

PERFORMANCE AUDIT

Southern Lehigh School District Lehigh County, Pennsylvania

October 2018



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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**EUGENE A. DePASQUALE
AUDITOR GENERAL**

Mrs. Kathleen T. Evison, Superintendent
Southern Lehigh School District
5775 Main Street
Center Valley, Pennsylvania 18034

Mrs. Emily Gehman, Board President
Southern Lehigh School District
5775 Main Street
Center Valley, Pennsylvania 18034

Dear Mrs. Evison and Mrs. Gehman:

Our performance audit of the Southern Lehigh School District (District) determined the District's compliance with certain relevant state laws, regulations, contracts, and administrative procedures (relevant requirements). This audit covered the period July 1, 2013 through June 30, 2017, 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.

Mrs. Kathleen T. Evison

Mrs. Emily Gehman

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

October 2, 2018

cc: **SOUTHERN LEHIGH SCHOOL DISTRICT** Board of School Directors

Table of Contents

| | Page |
|---|------|
| Executive Summary | 1 |
| Background Information | 2 |
| Findings | 10 |
| Finding No. 1 – The District Incorrectly Reported Nonresident Data to the PDE Resulting in an Overpayment of \$55,163 | 10 |
| Finding No. 2 – The District Incorrectly Reported the Number of Nonpublic and Charter School Students Transported Resulting in an Overpayment of \$27,335 | 14 |
| Status of Prior Audit Findings and Observations | 18 |
| Appendix: Audit Scope, Objectives, and Methodology | 19 |
| Distribution List | 23 |

Executive Summary

Audit Work

The Pennsylvania Department of the Auditor General conducted a performance audit of the Southern Lehigh 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, 2013 through June 30, 2017, 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 2013-14 through 2016-17 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 Incorrectly Reported Nonresident Data to the PDE Resulting in an Overpayment of \$55,163.

We found that the District incorrectly reported student resident data to the Pennsylvania Department of Education (PDE) for the 2014-15, 2015-16, and 2016-17 school years.¹ Incorrectly reporting this data resulted in the District being overpaid \$55,163 in subsidy reimbursement from the PDE. These reporting errors occurred because District officials failed to

timely update changes to resident status for individual students (see page 10).

Finding No. 2: The District Incorrectly Reported the Number of Nonpublic School and Charter School Students Transported Resulting in an

Overpayment of \$27,335. The District was overpaid a total of \$27,335 in transportation reimbursement from the PDE. This overpayment was due to the District improperly reporting the number of charter school and nonpublic school students transported by the District during the 2013-14 through 2016-17 school years (see page 14).

Status of Prior Audit Findings and

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

¹ Student resident data was correctly reported by the District to the PDE for the 2013-14 school year.

Background Information

| School Characteristics 2015-16 School Year ^A | |
|--|-------------------------------------|
| County | Lehigh |
| Total Square Miles | 47.26 |
| Number of School Buildings | 6 ^B |
| Total Teachers | 197 |
| Total Full or Part-Time Support Staff | 179 |
| Total Administrators | 10 |
| Total Enrollment for Most Recent School Year | 3,131 |
| Intermediate Unit Number | 21 |
| District Vo-Tech School | Lehigh Career & Technical Institute |

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

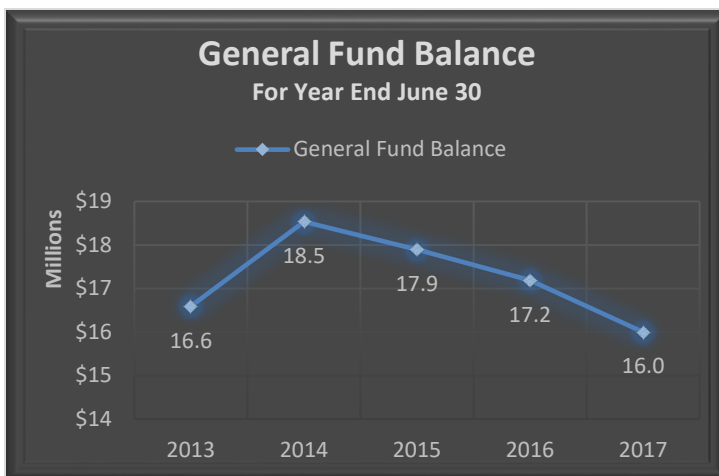
B – The Lower Milford Elementary School was closed after the 2015-16 school year.

Mission Statement^A

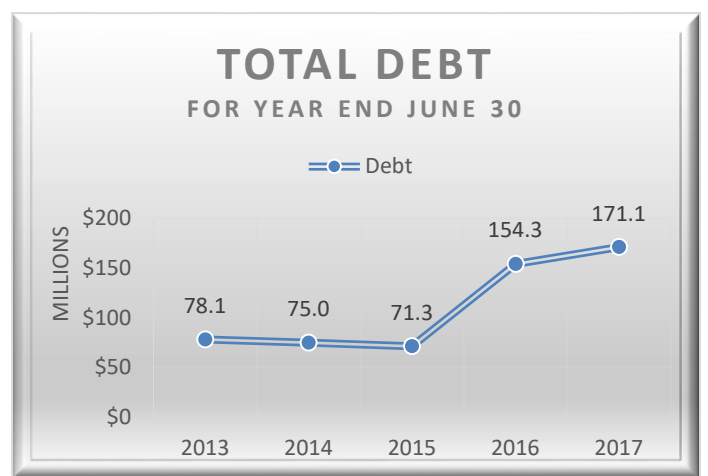
Educating today's learner...for tomorrow's opportunities.

Financial Information

The following pages contain financial information about the Southern Lehigh 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**.

