

LIMITED PROCEDURES ENGAGEMENT

State College Area
School District
Centre County, Pennsylvania

March 2015



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



Commonwealth of Pennsylvania
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EUGENE A. DePASQUALE
AUDITOR GENERAL

The Honorable Tom W. Wolf
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120

Ms. Amber Concepcion, Board President
State College Area School District
131 West Nittany Avenue
State College, Pennsylvania 16801

Dear Governor Wolf and Ms. Concepcion:

We conducted a Limited Procedures Engagement (LPE) of the State College Area School District (District) to determine its compliance with certain relevant state laws, regulations, policies, and administrative procedures (relevant requirements). The LPE covers the period September 18, 2012 through January 8, 2015, except for any areas of compliance that may have required an alternative to this period. The engagement was conducted pursuant to authority derived from Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania and the Fiscal Code 72 P.S. § 403, but was not conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

Our engagement found that the District complied, in all significant respects, with relevant requirements.

Sincerely,

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale".

Eugene A. DePasquale
Auditor General

March 5, 2015

cc: **STATE COLLEGE AREA SCHOOL DISTRICT** Board of School Directors

Summary of Results

For the audited period, our audit of the State College Area School District resulted in no findings or observations.

Status of Prior Findings and Observations

Finding No. 1

Errors in Reporting Non-Resident Pupil Membership Resulted in a Net Reimbursement Overpayment of \$9,277

Finding Condition

During our prior audit, errors were noted in the reporting of non-resident pupils for the 2008-09 and 2009-10 school years, resulting in a net overpayment of Commonwealth-paid tuition of \$9,277.

Recommendations

Our audit finding recommended that the State College Area School District (District) should:

1. Require child accounting personnel to review the registrar's classification of all non-resident students as the students enter the District.
2. Review membership reports submitted to the Pennsylvania Department of Education (PDE) for years subsequent to our audit and, if errors are found, submit revised reports to PDE.

We also recommended that PDE should:

3. Adjust the District's allocations to correct the net overpayment of \$9,277.

Current Status

During our current engagement, we determined that the District implemented our recommendations. The District's child accounting personnel now review the registrar's classification of all non-resident students as the students enter the District. The District also reviewed reports submitted to PDE for years subsequent to the audit and found no additional errors.

As of January 8, 2015, PDE has not yet adjusted the District's allocations to correct the net overpayment of \$9,277.

Finding No. 2

Certification Deficiency

Finding Condition

Our prior audit found that one (1) professional employee was teaching on a lapsed certificate for the period August 31, 2010 through February 29, 2012, resulting in a subsidy forfeiture of \$8,322.

Recommendations

Our audit finding recommended that the District should:

Review all certificates on file to verify that the certification of all certified personnel is being accurately tracked in the computer system.

We also recommended that PDE should:

Adjust the District's allocations to recover the subsidy forfeiture.

Current Status

During the current engagement, we determined the District and PDE implemented our recommendations. The District now reviews all certificates on file and accurately tracks years of service in its computer system. PDE deducted the subsidy forfeiture of \$8,322, from the District's December 26, 2013 basic education subsidy payment.

Observation

The State College Area School District Lacks Sufficient Internal Controls Over Its Student Record Data

Observation Condition

Our prior review of the District's data integrity for the 2009-10 school year found weak internal controls that could increase the likelihood of significant errors.

Recommendation

Our audit observation recommended that the District should:

1. Reconcile data electronically uploaded into the Pennsylvania Information Management Systems (PIMS) system with its in-house generated membership computer printouts.
2. Reference the PIMS manual of reporting for instructions on how to correctly code district of residence and funding district for all student classifications.
3. Review membership reports submitted to PDE for years subsequent to our audit and, if errors are found, submit revised reports to PDE.

Current Status

During the current engagement, we determined the District implemented our recommendations. The District's child accounting personnel now reconcile data uploaded into the PIMS system with the District-generated membership computer printouts. Although our review found that not all non-resident membership were coded properly for the 2010-11 school year, the District implemented our recommendations for the 2011-12 school year and properly coded all of its non-resident students in the PIMS system.

Distribution List

This letter was initially distributed to the Superintendent of the District, the Board of School Directors, our website at www.PaAuditor.gov, and the following stakeholders:

The Honorable Tom W. Wolf
Governor
Commonwealth of Pennsylvania
Harrisburg, PA 17120

The Honorable Pedro A. Rivera
Acting Secretary of Education
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This letter is a matter of public record and is available online at www.auditorgen.state.pa.us. Media questions about the letter can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 231 Finance Building, Harrisburg, PA 17120; via email to: news@auditorgen.state.pa.us.