

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER

HUNTINGDON COUNTY, PENNSYLVANIA

PERFORMANCE AUDIT REPORT

JANUARY 2010

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

Mr. Robert J. Parsons, Joint Operating Committee Chairperson
Huntingdon County Career and Technology Center
P.O. Box E
Mill Creek, Pennsylvania 17060

Dear Governor Rendell and Mr. Parsons:

We conducted a performance audit of the Huntingdon County Career and Technology Center (HCCTC) to determine its compliance with applicable state laws, regulations, contracts, grant requirements and administrative procedures. Our audit covered the period August 2, 2007 through August 12, 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 HCCTC 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 HCCTC's management and their responses are included in the audit report. We believe the implementation of our recommendations will improve HCCTC's operations and facilitate compliance with legal and administrative requirements. We appreciate the HCCTC's cooperation during the conduct of the audit and their willingness to implement our recommendations.

Sincerely,

/s/

JACK WAGNER
Auditor General

January 29, 2010

cc: **HUNTINGDON 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 Huntingdon County Career and Technology Center (HCCTC). Our audit sought to answer certain questions regarding the HCCTC's compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures.

Our audit scope covered the period August 2, 2007 through August 12, 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 HCCTC provided educational services to 341 secondary pupils and 2 post-secondary pupils through the employment of 15 teachers, 10 full-time and part-time support personnel, and 6 administrators. The operation, administration and management of the school are directed by a joint operating committee (JOC) which is comprised of eight members from the following school districts:

Huntingdon Area
Juniata Valley
Mount Union Area
Southern Huntingdon County

The JOC members are appointed by the individual school boards at the December meeting, each to serve a three year term.

Lastly, the HCCTC received more than \$288,000 in state funding in school year 2007-08.

Audit Conclusion and Results

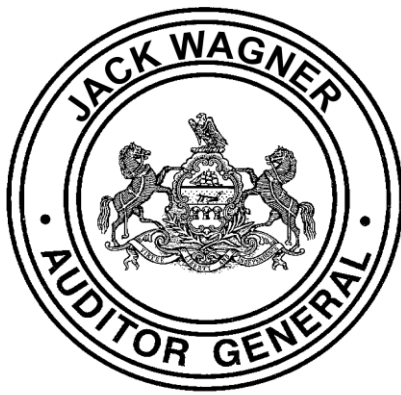
Our audit found that the HCCTC complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures; however, as noted below, we identified one matter unrelated to compliance that is reported as an observation.

Observation: Unmonitored Vendor System Access and Logical Control

Weaknesses. We determined that a risk exists that unauthorized changes to the HCCTC's data could occur and not be detected because the HCCTC was unable to provide supporting evidence that it is adequately monitoring all vendor activity in its system (see page 5).

Status of Prior Audit Findings and

Observations. There were no findings or observations issued in our prior audit for the school years 2005-06 and 2004-05.



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 August 2, 2007 through August 12, 2009, except for the verification of professional employee certification which was performed for the period July 1, 2008 through June 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 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 HCCTC'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 procedures in areas dealing with pupil membership to 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?
- ✓ 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 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.

HCCTC 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:

- Records pertaining to professional employee certification and financial stability.
- Items such as JOC meeting minutes.

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

Findings and Observations

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 system.

Unmonitored Vendor System Access and Logical Access Control Weaknesses

The Huntingdon County Career and Technology Center (HCCTC) 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.

Based on our current year procedures, we determined that a risk exists that unauthorized changes to the HCCTC’s data could occur and not be detected because the HCCTC was unable to provide supporting evidence that it is adequately monitoring all vendor activity in its system. However, since the HCCTC has adequate manual compensating controls in place to verify the integrity of the membership and attendance information in its database, that risk is mitigated.

Reliance on manual compensating controls becomes increasingly problematic if the HCCTC 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 HCCTC’s membership information and result in the HCCTC not receiving the funds to which it was entitled from the state.

During our review, we found the following weaknesses over vendor access to the HCCTC’s system:

1. The contract with the vendor did not contain a non-disclosure agreement for the HCCTC’s proprietary information.
2. The HCCTC’s Acceptable Use Policy (AUP) does not include provisions for authentication (password security and syntax requirements).

3. The HCCTC does not have current information technology (IT) policies and procedures for controlling the activities of vendors/consultants, nor does it require the vendor to sign the School's AUP.
4. The HCCTC has certain weaknesses in logical access controls. We noted that the HCCTC's system parameter settings do not require all users, including the vendor, to change their passwords every 30 days.
5. The vendor uses a group userID rather than requiring that each employee has a unique userID and password.
6. The vendor has unlimited access (24 hours a day/7 days a week) into the HCCTC's system.
7. The HCCTC does not have evidence that it is generating or reviewing monitoring reports of user remote access and activity on the system (including vendor and School employees). There is no evidence that the HCCTC is performing procedures to determine which data the vendor may have altered or which vendor employees accessed their system.
8. The HCCTC does not require written authorization prior to updating/upgrading of key applications.