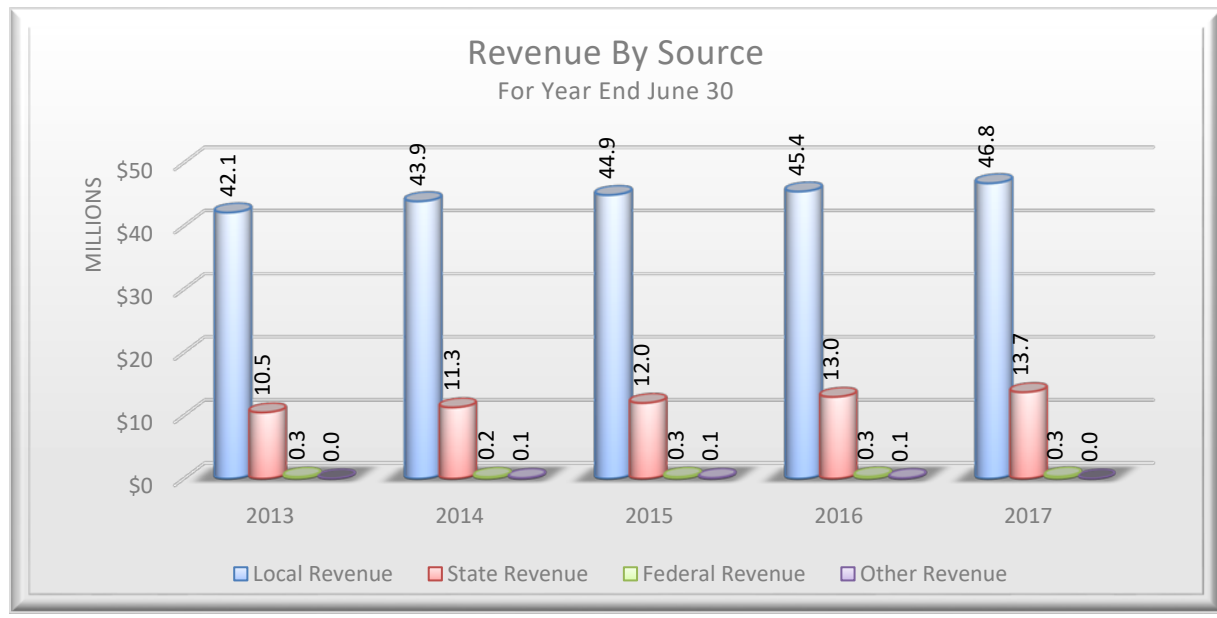
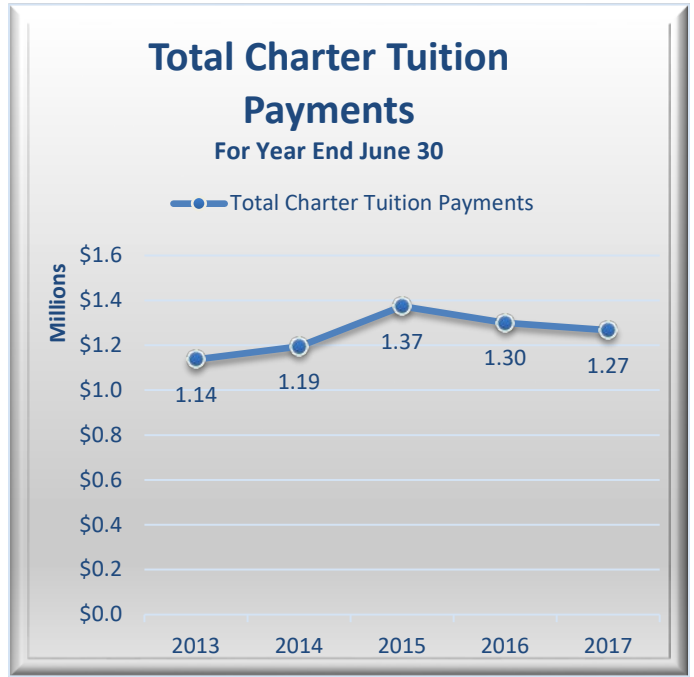
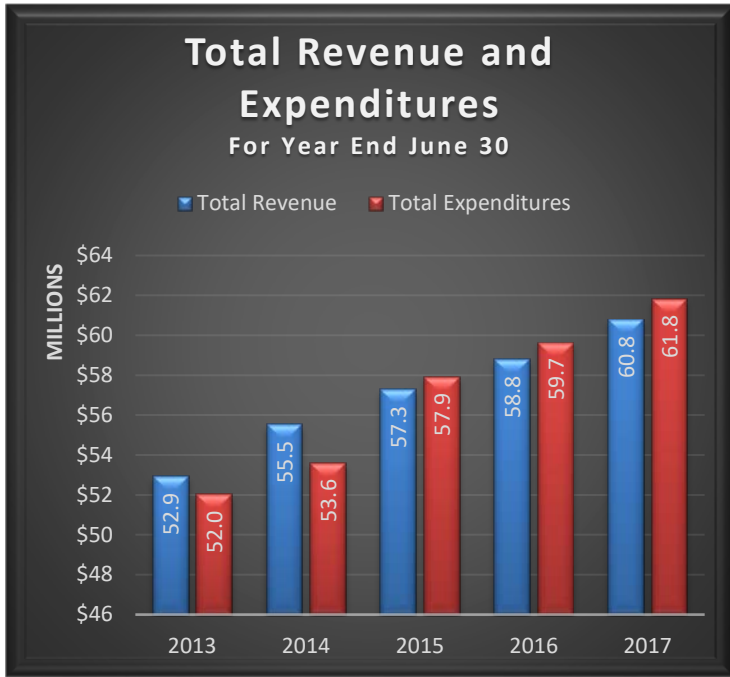


Note: General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



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.

