

MONROE CAREER AND TECHNICAL INSTITUTE  
MONROE COUNTY, PENNSYLVANIA  
PERFORMANCE AUDIT REPORT

JUNE 2011



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

Mr. William Forte  
Joint Operating Committee Chairperson  
Monroe Career and Technical Institute  
Laurel Lake Drive, P.O. Box 66  
Bartonsville, Pennsylvania 18321

Dear Governor Corbett and Mr. Forte:

We conducted a performance audit of the Monroe Career and Technical Institute (MCTI) to determine its compliance with applicable state laws, regulations, contracts, grant requirements and administrative procedures. Our audit covered the period April 16, 2009 through March 2, 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 MCTI 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 MCTI's management and their responses are included in the audit report. We believe the implementation of our recommendations will improve MCTI's operations and facilitate compliance with legal and administrative requirements. We appreciate the MCTI's cooperation during the conduct of the audit and their willingness to implement our recommendations.

Sincerely,

/s/

JACK WAGNER  
Auditor General

June 15, 2011

cc: **MONROE CAREER AND TECHNICAL INSTITUTE** 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 Monroe Career and Technical Institute (MCTI). 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 MCTI in response to our prior audit recommendations.

Our audit scope covered the period April 16, 2009 through March 2, 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 MCTI provided educational services to 963 secondary pupils and 736 post-secondary pupils through the employment of 47 teachers, 47 full-time and part-time support personnel, and 9 administrators. The operation, administration and management of the school are directed by a joint operating committee (JOC) which is comprised of 12 members from the following school districts:

East Stroudsburg Area  
Pleasant Valley  
Pocono Mountain  
Stroudsburg Area

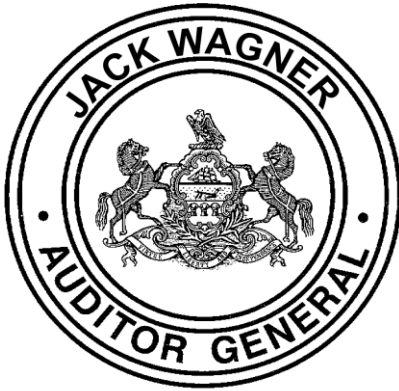
The JOC members are appointed by the individual school boards at the December meeting, each to serve a three year term. Lastly, the MCTI received more than \$1.2 million in state funding in school year 2009-10.

### **Audit Conclusion and Results**

Our audit found that the MCTI 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 Access Control Weaknesses.** We noted that MCTI personnel should improve controls over remote access to its computers. In particular, controls should be strengthened over outside vendor access to the student accounting applications (see page 6).

**Status of Prior Audit Findings and Observations.** There were no findings or observations included in our prior audit.





## 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 April 16, 2009 through March 2, 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 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 MCTI'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?
- ✓ 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?

## 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 observation and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observation and conclusions based on our audit objectives.

MCTI 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:

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

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

## 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.

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

The Monroe Career and Technical Institute (MCTI) uses software purchased from an outside vendor for its critical student accounting applications (membership and attendance). The 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 MCTI’s data could occur and not be detected because the MCTI was unable to provide supporting evidence that they are adequately monitoring all vendor activity in their system. However, since the MCTI 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 MCTI 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 MCTI’s membership information and result in the School not receiving the funds to which it was entitled from the state.

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

1. The MCTI’s Acceptable Use Policy does not include provisions for authentication (password security and syntax requirements).
2. The MCTI has certain weaknesses in logical access controls. We noted that the MCTI’s system parameter settings do not require all users, including the vendor, to change their passwords every 30 days.
3. The MCTI does not have evidence to support they are generating or reviewing monitoring reports of user

access and activity on the system (including vendor and district employees). There is no evidence to support that the MCTI is performing any procedures in order to determine which data the vendor may have altered or which vendor employees accessed their system.

4. The MCTI does not store data back-ups in a secure, off-site location.

## **Recommendations**

The *Monroe Career and Technical Institute* should:

1. Include provisions for authentication (password security and syntax requirements).
2. 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).
3. 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 MCTI should review these reports to determine that the access was appropriate and that data was not improperly altered. The MCTI should also ensure it is maintaining evidence to support this monitoring and review.
4. Store back-up tapes in a secure, off-site location.

## **Management Response**

Management stated the following:

Condition 1 - MCTI is in the process of revising the Acceptable Use policy. MCTI will take the recommendation of the audit and include provisions for authentication (password security and syntax requirements). This process is currently part of the password requirements, but not described in policy.

Condition 2 - MCTI will take the recommendation of the audit and change the current password policy from 40 days to 30 days. This change will happen nearly immediately with only a few days lead time necessary to inform staff of the change and require them to update their current password.

Condition 3 - At this time, firewall logs, Windows Server Security Logs, and SQL logs are being created to track connections made to our system. In addition, the user account that our SIS vendor used to connect remotely with our system gets disabled immediately after the vendor has completed any work on the software. Lastly, through the process of reconciling student data with sending districts, the CTS is able to quickly detect any imperfections in data.

In response to the recommendation of condition 3, MCTI does generate logs of vendor and employee access and activity within our system. These reports do include date, time, changes made, and by whom the changes were made. It is our belief that through reconciliation, we are able to detect any issues. This in combination with the system generated logs will allow MCTI to find who made changes, what changes were made, when they were made, and from where.

We believe that the process above gives MCTI the ability to detect any unwanted changes to student information system data.

Condition 4 - MCTI will take the recommendation of the audit and research secure off-site storage locations to store backup data. Beginning immediately, MCTI will research a location and begin storing local tape backups off-site until a more permanent solution is implemented. Our goal is to have a permanent solution in place by the end of summer 2011.

**Auditor Conclusion**

The conditions and recommendations stated above represent the information communicated to the auditors during our fieldwork. Any subsequent improvements or changes in management representations will be evaluated in the subsequent audit. As noted in condition 3, the MCTI have indicated they were generating and reviewing monitoring reports of user activity on the system. However, no documentation of this review was maintained for audit.

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

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**O**ur prior audit of the Monroe Career and Technical Institute resulted in no findings or observations.





## **Distribution List**

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This report was initially distributed to the career and technical institute 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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