



**COLUMBIA-MONTOUR AREA VOCATIONAL-
TECHNICAL SCHOOL**

COLUMBIA COUNTY, PENNSYLVANIA

PERFORMANCE AUDIT REPORT

FEBRUARY 2014

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. Daniel McGann
Joint Operating Committee Chairperson
Columbia-Montour Area Vocational-Technical School
5050 Sweppenheiser Drive
Bloomsburg, Pennsylvania 17815

Dear Governor Corbett and Mr. McGann:

We conducted a performance audit of the Columbia-Montour Area Vocational-Technical School (Center) to determine its compliance with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures (relevant requirements). Our audit covered the period April 29, 2011 through September 10, 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, 2011 and June 30, 2012. 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 black ink, appearing to read "Eugene A. DePasquale".

EUGENE A. DEPASQUALE
Auditor General

February 20, 2014

cc: **COLUMBIA-MONTOUR AREA VOCATIONAL-TECHNICAL SCHOOL**
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 Columbia-Montour Area Vocational-Technical School (Center) located in Columbia County. 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 April 29, 2011 through September 10, 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 2010-11 and 2011-12 school years.

Center Background

According to school officials, in school year 2011-12 the Center provided educational services to 631 secondary pupils and 362 post-secondary pupils through the employment of 49 teachers, 25 full-time and part-time support personnel, and five (5) administrators. A joint operating committee (JOC), which is comprised of thirteen (13) members from the following school districts, directs the operation, administration, and management of the school:

| | |
|------------------|------------------------|
| Benton Area | Danville Area |
| Berwick Area | Millville Area |
| Bloomsburg Area | Southern Columbia Area |
| Central Columbia | |

The JOC members are appointed by the individual school boards at the December meeting, each to serve a three (3) year term. The Center received \$705,376 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 Columbia Montour Area Vocational-Technical Center (Center) from an audit released on October 25, 2011, we found the Center had taken appropriate corrective action in implementing our recommendations pertaining to unmonitored vendor system access and logical access control weaknesses and Memorandum of Understanding not updated timely (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 April 29, 2011 through September 10, 2013, except for the verification of professional employee certification, which was performed for the period July 1, 2012 through June 26, 2013.

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

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?
- ✓ 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, and any contracted vendors, ensure that current bus drivers are properly qualified, and did they

have written policies and procedures governing the hiring of new bus drivers?

- ✓ Were there any declining fund balances that may pose a risk to the Center's fiscal viability?
- ✓ 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 Joint Operating Committee Members free from apparent conflicts of interests?
- ✓ 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 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 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.

Center 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 controls 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 operations.

Lastly, to determine in the status of our audit recommendations made in a prior audit report released on October 25, 2011, we performed additional audit procedures targeting the previously reported matters.

Findings and Observations

For the audited period, our audit of the Columbia-Montour Area Vocational-Technical School resulted in no findings or observations.

Status of Prior Audit Findings and Observation

Our prior audit of the Columbia-Montour Area Vocational-Technical School (Center) released on October 25, 2011, resulted in two (2) observations. The first observation pertained to unmonitored vendor system and logical access control weaknesses, and the second observation pertained to Memorandum of Understanding not updated timely. As part of our current audit, we determined the status of corrective action taken by the Center to implement our prior audit recommendations. We performed audit procedures and interviewed Center personnel regarding the prior observations. As shown below, we found that the Center did implement recommendations related to unmonitored vendor system and logical access control weaknesses and Memorandum of Understanding not updated timely.

Auditor General Performance Audit Report Released on October 25, 2011

Observation No. 1: Unmonitored Vendor System and Logical Access Control Weaknesses

Observation

Summary:

The Center uses software purchased from a vendor for its critical student accounting applications (membership and attendance). The vendor continues to have remote access into the Center's network servers.

Recommendations:

Our audit observation recommended that the Center:

1. Keep a copy of the fully executed, signed by both parties, maintenance agreement on file.
2. Maintain a contract with the vendor that contains a non-disclosure agreement for the School's proprietary information.
3. Maintain a contract with the vendor that is reviewed by legal counsel.
4. Have employees be required to sign that they agree to abide by the Information Technology (IT) Security Policy.
5. Establish separate IT policies and procedures for controlling the activities of vendors/consultants and have the vendor sign this policy, or the school should require the vendor to sign the Center's Acceptable Use Policy.
6. Develop policies and procedures to require written authorization when adding, deleting, or changing a user ID.
7. Maintain documentation to evidence that terminated employees are properly removed from the system in a timely manner.

8. 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 (8) characters and include alpha, numeric, and special characters. Also, the Center should maintain a password history that will prevent the use of a repetitive password (i.e., last ten (10) passwords); lock out users after three (3) unsuccessful attempts and log users off the system after a period of inactivity (i.e., 60 minutes maximum).
9. Generate monitoring reports (including firewall logs) of vendor 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 Center should review these reports to determine that the access was appropriate and that data was not improperly altered. The school should ensure it is maintaining evidence to support this monitoring and review.
10. Have the upgrades/updates to the Center's system made only after receipt of written authorization from appropriate school officials.

Current Status: During our current audit, we found that the Center implemented the audit recommendations.

Observation No. 2: Memorandum of Understanding Not Updated Timely

Observation Summary:

Our audit of the Center's records found that the current Memorandum of Understanding (MOU) between the Center and the local police department was signed May 5, 2008, and has not been updated.

Recommendations: Our audit observation recommended that the Center:

1. In consultation with the solicitor, review, update, and re-execute the current MOU between the Center and the local police department.
2. Adopt a policy requiring the administration to review and re-execute the MOU every two (2) years.

Current Status: During our current audit, we found that the Center implemented the audit recommendations.

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
Commonwealth of Pennsylvania
Harrisburg, PA 17120

The Honorable Carolyn Dumaresq
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1010 Harristown Building #2
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This report is a matter of public record and is available online at www.auditorgen.state.pa.us. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 231 Finance Building, Harrisburg, PA 17120; via email to: news@auditorgen.state.pa.us.