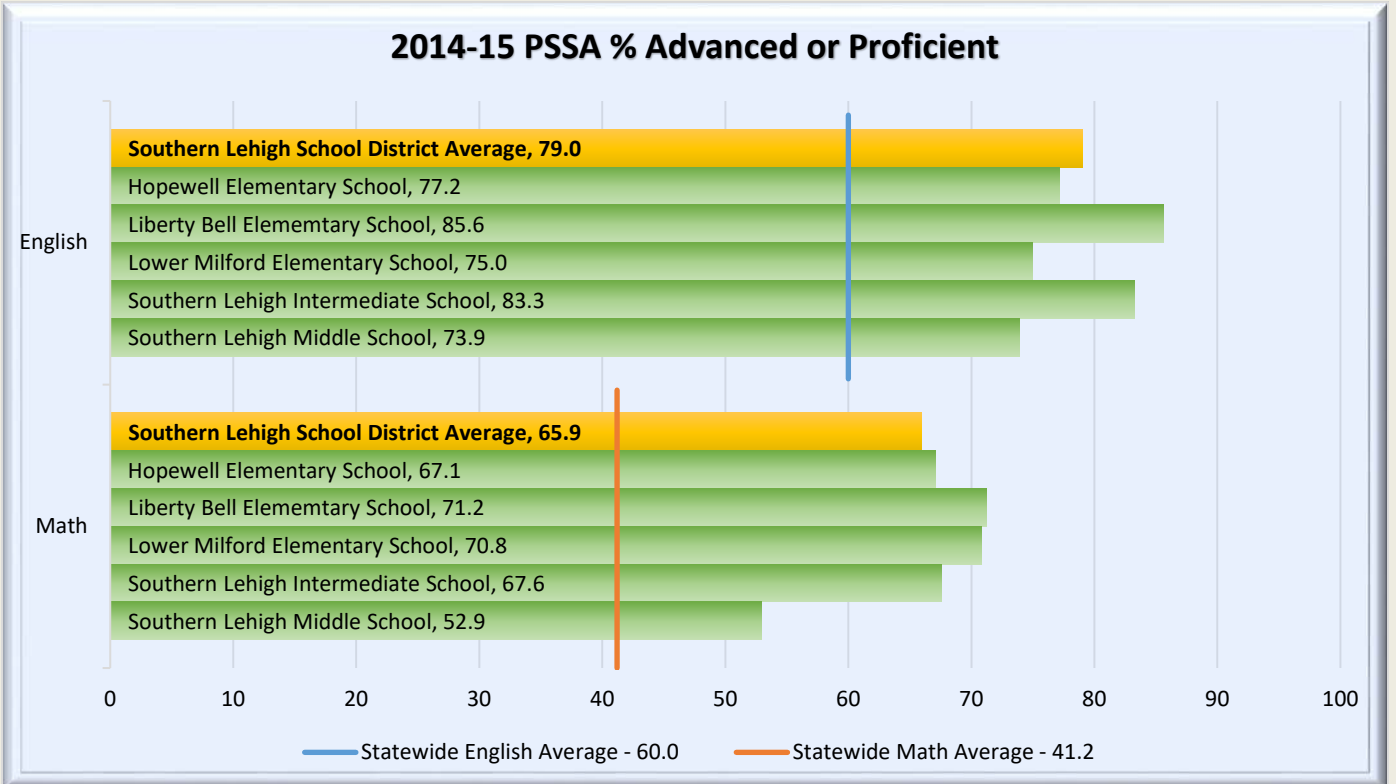
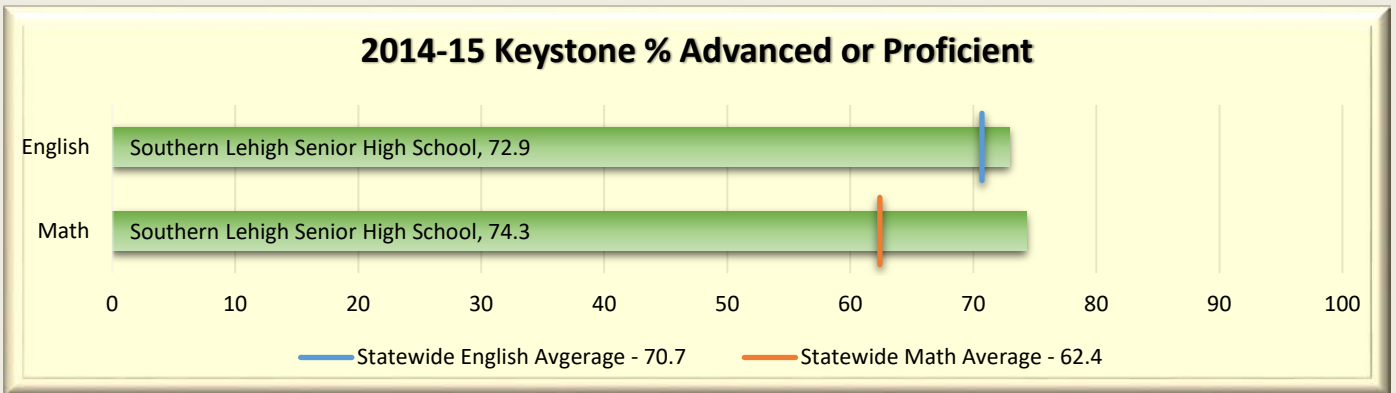
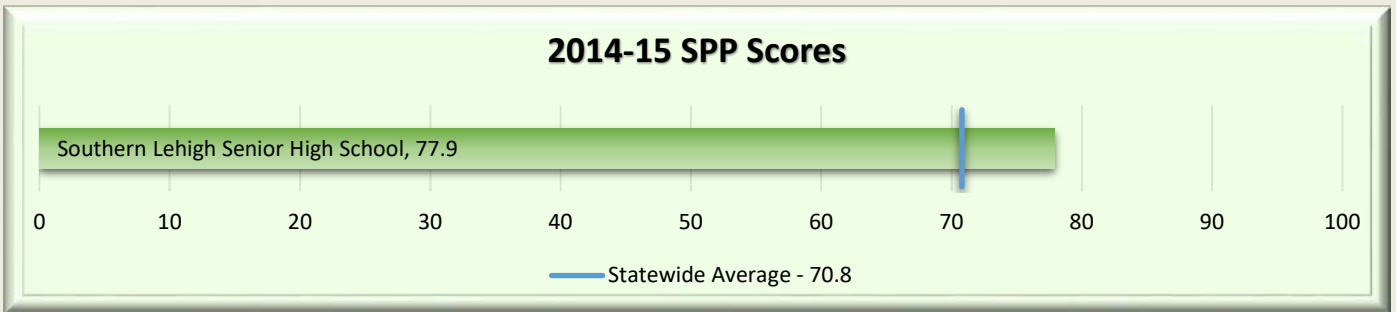
What is a 4-Year Cohort Graduation Rate?

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.

