

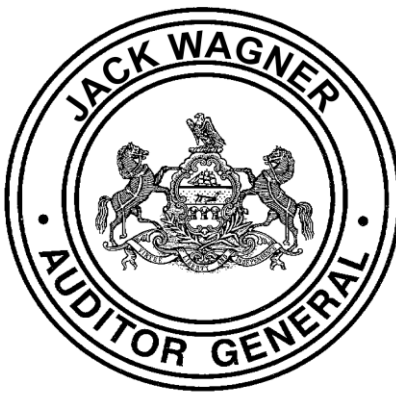
CENTRAL YORK SCHOOL DISTRICT  
YORK COUNTY, PENNSYLVANIA  
PERFORMANCE AUDIT REPORT

APRIL 2009



CENTRAL YORK SCHOOL DISTRICT  
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The Honorable Edward G. Rendell  
Governor  
Commonwealth of Pennsylvania  
Harrisburg, Pennsylvania 17120

Mr. Eric P. Wolfgang, Board President  
Central York School District  
775 Marion Road  
York, Pennsylvania 17406

Dear Governor Rendell and Mr. Wolfgang:

We have conducted a performance audit of the Central York School District for the years ended June 30, 2006, 2005, 2004 and 2003, and in certain areas extending beyond June 30, 2006. 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 was limited to the following objectives:

- Objective No. 1 - To determine if the Central York School District complied with applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit; and
- Objective No. 2 - To determine if the Central York School District took appropriate corrective action to address the findings and recommendations contained in our prior audit report.

To plan and perform our audit of the Central York School District, we considered the district's internal controls pertinent to our audit objectives. Based on our consideration of these internal controls we determined audit procedures for the purpose of reporting on our audit objectives, but not to provide assurance on the effectiveness of the district's internal controls. However, any significant internal control deficiencies found during our audit were included in our report.

### Independent Auditor's Report (Continued)

The results of our tests indicated that, in all significant respects, the Central York School District was in compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit and took appropriate corrective action to address the findings and recommendations contained in our prior audit report, except as noted in the following findings. We also identified internal control weaknesses as disclosed in the observation. The findings and observation are discussed further in the Conclusions section of this report:

#### Objective No. 1

- Finding No. 1 – Possible Conflict of Interest Transactions
- Finding No. 2 – Board Members Failed to File Statements of Financial Interests in Violation of the Public Official and Employee Ethics Act
- Finding No. 3 – Insufficient Transportation Documentation Resulted in Unverifiable Transportation Reimbursements of \$3,665,591
- Observation – Unmonitored Vendor System Access and Logical Access Control Weaknesses

#### Objective No. 2

- Finding – Errors in Detention Center Tuition Bills, Reporting of Membership Days and Program Costs
- Finding – Errors in Incarcerated Education Membership and Cost Data
- Finding – Certification Irregularities

We believe that our recommendations, if implemented by the district, will improve the internal control weaknesses identified and help ensure compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit.

Independent Auditor's Report (Continued)

The accompanying supplementary information is presented for purposes of additional analysis. We did not audit the information and, accordingly, express no form of assurance on it.

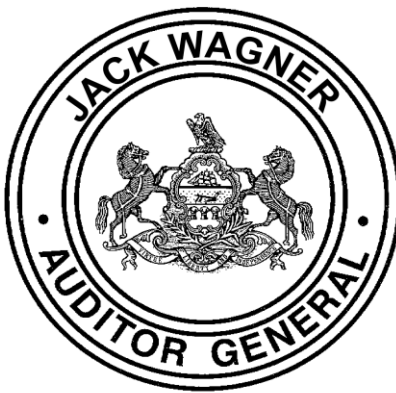
Sincerely,

/s/

JACK WAGNER  
Auditor General

April 3, 2009

cc: **CENTRAL YORK SCHOOL DISTRICT** Board Members





CENTRAL YORK SCHOOL DISTRICT  
PERFORMANCE AUDIT REPORT  
BACKGROUND

**Background**

The Central York School District is located in York County and encompasses an area of approximately 24 square miles. The school district has a population of 38,272, according to the 2000 federal census. The administrative offices are located at 775 Marion Road, York, Pennsylvania.

According to school district administrative officials, during the 2005-06 school year, the district provided basic educational services to 5,151 pupils through the employment of 18 administrators, 357 teachers, and 234 full-time and part-time support personnel. Special education was provided by the district and the Lincoln Intermediate Unit #12. Occupational training and adult education in various vocational and technical fields were provided by the district and the York County School of Technology.

Generally, state subsidies and reimbursements are paid in the year subsequent to the year in which the school district incurs the cost that qualifies it for the applicable subsidy or reimbursement. While the Pennsylvania Department of Education (DE) makes partial payments to the school district throughout the year, final payments are normally made in June. Refer to the Supplementary Information on pages 35 through 38 of this report for a listing of the state revenue the district received during the 2005-06, 2004-05, 2003-04 and 2002-03 school years and for descriptions of the state revenue received by category.

In July of each year, the Commonwealth's Labor, Education and Community Services, Comptroller's Office confirms the payments that were made by DE throughout the prior fiscal year. School district annual financial reports and the related certified audits of the payments are not available before October 31<sup>st</sup> of the following fiscal year.

CENTRAL YORK SCHOOL DISTRICT  
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OBJECTIVES, SCOPE AND METHODOLOGY

**OBJECTIVES AND SCOPE**

Our audit objectives were:

- Objective No. 1 - To determine if the Central York School District complied with applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit; and
- Objective No. 2 - To determine if the Central York School District took appropriate corrective action to address the findings and recommendations contained in our prior audit report.

The scope of our audit covered the years ended June 30, 2006, 2005, 2004 and 2003, and in certain areas extending beyond June 30, 2006.

**METHODOLOGY**

Our audit was conducted under authority of 72 P.S. § 403, and does not supplant the local annual audit as required by the Public School Code of 1949, as amended (Public School Code).

The proper administration of a school district requires school board members to establish and maintain internal controls to provide reasonable assurance that specific school district objectives will be achieved. School board members are responsible for the adoption and use of policies and procedures that promote the economical and efficient conduct of assigned duties and responsibilities. In completing our audit, we obtained an understanding of the school district's internal controls as they relate to the district's compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit. We evaluated and tested documents, files, reports, agreements, and systems, and performed analytical procedures to the extent necessary to satisfy our audit objectives. Additionally, we interviewed selected administrators and operations personnel.

As noted in the Background section of this report, the Department of Education generally pays state subsidies and reimbursements in the fiscal year subsequent to the fiscal year in which the district incurs the qualifying cost. Because we use the payment confirmations, annual financial reports and certified audit data as supporting documentation of actual payments received in the performance of our audit, we cannot begin the field work of a school district's operations for a given year until after this information becomes available.

CENTRAL YORK SCHOOL DISTRICT  
PERFORMANCE AUDIT REPORT

**CONCLUSIONS – OBJECTIVE NO. 1**

The first objective of our audit was to determine if the Central York School District complied with applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit.

The results of our tests indicate that with respect to the items tested, the Central York School District complied with applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit, except as noted in the Conclusions-Objective No. 2 section of this report and the findings listed below. Additionally, we identified internal control weaknesses as noted in the observation below. The findings, observation and recommendations were reviewed with representatives of the Central York School District, and their comments have been included in this report.

