

STATE COLLEGE AREA SCHOOL DISTRICT
CENTRE COUNTY, PENNSYLVANIA
PERFORMANCE AUDIT REPORT

NOVEMBER 2010

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

Ms. Ann McGlaughlin, Board President
State College Area School District
131 West Nittany Avenue
State College, Pennsylvania 16801

Dear Governor Rendell and Ms. McGlaughlin:

We conducted a performance audit of the State College Area School District (SCASD) to determine its compliance with applicable state laws, regulations, contracts, grant requirements and administrative procedures. Our audit covered the period January 27, 2009 through June 30, 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 SCASD 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. In addition, we identified one matter unrelated to compliance that is reported as an observation. A summary of these results is presented in the Executive Summary section of the audit report.

Our audit findings, observation and recommendations have been discussed with SCASD's management and their responses are included in the audit report. We believe the implementation of our recommendations will improve SCASD's operations and facilitate compliance with legal and administrative requirements.

Sincerely,

/s/

JACK WAGNER
Auditor General

November 29, 2010

cc: **STATE COLLEGE AREA SCHOOL DISTRICT** Board Members

Table of Contents

	Page
Executive Summary	1
Audit Scope, Objectives, and Methodology	3
Findings and Observations	6
Finding No. 1 – Errors in Reporting Nonresident Pupil Membership Resulted in Tuition for Children Placed in Private Homes Overpayments of \$21,036	6
Finding No. 2 – Certification Deficiency	8
Observation – Continued Unmonitored Vendor System Access and Logical Access Control Weaknesses	10
Status of Prior Audit Findings and Observations	15
Distribution List	21



Executive Summary

Audit Work

The Pennsylvania Department of the Auditor General conducted a performance audit of the State College Area School District (SCASD). 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 SCASD in response to our prior audit recommendations.

Our audit scope covered the period January 27, 2009 through June 30, 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 SCASD encompasses approximately 150 square miles. According to 2008 local census data, it serves a resident population of 86,106. According to District officials, in school year 2007-08 the SCASD provided basic educational services to 7,096 pupils through the employment of 635 teachers, 712 full-time and part-time support personnel, and 36 administrators. Lastly, the SCASD received more than \$16.9 million in state funding in school year 2007-08.

Audit Conclusion and Results

Our audit found that the SCASD complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures, except for two compliance-related matters reported as findings. In addition, one matter unrelated to compliance is reported as an observation.

Finding No. 1: Errors in Reporting Nonresident Pupil Membership Resulted in Tuition for Children Placed in Private Homes Overpayments of \$21,036. Our audit of nonresident pupil membership for the 2007-08 and 2006-07 school years found errors in reports submitted to the Department of Education (see page 6).

Finding No. 2: Certification Deficiency. Our audit of professional employees' certificates and assignments found that one individual was teaching without proper certification (see page 8).

Observation: Continued Unmonitored Vendor System Access and Logical Access Control Weaknesses. We determined that unauthorized changes to the SCASD's data could occur and not be detected because the SCASD is not accurately monitoring vendor activity on its system (see page 10).

Status of Prior Audit Findings and

Observations. With regard to the status of our prior audit recommendations to the SCASD from an audit we conducted of the 2005-06 and 2004-05 school years, we found the SCASD had taken appropriate corrective action in implementing our recommendations pertaining to Social Security and Medicare reimbursement underpayments (see page 15) and a pupil

transportation reimbursement overpayment (see page 16). However, we found the SCASD had not taken appropriate corrective action in implementing our recommendations pertaining to professional employee certification (see page 16), nonresident pupil membership reporting (see page 17), and unmonitored vendor system access and logical access control weaknesses (see page 17).

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 January 27, 2009 through June 30, 2010, except for the verification of professional employee certification which was performed for the period October 1, 2008 through May 28, 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 SCASD'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?
- ✓ 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 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

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.

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.

SCASD 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.

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

Lastly, to determine the status of our audit recommendations made in a prior audit report released on December 3, 2009, we reviewed the SCASD's response to DE dated June 14, 2010. We then performed additional audit procedures targeting the previously reported matters.

