

Department of the Auditor General
Bureau of School Audits

Management Reply

LEA: Warren County School District

Date: March 7, 2022

Audit Period: July 1, 2016 through June 30, 2022

Date Due: March 14, 2022

Title: The District's Failure to Implement an Adequate Internal Control System Led to Inaccurate Transportation Data Reported to PDE Resulting in a Net \$2,133 Underpayment

- ☒ **Management agrees with the Finding**
- ☐ **Management disagrees with the Finding**
- ☐ **Management waives the opportunity to reply at this time**

MANAGEMENT COMMENTS: (Please explain the cause of the problem and note what corrective action is planned. Please ensure that you respond to each recommendation point included in the draft comment. If necessary, attach additional paper.)

The District acknowledges that some calculation errors did occur during the audit period as stated above and strives to always have sound and adequate internal controls to avoid any miscalculations when reporting data to PDE for subsidy reimbursement. Nonetheless, we do understand that over time some of our internal controls may have not kept up with the demands of the Transportation Subsidy reporting. Over the course of the 9 month audit, the PDE audit staff went through each and every bus run (~80 per day for 177 days/year) and van run (~60 per day for 177 days/year) for the time period audited and it was determined by PDE that such inadequacies of internal controls resulted in a underpayment of the State to the District in the net amount of \$2,133. During the period shown on the Table (provided by PDE), the District received subsidy in the amount of over \$12.8 million. The total error rate on subsidy resulted in a .017% error rate.

The District transports students over 1.7 million miles per year while using 80 buses and 60 vans each and every day to cover the 788 square miles that our district encompasses. Over the course of the period recognized in the Table, the District transported students a cumulative 7,020,519 miles. The cumulative Miles Over/(under) of 150.4 miles, as reported in the Table referenced in the audit, equates to an aggregate error rate of .00214%. The main cause of this error was due to the transportation of our Amish communities that have multiple schools in which children are delivered to meet their desired educational needs. The remainder was due to transportation that was reported for subsidy of our dual enrollment students. The District acknowledges this error and will increase segregation of duties, complete comprehensive written procedures, and undertake additional PDE training on reporting requirements to mitigate this error.

The District also did not report correctly the Students Over/(under) for the years identified in the Table. The District (under) reported students by (447.6) students as compared to the Total Students over this time period of 2,936,856. This equated to an error rate of .015%. This error was a result of the many "multi-trip" runs that the District implements to reduce costs to both the district and the resulting subsidy from PDE. The District acknowledges this error and will increase segregation of duties, complete comprehensive written procedures, and undertake additional PDE training on reporting requirements to mitigate this error.

Both the Days (under) Reported and Vehicles Not Reported items in the Table were caused by the District not reporting "Late Bus Runs" that the District utilizes to transport students home

after school. These late bus runs are the result of extra-curricular activities, including enrichment programs that benefit student's educational experiences at the District. The Days (under) Reported for the audit period resulted in 1,217 days not being reported out of a possible 104,301 Total Vehicle Days. This error rate equated to a 1.170% error rate. The District acknowledges this error and will increase segregation of duties, complete comprehensive written procedures, and undertake additional PDE training on reporting requirements to mitigate this error.

Over the course of the audit period, the District was reimbursed over \$12.8 million. We acknowledge that PDE unearthed some reporting errors that resulted in PDE owing the District a net \$2,133. The District fully intends to further review, document and implement comprehensive written procedures. Furthermore, the district will review all areas where segregation of duties and training on PDE reporting requirements will mitigate future reporting errors.

Additional pages attached: Yes _____ No _____

Signatures and Date:


 Superintendent, Ex. Director, Director


 Business Manager