

PERFORMANCE AUDIT

Radnor Township School District Delaware County, Pennsylvania

September 2018



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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**EUGENE A. DePASQUALE
AUDITOR GENERAL**

Mr. Kenneth E. Batchelor, Superintendent
Radnor Township School District
135 South Wayne Avenue
Wayne, Pennsylvania 19087

Ms. Lydia Solomon, Board President
Radnor Township School District
135 South Wayne Avenue
Wayne, Pennsylvania 19087

Dear Mr. Batchelor and Ms. Solomon:

Our performance audit of the Radnor Township School District (District) evaluated the District's compliance with certain relevant state laws, regulations, contracts, and administrative procedures (relevant requirements). This audit covered the period July 1, 2012 through June 30, 2016, except as otherwise indicated in the audit scope, objective, and methodology section of the report. 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 found that the District complied, in all significant respects, with relevant requirements, except as detailed in our two findings noted in this audit report. A summary of the results is presented in the Executive Summary section of the audit report.

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 agencies we deemed necessary.

Mr. Kenneth E. Batchelor

Ms. Lydia Solomon

Page 2

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 18, 2018

cc: **RADNOR TOWNSHIP SCHOOL DISTRICT** Board of School Directors

Table of Contents

	Page
Executive Summary	1
Background Information	2
Finding(s)	10
Finding No. 1 – The District Failed to Accurately Report Student Health Services Costs, Resulting in Unreimbursed Costs of \$41,218	10
Finding No. 2 – The District Failed to Conduct All Monthly Fire Drills as Required by the Public School Code and Inaccurately Reported Fire Drill Data to the PDE	13
Status of Prior Audit Findings and Observations	17
Appendix: Audit Scope, Objectives, and Methodology	18
Distribution List	22

Executive Summary

Audit Work

The Pennsylvania Department of the Auditor General conducted a performance audit of the Radnor Township 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, 2012 through June 30, 2016, except as otherwise indicated in the audit scope, objectives, and methodology section of the report (see Appendix). Compliance specific to state subsidies and reimbursements was determined for the 2012-13 through 2015-16 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 Accurately Report Student Health Services Costs, Resulting in Unreimbursed Costs Of \$41,218. For the 2013-14 fiscal year, the District failed to correctly report its health service costs. Numerous errors and omissions caused a delay in reimbursements from the Pennsylvania Department of Health. Therefore, it did not receive reimbursements in the 2014-15 fiscal year as it should have.

Instead, in the 2015-16 fiscal year, it received \$63,462 in reimbursements for the 2013-14 fiscal year. This reimbursement correctly included reimbursements for medical services, dental services, and Act 25 health services. However, it did not include a reimbursement for nursing services even though the District had incurred more than \$341,000 in actual nursing service costs for the 2013-14 fiscal year. (See page 10).

Finding No. 2: The District Failed to Conduct All Monthly Fire Drills as Required by the Public School Code and Inaccurately Reported Fire Drill Data to the PDE.

Our review of the District's fire drill reports for the 2016-17 school year disclosed that the District failed to conduct fire drills each month, as required by Section 1517(a) of the Public School Code.¹ We also found that the District incorrectly reported its fire drill data to the Pennsylvania Department of Education and, consequently, the Superintendent inappropriately attested to the accuracy of the fire drill data. (See page 13).

Status of Prior Audit Findings and Observations. There were no findings or observations in our prior audit report.

¹ 24 P.S. § 15-1517(a).

Background Information

School Characteristics 2016-17 School Year ^A	
County	Delaware
Total Square Miles	14
Number of School Buildings	5
Total Teachers	316
Total Full or Part-Time Support Staff	300
Total Administrators	27
Total Enrollment for Most Recent School Year	3,698
Intermediate Unit Number	25
District Vo-Tech School	Delaware County Technical School

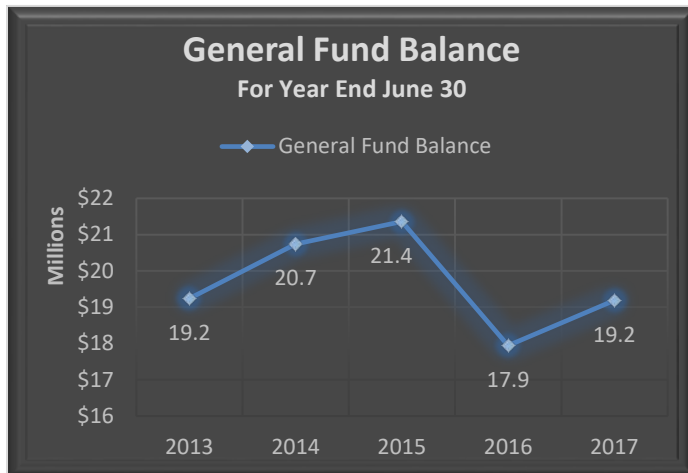
A - Source: Information provided by the District administration and is unaudited.

Mission Statement^A

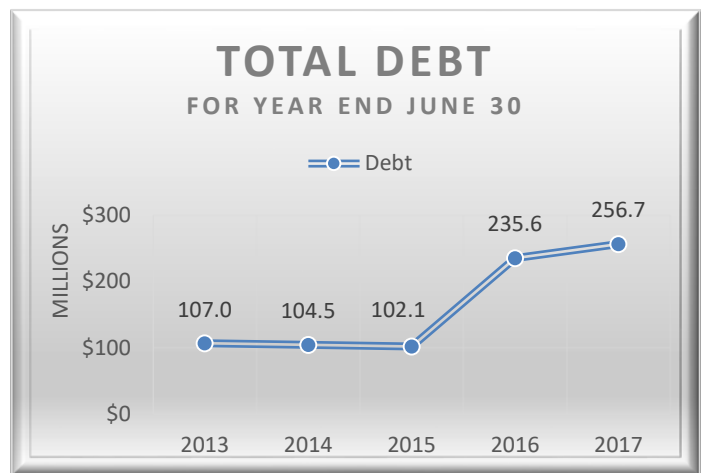
To inspire in all students the love of learning and creating, and to empower them to discover and pursue their individual passions with knowledge, confidence and caring to shape the future.

