

YORK SUBURBAN SCHOOL DISTRICT  
YORK COUNTY, PENNSYLVANIA  
PERFORMANCE AUDIT REPORT

MARCH 2010



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

Mr. John W. DeHaas, Board President  
York Suburban School District  
1800 Hollywood Drive  
York, Pennsylvania 17403

Dear Governor Rendell and Mr. DeHaas:

We conducted a performance audit of the York Suburban School District (YSSD) to determine its compliance with applicable state laws, regulations, contracts, grant requirements and administrative procedures. Our audit covered the period August 23, 2006 through July 10, 2009, except as otherwise indicated in the report. Additionally, compliance specific to state subsidy and reimbursements was determined for the school years ended June 30, 2008, 2007, 2006 and 2005. Our audit was conducted pursuant to 72 P.S. § 403 and in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

Our audit found that the YSSD complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures except as detailed in the finding noted in this report. In addition, we identified one matter unrelated to compliance that is reported as an observation. A summary of these results is presented in the Executive Summary section of the audit report.

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

Sincerely,

/s/

**JACK WAGNER**  
Auditor General

March 25, 2010

cc: **YORK SUBURBAN 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 York Suburban School District (YSSD). 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 the YSSD in response to our prior audit recommendations.

Our audit scope covered the period August 23, 2006 through July 10, 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 YSSD encompasses approximately 14 square miles. According to 2000 federal census data, it serves a resident population of 21,067. According to District officials, in school year 2007-08 the YSSD provided basic educational services to 2,808 pupils through the employment of 222 teachers, 135 full-time and part-time support personnel, and 15 administrators. Lastly, the YSSD received more than \$5.3 million in state funding in school year 2007-08.

### **Audit Conclusion and Results**

Our audit found that the YSSD 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. In addition, we identified one matter unrelated to compliance that is reported as an observation.

**Finding: Memoranda of Understanding Not Updated Timely.** Our audit of YSSD records found that YSSD has not reviewed and re-executed its Memoranda of Understanding (MOU) with local law enforcement agencies within the time period stated in the MOU (see page 5).

**Observation: Unmonitored Vendor System Access and Logical Access Control Weaknesses.** We determined that a risk exists that unauthorized changes to the YSSD's membership data could occur and not be detected because the YSSD was not able to provide supporting evidence that it is monitoring all activity in its system (see page 7).

**Status of Prior Audit Findings and Observations.** With regard to the status of our prior audit recommendations to the YSSD from an audit we conducted of the 2003-04 and 2002-03 school years, we found the YSSD had taken appropriate corrective action in implementing our recommendations pertaining to a transportation reimbursement overpayment (see page 11), a school bus driver that lacked required clearances (see page 12), and a certification deficiency (see page 12).

However, we found that the YSSD had not taken appropriate corrective action in implementing our recommendations pertaining to unmonitored vendor system access (see page 13).



## 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 August 23, 2006 through July 10, 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 (DE) reporting guidelines, we use the term school year rather than fiscal year throughout this report. A school year covers the period July 1 to June 30.

### Objectives

*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 the YSSD'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 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.

YSSD 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 area of 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.

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

Lastly, to determine the status of our audit recommendations made in a prior audit report released on February 14, 2007, we reviewed the YSSD's response to DE dated March 26, 2007. We then performed additional audit procedures targeting the previously reported matters.

## Finding and Observation

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### Finding

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*Criteria relevant to the finding:*

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

All school entities shall develop a memorandum of understanding with local law enforcement that 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 by school entities. Section VI, General Provisions item (B) of this sample states this MOU may be amended, expanded or modified at any time upon the 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. (Emphasis added)

### Memoranda of Understanding Not Updated Timely.

Our audit of the York Suburban School District's (YSSD) records found that the current Memoranda of Understanding (MOU) with the Springettsbury Township and Spring Garden Township police departments were developed as of December 7, 2000, and have not been updated.

The MOU with the Springettsbury Township and Spring Garden Township police departments states:

The Chiefs of Police and the administration of the York Suburban School District shall conduct an annual review of this memorandum and, if needed, amend appropriate protocols and procedures.

The failure to update the MOU with 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 *York Suburban School District* should:

1. In consultation with its solicitor, review, update and re-execute the current MOU between the District and the Springettsbury Township and Spring Garden Township police departments.
2. Adopt a policy requiring the administration to review and re-execute the MOU in accordance with the terms of the MOU.

**Management Response**

Management stated the following:

The administrator responsible for this task retired 6-30-09. The administrator newly assigned to the task will complete the task by December 1, 2009.

**Observation**



*What is logical access control?*

“Logical access” is the ability to access computers and data via remote outside connections.

