

CUMBERLAND-PERRY AREA VOCATIONAL-TECHNICAL SCHOOL

CUMBERLAND COUNTY, PENNSYLVANIA

PERFORMANCE AUDIT REPORT

SEPTEMBER 2010

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

Mr. John Jordan, Joint Operating Committee
Chairperson
Cumberland-Perry Area Vocational-Technical School
110 Old Willow Mill Road
Mechanicsburg, Pennsylvania 17050

Dear Governor Rendell and Mr. Jordan:

We conducted a performance audit of the Cumberland-Perry Area Vocational-Technical School (CPAVTS) to determine its compliance with applicable state laws, regulations, contracts, grant requirements and administrative procedures. Our audit covered the period July 10, 2008 through December 11, 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 CPAVTS complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures.

We appreciate the CPAVTS's cooperation during the conduct of the audit.

Sincerely,

/s/

JACK WAGNER
Auditor General

September 20, 2010

cc: **CUMBERLAND-PERRY 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 Cumberland-Perry Area Vocational-Technical School (CPAVTS). Our audit sought to answer certain questions regarding the CPAVTS's compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures; and to determine the status of corrective action taken by the CPAVTS in response to our prior audit recommendations.

Our audit scope covered the period July 10, 2008 through December 11, 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 CPAVTS provided educational services to 982 secondary pupils through the employment of 35 teachers, 28 full-time and part-time support personnel, and 8 administrators. The operation, administration and management of the school are directed by a joint operating committee (JOC) which is comprised of 17 members from the following school districts:

Big Spring	Northern York County
Camp Hill	South Middleton
Cumberland Valley	Susquenita
East Pennsboro Area	Upper Adams
Greenwood	West Perry

Mechanicsburg Area West Shore
Newport

The JOC members are appointed by the individual school boards at the December meeting, each to serve a one year term. Lastly, the CPAVTS received more than \$856 thousand in state funding in school year 2007-08.

Audit Conclusion and Results

Our audit found that the CPAVTS complied, in all significant respects, with applicable 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 CPAVTS from an audit we conducted of the 2005-06 and 2004-05 school years, we found the CPAVTS has taken appropriate corrective action in implementing our recommendations pertaining to information technology logical access control weaknesses (see page 7).



Audit Scope, Objectives, and Methodology

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 July 10, 2008 through December 11, 2009, except for the verification of professional employee certification which was performed for the period June 3, 2008 through November 20, 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

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 CPAVTS'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?
- ✓ 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.

CPAVTS 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 and financial stability.
- Meeting minutes.

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

Lastly, to determine the status of our audit recommendations made in a prior audit report released on April 1, 2009, we reviewed the CPAVTS's response to DE dated April 27, 2009. We then performed additional audit procedures targeting the previously reported matters.

Findings and Observations

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

Status of Prior Audit Findings and Observations

Our prior audit of the Cumberland-Perry Area Vocational-Technical School (CPAVTS) for the school years 2005-06 and 2004-05 resulted in one reported observation. The observation pertained to information technology logical access control weaknesses. As part of our current audit, we determined the status of corrective action taken by the CPAVTS to implement our prior recommendations. We analyzed the CPAVTS Joint Operating Committee's (JOC) written response provided to the Department of Education, performed audit procedures, and questioned CPAVTS personnel regarding the prior finding. As shown below, we found that the CPAVTS did implement recommendations related to information technology logical access control weaknesses.

<i>School Years 2005-06 and 2004-05 Auditor General Performance Audit Report</i>		
<i>Prior Recommendations</i>	<i>Implementation Status</i>	
<p><u><i>I. Observation: Logical Access Control Weaknesses</i></u></p> <ol style="list-style-type: none"> 1. Include a non-disclosure agreement for the CPAVTS's proprietary information in the contract with the vendor. 2. Require legal counsel to review the contract with the vendor. 3. Include provisions for authentication (password security and syntax requirements) in the CPAVTS's Acceptable Use Policy. 4. 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). 	<p>Background:</p> <p>Our prior audit found that the CPAVTS used software purchased from an outside vendor for its critical student accounting applications (membership and attendance). The software vendor had remote access into the CPAVTS's network servers.</p> <p>During our audit, we found the CPAVTS had four weaknesses over vendor access to the CPAVTS's system.</p>	<p>Current Status:</p> <p>Our current audit found that the CPAVTS addressed the four weaknesses as follows:</p> <ol style="list-style-type: none"> 1. The JOC approved an agreement with its vendor which includes a non-disclosure agreement on August 25, 2008. 2. The CPAVTS's legal counsel reviewed the August 25, 2008 agreement that was presented to the JOC for approval. 3. In October 2008, the Acceptable Use Policy was revised to include provisions to address password security and syntax requirements. 4. The CPAVTS implemented a policy that requires users to change their passwords every six months. The password change requirement is not as frequent as we recommended and we

		again recommend the CPAVTS review and consider revising this policy to require password changes on a more frequent basis.
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Distribution List

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, and the following:

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