



PARKLAND SCHOOL DISTRICT  
LEHIGH COUNTY, PENNSYLVANIA  
PERFORMANCE AUDIT REPORT

APRIL 2013

COMMONWEALTH OF PENNSYLVANIA

**EUGENE A. DEPASQUALE - AUDITOR GENERAL**

DEPARTMENT OF THE AUDITOR GENERAL





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EUGENE A. DePASQUALE  
AUDITOR GENERAL

The Honorable Tom Corbett  
Governor  
Commonwealth of Pennsylvania  
Harrisburg, Pennsylvania 18104

Mrs. Jayne R. Bartlett, Board President  
Parkland School District  
1210 Springhouse Road  
Allentown, Pennsylvania 18104

Dear Governor Corbett and Mrs. Bartlett:

We conducted a performance audit of the Parkland School District (District) to determine its compliance with applicable state laws, contracts, grant requirements, and administrative procedures. Our audit covered the period March 17, 2009, through April 20, 2012, 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 District complied, in all significant respects, with applicable state laws, contracts, grant requirements, and administrative procedures, except as detailed in two observations noted in this report. A summary of these results is presented in the Executive Summary section of the audit report.

Our audit observations and recommendations have been discussed with the District's management and their responses are included in the audit report. We believe the implementation of our recommendations will improve the District's operations and facilitate compliance with legal and administrative requirements. We appreciate the District's cooperation during the conduct of the audit.

Sincerely,

/s/

EUGENE A. DEPASQUALE  
Auditor General

April 18, 2013

cc: **PARKLAND SCHOOL DISTRICT** Board 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 Parkland School District (District). Our audit sought to answer certain questions regarding the District's compliance with applicable state laws, contracts, grant requirements, and administrative procedures; and to determine the status of corrective action taken by the District in response to our prior audit recommendations.

Our audit scope covered the period March 17, 2009, through April 20, 2012, 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.

### **District Background**

The District encompasses approximately 80 square miles. According to 2010 federal census data, it serves a resident population of 55,000. According to the District's officials, in school year 2009-10 the District provided basic educational services to 9,345 pupils through the employment of 621 teachers, 713 full-time and part-time support personnel, and 60 administrators. Lastly, the District received more than \$18.8 million in state funding in school year 2009-10.

### **Audit Conclusion and Results**

Our audit found that the District complied, in all significant respects, with applicable state laws, contracts, grant requirements, and administrative procedures. However, as noted below, we identified two matters unrelated to compliance that are reported as observations.

#### **Observation No. 1: The School Boards' Employment Agreements With the Former Superintendent Included Payment for Unused Sabbatical Leave.**

On June 24, 2008, the District's board of school directors entered into a Superintendent Employment Agreement (Agreement) with the District's former Superintendent. The Agreement had a term of five years, from March 22, 2009, through March 21, 2014. The Agreement included severance pay for an unused sabbatical. We find payment for unused sabbatical leave to be a questionable use of taxpayer funds (see page 7).

#### **Observation No. 2: The District Financed Some of Its Debt with Interest-Rate Management ("Swap") Agreements, Which Could Have Jeopardized Taxpayer Funds.**

On June 16, 2004, the District entered into a swap agreement related to its issuance of \$47,660,000 of bonds. We continue to encourage the District to terminate active swaps as soon as it is fiscally responsible to do so and to refinance with conventional debt instruments (see page 13).

**Status of Prior Audit Findings and Observations.** With regard to the status of our prior audit recommendations to the

District from an audit we conducted of the 2007-08, 2006-07, 2005-06, and 2004-05 school years, we found the District had taken appropriate corrective action in implementing our recommendations pertaining to unmonitored vendor system access and logical access control weaknesses (see page 16).



## 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 Pennsylvania 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 March 17, 2009, through April 20, 2012, except for:

- The verification of professional employee certification which was performed for the period July 1, 2009, through February 1, 2012.
- The verification of retirement wages which was performed for the period July 1, 2009, through June 30, 2011.

Regarding state subsidy and reimbursements, our audit covered school years 2009-10 and 2008-09.

While all districts 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 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

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 District's compliance with applicable state laws, 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 audit objectives:

- ✓ Were professional employees certified for the positions they held?

*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.

