

LIMITED PROCEDURES ENGAGEMENT

Lincoln Intermediate Unit 12 Adams County, Pennsylvania

September 2017



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
Facebook: Pennsylvania Auditor General
Twitter: @PAAuditorGen
www.PaAuditor.gov

EUGENE A. DePASQUALE
AUDITOR GENERAL

Dr. LeeAnn Zeroth, Executive Director
Lincoln Intermediate Unit 12
65 Billerbeck Street, P.O. Box 70
New Oxford, Pennsylvania 17350

Mr. Michael G. Miller, Board President
Lincoln Intermediate Unit 12
65 Billerbeck Street, P.O. Box 70
New Oxford, Pennsylvania 17350

Dear Dr. Zeroth and Mr. Miller:

We conducted a Limited Procedures Engagement (LPE) of the Lincoln Intermediate Unit 12 (IU) to determine its compliance with certain relevant state laws, regulations, policies, and administrative procedures (relevant requirements). The LPE covers the period July 1, 2012, through June 30, 2016, 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. §§ 402 and 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 IU have documented board policies and administrative procedures related to the following?
 - Internal controls
 - Budgeting practices
 - The Right-to-Know Law
 - The Sunshine Act
- Were the policies and procedures adequate and appropriate, and have they been properly implemented?
- Did the IU comply with the relevant requirements in the Right-to-Know Law and the Sunshine Act?
- Did the IU take appropriate corrective action to address the findings and observation made in our prior audit?

Dr. LeeAnn Zeroth
Mr. Michael G. Miller
Page 2

Our engagement found that the IU properly implemented policies and procedures for the areas mentioned above and complied, in all significant respects, with relevant requirements.

We appreciate the IU'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 extending to the right.

Eugene A. DePasquale
Auditor General

September 25, 2017

cc: **LINCOLN INTERMEDIATE UNIT 12** Board of School Directors

Background Information

School Characteristics 2016-17 School Year ^A		Mission Statement ^A
County	Adams, Franklin, and York	Empowering our customers to solve their most challenging problems that impact learning and quality of life.
Students Served in Public Schools	8,000	
Students Served in Nonpublic Schools	3,255	
Total Teachers	510	
Total Full or Part-Time Support Staff	688	
Total Administrators	42	
Number of Participating Schools ^B	65	

A - Source: Information provided by the IU administration and is unaudited. The data for 'Students Served in Nonpublic Schools' is based on information from the 2015-16 school year, all other data pertains to the 2016-17 school year.

B - Schools include participating school districts, charter schools, nonpublic schools, and institutions.

The IU is a legal entity established under the terms of Pennsylvania Law (Act 102, May 4, 1970) to function as a service agency for the following participating school districts, nonpublic schools and institutions in Adams, Franklin, and York counties:

