, and 1 had an expired “S” endorsement.
- 7 drivers were missing the physical examination record.

⁶ 22 Pa. Code § 23.4(2).

⁷ While there was a total of 22 drivers with missing or expired documentation, some of these drivers had more than one item missing or expired.

*Criteria relevant to the finding
(continued):*

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

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

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

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

The District relied on the contractor to provide initial and updated driver documentation without having an adequate monitoring system to ensure all required driver documentation was complete and remained updated.

Lack of On-Going Monitoring Procedures

We also found that the District failed to maintain a comprehensive database of all driver qualifications and did not properly monitor and update driver records throughout employment. Instead, the District was relying on its contractors to provide required and updated documentation, which was not adequately being monitored by the District. Specifically, the District did not have a process in place to monitor expiration or renewal dates of driver's licenses and background clearances. For example, driver's licenses and "S" endorsements expire every four years. Furthermore, recent amendments to the PSC and CPSL require that all clearances be renewed every five years. Without a process to monitor the expiration dates on these items, the District would be unaware of when drivers with expired credentials and/or clearances are transporting students.

Additionally, by not adequately monitoring driver requirements, the District failed to follow its Policy No. 810, *Transportation*, which states, in part:

The district shall maintain an accurate and complete database of contractor and driver information. This comprehensive database will be developed and maintained for tracking driver information. The database will include: For bus/van drivers:

- Bus contractor – employer.
- Driver name and location of assignment.
- License information.
- Record of any moving vehicle violation.
- Copy of annual physical examination.
- Copy of criminal and child abuse clearances.

The District's lack of monitoring of ongoing bus driver qualifications and clearances caused the District to have incomplete files, which resulted in the District not complying with the PSC, the CPSL, the State Vehicle Code, the State Board of Education's regulations, the Pennsylvania Department of Education (PDE) guidance, and its own transportation policy.

Non-Compliance with Transportation Policy and Contracts

The District did not comply with its transportation policy and its contracts with the transportation contractors when it failed to monitor drivers and oversee its contractors to ensure students' safety.

As stated above, the District was in non-compliance with its own transportation policy when it failed to adequately maintain driver records and monitor ongoing requirements.

Additionally, the District did not ensure that its contractors complied with the transportation contracts, which all contained similar language stating, in relevant part:

The Contractor shall obtain as to each driver and shall deliver to District a copy of the following driver's documents: a certificate of completion of a school bus driver training course; a certificate evidencing a license to operate a school bus in Pennsylvania; a current driver's license; a certificate from a physician dated within one (1) year of delivery showing any conditions which might adversely affect ability to drive; a criminal history report, dated within one (1) year of delivery, which is required by law; the child abuse clearance, dated within one (1) year of delivery, which is required by law; fingerprint clearance registration number, dated within one (1) year of delivery, which is required by law, and meet all other standards which might be required by either the Pennsylvania Department of Transportation or the District.

Conclusion

The District and its Board did not meet their statutory requirements to ensure that bus drivers were qualified and eligible to transport students throughout employment. Specifically, the District and its Board failed to comply with all applicable laws, regulations, PDE guidance documents, its board policy, and its transportation contracts by not properly monitoring and updating ongoing driver requirements. The ultimate purpose of these requirements is to ensure the safety and welfare of students transported on school buses. The use of a contractor to provide student transportation does not negate these legal obligations and responsibilities.

Recommendations

The *Bald Eagle Area School District* should:

1. Comply with the PSC's requirements to obtain, review, and maintain all contracted driver credentials and background clearances.
2. Develop and implement formal written procedures requiring the District to determine driver eligibility prior to employment and to conduct routine and ongoing monitoring of bus driver records. These procedures should ensure all required credentials and clearances are obtained, reviewed, and on file at the District prior to individuals transporting students and that all required documentation continues to be updated and complete. The procedures should also require the administration to attest in an open and public meeting before the Board

that the list of drivers provided for approval contains only drivers for whom the District has obtained all of the required records in accordance with the State Board of Education's regulations.