- ✓ In areas where the District receives state subsidy and reimbursements based on pupil membership (e.g. basic education, special education, and vocational education), did it follow applicable laws and procedures?
- ✓ Does the District have sufficient internal controls to ensure that the membership data it reported to the Pennsylvania Information Management System is complete, accurate, valid and reliable?
- ✓ In areas where the District receives state subsidy and reimbursements based on payroll (e.g. Social Security and retirement), did it follow applicable laws and procedures?
- ✓ In areas where the District receives transportation subsidies, is the District and any contracted vendors in compliance with applicable state laws and procedures?
- ✓ Did the District, and any contracted vendors, ensure that their current bus drivers are properly qualified, and do they have written policies and procedures governing the hiring of new bus drivers?
- ✓ Are there any declining fund balances that may impose risk to the District's fiscal viability?
- ✓ Did the District pursue a contract buy-out with an administrator and if so, what was the total cost of the buy-out, what were the reasons for the termination/settlement, and does 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?
- ✓ Did the District take appropriate steps to ensure school safety?
- ✓ Did the District have a properly executed and updated Memorandum of Understanding with local law enforcement?

- ✓ Were votes made by the District's board members free from apparent conflicts of interest?
- ✓ Did the District 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, 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 observations and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and conclusions based on our audit objectives.

The District's management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the District is in compliance with applicable laws, contracts, grant requirements, and administrative procedures. In conducting our audit, we obtained an understanding of the District's internal controls, including any IT controls, as they relate to the District's compliance with applicable state laws, regulations, contracts, grant agreements and administrative procedures 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 control 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.

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 transportation, and comparative financial information.

Our audit examined the following:

- Records pertaining to pupil transportation, bus driver qualifications, professional employee certification, state ethics compliance, and financial stability.
- Items such as board meeting minutes, pupil membership records, and reimbursement applications.
- Tuition receipts and deposited state funds.

Additionally, we interviewed selected administrators and support personnel associated with the District's operations.

Lastly, to determine the status of our audit recommendations made in a prior audit report released on August 17, 2009, we performed additional audit procedures targeting the previously reported matters.

## Findings and Observations

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### Observation No. 1

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*Criteria relevant to the observation:*

Section 1073(a) of the Public School Code, 24 P.S. § 10-1073(a), requires school districts to enter into three-to five-year employment contracts with their superintendents.

### **The School Boards' Employment Agreements With the Former Superintendent Included Payment for Unused Sabbatical Leave**

On June 24, 2008, the Parkland School District (District) board of school directors (Board) entered into a Superintendent Employment Agreement (Agreement) with the District's former Superintendent. The Agreement had a term of five years, from March 22, 2009, through March 21, 2014. The Agreement stated, "Upon the ending of the District superintendent's employment with the School District, School District shall pay to the District Superintendent a severance pay equal to the compensation the District Superintendent would have received had the District Superintendent exercised her right to take an unused sabbatical."

The Agreement further stated that the former Superintendent shall receive the same benefits as received now or in the future by the administrative staff of the District during the term of the Agreement. The Agreement between the District and the District's Administrative/Supervisory Association (Administrative Agreement) effective July 1, 2008, through June 30, 2013, allowed for an additional retirement incentive based on service days remaining to a specified age.

During our review, we found the former Superintendent received the retirement incentive based on the Administrative Agreement and also received the retirement incentive in lieu of sabbatical leave. The former Superintendent retired effective July 1, 2011, and was eligible for a severance payment based on sabbatical salary of \$81,721 to be paid over a three-year period. The former Superintendent was also eligible for the Administrative Agreement retirement incentive totaling \$28,417 to be paid over a two-year period. These payments are to be paid into the former Superintendent's 403(b) account.

A sabbatical leave is itself a benefit. Therefore, if an administrator or Act 93 employee chooses not to exercise this leave option, then he or she should not be compensated for it. The taxpayers have the right to expect that their hard earned money will be spent on the education of the District's students and not on excess benefits to individuals. Furthermore, the information in these agreements should be more transparent to the public so that the taxpayers can consider such information when determining whether the Board has made decisions in the best interest of the District, the taxpayers, and the students.

## **Recommendations**

The *Parkland School District* should:

1. Ensure that future employment agreements with prospective administrators do not contain overly generous early termination provisions that may negatively impact the District and its taxpayers.
2. Make certain that the District's employment agreements are as transparent as possible, so that the District's taxpayers can evaluate their appropriateness.