Participating Schools

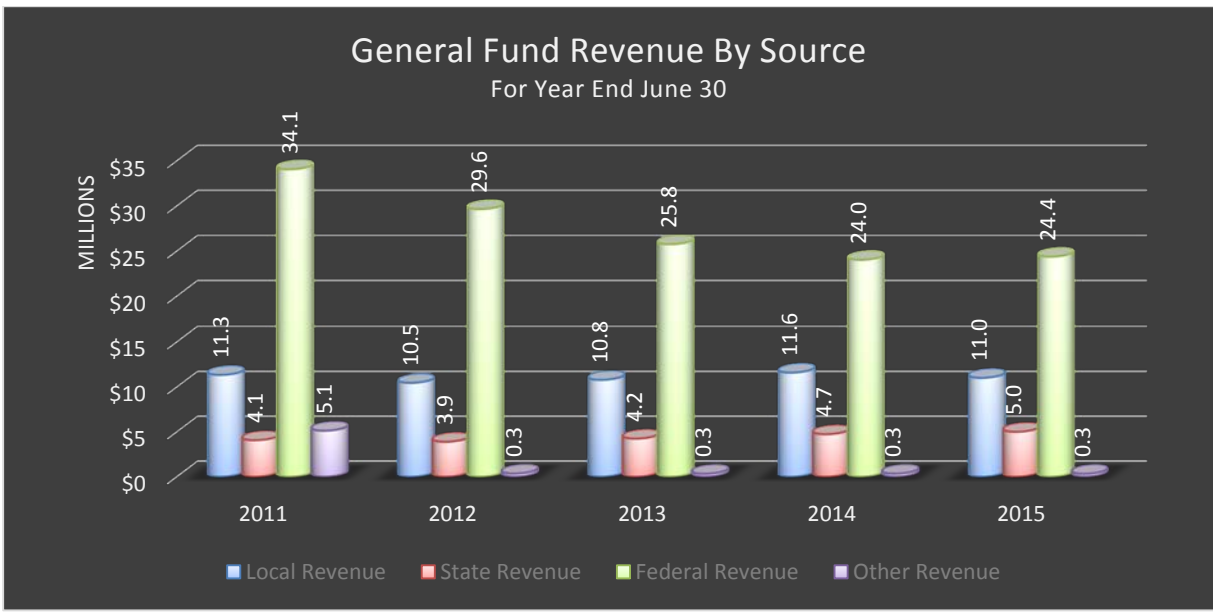
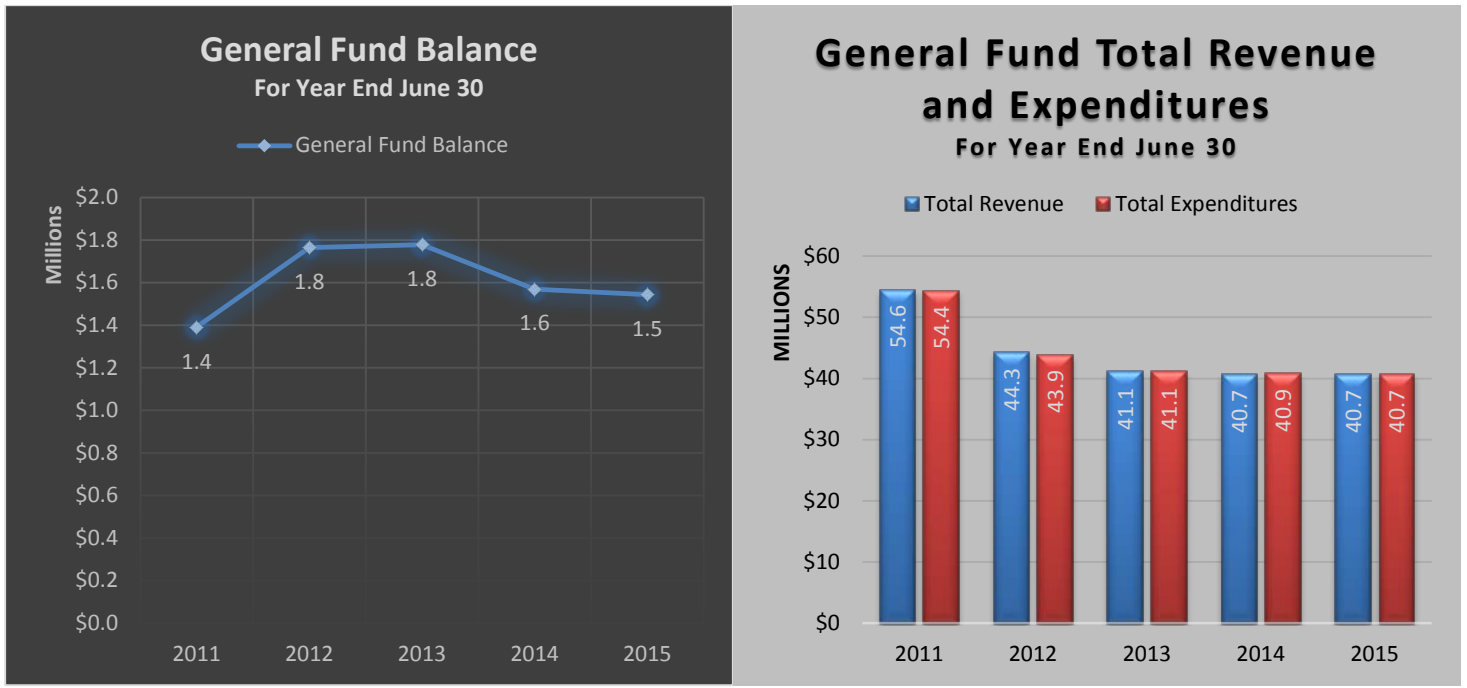
Bermudian Springs	Southern York County	Red Lion Christian School
Central York	Spring Grove Area	Sacred Heart School
Chambersburg Area	Tuscarora	Shalom Christian Academy
Conewago Valley	Upper Adams	St. Andrew School
Dallastown Area	Waynesboro Area	St. Francis Xavier School
Dover Area	York Suburban	St. John the Baptist School
Eastern York	St. Joseph School-Dallastown	St Joseph School-Hanover
Fairfield Area	Lincoln Charter School	St. Joseph School-York
Fannett-Metal	Vida Charter School	St. Patrick School
Gettysburg Area	Annunciation BVM School	St. Rose of Lima School
Greencastle-Antrim	Christian School of York	Stillmeadow Nazarene
Hanover Public	Corpus Christi Catholic School	York Catholic High School
Littlestown Area	Delone Catholic HS	York Country Day School
Northeastern York	Freedom Christian Schools	York Seventh-Day Adventist
Red Lion Area	Hope Christian School	Franklin Learning Center
South Eastern	Keystone Christian Academy	York Learning Center
South Western	Logos Academy	Adams County Christian Academy
School District of the City of York	Gettysburg Montessori Charter School	Christ Lutheran Child Development Center
Franklin County Career and Technology Center	Helen Thackston Charter School	Immaculate Conception BVM School
York County School of Technology	York Academy Regional Charter School	Shrewsbury Christian Academy
Crispus Attucks Charter School	Montessori Children’s House of York	Cumberland Valley Christian School

