

PERFORMANCE AUDIT

Girard School District Erie County, Pennsylvania

January 2021



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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**EUGENE A. DePASQUALE
AUDITOR GENERAL**

Mrs. Donna Miller, Superintendent
Girard School District
1203 Lake Street
Girard, Pennsylvania 16417

Mr. Bob Snyder, Board President
Girard School District
1203 Lake Street
Girard, Pennsylvania 16417

Dear Mrs. Miller and Mr. Snyder:

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

- Nonresident Student Data
- Transportation Operations
- Bus Driver Requirements
- 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 all of 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 non-compliance and significant internal control deficiencies in the nonresident student data and transportation operations areas and those deficiencies are detailed in the findings in this report.

In addition, we identified internal control deficiencies in the bus driver requirements and administrator separation objectives that were not significant but warranted the attention of District management. Those deficiencies were verbally communicated to District management for their consideration.

Mrs. Donna Miller
Mr. Bob Snyder
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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", with a long horizontal flourish extending to the right.

Eugene A. DePasquale
Auditor General

January 7, 2021

cc: **GIRARD 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 Girard 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 applied best practices and complied, in all significant respects, with certain relevant state laws, regulations, contracts, and administrative procedures, except for two findings.

Finding No. 1: The District's Failure to Implement Internal Controls Led to Inaccurate Reporting of Nonresident Student Data to PDE Resulting in an Overpayment of \$215,112.

We found that the District failed to implement internal controls over the categorization and reporting of nonresident student data resulting in a \$215,112 overpayment from the Pennsylvania Department of Education (PDE). This overpayment was caused by the District inaccurately reporting the number of foster students educated by the District during the 2015-16 through 2018-19 school years (see page 8).

Finding No. 2: The District Inaccurately Reported Transportation Data to PDE Resulting in an Overpayment to the District of \$35,012.

The District was overpaid \$35,012 in transportation reimbursements from PDE. This overpayment was due to the District inaccurately reporting the total miles the District's transportation contractor travelled to provide transportation to District students and the number of students transported during the 2015-16, 2016-17, 2017-18, and 2018-19 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 2018-19 School Year*	
County	Erie
Total Square Miles	35.919
Number of School Buildings	3
Total Teachers	129
Total Full or Part-Time Support Staff	83
Total Administrators	16
Total Enrollment for Most Recent School Year	1,604
Intermediate Unit Number	5
District Career and Technical School	Erie County Technical School

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

Mission Statement*

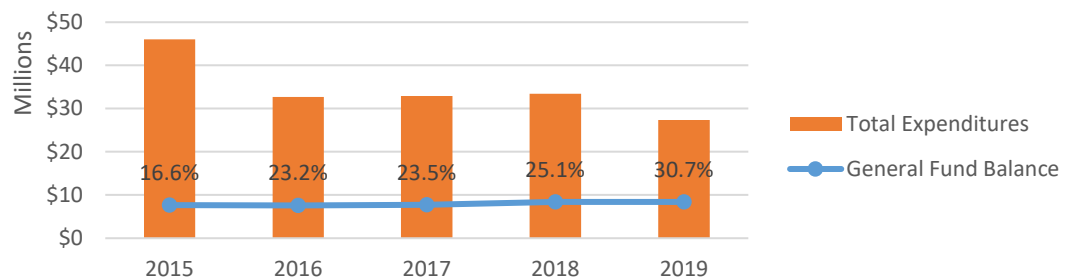
To inspire young minds to reach their fullest potential through innovative curriculum, individualized learning opportunities, and inclusive community practices for college, career, and life readiness.

Financial Information

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

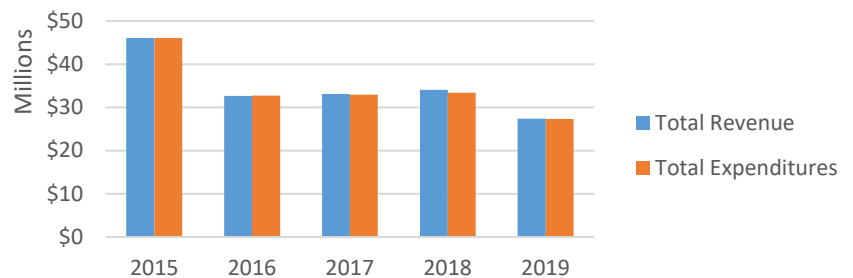
General Fund Balance as a Percentage of Total Expenditures

	General Fund Balance
2015	\$7,655,869
2016	\$7,591,204
2017	\$7,731,440
2018	\$8,378,101
2019	\$8,402,389



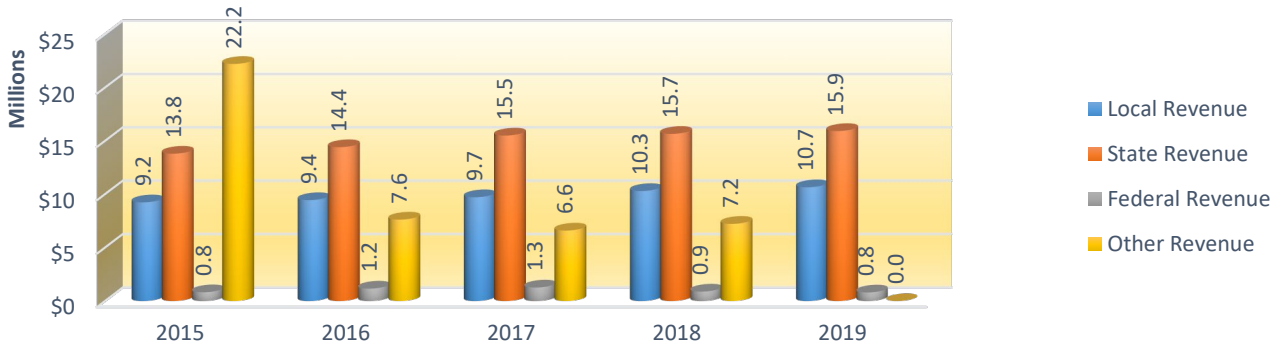
Revenues and Expenditures

	Total Revenue	Total Expenditures
2015	\$46,096,280	\$46,068,934
2016	\$32,655,874	\$32,720,537
2017	\$33,092,584	\$32,952,349
2018	\$34,084,412	\$33,437,751
2019	\$27,390,642	\$27,366,353

