

LIMITED PROCEDURES ENGAGEMENT

New Hope-Solebury
School District
Bucks County, Pennsylvania

June 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

Dr. Steven Yanni, Superintendent
New Hope-Solebury School District
180 West Bridge Street
New Hope, Pennsylvania 18938

Mr. Mark Cowell, Board President
New Hope-Solebury School District
180 West Bridge Street
New Hope, Pennsylvania 18938

Dear Dr. Yanni and Mr. Cowell:

We conducted a Limited Procedures Engagement (LPE) of the New Hope-Solebury 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 June 30, 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.

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

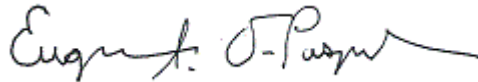
- Did the District have documented board policies and administrative procedures related to the following?
 - Internal controls
 - Budgeting practices
 - The Right-to-Know Law
 - The Sunshine Act
- Were the policies and procedures adequate and appropriate, and have they been properly implemented?
- Did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

Dr. Steven Yann
Mr. Mark Cowell
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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

June 23, 2016

cc: **NEW HOPE-SOLEBURY SCHOOL DISTRICT** Board of School Directors

Status of Prior Findings and Observations

Prior Finding No. 1 **Administrator Settlement Agreement Cost Taxpayers Over \$65,000**

Prior Finding Condition Our prior review of the former Principal's employment contract, payroll records, retirement records, and settlement agreement found that the former Principal negotiated a settlement agreement that superseded the Administrator Compensation Plan. The agreement included payment for unused vacation days that he was not entitled to receive. Additionally, we regarded the granting of a stipend in the amount of \$3,000 for the purchase of a home computer as a questionable use of taxpayer dollars since the individual was no longer actively working for the District.

Prior Recommendations We recommended that the District should:

1. Adhere to the compensation language of contracts and/or settlement agreements for employees.
2. Be fully transparent to the taxpayers in decisions of this nature by not including confidentiality clauses or questionable stipends.

Current Status We found that the District complied with our prior recommendations. During the current review period, both administrators who departed the District received only the salary and benefits contained in their employment agreements. Resignations were accepted at open, public meetings. No questionable stipends were paid at departure.

Prior Finding No. 2 **Inaccurate Reporting of Retirement Wages and Service Years**

Prior Finding Condition Our prior review of the former Principal's employment contract, payroll records, retirement records, and settlement agreement found that the former Principal's compensation of \$44,285 for the period July 1, 2011 through October 29, 2011, while he was on administrative leave, was not qualified to be reported as retirement wages. Consequently, that amount should not have been reported to the Public School Employees' Retirement System (PSERS). Additionally, the period July 1, 2011 through October 29, 2011, should not have been reported to PSERS as part of the former Principal's eligible service years.

Prior Recommendations

We recommended that the District should:

1. Contingent upon PSERS' final determination, report to PSERS only those wages allowable for retirement purposes, as stated in the PSERS Employer Reference Manual.
2. Implement procedures for reviewing all salary and contribution reports, to ensure that only eligible wages are being reported to PSERS for retirement contributions.

We also recommended that PSERS should:

3. Review the propriety of the wages and service credits for the above mentioned employee and make any necessary adjustments.

Current Status

During our current review, we found that the District and PSERS complied with our recommendations. During the current LPE period, two administrators departed the District. The District reported only eligible wages to PSERS for those individuals. PSERS made an adjustment to wages and service time of the former Principal who was the subject of our prior finding in February 2014.

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
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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.