

SOUTH WESTERN SCHOOL DISTRICT
YORK COUNTY, PENNSYLVANIA
PERFORMANCE AUDIT REPORT

NOVEMBER 2010

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

Mr. Dale E. Myers, Board President
South Western School District
225 Bowman Road
Hanover, Pennsylvania 17331

Dear Governor Rendell and Mr. Myers:

We conducted a performance audit of the South Western School District (SWSD) to determine its compliance with applicable state laws, regulations, contracts, grant requirements and administrative procedures. Our audit covered the period February 9, 2007 through September 11, 2009, 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, 2007, 2006 and 2005. 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 SWSD complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures, except for two matters unrelated to compliance that are reported as observations. 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 SWSD's management and their responses are included in the audit report. We believe the implementation of our recommendations will improve SWSD's operations and facilitate compliance with legal and administrative requirements. We appreciate the SWSD's cooperation during the conduct of the audit and their willingness to implement our recommendations.

Sincerely,

/s/

JACK WAGNER
Auditor General

November 5, 2010

cc: **SOUTH WESTERN SCHOOL DISTRICT** Board Members

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Executive Summary

Audit Work

The Pennsylvania Department of the Auditor General conducted a performance audit of the South Western School District (SWSD). 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 SWSD in response to our prior audit recommendations.

Our audit scope covered the period February 9, 2007 through September 11, 2009, 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, 2006-07, 2005-06 and 2004-05.

District Background

The SWSD encompasses approximately 56 square miles. According to 2000 federal census data, it serves a resident population of 22,576. According to District officials, in school year 2007-08 the SWSD provided basic educational services to 4,073 pupils through the employment of 298 teachers, 196 full-time and part-time support personnel, and 24 administrators. Lastly, the SWSD received more than \$15.5 million in state funding in school year 2007-08.

Audit Conclusion and Results

Our audit found that the SWSD complied, in all significant respects, with applicable state laws, regulations, 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: Unmonitored Vendor System Access and Logical Access Control Weaknesses.

We noted that SWSD 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).

Observation No. 2: Internal Control Weaknesses in Administrative Policies Regarding Bus Drivers' Qualifications.

Our current audit found that the District had not implemented our prior audit recommendations regarding bus drivers' qualifications (see page 13).

Status of Prior Audit Findings and Observations.

With regard to the status of our prior audit recommendations to the SWSD from an audit we conducted of the 2003-04 and 2002-03 school years, we found the SWSD:

- had taken appropriate corrective action in implementing our recommendations pertaining to reporting membership for nonresident children placed in private homes (see page 17).

- had taken appropriate corrective action in implementing our recommendations pertaining to certification deficiencies (see page 18).
- no longer contracts with the vendor identified in our prior audit. As a result, the recommendations made regarding outside vendor access were no longer applicable (see page 18).

- had not taken appropriate corrective action to implement our recommendations pertaining to internal control weaknesses in administrative policies (see page 20).

Audit Scope, Objectives, and Methodology

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 February 9, 2007 through September 11, 2009.

Regarding state subsidy and reimbursements, our audit covered school years 2007-08, 2006-07, 2005-06 and 2004-05.

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 SWSD'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:

- ✓ 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 use an outside vendor to maintain its membership data and if so, are there internal controls in place related to vendor access?
- ✓ 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, observations and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

SWSD 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 financial stability.
- Items such as Board meeting minutes.

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

Lastly, to determine the status of our audit recommendations made in a prior audit report released on October 22, 2007, we reviewed the SWSD's response to DE dated May 28, 2008. We then performed additional audit procedures targeting the previously reported matters.

Findings and Observations

Observation No. 1

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 system.

Unmonitored Vendor System Access and Logical Access Control Weaknesses

The South Western School District (SWSD) uses software purchased from an outside vendor for its critical student accounting applications, membership and attendance. The software vendor has remote access into the SWSD’s network server for its student accounting applications.

Based on our current year procedures, we determined that a risk exists that unauthorized changes to the SWSD’s data could occur and not be detected because the SWSD was unable to provide supporting evidence that it is adequately monitoring all vendor activity in its system. However, since the SWSD has manual compensating controls in place to verify the integrity of the membership and attendance information in its database, that risk is reduced.

Membership reconciliations are performed between manual records and reports generated from the student accounting system.

Reliance on manual compensating controls becomes increasingly problematic if the SWSD would ever move into an entirely paperless future with decentralized direct entry of data into their systems. Unmonitored vendor system access and logical access control weaknesses could lead to unauthorized changes to the SWSD’s membership information and result in the SWSD not receiving the funds to which it was entitled from the state.