Financial Information

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

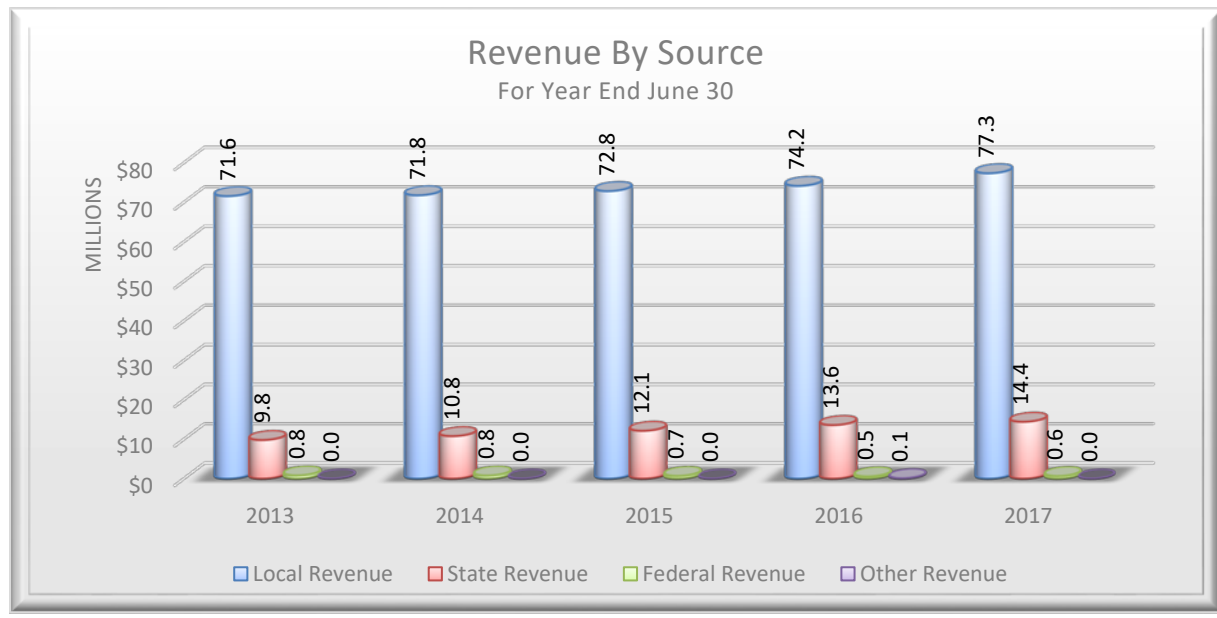
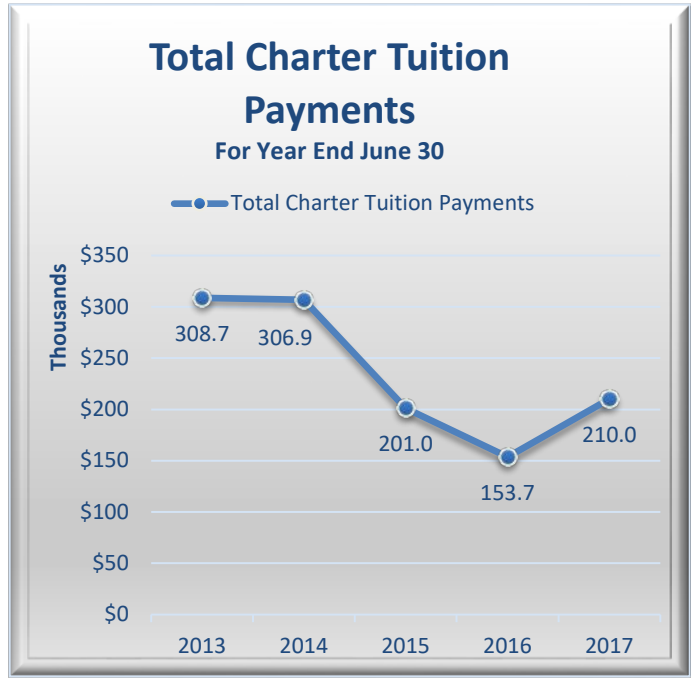
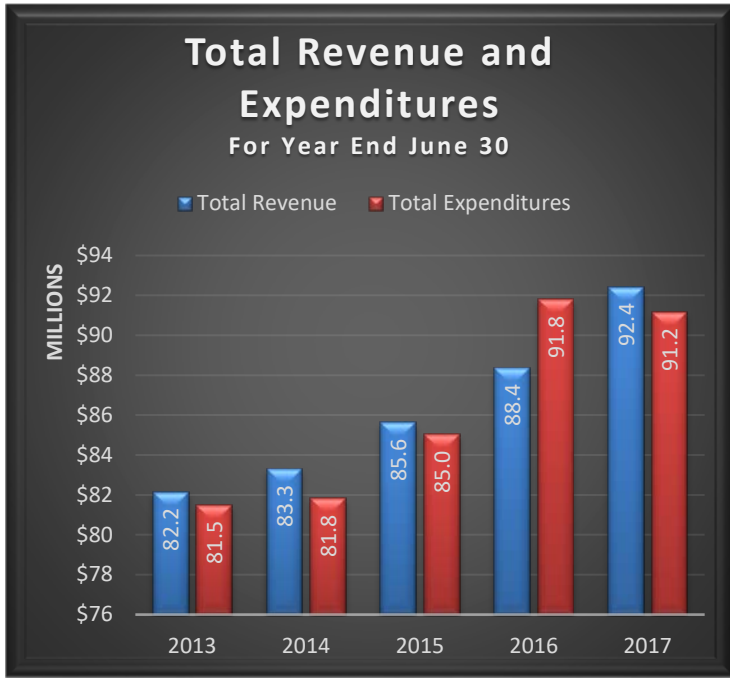


Note: General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



Note: Total Debt is comprised of Short-Term Borrowing, General Obligation Bonds, Authority Building Obligations, Other Long-Term Debt, Other Post-Employment Benefits, Compensated Absences and Net Pension Liability.

Financial Information Continued



Academic Information

The graphs on the following pages present 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 the PDE's data files for the 2014-15, 2015-16 and 2016-17 school years.² These scores are provided in the District's audit report for **informational purposes only**, and they were not audited by our Department. 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.³ Finally, 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.⁴

What is a SPP score?

A SPP score serves as a benchmark for schools to reflect on successes, achievements, and yearly growth. The PDE issues a SPP score using a 0-100 scale for all school buildings in the Commonwealth annually, 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.

The PDE started issuing a SPP score for all public school buildings beginning with the 2012-13 school year. For the 2014-15 school year, the PDE only issued SPP scores for high schools taking the Keystone Exams as scores for elementary and middle schools were put on hold due to changes with PSSA testing.⁵ The PDE resumed issuing a SPP score for all schools for the 2015-16 school year.

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.⁶ 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 The PDE is the sole source of academic data presented in this report. All academic data was obtained from the PDE's publically available website.

³ The 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 the PDE's website for general information regarding the issuance of academic scores.

⁴ 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.

⁵ According to the PDE, SPP scores for elementary and middle schools were put on hold for the 2014-15 school year due to the state's major overhaul of the PSSA exams to align with PA Core standards and an unprecedented drop in public schools' PSSA scores that year. Since PSSA scores are an important factor in the SPP calculation, the state decided not to use PSSA scores to calculate a SPP score for elementary and middle schools for the 2014-15 school year. Only high schools using the Keystone Exam as the standardized testing component received a SPP score.