## **Management Response**

Management stated the following:

The Parkland School District Administration provides the following reply to the auditor's written observation contained in the confidential draft report. The draft report provides in part as follows: "The School Board's Employment Agreements with the Former Superintendent Included Payment for Unused Sabbatical Leave." The auditors state in the draft report in part as follows: "A sabbatical leave is itself a benefit. Therefore, if an administrator or Act 93 employee chooses not to exercise this leave option, then he or she should not be compensated for it." In addition the draft report provides in part as follows: "Furthermore, the information in these agreements should be more transparent to the public so that the taxpayers can consider such information when determining whether the Board has made decisions in the best interest of the District, the taxpayers, and the students."

The School District Administration understands the auditors draft report as being an observation relating to the former superintendent's contractual payment of a severance at the end of her employment as well as the transparency of her contract. The audit covered the School District's fiscal years ending June 30, 2009 and June 30, 2010. During the fiscal years in question there were two contracts that governed the employment of the former superintendent. The first contract was effective March 22, 2004 through March 21, 2009, and the second contract was effective March 22, 2009 through March 21, 2014. Both contracts had a provision in Paragraph 9.f. that provided for a payment of severance compensation at the end of the superintendent's employment "equal to the compensation the District Superintendent would have received had the District Superintendent exercised her right to take an unused sabbatical leave of absence."

The School District Administration respectively disagrees with the auditors' observation that the former superintendent was being paid for a benefit that she chose not to take. The severance payment to the former superintendent was not a payment for an unused sabbatical pursuant to the provisions of the School Code. In order to be entitled to the severance payment under the contract, the contract set forth separate and distinct eligibility criteria that had nothing to do with the statutory eligibility criteria set forth in the statute for a sabbatical leave. Although a sabbatical leave is indeed a statutory benefit, the contractual severance payment set forth in the contracts of the former superintendent was never intended to be interpreted as being synonymous with the statutory sabbatical benefit as referenced by the auditors. The compensation paid to the former superintendent as severance was instead intended to be part and parcel of an overall economic package rather than a payment for a benefit that she elected not to take.

Under the statute all professional employees including commissioned officers are eligible to take a leave of absence for professional development or a sabbatical leave for restoration of health or at the discretion of the school board for other purposes provided the employee meets the statutory criteria. The statutory criteria are: (1) the employee has completed ten (10) years of satisfactory service within the public school system and (2) the

employee has at least five (5) consecutive years of service in the school district from which the leave of absence or sabbatical leave is sought. Provided the employee meets the statutory criteria for the leave of absence, the employee will be paid at least one-half of his or her regular salary during the period of the leave.

In contrast to the statutory benefit, in order for the former superintendent to be eligible for the severance payment under her contracts, she needed to satisfy the contractual eligibility criteria which as pointed out above are different from the statutory criteria for a sabbatical. The criteria under the first contract were as follows: (1) the superintendent must be 53 years of age; (2) the superintendent needed to serve as a commissioned officer for a period of ten (10) continuous years from the effective date of her employment as assistant superintendent, i.e. from December 15, 1997; and (3) the superintendent must have applied for and been accepted by the Public School Employees' Retirement System (PSERS) for payment of a retirement allowance. As of the time the second contract was negotiated and signed, two of the three eligibility criteria had been met and therefore, the eligibility for the payment of the severance only needed to include the requirement to apply for and be accepted by PSERS for payment of a retirement allowance.

Because of the different qualifiers in the contracts for the severance from those in the statute for a sabbatical, the School Board did not consider the severance provision as a payment of a benefit. Instead the School Board viewed the severance payment as additional compensation earned in exchange for services. To demonstrate more fully why the severance payment is more than a payment of a benefit (as it has been characterized by the auditors), the following explanation is provided. The former superintendent was eligible for a sabbatical leave of absence when she first became a commissioned officer in 1997. She was not even remotely eligible for the payment of severance had her contract ended at some point after 1997 and before 2007 because she had not yet met the contractual criteria. The severance payment to the former superintendent had to be earned and was earned after having met the contractual qualifying criteria as of her retirement in 2011.



There were multiple reasons the School Board included the severance payment provision as part of the total economic package offered to the former superintendent. The School Board when hiring its superintendent wanted to attract the most qualified candidate for the job. To do so, the Board included various economic incentives in its offer of employment to achieve its goal of attracting the most qualified person. The severance payment was one component of the overall economic package intended to find the most qualified person for the job.

The compensation package that included the severance was beneficial to the School District not only because it helped attract the most qualified candidate, but it also was intended to retain the most qualified candidate for an extended continuous period of service. The contractual severance provision required the superintendent to serve as a commissioned officer for ten (10) continuous years. The continuity of service was a requirement for the severance payment because it was intended to assure a more efficient operation of the District. A well run District is expected to provide the best educational benefits for its students.