3. Follow the District's transportation policy establishing the District's duty to ensure that the requirements for all bus contractors and drivers are currently maintained and to establish an accurate and comprehensive database to track driver information.
4. Ensure that both the District and the contractors are fulfilling all their responsibilities outlined in the transportation contracts.
5. Ensure that all necessary documentation is on file for all drivers prior to transporting students for the upcoming school year.

Management Response

District management provided the following response:

"The District recognizes and understands the importance of complying with the Public School Code's requirements as they relate to driver credentials and background clearances. The District will comply with the requirements of Public School Code to obtain, review, and maintain all contracted driver credentials and background clearances.

"The District will utilize a software program to compile driver databases that would include tracking driver credentials and clearance information that will provide reminders prior to the expiration date of the driver's credentials and clearances to staff members that will track driver information. The District intends to utilize this software, once fully functional, to provide the contracted driver lists to the Board of Education for their formal approval. In the interim, the District will provide a driver spreadsheet and will have the driver file available for review by the Board of Education prior to Board approval. The District will conduct, at the minimum, a semi-annual review of all driver credentials and clearances to ensure all credentials and clearances are current and will not expire prior to the next scheduled review.

"The District will be providing the District's Transportation Contractors with a letter reminding them of the contractual responsibilities, and more specifically those that address driver credentials and background clearances. In addition to the letter, the District will provide a copy of this specific finding and a copy of the Board Policy (#810).

"The District, as a standard annual approval item, will be providing an up-to-date driver listing to the Board for approval. The Board will also be provided updated lists for approval throughout the school year as new drivers are added."

Auditor Conclusion

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

Finding No. 2

The District Lacked the Required Documentation to Verify \$220,429 in Nonresident Foster Student Reimbursements Received

Criteria relevant to the finding:

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).

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).

The District reported a total of 14 students to PDE for reimbursement as nonresident foster students during the audit period. The District was reimbursed \$220,429 based on this reported information. We found that the District lacked required supporting documentation for all 14 students reported to PDE. The District’s lack of required supporting documentation for these 14 students precluded us from concluding on the accuracy of the reported residency status and the more than \$220,000 received by the District in reimbursements for these students.

School districts are entitled to receive Commonwealth-paid tuition for educating certain nonresident students. To be eligible to receive Commonwealth-paid tuition, a student’s parent/guardian must not be a resident of the educating district and the student must have been placed in the private home of a resident within the district by order of the court or by arrangement with an association, agency, or institution.⁸ Additionally, the district resident must be compensated for the care of the student.

These students are commonly referred to as “foster students” and it is the responsibility of the educating District to obtain the required documentation to correctly categorize and accurately report the number of foster students educated to PDE. The District did not obtain the required documentation to support the categorization and reporting of 14 foster students.

Based on the reported information and supporting documentation reviewed, the District reported foster students based on withdrawal notifications from children and youth agencies; however, the withdrawal notifications lacked required information like the students’ parent/guardians’ addresses, the foster parents’ addresses, and verification of foster parents being compensated for the care of the foster student.

The District lacked internal controls over the categorization and reporting of foster student data. The District did not have policies and procedures to assist personnel in accurately identifying a foster student and the required documentation needed to support this categorization. Additionally, the District did not have an adequate review process when a student was enrolled as a foster student. The District should have instructed an employee other than the official responsible for categorizing and enrolling nonresident foster students to review the documentation supporting this

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

Criteria relevant to the finding (continued):

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

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

categorization prior to reporting information to PDE. Finally, we found that the individual responsible for determining residency status at the District was not adequately trained on the documentation necessary to support categorizing a student as a nonresident foster student.

Recommendations

The *Bald Eagle Area School District* should:

1. Ensure that District personnel responsible for enrolling students and making residency determinations are properly trained on the required documentation needed to accurately report nonresident foster students.
2. Ensure that District personnel other than the employee categorizing foster students' reviews nonresident foster student determinations for accuracy.
3. Develop policies and procedures to ensure that the District employee registering foster students is aware of what is needed to accurately complete the registration process.