⁶ Act 39 of 2018, effective July 1, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement for an additional year until the 2020-21 school year. *See* 24 P.S. § 1-121(b)(1).

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 and Math. 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.⁷ 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.

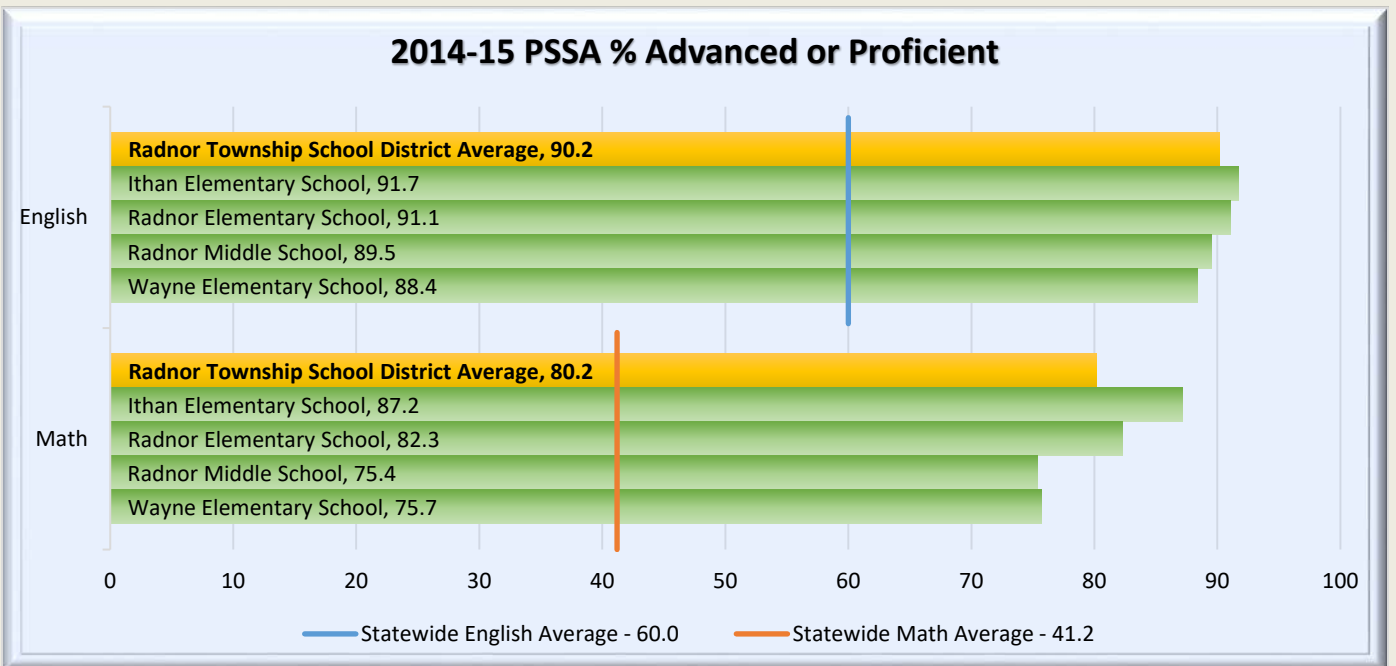
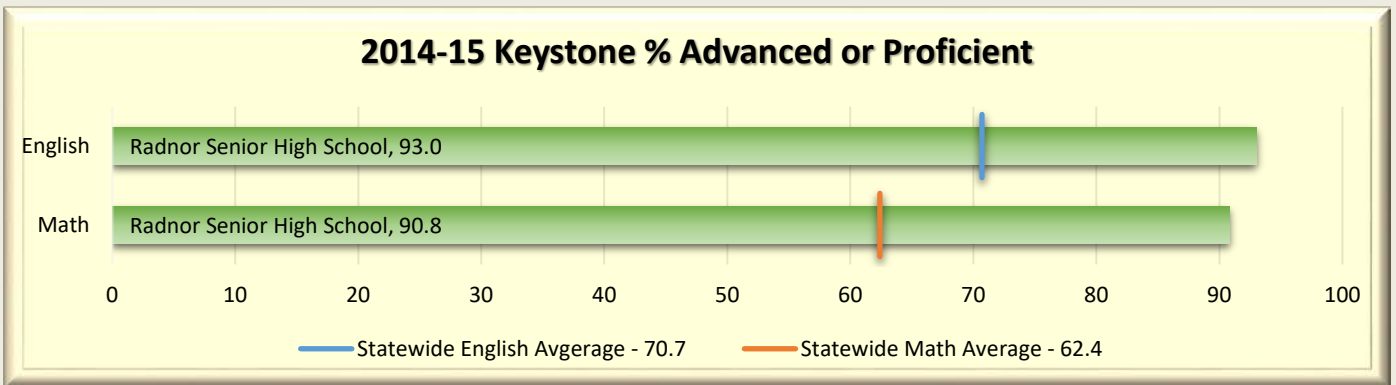
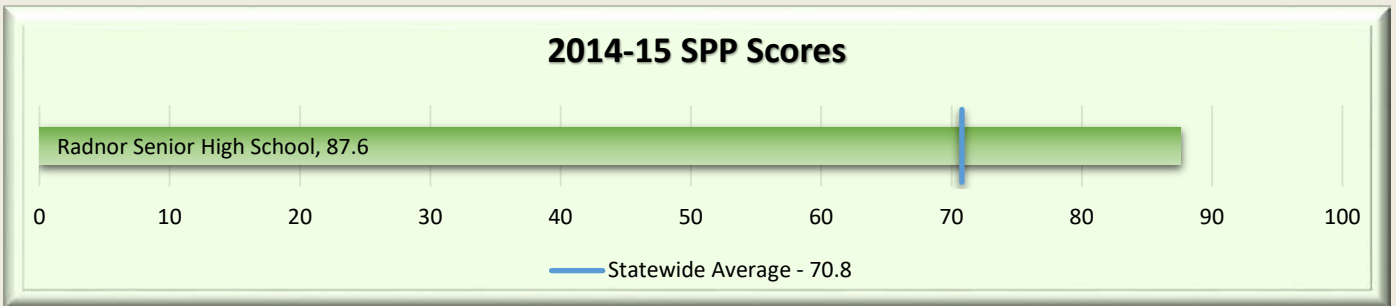
What is a 4-Year Cohort Graduation Rate?

The 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.⁸

⁷ The PDE has determined that PSSA scores issued beginning with the 2014-15 school year and after are not comparable to prior years due to restructuring of the exam.

