

# PERFORMANCE AUDIT

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## Susquehanna Township School District Dauphin County, Pennsylvania

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May 2019



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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**EUGENE A. DePASQUALE  
AUDITOR GENERAL**

Dr. Tamara C. Willis, Superintendent  
Susquehanna Township School District  
2579 Interstate Drive  
Harrisburg, Pennsylvania 17110

Mr. John F. Dietrich, Board President  
Susquehanna Township School District  
2579 Interstate Drive  
Harrisburg, Pennsylvania 17110

Dear Dr. Willis and Mr. Dietrich:

We have conducted a performance audit of the Susquehanna Township School District (District) for the period July 1, 2013 through June 30, 2017, except as otherwise indicated in the audit scope, objective, and methodology section of the report. We evaluated the District's performance in the following areas as further described in the appendix of this report:

- Nonresident Student Resident Data
- Administrator Separations
- Bus Driver Requirements

We also evaluated the application of best practices in the area of school safety. A portion of the results of our review of school safety can be found in the finding in this report. Due to the sensitive nature of this issue, the full results of our review are confidential. However, we communicated the full results of our review of school safety to District officials, the Pennsylvania Department of Education, and other appropriate officials as deemed necessary.

The audit was conducted pursuant to Sections 402 and 403 of The Fiscal Code (72 P.S. §§ 402 and 403), and in accordance with the Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Dr. Tamara C. Willis  
Mr. John F. Dietrich  
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Our audit found that the District performed adequately in the areas listed above, except as noted in the following finding:

- The Susquehanna Township School District Failed to Conduct All Required Monthly Fire Drills in Accordance With the Public School Code and Did Not Maintain Adequate Supporting Documentation

We appreciate the District's cooperation during the course of the audit.

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

March 25, 2019

cc: **SUSQUEHANNA TOWNSHIP SCHOOL DISTRICT** Board of School Directors

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## Background Information

School Characteristics 2017-18 School Year <sup>A</sup>	
County	Dauphin
Total Square Miles	17
Number of School Buildings	4
Total Teachers	226
Total Full or Part-Time Support Staff	188
Total Administrators	13
Total Enrollment for Most Recent School Year	2,879
Intermediate Unit Number	15
District Vo-Tech School	Dauphin County Technical School

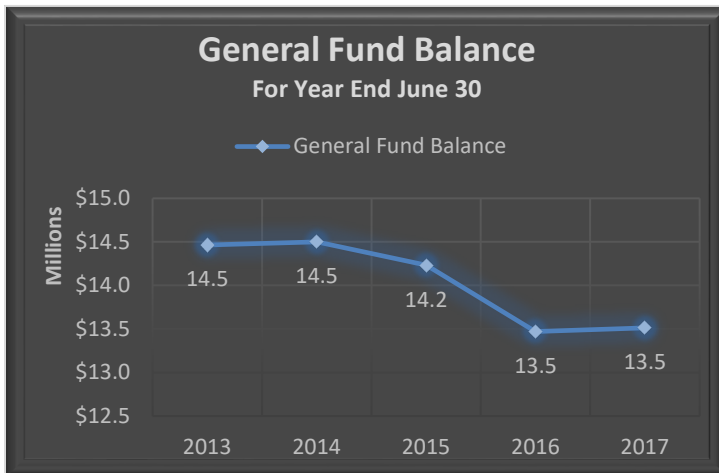
A - Source: Information provided by the District administration and is unaudited.

## Mission Statement<sup>A</sup>

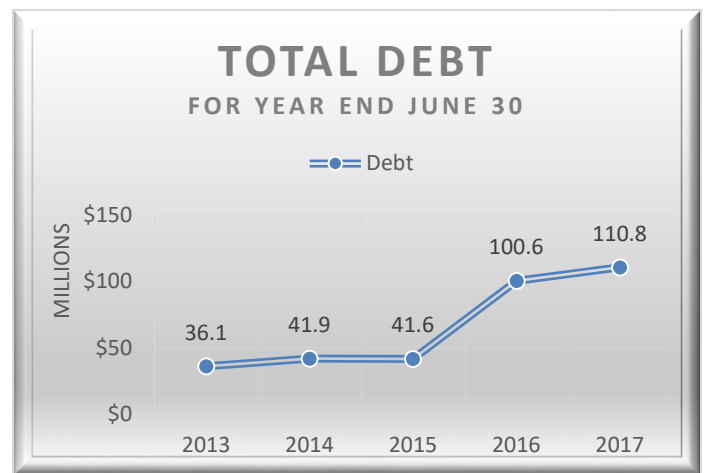
The Success of Every Learner.