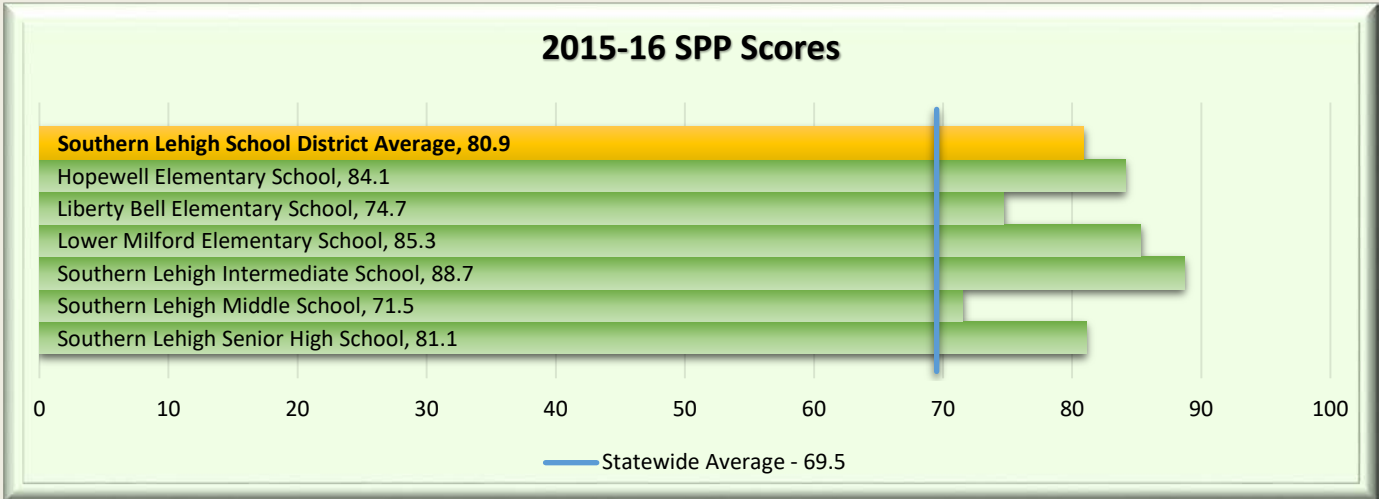
⁸ The PDE also calculates 5-year and 6-year cohort graduation rates. Please visit the PDE's website for additional information: <http://www.education.pa.gov/Data-and-Statistics/Pages/Cohort-Graduation-Rate-.aspx>.