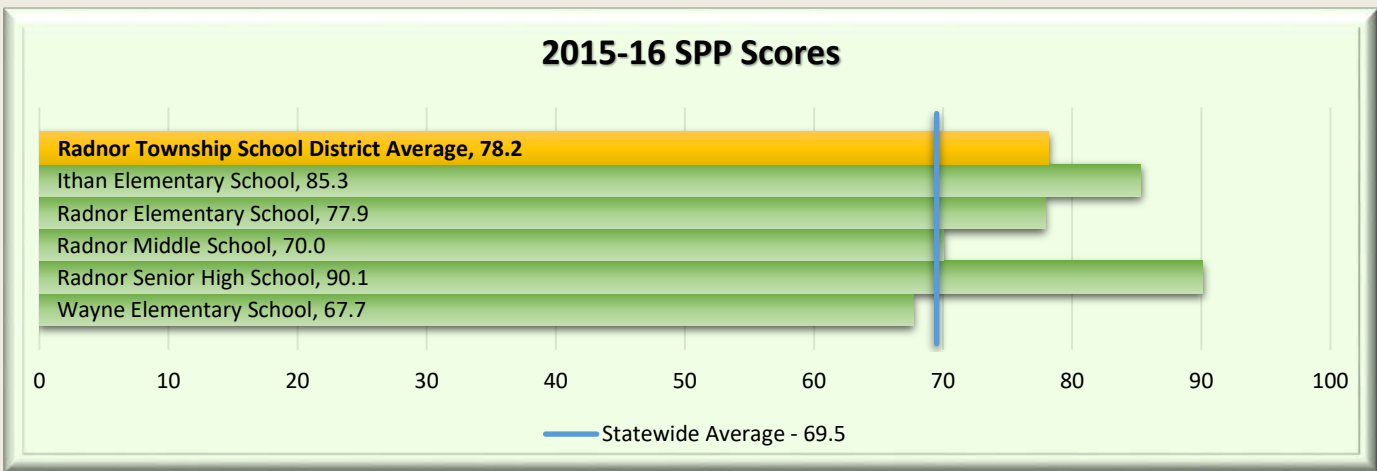
⁸ The PDE also calculates 5-year and 6-year cohort graduation rates. Please visit the PDE's website for additional information: <http://www.education.pa.gov/Data-and-Statistics/Pages/Cohort-Graduation-Rate-.aspx>.