## Financial Information

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

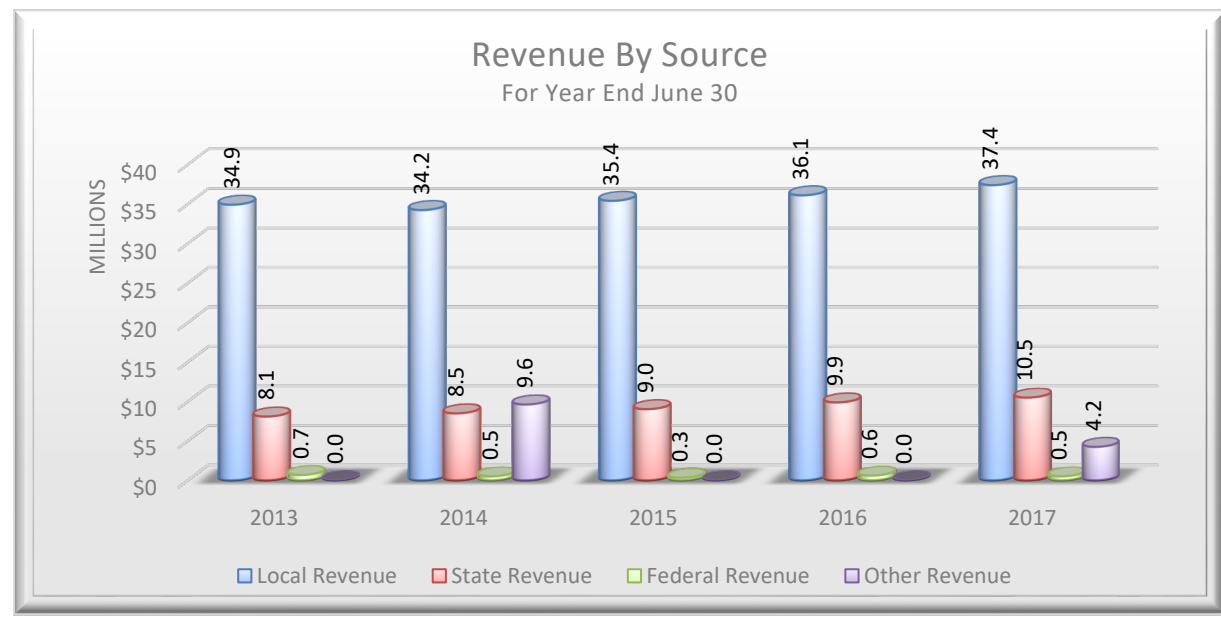
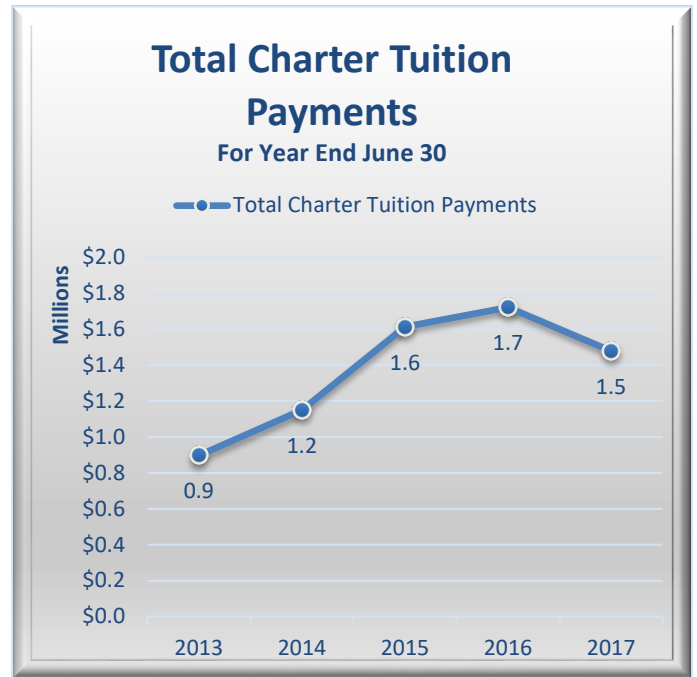
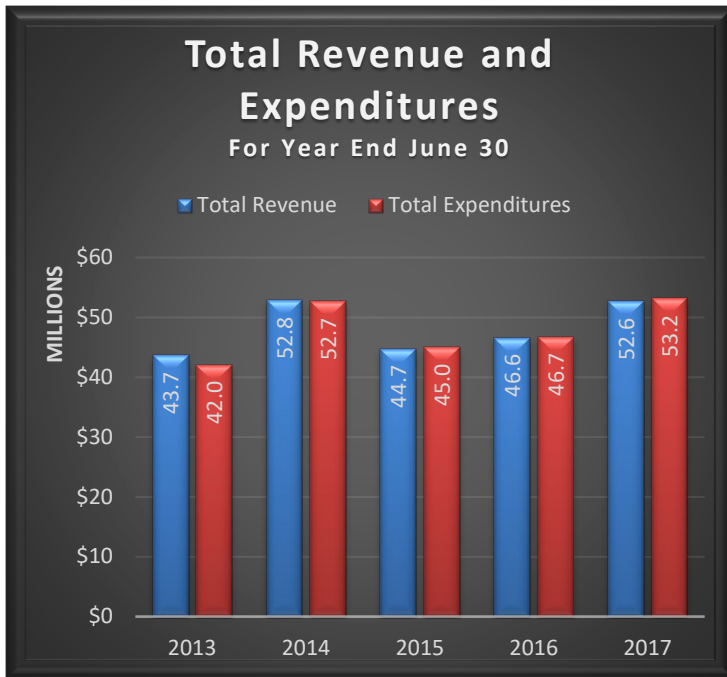


**Note:** General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



**Note:** Total Debt is comprised of Short-Term Borrowing, General Obligation Bonds, Authority Building Obligations, Other Long-Term Debt, Other Post-Employment Benefits, Compensated Absences and Net Pension Liability.

## Financial Information Continued



## **Academic Information**

The graphs on the following pages present School Performance Profile (SPP) scores, Pennsylvania System of School Assessment (PSSA) scores, Keystone Exam results, and 4-Year Cohort Graduation Rates for the District obtained from the PDE's data files for the 2014-15, 2015-16 and 2016-17 school years.<sup>1</sup> These scores are provided in the District's audit report for **informational purposes only**, and they were not audited by our Department. Please note that if one of the District's schools did not receive a score in a particular category and year presented below, the school will not be listed in the corresponding graph.<sup>2</sup> Finally, benchmarks noted in the following graphs represent the statewide average of all public school buildings in the Commonwealth that received a score in the category and year noted.<sup>3</sup>

### **What is a SPP score?**

A SPP score serves as a benchmark for schools to reflect on successes, achievements, and yearly growth. The PDE issues a SPP score using a 0-100 scale for all school buildings in the Commonwealth annually, which is calculated based on standardized testing (i.e., PSSA and Keystone exam scores), student improvement, advance course offerings, and attendance and graduation rates. Generally speaking, a SPP score of 70 or above is considered to be a passing rate.

The PDE started issuing a SPP score for all public school buildings beginning with the 2012-13 school year. For the 2014-15 school year, the PDE only issued SPP scores for high schools taking the Keystone Exams as scores for elementary and middle schools were put on hold due to changes with PSSA testing.<sup>4</sup> The PDE resumed issuing a SPP score for all schools for the 2015-16 school year.

### **What is the Keystone Exam?**

The Keystone Exam measures student proficiency at the end of specific courses, such as Algebra I, Literature, and Biology. The Keystone Exam was intended to be a graduation requirement starting with the class of 2017, but that requirement has been put on hold until the 2020-21 school year.<sup>5</sup> In the meantime, the exam is still given as a standardized assessment and results are included in the calculation of SPP scores. The Keystone Exam is scored using the same four performance levels as the PSSAs, and the goal is to score Proficient or Advanced for each course requiring the test.

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<sup>1</sup> The PDE is the sole source of academic data presented in this report. All academic data was obtained from the PDE's publically available website.

<sup>2</sup> The PDE's data does not provide any further information regarding the reason a score was not published for a specific school. However, readers can refer to the PDE's website for general information regarding the issuance of academic scores.

<sup>3</sup> Statewide averages were calculated by our Department based on individual school building scores for all public schools in the Commonwealth, including district schools, charters schools, and cyber charter schools.

<sup>4</sup> According to the PDE, SPP scores for elementary and middle schools were put on hold for the 2014-15 school year due to the state's major overhaul of the PSSA exams to align with PA Core standards and an unprecedented drop in public schools' PSSA scores that year. Since PSSA scores are an important factor in the SPP calculation, the state decided not to use PSSA scores to calculate a SPP score for elementary and middle schools for the 2014-15 school year. Only high schools using the Keystone Exam as the standardized testing component received a SPP score.

<sup>5</sup> Act 39 of 2018, effective July 1, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement for an additional year until the 2020-21 school year. See 24 P.S. § 1-121(b)(1).

### **What is the PSSA?**

The PSSA is an annual, standardized test given across the Commonwealth to students in grades 3 through 8 in core subject areas, including English and Math. The PSSAs help Pennsylvania meet federal and state requirements and inform instructional practices, as well as provide educators, stakeholders, and policymakers with important information about the state's students and schools.