**Finding No. 1 – Possible Conflict of Interest Transactions**

Our audit of district records and a board member’s Statement of Financial Interests found that during the calendar years 2007, 2006, 2005, 2004 and 2003, the Central York School District (CYSD) purchased trophies and awards costing \$7,608, \$8,318, \$12,387, \$10,003, and \$10,120, respectively, from a business in which a board member owned a 25 percent interest. Our review of the board minutes and discussion with school personnel found that when present, the member did vote in favor of purchasing the trophies and awards from his company. These transactions appear to be a conflict of interest and a possible violation of the Pennsylvania Official and Employee Ethics Act (Ethics Act), 65 Pa.C.S. § 1101 *et seq.*

Section 1102 of the Ethics Act, 65 Pa.C.S. § 1102, defines “conflict of interest” as follows:

Use by public official or public employee of the authority of his office or employment or any confidential information received through his holding public office or employment for the private pecuniary benefit of himself, a member of his immediate family or a business with which he or a member of his immediate family is associated. . . .

CENTRAL YORK SCHOOL DISTRICT  
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**Finding No. 1 (Continued)**

Section 1103(f) of the Ethics Act, 65 Pa.C.S. § 1103(f), provides, in part:

No public official or public employee or his spouse or child or any business in which the person or his spouse or child is associated shall enter into any contract valued at \$500 or more with the governmental body with which the public official or public employee is associated or any subcontract valued at \$500 or more with any person who has been awarded a contract with the governmental body with which the public official or public employee is associated, unless the contract has been awarded through an open and public process, including prior public notice and subsequent public disclosure of all proposals considered and contracts awarded. In such a case, the public official or public employee shall not have any supervisory or overall responsibility for the implementation or administration of the contract.

Furthermore, Section 324(a) of the Public School Code, 24 P.S. § 3-324(a), provides, in part:

No school director shall, during the term for which he was elected or appointed, as a private person engage in any business transaction with the school district in which he is elected or appointed, be employed in any capacity by the school district in which he is elected or appointed, or receive from such school district any pay for services rendered to the district. . . .

A copy of this finding will be forwarded to the State Ethics Commission for additional review and investigation, as it deems necessary.

Recommendations

The board should:

- strengthen controls regarding the review of Statements of Financial Interests to help ensure detection of any potential conflicts of interest; and
- strengthen controls to help ensure compliance with state laws regarding board members conducting business with the district.

CENTRAL YORK SCHOOL DISTRICT  
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**Finding No. 1 (Continued)**

Response of Management

Management agreed with the finding and provided the following:

District has been made aware of possible conflict. We have discussed and reviewed with our solicitor and board member. Board member has abstained from voting on business or invoices dealing with his company. Board member's term ends December 2007 and is going off the board. Corrective action taken and will be resolved.

**Finding No. 2 – Board Members Failed to File Statements of Financial Interests in Violation of the Public Official and Employee Ethics Act**

Our audit of district records found that two board members failed to file their Statements of Financial Interests for the 2005 calendar year.

Public office is a public trust sustained by assuring people of the impartiality and honesty of public officials and public employees. Accordingly, the Ethics Act, 65 Pa C.S. § 1101 *et seq.* requires all candidates for public office, public officials and certain public employees to complete a Statement of Financial Interests for the preceding calendar year, annually, no later than May 1<sup>st</sup> of each year they hold their positions and of the year after leaving such positions.

The Ethics Act specifically requires public officials and certain public employees to disclose matters on the Statement of Financial Interests that currently or potentially creates conflicts of interest with their public duties. When a public official does not properly file a required disclosure, the public cannot examine the disclosure in order to determine whether conflicts of interest exist. This in turn erodes the public's trust. In addition, the board members' failure to file the Statement of Financial Interests violated the Ethics Act.

Section 1104(d) of the Ethics Act, 65 Pa.C.S. § 1104(d), which pertains to the failure to file the required Statement of Financial Interests, provides, in pertinent part, as follows:

No public official shall be allowed to take the oath of office or enter or continue upon his duties, nor shall he receive compensation from public funds, unless he has filed a statement of financial interests . . .

Section 1109(b), 65 Pa.C.S. § 1109(b) provides, in pertinent part, that any person who is required to file a Statement of Financial Interests but fails to do so may be found guilty of a misdemeanor and may be fined not more than \$1,000 or imprisoned for not more than one year.

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**Finding No. 2 (Continued)**

Section 1109(f), 65 Pa.C.S. § 1109(f) provides, in pertinent part, that any person who is required to file a Statement of Financial Interests but fails to do so in a timely manner or who files a deficient Statement of Financial Interests may be subject to a civil penalty, at a rate of not more than \$25 for each day such statement remains delinquent or deficient, with a maximum penalty under this chapter of \$250.

A copy of this finding will be forwarded to the State Ethics Commission for additional review and investigation, as it deems necessary.

Recommendations

The board should:

- seek the advice of its solicitor in regard to the board's responsibility when a board member fails to file a Statement of Financial Interests; and
- develop procedures to ensure that all individuals required to file Statements of Financial Interests do so in compliance with the Ethics Act.

Response of Management

Management provided the following response agreeing with the finding:

District/Board Secretary issue[s] statements to all members, we even mail or send out to members who resign during calendar year. These members who left never returned completed statements. The district took necessary steps to try to receive statements.

**Finding No. 3 - Insufficient Transportation Documentation Resulted in Unverifiable Transportation Reimbursements of \$3,665,591**

Our audit of transportation data for the 2005-06, 2004-05, 2003-04, and 2002-03 school years found insufficient documentation for the four years of audit. In addition, district personnel did not follow instructions from the Department of Education (DE) for the calculation of mileage averages.

CENTRAL YORK SCHOOL DISTRICT  
PERFORMANCE AUDIT REPORT

**Finding No. 3 (Continued)**

Failure to maintain sufficient documentation, and to follow DE instructions, resulted in our inability to confirm:

- mileage data;
- pupil data; and
- amounts paid contractor.

All of the above are factors in the calculation of Commonwealth-paid reimbursement to the district. As a result, the accuracy of the transportation reimbursements of \$1,162,438, \$925,779, \$821,181, and \$756,193 for the 2005-06, 2004-05, 2003-04 and 2002-03 school years, respectively, could not be verified.

Mileage Averages

DE instructions state that the district must report the miles per day vehicles travel with and without pupils. The instructions also state that if the figure changes during the year, the district must calculate a weighted average or a sample average.

DE instructions for the weighted average method state that the local education agency must maintain records (odometer readings) of miles with pupils and miles without pupils data for each vehicle. The instructions provide examples that show how to calculate weighted averages for mileage changes.

DE instructions for the sample average method of determining miles with and miles without pupils state:

Once during each month, from October through May, for to-and-from school transportation, measure and record:

1. The number of miles the vehicle traveled with students,
2. The number of miles the vehicle traveled without students . . .

At the end of the school year, calculate the average of the eight measurements for each of the [above] variables. These averages are called sample averages.

CENTRAL YORK SCHOOL DISTRICT  
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**Finding No. 3 (Continued)**

District personnel did not use either method described in DE's instructions for the calculation of miles with and miles without pupils. Bus drivers took one detailed odometer reading in September of each year documenting miles with and miles without pupils. During the school year, bus drivers also took a starting and an ending odometer reading each day, documenting total miles but not miles with pupils and without pupils. The transportation coordinator calculated total miles traveled during the week and then calculated an average based on these totals. This average was then distributed into miles with and without pupils based on a percentage. This method of calculating mileage was not in accordance with either method described in DE's instructions.

Pupil Averages

District personnel calculated pupil averages using the sample average method approved by DE. Chapter 23 regulations (22 Pa. Code 23.4(5)) require "the furnishing of rosters of pupils to be transported on each school bus run and trip." Rosters by definition are itemized lists. However, the documentation provided by district personnel showed only the number of pupils picked up at each stop, not the names of the pupils. Because of the lack of detail, we could not verify the accuracy of the number of pupils used in district calculations. District personnel could not explain why properly detailed pupil rosters were not retained for audit.

