

LEBANON COUNTY CAREER AND TECHNOLOGY CENTER

LEBANON COUNTY, PENNSYLVANIA

PERFORMANCE AUDIT REPORT

NOVEMBER 2010



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

Mrs. Rose Marie Kotay, Joint Operating Committee Chairperson  
Lebanon County Career and Technology Center  
833 Metro Drive  
Lebanon, Pennsylvania 17042

Dear Governor Rendell and Mrs. Kotay:

We conducted a performance audit of the Lebanon County Career and Technology Center (LCCTC) to determine its compliance with applicable state laws, regulations, contracts, grant requirements and administrative procedures. Our audit covered the period May 16, 2008 through February 18, 2010, 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 LCCTC complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures.

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

Sincerely,

/s/  
JACK WAGNER  
Auditor General

November 5, 2010

cc: **LEBANON COUNTY CAREER AND TECHNOLOGY CENTER** 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
Status of Prior Audit Findings and Observations .....	7
Distribution List .....	11



## **Executive Summary**

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### **Audit Work**

The Pennsylvania Department of the Auditor General conducted a performance audit of the Lebanon County Career and Technology Center (LCCTC). Our audit sought to answer certain questions regarding the AVTS's compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures; and to determine the status of corrective action taken by the LCCTC in response to our prior audit recommendations.

Our audit scope covered the period May 16, 2008 through February 18, 2010, 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 LCCTC provided educational services to 603 secondary pupils and 5 post-secondary pupils through the employment of 36 teachers, 25 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 six members from the following school districts:

Annville-Cleona	Lebanon
Cornwall-Lebanon	Northern Lebanon
Eastern Lebanon County	Palmyra Area

The JOC members are appointed by the individual school boards at the December meeting, each to serve a three year term. Lastly, the LCCTC received more than \$692 thousand in state funding in school year 2007-08.

### **Audit Conclusion and Results**

Our audit found that the LCCTC 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 LCCTC from an audit we conducted of the 2005-06 and 2004-05 school years, we found the LCCTC had not implemented all of our recommendations pertaining to unmonitored vendor system access and logical access control weaknesses (see page 7), and had taken appropriate corrective action in implementing our recommendations pertaining to the Memorandum of Understanding with its local law enforcement agency (see page 9).





## 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 May 16, 2008 through February 18, 2010, except for the verification of professional employee certification which was performed for the period April 17, 2008 through February 4, 2010.

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 LCCTC'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?
- ✓ 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.

LCCTC 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 Board meeting minutes.

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

Lastly, to determine the status of our audit recommendations made in a prior audit report released on April 3, 2009, we reviewed the LCCTC's response to DE dated May 19, 2009. We then performed additional audit procedures targeting the previously reported matters.

## **Findings and Observations**

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**F**or the audited period, our audit of the Lebanon County Career and Technology Center resulted in no findings or observations.

## Status of Prior Audit Findings and Observations

Our prior audit of the Lebanon County Career and Technology Center (LCCTC) for the school years 2005-06 and 2004-05 resulted in two observations. The first observation pertained to unmonitored vendor system access and logical access control weaknesses, and the second observation pertained to the school violence Memorandum of Understanding (MOU). As part of our current audit, we determined the status of corrective action taken by the LCCTC to implement our prior recommendations. We analyzed the LCCTC joint operating committee's written response provided to the Department of Education, performed audit procedures, and questioned LCCTC personnel regarding the prior observations. As shown below, we found that the LCCTC partially complied with our recommendations regarding the unmonitored vendor system access and logical access control weaknesses, and did implement recommendations related to the MOU.

<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 No. 1: Unmonitored Vendor System Access and Logical Access Control Weaknesses</i></u></p> <ol style="list-style-type: none"> <li>1. Include in the LCCTC's Acceptable Use Policy provisions for authentication (password security and syntax requirements).</li> <li>2. 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 LCCTC's Acceptable Use Policy.</li> <li>3. 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). Passwords should be a</li> </ol>	<p><b>Background:</b></p> <p>Our prior audit of the LCCTC found that the School uses software purchased from an outside vendor for its critical student accounting applications (membership and attendance). We determined that a risk existed that unauthorized changes to the LCCTC's data could occur and not be detected because the LCCTC was unable to provide supporting evidence that it was adequately monitoring all vendor activity in its system.</p>	<p><b>Current Status:</b></p> <p>Our current audit found that the LCCTC partially complied with our recommendations, as follows:</p> <ol style="list-style-type: none"> <li>1. The LCCTC is addressing authentication provisions in the Acceptable Use Policy. This is currently in draft format.</li> <li>2. The LCCTC has established policies and procedures for controlling vendor activity and requires the vendor to sign the Acceptable Use Policy.</li> <li>3. The LCCTC has established procedures to change passwords every 90 days; passwords are to be 14 characters in length and contain capital, lower case, numeric and special characters. A password history of 11 passwords is maintained.</li> <li>4. The LCCTC has upgraded to the most current version</li> </ol>

<p>minimum length of eight characters and include alpha, numeric and special characters. Also, the LCCTC should maintain a password history that will prevent the use of a repetitive password (i.e., last ten passwords); lock out users after three unsuccessful attempts and log users off the system after a period of inactivity (i.e., 60 minutes maximum).</p> <p>4. Require the vendor to assign unique userIDs and passwords to vendor employees authorized to access the LCCTC system. Further, the LCCTC should obtain a list of vendor employees with access to its data and ensure that changes to the data a made only by authorized vendor representatives.</p> <p>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.</p> <p>6. 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 LCCTC</p>		<p>of its remote access software.</p> <p>5. The LCCTC has established procedures to analyze the impact of proposed program changes in relation to other business-critical functions.</p> <p>6. The LCCTC has installed a new fire system in the server room. The LCCTC server room also has its own heating, ventilation and air conditioning system, which is separate from the rest of the School.</p> <p>However, the other recommendations were not complied with. We again recommend that the LCCTC:</p> <p>1. Establish procedures to put in a setting to lock users out after three failed log in attempts and to automatically log users off the system after a period of inactivity.</p> <p>2. Require the vendor to assign unique userIDs and passwords to vendor employees authorized to access the LCCTC system.</p> <p>3. Obtain a list of vendor employees with access to its data.</p> <p>4. Allow access to its system only when the vendor needs access to make pre-approved changes/updates or requested assistance.</p> <p>5. Generate monitoring reports of vendor and employee access and activity on its system.</p>
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<p>should review these reports to determine that the access was appropriate and that data was not improperly altered. The LCCTC should also ensure it is maintaining evidence to support this monitoring and review.</p> <p>7. Upgrade the remote access software to the most current version.</p> <p>8. Establish policies and procedures to analyze the impact of proposed program changes in relation to other business-critical functions.</p> <p>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 LCCTC should install fire detectors in the computer room.</p>		
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<p><i>II. Observation No 2: Memorandum of Understanding Not Updated Timely</i></p> <p>1. In consultation with the LCCTC’s solicitor, review, update and re-execute the current MOU between the LCCTC and the local law enforcement agency.</p> <p>2. Adopt a policy requiring the administration to review and re-execute the MOU every two years.</p>	<p><b>Background:</b></p> <p>Our prior audit of the LCCTC’s records found that the MOU between the School and the local law enforcement agency was dated January 2006, and had not been updated since.</p>	<p><b>Current Status:</b></p> <p>Our current audit found that the LCCTC complied with our recommendations and implemented procedures to have the MOU updated on a yearly basis. The most current update was done in July 2009.</p>
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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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