The 2014-15 school year marked the first year that PSSA testing was aligned to the more rigorous PA Core Standards.<sup>6</sup> The state uses a grading system with scoring ranges that place an individual student's performance into one of four performance levels: Below Basic, Basic, Proficient, and Advanced. The state's goal is for students to score Proficient or Advanced on the exam in each subject area.

### **What is a 4-Year Cohort Graduation Rate?**

The PDE collects enrollment and graduate data for all Pennsylvania public schools, which is used to calculate graduation rates. Cohort graduation rates are a calculation of the percentage of students who have graduated with a regular high school diploma within a designated number of years since the student first entered high school. The rate is determined for a cohort of students who have all entered high school for the first time during the same school year. Data specific to the 4-year cohort graduation rate is presented in the graph.<sup>7</sup>

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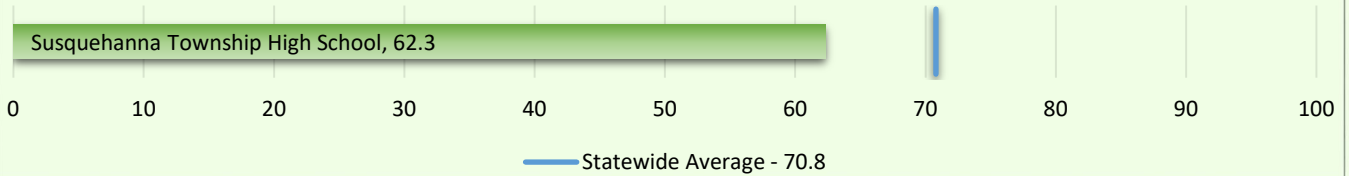
<sup>6</sup> The PDE has determined that PSSA scores issued beginning with the 2014-15 school year and after are not comparable to prior years due to restructuring of the exam.

<sup>7</sup> The PDE also calculates 5-year and 6-year cohort graduation rates. Please visit the PDE's website for additional information: <http://www.education.pa.gov/Data-and-Statistics/Pages/Cohort-Graduation-Rate-.aspx>.

