



**EASTERN YORK SCHOOL DISTRICT
YORK COUNTY, PENNSYLVANIA
PERFORMANCE AUDIT REPORT**

APRIL 2013

COMMONWEALTH OF PENNSYLVANIA

EUGENE A. DEPASQUALE - AUDITOR GENERAL

DEPARTMENT OF THE AUDITOR GENERAL





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EUGENE A. DePASQUALE
AUDITOR GENERAL

The Honorable Tom Corbett
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120

Mr. Mark D. Keller, Board President
Eastern York School District
120 South Third Street
Wrightsville, Pennsylvania 17368

Dear Governor Corbett and Mr. Keller:

We conducted a performance audit of the Eastern York School District (EYSD) to determine its compliance with applicable state laws, contracts, grant requirements, and administrative procedures. Our audit covered the period September 15, 2009, through January 27, 2012, except as otherwise indicated in the report. Additionally, compliance specific to state subsidy and reimbursements was determined for the school years ended June 30, 2010, and June 30, 2009. 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 EYSD complied, in all significant respects, with applicable state laws, contracts, grant requirements, and administrative procedures, except as detailed in two findings noted in this report. A summary of these results is presented in the Executive Summary section of the audit report.

Our audit findings and recommendations have been discussed with the EYSD's management and their responses are included in the audit report. We believe the implementation of our recommendations will improve the EYSD's operations and facilitate compliance with legal and administrative requirements. We appreciate the EYSD's cooperation during the conduct of the audit.

Sincerely,

/s/

EUGENE A. DESPASQUALE
Auditor General

April 24, 2013

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



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Executive Summary

Audit Work

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

Our audit scope covered the period September 15, 2009, through January 27, 2012, 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 2009-10 and 2008-09.

District Background

The EYSD encompasses approximately 52 square miles. According to 2010 federal census data, it serves a resident population of 19,542. According to District officials, in school year 2009-10 the EYSD provided basic educational services to 2,540 pupils through the employment of 212 teachers, 155 full-time and part-time support personnel, and 21 administrators. Lastly, the EYSD received more than \$12.3 million in state funding in school year 2009-10.

Audit Conclusion and Results

Our audit found that the EYSD complied, in all significant respects, with applicable state laws, contracts, grant requirements, and administrative procedures except as noted below. We identified two compliance-related matters reported as findings.

Finding No. 1: Lack of Documentation to Support Reported Transportation Data.

Our audit of pupil transportation records for the 2009-10 and 2008-09 school years found the EYSD did not obtain and retain adequate documentation necessary to verify the accuracy of the data submitted to the Pennsylvania Department of Education for both school years (see page 6).

Finding No. 2: Certification Deficiency.

Our audit of professional employees' certifications for the period September 15, 2009, through January 27, 2012, found one individual was employed in a position for which he was not properly certified (see page 11).

Status of Prior Audit Findings and Observations.

With regard to the status of our prior audit recommendations to the EYSD from an audit we conducted of the 2007-08, 2006-07, 2005-06 and 2004-05 school years, we found the EYSD had taken appropriate corrective action in implementing our recommendations pertaining to the lack of Memorandum of Understanding and Memoranda not updated timely (see page 13).



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 September 15, 2009, through January 27, 2012. The verification of professional employee certification was also performed for the period September 15, 2009, through January 27, 2012.

Regarding state subsidy and reimbursements, our audit covered school years 2009-10 and 2008-09

While all districts have the same school years, some have different fiscal years. Therefore, for the purposes of our audit work and to be consistent with Pennsylvania Department of Education (PDE) 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

What is the difference between a finding and an observation?

Our performance audits may contain findings and/or observations related to our audit objectives. Findings describe noncompliance with a statute, regulation, policy, contract, grant requirement, or administrative procedure. Observations are reported when we believe corrective action should be taken to remedy a potential problem not rising to the level of noncompliance with specific criteria.

Performance audits draw conclusions based on an evaluation of sufficient, appropriate evidence. Evidence is measured against criteria, such as laws and defined business practices. Our audit focused on assessing the EYSD's compliance with applicable state laws, 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:

- ✓ Were professional employees certified for the positions they held?
- ✓ Does the District have sufficient internal controls to ensure that the membership data it reported to the Pennsylvania Information Management System is complete, accurate, valid and reliable?

