

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER  
HUNTINGDON COUNTY, PENNSYLVANIA  
PERFORMANCE AUDIT REPORT

JUNE 2011



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

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

Dear Governor Corbett 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 11, 2009 through February 7, 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 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.

Sincerely,

/s/

JACK WAGNER  
Auditor General

June 2, 2011

cc: **HUNTINGDON 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 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; and to determine the status of corrective action taken by the HCCTC in response to our prior audit recommendations.

Our audit scope covered the period August 11, 2009 through February 7, 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 HCCTC provided educational services to 343 secondary pupils and 23 post-secondary pupils through the employment of 15 teachers, 9 full-time and part-time support personnel, and 5 administrators. The operation, administration and management of the school are directed by a joint operating committee (JOC) which comprises 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 \$357,040 in state funding in school year 2009-10.

### **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: Continued Unmonitored Vendor System Access and Logical Access Control Weaknesses.** We determined that a continued 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 6).

**Status of Prior Audit Findings and Observations.** With regard to the status of our prior audit recommendations to the HCCTC, we found the AVTS had not taken appropriate corrective action in implementing our recommendations pertaining to unmonitored vendor system access and logical control access weaknesses (see page 10).





## 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 11, 2009 through February 7, 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 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?
- ✓ 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?
- ✓ Does the School ensure that Joint Operating Committee members appropriately comply with the Public Official and Employee Ethics Act?

- ✓ 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.

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, state ethics compliance, and financial stability.
- Items such as JOC meeting minutes, and reimbursement applications.

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

Lastly, to determine the status of our audit recommendations made in a prior audit report released on January 29, 2010, we reviewed the HCCTC's response to DE dated August 10, 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 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 continued risk exists that unauthorized changes to the HCCTC’s data could occur and not be detected because the HCCTC is not adequately monitoring 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.

This was also the subject of an observation in our prior audit report (see page 10).

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 HCCTC continues to have 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 specific 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 vendor uses a group userID rather than requiring that each employee has a unique userID and password.
5. The vendor has unlimited access (24 hours/7 days a week) into the HCCTC's system.
6. The HCCTC does not have evidence 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 its system.

## **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. 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.
5. Allow access to the system only when the vendor needs access to make pre-approved changes/updates or requested assistance. This access should be removed when the vendor has completed its work. This

procedure would also enable the monitoring of vendor changes.

6. Generate monitoring reports (including firewall logs) of vendor and employee access and activity on the 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.

## **Management Response**

Management stated the following:

Management agrees with the ongoing recommendations made as a result of the observation- “Unmonitored Vendor System Access and Logical Access Control Weaknesses.” We will continue to work to implement the following recommendations:

1. 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 asked to sign the CTC’s acceptable use policy.
  - Vendor will be asked 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.
  - Will discuss options with the vendor for allowing access to the system on an “as needed basis” only. This access would be granted for pre-approved changes/updates and then removed upon completion of the task.
2. In addition to 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 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.

- The CTC will implement a comprehensive technology policy addressing security, access controls, and acceptable use related to all building technology.

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

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Our prior audit of the Huntingdon County Career and Technology Center (HCCTC) for the school years 2007-08 and 2006-07 resulted in one reported observation. The observation 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 HCCTC to implement our prior recommendations. We analyzed the HCCTC Joint Operating Committee's (JOC) written response provided to the Department of Education, performed audit procedures, and questioned HCCTC personnel regarding the prior observation. As shown below, we found that the HCCTC did not implement all 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: Our prior audit found that the 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.

We found a risk existed that unauthorized changes to the HCCTC's data could occur and not be detected because the School was not accurately monitoring vendor activity on its system.

Recommendations: Our audit observation recommended that the HCCTC:

1. Develop a contract with the vendor that contains a non-disclosure agreement for the School's proprietary information.
2. Include provisions in the Acceptable Use Policy (AUP) for authentication (password security and syntax requirements).
3. Establish separate information technology 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 passwords on a regular basis (i.e., every 30 days).



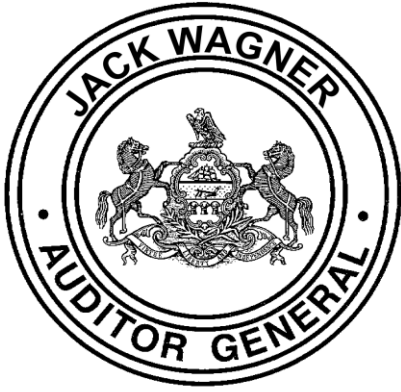
5. Require the vendor to assign unique userIDs and passwords to vendor employees authorized to access the School's system. Further, the School should obtain a list of vendor employees with remote access to its data and ensure that changes to the data are made only by authorized vendor representatives.
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 the 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.

Current Status:

Our current audit found that the HCCTC has taken corrective action to implement recommendations 4 and 8. However, the HCCTC has not taken corrective action to implement our additional recommendations, as noted in the observation in the current report (see page 6).

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

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## **Distribution List**

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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](http://www.auditorgen.state.pa.us), and the following:

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Governor  
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Harrisburg, PA 17120

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