Management Response

District management provided the following response:

“The District recognizes and understands the importance of having the necessary paperwork for making nonresident foster student determinations. During the performance audit, the District recognized the lack of required supporting documentation for some of the nonresident foster students that were reported to the Pennsylvania Department of Education (PDE). As a result, the District has made the District personnel involved in enrolling students and making residency determinations aware of the required documentation to accurately report nonresident foster students. The District has also put in place procedures to ensure that the necessary documentation is on file prior to coding the student as a nonresident foster student in the District's student information system to avoid reporting nonresident foster students to PDE without the supporting documentation. In addition, the District's Home and School Visitor, as well as the PIMS Coordinator, will review nonresident foster student determinations to ensure the proper supporting documentation is on file at the District to confirm the accuracy of reporting to PDE.”

Auditor Conclusion

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

Status of Prior Audit Findings and Observations

Our prior audit of the Bald Eagle Area School District resulted in no findings or observations.

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,⁹ 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 Bus Driver Requirements, Nonresident Student Data, Transportation Operations, Administrator Separations, 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.¹⁰ *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.¹¹ 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.

⁹ 72 P.S. §§ 402 and 403.

¹⁰ 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.

¹¹ Even though the Green Book was written for the federal government, it explicitly states that it may also be adopted by state, local, and quasi-government entities, as well as not-for-profit organizations, as a framework for establishing and maintaining an effective internal control system. The Green Book is assessable at <https://www.gao.gov/products/GAO-14-704G>

Figure 1: Green Book Hierarchical Framework of Internal Control Standards

Principle	Description
Control Environment	
1	Demonstrate commitment to integrity and ethical values
2	Exercise oversight responsibility
3	Establish structure, responsibility, and authority
4	Demonstrate commitment to competence
5	Enforce accountability
Risk Assessment	
6	Define objectives and risk tolerances
7	Identify, analyze, and respond to risks
8	Assess fraud risk
9	Identify, analyze, and respond to change
Principle	Description
Control Activities	
10	Design control activities
11	Design activities for the information system
12	Implement control activities
Information and Communication	
13	Use quality information
14	Communicate internally
15	Communicate externally
Monitoring	
16	Perform monitoring activities
17	Evaluate issues and remediate deficiencies

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

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

Figure 2 – Internal Control Components and Principles Identified as Significant

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

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

Objectives/Scope/Methodology

In order to properly plan our audit and to guide us in selecting objectives, we reviewed pertinent laws and regulations, the District’s annual financial reports, annual General Fund budgets, and the independent audit reports of the District’s basic financial statements for the 2015-16 through 2018-19 fiscal years. We conducted analytical procedures on the District’s state revenues and the transportation reimbursement data. We reviewed the prior audit report and we researched current events that possibly affected District operations. We also determined if the District had key personnel or software vendor changes since the prior audit.

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

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 clearances¹² as outlined in applicable laws?¹³ 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 maintaining and reviewing required bus driver qualification documents and procedures for being made aware of who transported students daily. We determined if all drivers were Board approved by the District. We reviewed all 94 bus and van drivers transporting District students as of March 12, 2020. We reviewed documentation to ensure the District complied with the requirements for bus drivers. We also determined if the District had monitoring procedures to ensure that all drivers had updated clearances, licenses, and physicals.

Conclusion: The results of our procedures identified significant internal control deficiencies related to the maintenance and monitoring of driver records. Our results are detailed in Finding No. 1 of this report beginning on page 7.

Nonresident Student Data

- Did the District accurately report nonresident students to PDE? Did the District receive the correct reimbursement for these nonresident students?¹⁴
 - ✓ To address this objective, we assessed the District's internal control for inputting and processing residency status and reporting nonresident foster students to PDE. We reviewed all 14 nonresident foster students reported to PDE as educated by the District during the 2015-16 through 2018-19 school years. We reviewed documentation in an attempt to confirm that the custodial parents or guardian of the foster students were not residents of the District and attempted to confirm that the foster parent received a stipend for caring for the student. We also attempted to verify that the District received the correct reimbursement for the education of these students.

Conclusion: The results of our procedures identified significant internal control deficiencies related to the District maintenance of records for its nonresident students. Our results are detailed in Finding No. 2 beginning on page 13 of this report.

¹² 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.