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

1. The District’s Acceptable Use Policy (AUP) does not include provisions for authentication (password syntax requirements).

2. The District does not have current information technology (IT) policies and procedures for controlling the activities of vendors/consultants, nor does it require the vendor to sign the District's AUP because District personnel believe that the non-disclosure agreement covers the necessary issues.
3. The District does not require written authorization before adding, deleting, or changing a userID. It was noted; however, that an e-mail is usually sent to the director of technology to request changes, additions, and deletions. Some of the deletions are also done based on board minutes. The director of technology does maintain logs showing additions, changes, and deletions.
4. The District has certain weaknesses in logical access controls. The system parameter settings are established by the vendor. These settings do not require all users, including the vendor, to change their passwords every 30 days, to use passwords that are a minimum length of eight characters and include alpha, numeric and special characters, it does not maintain a password history (i.e. ten passwords); and it does not lock out users after three unsuccessful attempts.
5. The District cannot remove the vendor's access to the system/data after the vendor has completed work on the system. As a result, the vendor has unlimited access (24 hours a day/7 days a week) into the District's system.
6. The District does not generate or review monitoring reports of user remote access and activity on the system (including vendor and district employees). There is no evidence that the District is performing procedures to determine which data the vendor may have altered or which vendor employees accessed its system. District personnel have indicated that this is due to limited staff.

7. The District does not require written authorization prior to the updating/upgrading of key applications or changing user data. However, the director of technology usually receives an e-mail when updates are to be performed or has initiated a telephone call to the vendor for troubleshooting an issue which resulted in the change. As a result, the director of technology is aware when changes are being made to the system by the vendor.
8. The District does not have current policies or procedures in place to analyze the impact of proposed program changes in relation to other business-critical functions.
9. The District is not backing up the application(s) before placing program changes into production; it does; however, perform daily backups so any data loss would be minimized.
10. The District does not have any written procedures outlining its compensating controls mitigating the IT weaknesses and alerting the District to unauthorized changes to the membership database, i.e. reconciliations to manual records, analysis of membership trends, data entry procedures and review, etc. However, child accounting personnel are performing some compensating controls, such as review of data entry and reconciliation procedures.

Recommendations

The *South Western School District* should:

1. Work with its vendor to determine if authentication (password syntax) requirements can be developed and implemented. If they can, revise the District's AUP to include any authentication requirements that are developed.
2. Establish separate IT policies and procedures for controlling the activities of vendors/consultants and have the vendor sign this policy, or require the vendor to sign the District's AUP.

3. Develop written policies and procedures to require written authorization when adding, deleting, or changing a userID.
4. Work with the vendor to implement a security policy and system parameter settings which requires 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 should include alphas, numeric, and special characters. Also, the District should maintain a password history that will prevent the use of a repetitive password (i.e. last ten passwords) and will lock out users after three unsuccessful attempts.
5. Allow access to its system only when the vendor needs 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.
6. Generate monitoring reports (including firewall logs) of vendor and employee access and activity on its 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.
7. Allow upgrades/updates to be made only after receipt of written authorization from appropriate District officials.
8. Establish policies and procedures to analyze the impact of proposed program changes in relation to other business-critical functions.
9. Back up the application(s) before placing program changes into production to ensure it could recover if problems are encountered.

10. Develop written procedures outlining the District's compensating controls that allow it to detect unauthorized changes to the membership database in a timely manner (i.e. its reconciliation and review procedures).

Management Response

Management stated the following (management's restatements of the weaknesses detailed in our observation have not been reproduced):

1. We agree that our AUP does not cover syntax requirements for the Child Accounting vendor and that it probably should. We can request that the vendor make changes to their software to address this issue. When the vendor makes changes to their software to make force syntax requirements on the passwords, we will make the appropriate changes to our AUP.
2. We agree that the vendor should sign our AUP. The District will have the vendor sign AUP forms for each employee who has access to their system.
3. We agree that we do not have forms for user changes. The District will establish a new user form for the purpose of adds/changes/deletions.
4. We agree that we do not force password changes in the Child Accounting software. The District will ask the vendor to make changes to how they handle passwords.
5. While we agree that we cannot remove the vendor's remote access, we have taken steps to ensure that only the vendor has remote access to the servers.
6. We agree that monitoring "should" be done on a regular basis. The District has sufficient checks and balances in place to catch any data that was changed in error. Building secretaries keep very close tabs on attendance data, and we run attendance summaries every 60 days to ensure all data is correct. Plus with the addition of PIMS [Pennsylvania Information Management System] reporting we have another venue to verify data on a regular basis. In order to enact such a monitoring system, the district would be forced to hire additional personnel to perform that task, and the current budget

situation makes it very unlikely we would spend tax dollars on such a position.