The IU is governed by a 13 member board appointed by the participating schools on a rotating basis.

Since the IU is a service agency, academic information and graduation rates are not calculated.

Financial Information

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



Status of Prior Audit Findings and Observations

Our prior audit of the IU, released on May 6, 2013, resulted in four findings and one observation, as shown below. As part of our current engagement, we determined the status of corrective action taken by the IU to implement our prior audit recommendations. We reviewed the IU's written response provided to PDE, interviewed IU personnel, and performed audit procedures as detailed in each status section below.

Auditor General Performance Audit Report Released on May 6, 2013

Prior Finding No. 1: Certification Deficiency

Prior Finding Summary: Our prior audit of professional employees' certification for the period April 16, 2010, through December 1, 2011, found that one individual taught without the appropriate certification for half of the 2010-11 school year.

Prior Recommendations: We recommended that the IU should:

1. Take the necessary action required to ensure compliance with certification guidelines.
2. Ensure only properly certified individuals holding current and valid certificates are allowed to teach students.

We also recommended that PDE should:

3. Adjust the IU's allocations to recover the appropriate subsidy forfeiture.

Current Status: We found that the IU did implement our recommendations. The IU corrected the certification issue identified in the previous audit, and PDE recovered the subsidy forfeiture of \$1,430 on May 30, 2014.

Prior Finding No. 2: Internal Control Weakness in Reporting Pupil Transportation Data

Prior Finding Summary: Our prior audit of transportation operations for the 2008-09 and 2009-10 school years found an internal control weakness regarding the reporting of pupil data reported to PDE during the 2009-10 school year. The issue concerned the reporting of pupil counts for spare contracted vehicles that covered multiple routes because the IU was uncertain how to report this data.

Prior Recommendations: We recommended that the IU should:

1. Contact PDE to gain guidance on how to properly calculate pupil counts for spare contracted vehicles.
2. Implement calculation verification procedures to ensure accuracy of all manual calculations.
3. Reconcile subsequent years' transportation data and, if necessary, submit revised reports to PDE.

We also recommended that PDE should:

4. Inform the IU how to properly calculate and report pupil data for spare contracted vehicles.

Current Status:

We found that the IU and PDE implemented our recommendations. The IU worked in concert with PDE to determine how to properly calculate pupil counts for spare contracted vehicles. The IU uses the guidance developed with PDE to accurately report pupil counts for spare contracted vehicles.

Prior Finding No. 3: Failure to Have All School Bus Drivers' Qualifications on File and a School Bus Driver Lacked Required Clearance

Prior Finding Summary: In our prior audit, we reviewed 35 of the IU's school bus drivers' qualifications as of October 28, 2011, and found that:

- The IU was not maintaining up-to-date personnel files for its contracted drivers. At the time of our review, the necessary bus driver qualification documents were not on file at the IU. However, the IU's transportation contractors provided them prior to the completion of the prior audit.
- One driver did not possess the required Federal Bureau of Investigation's (FBI) clearance. The driver, hired on August 2, 2007, had submitted a copy of the FBI clearance registration form to the contractor on September 6, 2007. The contractor made a note on the form that the driver brought the clearance form in and had it copied, but a copy was not retained. The contractor was unable to provide evidence that the driver was fingerprinted and that the driver had completed the entire FBI background check process when hired. Subsequently, the driver obtained a new FBI clearance, dated January 18, 2012.

