

CLEARFIELD COUNTY CAREER AND TECHNOLOGY CENTER

CLEARFIELD COUNTY, PENNSYLVANIA

PERFORMANCE AUDIT REPORT

OCTOBER 2011



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

Mr. Rodney Kitko, Joint Operating Committee Chairperson  
Clearfield County Career and Technology Center  
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 (CCCTC) to determine its compliance with applicable state laws, regulations, contracts, grant requirements and administrative procedures. Our audit covered the period August 18, 2009 through March 1, 2011, except as otherwise indicated in the report. Additionally, compliance specific to state subsidy and reimbursements was determined for the school years ended June 30, 2010 and June 30, 2009. 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 CCCTC 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 this result is presented in the Executive Summary section of the audit report.

Our audit observation and recommendations have been discussed with CCCTC's management and their response is included in the audit report. We believe the implementation of our recommendations will improve CCCTC's operations and facilitate compliance with legal and administrative.

Sincerely,

/s/

JACK WAGNER  
Auditor General

October 11, 2011

cc: **CLEARFIELD COUNTY CAREER AND TECHNOLOGY CENTER** Joint Operating  
Committee 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 Clearfield County Career and Technology Center (CCCTC). Our audit sought to answer certain questions regarding the CCCTC's compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures; and to determine the status of corrective action taken by the CCCTC in response to our prior audit recommendations.

Our audit scope covered the period August 18, 2009 through March 1, 2011, 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 2009-10 and 2008-09.

### **School Background**

According to School officials, in school year 2009-10 the CCCTC provided educational services to 362 secondary pupils and 347 post-secondary pupils through the employment of 21 teachers, 6 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 comprises six members from the following school districts:

Clearfield Area            Curwensville Area  
Harmony Area            Moshannon Valley  
Philipsburg-Osceola Area  
West Branch Area

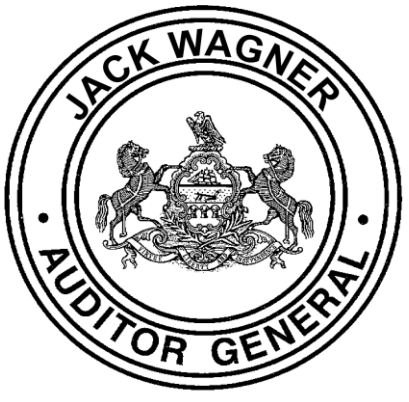
The JOC members are appointed by the individual school boards at the December meeting, each to serve a one year term. Lastly, the CCCTC received \$725,171 in state funding in school year 2009-10.

### **Audit Conclusion and Results**

Our audit found that the CCCTC 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: Continued Unmonitored Vendor System Access and Logical Access Control Weaknesses.** Continued weaknesses were noted in our review of the CCCTC's information technology controls (see page 6).

**Status of Prior Audit Findings and Observations.** With regard to the status of our prior audit recommendations to the CCCTC from an audit we conducted of the 2006-07 and 2007-08 school years, we found the CCCTC had not taken appropriate corrective action in implementing our recommendations pertaining to unmonitored vendor system access and logical access control weaknesses (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 August 18, 2009 through March 1, 2011.

Regarding state subsidy and reimbursements, our audit covered school years 2009-10 and 2008-09.

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

*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 CCCTC'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?
- ✓ In areas where the School receives state subsidy and reimbursements based on pupil membership (e.g. vocational education), did it follow applicable laws and procedures?
- ✓ In areas where the School receives state subsidy and reimbursements based on payroll (e.g. Social Security and retirement), did it follow applicable laws and procedures?

- ✓ Are there any declining fund balances which may impose risk to the fiscal viability of the School?
- ✓ 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?
- ✓ 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 use an outside vendor to maintain its membership data and if so, are there internal controls in place related to vendor access?
- ✓ 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 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.

CCCTC 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.

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:

- Professional employee certification.
- Items such as meeting minutes and the student activity funds.

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

Lastly, to determine the status of our audit recommendations made in a prior audit report released on January 26, 2010, we reviewed the CCCTC's response to DE dated August 3, 2010. We then performed additional audit procedures targeting the previously reported matters.

## Findings and Observations

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### Observation

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*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.