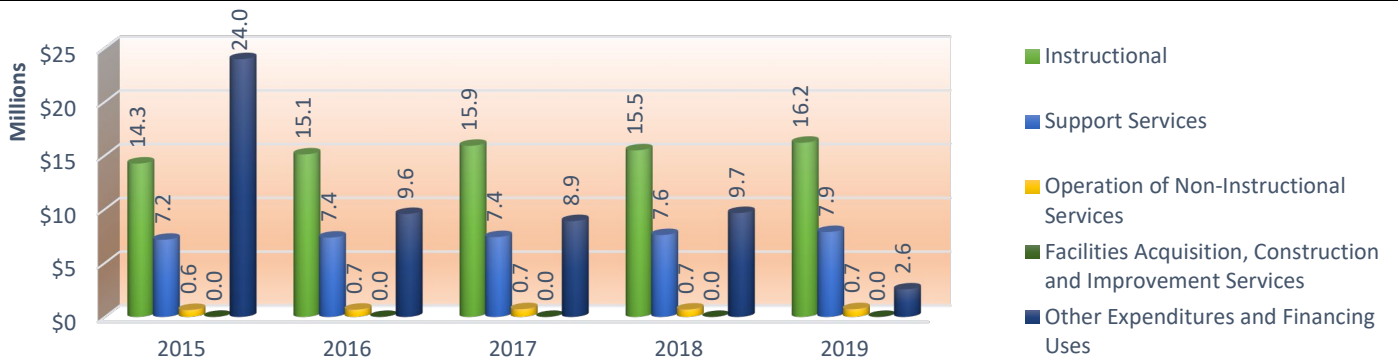


Financial Information Continued

Revenues by Source

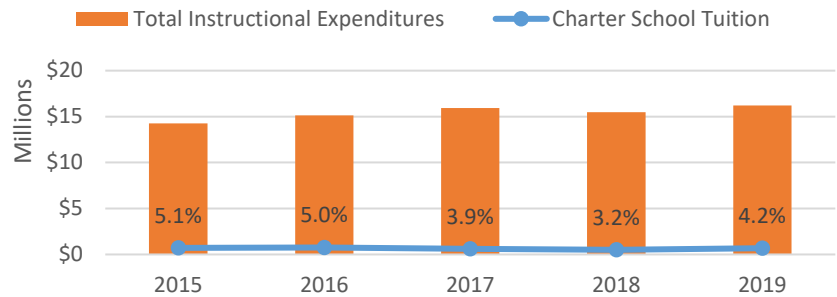


Expenditures by Function

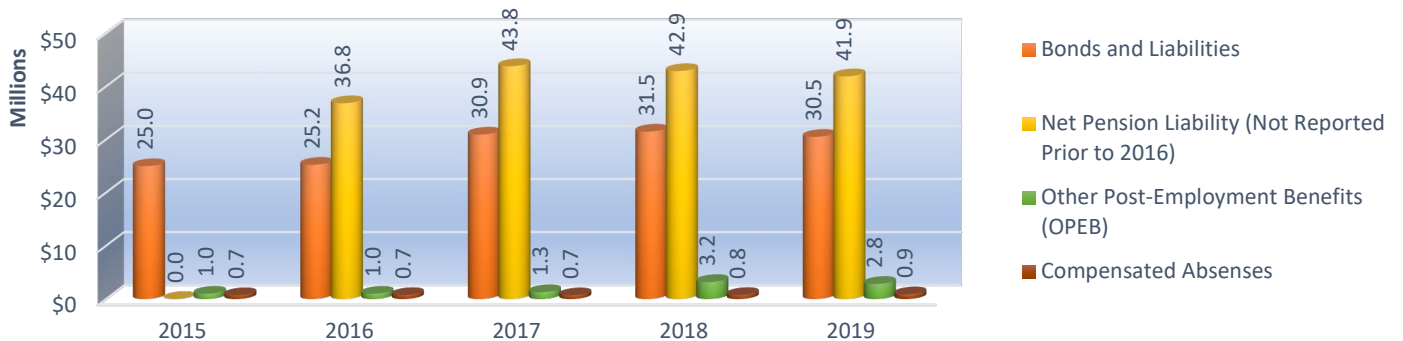


Charter Tuition as a Percentage of Instructional Expenditures

	Charter School Tuition	Total Instructional Expenditures
2015	\$720,407	\$14,262,352
2016	\$757,311	\$15,116,213
2017	\$618,930	\$15,914,156
2018	\$503,472	\$15,493,233
2019	\$682,871	\$16,201,324



Long-Term Debt



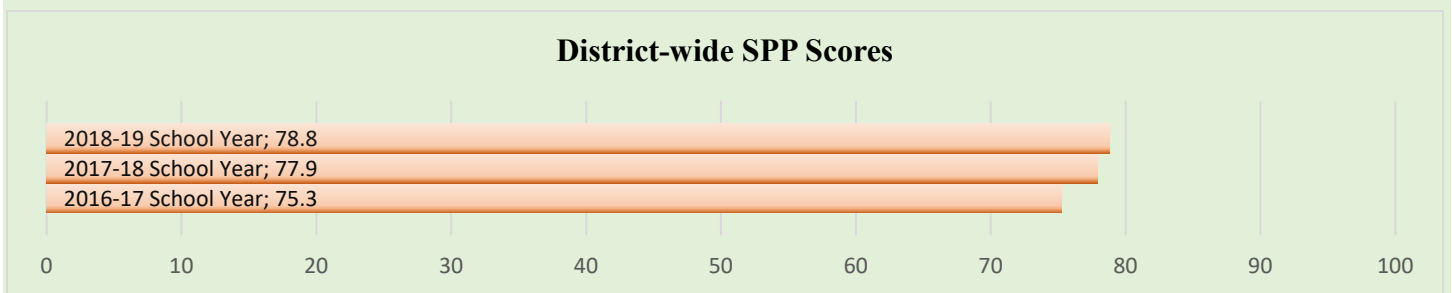
Academic Information

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

What is a SPP score?

A SPP score serves as a benchmark for schools to reflect on successes, achievements, and yearly growth. PDE issues a SPP score annually using a 0-100 scale for all school buildings in the Commonwealth, which is calculated based on standardized testing (i.e., PSSA and Keystone exam scores), student improvement, advance course offerings, and attendance and graduation rates. Generally speaking, a SPP score of 70 or above is considered to be a passing rate.²