Amount Paid Contractors

District personnel could not locate any documentation to support the reported amount paid to one of two transportation contractors for the 2005-06 school year. Although the district's transportation reports showed payments of \$1,700,154, according to the district's annual financial report total payments to this contractor were \$1,845,481. District personnel could not explain how or why this difference occurred.

Recommendations

We recommend that district personnel:

- calculate miles with and miles without pupils in accordance with DE instructions, and retain odometer readings for all vehicles to support mileage data used in those calculations;
- maintain properly detailed pupil rosters that show how the number of students was calculated. These pupil rosters must support the number of students transported used in district calculations and must be retained for all vehicles; and
- maintain documentation to support the amount paid to contractors reported to DE.



CENTRAL YORK SCHOOL DISTRICT  
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**Finding No. 3 (Continued)**

Response of Management

Management provided us with the following response agreeing with the finding:

The Transportation Coordinator was not using a PDE approved calculation method. There was a lack of documentation to explain how the % method for miles with and miles without students [was] derived. Used odometer readings from start of the year. The District did not retain the actual pupil rosters to show the detail for number of students at each bus stop, bus roster, etc. There was the lack of detail reporting from Transportation Coordinator to explain how he processed calculations and backup detail for the mileage and students claimed.

Corrective Action:

The Commonwealth is four years behind in auditing the District records. The Transportation Coordinator has been completing the required information for ten years. The State Auditors have chosen not to audit the transportation records in the past. Therefore, the Coordinator had not been advised of required procedures. The auditors recently reviewed the requirements with the District Assistant to the Superintendent for Administration. Records will be correctly filed and completed in the future.

Auditor's Conclusion

DE reporting instructions were issued each year and were available to district personnel. District personnel did not comply with these instructions.

**Observation – Unmonitored Vendor System Access and Logical Access Control Weaknesses**

CYSD uses software purchased from an outside vendor for its critical student accounting applications (membership and attendance). The software vendor has remote access into the district's network servers.

## CENTRAL YORK SCHOOL DISTRICT PERFORMANCE AUDIT REPORT

### **Observation (Continued)**

Based on our current year procedures, we determined that a risk exists that unauthorized changes to the district's data could occur and not be detected because the district was unable to provide supporting evidence that they are adequately monitoring all vendor activity in their system. However, since the district has manual compensating controls in place to verify the integrity of the membership and attendance information in its database, that risk is mitigated. Various manual procedures are performed to validate reports generated from the student information system.

Reliance on manual compensating controls becomes increasingly problematic if the district would ever experience personnel and/or procedure changes that could reduce the effectiveness of the manual controls. Unmonitored vendor system access and logical access control weaknesses could lead to unauthorized changes to the district's membership information and result in the district not receiving the funds to which it was entitled from the state.

During our review, we found the district to have the following weaknesses as of October 9, 2007, over vendor access to the district's system:

- the district does not have evidence to support they are reviewing monitoring reports of user remote access and activity on the system (including vendor and district employees). There is no evidence to support that the district is performing any procedures in order to determine which data the vendor may have altered or which vendor employees accessed their system;
- the vendor uses a group userID rather than requiring that each employee has a unique userID and password;
- the vendor has unlimited remote access (24 hours a day/7 days a week) into the district's system;
- the district does not have current information technology (IT) policies and procedures for controlling the activities of vendors/consultants, nor does it require the vendor to sign the district's Acceptable Use Policy;
- the district's Acceptable Use Policy does not include provisions for authentication (e.g., password security and syntax requirements);
- the district does not maintain proper documentation to evidence that terminated employees were removed from the system in a timely manner;

## CENTRAL YORK SCHOOL DISTRICT PERFORMANCE AUDIT REPORT

### Observation (Continued)

- the district does not store data back-ups in a secure, off-site location; and
- the district has certain weaknesses in logical access controls. We noted that the district's system parameter settings do not require all users, including the vendor, to change their passwords every 30 days; to use passwords that are a minimum length of eight characters and include alpha, numeric and special characters; to maintain a password history (i.e., approximately ten passwords); to lock out users after three unsuccessful attempts and to log off the system after a period of inactivity (i.e., 60 minutes maximum).

### Recommendations

We recommend the district implement the following to correct vulnerabilities identified in this observation:

- the district should generate monitoring reports (including firewall logs) of the vendor and employee remote access and activity on their system. Monitoring reports should include the date, time, and reason for access, change(s) made and who made the change(s). The district should review these reports to determine that the access was appropriate and that data was not improperly altered. The district should also ensure it is maintaining evidence to support this monitoring and review;
- the district should require the vendor to assign unique userIDs and passwords to vendor employees authorized to access the district system. Further, the district should obtain a list of vendor employees with remote access to its data and ensure that changes to the data are made only by authorized vendor representatives;
- the district should only allow remote access to their system when the vendor needs access to make pre-approved changes/updates or requested assistance. This access should be removed when the vendor has completed its work. This procedure would also enable the monitoring of vendor changes;
- the district should establish separate IT policies and procedures for controlling the activities of vendors/consultants and have the vendor sign this policy, or the district should require the vendor to sign the district's Acceptable Use Policy;

## CENTRAL YORK SCHOOL DISTRICT PERFORMANCE AUDIT REPORT

### Observation (Continued)

- the district's Acceptable Use Policy should include provisions for authentication (e.g., password security and syntax requirements);
- the district should maintain documentation to evidence that terminated employees are properly removed from the system in a timely manner;
- the district should store back-up tapes in a secure, off-site location; and
- the district should implement a security policy and system parameter settings to require all users, including the vendor, to change their passwords on a regular basis (i.e., every 30 days). Passwords should be a minimum length of eight characters and include alpha, numeric, and special characters. Also, the district should maintain a password history that will prevent the use of a repetitive password (i.e., last ten passwords), lock out users after three unsuccessful attempts and log users off the system after a period of inactivity (i.e., 60 minutes maximum).

### Response of Management

Management provided the following response to our observation:

The district will be removing the "general" access and creating accounts for each vendor user that will need to access the system. We will generate reports of vendor activity via the firewall VPN [virtual private network] log. We will also be disabling access to the VPN until it is necessary for the vendor to activate it at our discretion. We will be looking to add into the policy manual the recommended items. The vendor will also need to sign the AUP [acceptable use policy] before being allowed to enter the VPN to do allowed work.

We will be implementing password requirements and making them active immediately. We will look into the procedures of removing employees that are no longer active. The SIS [student information system] has some limitations for example it cannot log users off automatically or make them change the pw after so many days. We are looking to purchase a new SIS next year and these features are included in the new software.

We will be looking into secure off-site storage of backup tapes.

CENTRAL YORK SCHOOL DISTRICT  
PERFORMANCE AUDIT REPORT

**CONCLUSIONS - OBJECTIVE NO. 2**

The second objective of our audit was to determine if the Central York School District took appropriate corrective action to address the findings and recommendations contained in our prior audit report for the years ended June 30, 2002 and 2001, and in certain areas extending beyond June 30, 2002. The status of these findings, along with a description of the school board's disposition of each recommendation, was determined by one or more of the following procedures:

- reviewing the board's written response, dated April 25, 2005, to the Department of Education, replying to the Department of the Auditor General's audit report for the years ended June 30, 2002 and 2001, and in certain areas extending beyond June 30, 2002;
- performing tests as a part of, or in conjunction with, the current audit; and
- questioning appropriate district personnel regarding specific prior years' findings and recommendations.