- ✓ In areas where the District receives transportation subsidies, is the District and any contracted vendors in compliance with applicable state laws and procedures?
- ✓ Did the District, and any contracted vendors, ensure that their current bus drivers are properly qualified, and do they have written policies and procedures governing the hiring of new bus drivers?
- ✓ Are there any declining fund balances that may impose risk to the District's fiscal viability?
- ✓ Did the District pursue a contract buy-out with an administrator and if so, what was the total cost of the buy-out, what were the reasons for the termination/settlement, and does 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?
- ✓ Is the District taking appropriate steps to ensure school safety?
- ✓ Did the District have a properly executed and updated Memorandum of Understanding with local law enforcement?
- ✓ Did the District 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, observations and conclusions based on our audit objectives.

EYSD management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the District is in compliance with applicable laws, contracts, grant requirements, and administrative procedures. In conducting our audit, we

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, contracts, grant requirements and administrative procedures.

obtained an understanding of the District's internal controls, including any IT controls, as they relate to the District's compliance with applicable state laws, regulations, contracts, grant agreements and administrative procedures that we consider to be significant within the context of our audit objectives. We assessed whether those controls were properly designed and implemented. Any deficiencies in internal control that were identified during the conduct of our audit and determined to be significant within the context of our audit objectives 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 transportation, and comparative financial information.

Our audit examined the following:

- Records pertaining to pupil transportation, bus driver qualifications, professional employee certification and financial stability.
- Items such as board meeting minutes and pupil membership records.

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

Lastly, to determine the status of our audit recommendations made in a prior audit report released on June 17, 2010, we reviewed the EYSD's response to PDE dated November 11, 2010. We then performed additional audit procedures targeting the previously reported matters.

Findings and Observations

Finding No. 1

Lack of Documentation to Support Reported Transportation Data

The Pennsylvania Department of Education's End-of-Year Instructions for the reporting of mileage, days, and pupils state:

- District must report the number of miles per day, to the nearest tenth, that the vehicle traveled with and without pupils. If this figure changed during the year, the district is to calculate a weighted average or sample average.
- Districts are to report the number of days the vehicle provided to and from school transportation . . . only days on which transportation is actually provided may be reported.
- District must report the greatest number of pupils assigned to ride the vehicle at any one time during the day. Districts are to report the number of pupils assigned to the nearest tenth. The number cannot exceed the seating capacity. If the number of pupils assigned changes during the year, districts are to calculate a weighted average or a sample average.

Our audit of pupil transportation records for the 2009-10 and 2008-09 school years found the Eastern York School District did not obtain and retain adequate documentation necessary to permit verification of data submitted to the Pennsylvania Department of Education (PDE) by the District. This lack of documentation resulted in unverifiable transportation reimbursements of \$518,114 and \$485,142 for the 2009-10 and 2008-09 school years, respectively.

2009-10 School Year

Mileage Data

Mileage data reported to PDE was based on a single route, which was determined at the beginning of the school year. The route was entered into the District's transportation software program to determine miles traveled with and without students. We could not verify the accuracy of the mileage since the District did not obtain and retain the odometer readings from the contractor for any of the vehicles used to transport students. Furthermore, we confirmed that the District did not account for any changes to mileage that would have occurred throughout the school year. Changes to routes as a result of the addition/deletion of students, route detours due to road construction, etc. were not accounted for since the District reported mileage based on a single reading.

Pupil Data

Pupil data reported to PDE was based on a single pupil roster, which was determined at the beginning of the school year. This roster was entered into the District's transportation software program to determine the greatest number of pupils transported for each vehicle. Furthermore, we confirmed that the District did not account for any changes to pupils that would have occurred throughout the school year due to the addition/deletion of students to the bus rosters.

- For the weighted average method for miles – Local Education Agency (LEA) must maintain records of Miles with Pupils and Miles without Pupils data for each vehicle. Examples show how to calculate weighted averages for mileage changes. Weighted averages should be rounded to the nearest tenth. In all cases, the weighted average will be more than the lowest day's mileage and less than the highest day's mileage.

2008-09 School Year

Mileage and Pupil Data

The District reported mileage data to PDE in the same manner as determined in the 2009-10 school year. However, the District was able to provide random odometer readings for most of the vehicles reported to PDE. The District was unable to provide any explanation as to how they determined mileage reported to PDE for the five vehicles used to transport nonpublic students. Our review found the odometer readings confirmed changes occurred to the routes during the school year. However, these changes were not reported to PDE. In addition, since the District only obtained random odometer readings, it was confirmed that the District's method of reporting mileage to PDE was not an acceptable method according to PDE's End-of-Year Instructions.

Additionally, the District reported pupil data to PDE in the same manner as determined in the 2009-10 school year which was based on a single bus roster. Since pupil counts were based on a single roster, we confirmed that the District did not report the pupil changes that occurred throughout the school year due to addition and deletion of students to the rosters. Therefore, the District did not report pupil data in accordance with PDE's End-of-Year Instructions.