7. We agree we do not currently enforce written authorization before changes are made. The Child Accounting vendor is undergoing a procedure change where we will be in control of installing updates. We will be performing the updates instead of the vendor performing the update.
8. We disagree that it is the district's responsibility to test program changes before implementation. It is not the district's responsibility to test program changes. That responsibility falls on the software vendor. [District personnel have] personally written code, and it is always the duty of the vendor to ensure their code will not adversely affect the data. We also do not have the funds nor the personnel to house a test server, maintain test data, and perform the tests. This is what we pay the software vendor to do. To ask our district to perform these tasks would create an undue burden on our existing staff.
9. We agree that the District does not have backup applications immediately, however we do backup the server every night and can restore to a previous version if the need arises.
10. We agree that we have not documented our child accounting reconciliation procedures. The District attendance personnel regularly attend workshops and conferences for the Attendance/Child Accounting Professional Association (A/CAPA) where presenters from the Department of the Auditor General's Office provide instruction as to the proper methods of verification of child accounting data prior to completing the child accounting reports. The South Western School District has implemented these recommended procedures. The District will document the steps it takes to verify the student data prior to submitting our child accounting reports.

Auditor Conclusion

The conditions and recommendations stated above represent the information communicated to auditors during our fieldwork. Any subsequent improvements or changes in management representations will be evaluated in the subsequent audit. Due to the sensitivity of the data we continue to recommend that the District have procedures to independently analyze the impact of proposed program changes.

Observation No. 2 →

Internal Control Weaknesses in Administrative Policies Regarding Bus Drivers' Qualifications

Criteria relevant to the observation:

Public School Code Section 111 (24 P.S. § 1-111) requires prospective school employees who would have direct contact with children, including independent contractors and their employees, to submit a report of criminal history record information obtained from the Pennsylvania State Police. Section 111 lists convictions of certain criminal offenses that, if indicated on the report to have occurred within the preceding five years, would prohibit the individual from being hired.

Similarly, Section 6355 of the Child Protective Services Law (CPSL), 23 Pa. C.S. § 6355, requires prospective school employees to provide an official child abuse clearance statement obtained from the Pennsylvania Department of Public Welfare. The CPSL prohibits the hiring of an individual determined by a court to have committed child abuse.

Our current audit found that the District had not implemented our prior audit recommendations regarding bus drivers' qualifications (see page 20). We made our recommendations in the interest of the protection of students, and here reiterate those recommendations.

This is the third audit in which we have had observations addressing this issue.

The ultimate purpose of the requirements of the Public School Code and CPSL cited in the box to the left is to ensure the protection of the safety and welfare of the students transported in school buses. To that end, we believe there are other serious crimes that school districts should consider, on a case-by-case basis, in determining a prospective employee's suitability to have direct contact with children. Such crimes would include those listed in Section 111 but which were committed beyond the five-year look-back period, as well as other crimes of a serious nature that are not on the list at all. School districts should also consider implementing written policies and procedures to ensure that the District is immediately informed of any charges and convictions that may have occurred after the commencement of employment.

The District has not yet adopted written policies or procedures, as we recommended in the prior audit, to ensure that District personnel are notified if current employees have been charged with or convicted of serious criminal offenses which should be considered for the purpose of determining an individual's continued suitability to be in direct contact with children. This lack of written policies and procedures is an internal control weakness that could result in the continued employment of individuals who may pose a risk if allowed to continue to have direct contact with children.

Recommendations

The *South Western School District* should:

1. Develop a process to determine, on a case-by-case basis, whether prospective and current employees of the District have been charged with or convicted of crimes that, even though not disqualifying under state law, affect their suitability to have direct contact with children.
2. Implement written policies and procedures to ensure that the District is notified when current employees of the District are charged with or convicted of crimes that call into question their suitability to continue to have direct contact with children and to ensure that the District considers on a case-by-case basis whether any conviction of a current employee should lead to an employment action.

Management Response

Management stated the following:

The district disagrees with the observation. The District has followed Commonwealth statutes with regards to the hiring process. There are no requirements in the Public School Code, or any other statute requiring the district to take any action or to operate differently than how we are currently operating. It is the opinion of the South Western School District that the responsibility of the Auditor General's Office is to conduct compliance audits, verifying the compliance of school districts with existing law and regulations. This observation clearly goes beyond that scope and seeks to impose requirements that are not in currently statute. The South Western School District is in compliance with all current laws and regulations regarding this issue.

