

POCONO MOUNTAIN SCHOOL DISTRICT  
MONROE COUNTY, PENNSYLVANIA  
PERFORMANCE AUDIT REPORT

DECEMBER 2010



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

Mr. Henry Bockelman, Board President  
Pocono Mountain School District  
P.O. Box 200  
Swiftwater, Pennsylvania 18350

Dear Governor Rendell and Mr. Bockelman:

We conducted a performance audit of the Pocono Mountain School District (PMSD) to determine its compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures. Our audit covered the period June 2, 2008 through April 5, 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 PMSD complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures, except as detailed in two findings noted in this report. A summary of these results is presented in the Executive Summary section of the audit report.

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

Sincerely,

/s/

JACK WAGNER  
Auditor General

December 13, 2010

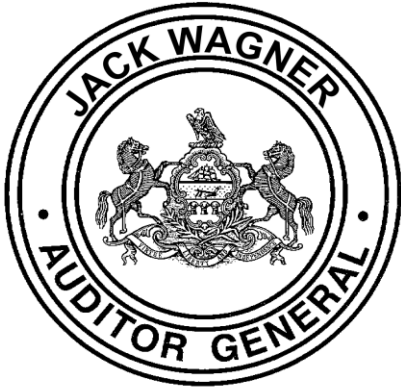
cc: **POCONO MOUNTAIN SCHOOL DISTRICT** Board Members

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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 Pocono Mountain School District (PMSD). Our audit sought to answer certain questions regarding the District's compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures; and to determine the status of corrective action taken by the PMSD in response to our prior audit recommendations.

Our audit scope covered the period June 2, 2008 through April 5, 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.

### **District Background**

The PMSD encompasses approximately 304 square miles. According to 2000 local census data, it serves a resident population of approximately 60,000. According to District officials, in school year 2007-08 the PMSD provided basic educational services to 11,506 pupils through the employment of 984 teachers, 622 full-time and part-time support personnel, and 51 administrators. Lastly, the PMSD received more than \$42.4 million in state funding in school year 2007-08.

### **Audit Conclusion and Results**

Our audit found that the PMSD complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures; however, as noted below, we identified two compliance-related matters reported as findings.

**Finding No. 1: General Fund Deficit Balance.** Our review of the PMSD's annual financial reports, local auditor's report and general fund budgets for the fiscal years ended June 30, 2008 and 2009 found that the PMSD's general fund balance surplus of \$3,570,631 at June 30, 2007, decreased to deficit fund balances of \$29,903,503 and \$3,638,637, respectively (see page 6).

**Finding No. 2: Continued Errors in Reporting Pupil Membership Resulted in Subsidy and Reimbursement Net Overpayments of \$188,299.** PMSD continued to incorrectly report pupil membership to the Department of Education. By not adhering to our recommendations from the previous audit of the 2005-06 and 2004-05 school years, errors again occurred in the reporting of resident and nonresident students resulting in a net overpayment of \$188,299 in the 2007-08 and 2006-07 school years (see page 10).

**Status of Prior Audit Findings and Observations.** With regard to the status of our prior audit recommendations to the PMSD from an audit we conducted of the 2005-06 and 2004-05 school years, we found the PMSD had not taken appropriate corrective action in implementing our

recommendations pertaining to continued errors in the reporting of pupil membership (see page 13). However, PMSD did take appropriate corrective action in implementing our recommendations pertaining to the transportation of nonpublic pupils (see page 14), health services reimbursements, uncollected tuition (see page 15) and their unmonitored vendor system access (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 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 June 2, 2008 through April 5, 2010.

Regarding state subsidy and reimbursements, our audit covered school years 2007-08 and 2006-07.

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 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 PMSD'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 audit objectives:

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

- ✓ 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?
- ✓ Did the District use an outside vendor to maintain its membership data and if so, are there internal controls in place related to vendor access?
- ✓ Is the District's pupil transportation department, including any contracted vendors, in compliance with applicable state laws and procedures?
- ✓ Does the District ensure that Board 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 District?
- ✓ Did the District 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 District taking appropriate steps to ensure school safety?
- ✓ 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, 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 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.

PMSD management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the District 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 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 PMSD operations.

Lastly, to determine the status of our audit recommendations made in a prior audit report released on April 7, 2009, we reviewed the PMSD's response to DE dated April 7, 2010. We then performed additional audit procedures targeting the previously reported matters.