District personnel noted that the former employee responsible for reporting transportation data was not aware of the correct method to calculate mileage and pupil data to be reported to PDE.

Reporting of Buses

The District did not report one bus that was used to transport students to and from school during the 2008-09 school year. Failure to perform reconciliations between PDE's final reports, transportation invoices, and District prepared worksheets (which identified the vehicles used to transport students) allowed this error to go undetected.

Contractor Costs

We found that District personnel incorrectly included field trip and student activity costs as to-and-from school contractor costs. District personnel confirmed the inclusion of field trip and student activity costs as contractor costs was due to a data entry. Since the amount paid to the contractor was higher than the state formula for reimbursement, this error did not have any effect on the subsidy received.

Days Transported

The number of days each vehicle provided to-and-from school transportation could not be verified by District personnel due to a lack of internal control procedures to track each bus used for daily transportation. The District did not require the contractor to submit detailed monthly invoices. Such invoices should include how many days each vehicle was used to provide transportation. Since individual vehicle data was not obtained by the District from its contractor nor did the District maintain its own individual vehicle information, we could not determine the actual number of days each vehicle provided to-and-from school transportation.

The District did not perform reconciliation procedures between PDE's final reports and district-source documentation to ensure transportation data was collected, computed, and reported accurately. Furthermore, the District lacks written procedures or guidelines for the collection, maintaining, and reporting of transportation data. We note that the current transportation coordinator started in this position beginning with the 2010-11 school year.

Since District personnel did not obtain and retain adequate documentation to support the actual changes that occurred during the 2009-10 and 2008-09 school years, revisions to the transportation data reported to PDE could not be computed. Therefore, we could not make any recommendations to PDE regarding subsidy and reimbursement forfeitures and no audit adjustments could be made to the District's subsidy and reimbursements.

Recommendations

The *Eastern York School District* should:

1. Develop and implement procedures and guidelines for the collection, verification, and reporting of transportation data to ensure that all data elements (number of vehicles, contractor costs, days transported, pupils and miles) are accurately reported to PDE.
2. Reconcile payments made to the contractor, for to-and-from school transportation, with District-generated worksheets to ensure payments and transportation data is reported accurately to PDE.
3. Require the contractor to submit monthly invoices, and verify the number of days each vehicle provided transportation.
4. Compute and report mileage and pupil counts in accordance with PDE guidelines.
5. Maintain supporting documentation for all data reported to PDE.
6. Review transportation reports submitted to PDE for years subsequent to the audit and, if verifiable errors are found, submit revisions to PDE.

Management Response

Management stated the following:

During the audit of pupil transportation records for the 2008-09 school year, the auditors found inadequate internal controls leading to the inability to verify the accuracy of data submitted to the Pennsylvania Department of Education (PDE) for the 2008-09 and 2009-10 school years. The data for 2009-10 school year was not available to be audited.

The employee responsible for completing the report was not aware of the correct method for calculating mileage with and without students and pupil transported counts. The employee used the District's software system that calculates mileage based on the routes. The data for both pupils and mileage was not adjusted for changes throughout the school year. The pupil data was reported as of the start of school. The District did not use a daily weighted

average or sample average methodology as required by PDE. In addition, the District did not have documentation of the odometer readings for each month, as required. The District is aware of the correct procedures to be used when calculating the mileage with and without students and the requirements to retain documentation of odometer readings on file at the District. The District has discussed this with the current contractor. The current management understands the importance of maintaining documentation on file to support the reports submitted to PDE.

For the 2010-11 year, the District has obtained odometer readings for all buses and has compared the data to the data submitted to PDE. The District will revise the report submitted to ensure its accuracy. The payments to the contractor will reflect only payments made for transportation to and from school and not field trips. The Business Manager will reconcile payments to the contractor for transportation to and from school to the report submitted to PDE.

The District will track the number of busses and days students are transported via a spreadsheet to ensure the information reported to PDE is accurate. The current employee responsible for transportation has attended training on subsidy reporting, and the Business Manager will reconcile and review the report before it is filed in the future.

Finding No. 2

Certification Deficiency

Criteria relevant to the finding:

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

No teacher shall teach, in any public school, any branch which he has not been properly certificated to teach.

Section 2518 of the PSC 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 Pennsylvania Department of Education but who has not been certificated for his position by the Pennsylvania 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.

Our audit of professional employees' certifications for the period September 15, 2009, through January 27, 2012, found one individual was employed in a position for which he was not properly certified.

The District employed this individual as a middle school computer science teacher (grades 6-8). This individual has an Instructional Technology Specialist certification as well as an Instructional I Elementary certification. According to Certified Staffing and Professional Guidelines (CSPG) #78, "The certified Instructional Technology Specialist is not a classroom or student instructor." Furthermore, since the individual has been employed by the District since the 2003-04 school year, his Instructional I certificate would have lapsed at the end of the 2008-09 school year.