District-wide SPP Scores



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

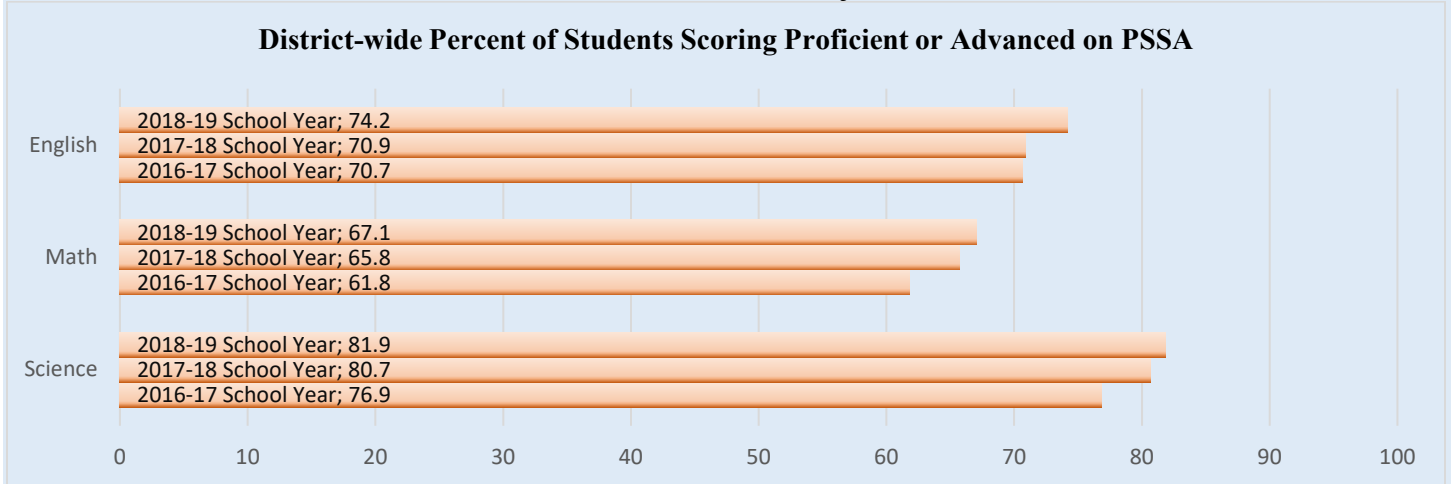
² PDE started issuing a SPP score for all public school buildings beginning with the 2012-13 school year. For the 2014-15 school year, PDE only issued SPP scores for high schools taking the Keystone Exams as scores for elementary and middle scores were put on hold due to changes with PSSA testing. PDE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

Academic Information Continued

What is the PSSA?

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

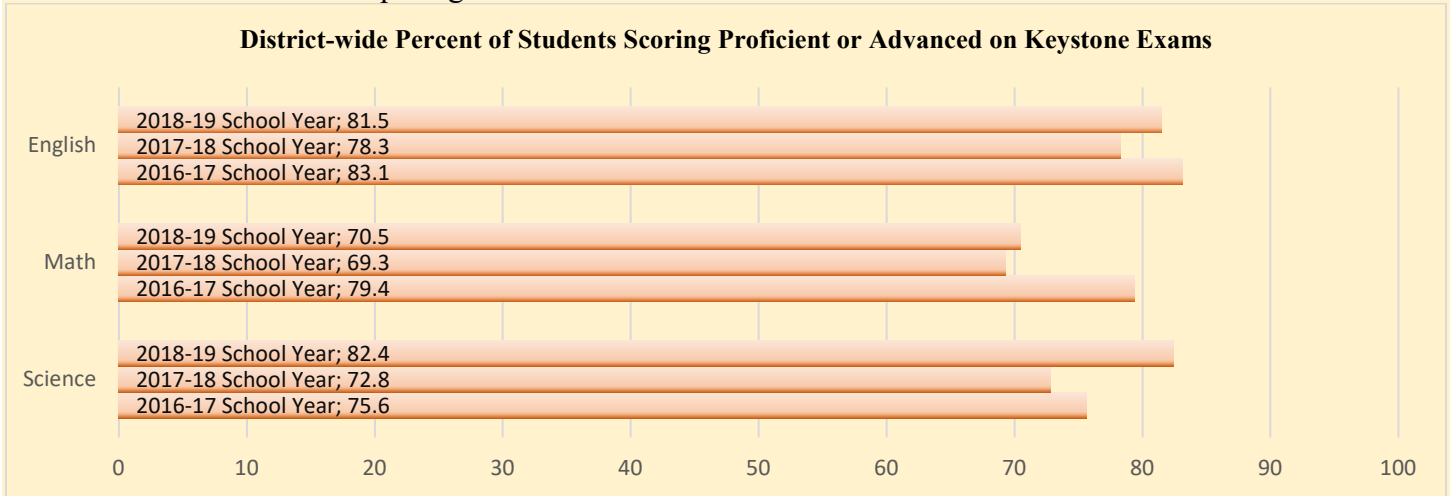
The 2014-15 school year marked the first year that PSSA testing was aligned to the more rigorous PA Core Standards. The state uses a grading system with scoring ranges that place an individual student's performance into one of four performance levels: Below Basic, Basic, Proficient, and Advanced. The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



Academic Information Continued

What is the Keystone Exam?

The Keystone Exam measures student proficiency at the end of specific courses, such as Algebra I, Literature, and Biology. The Keystone Exam was intended to be a graduation requirement starting with the class of 2017, but that requirement has been put on hold until the 2020-21 school year.³ In the meantime, the exam is still given as a standardized assessment and results are included in the calculation of SPP scores. The Keystone Exam is scored using the same four performance levels as the PSSAs, and the goal is to score Proficient or Advanced for each course requiring the test.

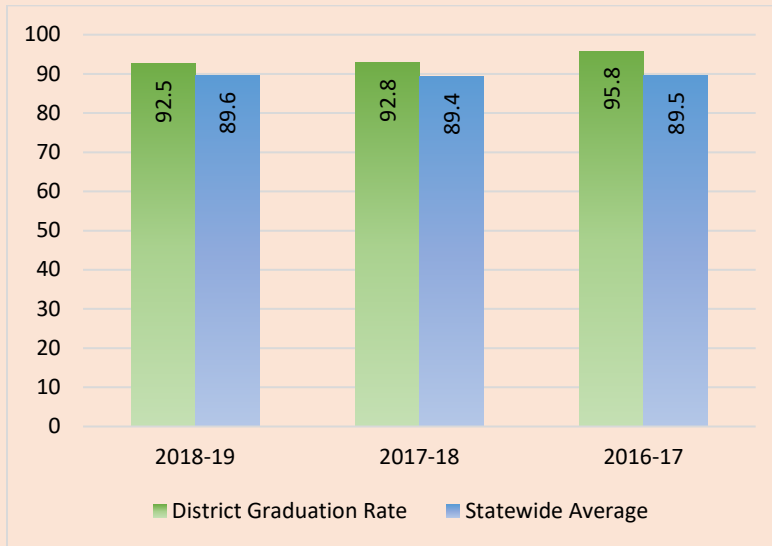


³ Act 158 of 2018, effective October 24, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement until the 2021-22 school year. See 24 P.S. § 1-121(b)(1). Please refer to the following link regarding further guidance to local education agencies (LEAs)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

Academic Information Continued

What is a 4-Year Cohort Graduation Rate?

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



⁴ PDE also calculates 5-year and 6-year cohort graduation rates. Please visit PDE's website for additional information:
<http://www.education.pa.gov/Data-and-Statistics/Pages/Cohort-Graduation-Rate-.aspx>.

Findings

Finding No. 1

The District's Failure to Implement Internal Controls Led to Inaccurate Reporting of Nonresident Student Data to PDE Resulting in an Overpayment of \$215,112

Criteria relevant to the finding:

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

Payment of Tuition

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

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

We found that the Girard School District (District) failed to implement internal controls over the categorization and reporting of nonresident student data resulting in a \$215,112 overpayment from the Pennsylvania Department of Education (PDE). This overpayment was caused by the District inaccurately reporting the number of foster students educated by the District during the 2015-16 through 2018-19 school years.

