

SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT

DAUPHIN COUNTY, PENNSYLVANIA

PERFORMANCE AUDIT REPORT

FOR THE YEARS ENDED JUNE 30, 2004, 2003, 2002 AND 2001,
AND IN CERTAIN AREAS EXTENDING BEYOND JUNE 30, 2004

WITH STATUS OF PRIOR YEARS' FINDINGS AND RECOMMENDATIONS

THROUGH FEBRUARY 28, 2006

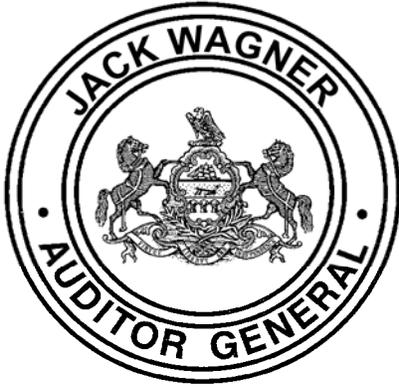


SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT
DAUPHIN COUNTY, PENNSYLVANIA
PERFORMANCE AUDIT REPORT

FOR THE YEARS ENDED JUNE 30, 2004, 2003, 2002 AND 2001,
AND IN CERTAIN AREAS EXTENDING BEYOND JUNE 30, 2004
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SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT
CONTENTS

	<u>Page</u>
Independent Auditor’s Report	1
Background	3
Objectives, Scope and Methodology	4
Conclusions	5
Objective No. 1	5
Objective No. 2	6
Supplementary Information: Schedule and Description of State Revenue Received	9
Audit Report Distribution List	13



The Honorable Edward G. Rendell
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120

We have conducted a performance audit of the Susquehanna Township School District for the years ended June 30, 2004, 2003, 2002 and 2001, and in certain areas extending beyond June 30, 2004. Our audit was conducted pursuant to 72 P.S. § 403 and in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

Our audit was limited to the following objectives:

- . Objective No. 1 - To determine if the Susquehanna Township School District complied with applicable state laws, regulations, contracts, grants, and administrative procedures falling within the scope of our audit; and
- . Objective No. 2 - To determine if the Susquehanna Township School District took appropriate corrective action to address the findings and recommendations contained in our prior audit report.

Solely to assist us in planning and performing our audit, we made a study and evaluation of the internal controls of the Susquehanna Township School District to determine if internal controls were adequate to help ensure the district's performance with applicable state laws, regulations, contracts, grants, and administrative procedures falling within the scope of our audit. Accordingly, we do not express any assurance on the internal controls.

The results of our tests indicated that, in all significant respects, the Susquehanna Township School District was in compliance with applicable state laws, regulations, contracts, grants, and administrative procedures and took appropriate corrective action to address the findings and recommendations contained in our prior audit report.

Independent Auditor's Report (Continued)

The accompanying supplementary information is presented for purposes of additional analysis. We did not audit the information and, accordingly, express no form of assurance on it.

February 28, 2006

JACK WAGNER
Auditor General

SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT
BACKGROUND

Background

Information, as provided by school district officials, indicates that the Susquehanna Township School District is located in Dauphin County, and encompasses an area of 17.3 square miles. The school district has a population of 22,601, according to a 2005 local census. The administrative offices are located at 3550 Elmerton Avenue, Harrisburg, Pennsylvania.

According to school district administrative officials, during 2003-04, the district provided basic educational services to 3,222 pupils through the employment of 11 administrators, 222 teachers, and 159 full-time and part-time support personnel. Special education was provided by the district and the Capital Area Intermediate Unit #15. Occupational training and adult education in various vocational and technical fields were provided by the district and the Dauphin County Technical School.

