

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.

AUN:	115219002	School:	West Shore School District	CAN:	118085
Audit Period:	July 1, 2014 to June 30, 2018	Findings:	Two	Recommendations:	Seven

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

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.

West Shore School District's

Response to Performance Audit Findings

For period July 1, 2014 through June 30, 2018

August 28, 2020

Finding No. 1: The District Failed to Retain the Required Documentation to Support the More than \$5 Million It Received In Transportation Reimbursements.

Corrective Action: The District agrees with the recommendations from the Auditor General's Office which include:

1. The District will immediately take the appropriate administrative measures to ensure that it retains all documentation supporting the transportation data reported to PDE, including student bus rosters, mileage average calculations, and nonpublic school student requests for transportation in accordance with the PSC's record retention requirements.

The Director of Operations and Planning will work with the administration to update the District's processes, documented in the Administrative Manual of Operations (AMO) to reflect the appropriate retention schedule for supporting documentation related to the transportation data submitted to PDE.

2. The District will establish internal controls over transportation reporting. These reviews will include tracing some data elements to source documents and calculations to provide reasonable assurance that necessary supporting documentation is available.

The Director of Operations and planning will conduct a review of the data to be submitted to PDE including a detailed review of some data elements that links to supporting documentation.

3. The District will ensure that record retention procedures are documented and staff are trained on the procedures.

Once the additional entries are made to the AMO, the retention schedule will be shared and reviewed with the all staff in the Transportation Department.

4. The District will ensure that sworn statements are not signed by the Superintendent unless the transportation data is being reviewed by someone who is trained on PDE reporting requirements.

The Director of Operations and Planning will review the transportation data prior to submission to the Superintendent. The Director of Operations and Planning has completed

several Transportation seminars through PASBO as well as the School Transportation course through Wilkes.

Management Response: The District management agreed with the finding and provided the following response:

The District agrees that the necessary documentation was not available for review during the audit. The District believes records were lost during the transition of Supervisor of Transportation. During the years in question, the former, long-time transportation supervisor was meticulous in keeping paper copies of source documentation. However, as a new supervisor entered, records were discarded erroneously.

With regard to the transportation database, as noted in discussion, the District believed there was sufficient paper copies to support the information completed for the transportation subsidy. Additionally, the software was primarily a routing software and would only have had a piece of the missing data, whether that was specific route or roster information. The District does not believe the database would have provided the level of detail the audit was often seeking, particularly on roster information for eligible non-public school students.

As a result of the Finding, the District will comply with the recommendations provided by the audit.

Finding No. 2: Errors Related to the District's Social Security and Medicare Reimbursements Resulted in an Underpayment of \$4,435.

Corrective Action: The District agrees with the recommendations from the Auditor General's Office which include:

1. The District will ensure that all employees involved in compiling and reporting Social Security and Medicare wages to PDE on form PDE-339 have been adequately trained on this process.

The Director of Business Affairs and the Payroll Bookkeeper reviewed procedures and documented instructions for proper completion of the Social Security and Medicare Report, PDE-339.

2. The District will develop and implement written procedures related to compiling and reporting Social Security and Medicare wages to PDE. The District will ensure that these procedures require a documented internal review of the total wages and federally funded wages prior to submission to PDE.

The Director of Business Affairs and the Payroll Bookkeeper reviewed procedures and documented instructions for proper completion of the Social Security and Medicare

Report. Included in the review are: 1) Comparison of Federal Employee lists from the Special Education Department and the Federal Programs Departments to the list in the Human Resource Software. 2) Review of employee listing before and after 7/1/1994 by the Director of Human Resources. 3) After the Payroll Bookkeeper completes the report, all supporting reports are attached and forwarded to the Director of Business Affairs for her review prior to routing to the Superintendent for his signature.

Management Response: The District management agreed with the finding and provided the following response:

The District agrees with the Department of Auditor General's Findings that Social Security & Medicare wages were not reported accurately. In summary, during July-August of 2016, the Director of Business Affairs was reviewing the PDE 339 completed by previous Payroll Bookkeeper, when she questioned the amount of Federal Wages listed. Upon additional review by the Director of Business Affairs, it was discovered that in addition to Federal Wages being under-reported, the total wage column was incorrect because it only listed non-federal wages.

The Director of Business Affairs worked with a Subsidy Administration Supervisor from PDE in August-September 2016 to correct and revise the reports.

Error #1 – Incorrect federally funded total-the District's software tracks federal funded salaries by ASN # in position control for each position and location. The ASN # must then be entered into each individual's pay rates in the employee record. At the end of each quarter, the Federal FICA/Medicare Report needs verified. This process was not followed properly. This problem was corrected in 2016 with new procedures/guidelines that the District put in place.

Error #2 – On PDE-339, the total column did not include both federal and non-federal salaries, it only included non-federal salaries. This resulted in federal salaries being deducted twice. This error continued for 5 years: 2010-11; 2011-12; 2012-13; 2014-15. The District received \$332,189.03 from PDE for the underpayments. The District also corrected the 2015-16 report by correcting the Federal Funded employees and the "total column." On this report a number was transposed which was caught by the State Auditors during their review.

"From the time this issue was discovered in July-August 2016, the District had established and maintained guidelines and procedures to ensure the report is completed and reconciled completely. The District will also reconcile the wages to the 941 report as recommended by State Auditors.