¹³ 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.

¹⁴ See 24 P.S. §§ 13-1301, 13-1302, 13-1305, 13-1306; 22 Pa. Code Chapter 11.

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?¹⁵
 - To address this objective, we assessed the District’s internal controls for obtaining, processing, and reporting transportation data to PDE. We randomly selected 10 of the 63 vehicles used to transport District students during the 2017-18 school year.¹⁶ For the vehicles selected, we obtained odometer readings, student rosters, and school calendars to determine if the District accurately calculated and reported vehicle data to PDE. Using this data, we determined if the District was reimbursed accurately.

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. These deficiencies were verbally communicated to those charged with governance for their consideration.

Administrator Separations

- Did the District pursue a contract buy-out with an administrator and if so, what was the total cost of the buy-out, what were the reasons for the termination/settlement, and did the employment contract(s) comply with the Public School Code¹⁷ and Public School Employees’ Retirement System guidelines?
 - To address this objective, we reviewed the contracts, leave records, board meeting minutes, board policies, and payroll records for the one individually contracted administrator who separated employment from the District during the period of July 1, 2015 through June 30, 2019. We reviewed the final payouts to determine if the administrator was compensated in accordance with the contract. We verified the reason for the separation was made public through the board meeting minutes and that a board vote was conducted according to Section 508 of the Public School Code.¹⁸

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

School Safety

- Did the District comply with requirements in the Public School Code and the Emergency Management Code related to emergency management plans, bullying prevention, memorandums of understanding with local law enforcement?¹⁹ Also, did the District follow best practices related to physical building security and providing a safe school environment?
 - ✓ To address this objective, we reviewed a variety of documentation including safety plans, risk and vulnerability assessments, anti-bullying policies, school climate surveys, and memorandums of understanding with local law enforcement.

¹⁵ See 24 P.S. §§ 13-1301, 13-1302, 13-1305, 13-1306; 22 Pa. Code Chapter 11.

¹⁶ 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

¹⁷ 24 P.S. § 10-1073(e) (2) (v).

¹⁸ Required for all superintendent and assistant superintendent contracts signed or renewed from the date of September 12, 2012, forward.

¹⁹ Safe Schools Act 24 P.S. § 13-1301-A *et seq.*, Emergency Management Services Code 35 Pa.C.S. § 7701.

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.²⁰

- Did the District comply with the fire and security drill requirements of Section 1517 of the Public School Code?²¹ Also, did the District accurately report the dates of drills to PDE and maintain supporting documentation to evidence the drills conducted and reported to PDE?
 - ✓ To address this objective, we obtained and reviewed the fire and security drill records for the 2018-19 school year. We determined if a security drill was held within the first 90 days of the school year for each building in the District and if monthly fire drills were conducted in accordance with requirements. We also obtained the *Accuracy Certification Statement* that the District filed with PDE and compared the dates reported to the supporting documentation.

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

²⁰ 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.

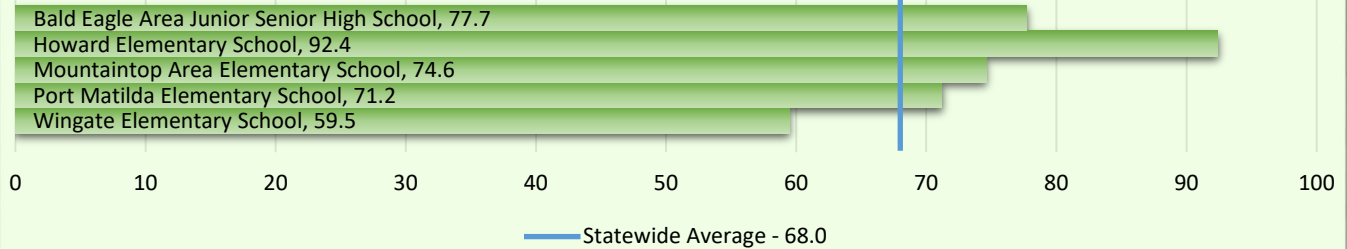
²¹ Public School Code (Fire and Security Drills) 24 P.S. § 15-1517.