## Findings and Observations

### Finding No. 1

*Public School Code section relevant to the finding:*

Section 609 provides, in part:

No work shall be hired to be done, no materials purchased, and no contracts made by any board of school directors which will cause the sums appropriated to specific purposes in the budget to be exceeded.

### General Fund Deficit Balance

Our review of the District's annual financial reports (AFR), local auditor's report (LAR) and general fund budgets for fiscal years ended June 30, 2008 and 2009 found that the District's general fund balance surplus of \$3,570,631 as of June 30, 2007, decreased to deficit fund balances of \$2,903,503 and \$3,638,637, respectively.

We found that expenditures exceeded revenues, resulting in the depletion of the District's general fund balance.

For the fiscal years ended 2009 and 2008, different amounts were reported when comparing the LAR to the AFR. District personnel could not explain the differences.

Our audit used the LAR figures since they were audited figures. The LAR reported the following:

<u>School Year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Expenditures (Over)/ Under Revenue</u>	<u>General Fund Surplus/(Deficit)</u>
2006-07	\$158,422,144	\$163,728,754	(\$5,306,610)	\$ 3,570,631
2007-08	165,566,856	172,040,990	(6,474,134)	(2,903,503)
2008-09	179,670,923	180,406,057	(735,134)	(3,638,637)

According to District administrators, they chose to use the previous fund balance to fund new facility construction and renovation projects. In addition, the administrators indicated they were using the surplus to lessen the tax burden by reducing the millage rate increase. However, those decisions depleted the District's resources and resulted in a deficit to its general fund balance.

### Recommendations

The *Pocono Mountain School District* should:

Provide for systematic reduction of the fund balance deficit in the general fund by utilizing monthly budget status reports to scrutinize proposed expenditures for current operations and limit expenditures to revenues available and the amounts appropriated.

## Management Response

Management stated the following:

Since the mid 1990's, the District had seen a steady significant growth in enrollment due to a rapid influx of families moving into the District from New York City and New Jersey. In order to keep pace with enrollment growth, the District needed to construct new educational facilities as well as renovate existing facilities. The District's personnel costs, operating costs and Debt Service increased each year for addressing the children's needs due to enrollment growth.

Due to nominal Federal and State Funding, the majority (more than 75%) of the District's Revenue Budget is based on Local Sources, mainly Property Taxes. In an effort to try and lessen the increased tax burden each year the District utilized available Fund Balance to reduce the millage rate increase impact.

For several Fiscal Year Budgets, the District utilized Fund Balance anywhere for one (1) to six (6) mills. Although the District did raise the millage rate for each year Fund Balance was utilized, double digit millage rate increases were avoided. The District's concern over its taxpayers' additional tax burden has lead to using a significant portion of the Fund Balance and caused the depletion of the Fund Balance.

The steady influx in the District's population created a significant revenue source for Real Estate Transfer Taxes for over a decade. In addition, higher interest rates on the District's depository accounts created a substantial revenue line item.

The current down-turn in the U.S. Economy has had a direct impact upon the School District's local revenue stream. Two major revenue items have decreased significantly and caused an additional burden on the District's financial resources. With an economic decline, lagging payments in property taxes and lower earned income tax collections due to job losses has also added to the negative impact on local revenue sources.

District expenditures have kept in line based upon Budgetary expenditure projections, however Budgetary revenues have fallen far short of Budget projections. Although no one could have predicted the U.S. Economic downturn, the fact that the “Act I” process starts the Budget process much earlier, has not helped to provide more accurate revenue or expenditure projections.

The District’s Administration and Financial Advisors have been well aware of the District’s decline in Fund Balance and significant reduction in local revenue sources. The District’s Administration, Financial Advisors, and Solicitor attended a meeting on June 17, 2009 at Moody’s Investors Services and presented what had transpired over the past decade and a financial strategy of restoring the Fund Balance to a sufficient reserve level. The strategy consisted of placing more consistent controls on expenditures and enhancing ongoing revenue streams as well as one-time revenue opportunities.

The District is in the process of moving from building based budgets and going to a “zero basis” Budget approach. For 2010-2011 Preliminary Budget, all building administrators and supervisors were involved with the District’s Central Administration in developing the Proposed budget.