**Finding No. 1 – Errors in Detention Center Tuition Bills, Reporting of Membership Days and Program Costs**

Our prior audit of tuition bills, membership days and program costs for the 2001-02 and 2000-01 school years for the students educated at the York County Detention Center (YCDC) within Central York School District (CYSD) found errors in the following:

- annual tuition rate charged to other districts for both school years;
- out-of-state pupil membership days reported to the Department of Education (DE) for both school years;
- state wards' membership days reported to DE for the 2001-02 school year;
- resident pupil membership days reported to DE for the 2000-01 school year; and
- program costs reported to DE for both school years.

We recommended that district personnel:

- refund the \$61,660 and \$53,663 over billed to other districts for the 2001-02 and 2000-01 school years, respectively;

CENTRAL YORK SCHOOL DISTRICT  
PERFORMANCE AUDIT REPORT

**Finding No. 1 (Continued)**

- bill tuition of \$4,887 and \$6,054 for out-of-state students in accordance with Public School Code Section 1308 (24 P.S. § 13-1308), and take action to ensure that the district receives a guarantee or actual advance payment for out-of-state students;
- review detention center membership data submitted to DE for years subsequent to the audit and, if out-of-state pupil membership was not reported or if other errors were noted, submit revised reports to DE;
- review cost calculations submitted to DE for years subsequent to the audit and if errors were noted in the average daily membership (ADM) and/or program costs that were submitted, submit a revised cost calculation to DE; and
- review cost calculation worksheets for years subsequent to the audit, confirm the accuracy of costs and ADM, then determine what adjustments need to be made to tuition bills and take the required action to refund overpayments and bill districts for any underpayments.

We further recommended that DE adjust the district's allocations to recover a \$678 net subsidy overpayment for institutionalized wards of the state in a detention facility resulting from the errors.

The board, in its written response, agreed with the finding and noted:

The Central York School Board acknowledges that errors in Detention Center Tuition Bills, Reporting Membership Days and Program Costs resulted in an over billing of \$53,663.20 and \$61,660.12 respectively for the years ending 6/30/2001 and 6/30/2002. The Board has been advised by the Business Manager that over billing errors for the year ended 6/30/2003 were made in the amount of \$34,378.20. The Board ratifies the Business Manager's action to apply the over billed amounts as credits against any amount due for the year ended 6/30/2004 and refund any difference to School Districts that had been over billed. Also, the Board acknowledges that the Business Manager has reviewed program costs and membership reports for the years ended 6/30/2003 and 6/30/2004 as recommended in the audit report. The Board directs the Business Manager to continue to review Detention Center program costs and membership reports to insure that errors will be eliminated in subsequent years.

CENTRAL YORK SCHOOL DISTRICT  
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**Finding No. 1 (Continued)**

Our current audit found that as of November 24, 2004, the district had issued checks or credits against amounts due for subsequent years to resolve the 2001-02 and 2000-01 overcharges to other districts. In addition, DE recalculated that the net overpayment to the district was \$668, which was deducted from district subsidies on June 28, 2007.

Our current audit of tuition bills, membership days and program costs for the 2005-06, 2004-05, 2003-04 and 2002-03 school years for the students educated at YCDC within CYSD found that district personnel:

- charged other districts the annual tuition rate, which exceeded actual costs, for the 2005-06 and 2004-05 school years;
- did not use the actual school term when calculating the daily rate for the 2005-06 school year;
- did not include all allowable days in the cost calculations submitted to DE for the 2005-06 school year;
- did not report out-of-state membership to DE, and also did not include these days in cost calculations for the 2005-06, 2004-05, 2003-04 and 2002-03 school years;
- did not bill tuition or obtain a guarantee of payment for out-of-state students for the 2005-06, 2004-05, 2003-04 and 2002-03 school years; and
- did not include administrative costs in cost calculations submitted to DE for the 2005-06, 2004-05, and 2002-03 school years.

The combined errors resulted in a net overpayment to CYSD of \$20,234. The net overpayment included a net over-billing of tuition to other school districts, failure to collect tuition for out of state students, and a net overpayment in Commonwealth reimbursements.

The district contracted with the Lincoln Intermediate Unit #12 (LIU) to provide regular educational services for students housed at the YCDC. The students were from Pennsylvania school districts, out-of-state schools, state wards, or residents of CYSD. Some students were placed in the YCDC while they were awaiting a court hearing and others were disruptive youths waiting placement by York County Children and Youth Services. The LIU billed CYSD for the costs incurred in providing these regular educational services. CYSD was responsible for reporting membership to DE and for billing other districts to recover the costs for the detention program.

CENTRAL YORK SCHOOL DISTRICT  
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**Finding No. 1 (Continued)**

Districts with detention programs submit a cost worksheet to DE showing their calculation of cost per ADM. This worksheet identifies the actual costs and the number of membership days for which education was provided. We confirmed with DE that membership days reported should include membership days for all students educated in the program. These days are then divided by the school term to obtain the ADM of students served by the program. Finally, the actual costs of the program are divided by the ADM to obtain a cost per ADM. DE uses this worksheet to pay districts for state wards in the program.

The subsidy for institutionalized wards of the state in a detention facility is based on the lesser of actual cost per ADM or 150 percent of the district's tuition rate, in accordance with Public School Code, Section 2561(6), 24 P.S. § 25-2561(6), which provides:

When the public school district administers and delivers the educational services required by this act to a child referred to an institution, pursuant to a proceeding under 42 Pa C.S. Chapter 63 (relating to juvenile matters), at the institution itself, the tuition to be charged to the district of residence of such child shall be one and one-half times the amount determined [to be the annual tuition rate] . . . *but not to exceed the actual cost of the educational services provided to such child. (emphasis added)*

Annual Tuition Rate Charged to Other Districts

Per Public School Code Section 2561(6), the host district is to charge the district of residence of each child the actual cost of educational services provided to the child, up to 150 percent of the district's annual tuition rate.

For the 2005-06 and 2004-05 school years, CYSD billed other districts based on its annual tuition rates, instead of the actual costs. For the 2005-06 and 2004-05 school years, CYSD billed each district of residence based on its elementary annual tuition rates of \$6,483 and \$6,075, respectively, and its secondary tuition rates of \$7,314 and \$6,662, respectively. However, the actual cost of providing the services for both elementary and secondary pupils for the 2005-06 and 2004-05 school years was \$6,546 and \$6,186 per ADM, respectively.

Additionally, in computing the daily rate to be charged to the districts for 2005-06, district personnel divided the annual tuition rate figure by a 184 day term, when the actual term was 183 days.

Since the Public School Code states the tuition charge shall not exceed actual costs, CYSD over billed the school districts. We could not determine why this had again occurred because the business manager responsible for sending the tuition bills retired prior to the start of our audit.



CENTRAL YORK SCHOOL DISTRICT  
PERFORMANCE AUDIT REPORT

**Finding No. 1 (Continued)**

Out-of-State Pupil Membership Days

District personnel did not report 22, 143, 94 and 110 days of out-of-state pupil membership to DE for the 2005-06, 2004-05, 2003-04 and 2002-03 school years, respectively. In addition, district personnel did not include these unreported out-of-state membership days when calculating the number of days to be used on DE's detention program cost worksheet for any of the years of audit. This affected the ADM reported to DE and the cost per ADM.

Section 1308 of the Public School Code, 24 P.S. § 13-1308, provides, in part:

If any inmates have been received from outside of Pennsylvania, or if the institution cannot certify as to their residence, their tuition shall be paid by the institution having the care or custody of said children. . . . Enrollment of any out-of-state student in a school district or intermediate unit program shall be conditioned upon a guarantee, or actual advance receipt, of tuition and transportation payment from the institution, from the student's home state or out-of-state school district, or from the out-of-state party or agency which placed the student in the institution. . . .