“Logical access control” refers to internal control procedures used for identification, authorization, and authentication to access the computer systems.

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

The YSSD uses software purchased from two outside vendors for its critical student accounting applications (membership and attendance). The software vendors have remote access into the YSSD’s network servers.

Based on our current year procedures, we determined that a risk exists that unauthorized changes to the YSSD’s data could occur and not be detected because the YSSD was unable to provide supporting evidence that it is adequately monitoring all vendor activity in its system. However, since the YSSD has adequate manual compensating controls in place to verify the integrity of the membership and attendance information in its database, that risk is mitigated.

During our review, we found the YSSD had the following weaknesses over vendor access to the YSSD’s system:

1. The contract with a vendor did not contain a non-disclosure agreement for the District’s proprietary information.
2. The District does not have current information technology (IT) policies and procedures for controlling the activities of vendors/consultants, nor does it require the vendors to sign the District’s Acceptable Use Policy.
3. 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; and to maintain a password history (i.e., approximately ten passwords).
4. The vendor uses a group userID rather than requiring that each employee has a unique userID and password.
5. The vendor has unlimited access (24 hours a day/7 days a week) into the District’s system.

6. The District does not have evidence that it is generating or reviewing monitoring reports of user access and activity on the system (including vendor and District employees). There is no evidence that the District is performing procedures to determine which data vendors may have altered or which vendor employees accessed the District's system.
7. The District has 31 individuals with master keys, and all of those individuals have access to the hardware (servers) that contains the membership/attendance data.

## **Recommendations**

The *York Suburban School District* should:

1. Revise the contract with the vendor to include a non-disclosure agreement for the District's proprietary information.
2. Establish separate IT policies and procedures for controlling the activities of vendors/consultants and have the vendors sign this policy, or require the vendors to sign the District's Acceptable Use Policy.
3. Implement a security policy and system parameter settings to require all users, including the vendors, 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).
4. Require the vendors to assign unique userIDs and passwords to vendor employees authorized to access the District's system. Further, the District should obtain a list of vendor employees with access to its data and ensure that changes to the data are made only by authorized vendor representatives.
5. Allow access to its system only when the vendors need to make pre-approved changes/updates or requested assistance. This access should be removed when the vendors have completed work. This procedure would also enable the monitoring of vendor changes.

6. Generate monitoring reports (including firewall logs) of vendor and employee access and activity on the District's 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.
7. Limit the number of authorized individuals with access to the hardware (servers) that contains the membership/attendance data.

### **Management Response**

Management stated the following:

The district does have a non-disclosure agreement with [one vendor] that provides primary support for [the server]. The district has made the request to [the second vendor] for a non-disclosure agreement, but has yet to receive it. The district will continue to pursue the agreement.

Part of the district Educational Technology Plan is to revise the district acceptable use policy that will include a vendor and network guest policy.

Part of the district Educational Technology Plan is to revise the district network password policy. The new password policy will: Require password changes every 90 days: Password length: 8 characters, case sensitive, and contain letters AND numbers or special characters. Password history will be 5 passwords.

The district will not seek to enforce individual user IDs for vendors. Vendors have refused this when requests have been made.

Vendors will maintain 24/7 access to [the server].

The district will explore improved monitoring procedures for access logs. The firewall will be configured to send alerts when remote access to the . . . server has been used by vendors.

The district has plans to place card access on the data center. Access will be restricted and monitored.

**Auditor Conclusion**

Due to the sensitive nature of the information in the system, we continue to recommend that the YSSD require the vendor to assign unique userIDs and passwords to vendor employees authorized to access the District's system and allow access to its system only when the vendor needs access to make pre-approved changes/updates or requested assistance.



## Status of Prior Audit Findings and Observations

Our prior audit of the York Suburban School District (YSSD) for the school years 2003-04 and 2002-03 resulted in three reported findings and one reported observation, as shown in the following table. As part of our current audit, we determined the status of corrective action taken by the District to implement our prior recommendations. We analyzed the YSSD Board’s written response provided to the Department of Education (DE), performed audit procedures, and questioned District personnel regarding the prior findings. As shown below, we found that the YSSD did implement recommendations related to a transportation reimbursement overpayment, a school bus driver who lacked required clearances, and a certification deficiency. However, YSSD did not implement recommendations related to unmonitored vendor system access.