2014-15 Academic Data
School Scores Compared to Statewide Averages

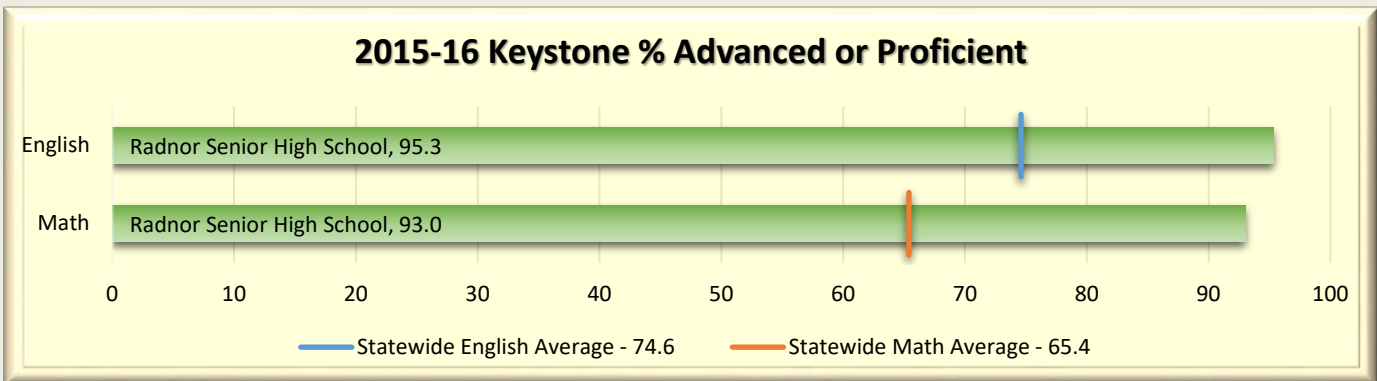


2015-16 Academic Data
School Scores Compared to Statewide Averages

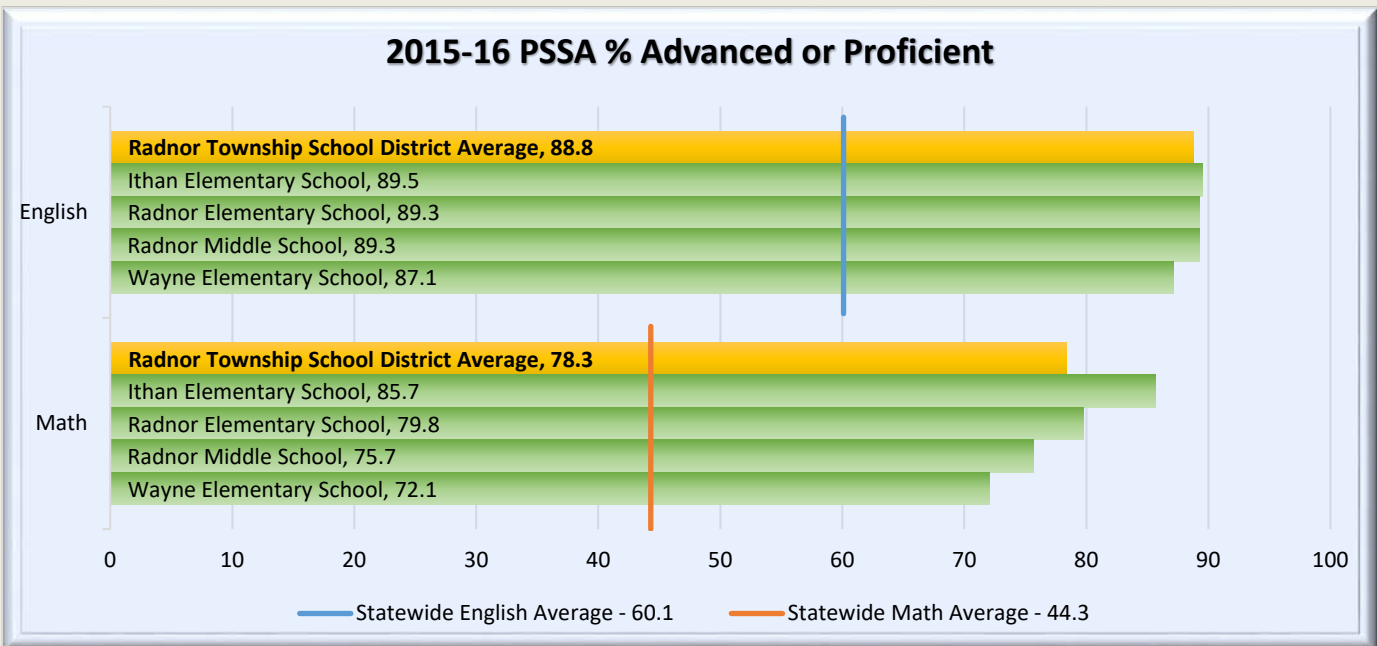
2015-16 SPP Scores



2015-16 Keystone % Advanced or Proficient

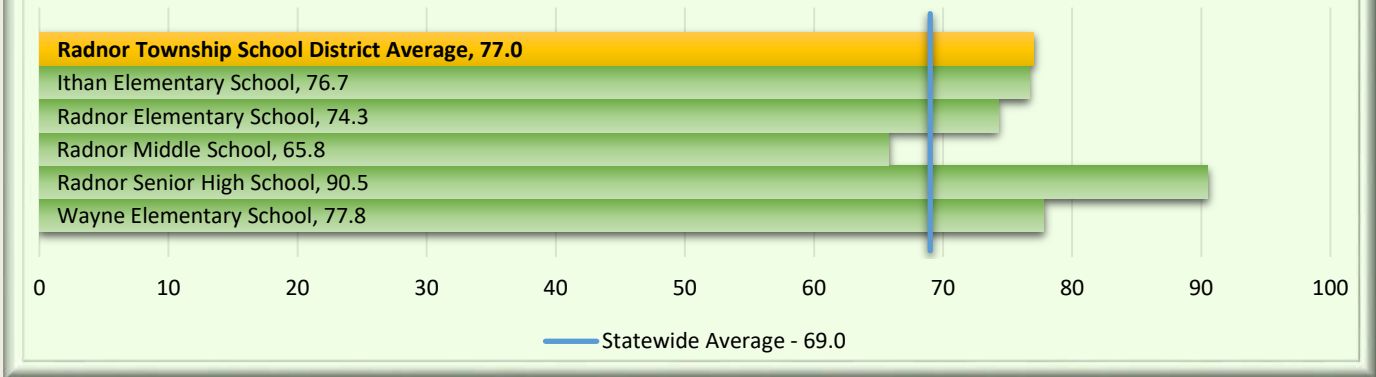


2015-16 PSSA % Advanced or Proficient

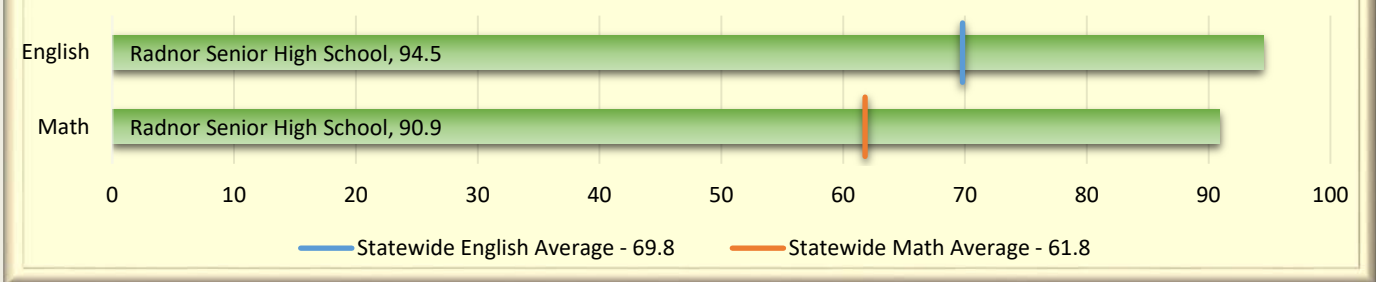


2016-17 Academic Data
School Scores Compared to Statewide Averages

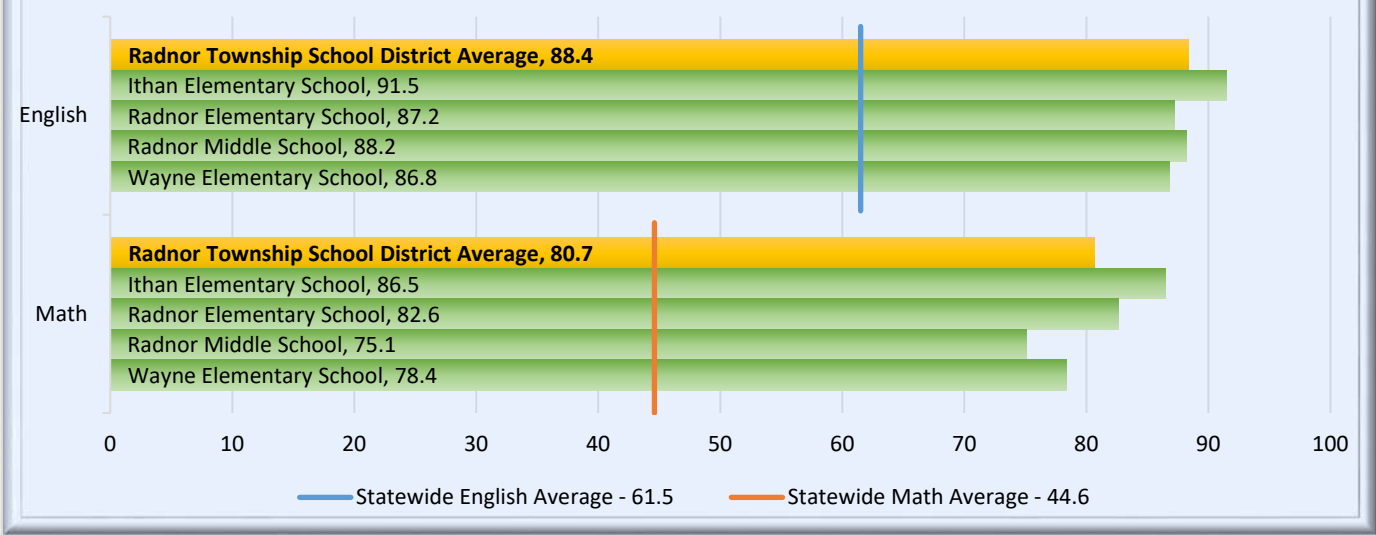
2016-17 SPP Scores



2016-17 Keystone % Advanced or Proficient

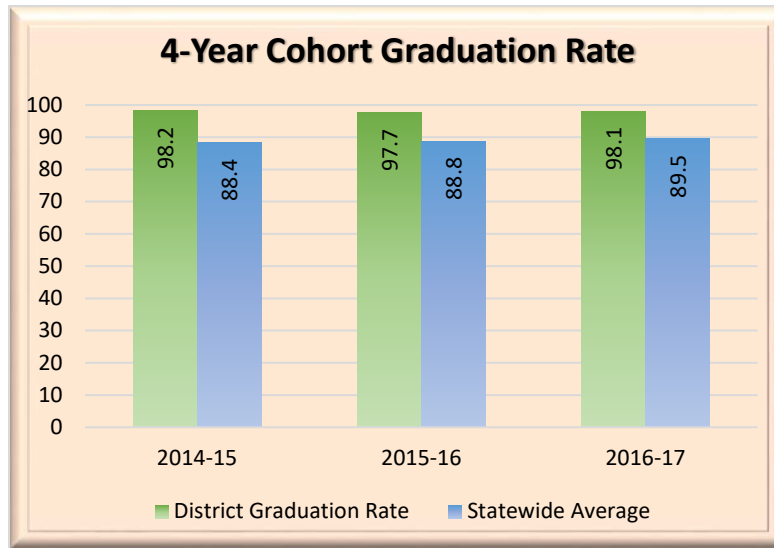


2016-17 PSSA % Advanced or Proficient



Graduation Data

District Graduation Rates Compared to Statewide Average



Finding(s)