The District has curtailed several expenditures including eliminating field trips, eliminating an afterschool activity bus run, eliminating summer school programs that are not funded by the State or Federal grants and adjusting other programs and educational services.

The District sold its delinquent taxes outstanding in August 2009 that was to be utilized for general operations in 2009-2010. The amount of revenues received from the sale was \$8,057,634. In February 2010, the District conducted a second sale of taxes returned to the county on January 1, 2010. The result of the second sale was \$9,826,449 in one time revenues to be utilized to replenish the Fund Balance.

The District retained an outside consultant to conduct a review of large commercial properties that are significantly under assessed by the County and therefore have caused the

District to lose tax revenues each and every year. It was determined there were over a dozen and a half properties that are potentially under assessed. Reverse tax appeals were filed by the District in an effort to maximize real estate revenues. The District is currently working with its Solicitor and several appraisal companies in order to obtain higher assessed values and increase ongoing revenues generated.

The District has had success with several of the smaller properties, however the District believes it will be successful with the larger properties. The District is currently in process with these appeals and significant revenues will be enhanced. To date, approximately \$175,000 of additional ongoing real estate tax revenues has been obtained.

The District's management is consistently monitoring the plan with its legal and financial team to ensure the financial stability of the District.

**Finding No. 2** →

**Continued Errors in Reporting Pupil Membership Resulted in Subsidy and Reimbursement Net Overpayments of \$188,299**

*Public School Code section relevant to the finding:*

Child accounting guidelines and instructions require accurate reporting of pupil membership days, student classification, and residency information, since these are major factors in calculating various district subsidies and reimbursements.

Section 2503(c) provides that the Commonwealth pay tuition to districts providing education to nonresident children placed in private homes. The payments are based on the membership days reported for such children.

Under the special education subsidy formula, districts are reimbursed for special education expenditures through a funding formula, which utilizes the district's total membership days. Therefore, resident and nonresident membership errors also affected special education funding based on the 2005-06 and 2004-05 school years.

Our prior audit of the Pocono Mountain School District (PMSD) found that the pupil membership reports submitted to the Department of Education (DE) for the 2005-06 and 2004-05 school years were inaccurate. Errors in reporting resident and nonresident membership days resulted in a net overpayment of \$298,789 in subsidies and reimbursements.

Our current audit of the PMSD's membership reports submitted to DE and other financial data for the 2007-08 and 2006-07 school years found District personnel failed to implement our recommendations and continued to incorrectly report nonresident pupil membership in both years resulting in a net overpayment of \$188,299.

The errors in the 2007-08 school year occurred when District personnel over reported 1305 nonresident foster student membership for half time kindergarten by 82 days, grades one through six by 207 days, grades seven and eight by 950 days and grades nine through twelve by 1,315 days. They also over reported resident membership for grades one through six by 512 days, grade seven by 363 days and grades nine through twelve by 713 days. Both the resident and nonresident membership errors resulted in the District being overpaid \$116,711 for the 2007-08 school year.

The errors in the 2006-07 school year occurred when District personnel underreported 1305 nonresident foster student membership for half-time am kindergarten by 358 days and pm kindergarten by 66 days, underreported grades one through six by 139 days, and overreported grades seven and eight by 625 days and overreported grades 9 through 12 by 1,358 days. They also overreported resident membership for half-time am kindergarten by 179 days and pm kindergarten by 66 days, grades three to five by 628 days, grades seven and eight by 625 days and grades 9 through 12 by 1,358 days. The nonresident membership errors resulted in the District being overpaid \$71,588 for the 2006-07 school year. The effect of the District's resident membership errors on its basic education funding for 2006-07 were insignificant.



The errors were caused by District personnel misclassifying resident students as children placed in private homes; 1305 nonresident foster students as residents; and special education students in intermediate unit classes from other districts as court placed students. Also, District personnel failed to follow our prior audit recommendations.

## **Recommendations**

The *Pocono Mountain School District* should again:

1. Provide regular in-service training to staff responsible for recording and reporting membership. This training should emphasize the importance of maintaining accurate records and the relationship of membership data to subsidies and reimbursements.
2. Strengthen controls to ensure pupil membership is reported in accordance with DE guidelines and instructions.
3. Implement controls to verify actual membership days to computer generated reports.
4. Perform an internal review of membership reports and summaries prior to submission of final reports to DE.
5. Compare letters for children placed in private homes with District reports to ensure that student membership is properly classified.
6. Review subsequent years reports and if errors are found, submit revised reports to DE.