Appendix B: Academic Detail

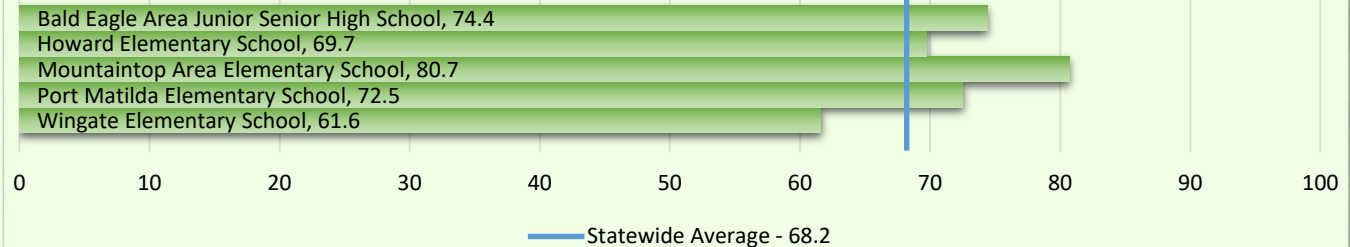
Benchmarks noted in the following graphs represent the statewide average of all public school buildings in the Commonwealth that received a score in the category and year noted.²² Please note that if one of the District's schools did not receive a score in a particular category and year presented below, the school will not be listed in the corresponding graph.²³

