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	
What is the District's financial history and current financial status?	**No Recommendation**
What impact will the performance audit recommendations have on forecasted revenues and/or expenditures?	**No Recommendation**
Are the District's purchasing practices comparable to best practices and/or peers?	**No Recommendation**
Is the District's General Fund subsidy of extracurricular activities appropriate in comparison to peers and the District's financial condition?	**R.1**
Human Resources	
What is the current status of the District's staffing and negotiations?	**No Recommendation**

Efficient • Effective • Transparent

Is the District's EMIS data process sufficiently reliable and consistent with leading practices?	**No Recommendation**
Are the District's staffing levels efficient compared to peers and state minimum requirements?	**R.2**
Are the District's salaries comparable to peers?	**No Recommendation**
Are the District's collective bargaining agreement (CBA) provisions comparable to the peers and ORC minimums?	**R.3**
Are the District's insurance benefits comparable to industry standards?	**No Recommendation**
Facilities	
What is the current state of the District's facilities?	**R.4**
Is the District's data on facilities square footage and staffing reliable and comparable to leading practices?	**No Recommendation**
Is the District's custodial and maintenance staffing efficient compared to benchmarks?	**No Recommendation**
Are the District's facilities expenditures comparable to peers?	**No Recommendation**
Are temporary labor expenditures comparable to peers and industry benchmarks?	**No Recommendation**
Transportation	
What is the current state of the District's transportation operations?	**No Recommendation**
Are the District T Report procedures accurate and consistent with leading practices?	**No Recommendation**
Does the District make efficient use of routing for its fleet?	**No Recommendation**
Is the District's fleet size efficient compared to leading practices?	**No Recommendation**
Food Service	
What is the current state of the District's food service operations?	**No Recommendation**
Is the Food Service Fund self-sufficient and consistent with leading practices?	**No Recommendation**
Are the District's food service staffing levels efficient compared to peers and / or leading practices?	**No Recommendation**

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[31]:

- Control environment

---

[31] 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

Efficient • Effective • Transparent

- - o We assessed the District's exercise of oversight responsibilities in regards to detecting improper payroll reporting and benefits administration
    - o We assessed the District's activities associated with its purchasing practices
  - Risk Assessment
    - o We considered the District's activities to assess fraud risks
  - Information and Communication
    - o 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, facility, and staffing data
  - Control Activities
    - o We considered the District's compliance with applicable laws and contracts, including with outside stakeholders and employees
  - Monitoring
    - o We considered the District's monitoring activities concerning its building usage and enrollment

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;
- Statues; 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 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
• Alliance City School District (Stark County) • Chillicothe City School District (Ross County) • Circleville City School District (Pickaway County) • Claymont City School District (Tuscarawas County) • Franklin City School District (Warren County) • Fostoria City School District (Seneca County) • Maysville Local School District (Muskingum County) • Steubenville City School District (Jefferson County) • Struthers City School District (Mahoning County) • Waverly City School District (Pike County)
Local Peers (Compensation, Benefits, and Bargaining Agreements)
• Crestwood Local School District (Portage County) • Field Local School District (Portage County) • James A Garfield Local School District (Portage County) • Kent City School District (Portage County) • Rootstown Local School District (Portage County) • Southeast Local School District (Portage County) • Streetsboro City School District (Portage County)
Transportation Peers
• Batavia Local School District (Clermont County) • Canfield Local School District (Mahoning County) • Fostoria City School District (Seneca County) • Streetsboro City School District (Portage County) • Sugarcreek Local School District (Greene County) • Tipp City Exempted Village School District (Miami 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 Ravenna 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.

Efficient • Effective • Transparent

4/13/2020

To Whom It May Concern:

The following is the Ravenna School District's response to the Performance Audit Report.

Recommendation #1: Eliminate General Fund Subsidies for ExtraCurricular Activities:

The Ravenna School District has taken the stance that we want to educate the whole student and athletics and extracurriculars are a large part of the overall education process. Also, the Athletic program gives a sense of pride to our student body and community. If the District were to institute pay-to-play fees and increase ticket prices it would be an unattainable burden placed on our impoverished community. A lot of families would not be able to afford the pay-to-play fees and gate admission. Reducing supplemental salaries would make finding coaches even tougher than it already is and we already rely heavily on our booster clubs for support. The Board of Education and Administration of Ravenna School District understand the financial impact of extracurriculars but at the current time we will be looking elsewhere to reduce our budget deficit.

Recommendation #2: Eliminate Staff Positions and Recommendation #4: Close an Elementary Building:

We are grouping the response to these two recommendations together because of the relationship they have with each other. We are implementing both of these recommendations, not as exactly as they are stated but this is where we plan to make the largest dent in our deficit. Our Board has already approved our restructuring plan, which will take us from community based elementary schools to grade level buildings for the 2020-2021 school year. We will be closing our board of education office. Carlin Elementary will move from a 1-5 building to a combination preschool and administrative office. In addition the District will have a kindergarten building, a grade 1-2 building, a grade 3-4 building, a grade 5 - 8 middle school and high school. We will be eliminating 1 administrator, 7.2 FTE teaching positions and 6.4 FTE classified positions. Also, as we move forward we will work to identify areas of savings on staff cost through retirements and attrition.

Recommendation #3: Renegotiate contracts to reduce alternative compensation

At the current time the District does not feel these are high impact items and will not look to implement these recommendations. The District also feels the administrative compensation is in-line with other

areas and comparable schools. Although the number of accumulable days in the CBA are high for the severance pay, this has not had a major impact on the bottom line, especially in recent history.

Recommedation #5: Reduce or reallocate temporary transportation labor where possible

The District has been looking at all possibilities in transportation. We do have some of our temporary labor in the District on a regular basis. This is due to a shortage in substitutes available. By having them on a semi-regular schedule we can ensure their availability as we do have a need for them. This has not had a major impact on the bottom line for the District and we will continue to analyze ways to be as efficient as possible in our transportation department.

Recommendation #6: Additional Escalation Recommendations.

I.   Implement a base & step freeze
II.   Implement a 13.25% staffing reduction
III.   Eliminate 20.75 FTE teaching positions

These are options that we are partially considering. Currently we are currently reducing more staff than what is recommended in recommendation #2 but not as much as what is in recommendation #6. In total we are reducing 14.6 positions and we will realize some additional savings with a SLP position reducing from full-time to part-time and a retirement of a special education teacher and being able to replace the position with an entry level teacher. We also recognize that we will continue to evaluate our student and teacher & staff capacity and keep those in balance on a yearly basis. The District also understands that some type of freeze may be inevitable but we are going to work to have to use this option.

In closing, the District does concur with some of the Audit Team's findings. We also understand the financial implications of each of the recommendations but feel that some of the recommendations are not feasible for the District at the current time. The District will also be tracking the impact of the current COVID-19 pandemic and how that is going to affect our bottom line. Even though we are still currently paying our full base salaries, we will not have the amount of overtime and extra-hours that we normally have as well as some of our normal operational expenses. While the short-term impact of expenses may be positive, there are going to be long-term revenue implications that will not be fully known for 1-2 more fiscal years. The District will continue to monitor these situations and the impact it will have to the financial stability of the District.

We want to thank the Performance Audit Team for their work and insight to the process. The information gathered during this process has been helpful to the District.

Best regards,

Dennis Honkala
Superintendent

Craig A. McKendry
Treasurer