DCIU
Empowering Partnerships For Education
Delaware County Intermediate Unit
Education Service Center
200 Yale Avenue
Morton, PA 19070
Phone: 610-938-9000 | Fax: 610-938-9887
www.dciu.org
Jim Scanlon, Ed.D., Interim Executive Director

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Dear DCIU Colleagues,

I am writing to provide the latest update on how we addressed the recommendations in the state audit released on October 28. Attached is a table that addresses each of the four findings, and 21 recommendations in the audit.

Some of you asked to receive talking points about the state audit. Please use the information in this correspondence to help answer questions if you receive them.

This audit found no violations of school code and no illegal findings for the two years audited. The audit found no violations of any DCIU board action, and its purpose was to audit performance and procedures of the administrative processes in place. This audit examined the years 2022-23, and 2023-24.

Here is some information about state audits, and the DCIU audit.

- **The IU, like all school districts in PA, is required to have their budgets audited each year by an independent auditor.** DCIU uses the auditing firm, Barbacane Thorton and Co. LLP. When Barbacane audited the years of 2022-23 and 2023-24, they found no findings in the audit.
- **State audits are not required every year.** When an entity is going to be audited, the Auditor General's office notifies that entity. Typically, when state auditors arrive, they conduct audits of multiple years.
- According to the Auditor General's office, ***95% of audits are conducted because they are required to do so as part of the state laws.*** They randomly selected entities such as Intermediate Units, Municipalities, School Districts, and a myriad of other government entities to be audited. The last time the state auditors conducted an audit of the DCIU was in 2018.
- **Five percent of audits are conducted because someone, or a group of people, requests** that the Auditor General audit an entity. According to the Auditor General's Office, ***the DCIU audit was one of those five percent of requests.***
- **The auditors began their audit process for the DCIU in June 2025 and concluded in September 2026 (15 months).** This is an unusually long amount of time to conduct an audit.
- **Typically, state audits are used to help organizations take a closer look at procedures** to provide recommendations on improving processes. These recommendations are made as a way to help organizations improve their procedures. There were some findings in this audit that will help us improve our procedures.

- **If there are no state code violations, auditors usually share the findings with the administrative team**, and the team writes a plan to address the findings. Rarely do these findings rise to the level of a public press conference. ***I am not sure as to why the DCIU audit required a public press conference?***
- **There was some misinformation made publicly about the DCIU audit.** For example:

    - The auditors stated that the DCIU bought alcohol at a retirement dinner, when one of the charges for a retirement dinner showed $325 for a bartender. The bartender charge is part of the staff charge when booking a venue. The bartender was required to collect cash for the "cash bar" at the dinner. We wrote a response in the audit about this, but the auditors refuted that response. ***The DCIU did not pay for alcohol at any event.***

    - The auditors stated that the DCIU could not provide documentation for contract monitoring for 60 of the 752 contracts reviewed. Those documents were located in the SharePoint file we provided for the auditors. They have been sent under separate cover letter. All our contracts had documentation for monitoring. The auditors had that documentation in the folders set up for their review. They were unable to locate them, and our team was unsure as to what documentation they were missing. There were several communication breakdowns because this entire 15-month audit was conducted remotely. ***All alleged missing documents have been provided.***

We met with the Auditor General and his staff last week. Here is a summary of the information we sent to them. I believe the information we submitted addresses all recommendations in the audit.

1. **We will be writing a policy on serving food at meetings.** We do not currently have one. In my short time at the DCIU, I do believe we spend a lot on food at meetings, and we should establish some guidelines on what is a reasonable amount to spend on food at meetings. A policy will provide guidelines for all to follow. The Auditor General's report cited $24 for a board meal as "excessive," but declined to tell us what they thought would not be excessive. We will write a policy that is tied to some percentage of the US General Service Administration Guidelines for our geographic area.

2. **We will no longer fund superintendent retreats out of state.** The report cited conferences held in Orlando, Florida and Annapolis, Maryland, calling them "excessive and abusive" use of taxpayer funds. Historically, the DCIU has paid for these retreats. If school districts want to send a superintendent to out-of-state leadership training such as the Disney Institute, that should be paid by the sending school district. Because retreats for upper-level leadership are considered best practices, we will continue to hold them, but we will place parameters around locations in state, and/or solicit sponsors for paying the cost.

3. **We will revise our Administrative Guideline to approve purchase orders in our e-finance system.** Our current guideline requires two administrative approvals, with the first at the program/supervisor level. The auditors reviewed hundreds of purchases and compared the approval levels to our Administrative Guidelines. Our guidelines indicate we are to have two administrative approval levels with one at the program/supervisor level. Some of the purchase orders reviewed showed that a secretary was entering the Purchase Requisition on behalf of the administrator.

The auditors stated this was not documented as administrative approval because a secretary entered the initial requisition. We will be revising our Administrative Guidelines to reflect our process and include the first level of approval to be "administrator or designee".

4. **We will refine our process to keep a list of all contracts** in the executive director's office, including multi-year and tracking board approval. The auditors cited that we did not have a comprehensive list of contracts by year. We explained that some contracts were multiple-year contracts and may have shown up on the list during the year in which they were approved but did not show up on a list for the following years they were in effect. We will add them to our list going out multiple years.

I believe the DCIU team has done all that it can do to address the recommendations in this audit, and it is time for us to move on so we can get back to the work of educating students.

As always, thanks for all you do to serve children.

Sincerely,



Jim Scanlon
Interim Executive Director