2014-15 Academic Data
School Scores Compared to Statewide Averages

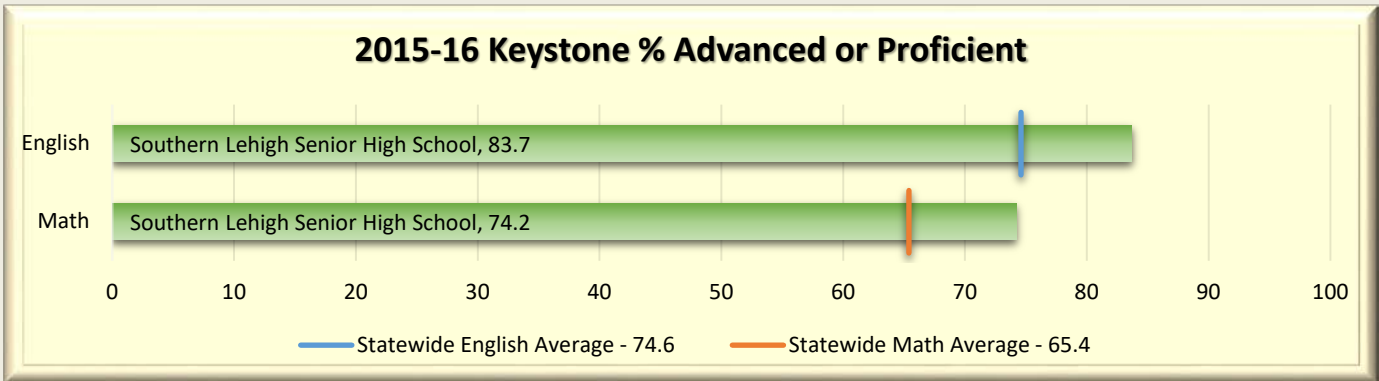


2015-16 Academic Data
School Scores Compared to Statewide Averages

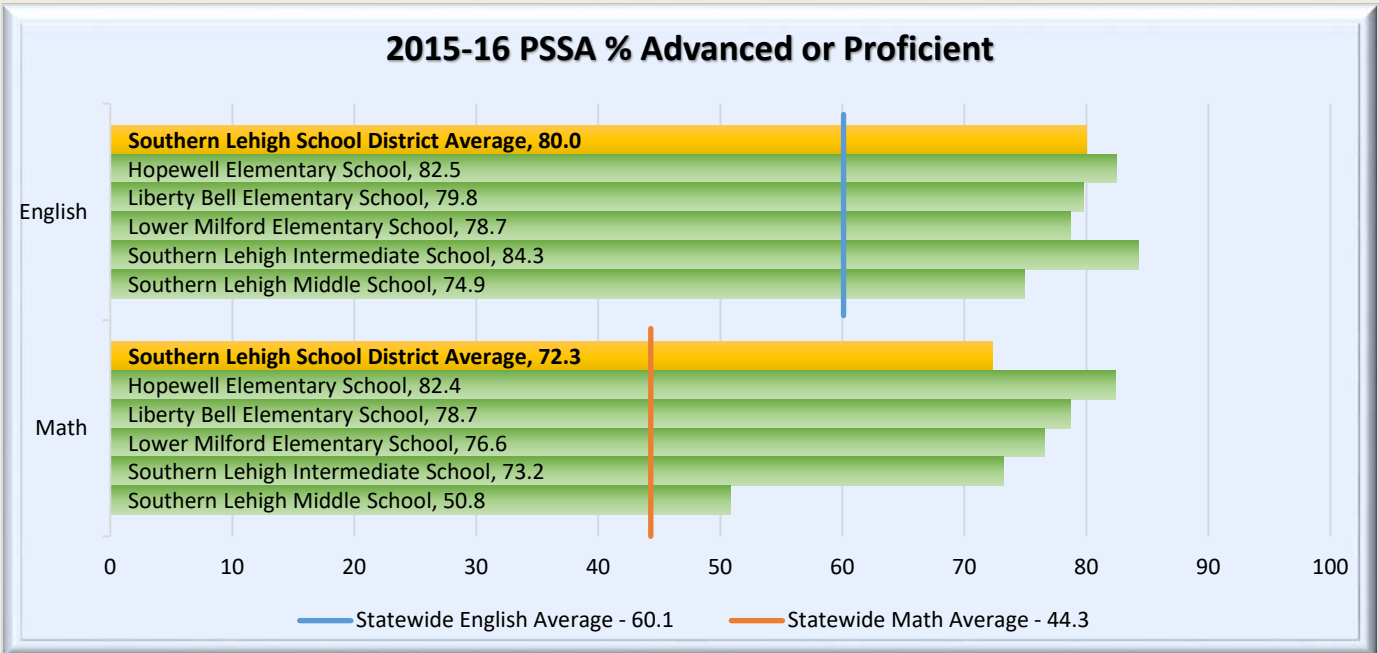
2015-16 SPP Scores



2015-16 Keystone % Advanced or Proficient

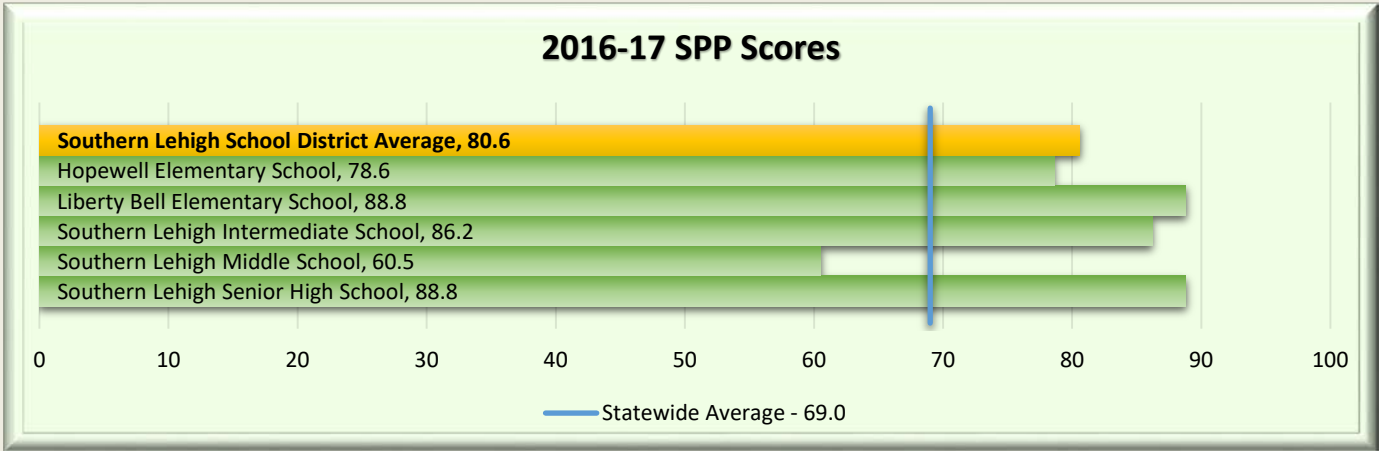


2015-16 PSSA % Advanced or Proficient

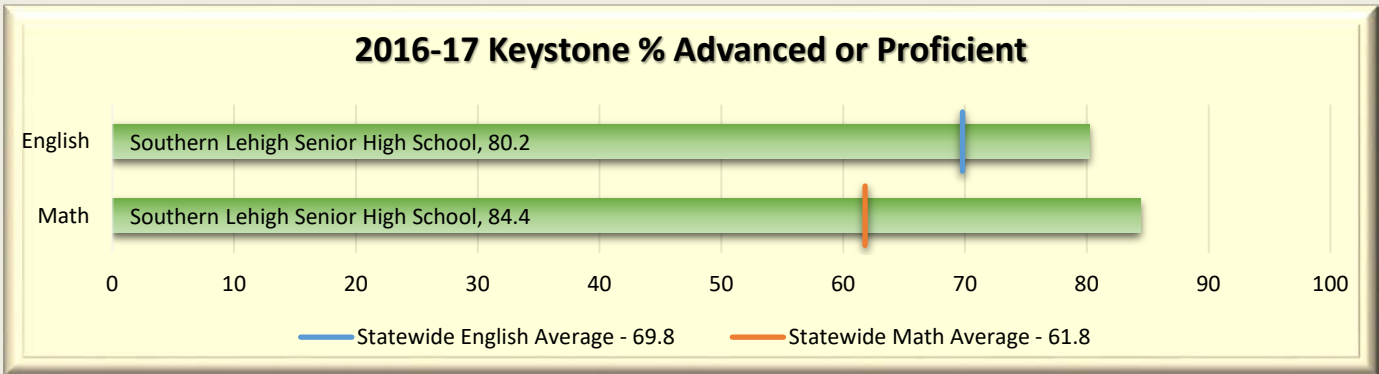


2016-17 Academic Data
School Scores Compared to Statewide Averages

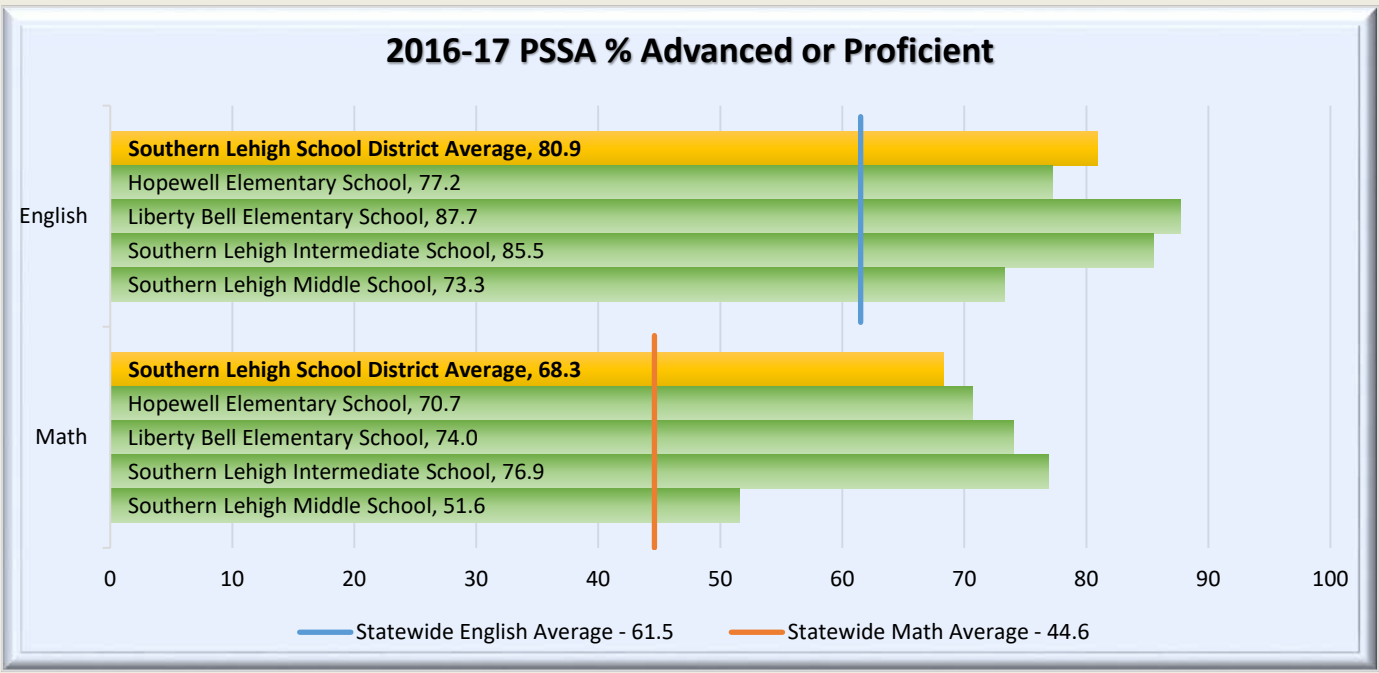
2016-17 SPP Scores



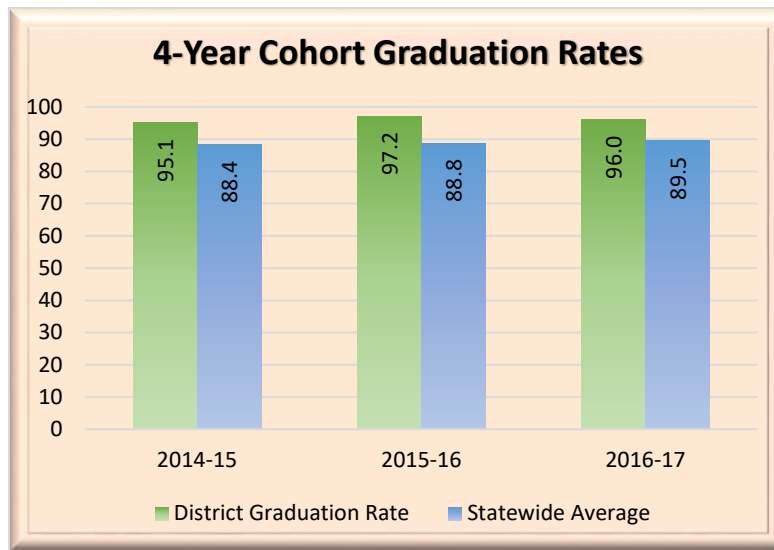
2016-17 Keystone % Advanced or Proficient



2016-17 PSSA % Advanced or Proficient



Graduation Data
District Graduation Rates Compared to Statewide Averages



Findings

Finding No. 1

The District Incorrectly Reported Nonresident Data to the PDE Resulting in an Overpayment of \$55,163

Criteria relevant to the finding:

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

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

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

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

We found that the Southern Lehigh School District (District) incorrectly reported student resident data to the Pennsylvania Department of Education (PDE) for the 2014-15, 2015-16, and 2016-17 school years.⁹ Incorrectly reporting this data resulted in the District being overpaid \$55,163 in subsidy reimbursement from the PDE. These reporting errors occurred because District officials failed to timely update changes to resident status for individual students.

As discussed in the criteria box to the left, school districts that enroll and educate students who are not residents of the District but are placed in a private home within the district are subject to reimbursement from the PDE. The PDE provides regulations through its State Board of Education and its own guidelines governing the classification of nonresident students. This authority places the responsibility of annually reporting this information to the PDE on the districts.