District personnel did not obtain a guarantee or actual advance payment from the institution, from the student's home state, or from the out-of-state school district. In addition, they could not document or confirm that any tuition had been billed or collected for the out-of-state students. As a result, the district did not collect the tuition due for these students of \$787, \$4,808, \$2,633 and \$2,888 for the 2005-06, 2004-05, 2003-04 and 2002-03 school years, respectively.

We could not determine why this occurred because the business manager responsible for the billing had retired prior to the start of our audit.

Pupil Membership Days

District personnel reported 5,200 days on its costs calculation worksheet for the 2005-06 school year; however, district personnel accurately reported a total of 5,295 days to DE for the detention program on the district's child accounting reports. District personnel failed to include on the cost calculation worksheet 15 elementary days and 18 secondary days for York City School District. In addition, they did not include on the cost calculation worksheet 62 other days of membership that could not be traced to a specific district. This error affected the ADM and cost per ADM reported to DE for the detention center.

CENTRAL YORK SCHOOL DISTRICT  
PERFORMANCE AUDIT REPORT

**Finding No. 1 (Continued)**

Program Costs

District personnel did not include administrative costs incurred for the detention program of \$3,083, \$3,073, and \$3,134 for the 2005-06, 2004-05, and 2002-03 school years, respectively. District personnel reported only those amounts billed to the district by the LIU. We could not determine the reason this continued to occur because the business manager responsible for preparing the cost calculation worksheet retired prior to the start of our audit. This understatement of costs resulted in an understated cost per ADM used in DE calculations.

The failure to include administrative costs for the 2005-06, 2004-05, and 2002-03 school years, the understatement of total membership days on the cost calculation worksheets for the 2005-06 school year, and the failure to include out-of-state membership days on the cost calculation worksheets for the 2005-06, 2004-05, 2003-04 and 2002-03 school years resulted in DE subsidy overpayments of \$96, \$96 and \$263 and an underpayment of \$15, for 2005-06, 2004-05, 2003-04 and 2002-03, respectively.

The cumulative effect of billing the district's annual tuition rate instead of actual costs, the understatement of total membership days on the cost calculation worksheets for the 2005-06 school year, the failure to include out-of-state membership days on the cost calculation worksheets for all audit years, and not including administrative costs when reporting cost data to DE resulted in CYSD over-billing 24 districts a total of \$17,033 for 2005-06, 23 school districts a total of \$11,913 for 2004-05, and 23 school districts a total of \$2,184 for the 2003-04 school year. For the 2002-03 school year, the district under-billed 33 school districts a total of \$220.

Since district personnel billed and collected more than its actual costs during the 2005-06 and 2004-05 school years, the district did not incur its share of the program costs. The district's share of these costs based on CYSD's membership days was \$7,190 and \$4,909 for the 2005-06 and 2004-05 school years, respectively.

We have provided DE with reports detailing the errors for use in adjusting the district's subsidy.

Based on the results of our current audit, we concluded that the district did not take appropriate corrective action to address this finding.

Recommendations

We recommend that district personnel:

- refund the \$17,033, \$11,913, and \$2,184 over-billed to other districts for the 2005-06, 2004-05 and 2003-04 school years, and collect the \$220 under-billed for the 2002-03 school year; and

CENTRAL YORK SCHOOL DISTRICT  
PERFORMANCE AUDIT REPORT

**Finding No. 1 (Continued)**

- bill tuition of \$787, \$4,808, \$2,633 and \$2,888 for out-of-state students in accordance with Public School Code Section 1308. In addition, district personnel should take action to ensure that the district receives a guarantee or actual advance payment for out-of-state students.

Furthermore, we again recommend that district personnel:

- review detention center membership data submitted to DE for years subsequent to the audit and, if out-of-state pupil membership was not reported or if other errors are noted, submit revised reports to DE;
- review cost calculations submitted to DE for years subsequent to the audit and if errors are noted in the days and/or program costs that were submitted, submit a revised cost calculation to DE; and
- determine what adjustments need to be made to tuition bills to ensure that actual costs, up to 150 percent of the district's tuition rate, have been billed, and take the required action to resolve any overcharges or undercharges that may have occurred.

We also recommend that DE adjust the district's allocations to recover the \$440 net subsidy overpayment for institutionalized wards of the state in a detention facility.

Response of Management

Management provided us with the following response agreeing with the finding:

The district reported the incorrect number of student days. The district confirms that the incorrect tuition rate was used to create the student billings. Also, the district did not bill out of state students during the years of the audit. And, administration costs were not included in the tuition calculation. As a result the district overcharged the PA schools for tuition costs.

Corrective Action:

First, the district will process the credits and refunds per the audit finding spreadsheet provided to us. Second, we will work to ensure the proper tuition rate is used in creating the bills. Finally, we will review all tuition calculations to make sure proper billing takes place going forward.

CENTRAL YORK SCHOOL DISTRICT  
PERFORMANCE AUDIT REPORT

**Finding No. 2 - Errors in Incarcerated Education Membership and Cost Data**

Our prior audit of membership days and program costs for juveniles incarcerated in adult facilities at the York County Prison Center (YCPC) for the 2001-02 and 2000-01 school years found errors in the following:

- program costs for the 2001-02 and 2000-01 school years;
- out-of-state pupil membership days reported to DE for the 2001-02 and 2000-01 school years;
- membership days for wards of the state reported to DE for the 2001-02 school year; and
- pupil membership days reported to DE in the immigrant/English as a Second Language (ESL) program for the 2001-02 school year.

We recommended that district personnel:

- review incarcerated education pupil membership data submitted to DE for years subsequent to the audit and, if out-of-state pupil membership was not reported or other errors were noted, submit revised reports to DE; and
- review expenditure calculations submitted to DE for years subsequent to the audit and, if errors were noted in the ADM and/or costs that were submitted, submit a revised expenditure report to DE.

We also recommended that DE adjust the districts' net overpayments of \$16,841 paid by districts through deductions from basic education funding (BEF), and resolve the \$19,462 net underpayment to CYSD.

The board, in its written response, agreed with the finding and noted:

The Central York School Board acknowledges that errors occurred in out-of-state and state ward pupil membership days as well as administrative costs were not included in the final costs reported to PDE. The Board has directed the Business Manager to review the membership reporting by the attendance officer to insure the accuracy of those reports for years subsequent to the audit. Also, the Business Manager has been directed to include administrative costs in reporting these program costs to PDE for years subsequent to the audit.

CENTRAL YORK SCHOOL DISTRICT  
PERFORMANCE AUDIT REPORT

**Finding No. 2 (Continued)**

DE, using a slightly different method of calculation from ours, resolved this finding by deducting \$15,595 from CYSD and refunding that amount to various Pennsylvania school districts. DE then paid the district \$19,356 for the Commonwealth's share of costs for out-of-state pupils and institutionalized wards of the state. These actions resulted in the net payments of \$3,761 made to the district as of December 28, 2006.

Our current audit found that district personnel failed to comply with our recommendations and errors were again noted in out-of-state pupil membership and program costs.

Our current audit of membership days and program costs for juveniles incarcerated in adult facilities at the YCPC for the 2005-06, 2004-05, 2003-04, and 2002-03 school years found the following errors for the 2005-06, 2004-05, and 2002-03 school years:

- administrative costs were not included in the program costs submitted to DE for the 2005-06, 2004-05, and 2002-03 school years;
- out-of-state pupil membership days were not reported to DE for the 2002-03 school year;
- district personnel did not make membership changes to 2005-06 membership data during the period the files had been reopened by DE for changes, which resulted in changes not being processed; and
- membership days for wards of the state reported to DE for the 2005-06 and 2004-05 school years were not processed correctly by DE.