Generally, state subsidies and reimbursements are paid in the year subsequent to the year the school district incurs the cost that qualifies it for the applicable subsidy or reimbursement. While the Pennsylvania Department of Education (DE) makes partial payments to the school district throughout the year, final payments are normally made in June. Refer to the Supplementary Information on pages 9 through 12 of this report for a listing of the state revenue the district received during the 2003-04, 2002-03, 2001-02 and 2000-01 school years and for descriptions of the state revenue received by category.

In July, the Comptroller's Office confirms the payments that were made by DE throughout the prior fiscal year. School district annual financial reports and the related certified audits of the payments are not available before October 31st of the following fiscal year.

SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT
OBJECTIVES, SCOPE AND METHODOLOGY

OBJECTIVES AND SCOPE

Our audit objectives were:

- . Objective No. 1 - To determine if the Susquehanna Township School District complied with applicable state laws, regulations, contracts, grants, and administrative procedures falling within the scope of our audit; and
- . Objective No. 2 - To determine if the Susquehanna Township School District took appropriate corrective action to address the findings and recommendations contained in our prior audit report.

The scope of our audit covered the years ended June 30, 2004, 2003, 2002 and 2001, and in certain areas extending beyond June 30, 2004.

METHODOLOGY

Our audit was conducted under authority of 72 P.S. § 403, and does not supplant the local annual audit as required by the Public School Code of 1949, as amended.

The proper administration of a school district requires school board members to establish and maintain internal controls to provide reasonable assurance that specific school district objectives will be achieved. School board members are responsible for the adoption and use of policies and procedures that promote the economic and efficient conduct of assigned duties and responsibilities. In completing our audit, we obtained an understanding of the school district's internal controls as they relate to the district's compliance with applicable state laws, regulations, contracts, grants, and administrative procedures falling within the scope of our audit. We evaluated and tested documents, files, reports, agreements, and systems, and performed analytical procedures to the extent necessary to satisfy our audit objectives. Additionally, we interviewed selected administrators and operations personnel.

As noted in the Background section of this report, the Department of Education generally pays state subsidies and reimbursements in the fiscal year subsequent to the fiscal year the district incurs the qualifying cost. Since we use the payment confirmations, annual financial reports and certified audit data as supporting documentation of actual payments received in the performance of our audit, we cannot begin the field work of a school district's operations for a given year until after this information becomes available.

SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

CONCLUSIONS - OBJECTIVE NO. 1

The first objective of our audit was to determine if the Susquehanna Township School District complied with applicable state laws, regulations, contracts, grants, and administrative procedures falling within the scope of our audit.

The results of our tests indicate that with respect to the items tested, the Susquehanna Township School District complied with applicable state laws, regulations, contracts, grants, and administrative procedures falling within the scope of our audit.

SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

CONCLUSIONS - OBJECTIVE NO. 2

The second objective of our audit was to determine if the Susquehanna Township School District took appropriate corrective action to address the findings and recommendations contained in our prior audit report for the years ended June 30, 2000 and 1999, and in certain areas extending beyond June 30, 2000. The status of these findings, along with a description of the school board's disposition of each recommendation, was determined by one or more of the following procedures:

- review of the board's written response, dated July 22, 2002, to the Labor, Education and Community Services, Comptroller's Office, replying to the Auditor General's audit report for the years ended June 30, 2000 and 1999, and in certain areas extending beyond June 30, 2000;
- tests performed as a part of, or in conjunction with, the current audit; and
- questioning of appropriate district personnel regarding specific prior years' findings and recommendations.

Finding No. 1 – Transportation Reimbursement Overpayments of \$31,086

Our prior audit review of the district's transportation records for the 1999-2000 and 1998-99 school years disclosed errors in contracted vehicle data and the number of nonpublic pupils who were transported and reported to the Department of Education (DE). These errors resulted in transportation reimbursement overpayments totaling \$31,086.

We recommended that district personnel:

- complete a reconciliation of data contained in DE final reports to the district's records;
- ensure the number of nonpublic pupils transported were reported accurately and in accordance with DE guidelines and instructions; and
- review reports submitted subsequent to the audit period and if errors were found, submit revised reports to DE.

SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

Finding (Continued)

In its written response the board stated:

The school district accepts the findings of the auditors relative to Transportation Reimbursement overpayments of \$31,086. The cause of the finding was district personnel's failure to reconcile data contained in the DE final report with district records. School District Management is in agreement with the Transportation finding disclosed by the Bureau of School Audits, Department of the Auditor General. Management will implement additional final review procedures to ensure the correct reporting of non-public students and mileage for all reportable vehicles.

Our current audit revealed the district has implemented its corrective action plan, and no errors were disclosed in transportation reports for the 2000-01, 2001-02, 2002-03 and 2003-04 school years. Based on the results of our current audit, we concluded that the district did take appropriate corrective action to address this finding.

DE adjusted the district's allocations to correct the overpayments on June 1, 2005.

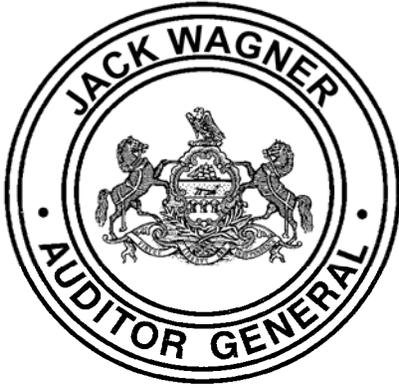
Finding No. 2 – Possible Certification Irregularities

Our prior audit review of the professional employees' certification and assignments for the period July 1, 1998 through February 26, 2002, disclosed two teachers may have been employed with expired certificates.

We recommended that, upon receipt of the Bureau of Teacher Certification and Preparation's (BTCPC) determination, the superintendent require the individuals cited in this finding to obtain proper certification or reassign them to positions for which they were properly certified, if necessary.

We also recommended that, if BTCPC confirmed the irregularities, DE take action to recover any subsidy forfeiture which may be levied.

The subsidy forfeiture was administratively addressed by DE. Our current audit disclosed that the two teachers in question currently have proper certification, and no additional certification irregularities were disclosed. Based on the results of our current audit, we concluded that the district did take appropriate corrective action to address this finding.



SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

SUPPLEMENTARY INFORMATION
[UNAUDITED]

Schedule of State Revenue Received

The district reported it received state revenue of \$5,465,996, \$5,145,766, \$4,743,280 and \$4,506,813, respectively, for the years ended June 30, 2004, 2003, 2002 and 2001, as detailed in the following schedule:

STATE REVENUE	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Basic Education	\$2,157,077	\$2,091,000	\$1,994,219	\$1,834,596
Charter Schools	4,117	223	146	-
School Performance Incentives	-	24,358	-	3,910
Tuition for Orphans and Children Placed in Private Homes	226,034	242,519	191,480	152,187
Homebound Instruction	612	283	698	884
Alternative Education	31,744	60,555	32,252	-
Driver Education	4,235	3,845	3,425	4,620
Migratory Children	-	-	40	200
Special Education	1,226,523	1,212,176	1,139,467	1,070,125
Transportation	782,514	773,890	652,886	565,391
Rental and Sinking Fund Payments	97,349	85,751	90,142	102,881
Health Services	58,626	7,218	57,260	56,525
Social Security and Medicare Taxes	578,190	562,502	512,581	487,936
Retirement	298,975	81,446	68,684	120,703
Technology Grants	-	-	-	106,855
<u>TOTAL STATE REVENUE</u>	<u>\$5,465,996</u>	<u>\$5,145,766</u>	<u>\$4,743,280</u>	<u>\$4,506,813</u>

SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

SUPPLEMENTARY INFORMATION
[UNAUDITED]

Description of State Revenue Received per the Pennsylvania Accounting Manual

Basic Education

Revenue received from Commonwealth appropriations as subsidy for basic education.

