

LIMITED PROCEDURES ENGAGEMENT

Wallenpaupack Area School District Pike County, Pennsylvania

July 2015



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, PA 17120-0018
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EUGENE A. DePASQUALE
AUDITOR GENERAL

Mr. Michael Silsby, Superintendent
Wallenpaupack Area School District
2552 Route 6
Hawley, Pennsylvania 18428

Mr. John Spall, Board President
Wallenpaupack Area School District
2552 Route 6
Hawley, Pennsylvania 18428

Dear Mr. Silsby and Mr. Spall:

We conducted a Limited Procedures Engagement (LPE) of the Wallenpaupack Area School District (District) to determine its compliance with certain relevant state laws, regulations, policies, and administrative procedures (relevant requirements). The LPE covers the period February 5, 2013 through May 11, 2015, except for any areas of compliance that may have required an alternative to this period. The engagement was conducted pursuant to authority derived from Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania and the Fiscal Code 72 P.S. § 403, but was not conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

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

- Did the District have documented board policies and administrative procedures related to the following?
 - Internal controls
 - Budgeting practices
 - The Right-to-Know Law
 - The Sunshine Law
- Were the policies and procedures adequate and appropriate, and have they been properly implemented?
- Did the District comply with the relevant requirements in the Right-to-Know Law and the Sunshine Law?
- Did the District take appropriate corrective action to address the finding made in our prior audit, and were the actions taken into effect?

Mr. Michael Silsby
Mr. John Spall
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Our engagement found that the District properly implemented policies and procedures for the areas mentioned above and complied, in all material respects, with relevant requirements.

We appreciate the District's cooperation during the conduct of the engagement.

Sincerely,

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

Eugene A. DePasquale
Auditor General

July 16, 2015

cc: **WALLENPAUPACK AREA SCHOOL DISTRICT** Board of School Directors

Status of Prior Findings and Observations

Finding

Payments for Unused Vacation Days Were Unnecessarily Inflated

Finding Condition

Our prior audit of the District's payroll records for the period from July 1, 2008 through June 30, 2012, found that District personnel used varying administrator work days to calculate daily rates to determine final pays and unused vacation days at time of retirement. Using varying work days that were less than the 260 or 261 to determine a daily rate to calculate unused vacation days for retiring administrators unnecessarily inflated payments. Using varying work days that were less than the 260 or 261 to determine daily rates, along with the District's method of calculating total days worked in the year, either inflated or deflated an administrator's final pay at the time of retirement.

Recommendations

We recommended that the District should:

1. Divide yearly salary by 260 or 261 calendar days to determine the daily rate used to pay unused days and final salary.
2. Consult with its solicitor to determine if corrections to prior payments should be pursued.

Current Status

The District, after review with its solicitor, revised its administrative contract to set a standard 247 day divisor to determine daily rates. Using a daily rate based on payroll days less than 260 did and will inflate payments for unused days. If the Board of School Directors approves this contract provision to use a set 247 day divisor, they are agreeing to pay an increased amount to administrators for unused leave days. Using the set daily rate of 247 and the District's method of calculating total days worked during the year an administrator retires will either increase or decrease an administrator's final pay, which will cause payments to exceed or be below the board approved salary.

We conclude that the District did not implement our prior audit recommendation to divide yearly salary by 260 or 261 calendar days to determine the daily rate. However, there have been no payments made to administrators for final payroll or unused leave days since our prior audit review of June 30, 2012. For this reason, no repeat finding will result at this time. We may readdress this issue during a future audit.

Distribution List

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

The Honorable Tom W. Wolf
Governor
Commonwealth of Pennsylvania
Harrisburg, PA 17120

The Honorable Pedro A. Rivera
Secretary of Education
1010 Harristown Building #2
333 Market Street
Harrisburg, PA 17126

The Honorable Timothy Reese
State Treasurer
Room 129 - Finance Building
Harrisburg, PA 17120

Mrs. Danielle Mariano
Director
Bureau of Budget and Fiscal Management
Pennsylvania Department of Education
4th Floor, 333 Market Street
Harrisburg, PA 17126

Dr. David Wazeter
Research Manager
Pennsylvania State Education Association
400 North Third Street - Box 1724
Harrisburg, PA 17105

Mr. Lin Carpenter
Assistant Executive Director for Member Services
School Board and Management Services
Pennsylvania School Boards Association
P.O. Box 2042
Mechanicsburg, PA 17055

This letter is a matter of public record and is available online at www.PaAuditor.gov. Media questions about the letter can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 231 Finance Building, Harrisburg, PA 17120; via email to: news@PaAuditor.gov.