The *Department of Education* should:

7. Adjust the District's future allocations to recover the net overpayments of \$188,299 for the 2007-08 and 2006-07 school years and \$298,789 for the 2005-06 and 2004-05 school years.

## **Management Response**

Management stated the following:

Errors in attendance reporting have occurred over the past Fiscal Years and have been included as findings in the Performance Audit Reports by the Department of the Auditor General.

The Pocono Mountain School District recognizes that past efforts to correct reporting errors revolves around policy errors found in the District's Child Accounting Handbook, lack of proper classification and documentation of some groups of students, and a student registration process that no longer fits the District's needs. Therefore, the District has done the following:

1. Established an Office of Child Accounting to oversee reporting and all program operations.
2. Established a plan to correct reporting and documentation errors for the years 2008-2010.

The following will be implemented in the very near future:

1. The Board of Education has approved the District to move to a centralized registration process in an effort to strengthen our ability to correctly register and document all student classifications. Central Registration will be in operation prior to the 2010-2011 school year.
2. The District will schedule and conduct a 30, 60, 90 day data review in order to monitor child accounting data.
3. The District will correct the error cited in the District's Child Accounting Handbook and conduct a review of the entire manual, forms, and process as it pertains to strengthening the child accounting process and the district's move to centralized registration.

## Status of Prior Audit Findings and Observations

Our prior audit of the Pocono Mountain School District (PMSD) for the school years 2005-06 and 2004-05 resulted in four findings and one observation. The first finding pertained to pupil membership, nonpublic pupils transported, health services, tuition and unmonitored vendor system access. As part of our current audit, we determined the status of corrective action taken by the District to implement our prior recommendations. We analyzed the PMSD Board's written response provided to the Department of Education (DE), performed audit procedures, and questioned District personnel regarding the prior findings. As shown below, we found that the PMSD did not implement our recommendations related to the reporting of pupil membership, but did implement our recommendations related to the other three findings and one observation.

<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. Finding 1: Continued Errors in Reporting Pupil Membership Resulted in Subsidy and Reimbursement Net Overpayments</i></u></p> <p>1. Provide regular in-service training to staff responsible for recording and reporting membership. This training should emphasize the importance of maintaining accurate records and the relationship of membership data to state subsidies and reimbursements.</p> <p>2. Strengthen controls to ensure pupil membership is reported in accordance with DE guidelines and instructions.</p>	<p><b>Background:</b></p> <p>Our prior audit found that the PMSD reported resident and nonresident membership incorrectly. The errors resulted in net overpayments of \$298,789.</p> <p>The 2003-04 and 2002-03 audit report also contained similar errors.</p>	<p><b>Current Status:</b></p> <p>We followed up on the PMSD pupil membership reports and found that the PMSD again did not take the corrective action to address our prior audit recommendations. See Finding No. 2 on page 10.</p> <p>As of our fieldwork completion date of April 5, 2010, DE had not adjusted the District's allocations to resolve the overpayments of \$298,789 for the 2005-06 and 2004-05 school years. We again recommend they do so.</p>