Background: School districts are entitled to receive Commonwealth paid tuition for educating certain nonresident students. To be eligible to receive Commonwealth-paid tuition, the student's parent/guardian must not be a resident of the educating district and the student must have been placed in the private home of a resident within the district by order of the court or by arrangement with an association, agency, or institution.⁵ Additionally, the district resident must be compensated for the care of the student. These students are commonly referred to as "foster students" and it is the mandate of the educating district to obtain the required documentation to correctly categorize and accurately report these students that the district educated to PDE.

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

- Training on PDE reporting requirements
- Written internal procedures to ensure compliance with PDE requirements
- Reconciliations of source documents to information reported to PDE

⁵ For example, the applicable county children and youth agency.

*Criteria relevant to the finding
(continued):*

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

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

Section 13-1302 of the PSC:

“A child shall be considered a resident of the school district in which his parents or the guardian of his person resides. When a resident of any school district keeps in his home a child of school age, not his own, supporting the child gratis as if it were his own, such child 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 through such child were in fact a resident school child of the district, and shall be subject to all the requirements placed upon resident school children of the district. Before such child may be accepted as a pupil, such resident shall file with the secretary of the board: (1) appropriate legal documentation to show dependency or guardianship; or (2) a sworn statement that he is a resident of the district, that he is supporting the child gratis, that he will assume all personal obligations for the child relative to school requirements, and that he intends to so keep and support the child continuously and not merely through the school term. The school board, pursuant to guidelines issued by the Department of Education, may require other reasonable information to be submitted by the resident to substantiate the sworn statement.” See 24 P.S. 13-1302(a).

Nonresident Student Reporting Errors

We found that the District made a total of 26 errors over the four-year audit period when it reported nonresident data to PDE. These reporting errors involved 19 students but 7 of the students were inaccurately reported for more than one year. The following table details the number of students that the District inaccurately reported as foster students for each school year of the audit period.

Girard School District Foster Student Enrollment		
School Year	Number of Students Inaccurately Reported	Overpayment
2015-16	3	\$ 20,566
2016-17	3	\$ 28,171
2017-18	11	\$ 98,880
2018-19	9	\$ 67,495
Totals	26	\$215,112

Of the 19 students erroneously reported as foster students, we found that all 19 should have been classified as residents and, therefore, the District was not eligible to receive reimbursement for educating these students. The District also failed to annually update documentation for foster students. We found that these students were inaccurately reported due to the following reasons:

- 8 students were living with legally appointed parents/guardians and should have been reported as residents of the District.
- 8 students were reported as foster students but the District did not have the required documentation to support this categorization.
- 3 students were adopted and the District continued to report them as foster students.

Significant Internal Control Deficiencies

The District did not have internal controls over the categorization and reporting of foster student data. The District had a decentralized enrollment process during the audit period for which each building secretary was responsible for categorizing foster students. Foster students were then reported to PDE for reimbursement without a review by a District official knowledgeable on PDE reporting requirements. The District experienced turnover in these clerical positions during the audit period and the clerical staff responsible for categorizing foster students

*Criteria relevant to the finding
(continued):*

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 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).

were not adequately trained on the documentation and requirements necessary to report foster students accurately. Finally, the District did not have written policies and procedures to assist personnel in accurately identifying a foster student and obtaining the required documentation needed to support this categorization.

Future Reimbursement Adjustment: We provided PDE with documentation detailing the reporting errors we identified for the 2015-16 through 2018-19 school years. We recommend that PDE adjust the District's future reimbursement amount by the \$215,112 that we calculated as an overpayment.

Recommendations

The *Girard 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 categorizing and reporting 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) Written procedures are developed to document the categorization and reporting process for foster student data.
2. Obtain updated agency placement letters annually for all nonresident students to help ensure accurate reporting to PDE.

The *Pennsylvania Department of Education* should:

3. Adjust the District's future reimbursements to resolve the overpayment of \$215,112.

Management Response

District management provided the following response:

"Recommendation 1:

The Girard School District has begun the improvement process by creating a Standard Operation Procedure for Reporting Child Accounting Data to the Pennsylvania Department of Education to ensure stronger internal controls are executed when imputing, processing, and reporting the child accounting data. An internal root cause analysis revealed that the

administrator in charge of child accounting received professional development at Attendance/Child Accounting Professional Association (A/CAPA) and the Data Quality Network conferences and webinars, but failed to properly administer PDE's reporting requirements for foster student data. Furthermore the building attendance secretaries were not adequately trained on the categorization and reporting process of foster student data.

Based on the internal findings, the Standard Operation Procedure includes these steps:

1. The administrator in charge of Membership/Child accounting shall attend all necessary trainings related to child accounting and membership.
2. The administrator will provide training and in-depth instruction to all the personnel involved in the reporting of child accounting/membership data. Through this in-depth instruction, the building attendance secretaries will develop a thorough understanding of the child accounting/membership regulations.
3. After the building attendance secretaries enter the information in the student information system, the administrator in charge will do a review of the required documentation. Finally, the administrator in charge of Membership/Child accounting will conduct a final review and categorizing of all students per PDE's Requirements.
4. Annually, between June 30 and July 15th the Membership/Child accounting administrative assistant will mail a letter to the family of each student enrolled as a foster child, inquiring about the status or any anticipated change in status of the student. If the letter is not returned by August 15th, the secretary will call the family and present them with another form. A copy of the completed form will be sent to the attendance secretary at the school where the child is enrolled. That secretary will update the student's status in the student information system and email the building principal and Membership/Child accounting administrator of the change. Prior to the beginning of the new year, the administrator will review the file for each student coded as a foster child from the previous school year and verify for accuracy.

Recommendation 2:

The Girard School District will utilize the new Standard Operating Procedure with enhanced internal controls and will obtain updated/new agency placement letters annually for all the nonresident students to help ensure accurate reporting to PDE.”

Auditor Conclusion

We are pleased the District has agreed to implement our recommendations to develop standard operating procedures for reporting data to PDE, to provide training on PDE’s reporting requirements, and for obtaining

placement letters annually. We will evaluate the effectiveness of its corrective actions during our next audit of the District.

Finding No. 2

The District Inaccurately Reported Transportation Data to PDE Resulting in an Overpayment to the District of \$35,012

Criteria relevant to the finding:

Student Transportation Subsidy

The PSC provides that school districts receive a transportation subsidy for most students who are provided transportation. Section 2541 (relating to Payments on account of pupil transportation) of the PSC specifies the transportation formula and criteria. *See* 24 P.S. § 25-2541.

Total Students Transported

Section 2541(a) of the PSC states, in part: "School districts shall be paid by the commonwealth for every school year on account of pupil transportation which, and the means and contracts providing for which, have been approved by the Department of Education, in the cases hereinafter enumerated, an amount to be determined by multiplying the cost of approved reimbursable pupils transportation incurred by the district by the district's aid ratio. In determining the formula for the cost of approved reimbursable transportation, the Secretary of Education may prescribe the methods for determining approved mileages and the utilized passenger capacity of vehicles for reimbursement purposes." *See* 24 P.S. § 25-2541(a).