<i>School Years 2003-04 and 2002-03 Auditor General Performance Audit Report</i>		
<i>Prior Recommendations</i>	<i>Implementation Status</i>	
<p><i>I. Finding No. 1: Transportation Reimbursement Overpayment of \$21,075</i></p> <ol style="list-style-type: none"> <li>1. Verify that data reported to DE is accurate.</li> <li>2. Ensure that changes reported to DE are processed as requested.</li> <li>3. Review reports for years subsequent to the audit period; if errors are found, revised reports should be submitted to DE.</li> <li>4. Ensure that contractor costs are accurately reported to DE on end-of-year transportation reports.</li> <li>5. DE should adjust the District’s allocations to recover the transportation reimbursement overpayment of \$21,075.</li> </ol>	<p><b>Background:</b></p> <p>Our prior audit of the District’s transportation data for the 2003-04 and 2002-03 school years found errors in the number of days transportation was provided and the amounts paid to contractors as reported to DE. These errors resulted in a reimbursement overpayment of \$21,075.</p>	<p><b>Current Status:</b></p> <p>Our current audit of transportation data for the current audit found that District personnel complied with our recommendations, and no errors were noted in the number of days transported. However, our audit of contractor costs found that fuel costs were not reported for the 2007-08, 2006-07, 2005-06 and 2004-05 school years. This error had no effect on state reimbursement. District personnel should ensure fuel costs are included in the amount paid contractor reported to DE.</p>

<p><u>II. Finding No. 2: School Bus Driver Lacks Required Clearances</u></p> <ol style="list-style-type: none"> <li>1. Immediately obtain, from the transportation contractor, the missing documentation referred to in our finding in order to ensure that the driver transporting students in the District possess proper qualifications.</li> <li>2. Ensure that the District’s transportation coordinator reviews each driver’s qualifications prior to that person transporting students.</li> <li>3. Maintain files, separate from the transportation contractors, for all drivers assigned to District routes, and work with contractors to ensure that the District’s files are up-to-date and complete.</li> </ol>	<p><b>Background:</b></p> <p>Our prior audit of bus drivers’ qualifications found that one driver failed to obtain the required criminal background check and child abuse clearance as required by law.</p>	<p><b>Current Status:</b></p> <p>Our current audit found the driver provided his criminal background and child abuse clearances as of September 28, 2006, to resolve this finding.</p>
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<p><u>III. Finding No. 3: Certification Deficiency</u></p> <ol style="list-style-type: none"> <li>1. Take the necessary action required to ensure continued compliance with certification regulations for all professional employees.</li> <li>2. DE should adjust the District’s allocations to recover the subsidy forfeitures of \$2,650.</li> </ol>	<p><b>Background:</b></p> <p>Our prior audit found that an administrator assigned as the “Liaison for Pupil Services” had served without the proper certificate from July 2003 through October 2005.</p>	<p><b>Current Status:</b></p> <p>Our current audit found that District personnel complied with our prior audit recommendations, and no additional certification deficiencies were noted. As stated in the prior audit the individual in question obtained the required Pennsylvania teaching certification in November 2005.</p> <p>DE computed and recovered a revised subsidy forfeiture of \$2,447 through a deduction from the District’s June 1, 2008 basic education funding payment to resolve this finding.</p>
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<i><b>IV. Observation:</b></i>	<b>Background:</b>	<i><b>Current Status:</b></i>
<p><u><i>Unmonitored Vendor System Access and Logical Access Control</i></u></p> <ol style="list-style-type: none"> <li>1. Continue to generate monitoring reports of the vendor activity on the District's system. However, 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 properly altered. District personnel should ensure proper monitoring of the vendor.</li> <li>2. Require the vendor to assign unique userIDs and passwords to vendor employees authorized to access the District's system. Further, we recommend that the District 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.</li> <li>3. Implement security procedures (i.e. firewall, modem call-back) over remote access to the membership/attendance server.</li> <li>4. The contract with the vendor should contain a non-disclosure agreement.</li> </ol>	<p>Our prior audit found that YSSD used software purchased from an outside vendor for its critical student accounting applications (membership and attendance). The software vendor had remote access into the District's network servers.</p> <p>We determined that a low risk existed that unauthorized changes to the District's data could occur and not be detected.</p>	<p>Our current audit found that subsequent to our prior audit, the contract with the vendor was terminated. Our specific recommendations were therefore no longer applicable. However, our current review of controls found weaknesses, and resulted in the recommendations contained in the observation in our current audit report (see page 7).</p>

<p>5. Require all users to change their passwords on a regular basis (i.e., every 30 days), use passwords that are a minimum length of eight characters (including alpha, numeric and special characters) and maintain a password history of at least the most recent ten passwords.</p> <p>6. The back-up tapes of membership/attendance data should be stored at a secure location within a District building that is separate from the building which houses the server. The location should have all of the same controls in place as the location of the server (i.e. limited access, fire suppression devices, temperature control, etc.).</p>		
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## **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:

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