Charter Schools

Revenue received from the Commonwealth to fund the Charter Schools initiative. The state subsidy received includes revenue for startup funding, nonpublic transfers, and transitional grants.

School Performance Incentives

Revenue received from Commonwealth appropriations to reward significant educational and school-specific performance improvements as measured by improvements in student attendance and student accomplishments.

Tuition for Orphans and Children Placed in Private Homes

Revenue received from the Commonwealth as tuition for children who are orphans and/or children who are placed in private homes by the court. Payments are made in accordance with Sections 1305 and 1306 of the Public School Code.

Homebound Instruction

Revenue received from the Commonwealth as subsidy for expenses incurred for instruction of homebound pupils. Payments are made in accordance with Section 2510.1 of the Public School Code.

Alternative Education

Revenue received from the Commonwealth as subsidy for alternative education. Alternative education is specialized educational instruction and support services to students that must be removed from regular classrooms because of disruptive behavior.

Driver Education

Revenue received from the Commonwealth as subsidy for conducting a standardized driver education program. Payments are made in accordance with Section 2504.1 of the Public School Code.

SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

SUPPLEMENTARY INFORMATION
[UNAUDITED]

Migratory Children

Revenue received from the Commonwealth as subsidy for the attendance of migratory children in accordance with Section 2502 (Act 341 of 1959) and Section 2509.2 of the Public School Code.

Special Education

Revenue received from the Commonwealth as subsidy for expenditures incurred for instructing school age special education students.

Transportation

Revenue received from the Commonwealth as subsidy for pupil transportation expenditures and/or board and lodging in lieu of transportation. Payments for pupil transportation are made in accordance with Section 2541 of the Public School Code. Payments for board and lodging in lieu of transportation are made in accordance with Section 2542 of the Public School Code. This revenue also includes subsidy for the transportation of nonpublic and charter school students.

Rental and Sinking Fund Payments

Revenue received from the Commonwealth as a full or partial subsidy payment for approved lease rentals, sinking fund obligations, or any approved district debt obligations for which the Department of Education has assigned a lease number.

Health Services

Revenue received from the Commonwealth as subsidy for health services. Payments are made in accordance with Section 2505.1 of the Public School Code and include revenue for medical, dental, nurse and Act 25 health services.

Social Security and Medicare Taxes

Revenue received from the Commonwealth as subsidy designated as the Commonwealth's matching share of the employer's contribution of the Social Security and Medicare taxes for covered employees who are not federally funded.

Retirement

Revenue received from the Commonwealth as subsidy designated as the Commonwealth's matching share of the employer's contribution of retirement contributions for active members of the Public School Employees' Retirement System.

SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

SUPPLEMENTARY INFORMATION
[UNAUDITED]

Technology Grants

Revenue received for technology initiatives that allow the schools to develop new information technology projects, such as upgrade of networks or improved computer hardware and software.

BUREAU OF SCHOOL AUDITS

AUDIT REPORT DISTRIBUTION LIST

This report was initially distributed to the superintendent of the school district, the board members, our website address at www.auditorgen.state.pa.us, and the following:

The Honorable Gerald Zahorchak, D.Ed.
Secretary of Education
1010 Harristown Building #2
333 Market Street
Harrisburg, PA 17126

Mr. John Godlewski, Director
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Bureau of Budget and Fiscal Management
4th Floor, 333 Market Street
Harrisburg, PA 17126

The Honorable Robert P. Casey, Jr.
State Treasurer
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Harrisburg, PA 17120

Dr. David Wazeter, Research Manager
Pennsylvania State Education Association
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Harrisburg, PA 17105

Ms. Ann Boyko, School Personnel Services Administrator
Pennsylvania School Boards Association
400 Bent Creek Boulevard
Mechanicsburg, PA 17050

This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, Pennsylvania 17120. If you have any questions regarding this report or any other matter, you may contact the Department of the Auditor General by accessing our website at www.auditorgen.state.pa.us.