Findings and Observations

Finding No. 1

Errors in Reporting Nonresident Pupil Membership Resulted in Tuition for Children Placed in Private Homes Overpayments of \$21,036

Criteria relevant to the finding:

Section 2503 of the Public School Code provides that the Commonwealth will pay tuition to districts providing education to nonresident children placed in private homes. The payments are made based on membership days reported for such children.

Our audit of nonresident pupil membership for the 2007-08 and 2006-07 school years found errors in reports submitted to the Department of Education (DE). These errors resulted in reimbursement overpayments in Commonwealth-paid tuition of \$21,036.

For the 2007-08 school year, membership for kindergarten children placed in private homes was over reported by 23 days, and membership for secondary children placed in private homes was over reported by 263 days.

For the 2006-07 school year, membership for secondary children placed in private homes was over reported by 100 days.

The errors were caused by District personnel reporting a pre-adoptive student as a child placed in a private home; reporting resident students as nonresident children placed in private homes; and reporting a student placed in a foster home in another school district, who attended a program operated by the District, as a child placed within the District. The errors resulted in overpayments of \$15,788 and \$5,248 in Commonwealth-paid tuition for children placed in private homes for the 2007-08 and 2006-07 school years, respectively.

We have provided DE with a report detailing the errors for use in recalculating the District's tuition for children placed in private homes.

Recommendations

The *State College Area School District* should:

1. Require child accounting personnel to review the registrars' classification of all nonresident students as the students enter the District.
2. Review membership reports submitted to DE for years subsequent to the audit and, if errors are found, submit revised reports to DE.

The *Department of Education* should:

3. Adjust the District's allocations to correct the overpayments of \$21,036.

Management Response

Management stated the following:

The District recognizes that a determination of the residency status of the custodial parent must be made despite the difficulty in obtaining that information. The District will ensure that it makes every attempt possible to get the information necessary to make this determination.

Finding No. 2 →

Certification Deficiency

Criteria relevant to the finding:

Section 1202 of the Public School Code provides, in part:

No teacher shall teach, in any public school, any branch which he has not been properly certificated to teach.

Section 2518 of the Public School Code provides, in part:

[A]ny school district, intermediate unit, area vocational-technical school or other public school in this Commonwealth that has in its employ any person in a position that is subject to the certification requirements of the Department of Education but who has not been certificated for his position by the Department of Education . . . shall forfeit an amount equal to six thousand dollars (\$6,000) less the product of six thousand dollars (\$6,000) and the district's market value/income aid ratio.

Our audit of professional employees' certificates and assignments for the period of October 1, 2008 through May 28, 2010, found one individual's provisional certificate lapsed at the start of the second semester of the 2009-10 school year, resulting in a subsidy forfeiture. The subsidy forfeiture could not be determined at the time of audit, since the District's aid ratio was not yet available from DE.

The deficiency occurred because the District misunderstood the certification regulations.

Information pertaining to the assignment in question was submitted to the Bureau of School Leadership and Teacher Quality (BSLTQ), DE for its review. On July 23, 2010, BSLTQ determined that the teacher in question was not appropriately certified.

Recommendations

The *State College Area School District* should:

Review all certificates on file to determine whether all provisionally certified personnel are being accurately tracked in the District's professional personnel computer program.

The *Department of Education* should:

Adjust the District's allocations to recover the appropriate subsidy forfeiture.

Management Response

Management stated the following:

The professional in question had held an intern certificate that was granted in August 2001 with an expiration date of June 2004. Shortly before that expiration, the professional

was granted a Vocational 1 certificate in March 2004. The question that exists is whether the clock on needing the Vocational 2 certificate began upon granting of the Vocational 1 certificate or upon expiration of the intern certificate. This issue is not clear. The professional has recently obtained the Vocational 2 certificate, so this will not be an issue going forward. If a determination is made that granting of a Vocational 1 certificate starts the clock on getting a Vocational 2 certificate even if an intern certificate that has not expired is possessed, the District will adjust its procedures for tracking this information.

Auditor Conclusion

As noted above, BSLTQ has determined that the individual's certificate lapsed. Any further disagreement on the part of the District must be addressed to DE.