### Continued Unmonitored Vendor System Access and Logical Access Control Weaknesses

The Clearfield County Career and Technology Center (CCCTC) continues to use software purchased from an outside vendor for its critical student accounting applications (membership and attendance). The vendor continues to have remote access into the CCCTC’s network servers.

During our prior audit, we found that the CCCTC had nine weaknesses pertaining to the outside vendor’s access into the School’s system (see page 8). Based on our current year procedures, we determined a risk still exists that unauthorized changes to the School’s data could occur and not be detected. This stems from the School’s inability to provide supporting evidence that it is adequately monitoring all outside vendor activity in its system. However, since the CCCTC still has manual compensating controls in place to verify the integrity of the membership and attendance information in its database, that risk is mitigated. Attendance and membership reconciliations are performed between manual records and reports generated from the Student Accounting System.

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

During our current follow-up review, we found the CCCTC had the following three continued weaknesses over vendor access to the CCCTC’s system:

1. The CCCTC does not require the vendor to sign the CCCTC’s Acceptable Use Policy (AUP).

2. The CCCTC's AUP does not include provisions for authentication (password security and syntax requirements), and violations/incidents (what is to be reported and to whom).
3. The CCCTC has certain weaknesses in logical access controls. We noted that the CCCTC's system parameter settings do not require the vendor to change their passwords every 30 days.

**Recommendations**

The *Clearfield County Career and Technology Center* should:

1. Require the vendor to sign the CCCTC's 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.

**Management Response**

Management stated the following:

We have already contacted our Vendor, . . . who have signed and returned the Acceptable Use Policy. In addition, they have their own Acceptable Use Policy that we can access online.

## **Status of Prior Audit Findings and Observations**

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Our prior audit of the Clearfield County Career and Technology Center (CCCTC) for the school years 2007-08 and 2006-07 resulted in one observation, which pertained to 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 CCCTC to implement our prior recommendations. We analyzed the CCCTC Joint Operating Committee's written response provided to the Department of Education, performed audit procedures, and questioned CCCTC personnel regarding the prior observation. As shown below, we found that the CCCTC did not implement all of our recommendations related to unmonitored vendor system access and logical access control weaknesses.

### **School Years 2007-08 and 2006-07 Auditor General Performance Audit Report**

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

Observation

Summary:

The CCCTC uses software purchased from an outside vendor for its critical student accounting applications (membership and attendance). The software vendor has remote access into the School's network servers.

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

Recommendations:        Our audit observation recommended that the CCCTC:

1. Require the vendor to assign unique userIDs and passwords to vendor employees authorized to access the School's system. Further, the School should 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.
2. Allow access to the system only when the vendor needs access to make pre-approved changes/updates or provide requested assistance. This access should be removed when the vendor has completed its work. This procedure would also enable the monitoring of vendor changes.

3. Maintain documentation to evidence that terminated employees are properly removed from the system in a timely manner.
4. Perform upgrades/updates to the CCCTC's system only after receipt of written authorization from the appropriate CCCTC officials.
5. Require the vendor to sign the CCCTC's Acceptable Use Policy.
6. Include in the Acceptable Use policy provisions for authentication (password security and syntax requirements), and provisions for violations/incidents (what is to be reported and to whom).
7. Implement a security policy and system parameter settings to require all users, including the vendor, to change passwords on a regular basis (i.e., every 30 days).
8. Develop and maintain a list of authorized individuals with access to the hardware (servers) that contains the membership/attendance data.
9. Consider implementing additional environmental controls around the network server sufficient to satisfy the requirements of the manufacturer of the server and to ensure warranty coverage. Specifically, the CCCTC should install fire extinguishers in the computer room.

Current Status:

Our current audit found that the CCCTC has taken corrective action to implement recommendations 1, 2, 3, 4, 8 and 9. However, the CCCTC has not taken corrective action to implement the remaining recommendations, as noted in the observation in the current report (see page 6).

Based on our current audit, we concluded that the CCCTC had not taken complete corrective action for this observation.





## **Distribution List**

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This report was initially distributed to the career and technology center superintendent of record, the joint operating committee, our website address at [www.auditor.gen.state.pa.us](http://www.auditor.gen.state.pa.us), and the following:

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