SPP School Scores Compared to Statewide Averages

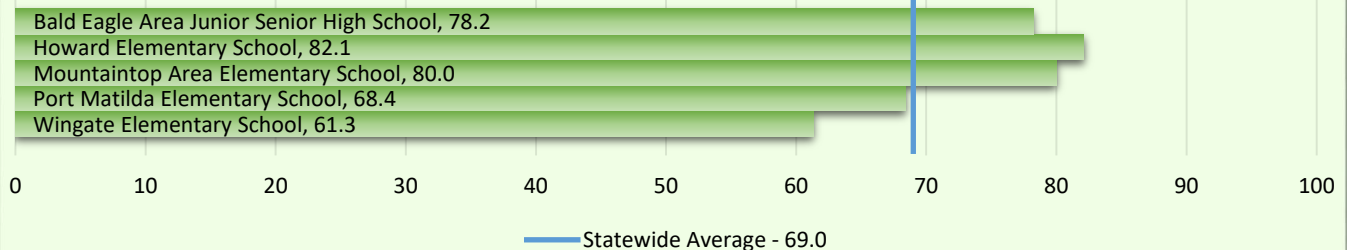
2018-19



2017-18



2016-17

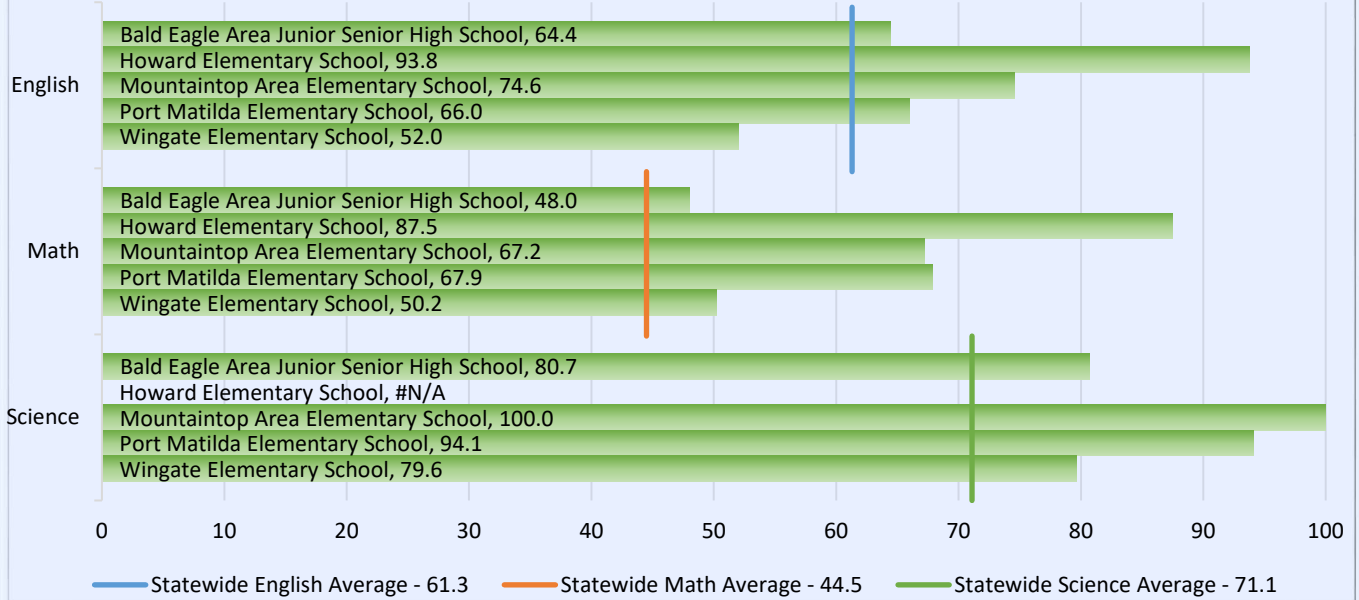


²² Statewide averages were calculated by our Department based on individual school building scores for all public schools in the Commonwealth, including district schools, charters schools, and cyber charter schools.

²³ PDE's data does not provide any further information regarding the reason a score was not published for a specific school. However, readers can refer to PDE's website for general information regarding the issuance of academic scores.

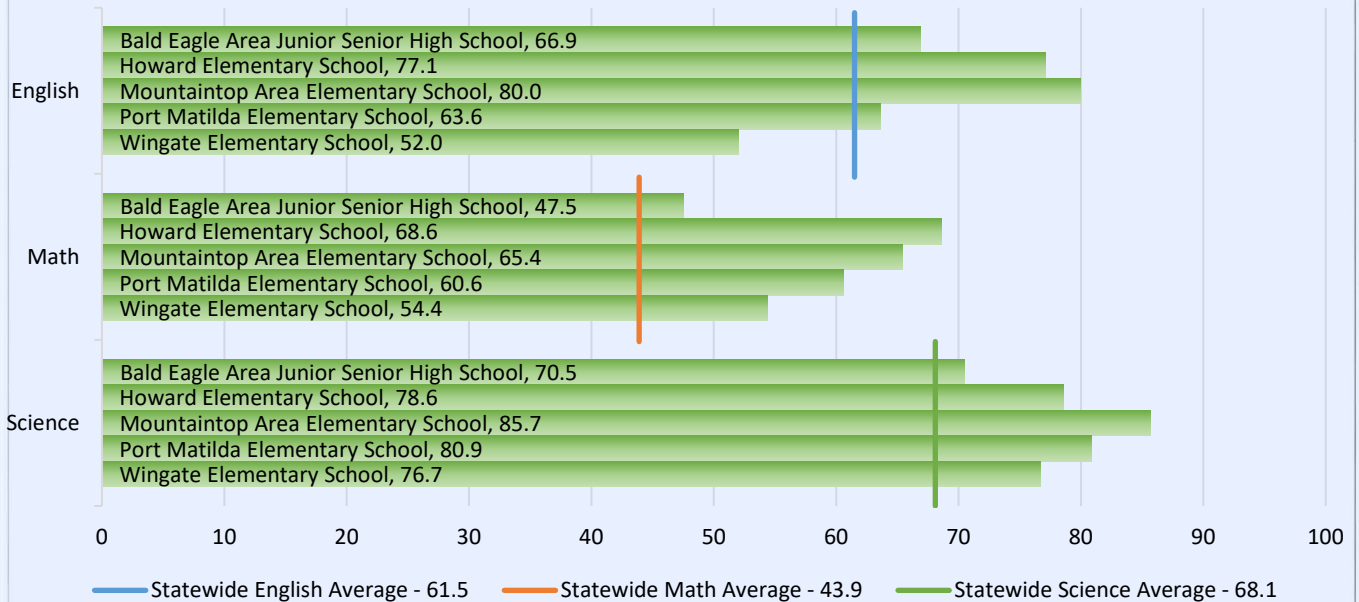
**PSSA Advanced or Proficient Percentage
School Scores Compared to Statewide Averages**