The integrity and accuracy of student resident data reported to the PDE is important because it is a major factor in determining state subsidies and reimbursements. Without the proper updating and review of this data, the District could be incorrectly reimbursed.

⁹ Student resident data was correctly reported by the District to the PDE for the 2013-14 school year.

*Criteria relevant to the finding
(continued):*

State Board of Education regulations and the PDE guidelines govern the classification of nonresident children placed in private homes.

Subsection (a) of Section 11.19 (relating to Nonresident child living with a district resident) of the State Board of Education’s regulations provides as follows, in part.

(a) A nonresident child is entitled to attend the district’s public schools if that child is fully maintained and supported in the home of a district resident as if the child were the resident’s own child and if the resident receives no personal compensation for maintaining the student in the district. Before accepting the child as a student, the board of school directors of the district shall require the resident to file with the secretary of the board of school directors either appropriate legal documentation to show dependency or guardianship or a sworn statement that the child is a resident of the district, 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)

The following table details the District errors we identified during our review. In each school year cited in the table the District incorrectly reported resident students as nonresident students. We determined the number of days the District incorrectly reported this data to the PDE for each school year and calculated the annual overpayment to the District.

| Southern Lehigh School District | | |
|---------------------------------|---------------------------|-----------------|
| School Year | Days Reported Incorrectly | Overpayment |
| 2014-15 | 194 | \$14,633 |
| 2015-16 | 185 | \$12,978 |
| 2016-17 | 378 | \$27,552 |
| Total | 757 | \$55,163 |

The errors we identified during our audit occurred due to District officials failing to timely update and reclassify the residency status for some nonresident students.