The observation included in the [prior] Audit Report from the Auditor General's Office states: "Our current review of the personnel records of 25 of 68 bus drivers currently employed by the South Western School District (SWSD) and a driver employed by the district's only transportation contractor found that these individuals possessed the minimum requirements to be employed as bus drivers and that the SWSD had on file the required report of criminal history record information and an official child abuse clearance statement for all drivers' files that we reviewed. There was no information contained in these reports that

would have prohibited the SWSD or its contractor from hiring any of the drivers. Therefore, we concluded that the SWSD has satisfied the minimum legal requirements set forth in both the Public School Code and the CPSL. Additionally, there were no serious crimes identified or other information that called into question the applicant's suitability to have direct contact with children."

It is hard to understand how the South Western School District received an audit observation when the language included in this report clearly indicates that we are in full and complete compliance with all applicable laws. It is the determination of the Board of School Directors of the South Western School District that we will continue to operate in compliance with the laws and regulations that are included as part of this observation, and we respectfully decline to put forth into policy and/or practice the recommendations of the Department.

We also believe this observation to be somewhat discriminatory in nature. Why is it critical to change our policies and procedures for bus drivers, but not other classifications of employees such as aides, food service workers, teachers or administrators? If we are going to require all school bus drivers to notify the Superintendent if they are charged with, or convicted of, any motor vehicle, criminal or child abuse violations, why wouldn't we demand this of all our employees? We are glad that the Auditor General's office is concerned for the safety and welfare of our students. We are concerned that they have discriminated against school bus drivers exclusively as the object of this observation.

Auditor Conclusion

The Department of the Auditor General's Bureau of School Audits conducts performance audits of the Commonwealth's school districts; these audits include, but are not limited to, compliance issues.

We recognize, as stated in the original observation from our audit report for the 2003-04 and 2002-03 school years, quoted in management's response, that we found no instances of District noncompliance with the minimum requirements of state laws and regulations. It is for that reason we have addressed this issue in the form of an observation, rather than as a finding. We are recommending policies and procedures exceeding those

minimum requirements. We make these recommendations in the interest of student safety, a concern we're sure District management shares.

At this time, our audit scope has been limited to reviews of bus drivers' qualifications. However, we have focused on bus drivers because they transport students off campus and are responsible for their physical safety when they ride the bus. Management is correct that our recommendations can, and in fact should, be extended to include all employees of the District. Furthermore, the same recommendations would apply to any employees of the District's contractors that have direct contact with children.

Status of Prior Audit Findings and Observations

Our prior audit of the South Western School District (SWSD) for the school years 2003-04 and 2002-03 resulted in two reported findings and two observations, as shown in the following table. 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 SWSD 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 SWSD did implement the recommendations related to membership and certification, but did not implement recommendations related to internal control weaknesses in administrative policies. We further noted that because the SWSD changed software vendors our specific recommendations regarding unmonitored vendor system access and logical access control weaknesses were no longer applicable.

<i>School Years 2003-04 and 2002-03 Auditor General Performance Audit Report</i>		
<i>Prior Recommendations</i>	<i>Implementation Status</i>	
<p><u><i>I. Finding No. 1: Errors in Reporting Membership for Nonresident Children Placed in Private Homes Resulted in a Net Overpayment of \$20,597</i></u></p> <ol style="list-style-type: none"> 1. Become cognizant of DE’s guidelines regarding the classification of nonresident students placed in foster homes without compensation to the foster parents. 2. Review documentation provided by the placing agency for each nonresident child placed in private homes and reports the student’s membership in accordance with DE guidelines. If the documentation received from the placing agency lacks required information, follow-up with the agency should be done immediately and not wait until an audit request. 	<p>Background:</p> <p>Our prior audit of the District’s pupil membership records for the 2003-04 and 2002-03 school years found errors in the reporting of membership for nonresident children placed in private homes to DE. These errors resulted in a subsidy and reimbursement net overpayment of \$20,597.</p>	<p>Current Status:</p> <p>Our audit of nonresident children placed in private homes for the current audit found District personnel complied with our recommendations, and no significant errors were noted in data reported to DE.</p> <p>On June 1, 2009, DE recovered the \$22,231 overpayment of tuition for children placed in private homes through a deduction from the District’s basic education funding (BEF) payment. DE also paid the District \$1,634 to resolve the underpayment of BEF noted in the prior audit.</p>

