

BUTLER COUNTY AREA VOCATIONAL-TECHNICAL SCHOOL  
BUTLER COUNTY, PENNSYLVANIA  
PERFORMANCE AUDIT REPORT

JANUARY 2010



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

Mr. Richard Sefton, Joint Operating Committee Chairperson  
Butler County Area Vocational-Technical School  
210 Campus Lane  
Butler, Pennsylvania 16001

Dear Governor Rendell and Mr. Sefton:

We conducted a performance audit of the Butler County Area Vocational-Technical School (BCAVTS) to determine its compliance with applicable state laws, regulations, contracts, grant requirements and administrative procedures. Our audit covered the period June 14, 2007 through July 30, 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 and June 30, 2007. 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 BCAVTS complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures. However, 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 observation and recommendations have been discussed with BCAVTS's management and their responses are included in the audit report. We believe the implementation of our recommendations will improve BCAVTS's operations and facilitate compliance with legal and administrative requirements. We appreciate the BCAVTS's cooperation during the conduct of the audit and their willingness to implement our recommendations.

Sincerely,

/s/

JACK WAGNER  
Auditor General

January 22, 2010

cc: **BUTLER COUNTY AREA VOCATIONAL-TECHNICAL SCHOOL** Joint Operating  
Committee Members

## **Table of Contents**

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|   | Page |
|---|------|
| Executive Summary .....                               | 1    |
| Audit Scope, Objectives, and Methodology .....        | 3    |
| Findings and Observations .....                       | 6    |
| Observation – Logical Access Control Weaknesses ..... | 6    |
| Status of Prior Audit Findings and Observations ..... | 8    |
| Distribution List .....                               | 9    |



## **Executive Summary**

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### **Audit Work**

The Pennsylvania Department of the Auditor General conducted a performance audit of the Butler County Area Vocational-Technical School (BCAVTS). Our audit sought to answer certain questions regarding the BCAVTS's compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures; and to determine the status of corrective action taken by the BCAVTS in response to our prior audit recommendations.

Our audit scope covered the period June 14, 2007 through July 30, 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 and 2006-07.

### **School Background**

According to School officials, in school year 2007-08, the BCAVTS provided educational services to 810 secondary pupils and 65 post-secondary pupils through the employment of 23 teachers, 18 full-time and part-time support personnel, and 3 administrators. The operation, administration and management of the school are directed by a joint operating committee (JOC) which is comprised of 12 members from the following school districts:

Butler Area  
Karns City Area  
Mars Area  
Moniteau

Seneca Valley  
Slippery Rock  
South Butler County

The JOC members are appointed by the individual school boards at the December meeting, each to serve a three year term. Lastly, the BCAVTS received more than \$609 thousand in state funding in school year 2007-08.

### **Audit Conclusion and Results**

Our audit found that the BCAVTS complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures; however, as noted below, we identified one matter unrelated to compliance that is reported as an observation.

**Observation: Logical Access Control Weaknesses.** Our audit found that the school has weaknesses in logical access controls (see page 6).

**Status of Prior Audit Findings and Observations.** With regard to the status of our prior audit recommendations to the BCAVTS from an audit we conducted of the 2005-06 and 2004-05 school years, we found the BCAVTS had taken appropriate corrective action in implementing our recommendations pertaining to Memorandum of Understanding not updated timely (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 (DE), and other concerned

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 June 14, 2007 through July 30, 2009.

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

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 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

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 BCAVTS'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 objectives:

- ✓ Were professional employees certified for the positions they held?
- ✓ Did the School follow applicable laws and procedures in areas dealing with pupil membership and ensure that adequate provisions were taken to protect the data?
- ✓ Did the School 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?

*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.

- ✓ 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 School taking appropriate steps to ensure school safety?
- ✓ Did the School 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 observation and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observation and conclusions based on our audit objectives.

BCAVTS management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the School 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.

Our audit examined the following:

- Professional employee certification, state ethics compliance, and financial stability.
- Items such as meeting minutes.

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

Lastly, to determine the status of our audit recommendations made in a prior audit report released on December 26, 2007, we reviewed the BCAVTS's response to DE dated February 6, 2009. We then performed additional audit procedures targeting the previously reported matters.

## Findings and Observations

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### 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.

### Logical Access Control Weaknesses

The Butler County Area Vocational-Technical School (BCAVTS) uses software purchased from an outside vendor for its critical student accounting application (membership and attendance). The purchased software and the BCAVTS data will be loaded and run on a second vendors’ computer. The BCAVTS will have access to the program and data via the internet.

Based on our current year procedures, we determined that the BCAVTS has manual compensating controls in place to verify the integrity of the membership and attendance information in its database.

Reliance on manual compensating controls becomes problematic if the BCAVTS would ever experience personnel and/or procedure changes that could reduce the effectiveness of the manual controls. Logical access control weaknesses could lead to unauthorized changes to the BCAVTS’s membership information and result in the BCAVTS not receiving the funds to which it was entitled from the state.

During our review, we found the BCAVTS had the following weaknesses in logical access controls:

1. The BCAVTS’s system parameter settings do not require all users, including the vendor, to change their passwords every 30 days; and
2. The BCAVTS’s system parameter settings do not require all users, including the vendor to use passwords that are a minimum length of eight characters.

**Recommendations**

The *Butler County Area Vocational Technical School* should:

1. 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).
2. Implement a security policy and system parameter settings to require all users, including the vendor, to use passwords that are a minimum length of eight characters.

**Management Response**

Management stated the following:

We will recommend to our staff to change passwords every 30 days and, we will require staff to use eight characters as recommended in the observation.

## Status of Prior Audit Findings and Observations

Our prior audit of the Butler County Area Vocational-Technical School (BCAVTS) for the school years 2005-06 and 2004-05 resulted in one observation reported. The observation pertained to Memorandum of Understanding (MOU) not updated timely. As part of our current audit, we determined the status of corrective action taken by the BCAVTS to implement our prior recommendations. We analyzed the BCAVTS Joint Operating Committee's (JOC) written response provided to the Department of Education (DE), performed audit procedures, and questioned BCAVTS personnel regarding the prior observation. As shown below, we found that the BCAVTS did implement recommendations related to Memorandum of Understanding not updated timely.

| <i>School Years 2005-06 and 2004-05 Auditor General Performance Audit Report</i>  |  |   |
|---|--|---|
| <i>Prior Recommendations</i>  | <b>Implementation Status</b>   |   |
| <p><u><i>I. Observation: Memorandum of Understanding Not Updated Timely</i></u></p> <ol style="list-style-type: none"> <li>In consultation with their solicitor, BCAVTS should review and update the current Memorandum of Understanding (MOU) between itself and its local law enforcement agencies.</li> <li>Adopt a policy requiring the administration to review and re-execute the MOU every two years.</li> </ol> | <p><b>Background:</b></p> <p>Our prior audit of the school's records found that the BCAVTS had on file a properly signed MOU between itself and its local law enforcement agency; however, the MOU has not been updated since December 19, 2001.</p> | <p><b>Current Status:</b></p> <p>Our current audit found a MOU was executed effective June 19, 2007, and subsequently again on June 18, 2009.</p> <p>Based on our current audit, we concluded the AVTS <u>did</u> take the appropriate corrective action to address this observation.</p> |

## **Distribution List**

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This report was initially distributed to the area vocational-technical school superintendent of record, the joint operating committee, our website address at [www.auditorgen.state.pa.us](http://www.auditorgen.state.pa.us), and the following:

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