Recommendations

The *Huntingdon County Career and Technology Center* should:

1. Develop a contract with the vendor that contains a non-disclosure agreement for the School's proprietary information.
2. Include provisions in the AUP for authentication (password security and syntax requirements).
3. Establish separate IT policies and procedures for controlling the activities of vendors/consultants and have the vendor sign this policy, or require the vendor to sign the School's AUP.
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).

5. 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.
6. Allow access to the system only when the vendor needs 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.
7. Generate monitoring reports (including firewall logs) of vendor and employee 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 School should review these reports to determine that the access was appropriate and that data was not improperly altered. The School should also ensure it is maintaining evidence to support this monitoring and review.
8. Require upgrades/updates to the School's system to be performed only after receipt of written authorization from appropriate HCCTC officials.

Management Response

Management stated the following:

The CTC will strengthen controlled vendor access as follows:

- Vendor contract will contain a non-disclosure agreement for the CTC's proprietary information.
- Vendor will be required to sign the CTC's acceptable use policy.
- Vendor will be required to assign unique userIDs and passwords to vendor employees authorized to access the CTC's system, and we will obtain a list of vendor employees with remote change access to data to ensure changes are made by authorized personnel only.

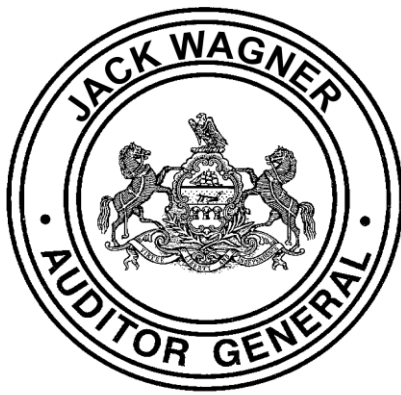
- [We] will discuss options with the vendor for allowing access to the system on an “as needed basis” only. The access would be granted for pre-approved changes/updates and then removed upon completion of the task.
- Updates/upgrades to the CTC system will be made only after the vendor receives written authorization from appropriate CTC personnel.

In addition to the vendor specific recommendations, the following controls will be put into place:

- The CTC’s Acceptable Use Policy will include provisions for authentication (password security and syntax requirements.)
- The CTC will work with our local Intermediate Unit, who provides our tech support, on development and implementation of a security policy and system parameter settings to address the changing of passwords on a regular basis for all users, including the vendor.
- The CTC will request monthly monitoring reports and access logs from the Intermediate Unit. These reports will be reviewed to determine that access was appropriate and that data was not altered improperly. These reports will be “signed off” as having been reviewed with a signature and date.

Status of Prior Audit Findings and Observations

Our prior audit of the Huntingdon County Career and Technology Center for the school years 2005-06 and 2004-05 resulted in no findings or observations.



Distribution List

This report was initially distributed to the career and technology center's superintendent of record, the joint operating committee, our website address at www.auditorgen.state.pa.us, and the following:

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

Representative Paul Clymer
Republican Chair
House Education Committee
216 Ryan Office Building
Harrisburg, PA 17120

The Honorable Gerald Zahorchak, D.Ed.
Secretary of Education
1010 Harristown Building #2
333 Market Street
Harrisburg, PA 17126

Ms. Barbara Nelson
Director, Bureau of Budget and Fiscal
Management
Department of Education
4th Floor, 333 Market Street
Harrisburg, PA 17126

The Honorable Robert M. McCord
State Treasurer
Room 129 - Finance Building
Harrisburg, PA 17120

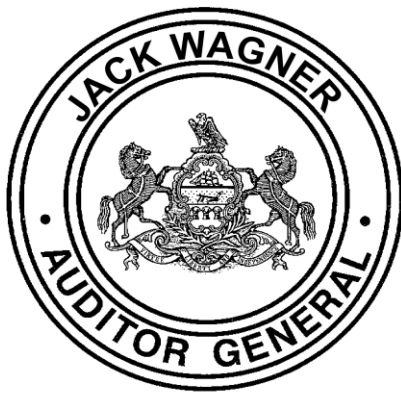
Dr. David Wazeter
Research Manager
Pennsylvania State Education Association
400 North Third Street - Box 1724
Harrisburg, PA 17105

Senator Jeffery Piccola
Chair
Senate Education Committee
173 Main Capitol Building
Harrisburg, PA 17120

Dr. David Davare
Director of Research Services
Pennsylvania School Boards Association
P.O. Box 2042
Mechanicsburg, PA 17055

Senator Andrew Dinniman
Democratic Chair
Senate Education Committee
183 Main Capital Building
Harrisburg, PA 17120

Representative James Roebuck
Chair
House Education Committee
208 Irvis Office Building
Harrisburg, PA 17120



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