

EASTERN YORK SCHOOL DISTRICT  
YORK COUNTY, PENNSYLVANIA  
PERFORMANCE AUDIT REPORT

JUNE 2010



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

Mr. Douglas Caldwell, Board President  
Eastern York School District  
120 South Third Street  
P.O. Box 150  
Wrightsville, Pennsylvania 17368

Dear Governor Rendell and Mr. Caldwell:

We conducted a performance audit of the Eastern York School District (EYSD) to determine its compliance with applicable state laws, regulations, contracts, grant requirements and administrative procedures. Our audit covered the period February 23, 2007 through September 15, 2009, except as otherwise indicated in the report. Additionally, compliance specific to state subsidy and reimbursements was determined for the school years ended June 30, 2008, 2007, 2006 and 2005. Our audit was conducted pursuant to 72 P.S. § 403 and in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

Our audit found that EYSD complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures, except as detailed in one finding noted in this report. A summary of these results is presented in the Executive Summary section of the audit report.

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

Sincerely,

/s/

**JACK WAGNER**  
Auditor General

June 17, 2010

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

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## **Executive Summary**

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### **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, regulations, contracts, grant requirements, and administrative procedures; and to determine the status of corrective action taken by EYSD in response to our prior audit recommendations.

Our audit scope covered the period February 23, 2007 through September 15, 2009, except as otherwise indicated in the audit scope, objectives, and methodology section of the report. Compliance specific to state subsidy and reimbursements was determined for school years 2007-08, 2006-07, 2005-06 and 2004-05.

### **District Background**

The EYSD encompasses approximately 54 square miles. According to 2000 federal census data, it serves a resident population of 17,768. According to District officials, in school year 2007-08 EYSD provided basic educational services to 2,665 pupils through the employment of 217 teachers, 167 full-time and part-time support personnel, and 21 administrators. Lastly, EYSD received more than \$11.3 million in state funding in school year 2007-08.

### **Audit Conclusion and Results**

Our audit found that EYSD complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures, except for one compliance-related matter reported as a finding.

**Finding: Lack of Memorandum of Understanding and Memoranda Not Updated Timely.** We noted EYSD does not have a signed Memorandum of Understanding (MOU) with the Wrightsville Borough Police Department. We also noted that the MOUs with the Lower Windsor Township and Hellam Township police departments had not been updated within the last two years (see page 6).

**Status of Prior Audit Findings and Observations.** With regard to the status of our prior audit recommendations to EYSD from an audit we conducted of the 2003-04 and 2002-03 school years, we found the EYSD had taken appropriate corrective action in implementing our recommendations pertaining to certification deficiencies (see page 8).





## Audit Scope, Objectives, and Methodology

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### 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 February 23, 2007 through September 15, 2009.

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

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 Department of Education 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 law, regulation, 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, regulations, and defined business practices. Our audit focused on assessing EYSD's compliance with applicable state laws, regulations, contracts, grant requirements and administrative procedures. However, as we conducted our audit procedures, we sought to determine answers to the following questions, which serve as our audit objectives:

- ✓ Are there any declining fund balances which may impose risk to the fiscal viability of the District?
- ✓ Did the District pursue a contract buyout with an administrator and if so, what was the total cost of the buy-out, reasons for the termination/settlement, and do the current employment contract(s) contain adequate termination provisions?
- ✓ Were there any other areas of concern reported by local auditors, citizens, or other interested parties which warrant further attention during our audit?

- ✓ Is the District taking appropriate steps to ensure school safety?
- ✓ Did the District use an outside vendor to maintain its membership data and if so, are there internal controls in place related to vendor access?
- ✓ Did the District take appropriate corrective action to address recommendations made in our prior audits?

## Methodology

*What are internal controls?*

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

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

*Government Auditing Standards* require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings, observations and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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

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

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

Our audit examined the following:

- Records pertaining to professional employee certification and financial stability.
- Items such as Board meeting minutes.

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 November 15, 2007, we performed audit procedures targeting the previously reported matters.

## Findings and Observations

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### Finding

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### Lack of Memorandum of Understanding and Memoranda Not Updated Timely

*Criteria relevant to the finding:*

Public School Code  
Section 13-1303-A(c) provides:

All school entities shall develop a Memorandum of Understanding (MOU) with local law enforcement which sets forth procedures to be followed when an incident involving an act of violence or possession of a weapon by any person occurs on school property. Law enforcement protocols shall be developed in cooperation with local law enforcement and the Pennsylvania State Police.

Additionally, the Basic Education Circular issued by the Department of Education entitled Safe Schools and Possession of Weapons contains a sample MOU to be used for school entities. Section VI, General Provisions, item B of this sample states:

This Memorandum may be amended, expanded or modified at any time upon written consent of the parties, but in any event must be reviewed and re-executed within two years of the date of its original execution and every two years thereafter.