<p>3. Review membership reports for years subsequent to the audit, and if errors are found, submit revised reports to DE.</p>		
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<p><u>II. Finding No. 2:</u> <u>Certification Deficiencies</u></p> <ol style="list-style-type: none"> Put procedures in place to ensure that employees are properly certified for the positions to which they are assigned. DE should compute the subsidy forfeiture for the 2006-07 school year when necessary data is available and recover the computed amount. 	<p>Background:</p> <p>Our prior audit of professional employees' certification and assignments for the period November 24, 2004 through December 12, 2006, found two individuals did not hold the appropriate certification for their positions.</p>	<p>Current Status:</p> <p>Our current audit found that one previously cited individual resigned as of January 3, 2007, and the second individual was reassigned to a position for which she held appropriate Pennsylvania teaching certification as of January 22, 2007.</p> <p>Our current audit also found that a subsidy forfeiture of \$2,815 was deducted from the District's December 24, 2008, BEF payment to resolve this finding.</p>
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<p><u>III. Observation No. 1:</u> <u>Unmonitored Vendor</u> <u>System Access and Logical Access Control Weaknesses</u></p> <ol style="list-style-type: none"> Review monitoring reports of vendor activity on the District's system. 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 they are maintaining evidence to support this monitoring and review. Establish separate information technology policies and procedures for controlling the activities of vendors/consultants and have the vendor sign 	<p>Background:</p> <p>Our prior audit found that the SWSD used software purchased from an outside vendor for its critical student accounting applications (membership and attendance). The software vendor had remote access into the District's network servers.</p> <p>Based on our procedures, we determined that a risk exists that unauthorized changes to the District's data could occur and not be detected because the District was unable to provide supporting evidence that it was adequately monitoring all vendor activity in its system.</p>	<p>Current Status:</p> <p>Subsequent to our prior audit, the contract with the vendor was terminated. Therefore, our specific recommendations were no longer applicable. However, our current review of controls covering the new contractor again found weaknesses, and resulted in the recommendations contained in the observation in our current audit report (see page 6).</p>
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<p>this policy, or the District should require the vendor to sign the District's own Acceptable Use Policy.</p> <p>3. Require the vendor to assign unique userIDs and passwords to vendor employees authorized to access the District's system. Further, the District should obtain a list of vendor employees with remote access to its data and ensure that changes to the data are made only by authorized vendor representatives.</p> <p>4. Ensure that the contract with the vendor contains a non-disclosure agreement for the District's proprietary information.</p> <p>5. Implement a security policy and system parameter settings to require all users, including the vendor, to change 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. The District should maintain a password history that will prevent the use of a repetitive password (i.e. last ten passwords). Also, the District should lock out users after three unsuccessful attempts and log users off the system after a period of inactivity (i.e. 60 minutes maximum).</p>		
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<p>6. Ensure the District’s acceptable use policy includes provisions for authentication (e.g., password security and syntax requirements).</p> <p>7. Store system backups in a secure, off-site location.</p>		
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<p><u>IV. Observation No. 2:</u> <u>Internal Control</u> <u>Weaknesses in</u> <u>Administrative Policies</u></p> <p>1. Develop a process to determine, on a case-by-case basis, whether prospective and current employees of the District or its transportation contractor have been charged with or convicted of crimes that, even though not disqualifying under state law, affect their suitability to have direct contact with children.</p> <p>2. Implement written policies and procedures to ensure the District is notified when current employees of the District or the District’s transportation contractor are charged with or convicted of crimes that call into question their suitability to continue to have direct contact with children and to ensure that the District considers on a case-by-case basis whether any conviction of a current employee should lead to an employment action.</p>	<p>Background:</p> <p>Our prior audit found that the District still did not have written policies or procedures in place to ensure that they were notified if current employees were charged with or convicted of serious criminal offenses. We also noted that there was no process in place for consideration of serious crimes that would not prohibit employment but which should be considered for the purpose of determining an individual’s suitability to be in direct contact with children.</p> <p>This was also the subject of an observation in our audit report for the years ending June 30, 2002 and 2001. We considered the lack of written policies and procedures to be internal control weaknesses that could result in the continued employment of individuals who may pose a risk if allowed to continue to have direct contact with children.</p>	<p>Current Status:</p> <p>Our current audit found that the board, after consultation with their solicitor, decided not to comply with these recommendations. The board, in its response to DE, contended that the District had not violated any existing laws regarding this issue and that there is no legal requirement to implement such a policy. The District believed that the lack of legal backing for the recommended policy or procedures makes the recommendations difficult to implement in the District.</p> <p>We still believe that, although not required by law, these recommendations are in the best interest of the students and would help to ensure the students’ safety.</p> <p>We address this issue once again in Observation No. 2 of our current report (see page 13).</p>
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Distribution List

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

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