

## Appendix A



### COMMONWEALTH OF PENNSYLVANIA PENNSYLVANIA DEPARTMENT OF THE AUDITOR GENERAL

#### Act 44 Auditee Reporting Form (School District Audits)

The Department of the Auditor General provides this form for every school district to report its adoption of the Department's recommendations in its most recent audit pursuant to Act 44 of 2017 amendments to The Fiscal Code regarding Auditee reporting requirements and the Department's STATEMENT OF POLICY and FORM in 4 Pa. Code Part XIV published in the Pennsylvania Bulletin on February 10, 2018.

Within **120 business days** of the publication of the audit listed below, the school district must submit a response to the Department detailing the adoption of the Department's recommendations, or the reason why recommendations have not been adopted.

<b>AUN:</b>	105258503	<b>School:</b>	Northwestern School District	<b>CAN:</b>	125283
<b>Audit Period:</b>	July 1, 2016 to June 30, 2020	<b>Findings:</b>	Two	<b>Recommendations:</b>	Four

**District Response:** (Textbox below will expand or attachments can be added as necessary)

The Pennsylvania Department of the Auditor General conducted a performance audit of the Northwestern School District (District). The 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.

The audit scope covered the period July 1, 2016 through June 30, 2020. The audit found areas of noncompliance and significant internal control deficiencies as detailed in the following two findings:



**Finding No. 1: The District's Failure to Implement an Adequate Internal Control System Led to Inaccurate Reporting of Transportation Data Resulting in an Underpayment of \$40,540.**

**Finding No. 2: The District's Failure to Implement an Adequate Internal Control System Led to the District Inaccurately Reporting Nonresident Student Data to PDE Resulting in a \$9,355 Overpayment and Failing to Bill a Neighboring District for Educating Their Students.**

Based on the recommendations of the Auditor, for finding number 1,

*The Northwestern School District will:*

1. Develop and implement an internal control system over its regular transportation operations. The internal control system will include, but not be limited to, the following:
  - All personnel involved in regular transportation data reporting will be trained on PDE's reporting requirements.
  - A review of transportation data will be conducted by an employee other than the employee who prepared the data, before it is submitted to PDE.
  - A reconciliation of contractor costs to District invoices will be conducted to ensure accuracy.
  - Comprehensive written procedures will be created and followed in order to ensure accurate reporting of the regular transportation operations.

Based on the recommendations of the Auditor, for finding number 2,

*The Northwestern School District will:*

1. Develop and implement an internal control system governing the process for categorizing and reporting nonresident foster-student data. The internal control system will include the following:
  - a. All personnel involved in the identification, categorization, and reporting of nonresident foster student data will be trained on PDE's reporting requirements.
  - b. A review of nonresident foster data will be conducted by an employee other than the



employee who prepared the data before it is submitted to PDE.

- c. Clear and concise written procedures will be developed, and followed, in order to document the categorization and reporting process for nonresident foster student data and to ensure that other school districts are billed for tuition costs for educating nonresident students.
2. Perform a reconciliation of the foster student data to source documents before reporting the data to PDE.
  3. Submit a tuition bill in the amount of \$9,307 to the neighboring school district to recover the cost of educating the foster students.

**Note:** Pursuant to Section 1.5 of Act 44, if the Auditee fails to respond to the Department's recommendations within **120 business days**, the Department will notify the Governor and the Chairpersons and Minority Chairpersons of the Appropriations Committees of the Senate and the House of Representatives, which may consider an Auditee's failure to respond to the Department's audit when determining the Auditee's future appropriations.