The District was overpaid \$35,012 in transportation reimbursements from PDE. This overpayment was due to the District inaccurately reporting the number of students transported and the total miles the District's transportation contractor travelled to provide transportation to District students during the 2015-16, 2016-17, 2017-18, and 2018-19 school years.

School districts receive two separate transportation reimbursement payments from PDE. One reimbursement is broadly based on the number of students transported, the number of days each vehicle was used to transport students, and the number of miles vehicles were in service both with and without students (i.e., regular transportation reimbursement). The other reimbursement is based on the number of charter school and nonpublic school students transported (i.e., supplemental transportation reimbursement). The issues and errors we identified in this finding impact the District's regular transportation reimbursement.

Regular transportation reimbursement is based on several components that are reported by the District to PDE for use in calculating the District's annual reimbursement amount. These components include, but are not limited to, the following:

- Total number of days each vehicle was used to transport students to and from school.
- Miles traveled with and without students for each vehicle.
- Number of students assigned to each vehicle.

Since the above listed components are integral to the calculation of the District's regular transportation reimbursement, it is essential for the District to properly calculate, record, and report this information to PDE.

It is also important to note that the Public School Code requires that all school districts annually file a sworn statement of student transportation data for the prior and current school years with PDE in order to be eligible for transportation reimbursements. The District completed this sworn statement for all four school years discussed in this finding. It is essential that the District accurately report transportation data to PDE and retain the support for this transportation data. Further, the sworn statement of student transportation data should not be filed with the state Secretary of Education unless the data has been double-checked for accuracy by personnel trained on PDE's reporting requirements. An official signing a sworn statement must be aware that by submitting the transportation data

Criteria relevant to the finding (continued):

Sworn Statement and Annual Filing Requirements

Section 2543 of the PSC sets forth the requirement for school districts to annually file a sworn statement of student transportation data for the prior and current school year with PDE in order to be eligible for the transportation subsidies. See 24 P.S. § 25-2543.

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

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.

<https://www.education.pa.gov/Documents/Teachers-Administrators/Pupil%20Transportation/eTran%20Application%20Instructions/PupilTransp%20Instructions%20PDE%201049.pdf> (accessed 10/8/2020)

to PDE, he/she is asserting that the information is true and that they have verified evidence of accuracy.⁶

The table below summarizes the District’s reporting errors by school year and the resulting cumulative overpayment received by the District.

Girard School District Student Transportation Data			
School Year	Mileage Over Reported	# of Students Transported Over Reported	Overpayment
2015-16	20.4	5.2	\$ 8,173
2016-17	18.8	6.9	\$ 8,777
2017-18	19.6	7.6	\$ 9,863
2018-19	18.0	6.6	\$ 8,199
Total:	76.8	26.3	\$35,012

PDE guidelines provide that school districts should report the number of miles per day to the nearest tenth mile that each vehicle travels with and without students, and if that figure changes during the year, to calculate and report a sample average. PDE guidelines also state that if the number of students assigned to a vehicle changes that a sample average must be calculated and reported. The District created an Excel spreadsheet to calculate sample averages for all vehicles used to transport students each year of the audit period.⁷ We found a formula error in this spreadsheet that resulted in inaccurate data calculated and reported to PDE for one vehicle in each year of the audit period.

The District did not have internal controls over calculating and reporting transportation data during the audit period. A review process in which an employee other than the employee who calculated the transportation data closely reviewed the data would have most likely discovered this formula error. An independent review process of mileage calculations and number of students transported by the District would have revealed that the District’s reported averages were greater than any month included in the calculation. Additionally, the District did not have specific written procedures regarding the input, processing, and reporting of transportation data. Further, any school district official who signs the annual sworn statement must ensure that the transportation data was double-checked for accuracy before he/she attests to the accuracy of the data.

⁶ Please note that while a sworn statement is different from an affidavit, in that a sworn statement is not typically signed or certified by a notary public but are, nonetheless, taken under oath. See <https://legaldictionary.net/sworn-statement/>

⁷ The District reported 16 vehicles used to transport students in each year of the audit period.

*Criteria relevant to the finding
(continued):*

Pupils Assigned – Report the greatest number of pupils assigned to ride this vehicle at any one time during the day. Report the number of pupils assigned to the nearest tenth. The number cannot exceed the seating capacity. If the number of pupils assigned changed during the year, calculate a weighted average or a sample average.

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.

We provided PDE with reports detailing the transportation reporting errors for the 2015-16, 2016-17, 2017-18, and 2018-19 school years. PDE requires these reports to verify the overpayments to the District. The District's future transportation subsidies should be adjusted by the amount of the overpayment.

Recommendations

The *Girard School District* should:

1. Develop written procedures and internal controls for the inputting, processing, and reporting of transportation data. These procedures should include a review of transportation data by an employee other than the person who prepared the data before it is submitted to PDE.
2. Review transportation reports completed and submitted 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 subsidies to recover the \$35,012 overpayment to the District.

Management Response

District management provided the following response:

“Recommendation 1:

The Girard School District has begun the improvement process by creating a Standard Operation Procedure for Reporting Transportation Data to the Pennsylvania Department of Education to ensure stronger internal controls are executed when inputting, processing, and reporting the transportation data. An internal root cause analysis revealed that only one employee was responsible for the entire reporting process. Further, when the employee was assigned to the task, they were not adequately trained on this critical job function. Exacerbating the situation, only one individual was responsible for inputting, processing and reporting the transportation data. Prior to presenting the completed report to the Director of Business, the report should have been reviewed by another employee, who was also well-informed in all aspects of student transportation guidance and regulations. Subsequently, the Director of Business should complete a final review before the report is submitted.

Based on these internal findings the Standard Operation Procedure includes these steps:

1. The Director of Business shall provide training and in-depth instruction to a minimum of two clerks. Through this in-depth instruction, the clerks will develop a thorough understanding of

transportation regulations, calculations and completion of Form 1049 through eTrans.

2. The Director of Business and the clerk shall verify the accuracy of all data provided by the Girard School District's contracted transportation. After authenticating the veracity of all data, the Director of Business will complete the calculations for transportation subsidy.
3. The Director of Business shall then provide all required data to the clerk tasked with inputting information.
4. Following completion of the inputting process, another clerk who has completed the training process will double-check all the work for accuracy.
5. On September 15th the Director of Business will complete a final review of data in the eTrans system.
6. The report shall be submitted no later than September 25th annually.

Recommendation 2:

The Girard School District will utilize the new Standard Operating Procedure with enhanced internal controls for inputting, processing, and reporting the transportation data to review the reports submitted to Pennsylvania Department of Education (PDE) for the 2019-2020 School Year. If an error is found, a correction shall be submitted to PDE immediately.”

