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News for Immediate Release

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Auditor General DePasquale to Launch Audit of Scranton City School District in Lackawanna County

HARRISBURG – Auditor General Eugene DePasquale today announced that he will begin an audit of the Scranton City School District on Sept. 6 to determine if efforts have been made to improve the district’s educational and financial performance and to save taxpayer’s money through competitively bidding of transportation services.

“Taxpayers cannot afford the costly missteps we found in the last Scranton City School District audit. I hope the district took our previous recommendations seriously and implemented improvements,” DePasquale said.

The last audit of the district, released in October 2013, found several issues with state reimbursements and transportation costs. The upcoming audit will cover July 1, 2012 to June 30, 2016.

DePasquale said the audit will examine what the district is doing right, recommend changes to deficiencies and review if past audit findings have been addressed. Audited areas may include: academic performance, financial stability, governance, background clearances and school safety, contracting, data collection and reporting.

The last audit included three findings and two observations ranging from errors resulting in a \$260,111 transportation subsidy underpayment, a \$125,011 health service reimbursement overpayment and \$41,229 tuition underpayment due to student data reporting errors. Auditors also noted that the district paid \$6.5 million in termination fees for two risky qualified interest-rate management agreements, commonly called SWAPs, related to a \$66.3 million bond-financed debt from 1998 to 2001.

The Scranton district also paid \$4.2 million over the state’s transportation reimbursement formula through no-bid busing contracts.

“I want to maximize the education dollars in our classrooms and avoid overpaying for busing services,” DePasquale said. “To get the best price possible, and to ensure transparency to taxpayers, student transportation contracts must be competitively bid.”

School district audits typically assess whether the district resolved issues identified in the most recent audit as well as whether the district received the state subsidies and reimbursements to which it is entitled, accurately managed taxpayer funds, and complied with ethics requirements.

The most recent Scranton City School District audit is available at: www.PaAuditor.gov.

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