

YORK COUNTY HIGH SCHOOL
YORK COUNTY, PENNSYLVANIA
PERFORMANCE AUDIT REPORT

JANUARY 2010

The Honorable Edward G. Rendell
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120

Ms. Ellen Freireich, Joint Authority Committee President
York County High School
Suite 500
300 East Seventh Avenue
York, Pennsylvania 17404

Dear Governor Rendell and Ms. Freireich:

We conducted a performance audit of the York County High School (YCHS), subsequently renamed the York Adams Academy to determine its compliance with applicable state laws, regulations, contracts, grant requirements and administrative procedures. Our audit covered the period October 14, 2005 through May 7, 2009, except as otherwise indicated in the report. Additionally, compliance specific to state subsidy and reimbursements was determined for the school years ended June 30, 2008, 2007, 2006 and 2005. Our audit was conducted pursuant to 72 P.S. § 403 and in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

Our audit found that the YCHS complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures.

We appreciate the YCHS's cooperation during the conduct of the audit.

Sincerely,

/s/

JACK WAGNER
Auditor General

January 22, 2010

cc: **YORK COUNTY HIGH SCHOOL** Joint Authority Committee Members

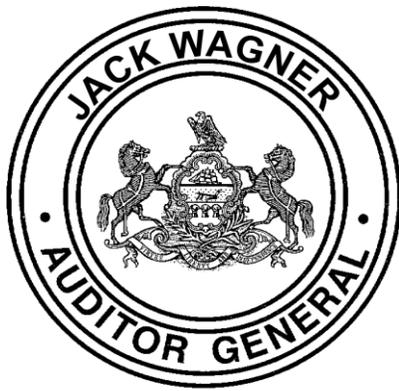
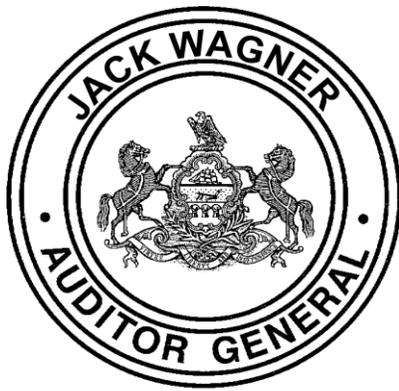


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Executive Summary

Audit Work

The Pennsylvania Department of the Auditor General conducted a performance audit of the York County High School (YCHS). Our audit sought to answer certain questions regarding the YCHS's compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures; and to determine the status of corrective action taken by the YCHS in response to our prior audit recommendations.

Our audit scope covered the period October 14, 2005 through May 7, 2009, except as otherwise indicated in the audit scope, objectives, and methodology section of the report. Compliance specific to state subsidy and reimbursements was determined for school years 2007-08, 2006-07, 2005-06 and 2004-05.

High School Background

Information, as provided by YCHS officials, indicates that the school is located in York County and has its administrative offices at the York Learning Center, Suite 500, 300 East Seventh Avenue, York, Pennsylvania. According to school officials, in school year 2007-08 the YCHS provided basic educational services to 272 pupils through the employment of 9 teachers, 8 full-time and part-time support personnel, and 2 administrators. Lastly, the YCHS received more than \$13 thousand in state funding in school year 2007-08.

Further information provided by YCHS officials indicates the school was established in 1990 to meet the needs of students who have dropped out of school or are unable to effectively function in the traditional setting. In the beginning the YCHS operated as an experimental school but received alternative education program approval with mandate waiver March, 2001. The mandate waiver exempted the YCHS from the provisions of the Public School Code that require approved alternative education programs to accept only students that meet the definition of disruptive youths and to evaluate those students periodically for return to their sending districts.

