

LIMITED PROCEDURES ENGAGEMENT

Dunmore School District
Lackawanna County, Pennsylvania

April 2016



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

Mr. Richard McDonald, Superintendent
Dunmore School District
300 West Warren Street
Dunmore, Pennsylvania 18512

Mr. Michael Hallinan, Board President
Dunmore School District
300 West Warren Street
Dunmore, Pennsylvania 18512

Dear Mr. McDonald and Mr. Hallinan:

We conducted a Limited Procedures Engagement (LPE) of the Dunmore School District (District) to determine its compliance with certain relevant state laws, regulations, policies, and administrative procedures (relevant requirements). The LPE covers the period July 1, 2012 through March 29, 2016, 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.

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

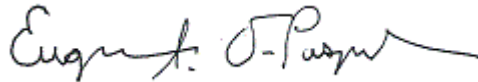
- Did the District have documented board policies and administrative procedures related to the following?
 - Internal controls
 - Budgeting practices
 - The Right-to-Know Law
 - The Sunshine Act
- Were the policies and procedures adequate and appropriate, and have they been properly implemented?
- Did the District comply with the relevant requirements in the Right-to-Know Law and the Sunshine Act?
- Did the District take appropriate corrective action to address the observations and verbal comments made in our prior audit, and were the actions taken into effect?

Mr. Richard McDonald
Mr. Michael Hallinan
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Our engagement found that the District properly implemented policies and procedures for the areas mentioned above and complied, in all significant respects, with relevant requirements.

We appreciate the District's cooperation during the conduct of the engagement.

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

April 28, 2016

cc: **DUNMORE SCHOOL DISTRICT** Board of School Directors

Status of Prior Findings and Observations

Prior Observation

Transportation Contractor Paid Significantly Over State Formula

Prior Observation Condition

Our prior audit of the District's transportation records for the 2010-11 and 2011-12 school years found that one bus contractor was paid significantly more than the state formula allowance calculated by the Pennsylvania Department of Education (PDE). This action may have resulted in an unnecessary expenditure of taxpayer funds.

The District paid the contractor 1.65 times more than the state formula for the 2010-11 school year and 1.81 times more than the state formula for the 2011-12 school year.

The transportation contract for this contractor had been in effect from July 1, 2008 through June 30, 2010. We noted that on February 16, 2011, the District's Board of School Directors (Board) voted to approve a five year extension of the contract. Neither the Board nor the District requested bids for the transportation contract at the time.

While bidding of pupil transportation service is not required under state law, competitive bidding can result in a lower cost to District taxpayers. Moreover, since PDE provides a state allowance, it would be prudent for the District to consider that the money that goes towards the transportation contract is local and state tax revenue that is not going towards educating the children of the District.

Prior Recommendations

We recommended the District should:

1. Consider bidding transportation contracts to determine if taxpayers would benefit from a more favorable contract for the District.
2. Be cognizant of the state's final formula allowance prior to negotiating transportation contracts.

Current Status

The District took corrective action regarding our prior audit observation and obtained requests for proposal to ensure the transportation contracts, effective July 1, 2015 through June 30, 2020, were favorable for the District and as close to the state's allowance as possible.

Distribution List

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

The Honorable Tom W. Wolf

Governor
Commonwealth of Pennsylvania
Harrisburg, PA 17120

The Honorable Pedro A. Rivera

Secretary of Education
1010 Harristown Building #2
333 Market Street
Harrisburg, PA 17126

The Honorable Timothy Reese

State Treasurer
Room 129 - Finance Building
Harrisburg, PA 17120

Mrs. Danielle Mariano

Director
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Pennsylvania Department of Education
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Mr. Lin Carpenter

Assistant Executive Director for Member Services
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Pennsylvania School Boards Association
P.O. Box 2042
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This letter is a matter of public record and is available online at www.PaAuditor.gov. Media questions about the letter can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: news@PaAuditor.gov.