The efficiencies achieved through years of service by the District's commissioned officer are both tangible and intangible. For example, only through a long service period can the superintendent know and understand the culture of the District. Over her period of service she had developed relationships with the school board, the leadership of the District's employees' associations, the professional staff, the support staff, the student body, the community, and her counterparts serving other Districts in the region and state. As a result of her personal understanding of the people in and out of the District and her depth of knowledge of the culture of the District accumulated over the terms of her contracts, she was in a far better position to maintain the status quo when appropriate or bring about and implement change to achieve the Board's goal of running an efficient operation for the educational betterment of its students.

Also the requirement for a long service period added a direct economic benefit to the School District. If the former superintendent had chosen to take a sabbatical, the School District was statutorily obligated to pay one-half her salary. In addition to that payment, the School District

would have needed to find and pay for her interim replacement. The compensation paid to her replacement could easily have been the same as that of the former superintendent. With the hiring of an interim replacement while the superintendent was on sabbatical, the School District would have been required to pay out the sabbatical salary and the salary of the interim.

It is an appropriate conclusion that the former superintendent's contract was negotiated and entered into in good faith by the School Board. The severance payment was one component of an overall economic package that was intended to assure the continued efficient operation of the District to allow the Board to provide the best education possible for its students. This intent is consistent with the auditors' first recommendation that taxpayers' money be used for the education of the District's children. As far as Parkland School District is concerned the contractual commitment to pay a severance worked exactly as planned because the former superintendent did remain on the job as a commissioned officer since 1997 to the date of her retirement in 2011.

With respect to the auditors' observation about transparency, the public has had full access to the contracts. Any taxpayer or other interested person may ask to inspect the contracts following their approval by the Board. In addition, the District's web site has a simple and direct process for accessing any public document under the Right to Know Law.

### **Auditor Conclusion**

Although the District disagrees with our observation, our position remains unchanged. Management's reply regarding statutory eligibility to take sabbatical leave is not relevant to this observation. Instead, we question the generous termination provisions in the former Superintendent's Agreement. Specifically, we find payment for unused sabbatical leave to be a questionable use of taxpayer funds. We urge the District to implement our recommendations.

## Observation No. 2



*Criteria relevant to the observation:*

The Local Government Unit Debt Act, Act 177 of 1996, as amended by Act 23 of 2003 (53 Pa. C.S. § 8001 *et seq.*) authorizes local government units, including school districts, to include qualified interest rate agreements in connection with the issuance of bonds and notes.

### **The District Financed Some of Its Debt with Interest-Rate Management ("Swap") Agreements, Which Could Have Jeopardized Taxpayer Funds**

On June 16, 2004, the Parkland School District (District) entered into a swap agreement related to its issuance of \$47,660,000 of bonds.

Current state law permits school districts to enter into qualified interest-rate management agreements, known more commonly as “swaps.” Swaps are financial instruments that form a contract between a school district and an investment bank, speculating on the direction interest rates will move, as well as on other unpredictable factors. Specifically, the party to the contract that guesses correctly about whether interest rates will go up or down gets paid by the party to the contract that guesses incorrectly. This is called a swap interest payment. The amount of money changing hands is determined by several factors, including the amount of the debt associated with the swap and the overall fluctuation of interest rates.

In theory, swaps allow school districts to enter into variable-rate debt financing, and thereby take advantage of low interest rates, while at the same time mitigating the possibility of those same interest rates rising. In reality, however, swaps are complicated, risky financial instruments that can needlessly waste taxpayer funds if the District bets incorrectly on which way interest rates will move. Likewise, districts can end up wasting funds on financial advisors, legal fees, and underwriting fees, especially if these services are not competitively bid and evaluated for independence. Additionally, swaps can cause districts to pay large termination fees to the investment banks.

For example, our Department’s November 2009 special investigation of the Bethlehem Area School District’s 13 swaps, which were related to \$272.9 million in debt, found that Bethlehem Area School District’s use of 2 of its 13 swaps cost taxpayers \$10.2 million more than if it had issued a standard fixed-rate bond or note, and \$15.5 million more than if the Bethlehem Area School District had simply paid the interest on the variable-rate note without any swap at all. The Bethlehem Area School District’s

losses were largely due to excessive fees and other charges, especially a \$12.3 million payment that it made to an investment bank for terminating one of the two agreements. The potential financial impact associated with the Bethlehem Area School District's other 11 swaps could not be determined because the agreements were still in effect at the time of the investigation. The experience of this one school district illustrates the potential financial cost to entities that enter into swaps, particularly if they have to be terminated for any reason when the interest rates are not in the party's favor.