Observation

What is logical access control?

“Logical access” is the ability to access computers and data via remote outside connections.

“Logical access control” refers to internal control procedures used for identification, authorization, and authentication to access the computer systems.

Continued Unmonitored Vendor System Access and Logical Access Control Weaknesses

The State College Area School 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.

Based on our current year procedures, we determined that a continued risk exists that unauthorized changes to the District’s data could occur and not be detected because the District is not adequately monitoring vendor activity in its system. Further, the District does not have evidence to support that they perform formal, documented reconciliations between manual records and computerized records for membership and attendance. Since the District does not have evidence to support that it has adequate manual compensating controls in place to verify the integrity of the membership and attendance information in its data base, the risk of unauthorized changes is increased.

This was also the subject of an observation in our prior audit report (see page 17)

Unmonitored vendor system access and logical access control weaknesses could lead to unauthorized changes to the District’s membership information and result in the District not receiving funds to which it was entitled from the state.

During our review, we found the District continues to have the following weaknesses over vendor access to the District’s system:

1. The District’s Acceptable Use Policy does not include provisions for authentication (password security and syntax requirements).
2. The District’s Acceptable Use Policy does not include specific provisions for violations/incidents (what is to be reported and to whom).
3. 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 sign the District's Acceptable Use Policy.

4. The District has certain weaknesses in logical access controls. We noted that the District's system parameter 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; to maintain a password history (i.e., approximately ten passwords); to lock our users after three unsuccessful attempts and to log off the system after a period of inactivity (i.e., 60 minutes maximum).
5. The vendor uses a group userID rather than requiring that each employee has a unique userID and password.
6. The vendor has unlimited access (24 hours/7 days a week) into the District's system.
7. The District does not have evidence that it is generating or reviewing 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 the District's system.
8. The District does not have formal policies in place to control emergency changes to systems or programs.
9. The District has certain weaknesses in environmental controls in the room that contains the servers that houses all of the District's data. We noted that the specific location does not have fire suppression equipment.

Recommendations

The *State College Area School District* should:

1. Update the District's Acceptable Use Policy to include provisions for authentication (password security and syntax requirements).
2. Update the District's Acceptable Use Policy to include specific provisions for violations/incidents (what is to be reported and to whom).

3. 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 Acceptable Use Policy.
4. 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., 30 days). Passwords should be a minimum length of eight characters and include alpha, numeric and special characters. Also, the District should maintain a password history that will prevent the use of repetitive passwords (i.e., last ten passwords); lock out users after three unsuccessful attempts and log users off the system after a period of inactivity (i.e., 60 minutes maximum).
5. 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 remote access to its data and ensure that changes to the data are made only by authorized vendor employees.
6. Allow access to the system only when the vendor needs access to make pre-approved changes/updates or requested assistance. This access should be removed when the vendor has completed its work. This procedure would also enable the monitoring of vendor changes.
7. Generate monitoring reports (firewall logs) of vendor and employee access and activity on the 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 ensure it is maintaining evidence to support this monitoring and review.
8. Establish a process for defining, raising, testing, documenting, assessing and authorizing emergency changes to systems or programs that do not follow the established change process.

9. Consider implementing additional environmental controls around the network server sufficient to satisfy the requirements of the manufacturer of the server and to ensure warranty coverage. Specifically, the District should install fire suppression equipment in the room.

Management Response

Management stated the following:

1. The District will update the On-Line Acceptable Use Policy to include provisions for authentication.
2. The District will update the On-Line Acceptable Use Policy to include specific provisions for addressing violations/incidents.
3. The District will establish a process for creating a sign-off on our On-Line Acceptable Use Policy for our IT vendors.
4. Our Student and Financial vendor's software does not support this in a manageable process. We will open a case with our vendor to request incorporation of these features in future software versions.
5. Our Student and Financial vendor's software does not support this in a manageable process. We will open a case with our vendor to request incorporation of these features in future software versions.
6. Computer Services staff will restrict VPN [virtual private network] access by our vendor. We will enable VPN access when a case is submitted and disable VPN when the case is closed.
7. Our Student and Financial vendor's software does not support this in a manageable process. We will open a case with our vendor to request incorporation of these features in future software versions.
8. The District will implement policies to control emergency changes to the system.
9. Substantial environmental controls already exist in the District Network Centre. We believe that installation of fire suppression in the Network Center would be cost

prohibited. The District is also currently maintaining off site storage for backup.

