



**CLEARFIELD COUNTY CAREER AND
TECHNOLOGY CENTER**

CLEARFIELD COUNTY, PENNSYLVANIA

PERFORMANCE AUDIT REPORT

OCTOBER 2013

COMMONWEALTH OF PENNSYLVANIA

EUGENE A. DEPASQUALE - AUDITOR GENERAL

DEPARTMENT OF THE AUDITOR GENERAL



Commonwealth of Pennsylvania
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EUGENE A. DePASQUALE
AUDITOR GENERAL

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

Mr. Rod Kitko
Joint Operation Committee Chairperson
1620 River Road
Clearfield, Pennsylvania 16830

Dear Governor Corbett and Mr. Kitko:

We conducted a performance audit of the Clearfield County Career and Technology Center (Center) to determine its compliance with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures (relevant requirements). Our audit covered the period March 1, 2011 through April 5, 2013, except as otherwise indicated in the report. Additionally, compliance specific to state subsidies and reimbursements was determined for the school years ended June 30, 2012 and June 30, 2011. Our audit was conducted pursuant to Section 403 of The Fiscal Code, 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 Center complied, in all significant respects, with relevant requirements.

We appreciate the Center's cooperation during the conduct of the audit

Sincerely,

A handwritten signature in cursive script, appearing to read "Eugene A. DePasquale".

EUGENE A. DEPASQUALE
Auditor General

October 24, 2013

cc: **CLEARFIELD COUNTY CAREER AND TECHNOLOGY CENTER** Joint Operating
Committee Members

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Executive Summary

Audit Work

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

Our audit scope covered the period March 1, 2011 through April 5, 2013, except as otherwise indicated in the audit scope, objectives, and methodology section of the report. Compliance specific to state subsidies and reimbursements was determined for the 2011-12 school year.

School Background

According to Center officials, the Center provided educational services to 322 secondary pupils and 350 post-secondary pupils through the employment of 18 teachers, 18 full-time and part-time support personnel, and 5 administrators during the 2011-12 school year. A joint operating committee (JOC), which is comprised of (six) members from the following school districts, operates the administration and management:

Clearfield Area
Curwensville Area
Harmony Area
Moshannon Valley

Philipsburg-Osceola Area
West Branch Area

The JOC members are appointed by the individual school boards at the December meeting, each to serve a one-year term. Lastly, the Center received \$682,641 in state funding in the 2011-12 school year.

Audit Conclusion and Results

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

Status of Prior Audit Findings and

Observations. With regard to the status of our prior audit recommendations to the Center from an audit released October 11, 2011, we found the Center had taken appropriate corrective action in implementing our recommendations pertaining to continued unmonitored vendor system access and logical access control weaknesses (see page 6).

Audit Scope, Objectives, and Methodology

Scope

What is a school performance audit?

School performance audits allow the Pennsylvania 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 Pennsylvania Department of Education, and other concerned entities.

Our audit, conducted under authority of Section 403 of The Fiscal Code, 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 March 1, 2011 through April 5, 2013, except for the verification of professional employee certification, which was performed for the period July 1, 2012 through March 15, 2013.

Regarding state subsidy and reimbursements, our audit covered the 2011-12 and 2010-11 school years.

While all LEAs have the same school years, some have different fiscal years. Therefore, for the purposes of our audit work and to be consistent with 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 Center's compliance with certain relevant 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 objectives:

- ✓ Were professional employees certified for the positions they held?
- ✓ In areas where the Center received state subsidies and reimbursements based on pupil membership (e.g. basic education, special education, and vocational education), did it follow applicable laws and procedures?

- ✓ Did the Center have sufficient internal controls to ensure that the membership data it reported to PDE through the Pennsylvania Information Management System was complete, accurate, valid, and reliable?
- ✓ Did the Center take appropriate steps to ensure school safety?
- ✓ Did the Center have a properly executed and updated Memorandum of Understanding with local law enforcement?
- ✓ Were votes made by the Center’s Joint Operating Committee members free from apparent conflicts of interest?
- ✓ Were there any other areas of concern reported by independent auditors, citizens, or other interested parties?
- ✓ Did the Center take appropriate corrective action to address recommendations made in prior audit?

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 certain relevant state 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 results and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our results and conclusions based on our audit objectives.

The Center’s management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the Center is in compliance with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures (relevant requirements). In conducting our audit, we obtained an understanding of the Center’s internal controls, including any information technology controls, as they relate to the Center’s compliance with relevant requirements 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 and reimbursements, pupil transportation, pupil membership, and comparative financial information.

Our audit examined the following:

- Records pertaining to pupil transportation, pupil membership, bus driver qualifications, professional employee certification, state ethics compliance, financial stability, reimbursement applications, tuition receipts, and deposited state funds.
- Items such as board meeting minutes and policies and procedures.

Additionally, we interviewed select administrators and support personnel associated with the Center's operations.

Lastly, to determine the status of our audit recommendations made in a prior audit report released on October 11, 2011, we reviewed the Center's response to PDE dated March 11, 2013. We then performed additional audit procedures targeting the previously reported matters.

Findings and Observations

For the audited period, our audit of the Clearfield County Career and Technology Center resulted in no findings or observations.

Status of Prior Audit Findings and Observation

Our prior audit of the Clearfield County Career and Technology Center (Center) released on October 11, 2011, resulted in one reported observation. The observation pertained to continued unmonitored vendor system access and logical access control weaknesses. As part of our current audit, we determined the status of corrective action taken by the Center to implement our prior recommendations. We analyzed the Center Joint Operating Committee's written response provided to the Pennsylvania Department of Education (PDE), performed audit procedures, and interviewed Center personnel regarding the prior observation. As shown below, we found that the Center did implement recommendations related to the observation.

Auditor General Performance Audit Report Released on October 11, 2011

Observation: **Continued Unmonitored Vendor System Access and Logical Access Control Weaknesses**

Observation Summary: The Center uses software purchased from an outside vendor for its critical student accounting applications (membership and attendance). The software vendor continued to have remote access into the Center's network servers.

We determined that unauthorized changes to the Center's data could occur and not be detected because the Center was not accurately monitoring vendor activity on the system.

Recommendations: Our audit observation recommended that the Center should:

1. Require the vendor to sign the Center's Acceptable Use Policy (AUP).
2. Revise the AUP to include provisions for authentication (password security and syntax requirements), and violations/incidents (what is to be reported and to whom).
3. Implement a security policy and system parameter settings to require the vendor to change passwords every 30 days.

Current Status: During our current audit, we found that the Center did implement our prior recommendations. The Center revised its AUP to include provisions for authentication and violations/incidents. All system users are required to change their passwords every 30 days, and the vendor now signs the AUP.

Distribution List

This report was initially distributed to the Center's Superintendent of Record, the Joint Operating Committee, our website at www.auditorgen.state.pa.us, and the following stakeholders:

The Honorable Tom Corbett
Governor
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The Honorable Carolyn Dumaresq
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1010 Harristown Building #2
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