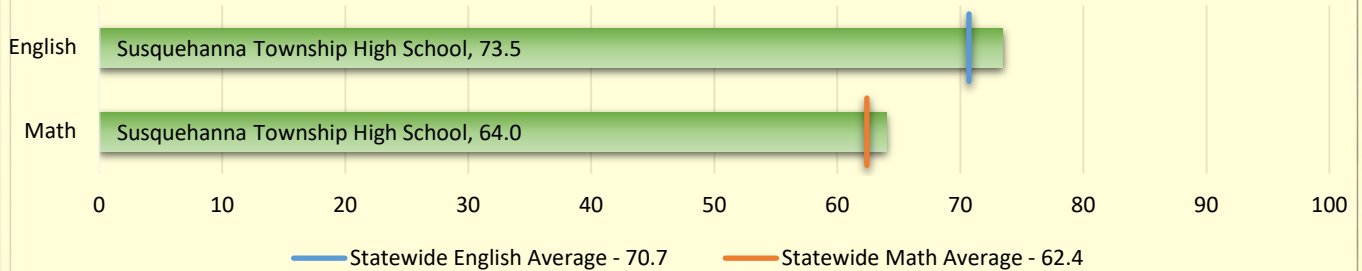


**2014-15 Academic Data**  
**School Scores Compared to Statewide Averages**

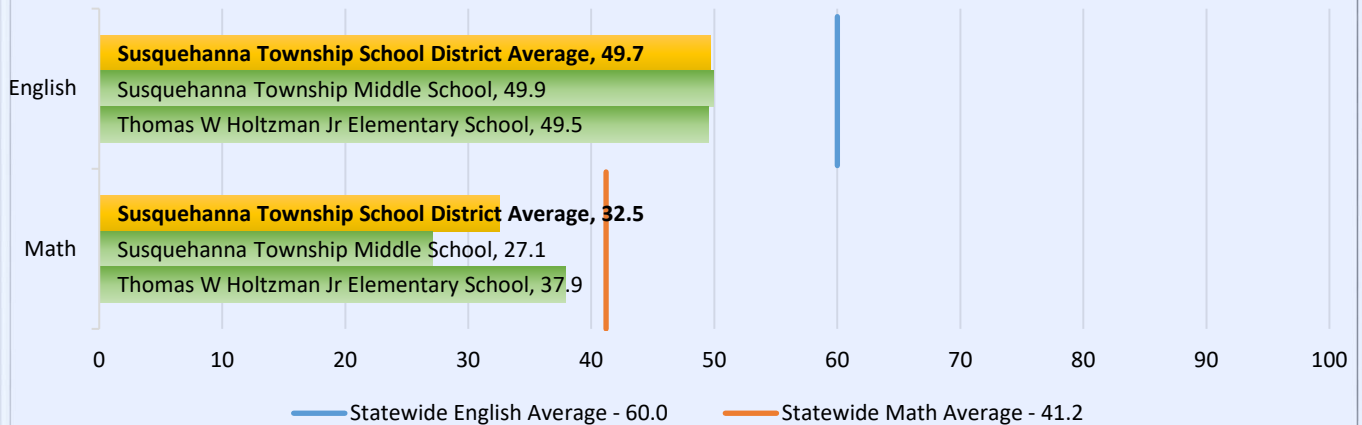
**2014-15 SPP Scores**



**2014-15 Keystone % Advanced or Proficient**

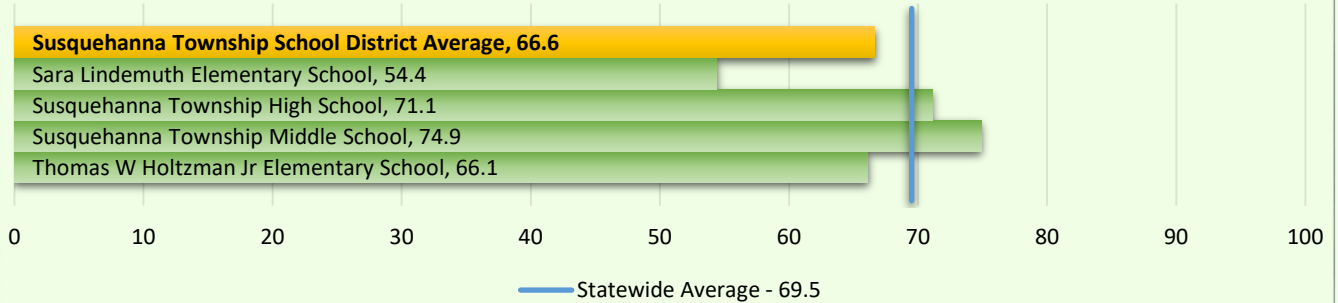


**2014-15 PSSA % Advanced or Proficient**

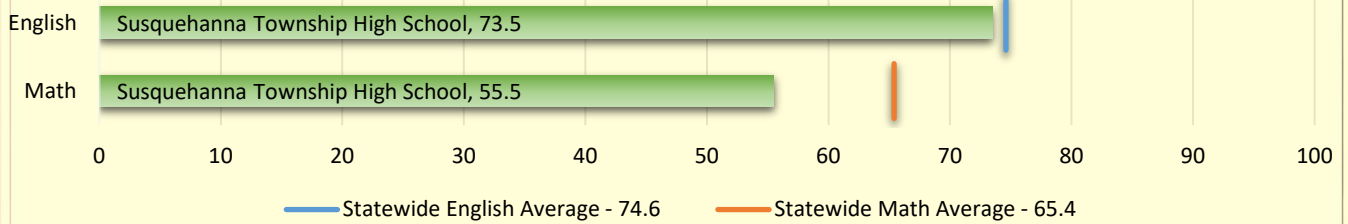


**2015-16 Academic Data**  
**School Scores Compared to Statewide Averages**

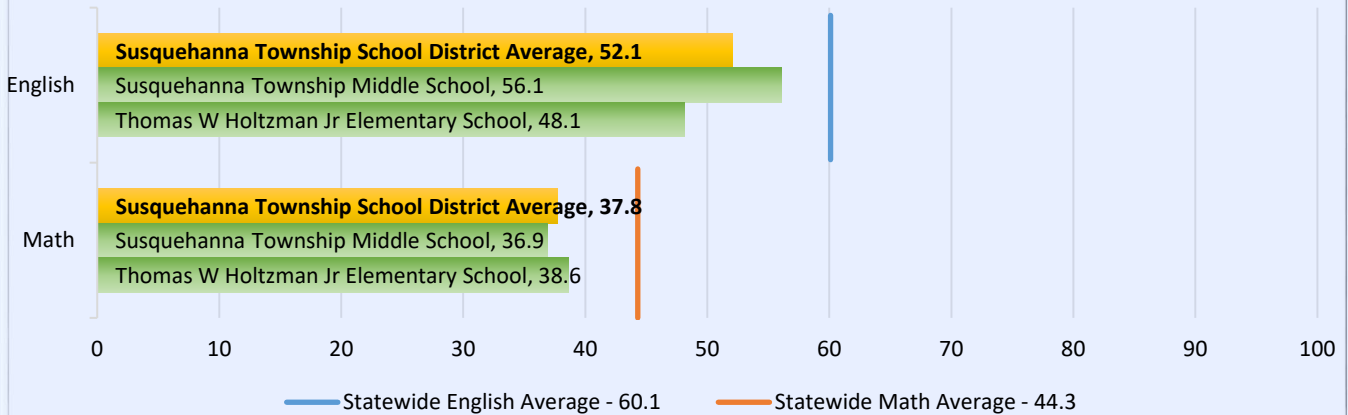
**2015-16 SPP Scores**



**2015-16 Keystone % Advanced or Proficient**

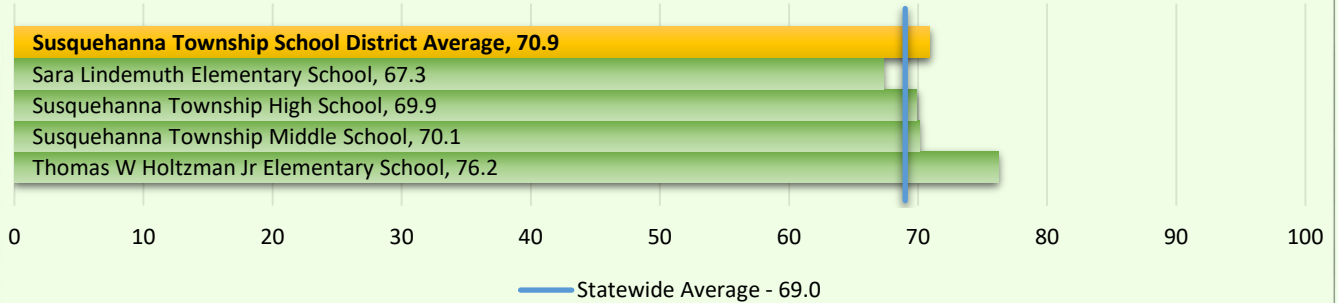


**2015-16 PSSA % Advanced or Proficient**

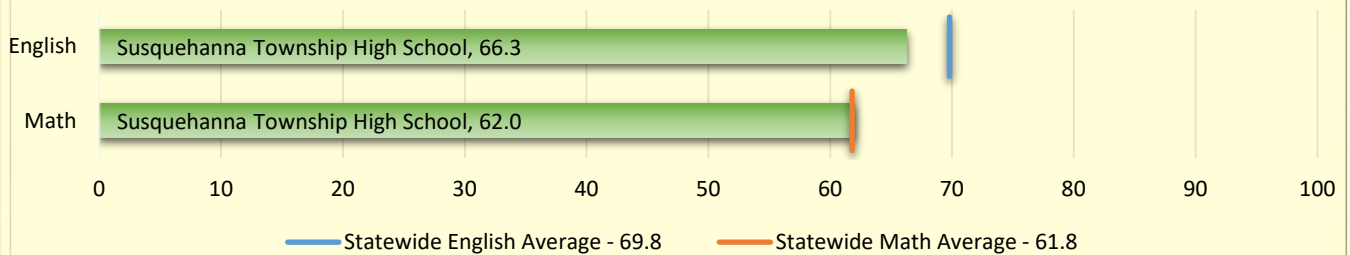


**2016-17 Academic Data**  
**School Scores Compared to Statewide Averages**

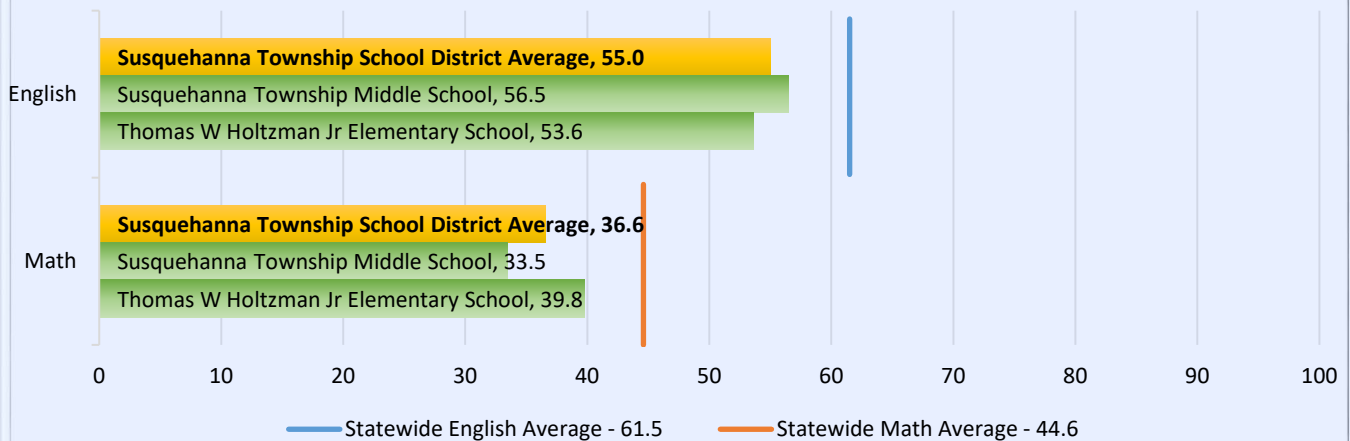
**2016-17 SPP Scores**



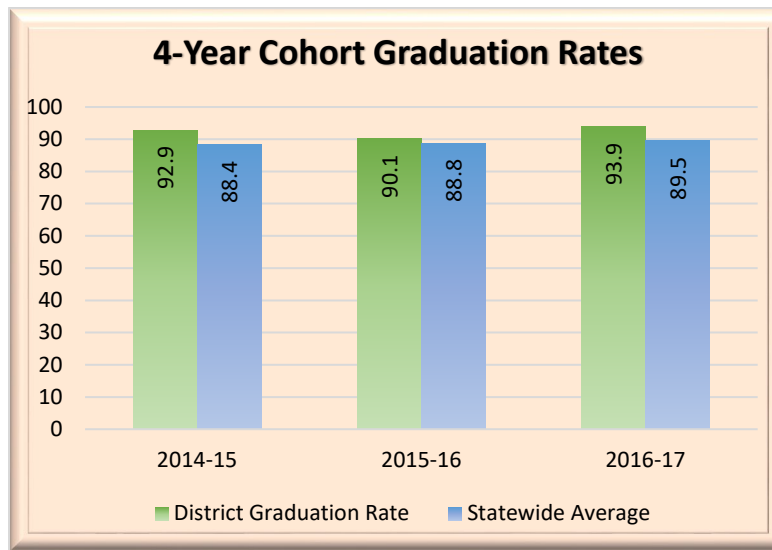
**2016-17 Keystone % Advanced or Proficient**



**2016-17 PSSA % Advanced or Proficient**



**Graduation Data**  
**District Graduation Rates Compared to Statewide Averages**



## Finding

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### Finding

### The Susquehanna Township School District Failed to Conduct All Required Monthly Fire Drills in Accordance With the Public School Code and Did Not Maintain Adequate Supporting Documentation

#### *Criteria relevant to the finding:*

The following Public School Code (PSC) provisions, as implemented by the Pennsylvania Department of Education (PDE) in its guidance for the 2017-18 school year, are relevant to the finding:

Section 1517(a) of the PSC requires:

“(a) In all public schools where fire-escapes, appliances for the extinguishment of fires, or proper and sufficient exits in case of fire or panic, either or all, are required by law to be maintained, fire drills shall be periodically conducted, **not less than one a month**, by the teacher or teachers in charge, under rules and regulations to be promulgated by the district superintendent under whose supervision such schools are. In such fire drills, the pupils and teachers shall be instructed in, and made thoroughly familiar with, the use of the fire-escapes, appliances and exits. **The drill shall include** the actual use thereof, and **the complete removal of the pupils and teachers**, in an expeditious and orderly manner, by means of fire-escapes and exits, from the building to a place of safety on the ground outside.” [Emphases added.] See 24 P.S. § 15-1517(a) (effective through November 5, 2017).

Our review of the Susquehanna Township School District’s (District) fire drill reports for the 2017-18 school year disclosed that the District failed to conduct fire drills each month, as required by Section 1517(a) of the Public School Code (PSC).<sup>8</sup> We also found that the District did not maintain documentation to support the fire drills reported to the Pennsylvania Department of Education (PDE) at three of its four school buildings. In addition, we found discrepancies between the documentation available and the fire drill data reported to the PDE. Consequently, the Superintendent, who was mandated to ensure that the fire drills are “faithfully carried out”, inappropriately attested to the accuracy of the fire drill data reported.<sup>9</sup>

As part of our review, we requested the 2017-18 Fire Drill Accuracy Certification Statement (ACS) report required to be filed with the PDE for the District’s four school buildings. We also reviewed supporting documentation to determine if the required fire drills were conducted each month from September through May while school was in session. The District could only provide the fire drill support documentation for its middle school. The District could not provide fire drill documentation for its high school or its two elementary schools. Without supporting documentation, we could not verify the accuracy of the fire drill data reported to the PDE for these three buildings.