As a result of our investigation of the Bethlehem Area School District, we sent all 500 of the Commonwealth's school districts, including Parkland Area School District, a letter on December 17, 2009, urging them to terminate their active swaps and to refinance them with conventional debt instruments as soon as it is fiscally responsible to do so. Our letter also advised the districts that they should avoid getting into these or any other exotic financial instruments in the future, and that it should assess the financial consequences that would transpire if it suffered the same negative experience with swaps as the Bethlehem Area School District and others. In addition, we encouraged all school districts to hire financial advisors through a competitive selection process and to periodically evaluate the quality, cost, and independence of the services provided.

We continue to encourage the District to terminate active swaps as soon as it is fiscally responsible to do so and to refinance with conventional debt instruments.

## **Recommendations**

The *Parkland School District* should:

1. Avoid entering into any new swap agreements in the future.
2. Terminate its swap agreement as soon as it is fiscally responsible to do so, and refinance, if necessary, with conventional fixed-rate bonds.

## **Management Response**

Management stated the following:

In regard to the two recommendations set forth in the auditor's report under Observation No. 2, Parkland School District provides the following response by its administration.

Recommendation number one to "avoid entering into any new swap agreements in the future" is exactly what the School District has been doing ever since the District has been aware of the experience of Bethlehem Area School District and other districts' swaps. Although there may be circumstances that might suggest a swap transaction in the future, the District surely would assess the financial consequences before it would consider such a transaction. The District does not have any current or near future plans for a swap transaction.

Recommendation number two that the District "terminate its swap agreement when it is financially feasible" has been and will continue to be under review by the District and its financial advisor. The swap transaction is constantly being watched and monitored by the District through ongoing reports from its financial advisor. The financial advisor has standing instructions from the District to make recommendations for termination as soon as the market suggests that it would be financially feasible. Fortunately, the swap transaction has over time been working to the benefit of the District.

## **Auditor Conclusion**

We are pleased that the District and its financial advisor are monitoring its swap agreement, and that the financial advisor has instructions to make recommendations for termination as soon as the market suggests that it would be financially feasible. However, the District's reply that its swap transaction has been working to the benefit of the District is no justification for continuing to put taxpayers' money at risk. The tables could just as easily be turned and the District could have lost money. As such, we reiterate our position that the use of swaps is fiscally imprudent, and that the District should terminate its swap agreement as soon as it is fiscally responsible to do so.

## Status of Prior Audit Findings and Observations

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Our prior audit of the Parkland School District (District) for the school years 2007-08, 2006-07, 2005-06, and 2004-05 resulted in one reported observation that 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 District to implement our prior recommendations. We performed audit procedures and questioned the District's personnel regarding the prior observation. As shown below, we found that the District did implement recommendations related to unmonitored vendor system access and logical access control weaknesses.

### School Years 2007-08, 2006-07, 2005-06, and 2004-05 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 District uses software purchased from an outside vendor for its critical student accounting applications (membership and attendance). The software vendor has remote access into the District's network servers.

Recommendations:        Our audit observation recommended that the District:

1. Establish separate information technology policies and procedures for controlling the activities of the vendors and have the vendor sign this policy, or the District should require the vendor to sign the District's Acceptable Use Policy.
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). Passwords should be a minimum length of eight characters and include alpha, numeric, and special characters. System should automatically log a user off the system after a period of inactivity (i.e., 60 minutes maximum). Also, the District 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.

3. Allow access to only their system 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.
4. 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 District should review these reports to determine that the access was appropriate and that data was not improperly altered. The District should also ensure it is maintaining evidence to support this monitoring and review.

Current Status:

During our current audit procedures, we found that the District did implement the recommendations by updating policies, password security, and monitoring procedures.

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## **Distribution List**

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This report was initially distributed to the superintendent of the school district, the board members, our website address at [www.auditorgen.state.pa.us](http://www.auditorgen.state.pa.us), and the following:

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

The Honorable Ronald J. Tomalis  
Secretary of Education  
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333 Market Street  
Harrisburg, PA 17126

The Honorable Robert M. McCord  
State Treasurer  
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This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, 231 Finance Building, Harrisburg, PA 17120. If you have any questions regarding this report or any other matter, you may contact the Department of the Auditor General by accessing our website at [www.auditorgen.state.pa.us](http://www.auditorgen.state.pa.us).