2018-19

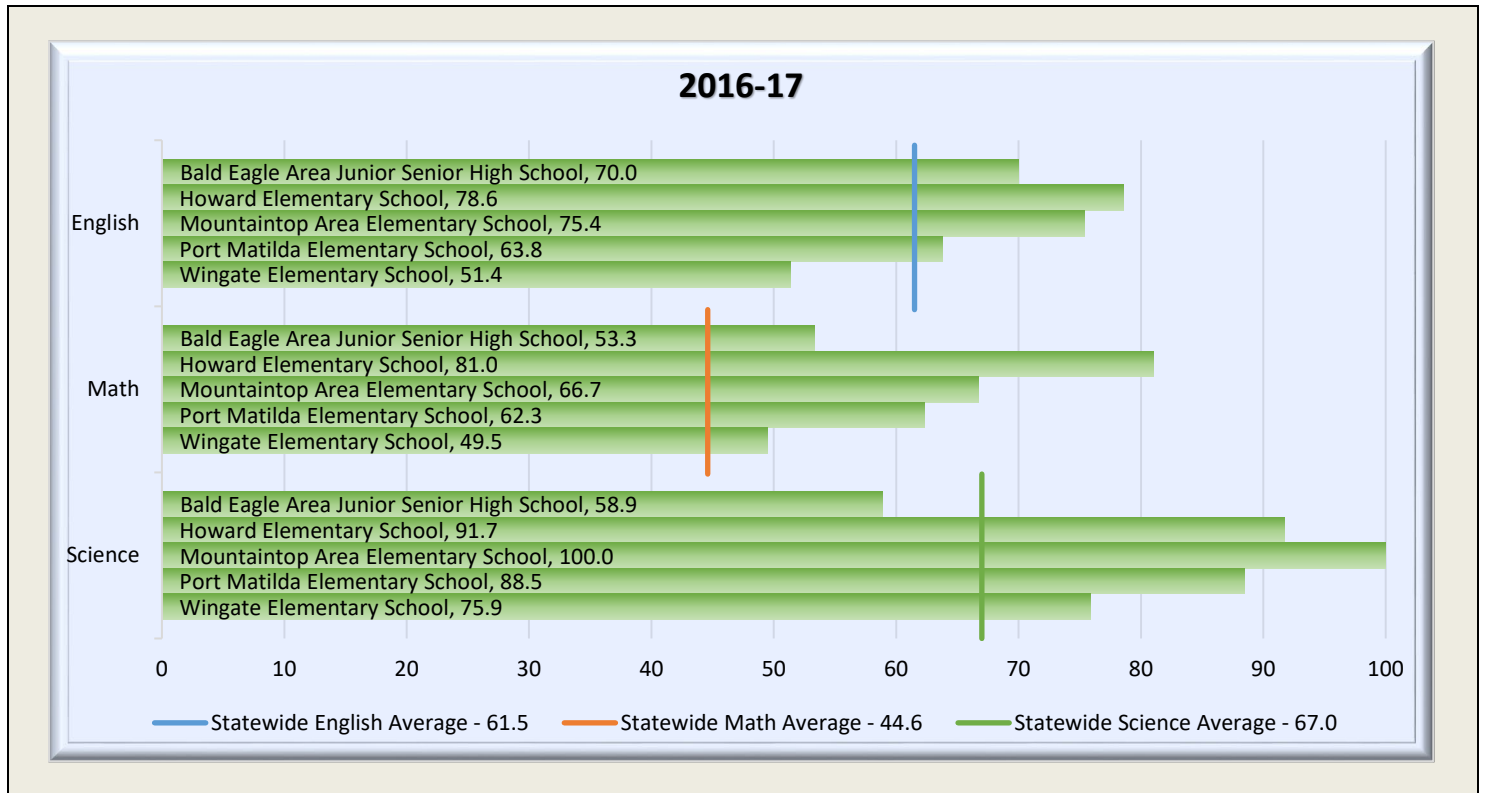


#N/A: The Howard Elementary School did not report PSSA Science scores for the 2018-19 school year