Finding No. 1

The District Failed to Accurately Report Student Health Services Costs, Resulting in Unreimbursed Costs of \$41,218

Criteria relevant to the finding:

Section 2505.1 of the Public School Code (PSC) states, in part:

“(a) Every school district... which renders health services to children of school age shall be reimbursed by the Commonwealth on account of health services which conform to standards approved by the Secretary of Health. Reimbursements shall be paid by the Secretary of Health. The amount thereof shall be the actual cost of the medical and dental services and school nurse services as certified to the Secretary of Health, less any charges deemed unreasonable by him, but for medical services shall not for any school year exceed the sum of (1) one dollar and sixty cents (\$1.60) multiplied by the number of children enrolled in a school for the entire school term of that school year and for whom the school district... maintains comprehensive health records as defined in Section 1402, and”

The Public School Code (PSC) requires school districts that render health services to students to report annual health services costs and annual “average daily membership” (ADM) to the Pennsylvania Department of Health (DOH).⁹ In turn, the DOH provides reimbursements of certain costs, depending on the types of services the school district provides, up to a maximum per-ADM rate as shown in Figure 1 below.¹⁰

Figure 1

Radnor Township School District Health Services Reimbursement Rates Established by the Public School Code	
Type of Service	Rate Per ADM
Medical Services	\$1.60
Dental Services	\$.80
Nursing Services	\$7.00
Dental Hygienist Services	\$2.00
Act 25 Health Services ¹¹	\$9.70

The PSC also allows the DOH to withhold reimbursements from school districts if their actual expenditures are not certified to the Secretary of Health “within three months after the end of the school year during which the payment

⁹ The PSC mandates the amount of the reimbursement for different types of health services to be based on a pre-established dollar rate multiplied by the *average daily membership* (ADM). The ADM is defined by the Pennsylvania Department of Education in its “Glossary of Child Accounting Terms” as “The average number of students in membership during the reporting period (aggregate days membership divided by days in session).” <http://www.education.pa.gov/Documents/Teachers-Administrators/Child%20Accounting/General%20Information/ChildAcctg%20Glossary.pdf>. Accessed 06/22/2018.

¹⁰ 24 P.S. § 25-2505.1.

¹¹ The DOH explained Act 25 as follows: “Act 25 of 1991 provided for an increased allocation to schools through a non-categorical payment to help defer total program costs of the school health program.” See <http://www.health.pa.gov/My%20Health/School%20Health/Documents/Reimbursement/REIMBURSEMENT%20FORMULA%20FACT%20SHEET.pdf>.

Criteria relevant to the finding (continued):

(a) continued:

“(2) a proportionate part of one dollar and sixty cents (\$1.60) for each child enrolled for a part of the school term of that school year and for whom the school district...maintains a comprehensive health record as defined in section 1402, for dental services shall not for any school year exceed the sum of (1) eighty cents (\$.80) multiplied by the number of children enrolled in a school for the entire school term of that school year and for whom the school district... maintains comprehensive health records as defined in section 1402, and (2) a proportionate part of eighty cents (\$.80) for each child enrolled for a part of the school term of that school year and for whom the school district...maintains a comprehensive health record as defined in section 1402, and for school nurse services shall not for any school year exceed the sum of (1) seven dollars (\$7.00) multiplied by the number of children enrolled in a school for the entire school term of that school year, and (2) a proportionate part of seven dollars (\$7.00) for each child enrolled for a part of the school term of that school year.”

“(b) ...Reimbursement on account of health services rendered by a school district...may be withheld by the Secretary of Health unless the actual expenditures for the health services are certified to the Secretary of Health **within three months** after the end of the school year during which the payment for the service was made by the school district...” [Emphasis added.]

for the service was made by the school district or joint school board.”¹²

Failure to Correctly Report Health Services Costs

For the 2013-14 fiscal year, the Radnor Township School District (District) failed to correctly report its health services costs. Numerous errors and omissions caused a delay in reimbursements from the DOH. Therefore, it did not receive reimbursements in the 2014-15 fiscal year as it should have. Instead, in the 2015-16 fiscal year, it received \$63,462 in reimbursements for the 2013-14 fiscal year. This reimbursement correctly included reimbursements for medical services, dental services, and Act 25 health services.

However, it did not include a reimbursement for nursing services even though the District had incurred more than \$341,000 in actual nursing services costs for the 2013-14 fiscal year. We found that the health services cost reimbursements for the period should have included another \$41,218 related to nursing services, and the District submitted a revised application for the 2013-14 fiscal year that included those costs. However, the DOH mistakenly processed the original application for reimbursement rather than the corrected one. Therefore, the DOH did not provide the District the \$7 per ADM nursing services reimbursement. As a result of our communication of what we found and our recommendation to request reimbursement, the District requested and received \$41,218 in reimbursement related to nursing services on August 24, 2018.

Weak Internal Controls

Prior to our review, the District was unaware that it had been under-reimbursed because the District did not have sufficient internal controls in place to verify the accuracy of payments received from the DOH for health services. The District’s certified school nurse inputs health services data into the DOH’s School Health Annual Reimbursement Request System (SHARRS). Then the District’s student services department verifies the data and inputs the ADM data. Once the submitted reimbursement application is approved and processed by the DOH, it sends the District’s

¹² 24 P.S. § 25-2505.1(b).

*Criteria relevant to the finding
(continued):*

(b.1) Every school district which renders health services to children shall be reimbursed by the Commonwealth on account of health services which conform to standards approved by the Secretary of Health. Reimbursement shall be paid by the Secretary of Health. . . . For the school year 1991-1992 and each school year thereafter, the amount of this reimbursement for this subsection shall be the sum of nine dollars and seventy cents (\$9.70) multiplied by the average daily membership of each school district.