<ol style="list-style-type: none"> <li>3. Implement controls to verify actual membership days to computer generated reports.</li> <li>4. Perform an internal review of membership reports and summaries prior to submission of final reports to DE.</li> <li>5. Compare letters for children placed in private homes with District reports to ensure that student membership is properly classified.</li> <li>6. Review subsequent years reports and, if errors are found, submit revised reports to DE.</li> <li>7. DE should adjust the District's future allocations to recover the net overpayments for the 2005-06 and 2004-05 school years.</li> </ol>		
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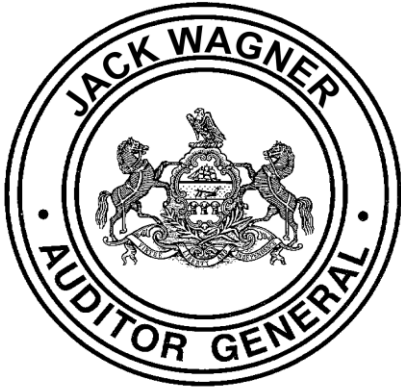
<p><b><u>II. Finding 2: Continued Errors in Reporting the Number of Nonpublic Pupils Transported Resulted in Reimbursement Overpayments.</u></b></p> <ol style="list-style-type: none"> <li>1. Strengthen controls to ensure accurate reporting of the number of nonpublic pupils transported.</li> <li>2. Review reports submitted subsequent to our audit period and, if similar errors are found, submit revised reports to DE.</li> <li>3. DE should adjust the District's allocations to recover the reimbursement overpayments of \$35,805 for the 2005-06 and 2004-05 school years.</li> </ol>	<p><b>Background:</b></p> <p>Our prior audit found that the PMSD reported nonpublic pupils transported incorrectly. The errors resulted in an overpayment of \$35,805 in subsidies and reimbursements.</p>	<p><b>Current Status:</b></p> <p>We followed up on the PMSD transportation reports for the nonpublic pupils and found that the PMSD did take corrective action to address our prior audit recommendations.</p> <p>As of our fieldwork completion date of April 5, 2010, DE had not adjusted the District's allocations.</p>
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<p><b><u>III. Finding 3: Continued Errors in Health Services Data Resulted in Reimbursement Underpayments</u></b></p> <ol style="list-style-type: none"> <li>1. Report average daily membership (ADM) for all students for whom comprehensive health records are maintained.</li> <li>2. Perform an internal review of the membership and health services data prior to submitting reports to the Department of Health (DH).</li> <li>3. Review reports for school years subsequent to the audit period and, if similar errors are found, submit revised reports to DH.</li> <li>4. DH should adjust the District's allocations to resolve the reimbursement underpayments of \$7,964 for the 2005-06 and 2004-05 school years.</li> </ol>	<p><b>Background:</b></p> <p>Our prior audit of the District's pupil membership reports submitted to DH for the 2005-06 and 2004-05 school years found continued errors in reporting ADM to DH which resulted in reimbursement underpayments of \$4,145 and \$3,819, respectively.</p> <p>Our prior audit of 2003-04 and 2002-03 school years also found similar errors.</p>	<p><b>Current Status:</b></p> <p>We followed up on the PMSD's health services data and found the District did take appropriate corrective action to address our prior audit recommendations.</p> <p>As of our fieldwork completion date of April 5, 2010, DH had not adjusted the District's allocations to resolve the reimbursement underpayments of \$7,964 for the 2005-06 and 2004-05 school years or \$13,318 for 2003-04 and 2002-03 school years.</p>
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<p><b><u>IV. Finding 4: Uncollected Tuition</u></b></p> <ol style="list-style-type: none"> <li>1. Implement control procedures which would provide assurance that tuition is properly billed and collected.</li> <li>2. Bill the sending school district for the amounts owed for the 2004-05 school year.</li> <li>3. Review records for years subsequent to our period, and if necessary, bill the sending districts for uncollected tuition.</li> </ol>	<p><b>Background:</b></p> <p>Our prior audit found that the PMSD did not report membership for some students to DE, and failed to bill the districts of residence for these students. The failure to bill resulted in uncollected tuition of \$8,989.</p>	<p><b>Current Status:</b></p> <p>We followed up on the PMSD membership reports and tuition billed and found that the PMSD did take corrective action to address our prior audit recommendations.</p>
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<p><u>V. Observation: Unmonitored Vendor System Access and Logical Access Control Weaknesses</u></p> <ol style="list-style-type: none"> <li>1. The District should 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). 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.</li> <li>2. The District should require the vendor to assign unique userIDs and passwords to vendor employees authorized to access the District system. Further, the District should obtain a list of vendor employees with access to its data and ensure that changes to the data are made only by authorized vendor representatives.</li> <li>3. The District should only allow access to 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.</li> <li>4. The District should 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</li> </ol>	<p><b>Background:</b></p> <p>Our prior audit found that the PMSD 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.</p>	<p><b>Current Status:</b></p> <p>We followed up on the PMSD’s student accounting applications and found that the District did take appropriate corrective action to address our recommendations.</p>
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<p>that data was not improperly altered. The District should also ensure it is maintaining evidence to support this monitoring and review.</p>		
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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 Edward G. Rendell  
Governor  
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Harrisburg, PA 17120

The Honorable Thomas E. Gluck  
Acting Secretary of Education  
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The Honorable Robert M. McCord  
State Treasurer  
Room 129 - Finance Building  
Harrisburg, PA 17120

Senator Jeffrey Piccola  
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