Auditor Conclusion

We are pleased the District has agreed to implement our recommendations to develop standard operating procedures for reporting data to PDE including the completion of a second review of the data before it is submitted to PDE. We will evaluate the effectiveness of its corrective actions during our next audit of the District.

Status of Prior Audit Findings and Observations

Our prior audit of the Girard 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,⁸ 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 Resident Data, Bus Driver Requirements, 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.⁹ *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.¹⁰ 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.

⁸ 72 P.S. §§ 402 and 403.

⁹ 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.

¹⁰ Even though the Green Book was written for the federal government, it explicitly states that it may also be adopted by state, local, and quasi-government entities, as well as not-for-profit organizations, as a framework for establishing and maintaining an effective internal control system. The Green Book is assessable at <https://www.gao.gov/products/GAO-14-704G>

Figure 1: Green Book Hierarchical Framework of Internal Control Standards

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

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

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

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

Figure 2 – Internal Control Components and Principles Identified as Significant

Principle →	Internal Control Significant ?	Control Environment					Risk Assessment				Control Activities			Information and Communication			Monitoring	
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
General/overall	Yes	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
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	
Administrator Separations	Yes										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 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?¹¹
 - ✓ To address this objective, we assessed the District's internal controls for obtaining, processing, and reporting transportation data to PDE. We randomly selected 8 of the 16 vehicles used to transport District students during the 2018-19 school year and found a reporting error for 1 of the 8 vehicles tested. Due to the type of error found, we expanded our testing to include a review of that same vehicle used to transport District students during the 2015-16, 2016-17, and 2017-18 school years.¹² 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. We verified the accuracy of the data on the District's average calculation worksheets and on the PDE-1049 for the 2015-16 through 2018-19 school years. Using this data, we determined if the District received the correct amount of regular transportation reimbursement.
 - ✓ We also reviewed all 26 nonpublic and 6 charter school students reported to PDE as transported by the District during the 2018-19 school year. We reviewed student vehicle rosters and individual requests for transportation to ensure that these nonpublic and charter school students were accurately reported to PDE and the District received the correct amount of supplemental transportation reimbursement.

¹¹ See 24 P.S. § 25-2541(a).

¹² 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. The additional testing as a result of the error identified in the initial selection was selected due to our judgment that data reported for the additional vehicle tested had a higher risk of noncompliance; accordingly, the results of this audit procedure are not, and should not be, projected to the population.

Conclusion: The results of our procedures identified non-compliance and significant internal control deficiencies related to the input, calculation, and reporting of transportation data reported to PDE. Our results are detailed in Finding No. 2 beginning on page 13 of this report.

Nonresident Student Data

- Did the District accurately report nonresident students to PDE? Did the District receive the correct reimbursement for these nonresident students?¹³
 - ✓ 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 39 nonresident foster students reported to PDE as educated by the District during the 2015-16 through 2018-19 school years. We reviewed documentation to confirm that custodial parents or guardian of the foster students were not residents of the District and to confirm 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 non-compliance and significant internal control deficiencies related to the input, categorization, and reporting of nonresident student data. Our results are detailed in Finding No. 1 beginning on page 8 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 clearances¹⁴ as outlined in applicable laws?¹⁵ 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 driver qualification documents and procedures for being made aware of who transported students daily. We determined if all drivers were approved by the District’s Board of School Directors (Board). We randomly selected 8 of the 20 drivers transporting District students as of March 9, 2020, and we reviewed documentation to ensure the District complied with the requirements for those drivers.¹⁶ 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. These deficiencies were verbally communicated to those charged with governance for their consideration.

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

¹⁴ 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.

¹⁵ 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.

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.

Administrator Separations

- Did the District ensure that all individually contracted employees who separated employment from the District were compensated in accordance with their contract? Also, did the contracts comply with Public School Code and were the final payments in accordance with the Public School Employees' Retirement System (PSERS) guidelines.
 - ✓ To address this objective, we assessed the internal controls over the District's calculations of final payouts to individually contracted administrators who separated employment with the District. We reviewed the contracts, 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 to ensure post-employment payments and benefits, including leave payments, were correctly calculated and paid. We verified that the leave payouts were not reported as eligible wages to PSERS.

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.

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?¹⁷ Also, did the District follow best practices related to physical building security and providing a safe school environment?
 - ✓ To address this objective, we reviewed a variety of documentation including safety plans, risk and vulnerability assessments, anti-bullying policies, school climate surveys, and memorandums of understanding with local law enforcement.

Conclusion: Due to the sensitive nature of school safety, the results of our review for this portion of the objective are not described in our audit report, but they were shared with District officials, PDE's Office of Safe Schools, and other appropriate law enforcement agencies deemed necessary.

- Did the District comply with the fire and security drill requirements of Section 1517 of the Public School Code?¹⁸ Also, did the District accurately report the dates of drills to PDE and maintain supporting documentation to evidence the drills conducted and reported to PDE?
 - ✓ To address this objective, we reviewed the fire and emergency drills for all three of the District's school buildings to determine whether drills were conducted as required for the 2018-19 school year. We determined if a security drill was held within the first 90 days of the school year for each building in the District and if monthly fire drills were conducted in accordance with requirements. We also obtained the *Accuracy Certification Statement* that the District filed with PDE and compared the dates reported to the supporting documentation.

¹⁷ Safe Schools Act 24 P.S. § 13-1301-A *et seq.*, Emergency Management Services Code 35 Pa.C.S. § 7701.

¹⁸ Public School Code (Fire and Security Drills) 24 P.S. § 15-1517.

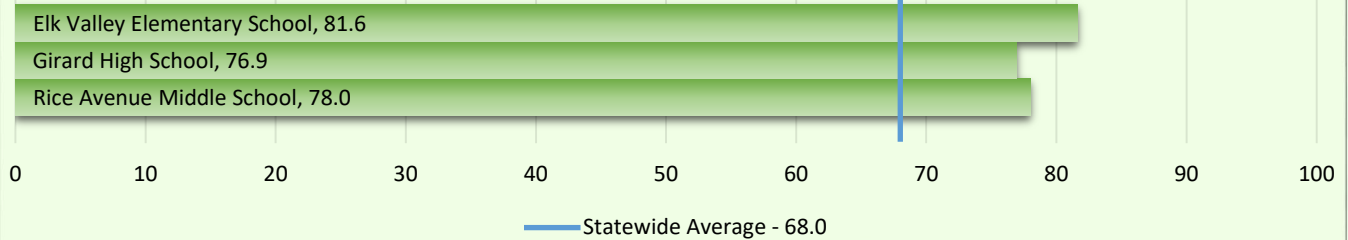
Conclusion: The results of our procedures for this portion of the school safety objective did not disclose any reportable issues.