The combined errors resulted in a net overpayment to CYSD of \$41,279. The net overpayment included a net overcharge to other school districts, failure to collect tuition for out of state students, and a net overpayment in Commonwealth reimbursements.

Public School Code Section 1306.2(c), 24 P.S. § 13-1306.2(c), which addresses juveniles incarcerated in adult facilities, provides:

The department [DE] shall effectuate necessary procedures for the transfer of funds from the school district of residence to the school district in which the local correctional institution is located. In effectuating the transfer of funds, the department may deduct the appropriate amount from the Basic Education Funding allocation of any school district which had resident students who were provided educational services in the local correctional facility.

CENTRAL YORK SCHOOL DISTRICT  
PERFORMANCE AUDIT REPORT

**Finding No. 2 (Continued)**

Public School Code Section 2561(6), 24 P.S. § 2561(6), provides, in part:

When the public school district administers and delivers the educational services required by this act to a child referred to an institution, pursuant to a proceeding under 42 Pa C. S. Chapter 63 (relating to juvenile matters), at the institution itself, the tuition to be charged to the district of residence of such child shall be one and one-half times the amount determined [to be the annual tuition rate] . . . *but not to exceed the actual cost of the educational services provided to such child. (emphasis added).*

The district contracted with the LIU to provide regular, special and immigrant/ESL educational programs for students housed at the YCPC. The students were variously from other Pennsylvania school districts, out-of-state students, state wards, or residents of the CYSD. The LIU billed CYSD for the costs incurred in providing the educational services. Each program's costs were billed separately.

The district reported the actual costs and the membership data for each program to DE. DE charged each district for the education provided to their students and paid CYSD for wards of the state and out-of-state students at the lesser of actual costs or 150 percent the host district's tuition rate. However, for the 2005-06, 2004-05 and 2002-03 school years, the actual costs were less than 150 percent of the district's tuition rate, except for the immigrant/ESL regular education program costs, which exceeded 150 percent of district's tuition rate in 2005-06 and 2004-05.

Program Costs

District personnel did not report to DE their administrative salary and benefit costs (for all three programs) on the expenditure reports for juveniles incarcerated in adult facilities. District personnel reported only the amount that LIU billed the district for the 2005-06, 2004-05, and 2002-03 school years. We could not determine the reason this occurred because the business manager responsible for completing the paperwork retired prior to the start of our audit. The following program costs were not reported to DE:

| <u>Program</u>                             | <u>2005-06</u>  |                 | <u>2004-05</u>  |                 | <u>2002-03</u>  |                 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|  | <u>Salaries</u> | <u>Benefits</u> | <u>Salaries</u> | <u>Benefits</u> | <u>Salaries</u> | <u>Benefits</u> |
| Regular education program                  | \$561           | \$214           | \$655           | \$226           | \$395           | \$104           |
| Special education program                  | 161             | 62              | 132             | 46              | 181             | 47              |
| Immigrant/ESL regular<br>education program | 165             | 63              | 168             | 58              | 430             | 113             |

CENTRAL YORK SCHOOL DISTRICT  
PERFORMANCE AUDIT REPORT

**Finding No. 2 (Continued)**

Failure to include all program costs in the expenditures reported to DE resulted in understatements of cost per ADM for each program. Therefore, the amounts DE withheld from districts and the amount DE paid CYSD were understated.

Out-of-State Pupil Membership Days

District personnel did not report out-of-state pupil membership days to DE for incarcerated education programs for the 2002-03 school year, as follows:

| <u>Program</u>                          | <u>Membership Days</u> |
|---|------------------------|
| Regular education program               | 189                    |
| Special education program               | 39                     |
| Immigrant/ESL regular education program | 102                    |

The failure to report out-of-state pupil membership days to DE resulted in the ADM being understated and the cost per ADM being overstated, which in turn resulted in overpayments from other districts, and DE underpayments to CYSD.

Changes to Membership Data

District personnel determined that data originally reported to DE for the 2005-06 school year was incorrect. They contacted DE regarding the changes to be made. DE told district personnel that DE would reopen the files and that the district should make the changes. However, these changes were never made. This resulted in an understatement of membership reported for Southeastern and Lancaster City school districts of 12 and 9 secondary days, respectively, in the regular education program, an understatement of 101 secondary days for Lancaster School District in the special education program, and overstatements of state ward membership of 21 and 101 secondary days in the regular education and special education programs, respectively.

These changes affected the ADM for each of the districts and for wards of the state reported to DE, which in turn affected the amount paid by DE and the amounts that were deducted from the BEF for Southeastern and Lancaster School Districts.

Pupil Membership Days for Wards of the State

Our current audit found that for the 2005-06 school year, DE incorrectly processed the 390 days reported as membership for wards of the state for the prison's regular education program under the prison's immigrant/ESL regular education program, and processed the 312 days reported as membership for wards of the state for the prison's special education program under the prison's Immigrant/ESL special education program. We contacted DE personnel who confirmed that this processing error had occurred but were not able to determine the cause of the error.

CENTRAL YORK SCHOOL DISTRICT  
PERFORMANCE AUDIT REPORT

**Finding No. 2 (Continued)**

This DE processing error resulted in ADM being understated for the regular education and the special education programs, which overstated the cost per ADM. The errors also resulted in an overstatement of ADM for the immigrant/ESL regular education program, which understated the cost per ADM for the program. There was no immigrant/ESL special education program for the 2005-06 school year. The differences affected the payments made by the districts and payments made by DE to CYSD for the regular education, special education, and immigrant/ESL regular education programs.

Our current audit found that for the 2004-05 school year, DE incorrectly combined the 636 days for the regular education program and the 800 days for the immigrant/ESL regular education program and included the total ADM for the 1,436 days under both the regular education and immigrant/ESL regular education programs. DE personnel confirmed that this processing error had occurred but were not able to determine the cause of the error.

This processing error resulted in ADM being overstated for both the regular education program and immigrant/ESL regular education programs and understated the cost per ADM for both programs. These differences affected the payments made by the districts and payments made by DE to CYSD for both programs.

The errors in program cost data and ADM resulted in revised costs per ADM, as follows:

|   | <u>2005-06</u> |           | <u>2004-05</u> |           | <u>2002-03</u> |           |
|---|----------------|-----------|----------------|-----------|----------------|-----------|
|   | <u>From</u>    | <u>To</u> | <u>From</u>    | <u>To</u> | <u>From</u>    | <u>To</u> |
| Regular education program               | \$ 3,184       | \$ 2,903  | \$3,264        | \$ 3,859  | \$2,740        | \$2,519   |
| Special education program               | 10,495         | 8,415     | 5,497          | 5,525     | 4,244          | 4,127     |
| Immigrant/ESL regular education program | 13,675         | 22,638    | 8,302          | 14,956    | 3,693          | 3,608     |

The errors resulted in overcharges of \$14,465 to 30 districts and \$2,414 to 23 districts for the 2005-06 and 2002-03 school years, respectively. The errors for the 2004-05 school year resulted in undercharges of \$11,982 to 26 districts, for a net overcharge of \$4,897.

The errors also resulted in the district being overpaid \$7,794, \$33,460, and \$1,835 in reimbursement for wards of the state for the 2005-06, 2004-05, and 2002-03 school years, respectively.

The errors further resulted in the district being underpaid \$1,189 and \$5,518 for out-of-state students for the 2004-05 and 2002-03 school years, respectively.