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<sup>8</sup> 24 P.S. § 15-1517(a).

<sup>9</sup> 24 P.S. § 15-1517(b). With regard to the fire drill mandate, the PSC explicitly requires district superintendents to ensure that the requirement be “faithfully carried out in the schools over which they have charge.” Please note that Act 55 of 2017 (which only applies to our future audit periods) expanded subsection (b) of Section 1517 to apply to all “chief school administrators” and states that “the provisions of this section are [to be] faithfully carried out in the **school entities** over which they have charge.” [Emphasis added.]

*Criteria relevant to the finding  
(continued):*

Further, Section 1517(b) of the PSC also requires:

“(b) District superintendents are hereby required to see that the provisions of this section are faithfully carried out in the schools over which they have charge.” See 24 P.S. § 15-1517(b) (except minor wording changes, this statutory language is currently effective).

According to the PDE guidance emailed to all public schools on October 7, 2016, and its Basic Education Circular entitled, *Fire Drills and School Bus Evacuations*, annual certification of the completion of fire drills must be provided to the PDE. Beginning with the 2016-17 school year, annual reporting was required through the PDE’s Pennsylvania Information Management System (PIMS) and fire drill certifications require each school entity to report the date on which each monthly fire drill was held. Fire Drill Accuracy Certification Statements must be electronically submitted to the PDE by July 31 following the end of a school year. Within two weeks of the electronic PIMS submission, a printed, signed original must be sent to the PDE’s Office for Safe Schools.

Further review of the District’s ACS report revealed that the District only reported completing 31 fire drills in its four school buildings, instead of the 36 fire drills required for the nine school months reviewed.<sup>10</sup> However, the District did provide reasons for not conducting the remaining five drills, such as inclement weather. Additionally, we found discrepancies between the fire drill data reported to the PDE for the middle school and the supporting documentation available. Specifically, we found that two fire drill dates on the ACS report were different than the dates on the supporting documentation provided. Also, the ACS report indicates that a fire drill was held at the high school on a holiday when, according to the district-wide school calendar, the school was closed. The PSC explicitly requires that fire drills be conducted on days when students and staff are present.

Under Section 1517(b) of the PSC, district superintendents are required to ensure that all requirements of Section 1517 are “faithfully carried out in the schools over which they have charge.”<sup>11</sup> The Superintendent also has a duty to affirm that all of the information in the 2017-18 Fire Drill Accuracy Certification Statement report filed with the PDE for the District’s four school buildings was correct and true to the best of his knowledge. Given the inconsistencies between the ACS report and the documentation provided, along with the unavailable documentation, the Superintendent inappropriately attested to the accuracy of the fire drill data.