Appendix B: Academic Detail

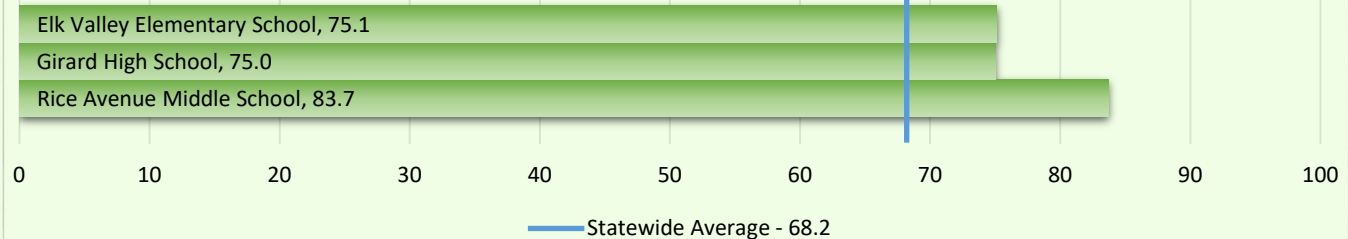
Benchmarks noted in the following graphs represent the statewide average of all public school buildings in the Commonwealth that received a score in the category and year noted.¹⁹ Please note that if one of the District's schools did not receive a score in a particular category and year presented below, the school will not be listed in the corresponding graph.²⁰

SPP School Scores Compared to Statewide Averages

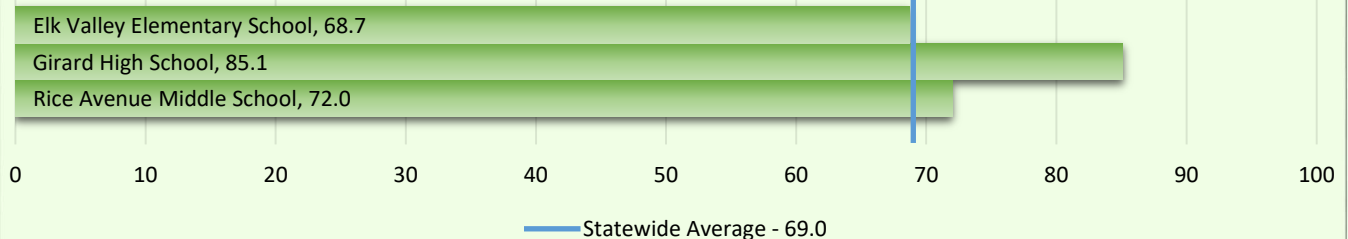
2018-19



2017-18



2016-17

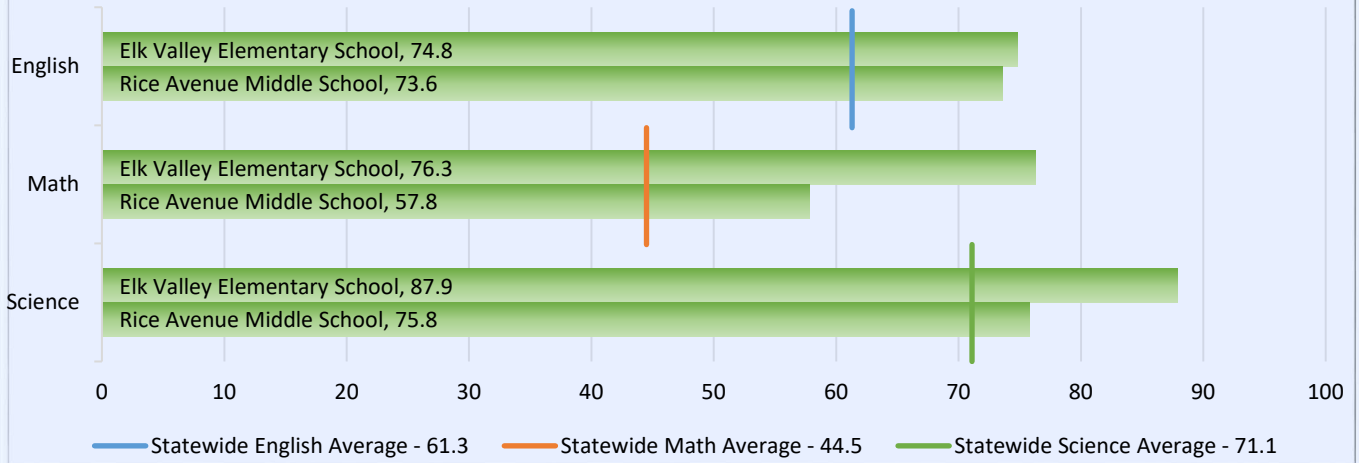


¹⁹ Statewide averages were calculated by our Department based on individual school building scores for all public schools in the Commonwealth, including district schools, charters schools, and cyber charter schools.

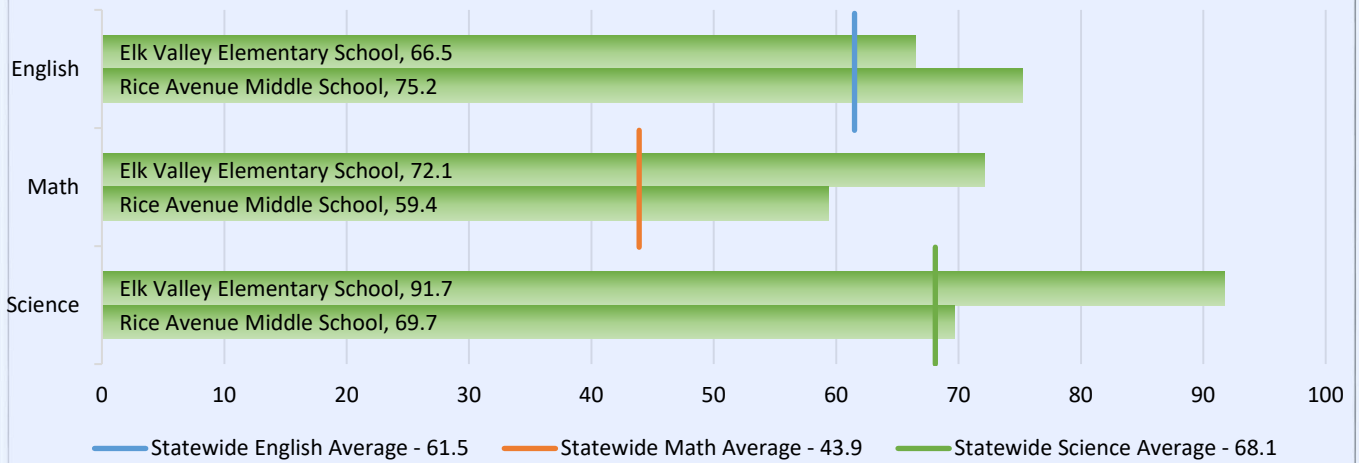
²⁰ PDE's data does not provide any further information regarding the reason a score was not published for a specific school. However, readers can refer to PDE's website for general information regarding the issuance of academic scores.

