



**NORTHERN TIER CAREER CENTER
BRADFORD COUNTY, PENNSYLVANIA
PERFORMANCE AUDIT REPORT**

DECEMBER 2013

COMMONWEALTH OF PENNSYLVANIA

EUGENE A. DEPASQUALE - AUDITOR GENERAL

DEPARTMENT OF THE AUDITOR GENERAL



Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, PA 17120-0018
Facebook: Pennsylvania Auditor General
Twitter: @PAAuditorGen

EUGENE A. DePASQUALE
AUDITOR GENERAL

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

Mr. Kevin Brown
Joint Operating Committee Chairperson
Northern Tier Career Center
120 Career Center Lane
Towanda, Pennsylvania 18848

Dear Governor Corbett and Mr. Brown:

We conducted a performance audit of the Northern Tier Career Center (Center) to determine its compliance with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures (relevant requirements). Our audit covered the period March 11, 2011 through June 25, 2013, except as otherwise indicated in the report. Additionally, compliance specific to state subsidies and reimbursements was determined for the school years ended June 30, 2012 and June 30, 2011. Our audit was conducted pursuant to Section 403 of The Fiscal Code, 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 Center complied, in all significant respects, with relevant requirements.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale".

EUGENE A. DEPASQUALE
Auditor General

December 20, 2013

cc: **NORTHERN TIER CAREER CENTER** Joint Operating Committee Members

Table of Contents

	Page
Executive Summary	1
Audit Scope, Objectives, and Methodology	2
Findings and Observations	5
Status of Prior Audit Findings and Observations	6
Distribution List	8

Executive Summary

Audit Work

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

Our audit scope covered the period March 11, 2011 through June 25, 2013, except as otherwise indicated in the audit scope, objectives, and methodology section of the report. Compliance specific to state subsidies and reimbursements was determined for the 2011-12 and 2010-11 school years.

Center Background

According to Center officials, in the 2011-12 school year the Center provided educational services to 288 secondary pupils and five (5) post-secondary pupils through the employment of fourteen (14) teachers, thirteen (13) full-time and part-time support personnel, and three (3) administrators. A joint operating committee (JOC) which comprises eight (8) members from the following school districts directs the operation, administration, and management of the school:

Athens Area	Towanda Area
Canton Area	Troy Area
Northeast Bradford	Sullivan County
Sayre Area	Wyalusing Area

The JOC members are appointed by the individual school boards at the December meeting, each to serve a one (1) year term.

Lastly, the Center received \$516,786 in state funding in the 2011-12 school year.

Audit Conclusion and Results

Our audit found that the Center complied, in all significant respects, with certain relevant 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 Northern Tier Career Center (Center) from an audit released on August 29, 2011, we found the Center had taken appropriate corrective action in implementing our recommendations pertaining to unmonitored vendor system access and logical access control weaknesses (see page 6).

Audit Scope, Objectives, and Methodology

Scope

What is a school performance audit?

School performance audits allow the Pennsylvania 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 Pennsylvania Department of Education, and other concerned entities.

Our audit, conducted under authority of Section 403 of The Fiscal Code, 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 March 11, 2011 through June 25, 2013, except for the verification of professional employee certification which was performed for the period July 1, 2012 through May 24, 2013.

Regarding state subsidies and reimbursements, our audit covered the 2011-12 and 2010-11 school years.

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 Pennsylvania Department of Education (PDE) 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 statute, regulation, policy, 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 and defined business practices. Our audit focused on assessing the Center's compliance with certain relevant 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 Center have sufficient internal controls to ensure that the membership data it reported to PDE through the Pennsylvania Information Management System was complete, accurate, valid, and reliable?
- ✓ Did the Center take appropriate steps to ensure school safety?

- ✓ Did the Center have a properly executed and updated Memorandum of Understanding with local law enforcement?
- ✓ Did the Center take appropriate corrective action to address recommendations made in prior audit?

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 certain relevant state 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 results and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our results and conclusions based on our audit objectives.

The Center's management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the Center is in compliance with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures (relevant requirements). In conducting our audit, we obtained an understanding of the Center's internal controls, including any information technology controls, as they relate to the Center's compliance with relevant requirements that we consider to be significant within the context of our audit objectives. We assessed whether those controls were properly designed and implemented. Any deficiencies in internal controls that were identified during the conduct of our audit and determined to be significant within the context of our audit objectives are included in this report.

