DCIU
Empowering Partnerships For Education
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Jim Scanlon, Ed.D., Interim Executive Director

November 4, 2026

Dear DCIU Colleagues,

I am writing to provide an update on the Auditor General Press Release last week regarding the DCIU audit.

Some of you have reached out to me asking if this audit has anything to do with staffing cuts. It does not. Some have asked if the DCIU did anything illegal. It did not. All of our procedures followed the school code. Some of you have written anonymous letters to me asking that we address the audit findings. We are, and I'd be happy to schedule time with anyone who would like more detail about this audit.

School Districts and Intermediate Units go through periodic state audits to review internal procedures and monitoring of contracts. At the end of the auditing period, the auditors review some recommendations to enhance our procedures. We met with the DCIU board this evening to discuss the findings and recommendations in the state audit for the years 2022-23, 2023-24. Here are some of the key talking points from tonight's meeting.

1. **We will be writing a policy on serving food at meetings.** We do not currently have one, and in my short time at the DCIU, I do believe we spend too much on food at meetings, and we should make some reductions on what we are spending. A policy will provide guidelines for all to follow. We do need to ensure that our policy does not inhibit our culinary arts program in preparation for board meetings or other events. They use the preparation of a dinner as a teaching lesson. The estimated cost for this ranges between $20-$25 per person because of the quality of food, and type of food purchased to prepare a first-class dinner. The Auditor General's report cited $24 for a board meal as "excessive." We need to be sure that our culinary arts students have sufficient funding to prepare the several meals they do each year for board meetings.

2. **We will no longer fund superintendent retreats out of state.** The Auditor General's report cited conferences held in Orlando and Annapolis MD, 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, or we will get a private sponsor for any future retreats.

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 (we call them directives). Our directives 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 requisition on behalf of an administrator. The auditors say that his was no an administrative approval because a secretary entered the initial requisition, even though there were two administrative approvals beyond this level. We will be revising our Administrative Guidelines to include the first level of approval to be "administrator or designee".

4. **We also spoke with the board last night about clarifying some statements in the audit.** These are statements that the DCIU disagreed with and we included in our response to the audit.

a. **The two (2) superintendent retreats included a Cruise at Disney, and a sailboat cruise in Annapolis paid for by taxpayer funds.** These trips were paid for by sponsors.

b. **The DCIU paid for alcohol at a retirement/employee recognition dinner.** This is not true. When we registered for the venue to hold a retirement dinner, part of the booking was to pay for staff. That staff included wait staff, and a bartender to make drinks, both alcoholic, and non-alcoholic. It was a cash bar, so no DCIU money was used to purchase alcohol. The invoice showed a charge of $325 for a bartender. There was no invoice for any alcohol.

c. **The DCIU spends "excessive amounts" on food for meetings.** From what I have seen at some of the meetings I attended, there is a great variance on what is spent at meetings. However, we are the host for many county meetings and training courses. Many of those trainings have a registration fee. That fee also includes lunch or breakfast, depending on when it takes place. During our exit interview, I shared with our auditors that we need a policy on food at meetings because we currently don't have one. A policy or guideline will help the meeting planners to be consistent. Auditors were not able to provide an amount that is considered "non-excessive," so that is something we will determine as we write a policy on food at meetings.

d. **The audit was released one hour before the Auditor General's Press Conference.** While we had a draft of the audit since October 1st, we are not legally allowed to share any information about the audit until we receive the final report. That final report included responses from the auditors about our responses, and in some cases refuting our justifications. Receiving an audit the same time it is being released to the public made it a challenge to be timely with a response.

An external state audit is conducted to help school systems improve upon their internal controls. There are certainly some recommendations in this audit that we can implement to help the DCIU move forward. Our Business Office staff worked cooperatively with the auditors for the 15-month period they were gathering information, and because the entire audit was conducted remotely, I do believe there was some misunderstanding of the requests being made. Most audits I have experienced have been with auditors on site, and questions can be answered as they come up with an auditor physically showing the business office what type of document they are looking for. We will adjust our procedures to ensure we ask better clarifying questions for any future audit.

If you would like to view the meeting from last night, you can find it at this link. The discussion about the audit begins at about 35 minutes into the meeting.

Thanks for everyone's patience as we sort through this state audit and provide information to you. We will continue to make procedural changes to ensure we are addressing each of the recommendations in the audit. Most importantly, thanks for all you are doing to help students!

Sincerely,



Jim Scanlon
Interim Executive Director