Specifically, these particular students were legally adopted and thereby became residents of the District. We found that it was the District’s practice to obtain an agency placement letter for the student’s entry year only. For example, if a nonresident student was enrolled during the 2014-15 school year and remained enrolled for the 2015-16 school year, the District did not obtain an updated agency placement letter for the 2015-16 school year. The failure to obtain an updated agency placement letter often resulted in the District reporting inaccurate resident data to the PDE.

District officials responsible for reporting resident data to the PDE during our review period were new to these roles and unfamiliar with the residency reporting requirements. In some cases when a student’s residency status changed, there was a lack of communication between officials at various District school buildings and the District officials responsible for compiling and submitting resident data to the PDE.

We provided the PDE with reports detailing the errors we identified for the 2014-15, 2015-16, and 2016-17 school years. The PDE requires these reports to verify the overpayments to the District.

Recommendations

The Southern Lehigh School *District* should:

1. Develop procedures requiring agency placement letters to be obtained and verified at the beginning of each school year to ensure the District's resident data is accurate and up-to-date.
2. Ensure that all student residency changes identified at the building level are immediately communicated to the District personnel responsible for reporting student membership data to the PDE.
3. Prior to submission to the PDE, review the resident status of all nonresident students with school building personnel.

The *Pennsylvania Department of Education* should:

1. Adjust the District's future subsidy reimbursement to resolve the overpayment of \$55,163.

Management Response

District management provided the following response:

“An E-mail was sent (7/19/18) to the secretarial staff to remind them that when students have a change of status i.e., foster to adopted that central office if notified. Text of e-mail included:

-When you receive a letter from an agency or another means of notification of a foster student/ward of state please forward it to this office for our file.

-The students' start date on the "residency" tab must be entered in student demographics. That can be entered by the schools if you get this information before me or I will do it (but I need the paperwork for the auditors).

-If a foster student is adopted please forward a copy of the adoption certificate to this office. The auditors need to see this as well. An end date must be recorded on the "residency" tab in student demographics.

-If you know a foster child/ward of state has withdrawn from the district I need to know that as well. An end date needs to be recorded on the "residency" tab in student demographics.

School psychologists/school counselors will be providing a monthly update to the Student Services Office on the current status of students in foster care.”

Auditor Conclusion

We are pleased that the District is implementing corrective action to address the issues noted in our finding. We believe the implementation of our recommendations will help the District accurately report student residency status to the PDE. We will review this and any other corrective action implemented by the District during our next audit.

Finding No. 2

The District Incorrectly Reported the Number of Nonpublic School and Charter School Students Transported Resulting in an Overpayment of \$27,335

Criteria relevant to the finding:

Supplemental Transportation Subsidy for Public Charter School and Nonpublic Students

The Charter School Law (CSL), through its reference to Section 2509.3 of the PSC, provides for an additional, per student subsidy for the transportation of charter school students. *See* 24 P.S. § 17-1726-A(a); 24 P.S. § 25-2509.3.

Section 1726-A(a) of the CSL addresses the transportation of charter school students in that, “[s]tudents who attend a charter school located in their school district of residence, a regional charter school of which the school district is a part or a charter school located outside district boundaries at a distance not exceeding ten (10) miles by the nearest public highway shall be provided free transportation to the charter school by their school district of residence on such dates and periods that the charter school is in regular session whether or not transportation is provided on such dates and periods to students attending schools of the district. . . .”

The District was overpaid a total of \$27,335 in transportation reimbursement from the PDE. This overpayment was due to the District improperly reporting the number of charter school and nonpublic school students transported by the District during the 2013-14 through 2016-17 school years.

According to the Public School Code (PSC), a nonpublic school is defined, in pertinent part, as a nonprofit school other than a public school within the Commonwealth of Pennsylvania, wherein a resident of the Commonwealth may legally fulfill the compulsory school attendance requirements.¹⁰

If a school district provides transportation to students residing in their school district, the PSC requires school districts to provide transportation services to students who reside in its district and who attend a charter school or nonpublic school. Additionally, it provides for a reimbursement from the Commonwealth of \$385 for each nonpublic school student transported by the district. This reimbursement was made applicable to the transportation of charter school students pursuant to an equivalent provision in the Charter School Law, which refers to Section 2509.3 of the PSC.¹¹

¹⁰ *See* Section 922.1-A(b) (relating to “Definitions”) of the PSC, 24 P.S. § 9-922.1-A(b).

¹¹ *See* 24 P.S. § 17-1726-A(a) which refers to 24 P.S. § 25-2509.3. A charter school is an independent public school and educates public school students within the applicable school district. *See* 24 P.S. § 17-1703-A (relating to “Definitions”).

Criteria relevant to the finding (continued):

Section 1726-A(a) of the CSL further provides for districts to receive a state subsidy for transporting charter school students both within and outside district boundaries in that, “[d]istricts providing transportation to a charter school outside the district and, for the 2007-2008 school year and each school year thereafter, districts providing transportation to a charter school within the district shall be eligible for payments **under section 2509.3** for each public school student transported.”

Section 2509.3 of the PSC provides that each school district shall receive a supplemental transportation payment of **\$385** for each nonpublic school student transported. This payment provision is also applicable to charter school students through Section 1726-A(a) of the CSL. [Emphases added.] See 24 P.S. § 17-1726-A(a); 24 P.S. § 25-2509.3.

Annual Filing Requirement

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

Additionally, instructions provided by the PDE to complete the Summary of Students Transported form (PDE-2089) specify that districts are to report the total number of nonpublic and charter school students transported to and from school.

The following table summarizes the District’s reporting errors by school year and the resulting cumulative overpayment:

| Southern Lehigh School District Nonpublic and Charter School Errors | | | |
|--|---|---|--------------------|
| School Year | Nonpublic Students Over Reported | Charter School Students Over/ Reported | Overpayment |
| 2013-14 | 10 | 1 | \$4,235 |
| 2014-15 | 21 | 0 | \$8,085 |
| 2015-16 | 14 | 6 | \$7,700 |
| 2016-17 | 4 | 15 | \$7,315 |
| Total: | 49 | 22 | \$27,335 |

The District did not have a process in place to reconcile all requests for transportation from nonpublic and charter school students to yearly totals reported to the PDE. We found that for the years reviewed the District did not always remove nonpublic and charter school students from the totals reported to the PDE after graduation. The District’s failure to remove these students from totals reported to the PDE resulted in the District over reporting nonpublic and charter school students transported during the period we reviewed. Additionally, the District received over \$27,000 in transportation reimbursement that it was ineligible to receive due to these reporting errors. Transportation reimbursement is a significant funding source for districts, and it is imperative that this data is reported accurately.