District personnel noted an emergency permit for "Instructional Technology Specialist K-12" was applied for and received in November 2003. The current human resource specialist noted the emergency permit should have been requested for Business, Computer and Information Technology instead of the Instructional Technology Specialist K-12. District personnel noted the certificate issued by the Pennsylvania Department of Education (PDE) was issued in error. Furthermore, District personnel noted that in 2006, this individual's specialist certification was made permanent by PDE instead of his Instructional I certificate. The District believes elementary certification is an appropriate certificate for his assignment since he has been continuously employed as a grade 6-8 computer science teacher since the 2003-04 school year.

Information pertaining to the deficiency was submitted to the Bureau of School Leadership and Teacher Quality (BSLTQ), PDE, for its review. BSLTQ confirmed the deficiency and the District is subject to subsidy forfeitures of \$1,574, \$2,877, and \$2,941 for the 2011-12, 2010-11, and 2009-10 school years, respectively.

Recommendations

The *Eastern York School District* should:

Take the necessary action, based on BSLTQ's final determination, to ensure the individual obtains proper certification or reassign him to a position for which he is properly certified.

The *Pennsylvania Department of Education* should:

Adjust the District's allocations to recover the subsidy forfeiture of \$7,392.

Management Response

Management stated the following:

The individual was hired by Eastern York School District in 2003, with a Level I Elementary Certification K-6 and was enrolled in a Master's program for Instructional Technology. Upon completion of the Master's Program, the individual was issued an Instructional Technology Specialist (Type 32) Certification for 99 years and not an Elementary K-6 (Type 62) when he applied to Pennsylvania Department of Education (PDE) in 2006. The individual has been teaching Computer Technology to Grades 6-8 since his hire in 2003, and would have had the necessary requirements for a Level II conversion. PDE issued the Instructional Technology Specialist Certification in error as the individual has only served as a classroom teacher for grades 6-8.

The District has submitted a validity worksheet to the Bureau of School Leadership and Teacher Quality to determine service time. The individual and the District have started the necessary paperwork requirements for a Level II Certification in Elementary K-6.

Auditor Conclusion

The District claims that errors were made by PDE when issuing the Instructional Technology Specialist certificate as well as a failure by PDE to issue the individual's elementary permanent certification. As stated in management's response, the District is currently in correspondence with BSLTQ to resolve this issue.

Since CSPG #78 states an instructional technology specialist is not a valid certificate to be a classroom teacher, and the individual does not have elementary permanent certification, the finding will stand as written.

Status of Prior Audit Findings and Observations

Our prior audit of the Eastern York School District (EYSD) for the school years 2007-08, 2006-07, 2005-06 and 2004-05 resulted in one reported finding. The finding pertained to Lack of Memorandum of Understanding and Memoranda not updated timely. As part of our current audit, we determined the status of corrective action taken by the EYSD to implement our prior recommendations. We analyzed the EYSD Board's written response provided to the Pennsylvania Department of Education, performed audit procedures, and questioned EYSD personnel regarding the prior finding. As shown below, we found that the EYSD did implement recommendations related to the Memoranda of Understanding.

School Years 2007-08, 2006-07, 2005-06 and 2004-05 Auditor General Performance Audit Report

Finding:	Lack of Memorandum of Understanding and Memoranda Not Updated Timely
<u>Finding Summary:</u>	Our prior audit of the EYSD's records found that the District did not have a Memorandum of Understanding (MOU) with one local police department and the MOUs with two other local police departments had not been updated since 1998.
<u>Recommendations:</u>	Our audit finding recommended that the EYSD: <ol style="list-style-type: none">1. In consultation with the solicitor, develop and implement a MOU between the District and all appropriate law enforcement agencies.2. Review, update, and re-execute the current MOUs between the District and the two local police departments.3. Adopt a policy requiring the administration to review and re-execute all MOUs every two years.
<u>Current Status:</u>	Our current audit found that the EYSD developed and implemented a MOU with all appropriate law enforcement agencies. The MOU was signed on November 25, 2009. In addition, the District has extended the current MOU until June 30, 2012. At that time, the District intends to execute a new MOU to bring it in-line with the school year. The District did not adopt a formal policy. However, the language within the MOU requires it to be reviewed and re-executed every two years. This requirement will bring the District into compliance with Act 104 of 2010, which mandates that MOUs be biennially updated.



Distribution List

This report was initially distributed to the superintendent of the school district, the board members, our website address at www.auditor.gen.state.pa.us, and the following:

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