2017-18

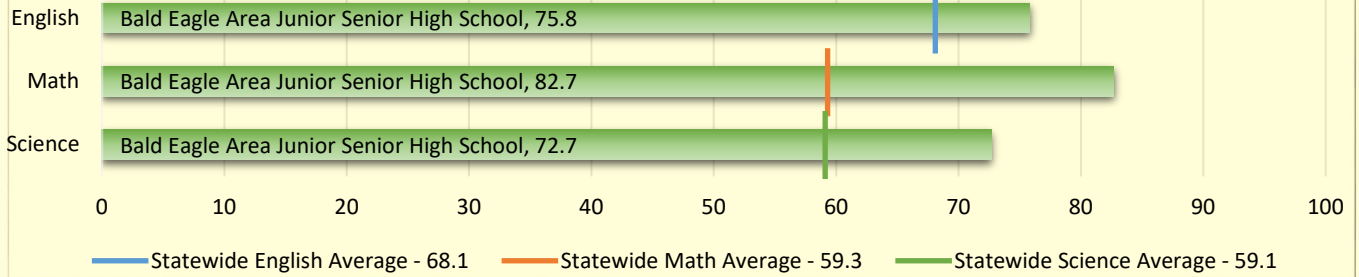


**PSSA Advanced or Proficient Percentage
School Scores Compared to Statewide Averages (continued)**

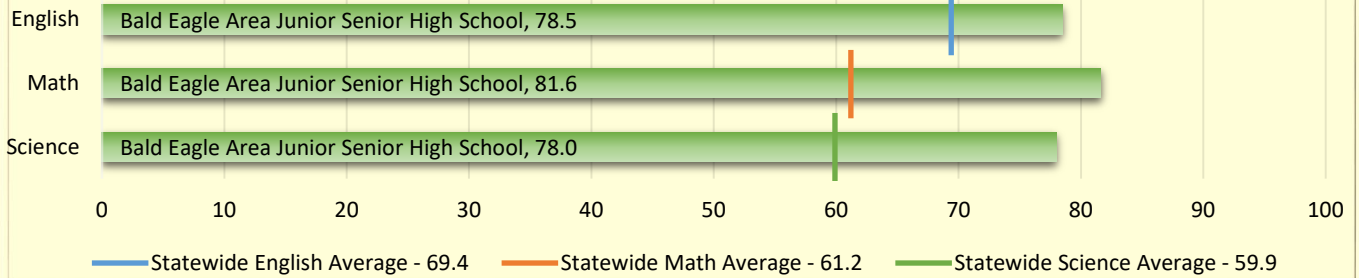


Keystone Advanced or Proficient Percentage School Scores Compared to Statewide Averages

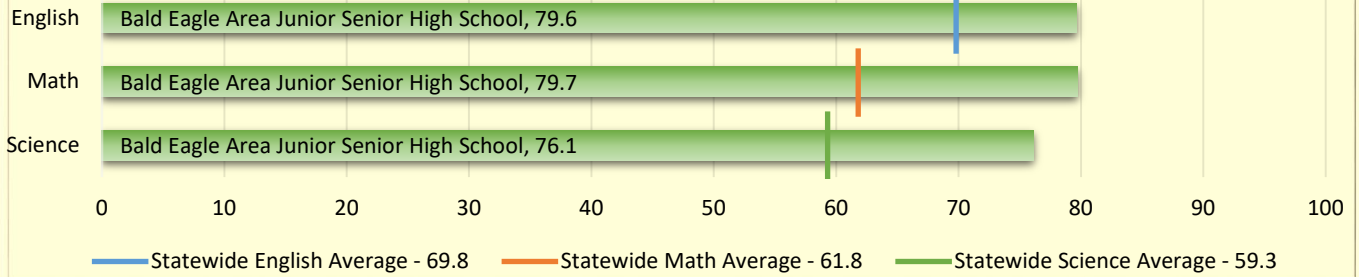
2018-19



2017-18



2016-17



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