In August 2008 the YCHS's mandate waiver and alternative education program approval expired. In July 2008 the YCHS applied for renewal of the mandate waiver that had been in place, but did not seek to renew the alternative education program approvals as instructed by the Department of Education (DE). During November 2008 a representative from DE visited the YCHS in an attempt to gather more information relating to the mandate waiver application. In a letter dated February 12, 2009, DE asked the YCHS to rescind its mandate waiver application and provided the following four options for the High School officials to consider:

- Submit a revised mandate waiver application with regard to YCHS. That application must stipulate that no diplomas will be awarded to students not meeting graduation requirements set forth in Chapter 4 of the State Board of

Education Regulations. The revised application must also stipulate that YCHS's program is aligned with the high standards of Chapter 4 and that sending districts will issue diplomas once these requirements are satisfied.

- Establish a licensed private academic school.
- Apply to be a Pennsylvania charter or cyber charter school.
- Establish a career and technical center.

Subsequent to the completion of fieldwork for our audit, we were informed by YCHS personnel that DE and the YCHS had determined the manner in which the school's operations will continue, and that as of July 1, 2009, the school would be known as the York Adams Academy. We will review the terms of the school's continued operations during a future audit of the York Adams Academy.

Audit Conclusion and Results

Our audit found that the YCHS complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures. We report no findings or observations in this report.

Status of Prior Audit Findings and Observations.

With regard to the status of our prior audit recommendations to the YCHS from an audit we conducted of the 2003-04, 2002-03, 2001-02 and 2000-01 school years, we found the YCHS had taken appropriate corrective action in implementing our recommendations pertaining to Social Security reimbursement errors (see page 7).

Audit Scope, Objectives, and Methodology

Scope

What is a school performance audit?

School performance audits allow the Department of the Auditor General to determine whether state funds, including school subsidies, are being used according to the purposes and guidelines that govern the use of those funds. Additionally, our audits examine the appropriateness of certain administrative and operational practices at each Local Education Agency (LEA). The results of these audits are shared with LEA management, the Governor, the PA Department of Education, and other concerned entities.

Our audit, conducted under authority of 72 P.S. § 403, is not a substitute for the local annual audit required by the Public School Code of 1949, as amended. We conducted our audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

Our audit covered the period October 14, 2005 through May 7, 2009.

Regarding state subsidy and reimbursements, our audit covered school years 2007-08, 2006-07, 2005-06 and 2004-05.

While all LEAs have the same school years, some have different fiscal years. Therefore, for the purposes of our audit work and to be consistent with Department of Education (DE) reporting guidelines, we use the term school year rather than fiscal year throughout this report. A school year covers the period July 1 to June 30.

Objectives

Performance audits draw conclusions based on an evaluation of sufficient, appropriate evidence. Evidence is measured against criteria, such as, laws, regulations, and defined business practices. Our audit focused on assessing the YCHS's compliance with applicable state laws, regulations, contracts, grant requirements and administrative procedures. However, as we conducted our audit procedures, we sought to determine answers to the following questions, which serve as our audit objectives:

- ✓ In the area where the school receives state subsidy and reimbursements based on payroll (e.g. Social Security), did it follow applicable laws and procedures.
- ✓ Are there any declining fund balances which may impose risk to the fiscal viability of the school?

What are internal controls?

Internal controls are processes designed by management to provide reasonable assurance of achieving objectives in areas such as:

- Effectiveness and efficiency of operations;
- Relevance and reliability of operational and financial information;
- Compliance with applicable laws, regulations, contracts, grant requirements and administrative procedures.

- ✓ Did the school pursue a contract buyout with an administrator and if so, what was the total cost of the buy-out, reasons for the termination/settlement, and do the current employment contract(s) contain adequate termination provisions?
- ✓ Were there any other areas of concern reported by local auditors, citizens, or other interested parties which warrant further attention during our audit?
- ✓ Does the school ensure that joint school committee members appropriately comply with the Public Official and Employee Ethics Act?
- ✓ Is the school taking appropriate steps to ensure school safety?
- ✓ Did the school take appropriate corrective action to address recommendations made in our prior audits?

Methodology

Government Auditing Standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings, observations 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.

YCHS management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the school is in compliance with applicable laws, regulations, contracts, grant requirements, and administrative procedures. Within the context of our audit objectives, we obtained an understanding of internal controls and assessed whether those controls were properly designed and implemented.