Status of Prior Audit Findings and Observations

Our prior audit of the State College Area School District (SCASD) for the school years 2005-06 and 2004-05 resulted in four reported findings and one observation, 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 SCASD 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 SCASD did take appropriate corrective action in implementing our recommendations pertaining to Social Security and Medicare wage reports and transportation errors. However, we found the SCASD did not take appropriate corrective action in implementing our recommendations pertaining to a certification deficiency, membership reporting errors, and unmonitored vendor access.

<i>School Years 2005-06 and 2004-05 Auditor General Performance Audit Report</i>		
<i>Prior Recommendations</i>	<i>Implementation Status</i>	
<p><i><u>I. Finding No. 1: Social Security and Medicare Tax Reimbursement Underpayments of \$45,258</u></i></p> <ol style="list-style-type: none"> 1. Reconcile total wages subject to Social Security and Medicare taxes reported to DE with those reported to the federal government on the Federal Form 941 to ensure agreement. 2. Comply with DE instructions when reporting wages paid with federal funds. 3. Review reports subsequent to the audit period; if errors are noted, submit revised reports to DE. 4. DE should adjust the District’s allocations to resolve the underpayments of \$45,258. 	<p>Background:</p> <p>Our prior audit found that Social Security and Medicare wages for the 2005-06 and 2004-05 school years were incorrectly reported to DE, resulting in underpayments totaling \$45,258.</p>	<p>Current Status:</p> <p>Our current audit of the 2007-08 and 2006-07 school years’ Social Security and Medicare wages found incorrect data were reported. However, due to our prior audit finding and recommendations, the District had submitted revised reports to DE for the 2007-08 and 2006-07 school years to correct the errors.</p> <p>Based on our current audit, we concluded the District had taken corrective action for this finding.</p> <p>As of June 30, 2010, DE had not adjusted the District’s subsidy to correct the underpayments of \$45,258. We again recommend that they do so.</p>

