

Appendix A: Purpose, Methodology, Scope, and Objectives of the Audit

Performance Audit Purpose and Overview

Performance audits provide objective analysis to assist management and those charged with governance and oversight to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

Generally accepted government auditing standards (GAGAS) require that a performance audit be planned and performed so as to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on audit objectives. Objectives are what the audit is intended to accomplish and can be thought of as questions about the program that the auditors seek to answer based on evidence obtained and assessed against criteria.

We conducted this performance audit in accordance with GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Scope and Objectives

In order to provide the District with appropriate, data driven, recommendations, the following questions were assessed within each of the agreed upon scope areas:

Audit Scope, Objectives and Recommendations

Objective	Recommendation
Financial Management	
Are the District’s forecasting practices consistent with leading practices and is the five-year forecast reasonable and supported?	No Recommendation
Are the District’s strategic planning practices consistent with leading practices?	No Recommendation
Is the District’s General Fund subsidy of extracurricular activities appropriate in comparison to local peers and the District’s financial condition?	R.1
Are the District’s purchasing practices consistent with leading practices and appropriate based on the District’s financial condition?	Verbal

Human Resources	
Are the District’s staffing levels appropriate in comparison to primary peers, state minimum standards, demand for services, and the District’s financial condition?	R.2 and R.3
Are the District’s salaries and wages appropriate in comparison to local peers and the District’s financial condition?	R.4
Are the District’s collective bargaining agreement provisions appropriate in comparison to local peers, minimums requirements, and the District’s financial condition?	No Recommendation
Are the District’s insurance costs appropriate in comparison to other governmental entities within the local market and the District’s financial condition?	R.5
Facilities	
Are the District’s facilities staffing levels appropriate in comparison to leading practices, industry standards, and the District’s financial condition?	No Recommendation
Is the District’s outsourced custodial service cost-effective compared to its insourced service?	R.6
Are the District’s facilities non-regular labor expenditures appropriate in comparison to peers, leading practices, industry standards, and the District’s financial condition?	No Recommendation
Are the District’s facilities preventive maintenance practices consistent with leading practices and industry standards?	No Recommendation
Transportation	
Is the District’s fleet sized appropriately and routed efficiently in comparison to leading practices, industry standards, and the District’s financial condition?	R.7
Is the District’s transportation service contract cost-effective in comparison to those of similar transportation contracted services?	R.8
Are the District’s contract management practices effective in comparison to leading practices and do they result in appropriate and efficient service levels?	R.9
Food Service	
Is the District’s food service program operated in a manner that is consistent with leading practices and industry standards and appropriate based on the District’s financial condition?	R.10

Although assessment of internal controls was not specifically an objective of this performance audit, internal controls were considered and evaluated when applicable to scope areas and

objectives. The following internal control components and underlying principles were relevant to our audit objectives^[1]:

- Control environment
 - We assessed the district’s exercise of oversight responsibilities in regards to detecting improper payroll reporting and benefits administration
- Risk Assessment
 - We considered the District’s activities to assess fraud risks
- Information and Communication
 - We considered the District’s use of quality information in relation to its financial and data reporting to ODE, specifically its five-year forecast, transportation, and staffing data
- Control Activities
 - We considered the District’s compliance with applicable laws and contracts, including with its vendors and employees
- Monitoring
 - We considered the District’s monitoring activities concerning its vendor contracts and payments to those vendors

No internal control deficiencies were identified during the course of the audit.

Audit Methodology

To complete this performance audit, auditors gathered data, conducted interviews with numerous individuals associated with the areas of District operations included in the audit scope, and reviewed and assessed available information. Assessments were performed using criteria from a number of sources, including:

- Peer Districts;
- Industry Standards;
- Leading Practices;
- Statutes; and,
- Policies and Procedures.

In consultation with the District, three sets of peer groups were selected for comparisons contained in this report. A “Primary Peers” set was selected for general, District-wide comparisons. This peer set was selected from a pool of demographically similar districts with relatively lower per pupil spending and similar academic performance. A “Local Peers” set was selected for a comparison of compensation, benefits, and collective bargaining agreements, where applicable. This peer set was selected specifically to provide context for local labor market conditions. Finally, a “Transportation Peers” set was selected for transportation operating

^[1] We relied upon standards for internal controls obtained from *Standards for Internal Control in the Federal Government* (2014), the U.S. Government Accountability Office, report GAO-14-704G

and spending comparisons. This peer set was selected specifically for transportation operational comparability and included only those districts with a similar size in square miles and population density; two significant factors that impact transportation efficiency. Table A-2 shows the Ohio school districts included in these peer groups.

Peer Group Districts

Primary Peers
<ul style="list-style-type: none"> • Aurora City School District (Portage County) • Canfield Local School District (Mahoning County) • Chardon Local School District (Geauga County) • Copley-Fairlawn City School District (Summit County) • Highland Local School District (Medina County) • Howland Local School District (Trumbull County) • Lake Local School District (Stark County) • Lexington Local School District (Richland County) • Monroe Local School District (Butler County) • Tipp City Exempted Village School District (Miami County)
Local Peers (Compensation, Benefits, and Bargaining Agreements)
<ul style="list-style-type: none"> • Edgewood City School District (Butler County) • Hamilton City School District (Butler County) • New Miami Local School District (Butler County) • Preble-Shawnee Local School District (Preble County) • Ross Local School District (Butler County) • Southwest Local School District (Hamilton County)
University Peers
<ul style="list-style-type: none"> • Athens City School District (Athens County) • Bowling Green City School District (Wood County) • Kent City School District (Portage County) • Portsmouth City School District (Scioto County) • Xenia Community City School District (Greene County)
Transportation Peers
<ul style="list-style-type: none"> • Goshen Local School District (Clermont County) • Monroe Local School District (Butler County) • Xenia Community City School District (Greene County)

Where reasonable and appropriate, peer districts were used for comparison. However, in some operational areas industry standards or leading practices were used for primary comparison. District policies and procedures as well as pertinent laws and regulations contained in the Ohio Administrative Code (OAC) and the Ohio Revised Code (ORC) were also assessed. Each recommendation in this report describes the specific methodology and criteria used to reach our conclusions.

Client Response Letter

Audit standards and AOS policy allow clients to provide a written response to an audit. The letter on the following page is the Talawanda City School District's official statement in regards to this performance audit. Throughout the audit process, staff met with District officials to ensure substantial agreement on the factual information presented in the report. When the District disagreed with information contained in the report, and provided supporting documentation, revisions were made to the audit report.

T **TALAWANDA SCHOOL DISTRICT**
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*Talawanda School District EMPOWERS Every
Learner Every Day!*

March 12, 2020

Keith Faber
Auditor of State
88 East Broad Street, 5th Floor
Columbus, OH 43215

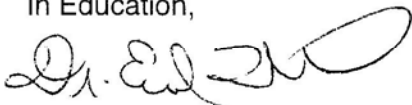
Dear Auditor of State Faber,

The Talawanda School District sends its appreciation of the services conducted by your staff. Cody Koch and James Ringer were professional, knowledgeable, and provided our district with a wealth of information.

The district level leadership team and the Talawanda Board of Education has reviewed the audit findings. We also have engaged in conversations with Cody and James to better understand the audit findings.

Again, thank you for your time.

In Education,



Dr. Edward Theroux
Talawanda School District Superintendent