



Pennsylvania Department of the

AUDITOR GENERAL

Facebook: Pennsylvania Auditor General

Twitter: @PaAuditorGen

News for Immediate Release

June 13, 2018

Auditor General DePasquale Says Contract Buyout Cost Manheim Central School District \$85,885

HARRISBURG – Auditor General Eugene DePasquale today said that the Manheim Central School District, Lancaster County, did not publically approve or disclose an Assistant Superintendent’s separation agreement that cost the district \$85,885.

“Manheim Central failed to be transparent with taxpayers on the cost of the separation agreement with a former assistant superintendent,” DePasquale said. “The public should be outraged that it took a newspaper Right-to-Know Law request and an audit to find out \$85,885 was diverted from classroom education to a contract buyout.”

The 22-page audit report covers July 1, 2012, through June 30, 2016, and includes two findings and four recommendations.

The former assistant superintendent submitted a letter of resignation, then signed a separation agreement on Jan. 10, 2014. The school board considered the agreement in executive session at its Jan. 27, 2014 meeting. However, there was no action taken during the public meeting. Auditors found the meeting minutes did not contain a motion to approve the separation agreement or any acknowledgement that the former assistant superintendent signed such an agreement.

According to the school board, the separation agreement was discussed during executive sessions and meetings prior to Jan. 27, 2014. However, not approving the separation agreement during a public meeting is in violation of the Public School Code and the Sunshine Act.

“The Public School Code and the Sunshine Act are very clear regarding the need for districts to record separation agreements as a matter of public record,” DePasquale said. “Manheim Central simply saying that the agreement was discussed at previous sessions and meetings is not enough.”

The separation agreement provided the former assistant superintendent a severance payment of \$45,000 and a settlement payment of \$25,000. The former assistant superintendent also continued to collect contracted wages for over a month despite not working or being on leave or suspension. The total cost of the settlement and severance payment with wages paid during this time was \$85,885.

Auditors also found that because the district paid the former assistant superintendent \$15,885 between Nov. 12 to Dec. 31, 2013, while the individual did no work for the district. This resulted in the former assistant superintendent’s retirement benefits being inflated because that compensation should not have been reported to the Pennsylvania State Retirement System as qualified earnings.

“Since the compensation paid constitutes payment for administrative leave similar to a contract buyout, I am recommending the Public School Employees’ Retirement System review the compensation reported by the district to make sure any unqualified earnings are discounted.”

In its response to the audit — which is included in the final report — the district management agreed with the findings and agreed to implement the recommendations. The Manheim Central School district audit report is available online at www.PaAuditor.gov.

###