In conclusion, it is vitally important that District students and staff regularly participate in fire drills and other emergency drills throughout the school year, and that fire drill data is timely and accurately reported to the PDE. The PSC specifically mandates that fire drills be conducted each and every month while school is in session. In fact, as further explained in the criteria to the left, recent amendments to the PSC reinforce the importance of conducting both monthly fire drills and school security drills. Additionally, it is essential that the District maintain adequate documentation to support the fire drill data reported to the PDE.

<sup>10</sup> The District has four school buildings, and fire drills are required each month for each building. Therefore, we determined that a total of 36 fire drills should have been conducted (4 buildings x 9 months = 36 drills).

<sup>11</sup> 24 P.S. § 15-1517(b). As noted above, pursuant to Act 55, the section now applies to all chief school administrators and all school entities.

*Criteria relevant to the finding  
(continued):*

The PIMS Fire Drill Accuracy Certification Statement that the superintendents were required to sign during the audit period states, in part:

“I acknowledge that 24 PS 15-157 ...[requires that] fire drills shall be periodically conducted, not less than one a month...under rules and regulations to be promulgated by the district superintendent under whose supervision such schools are...District superintendents are hereby required to see that the provisions of this section are faithfully carried out in the schools over which they have charge. I certify that drills were conducted in accordance with 24 PS 15-157 and that information provided on the files and summarized on the above School Safety Report is correct and true to the best of my knowledge and was prepared in accordance with the...[PIMS].”

**Important Note:** The following summary is provided as a courtesy for informational purposes only to highlight recent amendments to the PSC, but does **not** apply to the audit period (i.e., 2017-18 school year) for this finding.

In **2018**, the General Assembly amended Section 1517 of the PSC through Act 39 which **mandates** that each school entity conduct one school security drill per school year in each school building in place of a required fire drill within 90 days of the commencement of the school year after the subsection’s effective date (July 1, 2018) and in each school year thereafter. The school security drill **must** be conducted while the school entity is in session and students are present. Further, Act 39 provides that each school entity may conduct two school security drills per school year in each school building in place of two fire drills after 90 days from the commencement of each school year. See 24 P.S. § 15-1517 (as most recently amended by Act 39 of 2018).

## Recommendations

The *Susquehanna Township School District* should:

1. Conduct monthly fire drills and emergency drills with staff and students at each school building while school is in session, as required by the PSC.
2. Ensure that the District is reporting factually accurate data to the PDE in its annual fire drill reports that can be evidenced by supporting documentation.
3. Request its solicitor to advise District officials about the amendments to the PSC related to fire and school security drill requirements beginning in the 2018-19 school year so that the District can ensure compliance with all applicable, current provisions of the PSC.

## Management Response

District management provided the following response:

“The Susquehanna Township School District has developed the following internal controls to address this finding:

- Each building principal will be required to submit, in writing, the date, time and duration of each drill to the Superintendent and the Data Supervisor on a monthly basis;
- The Safety Committee will review the status of fire and emergency drills and monitor a district-wide tracking system (SharePoint) on a monthly basis and report to the Superintendent.”

## Auditor Conclusion

We are pleased that the District intends to improve its internal controls over fire drill completion. We will evaluate the corrective action indicated in the District’s management response during our next audit.

To ensure District student and staff safety, we continue to emphasize the vital importance of its students and staff regularly participating in fire drills and other emergency drills throughout the school year while school is in session. Further, it is imperative that the District report only factually accurate fire drill data to the PDE in accordance with the PSC.

## **Status of Prior Audit Findings and Observations**

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Our prior audit of the Susquehanna Township School District (District) released on June 26, 2014, resulted in four findings, as shown below. As part of our current audit, we determined the status of corrective action taken by the District to implement our prior audit recommendations. We reviewed the District's written response provided to the Pennsylvania Department of Education (PDE), interviewed District personnel, and performed audit procedures as detailed in each status section below.

### **Auditor General Performance Audit Report Released on June 26, 2014**

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**Prior Finding No. 1:     The Lack of Cooperation Among the District's School Board Members and Between the School Board and the Administration Has Resulted in Ineffective District Governance (Resolved)**

Prior Finding Summary: Our prior audit found that the District's Board of School Directors (Board) and now former Superintendent did not effectively govern the District. Examples of this ineffective governance included:

- Failure of the Board and the now former Superintendent to lead as a united team, each from their respective roles, with strong collaboration and mutual trust.
- Failure to consistently follow and update board policies.
- Failure to clearly define and maintain the roles of the administration and the Board in staff hiring.
- Inadequate policy on establishing pilot programs.

The Board and the now former Superintendent's ineffective governance contributed to high turnover in key administrative positions. The District's legal costs increased substantially and were more than \$200,000 as of May 2014. Furthermore, the ineffective governance ultimately made it more difficult for the District to focus on the welfare of its students and improve academic performance, its primary mission.

Prior Recommendations: Key recommendations made in the prior audit include the following:

- The District's Board and administration should adopt an internal process for settling disagreements going forward.



- The Board should adopt a process for measuring and evaluating the effectiveness of board meetings.
- The Board should create an organizational structure that allows the superintendent to function as the chief executive officer and instructional leader of the District.
- The Board should adopt a policy or process for ensuring that each board member receives relevant policy information in a timely manner that allows him/her to make informed decisions at public meetings.
- The Board should hold monthly “committee as a whole” or “workshop” meetings in an attempt to unify the Board on important issues.
- The Board should obtain training for its members about its policy making responsibilities.
- The Board should adopt a process for ensuring regular review and revision of existing policies and the adoption of new policies. The Board should periodically evaluate this process to assess whether it is working effectively.
- The Board should evaluate the superintendent annually, according to mutually agreed upon procedures, whether they are in the superintendent’s contract or not.
- The Board should allow hiring decisions to be made as close as possible to the point of implementation.
- The Board and administration should work together when changing the hiring process, and all changes should be clearly documented.
- The Board should update its policy that governs pilot programs to address budgets, implementation, monitoring, and evaluating of the program.

Current Status:

During our current audit, we found that the current Board and Superintendent functioned as a professional team, each with their own responsibilities. In addition to regular monthly meetings, the Board began holding monthly “workshop” meetings in February 2015 to better meet District goals. The District also implemented a system for adding items to the agenda for upcoming board meetings to ensure that agendas are updated and complete prior to the board meeting. Board meeting agendas were prepared by the Superintendent and the

Executive Secretary. We found that the implementation of this system, in July 2015, enabled board members to have the necessary information to make timely and informed decisions at board meetings.

In addition, the current Superintendent now meets with the Board President and Vice President twice a month. The District's administration provides weekly updates to the Superintendent on issues concerning District operations, and the Superintendent presents the District's strategic plan to the Board twice per year.