In total, the errors resulted in CYSD being overpaid \$22,259 and \$20,289 for the 2005-06 and 2004-05 school years, respectively, and being underpaid \$1,269 for the 2002-03 school year, for a net overpayment of \$41,279.



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**Finding No. 2 (Continued)**

We have provided DE with reports detailing the errors for use in adjusting the amounts due from the districts and from DE for the incarcerated education programs.

Recommendations

We again recommend that district personnel:

- review incarcerated education pupil membership data submitted to DE for years subsequent to the audit and, if out-of-state pupil membership was not reported or if other errors are noted, submit revised reports to DE; and
- review expenditure calculations submitted to DE for years subsequent to the audit and, if administrative costs have not been included or other errors are noted in the ADM and/or costs that were submitted, submit a revised expenditure report to DE.

We further recommend that district personnel review reports received from DE for subsequent years to ensure that the data for state wards has been accurately processed by DE.

We also recommend that DE adjust the subsidies and reimbursements for the other districts and CYSD to resolve the \$41,279 net overpayment to the district.

Response of Management

Management provided us with the following response agreeing with the finding:

The district recognizes that certain membership changes in 05-06 were not reported to PDE, administrative costs for 02-03, 04-05 and 05-06 were not included in the tuition calculation and that out of state students were not included in the billing process. As a result the district issued incorrect tuition billings.

The district is also aware of the processing error on behalf of PDE which contributed to part of this finding.

Corrective Action:

We will work more diligently in the future to review all year end reconciliations from the Department [DE] to ensure correct payments and reimbursements. The district will process all tuition billings per the proper procedures reviewed during this audit and work to ensure correct and accurate tuition calculations are processed.

CENTRAL YORK SCHOOL DISTRICT  
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**Finding No. 3 – Certification Irregularities**

Our prior audit of the professional employees' certification and assignments for the period October 24, 2001 through August 26, 2004, was performed to determine compliance with the Public School Code and DE's Bureau of Teacher Certification and Preparation (BTCP), Certification and Staffing Policies and Guidelines (CSPG). Our review found:

- two teachers were assigned to teach English/Communications beginning in September of 2002, but did not have proper certification until November of 2002;
- one teacher was assigned to teach learning disabled students beginning in September of 2002, but did not have proper certification until November of 2002;
- one individual was assigned as a reading specialist beginning in September of 2002, but did not have proper certification until November of 2002;
- one teacher was assigned to teach learning disabled students beginning in September of 2002, but did not have proper certification until January of 2003; and
- one individual was assigned to teach social studies but did not have a valid certificate from September of 2002 through January of 2003.

Information pertaining to the assignments and certificates in question was submitted to BTCP for its review. BTCP subsequently confirmed the irregularities. Consequently, the district was subject to a subsidy forfeiture of \$7,744 for the 2002-03 school year.

We recommended that the superintendent:

- continue to annually review individuals with emergency certification to ensure certificates are received timely;
- ensure individuals are properly certified prior to employment; and
- continue to review work histories for individuals who hold temporary certificates and take appropriate action to ensure that temporary certificates do not lapse prior to the individuals obtaining permanent certificates.

We also recommended that DE recover the subsidy forfeiture of \$7,744 from the district's future allocations.

CENTRAL YORK SCHOOL DISTRICT  
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**Finding No. 3 (Continued)**

DE did not require the board to formally respond to the certification finding and noted that any questions on the certification finding should be directed to BTCP.

Our current audit found that the superintendent appealed the final determination of BTCP detailed in this finding. As a result of this appeal, DE revised the subsidy forfeiture from \$7,744 to \$5,922. The certification irregularities noted in this finding were not changed and only the subsidy forfeiture amount was affected by this appeal.

DE deducted the revised subsidy forfeiture of \$5,922 from the district's December 29, 2005 BEF payment.

All six individuals cited in our prior audit finding obtained their required certification as of February of 2003.

Our current audit of the professional employees' certification and assignments for the period August 27, 2004 through June 5, 2007, found that beginning in the 2005-06 school year the district employed a social worker who did not hold any Pennsylvania teaching certification. According to CSPG #77:

A public school entity cannot utilize school social worker paraprofessionals unless it employs a certified Home and School Visitor under whom the services of such paraprofessionals are performed.

The district did not employ a certified home and school visitor.

Section 1202 of the Public School Code provides, in part:

No teacher shall teach, in any public school, any branch which he has not been properly certificated to teach.<sup>1</sup>

Section 2518 of the Public School Code provides, in part:

[A]ny school district, intermediate unit, area vocational-technical school or other public school in this Commonwealth that has in its employ any person in a position that is subject to the certification requirements of the Department of Education but who has not been certificated for his position by the Department of Education . . . shall forfeit an amount equal to six thousand dollars (\$6,000) less the product of six thousand dollars (\$6,000) and the district's market value/income aid ratio.<sup>2</sup>

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<sup>1</sup> 24 P.S. § 12-1202.

<sup>2</sup> 24 P.S. § 25-2518.

CENTRAL YORK SCHOOL DISTRICT  
PERFORMANCE AUDIT REPORT

**Finding No. 3 (Continued)**

Information pertaining to the assignment was submitted to BTCP, DE, for its review. BTCP subsequently confirmed the irregularity, and we computed that the district is subject to subsidy forfeitures of \$3,600 and \$3,747 for the 2006-07 and 2005-06 school years, respectively.

Recommendations

The superintendent, in conjunction with BTCP's determination regarding the irregularity, should take necessary action required to ensure compliance with certification regulations.

DE should adjust the district's allocations to recover the subsidy forfeitures of \$7,347.

Response of Management

Management provided the following response disagreeing with the finding:

Central York School District experienced a significant increase in student population over the last five years. Many students were in need of support services to assist them in dealing with social and emotional problems impacting their education.

In 2005, the Board approved the position of school social worker to assist in servicing the needs of students at the middle school and high school (grades 6-12). This person is supervised by the middle school and high school principals, who are properly certificated administrators.

This audit revealed that CSPG #77 required a social worker to be supervised by a home and school visitor, a position that has less supervisory and administrative authority than a principal. The Central York School District has not had a home and school visitor since the 1980's, nor does it have any use for such an outdated position. Of the fourteen districts in York County, only two districts have the position, and they plan to abolish such when the person retires. On the other hand, several districts have social workers and have yet to be cited.

Our assistant superintendent contacted [an employee], in the Certification Department at Pennsylvania Department of Education (PDE), who shared our concern. She indicated that CSPG #77 is causing a lot of issues for districts. However, these guidelines are all PDE has to follow right now.

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**Finding No. 3 (Continued)**

To make matters worse, only a few colleges, such as Bryn Mawr, Temple, Widener, and Marywood, offer the home and school visitor certificate. All of the universities are located more than 100 miles from York.

We are in the process of working with LIU #12 on a solution. The district's proposal is that Central York contract with the LIU #12 for supervisory services. An intermediate unit employee with a home and school visitor certificate would regularly provide on-site supervision of our social worker. The official evaluation would be conducted by our assistant superintendent, a commissioned officer, who has supervisory authority over a home and school visitor.

**Auditor's Conclusion**

As noted previously in this finding, BTCP determined that the employment of the social worker without that individual being directed by a certified home and school visitor is a violation of the current CSPG, and subjects the district to subsidy forfeitures. Therefore, the finding will stand as written, and any further concerns on the part of the school district must be addressed to DE.