(c) Nothing herein contained shall be construed to prohibit any school district. . . from expending for health services amounts in excess of the reimbursable amounts." See 24 P.S. § 25-2505.1(a), (b), (b.1), and (c).

business office confirmation of the reimbursement via a voucher. However, no one verifies whether the approved reimbursement is correct based upon the data provided to the SHARRS. A timely reconciliation process could have detected the error of unreported nursing services costs.

Recommendations

The Radnor Township School District should:

1. Review and improve upon the internal control procedures governing the reporting of health services costs and the corresponding reimbursements received from the DOH. These procedures, at a minimum, should include:
 - a. A business office cost-reimbursement review process that occurs *prior* to reporting.
 - b. A reconciliation and review procedure that occurs once reimbursement notification has been received by the business office.

Management Response

District management provided the following response:

1. The business office and the office of student services will review the SHARRS report prior to the submission of the report to the Department of Health (DOH).
2. Upon receipt of the DOH voucher, the business office and the office of student services will compare the SHARRS report with the voucher reimbursement. Any discrepancies will be communicated with the DOH.

Auditor Conclusion

We are encouraged that the District will strengthen its internal controls regarding the submission of health service reports. We believe a reconciliation between the DOH voucher and the information on the SHARRS report will help ensure that the District is reimbursed accurately. We will evaluate the effectiveness of this and any other corrective action taken by the District during our next audit.

Finding No. 2

The District Failed to Conduct All Monthly Fire Drills as Required by the Public School Code and Inaccurately Reported Fire Drill Data to the PDE

Criteria relevant to the finding:

The following PSC provisions, as implemented by the Pennsylvania Department of Education (PDE) in its guidance for the 2016-17 school year, are relevant to the finding:

Section 1517(a) of the PSC requires:

“(a) In all public schools where fire-escapes, appliances for the extinguishment of fires, or proper and sufficient exits in case of fire or panic, either or all, are required by law to be maintained, fire drills shall be periodically conducted, not less than one a month, by the teacher or teachers in charge, under rules and regulations to be promulgated by the district superintendent under whose supervision such schools are. In such fire drills the pupils and teachers shall be instructed in, and made thoroughly familiar with, the use of the fire-escapes, appliances and exits. **The drill shall include the actual use thereof, and the complete removal of the pupils and teachers,** in an expeditious and orderly manner, by means of fire-escapes and exits, from the building to a place of safety on the ground outside.” [Emphasis added.] See 24 P.S. § 15-1517(a) (effective through November 5, 2017).

Our review of the District’s fire drill reports for the 2016-17 school year disclosed that the District failed to conduct fire drills each month, as required by Section 1517(a) of the PSC.¹³ We also found that the District incorrectly reported its fire drill data to the Pennsylvania Department of Education (PDE) and, consequently, the Superintendent inappropriately attested to the accuracy of the fire drill data.

As part of our review, we obtained the 2016-17 Fire Drill Accuracy Certification Statement (ACS) report filed with the PDE for the District’s five school buildings. We also reviewed supporting documentation to verify the accuracy of the ACS report and to determine if fire drills were conducted each month from September through May. We found that the District incorrectly reported to the PDE that fire drills were completed every month for every building, when no fire drills were actually conducted for some months and emergency drills were conducted in place of fire drills for other months. These facts were not noted on the ACS report filed with the PDE for the 2016-17 school year.

More specifically, our review of the supporting documentation revealed that the District only conducted 31 fire drills instead of the 45 fire drills required for the nine school months reviewed.¹⁴ Our review of the information reported in the District’s ACS report represented that 45 fire drills took place during the months of September through May for the 2016-17 school year; however, we determined that information was inaccurate.

¹³ 24 P.S. § 15-1517(a).

¹⁴ The District has 5 school buildings and fire drills are required each month for each building; therefore, we determined that a total of 45 fire drills should have been conducted. (5 buildings x 9 months = 45 drills)

*Criteria relevant to the finding
(continued):*

Further, Section 1517(b) of the PSC also require:

“(b) District superintendents are hereby required to see that the provisions of this section are faithfully carried out in the schools over which they have charge.” See 24 P.S. § 15-1517(b) (except minor wording changes, this is language currently effective).

According to the PDE guidance emailed to all public schools on October 7, 2016, and its Basic Education Circular entitled, *Fire Drills and School Bus Evacuations*, annual certification of the completion of fire drills must be provided to the PDE. Beginning with the 2016-17 school year, annual reporting was required through PIMS and fire drill certifications require each school entity to report the date on which each monthly fire drill was held. Fire Drill Accuracy Certification Statements must be electronically submitted to the PDE by July 31 following the end of a school year. Within two weeks of the electronic PIMS submission, a printed, signed original must be sent to the PDE’s Office for Safe Schools.

While the District planned to conduct monthly fire drills, the District changed its scheduled fire drill dates for unplanned reasons, such as weather conditions. Additionally, the District believed it was an acceptable practice to replace fire drills with other types of drills, such as lockdown and extreme weather drills. As such, 13 emergency drills were purposely conducted in place of planned fire drills. For example, during the winter months, the District conducted lockdown drills, which kept the students inside, rather than going outside for planned fire drills. Finally, on two occasions, the District conducted two fire drills in a single month to account for months in which a fire drill was not performed. While the PDE permits “make-up” fire drills for extenuating circumstances, this information should be properly documented on the District’s ACS report, but it wasn’t noted at all on the District’s ACS report.

Under Section 1517(b) of the PSC, district superintendents are required to ensure that all the requirements of Section 1517 are “faithfully carried out in the schools over which they have charge.”¹⁵ We believe that the Superintendent had a duty to affirm that all of the information in the 2016-17 Fire Drill Accuracy Certification Statement report filed with the PDE for the District’s five school buildings was valid and accurate.

In conclusion, while it is beneficial for the District’s students and staff to participate in emergency drills throughout the school year, monthly fire drills are still mandated to be conducted as required by the PSC. In fact, as further explained below, recent amendments to the PSC reinforce the importance of conducting both monthly fire drills and school security drills.

Additionally, while it is understandable that unforeseen circumstances may arise that impact scheduled fire drills, the District must accurately report whether or not a fire drill occurred for each month on its annual ACS report filed with the PDE. Reporting that a fire drill occurred when it did not, particularly without any comments providing for an explanation, is not only misleading, but it results in the Superintendent falsely certifying fire drill data. Any extenuating circumstances that occurred throughout the

¹⁵ 24 P.S. § 15-1517(b). Note that subsections (b) of Section 1517 was reworded by Act 55 of 2017 as follows: “(b) **Chief school administrators** are hereby required to see that the provisions of this section are faithfully carried out in the **school entities** over which they have charge.”

school year should be accurately documented on the ACS report, such as missed fire drills due to weather conditions or “make-up” fire drills.