Furthermore, in June 2015, the District began participating in the Baldrige Framework, which is a comprehensive plan developed by the administration in conjunction with the Board to address areas of improvement from a business perspective. Finally, during our audit period, the Board conducted an annual professional evaluation for all Superintendents employed for at least one year by the District. Overall, the administration's and Board's relationship has improved since the prior audit.

In June 2016, the District revised its hiring processes detailing the responsibilities of management and the Board in the hiring process. This revised process shows that the Board currently has a limited role in the hiring of new employees. The Board relies on the administrative staff to determine the hiring needs of the District and makes hiring decisions based on the information presented and discussed at board meetings.

In July 2015, the District implemented a policy tracking system to review board policy relevancy and to determine when updates are needed. Not all board policies have been updated since the prior audit. Specifically, we noted that the board policy concerning pilot programs has not been revised or rescinded since the prior audit. However, the policy tracking system and our review of the board meeting minutes show that the Board has made improvements in approving and revising policies. The District's administration has also implemented processes for updating administrative guidelines to coincide with new or revised board policies.

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**Prior Finding No. 2:      Certification Deficiencies (Resolved)**

Prior Finding Summary: During our prior audit of the District, we found three deficiencies regarding professional employees' certification for the period April 29, 2009 through March 31, 2013. Two individuals had lapsed certificates, and the third individual did not hold a valid emergency certificate for the District. The third individual received an emergency certificate while working at another district. Since emergency certifications are district specific and not transferable, this individual

was lacking appropriate certification at the Susquehanna Township School District during our period reviewed.

Prior Recommendations: We recommended that the District should:

1. Put procedures in place to ensure all professional employees are properly certified for their assignments and that the certifications are current.
2. Ensure only properly certified individuals holding current and valid certificates are allowed to teach District students.

We also recommended that the PDE should:

3. Adjust the District's allocations to recover the appropriate subsidy forfeitures.

Current Status:

Our review found that the two individuals with lapsed certificates both received permanent certifications in April 2013. The remaining individual received a valid certificate in July 2015.

During the 2015-16 school year, the District implemented a system to track professional employee certifications. This system provides information to the Human Resources Department regarding employee certification statuses and professional assignments. The District uses the information from this system to ensure that all professional employees are properly certified for their assignments.

On June 1, 2015, the PDE reduced the District's subsidy allocation by \$18,724.

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**Prior Finding No. 3: Possible Inaccurate Reporting of Retirement Wages (Resolved)**

Prior Finding Summary: Our prior review of the District's contracts between the Susquehanna Township Education Association's (STEA) professional personnel and Susquehanna Township Educational Support Professional Association's (STESPA) support personnel found that the District may have inaccurately reported wages eligible for retirement to the Public School Employees' Retirement System (PSERS) for the 2009-10, 2010-11, 2011-12, and 2012-13 school years. Furthermore, our review of administrative contracts found the District may have incorrectly reported payments made to the now former Superintendent in lieu of medical benefits from January 1, 2014 until April 25, 2014, as wages eligible for retirement to PSERS.

Prior Recommendations: We recommended that the District should:

1. Review the payments made to PSERS from July 1, 2010, for STEA employees and from July 1, 2009, for STESPA employees. Contingent upon PSERS's determination, ensure that proper adjustments are made to all individuals for whom ineligible retirement wages were reported.
2. Implement annual procedures for reviewing all salary and contribution reports, prior to submission to PSERS, in order to ensure that only eligible wages are being reported to PSERS for retirement purposes in accordance with the PSERS Employer Reference Manual.
3. Contingent upon the PSERS's final determination, provide the documentation that PSERS needs to adjust any incorrectly reported retirement wages.

We also recommended that PSERS should:

4. Determine if the service increment payments should have been reported to PSERS as eligible retirement wages. If it is determined that the service longevity payments should not have been reported to PSERS as eligible retirement wages, then PSERS should request documentation for all individuals who received such payments under the STEA and STESPA Agreements.
5. Based on its final determination, PSERS should adjust all payments incorrectly reported by the District for STEA employees since July 1, 2010, and for STESPA employees since July 1, 2009.
6. Review the payments of \$20,000 made in lieu of medical benefits to the now former Superintendent from January 1, 2013 through April 25, 2014. If the payments were incorrectly reported to PSERS by the District as eligible retirement wages, PSERS should make the appropriate adjustments.

Current Status:

During our current review, we found that, in October 2014, PSERS determined that no adjustments were needed for STESPA employees. However, PSERS determined that longevity payments received by STEA members were not eligible wages and made the appropriate adjustments to member accounts for the 2010-11 through 2013-14 school years. PSERS also determined that the payment made in lieu of benefits to the former Superintendent was ineligible retirement wages and adjusted the former Superintendent's account accordingly.

In October 2014, immediately following the determination from PSERS, the District refunded member contributions to those STEA members who received longevity payments during the 2010-11 through 2013-14 school years. In January 2019, the District refunded the member contributions associated with the payment in lieu of benefits to the former Superintendent.

Beginning with the 2017-18 school year, employee contracts no longer contain longevity payment clauses. Furthermore, the District did not make any additional payments in lieu of benefits to any employee during our audit period.

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**Prior Finding No. 4:      The District Failed to Properly Contract for Services and to Actively Monitor Service Providers (Partially Resolved)**

Prior Finding Summary: Our prior audit of the District found multiple examples of the District's failure to properly contract for services. Additionally, we found that the District lacked proper oversight of those individuals and companies with whom the District contracted.

Prior Recommendations: We recommended that the District should:

1. Require that a contract or written agreement be approved by an affirmative vote of the Board and executed prior to engaging in any business with outside vendors, professionals, or consultants, based on a financial threshold determined by the Board.
2. Implement procedures to ensure that compensation for all consultants who provide services on a regular basis are approved by the Board.
3. Obtain Board approval for all legal counsel services and ensure that all legal invoices received by the District are closely reviewed as being consistent with the actual services received.
4. Ensure that engagement letters for legal services are obtained, approved by the Board, and kept on file at the District so the services and rates for the services can be verified.
5. Review Board Policy 6022 which addresses administration compensation and consider entering into Act 93 agreements that require review and approval on a more frequent basis.

Current Status:

During our current review, we found that beginning in June 2015, a “Contracts” section was added to the board meeting minutes. During our review of board meeting minutes after June 2015, we found that numerous contracts, small and large, have been approved since the prior audit. However, we found that the District could not provide signed copies of every contract approved by the Board since June 2015. We also found one contractor that has conducted business with the District since the 2015-16 school year, but did not have a board approved contract until November 2018. The District entered into this written contract as a result of our inquiry. Furthermore, we noted that individual payments to contractors and consultants are approved monthly by the Board as part of the Bills List.