Our audit examined the following:

- Records pertaining to pupil transportation, pupil membership, bus driver qualifications, professional employee certification, state ethics compliance, financial stability, reimbursement applications, tuition receipts, and deposited state funds.
- Items such as Joint Operating Committee meeting minutes and policies and procedures.

Additionally, we interviewed select administrators and support personnel associated with the Center's operations.

Lastly, to determine the status of our audit recommendations made in a prior audit report released on August 29, 2011, we reviewed the Center's response to PDE dated May 16, 2013. We then performed additional audit procedures targeting the previously reported matters.

Findings and Observations

For the audited period, our audit of the Northern Tier Career Center resulted in no findings or observations.

Status of Prior Audit Findings and Observation

Our prior audit of the Northern Tier Career Center (Center) released on August 29, 2011, resulted in one (1) 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 Center to implement our prior audit recommendations. We analyzed the Center Joint Operating Committee's written response provided to the Pennsylvania Department of Education, performed audit procedures, and interviewed Center personnel regarding the prior observation. As shown below, we found that the Center did implement our recommendations related to unmonitored vendor system access and logical access control weaknesses.

Auditor General Performance Audit Report Released on August 29, 2011

Observation	Unmonitored Vendor System Access and Logical Access Control Weaknesses
--------------------	---

<u>Observation Summary:</u>	Our prior audit found that the Center had ten (10) control weaknesses over vendor system access and logical access control.
-----------------------------	---

<u>Recommendations:</u>	Our audit observation recommended that the Center should: <ol style="list-style-type: none">1. Ensure the Center's Acceptable Use Policy includes provisions for privacy (e.g., monitoring of electronic mail, access to files); access (acceptable use guidelines for users); accountability (responsibilities of users, auditing, incident handling); authentication (password security and syntax requirements); and violations/incidents (what is to be reported and to whom), and ensure that employees are required to sign the policy.2. Establish separate information technology policies and procedures for controlling the activities of vendors/consultants and have the vendor sign this policy, or have the vendor sign the Center's Acceptable Use Policy.3. Develop policies and procedures to require written authorization when adding, deleting, or changing a userID.4. Maintain documentation to evidence that terminated employees are properly removed from the system in a timely manner.
-------------------------	--

5. Implement a security policy and system parameter settings to require all users, including the vendor, to change passwords on a regular basis (e.g., every 30 days). Passwords should be a minimum length of eight (8) characters and include alpha, numeric, and special characters. The Center should also maintain a password history that will prevent the use of repetitive passwords (e.g., last ten (10) passwords); lockout users after three (3) unsuccessful attempts; and log users off the system after a period of inactivity (e.g., 60 minutes maximum).
6. Allow access to the Center's 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.
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, changes made and who made the changes. The Center should review these reports to determine that the access was appropriate and that data was not improperly altered, and maintain evidence to support this monitoring and review.
8. Allow upgrades/updates to the Center's system only after receipt of written authorization from appropriate school officials.
9. Develop and maintain a list of authorized individuals with access to the hardware (servers) that contains the membership/attendance data.
10. To mitigate information technology control weaknesses, maintain compensating controls that would allow the Center to detect unauthorized changes to the membership database in a timely manner, and require documentation for the procedures and reconciliations/roll forwards.

Current Status:

During our current audit, we found that the Center implemented all of our recommendations listed above.

Distribution List

This report was initially distributed to the Center's Superintendent of Record, the Joint Operating Committee, our website at www.auditorgen.state.pa.us, and the following stakeholders:

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

The Honorable Carolyn Dumaesq
Acting Secretary of Education
1010 Harristown Building #2
333 Market Street
Harrisburg, PA 17126

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

Ms. Lori Graham
Acting Director
Bureau of Budget and Fiscal Management
Pennsylvania Department of Education
4th Floor, 333 Market Street
Harrisburg, PA 17126

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

Mr. Lin Carpenter
Assistant Executive Director for Member Services
School Board and Management Services
Pennsylvania School Boards Association
P.O. Box 2042
Mechanicsburg, PA 17055

This report is a matter of public record and is available online at www.auditorgen.state.pa.us. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 231 Finance Building, Harrisburg, PA 17120; via email to: news@auditorgen.state.pa.us.