By not having the required bus drivers' qualification documents on file, the IU was not able to review the documents to determine whether all drivers were qualified to transport students. If unqualified drivers transport students, there is an increased risk to the safety and welfare of students.

Prior Recommendations: We recommended that the IU should:

1. Develop procedures to ensure that all required documentation for drivers is on file with the contractor and the IU.
2. Review the files for all drivers to ensure the IU is employing only properly qualified drivers.

Current Status: We found that the IU did implement our recommendations. The IU instituted procedures where the human resource department reviews all required documentation for drivers and maintains this information under lock and key.

Prior Finding No. 4: The Lincoln Intermediate Unit Lacks Sufficient Internal Controls Over Its Student Record Data

Prior Finding Summary: Our prior review of the IU's controls over data integrity found that internal controls needed to be improved. Specifically, our review found that the IU did not adequately resolve differences in detailed child accounting data between its child accounting student information system (SIS) and the Pennsylvania Information Management System (PIMS). During interviews regarding PIMS data quality, IU personnel stated that they knew that students were missing from the PIMS reports.

Prior Recommendations: We recommended that the IU should:

1. Review child accounting reports for the 2010-11 school year and verify that all students had Pennsylvania Secure IDs assigned to them. If any students were found who did not have a Pennsylvania Secure ID, the IU personnel should determine whether these students were reported to PDE via PIMS and submit any revisions that may be necessary.
2. Obtain Pennsylvania Secure IDs for any students identified in recommendation number 1.
3. Compare student listings from the SIS to the students' names on the detailed child accounting reports and PIMS reports to ensure

that membership data has been submitted to PDE for all students, and submit any revisions that may be necessary.

4. Compare the students listed on the PIMS reports to the students listed on the detailed child accounting reports and ensure that membership data has been submitted to PDE for all students, that all students appear on both reports, and submit any revisions that may be necessary.
5. Work with the vendor for the child accounting software in use to try to resolve the differences in the percentage of time that is used to calculate membership days to ensure that percentages used for child accounting reports agree with the percentages used for the PIMS reports.

Current Status:

We found that the IU did implement our recommendations. The IU does have a procedure in place to reconcile membership and now uses its SIS to calculate percentages of special education time. The IU conducts monthly checks of the calculations of time and also conducts a year-end verification with the home district of the students. Once the data has been verified by the home district, the IU conducts a complete reconciliation of SIS and PIMS data. When the reconciliation is complete and the reports agree, the data is uploaded to PIMS and then double checked back to the SIS. During discussions with the IU, it is noted that the auditor observed that making sure each student has a PA secure ID is a part of the upfront enrollment procedure.

Prior Observation:

Questionable Statistics in School Safety Incident Reporting

Prior Observation

Summary:

Our prior review found that the annual school safety report, for the 2010-11 school year that the IU filed with PDE, appeared to contain statistically questionable data. The total number of incidents that the IU reported to PDE was equal to the number of incidents that the IU reported that involved law enforcement. All incidents that occur during the school year are required to be reported to PDE. The IU only reported to PDE the incidents that involved law enforcement, which led to an understatement of reportable incidents for the 2010-11 school year.

Prior Recommendations: We recommended that the IU should:

1. Review the updated reporting guidelines in the Public School Code (24 P.S. § 13-1303-A) to ensure proper reporting of data by the IU.

2. Contact PDE to gain clarification on the guidelines prior to concluding on an interpretation of said guidelines.
3. Review the 2010-11 incidents and submit a revised report to PDE.
4. Ensure that local domain aggregate tables are properly completed prior to submission of data to PDE.

Current Status:

We found that the IU implemented our recommendations. The IU did review reporting guidelines in the Public School Code (24 P.S. § 13-1303-A) to ensure proper reporting of data. The IU did contact PDE to gain clarification on the guidelines prior to concluding on an interpretation of said guidelines. The IU did review the 2010-11 incidents and submit a revised report to PDE. The IU does ensure that local domain aggregate tables are properly completed prior to submission of data to PDE.

Distribution List

This letter was initially distributed to the Executive Director of the Intermediate Unit, 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 Joe Torsella

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. Nathan Mains

Executive Director
Pennsylvania School Boards Association
400 Bent Creek Boulevard
Mechanicsburg, PA 17050

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, 229 Finance Building, Harrisburg, PA 17120; via email to: News@PaAuditor.gov.