Recommendations

The *Radnor Township School District* should:

1. Conduct monthly fire drills with staff and students at each school building while school is in session, as required by the PSC.
2. Plan alternate days for fire drills, so if unforeseen issues arise such as inclement weather, the District will be prepared to conduct the required monthly fire drill.
3. Consult with its solicitor to ensure it is fully aware of amendments (discussed in the Criteria box) to the PSC regarding fire drills requirements and permissible, substitute security drills for the 2017-18 and 2018-19 school years.
4. Ensure that it is reporting factually correct data to the PDE in its annual fire drill reports that can be evidenced by supporting documentation.

Management Response

District management provided the following response:

During the audit period the individual in charge of managing the district fire drills was under the assumption that a lock down drill or severe weather drill could replace a fire drill during the winter months.

Beginning with the 2018-2019 school year, the district will implement the following:

- The district has reviewed amendments to the Public School Code with regards to fire drill requirements and permissible substitute security drills beginning with the 2018-2019 school year.
- The district reviewed the 2017-2018 Fire Drill Accuracy Certification Report for accuracy. Since the 2017-2018 school year was completed during the audit,

alternate drills were also used in place of fire drills during the school year and reported on the ACS.

- Prior to the start of the 2018-2019 school year, the district will review the current form utilized to document fire drills to ensure accurate reporting on the ACS.
- Prior to the start of the 2018-2019 school year, the district will develop a fire drill schedule for each building. The district will also include alternate dates for fire drills each required month in the event that unforeseen issues arise such as weather. Use a quotation mark at the start of each paragraph but only at the end of the last paragraph.

Auditor Conclusion

We are pleased that the District will be improving its controls to ensure that the required monthly fire drills are conducted and properly reported to the PDE. We will evaluate the effectiveness of the correction action taken by the District during our next audit.

Status of Prior Audit Findings and Observations

Our prior audit of the Radnor Township School District resulted in no findings or observations.

Appendix: Audit Scope, Objectives, and Methodology

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

Our audit, conducted under authority of Sections 402 and 403 of The Fiscal Code,¹⁶ 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.

Scope

Overall, our audit covered the period July 1, 2012 through June 30, 2016. In addition, the scope of each individual audit objective is detailed on the next page.

The Radnor Township School District's (District) management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the District is in compliance with certain relevant state laws, regulations, contracts, and administrative procedures (relevant requirements).¹⁷ In conducting our audit, we obtained an understanding of the District's internal controls, including any information technology controls, which we consider to be significant within the context of our audit objectives. We assessed whether those controls were properly designed and implemented. Any deficiencies in internal controls that were identified during the conduct of our audit and determined to be significant within the context of our audit objectives are included in this report.

¹⁶ 72 P.S. §§ 402 and 403.

¹⁷ Internal controls are processes designed by management to provide reasonable assurance of achieving objectives in areas such as: effectiveness and efficiency of operations; relevance and reliability of operational and financial information; and compliance with certain relevant state laws, regulations, contracts, and administrative procedures.

Objectives/Methodology

In order to properly plan our audit and to guide us in selecting objectives, we reviewed pertinent laws and regulations, board meeting minutes, academic performance data, annual financial reports, annual budgets, new or amended policies and procedures, and the independent audit report of the District's basic financial statements for the fiscal years July 1, 2012 through June 30, 2016. We also determined if the District had key personnel or software vendor changes since the prior audit.

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

- ✓ Health Service Reimbursement
- ✓ School Safety
- ✓ Administrator Contract Buyouts
- ✓ Data Integrity
- ✓ Bus Driver Requirements

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

- ✓ Did the District accurately report health service expenses to the PDE? Did the District receive the correct reimbursement for these health service expenses?¹⁸
 - To address this objective, we reviewed the health service applications and health service voucher payments for the 2012-13 through 2015-16 school years. We also determined that the District properly reported the correct amount of students on the health service application. Our review of this objective did not disclose any reportable issues other than those described in Finding No. 1 beginning on page 10.
- ✓ Did the District take actions to ensure it provided a safe school environment?¹⁹
 - To address this objective, we reviewed a variety of documentation including, safety plans, incident reports, training schedules, anti-bullying policies, and fire and emergency drills after action reports. We conducted on-site reviews at three out of the District's five school buildings (one from each education level)²⁰ to assess whether the District had implemented basic safety

¹⁸ See 24 P.S. § 25-2505.1(a), (b), (b.1), and (c).

¹⁹ 24 P.S. § 13-1301-A *et seq.*

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

practices.²¹ A portion of the results of our review of this objective can be found in Finding No. 2 on page 13 of this report. Due to the sensitive nature of the safe schools review, the full results of our review are confidential but were shared with the appropriate District personnel, the PDE, and other appropriate agencies deemed necessary.

- ✓ Did the District pursue a contract buyout with an administrator and if so, what was the total cost of the buyout, what were the reasons for the termination/settlement, and did the employment contract(s) comply with the Public School Code²² and Public School Employees' Retirement System guidelines?
 - To address this objective, we reviewed the contract, settlement agreement, board meeting minutes, board policies, and payroll records for the two administrators who separated employment from the District from July 1, 2012 through June 30, 2016. Our review of this objective did not disclose any reportable issues.
- ✓ Did the District accurately report nonresident students to the PDE? Did the District receive the correct reimbursement for these nonresident students?²³
 - To address this objective, we reviewed all 30 of the Ward of State institutionalized students educated by the District during the 2015-16 school year. We reviewed the District's child accounting records, the Pennsylvania Information Management System (PIMS) summary reports, District school calendars, PDE tuition rates, and the agency placement letters. We determined whether membership was accurately coded in the PIMS and reported to the PDE. Finally, we reviewed the amount of subsidies and reimbursement the District received based on its reported student membership data. Our review of this objective did not disclose any reportable issues.
- ✓ Did the District ensure that bus drivers transporting District students had the required driver's license, physical exam, training, background checks, and clearances as outlined in applicable laws?²⁴ Also, did the District have written policies and procedures governing the hiring of new bus drivers that would, when followed, provide reasonable assurance of compliance with applicable laws?
 - To address this objective, we randomly selected 10 of the 58 bus drivers transporting District students as of February 26, 2018.²⁵ We reviewed documentation to ensure the District complied with the requirements for bus

²¹ Basic safety practices evaluated were building security, bullying prevention, visitor procedures, risk and vulnerability assessments, and emergency preparedness.

²² 24 P.S. § 10-1073(e)(2)(v).

²³ See 24 P.S. §§ 13-1301, 13-1302, 13-1305, 13-1306; 22 Pa. Code Chapter 11.

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

²⁵ 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.

drivers. We also determined if the District had written policies and procedures governing the hiring of bus drivers and if those procedures would ensure compliance with bus driver hiring requirements when followed. Our review of this objective did not disclose any issues.

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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