We provided the PDE with reports detailing the nonpublic and charter school reporting errors for the 2013-14, 2014-15, 2015-16, and 2016-17 school years. The PDE requires these reports to verify the overpayment to the District. The District’s future transportation subsidies should be adjusted by the amount of the overpayment.

Recommendations

The Southern Lehigh School *District* should:

1. Maintain a complete list of the number of nonpublic and charter school students who were provided transportation for each school year by school.

2. Perform yearly reconciliations of bus rosters to student requests for transportation to ensure nonpublic and charter school students reported to the PDE are accurate.
3. Implement a procedure to have a District official, other than the person who prepares the data, to review and approve transportation data prior to submission to the PDE to help ensure accuracy.

The *Pennsylvania Department of Education* should:

1. Adjust the District's future transportation subsidy to resolve the \$27,335 overpayment to the District.

Management Response

District management provided the following response:

“Student transportation reimbursement was requested for non-public and public students that were not being transported during the school year. This occurred because our office does not receive student withdraws from non-public and charter schools as is received for district students. The contractor failed to remove children from the transportation software at the beginning of the year for which 372 forms were not received. In these cases reimbursement was requested that was not due.

-Responses to recommendations:

- 1) A spreadsheet will be developed to compile all students for which 372 forms have been received. This will allow a quick audit of the Bus Contractors routing information.
- 2) The spreadsheet referenced in item 1 will be used for the reconciliations.
- 3) The District's Student Accounting staff member and Director of Support Services will review and approve data to be submitted.”

Auditor Conclusion

We are pleased that the District will develop procedures to accurately report charter and nonpublic school students transported by the District to the PDE. During our next audit of the District, we will review this and any other corrective action implemented by the District.

Status of Prior Audit Findings and Observations

Our prior audit of the Southern Lehigh 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, the Pennsylvania Department of Education (PDE), and other concerned entities.

Our audit, conducted under authority of Sections 402 and 403 of The Fiscal Code,¹² 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, 2013 through June 30, 2017. In addition, the scope of each individual audit objective is detailed on the next page.

The Southern Lehigh 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).¹³ 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.

¹² 72 P.S. §§ 402 and 403.

¹³ 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, 2013 through June 30, 2017. 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:

- ✓ Nonresident Membership
- ✓ Transportation Operations
- ✓ Administrator Contract Buyout
- ✓ Bus Driver Requirements
- ✓ School Safety

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 nonresident students to the PDE? Did the District receive the correct tuition reimbursement for these nonresident students?¹⁴
 - To address this objective, we reviewed all 33 nonresident students reported by the District to the PDE during the period July 1, 2013 through June 30, 2017. We obtained documentation to verify that the custodial parent or guardian was not a resident of the District and that the custodial parent received a stipend for caring for the student. The student listings were compared to the total days reported on the Membership Summary and Instructional Time and Membership Report to ensure that the District received correct reimbursement for these students. The results of our review of this objective can be found in finding number one on page 10 of this report.
- ✓ Did the District accurately report to the PDE the number of nonpublic and charter school students transported, and did the District receive the correct supplemental transportation reimbursement from the Commonwealth for transporting nonpublic and charter school students?¹⁵
 - To address this objective, we reviewed the transportation data reported to the PDE for the 2013-14, 2014-15, 2015-16, and 2016-17 school years to determine the accuracy of the reported number of all nonpublic and charter school students the

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

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

District transported.¹⁶ We reviewed bus rosters, requests for transportation, and other supporting documentation to determine if all nonpublic and charter school students transported by the District were accurately reported to the PDE and that the District was receiving the correct subsidy for these students. The results of our review of this objective can be found in finding number two on page 14 of this report.

- ✓ 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 contracts comply with the Public School Code¹⁷ and Public School Employees' Retirement System (PSERS) guidelines?
 - To address this objective, we reviewed the contracts, board meeting minutes, board policies, and payroll records for all three administrators who separated employment from the District during the period July 1, 2013 through June 30, 2017. We verified the reasons for the separation and whether the total cost of the separation was made public during board meetings. We reviewed payroll records to ensure that these payments were correctly reported to PSERS. We also reviewed the contract for the current Superintendent, to determine it complied with provisions of the Public School Code regarding inclusion of termination, buyout, and severance provisions. Our review of this objective did not 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?¹⁸ 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 70 bus drivers employed by the District bus contractors who transported District students as of April 23, 2018.¹⁹ We reviewed documentation to ensure the District complied with the requirements for bus drivers. We also determined if the District had written policies and procedures governing the hiring of bus drivers and if those procedures, when followed, ensure compliance with bus driver hiring requirements. Our review of this objective did not disclose any reportable issues.

¹⁶ The District reported 42 charter school students in the 2013-14 school year, 51 in the 2014-15 school year, 49 in the 2015-16 school year, and 52 in the 2016-17 school year. The District reported 394 nonpublic school students in the 2013-14 school year, 411 in the 2014-15 school year, 425 in the 2015-16 school year, and 404 in the 2016-17 school year.

¹⁷ 24 P.S. § 10-1073(e)(2)(v).

¹⁸ 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*.

¹⁹ 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.

- ✓ Did the District take actions to ensure it provided a safe school environment?²⁰
 - To address this objective, we reviewed a variety of documentation including, safety plans, training schedules, anti-bullying policies, fire drill documentation, and after action reports. In addition, we conducted on-site reviews at three out of the District's five school buildings (one from each education level)²¹ to assess whether the District had implemented basic safety practices.²² Due to the sensitive nature of school safety, the results of our review of this objective area are not described in our audit report. The results of our review of school safety are shared with District officials, the PDE, and other appropriate agencies deemed necessary.

²⁰ 24 P.S. § 13-1301-A *et seq.*

²¹ 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.

²² Basic safety practices evaluated were building security, bullying prevention, visitor procedures, risk and vulnerability assessments, and preparedness.

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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