<p><u>II. Finding No. 2: Errors in Reporting Pupil Transportation Data Resulted in a Reimbursement Overpayment of \$23,322</u></p> <ol style="list-style-type: none"> 1. Ensure that mileage, the number of days pupils were transported, and all other pertinent reimbursement information is accurately reported to DE. 2. Review transportation reports submitted to DE for years subsequent to the audit and, if errors are found, submit revised reports to DE. 3. DE should adjust the District's allocations to correct the reimbursement overpayment of \$23,322. 	<p>Background:</p> <p>Our prior audit of the District's pupil transportation data found errors in reports submitted to DE for the 2005-06 school year. The errors resulted in a reimbursement overpayment of \$23,322.</p>	<p>Current Status:</p> <p>Our current audit found no significant errors in the reporting of pupil transportation data.</p> <p>Based on the results of our current audit, we concluded that the SCASD had taken appropriate action to address this finding.</p> <p>As of June 30, 2010, DE had not adjusted the District's allocations. Therefore, we recommend that DE correct the net overpayment of \$23,322.</p>
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<p><u>III. Finding No. 3: Certification Deficiency</u></p> <ol style="list-style-type: none"> 1. Review all certificates on file to check that all non-permanently certified personnel are being accurately tracked in the computer program. 2. Ensure current certificates are on hand for all District professional employees. 3. DE should adjust the District's allocations to recover the subsidy forfeitures. 	<p>Background:</p> <p>Our prior audit of professional employees' certificates and assignments for the 2007-08 and 2006-07 school years found one individual had been assigned to a teaching position during those years without proper certification.</p>	<p>Current Status:</p> <p>Our current audit found that the previously cited individual obtained proper certification for the 2008-09 school year. However, the SCASD has yet to implement our recommendations, as indicated in Finding No. 2 of the current report (see page 8).</p> <p>Based on the results of our current audit, we concluded that the SCASD had not taken appropriate action to address this finding.</p> <p>On June 1, 2010, a subsidy forfeiture of \$9,572 was deducted from the District's allocations to recover the subsidy forfeitures.</p>
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<p><u>IV. Finding No. 4: Errors in Reporting Nonresident Pupil Membership Resulted in a Children Placed in Private Homes Reimbursement Net Overpayment of \$11,409</u></p> <ol style="list-style-type: none"> 1. Require child accounting personnel to review the registrars' classification of all nonresident students as the students enter the District. 2. Submit a tuition bill to Philipsburg-Osceola Area School District (PASD) to recover the tuition underpayment of \$8,907. 3. Review membership reports submitted to DE for years subsequent to the audit and, if errors are found, submit revised reports to DE. 4. DE should adjust the District's allocations to correct the net reimbursement overpayment of \$11,409. 	<p>Background:</p> <p>Our prior audit of nonresident pupil membership for the 2005-06 and 2004-05 school years found discrepancies in reports submitted to DE. These errors resulted in a net reimbursement overpayment of \$11,409.</p> <p>Additionally, District personnel reported a secondary institutionalized student as a resident for 179 days. The error caused an underpayment of tuition revenue from Philipsburg-Osceola Area School District in the amount of \$8,907.</p>	<p>Current Status:</p> <p>Our current audit again found errors, resulting in a reimbursement overpayment of \$21,036, as noted in Finding No. 1 of the current report (see page 6).</p> <p>Based on our current audit, we concluded the District had not taken complete corrective action for this finding. The District did bill POSD, and received tuition payment of \$8,907 on July 8, 2009.</p> <p>As of June 30, 2010, DE had not adjusted the District's subsidy to correct the overpayment of \$11,409. We again recommend that DE make the adjustment.</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"> 1. Update the District's on-line Acceptable Use Policy to include provisions for authentication (password security and syntax requirements). 2. Update the District's on-line Acceptable Use 	<p>Background:</p> <p>The SCASD 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>During our prior audit we determined that unauthorized changes to the District's data could occur and not be detected because the District was not accurately monitoring vendor activity on its system.</p>	<p>Current Status:</p> <p>Our current audit found that the District has taken corrective action to implement recommendations 4, 5, and 10. However, the District has not taken corrective action to implement our other recommendations, as noted in the observation in the current report (see page 10).</p>
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<p>Policy to include specific provisions for violations/incidents (what is to be reported and to whom).</p> <p>3. Establish separate information technology 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 on-line Acceptable Use Policy.</p> <p>4. Develop policies and procedures to require written authorization when adding, deleting, or changing a userID.</p> <p>5. Maintain documentation to evidence that terminated employees are properly removed from the system in a timely manner.</p> <p>6. 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., 30 days). Passwords should be a minimum length of eight characters and include alpha, numeric and special characters. Also, the District should maintain a password history that will prevent the use of repetitive passwords (i.e., last ten passwords); lock out users after three unsuccessful attempts and log users off the system after a period of inactivity (i.e.,</p>		<p>Based on our current audit, we concluded the District had not taken corrective action for this observation.</p>
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<p>60 minutes maximum).</p> <p>7. 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 remote access to its data and ensure that changes to the data are made only by authorized vendor employees.</p> <p>8. Allow access to the system only when the vendor needs access to make pre-approved changes/updates or requested assistance. This access should be removed when the vendor has completed its work. This procedure would also enable the monitoring of vendor changes.</p> <p>9. Generate monitoring reports (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 ensure it is maintaining evidence to support this monitoring and review.</p> <p>10. Ensure that upgrades/updates to the</p>		
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<p>District's system are made only after the receipt of written authorization from appropriate District officials.</p> <p>11. Establish a process for defining, raising, testing, documenting, assessing and authorizing emergency changes to systems or programs that do not follow the established change process.</p> <p>12. Consider implementing additional environmental controls around the network server sufficient to satisfy the requirements of the manufacturer of the server and to ensure warranty coverage. Specifically, the District should install fire suppression equipment in the room.</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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Harrisburg, PA 17120

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