Any significant deficiencies found during the audit are included in this report.

In order to properly plan our audit and to guide us in possible audit areas, we performed analytical procedures in the areas of state subsidies/reimbursement, pupil membership, pupil transportation, and comparative financial information.

Our audit examined the following:

- Records pertaining to pupil state ethics compliance, and financial stability.
- Joint School Committee minutes.

Additionally, we interviewed selected administrators and support personnel associated with YCHS operations.

Lastly, to determine the status of our audit recommendations made in a prior audit report released on January 3, 2006, we reviewed the YCHS's response to DE dated April 25, 2006. We then performed additional audit procedures targeting the previously reported matters.

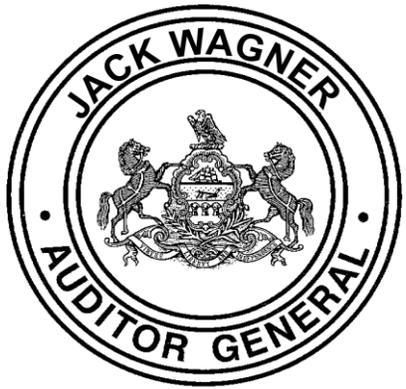
Findings and Observations

For the audited period, our audit of the York County High School resulted in no findings or observations.

Status of Prior Audit Findings and Observations

Our prior audit of the York County High School (YCHS) for the school years 2003-04, 2002-03, 2001-02 and 2000-01 resulted in one reported finding. The finding pertained to Social Security reimbursement errors. As part of our current audit, we determined the status of corrective action taken by the YCHS to implement our prior recommendations. We analyzed the YCHS Board's written response provided to the Department of Education (DE), performed audit procedures, and questioned YCHS's personnel regarding the prior findings. As shown below, we found that the YCHS did implement our recommendations related to Social Security reimbursement errors.

<i>School Years 2003-04, 2002-03, 2001-02 and 2000-01 Auditor General Performance Audit Report</i>		
<i>Prior Recommendations</i>	<i>Implementation Status</i>	
<p><u><i>1. Finding : Social Security Reimbursement Errors</i></u></p> <ol style="list-style-type: none"> 1. Reconcile data reported on the federal Form 941, Employer's Quarterly Federal Tax Return to the Reconciliation of Social Security Tax Contributions Paid form (PDE-2105). 2. Reconcile federal wages reported on the PDE-2105 with wages reported on the federal program's final expenditure report. 3. Review reports submitted to DE for subsequent years and, if errors are found, submit revised reports. 4. DE should adjust the school's allocations to recover the overpayments. 	<p>Background:</p> <p>Our prior audit of the school's 2003-04, 2002-03, 2001-02 and 2000-01 PDE-2105s found errors in reported total taxable Social Security and Medicare wages and federal wages for three of the years, resulting in reimbursement overpayments of \$2,160.</p>	<p>Current Status:</p> <p>Our current audit of the 2004-05 PDE-2105 found that school personnel complied with our recommendations and total taxable Social Security, Medicare and federal wages were correctly reported.</p> <p>DE recovered the \$2,160 overpayment from the school's August 2007 Social Security reimbursement payment to resolve this finding.</p>



Distribution List

This report was initially distributed to the superintendent of record for the school, the joint school committee members, our website address at www.auditorgen.state.pa.us, and the following:

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Senator Andrew Dinniman
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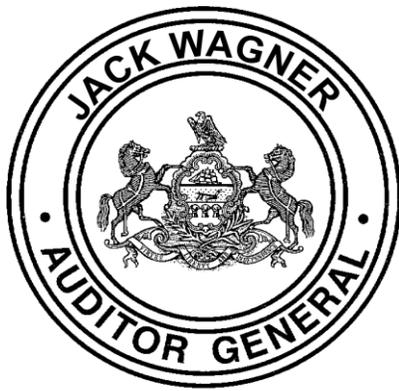
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