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

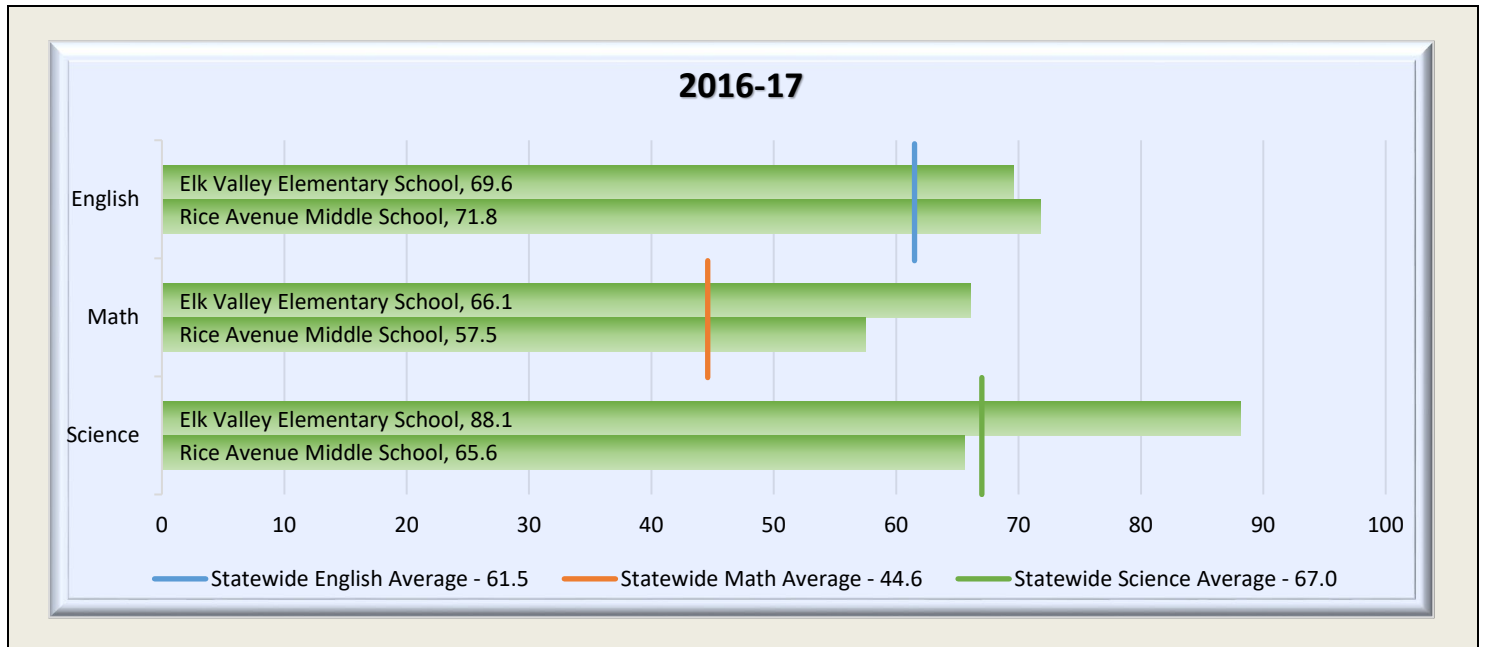
2018-19



2017-18

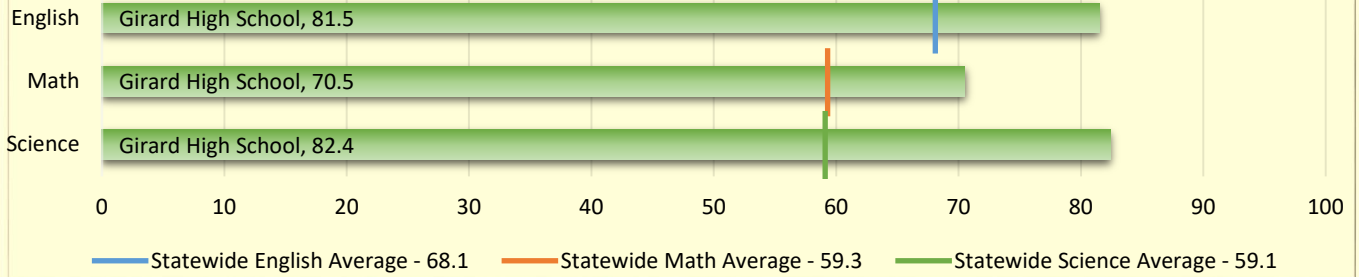


**PSSA Advanced or Proficient Percentage
School Scores Compared to Statewide Averages (continued)**

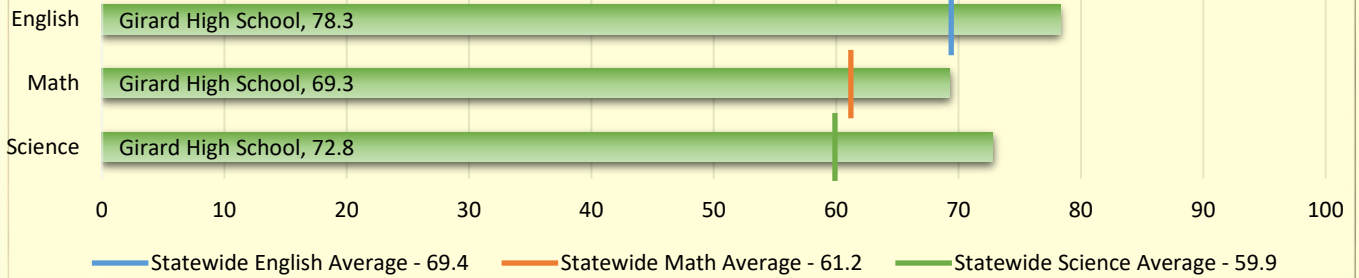


Keystone Advanced or Proficient Percentage School Scores Compared to Statewide Averages

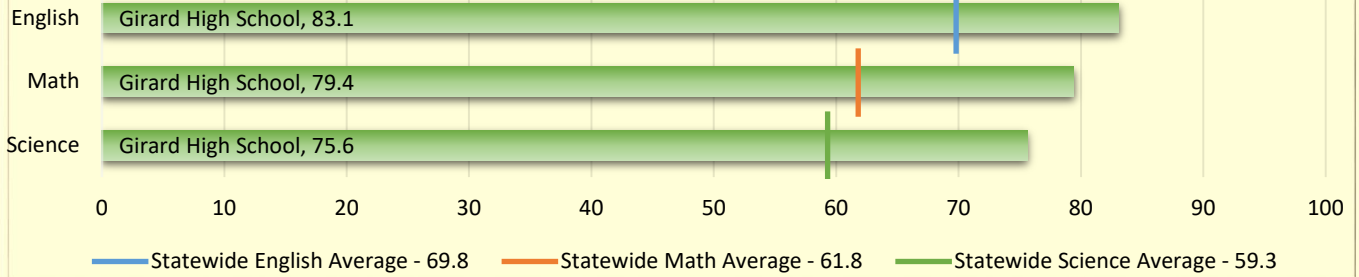
2018-19



2017-18



2016-17



Distribution List

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

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