Our review of Eastern York School District records found that the District did not have a signed MOU from the Wrightsville Borough Police Department available for audit.

Furthermore, we found that the current MOUs between the District and the Lower Windsor Township and Hellam Township police departments were signed April 23, 1998 and March 12, 1998, respectively, and have not since been updated.

The failure to obtain and update a signed MOU with all local law enforcement agencies could result in a lack of cooperation, direction, and guidance between District employees and law enforcement agencies if an incident occurs on school property, at any school-sponsored activity, or on any public conveyance providing transportation to or from a school or school-sponsored activity. This internal control weakness could have an impact on law enforcement notification and response, and ultimately the resolution of a problem situation.

### Recommendations

The Eastern York School District should:

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 Lower Windsor Township and Hellam Township police departments.
3. Adopt a policy requiring the administration to review and re-execute all MOUs every two years.

**Management Response**

Management stated the following:

The cause of the Lack of Memorandum of Understandings and Memorandums not updated timely is due to administrative oversight.

The district is currently working to update and obtain Memorandums of Understanding with all police departments that service the district. All three of the departments have a good working relationship with the district. All departments work with the District's Attendance Officer as well as the District's Security Officer on a regular basis when issues arise. Also, all departments are invited and regularly attend the district's and/or building safety meetings.

## Status of Prior Audit Findings and Observations

Our prior audit of the Eastern York School District (EYSD) for the school years 2003-04 and 2002-03 resulted in one reported finding pertaining to certification deficiencies. As part of our current audit, we determined the status of corrective action taken by the District to correct the deficiencies. The Department of Education (DE) did not require the board to respond to the certification finding and noted that any questions regarding certification findings should be directed to the Bureau of School Leadership and Teacher Quality (BSLTQ), DE. As shown below, we found that EYSD did implement recommendations related to the certification deficiencies.

<i>School Years 2003-04 and 2002-03 Auditor General Performance Audit Report</i>		
<i>Prior Recommendations</i>	<i>Implementation Status</i>	
<p><u><i>I. Finding: Certification Deficiencies</i></u></p> <p>1. As noted under the “Current Status” column on this page, we learned that the District took corrective action at the time of our prior audit. No further recommendations were made to the District.</p> <p>However, we noted in our prior report that we submitted information regarding the certification deficiencies to BSLTQ for its review, and that DE would determine the appropriate subsidy forfeitures resulting from the deficiencies.</p>	<p><b>Background:</b></p> <p>Our prior audit of professional employees’ certification for the period November 4, 2004 through February 22, 2007, found that four teachers were employed with expired certificates during the 2006-07 and 2005-06 school years. The District was therefore subject to subsidy forfeitures of \$7,308 and \$8,248 for the 2006-07 and 2005-06 school years, respectively.</p>	<p><b>Current Status:</b></p> <p>Our current audit confirmed that the District took corrective action at the time of our prior audit. Three of the four individuals obtained permanent certification and the fourth individual resigned.</p> <p>No certification deficiencies were found during our current audit. Therefore, we concluded that the District did take corrective action.</p> <p>DE determined the District was subject to subsidy forfeitures of \$15,556, which were deducted from the District’s May 30, 2008 basic education funding payment to resolve this finding.</p>

## **Distribution List**

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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:

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

The Honorable Thomas E. Gluck  
Acting Secretary of Education  
1010 Harristown Building #2  
333 Market Street  
Harrisburg, PA 17126

The Honorable Robert M. McCord  
State Treasurer  
Room 129 - Finance Building  
Harrisburg, PA 17120

Senator Jeffrey Piccola  
Chair  
Senate Education Committee  
173 Main Capitol Building  
Harrisburg, PA 17120

Senator Andrew Dinniman  
Democratic Chair  
Senate Education Committee  
183 Main Capitol Building  
Harrisburg, PA 17120

Representative James Roebuck  
Chair  
House Education Committee  
208 Irvis Office Building  
Harrisburg, PA 17120

Representative Paul Clymer  
Republican Chair  
House Education Committee  
216 Ryan Office Building  
Harrisburg, PA 17120

Ms. Barbara Nelson  
Director, Bureau of Budget and  
Fiscal Management  
Department of Education  
4th Floor, 333 Market Street  
Harrisburg, PA 17126

Dr. David Wazeter  
Research Manager  
Pennsylvania State Education Association  
400 North Third Street - Box 1724  
Harrisburg, PA 17105

Dr. David Davare  
Director of Research Services  
Pennsylvania School Boards Association  
P.O. Box 2042  
Mechanicsburg, PA 17055





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