During our review of District vendor reports, we found four legal firms that were used by the District during our audit period. However, the District was only able to provide signed engagement letters for two of the four firms. The District could not locate an engagement letter from the third legal firm used during our audit period. However, we did note during our review of board meeting minutes that the rate for this firm was approved in March 2015 and is the same rate being currently charged. The remaining legal firm had an engagement letter approved by the Board in March 2014. This engagement letter discussed work on a bond issue and provided for a flat fee to act as bond counsel. The District could not provide an engagement letter that documented the other hourly work provided by this firm. **We again recommend that the District obtain and retain approved engagement letters for all legal services provided to the District.**

Review of legal invoices from the 2016-17 and 2017-18 school years did show that the District required District administrative approval of all legal invoices prior to payment. However, in the absence of signed approved engagement letters, it is difficult for administrators to ensure that the District has been invoiced correctly.

The Board approved an Act 93 Agreement addressing administration compensation in August 2017. The Act 93 Agreement covers the period from July 1, 2017 through June 30, 2020.

## Appendix: Audit Scope, Objectives, and Methodology

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School performance audits allow the Pennsylvania Department of the Auditor General to determine whether state funds, including school subsidies, are being used according to the purposes and guidelines that govern the use of those funds. Additionally, our audits examine the appropriateness of certain administrative and operational practices at each local education agency (LEA). The results of these audits are shared with LEA management, the Governor, the Pennsylvania Department of Education (PDE), and other concerned entities.

Our audit, conducted under authority of Sections 402 and 403 of The Fiscal Code,<sup>12</sup> is not a substitute for the local annual financial audit required by the Public School Code of 1949, as amended. We conducted our audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit.

### Scope

Overall, our audit covered the period July 1, 2013 through June 30, 2017. In addition, the scope of each individual audit objective is detailed on the next page.

The Susquehanna Township School District's (District) management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the District is in compliance with certain relevant state laws, regulations, contracts, and administrative procedures (relevant requirements).<sup>13</sup> In conducting our audit, we obtained an understanding of the District's internal controls, including any information technology controls, which we consider to be significant within the context of our audit objectives. We assessed whether those controls were properly designed and implemented. Any deficiencies in internal controls that were identified during the conduct of our audit and determined to be significant within the context of our audit objectives are included in this report.

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<sup>12</sup> 72 P.S. §§ 402 and 403.

<sup>13</sup> Internal controls are processes designed by management to provide reasonable assurance of achieving objectives in areas such as: effectiveness and efficiency of operations; relevance and reliability of operational and financial information; and compliance with certain relevant state laws, regulations, contracts, and administrative procedures.

## Objectives/Methodology

In order to properly plan our audit and to guide us in selecting objectives, we reviewed pertinent laws and regulations, board meeting minutes, academic performance data, annual financial reports, annual budgets, new or amended policies and procedures, and the independent audit report of the District's basic financial statements for the fiscal years July 1, 2013 through June 30, 2017. We also determined if the District had key personnel or software vendor changes since the prior audit.

Performance audits draw conclusions based on an evaluation of sufficient, appropriate evidence. Evidence is measured against criteria, such as laws, regulations, third-party studies, and best business practices. Our audit focused on the following areas:

- ✓ School Safety
- ✓ Nonresident Student Resident Data
- ✓ Administrator Separations
- ✓ Bus Driver Requirements

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

- ✓ Did the District take actions to ensure it provided a safe school environment?<sup>14</sup>
  - To address this objective, we reviewed a variety of documentation including, but not limited to, safety plans, training schedules, anti-bullying policies, fire drill documentation, and after action reports. In addition, we conducted on-site reviews at two of the District's four school buildings<sup>15</sup> to assess whether the District had implemented basic safety practices.<sup>16</sup> A portion of the results of our review of this objective can be found in the finding beginning on page 9 of this report. Due to the sensitive nature of school safety, the full results of our review for this objective area are not described in our audit report but are shared with District officials, the PDE, and other appropriate agencies as deemed necessary.
- ✓ Did the District accurately report nonresident students to the PDE? Did the District receive the correct reimbursement for these nonresident students?<sup>17</sup>
  - To address this objective, we reviewed all 11 nonresident students reported to the PDE during the 2015-16 school year. We obtained documentation to verify that the custodial parents or guardian were not residents of the District and the foster parent received a stipend for caring for the student. The student listings were compared to the total days reported on the Instructional Time and Membership

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<sup>14</sup> 24 P.S. § 13-1301-A *et seq.*

<sup>15</sup> Audit sampling methodology was not applied to achieve this test objective; accordingly, the results of this audit procedure are not, and should not be, projected to the population.

<sup>16</sup> Basic safety practices evaluated were building security, bullying prevention, visitor procedures, risk and vulnerability assessments, and preparedness.

<sup>17</sup> See 24 P.S. §§ 13-1301, 13-1302, 13-1305, 13-1306; 22 Pa. Code Chapter 11.



Report and the Summary of Child Accounting Report to ensure that the District received the correct reimbursement for these nonresident students. Our review of this objective did not disclose any reportable issues.

- ✓ Did the District pursue a contract buy-out with an administrator and if so, what was the total cost of the buy-out, what were the reasons for the termination/settlement, and did the employment contract(s) comply with the Public School Code<sup>18</sup> and Public School Employees' Retirement System (PSERS) guidelines?
  - To address this objective, we reviewed the contracts, board meeting minutes, and payroll and leave records for the six individually contracted administrators who separated employment with the District during the period July 1, 2013 through October 31, 2018. We reviewed the contracts to ensure that they complied with the provisions on the Public School Code regarding termination, buy-out and severance provisions, and to ensure that payments were made in accordance with those agreements. Finally, we reviewed payroll records to ensure these payments were correctly reported to the PSERS. Our review of this objective did not disclose any reportable issues.
- ✓ Did the District ensure that bus drivers transporting District students had the required driver's license, physical exam, training, background checks, and clearances as outlined in applicable laws?<sup>19</sup> Also, did the District have written policies and procedures governing the hiring of new bus drivers that would, when followed, provide reasonable assurance of compliance with applicable laws?
  - To address this objective, we randomly selected 10 of the 61 bus drivers transporting District students as of October 15, 2018.<sup>20</sup> We reviewed documentation to ensure the District complied with the requirements for bus drivers. We also determined if the District had written policies and procedures governing the hiring of bus drivers and if those procedures ensure compliance with bus driver hiring requirements. Our review of this objective did not disclose any reportable conditions.

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<sup>18</sup> 24 P.S. § 10-1073(e)(v).

<sup>19</sup> 24 P.S. § 1-111, 23 Pa.C.S. § 6344(a.1), 24 P.S. § 2070.1a *et seq.*, 75 Pa.C.S. §§ 1508.1 and 1509, and 22 *Pa. Code Chapter 8*.

<sup>20</sup> While representative selection is a required factor of audit sampling methodologies, audit sampling methodology was not applied to achieve this test objective; accordingly, the results of this audit procedure are not, and should not be, projected to the population.

## **Distribution List**

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

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Harrisburg, PA 17120

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