CENTRAL YORK SCHOOL DISTRICT  
PERFORMANCE AUDIT REPORT

**SUPPLEMENTARY INFORMATION**  
**[UNAUDITED]**

**Schedule of State Revenue Received**

The district reported it received state revenue of \$10,393,333, \$9,748,040, \$8,824,568 and \$8,355,637, respectively, for the years ended June 30, 2006, 2005, 2004 and 2003, as detailed in the following schedule:

|  | <u>2006</u>         | <u>2005</u>        | <u>2004</u>        | <u>2003</u>        |
|--|---------------------|--------------------|--------------------|--------------------|
| <b>STATE REVENUE</b>   |                     |                    |                    |                    |
| Basic Education  | \$ 4,455,391        | \$4,306,223        | \$4,061,249        | \$3,914,373        |
| Read to Succeed  |                     |                    |                    | 16,629             |
| Charter Schools  | 51,140              | 53,076             | 31,278             | 32,664             |
| Tuition for Orphans and Children                               |                     |                    |                    |                    |
| Placed in Private Homes  | 118,192             | 123,989            | 82,451             | 78,376             |
| Homebound Instruction  | 205                 | 472                | 304                | 649                |
| Vocational Education   | 17,596              | 14,600             | 19,244             | 12,783             |
| Alternative Education  | 11,046              | -                  | 36,701             | 57,535             |
| Driver Education   | 5,530               | 4,970              | 4,270              | 3,985              |
| Migratory Children   | 160                 | 120                | -                  | -                  |
| Special Education  | 1,749,838           | 1,710,714          | 1,677,277          | 1,620,951          |
| Transportation   | 1,139,454           | 949,809            | 874,903            | 841,580            |
| Rental and Sinking Fund Payments                               | 983,338             | 738,004            | 765,342            | 707,372            |
| Health Services  | 101,919             | 100,292            | 94,079             | 91,755             |
| PA Accountability Grant  | 296,529             | 349,519            | -                  | -                  |
| Dual Enrollment Grants   | 4,821               | -                  | -                  | -                  |
| Social Security and Medicare Taxes                             | 905,426             | 924,992            | 785,341            | 727,891            |
| Retirement   | 552,748             | 471,260            | 392,129            | 130,282            |
| Lincoln Intermediate Unit #12 –<br>Alternative Education Grant | -                   | -                  | -                  | 118,812            |
| <b><u>TOTAL STATE REVENUE</u></b>                              | <u>\$10,393,333</u> | <u>\$9,748,040</u> | <u>\$8,824,568</u> | <u>\$8,355,637</u> |

CENTRAL YORK SCHOOL DISTRICT  
PERFORMANCE AUDIT REPORT

**SUPPLEMENTARY INFORMATION**  
**[UNAUDITED]**

*Description of State Revenue Received (Source: Pennsylvania Accounting Manual)*

Basic Education

Revenue received from Commonwealth appropriations as subsidy for basic education.

Read to Succeed

Revenue received from the Commonwealth to ensure that all students learn to read and write by the end of the third grade.

Charter Schools

Revenue received from the Commonwealth to fund the Charter Schools initiative. The state subsidy received includes revenue for startup funding, nonpublic transfers, and transitional grants.

Tuition for Orphans and Children Placed in Private Homes

Revenue received from the Commonwealth as tuition for children who are orphans and/or children who are placed in private homes by the court. Payments are made in accordance with Sections 1305 and 1306 of the Public School Code.

Homebound Instruction

Revenue received from the Commonwealth as subsidy for expenses incurred for instruction of homebound pupils. Payments are made in accordance with Section 2510.1 of the Public School Code.

Vocational Education

Revenue received from the Commonwealth as subsidy for vocational education expenditures which are classified as current operating expenditures and also for preliminary expenses in establishing an area vocational education school. Payments are made in accordance with Sections 2504, 2506 and 2507 of the Public School Code.

Alternative Education

Revenue received from the Commonwealth as subsidy for alternative education. Alternative education is specialized educational instruction and support services to students that must be removed from regular classrooms because of disruptive behavior.



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PERFORMANCE AUDIT REPORT

**SUPPLEMENTARY INFORMATION**  
**[UNAUDITED]**

Driver Education

Revenue received from the Commonwealth as subsidy for conducting a standardized driver education program. Payments are made in accordance with Section 2504.1 of the Public School Code.

Migratory Children

Revenue received from the Commonwealth as subsidy for the attendance of migratory children in accordance with Sections 2502 and 2509.2 of the Public School Code.

Special Education

Revenue received from the Commonwealth as subsidy for expenditures incurred for instructing school age special education students.

Transportation

Revenue received from the Commonwealth as subsidy for pupil transportation expenditures and/or board and lodging in lieu of transportation. Payments for pupil transportation are made in accordance with Section 2541 of the Public School Code. Payments for board and lodging in lieu of transportation are made in accordance with Section 2542 of the Public School Code. This revenue also includes subsidy for the transportation of nonpublic and charter school students.

Rental and Sinking Fund Payments

Revenue received from the Commonwealth as a full or partial subsidy payment for approved lease rentals, sinking fund obligations, or any approved district debt obligations for which the Department of Education has assigned a lease number.

Health Services

Revenue received from the Commonwealth as subsidy for health services. Payments are made in accordance with Section 2505.1 of the Public School Code and include revenue for medical, dental, nurse and health services.

PA Accountability Grant

Revenue received from the Commonwealth of PA authorized by Act 48 of 2003 for school districts to implement research-based programs to boost student achievement.

CENTRAL YORK SCHOOL DISTRICT  
PERFORMANCE AUDIT REPORT

**SUPPLEMENTARY INFORMATION**  
**[UNAUDITED]**

Dual Enrollment Grants

Revenue received from the Commonwealth of PA to allow high school students to earn college credits while completing high school.

Social Security and Medicare Taxes

Revenue received from the Commonwealth as subsidy designated as the Commonwealth's matching share of the employer's contribution of the Social Security and Medicare taxes for covered employees who are not federally funded.

Retirement

Revenue received from the Commonwealth as subsidy designated as the Commonwealth's matching share of the employer's contribution of retirement contributions for active members of the Public School Employees' Retirement System.

Other Program Subsidies/Grants

Revenue received from the Commonwealth not specified elsewhere.

BUREAU OF SCHOOL AUDITS  
AUDIT REPORT DISTRIBUTION LIST

This report was initially distributed to the superintendent of the school district, the board members, our website address at [www.auditorgen.state.pa.us](http://www.auditorgen.state.pa.us), and the following:

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Commonwealth of Pennsylvania  
Harrisburg, PA 17120

The Honorable Gerald Zahorchak, D.Ed.  
Secretary of Education  
1010 Harristown Building #2  
333 Market Street  
Harrisburg, PA 17126

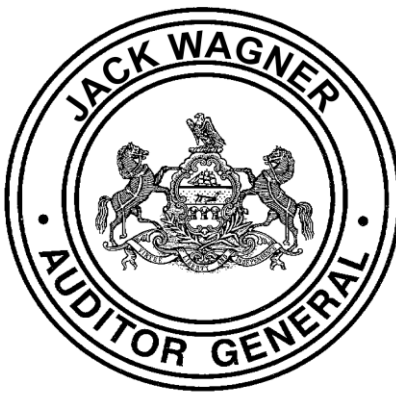
The Honorable Robert M. McCord  
State Treasurer  
Room 129 - Finance Building  
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Ms. Barbara Nelson  
Acting Director, Bureau of Budget and Fiscal Management  
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Pennsylvania School Boards Association  
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Mechanicsburg, PA 17055

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Chair  
Senate Education Committee  
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Republican Chair  
House Education Committee  
216 Ryan Office Building  
Harrisburg, PA 17120

Mr. John J. Contino  
Executive Director  
State Ethics Commission  
309 Finance Building  
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Harrisburg, PA 17108

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