

WYOMISSING AREA SCHOOL DISTRICT
BERKS COUNTY, PENNSYLVANIA
PERFORMANCE AUDIT REPORT

JUNE 2010

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

Ms. Michelle Davis, Board President
Wyomissing Area School District
630 Evans Avenue
Wyomissing, Pennsylvania 19610

Dear Governor Rendell and Ms. Davis:

We conducted a performance audit of the Wyomissing Area School District (WASD) to determine its compliance with applicable state laws, regulations, contracts, grant requirements and administrative procedures. Our audit covered the period December 18, 2006 through July 28, 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 WASD complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures, except as detailed in the finding noted in this report. In addition, we identified 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 finding, observations and recommendations have been discussed with WASD's management and their responses are included in the audit report. We believe the implementation of our recommendations will improve WASD's operations and facilitate compliance with legal and administrative requirements. We appreciate the WASD's cooperation during the conduct of the audit and their willingness to implement our recommendations.

Sincerely,

/s/

JACK WAGNER
Auditor General

June 17, 2010

cc: **WYOMISSING AREA 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 Wyomissing Area School District (WASD). 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 WASD in response to our prior audit recommendations.

Our audit scope covered the period December 18, 2006 through July 28, 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 WASD encompasses approximately 4 square miles. According to 2000 federal census data, it serves a resident population of 12,440. According to District officials, in school year 2007-08 the WASD provided basic educational services to 2,028 pupils through the employment of 171 teachers, 141 full-time and part-time support personnel, and 14 administrators. Lastly, the WASD received more than \$3.4 million in state funding in school year 2007-08.

Audit Conclusion and Results

Our audit found that the WASD complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures, except for one compliance-related matter reported as a finding. In addition, two matters unrelated to compliance are reported as observations.

Finding: The Board Did Not Include Adequate Provisions in its Employment Contract with the Superintendent Leading to a Costly Buy-Out of the Contract and Additional Projected Costs to the School District Totaling \$148,450.

On December 22, 2008, after the Superintendent had served only two years and six-and-one-half months of the term of her contract, the Board approved a Release and Settlement Agreement with the Superintendent, which terminated her employment with the WASD effective February 1, 2009. This contract buy-out cost the WASD \$148,450 (see page 6).

Observation No. 1: Unmonitored Vendor System Access and Logical Access Control Weaknesses.

We determined a risk exists that unauthorized changes to the WASD's child accounting data could occur and not be detected because the WASD was unable to provide supporting evidence that it is adequately monitoring all vendor activity in its system (see page 11).

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

Our current audit found that the WASD had not implemented our prior audit recommendations regarding bus drivers' qualifications (see page 15).

Status of Prior Audit Findings and Observations. With regard to the status of our prior audit recommendations to the WASD from an audit we conducted of the 2003-04 and 2002-03 school years, we found the WASD had taken appropriate corrective action in implementing our recommendations pertaining to board members filing Statements of Financial Interests finding (see page 17).

With regard to the unmonitored vendor system access and logical access control weaknesses finding, we found the WASD subsequently signed a contract with a different child accounting software vendor.

Therefore, our prior audit recommendations pertaining to information technology controls were no longer applicable (see page 18). Our review of the current vendor found continued unmonitored vendor system access and logical access control weaknesses; therefore, we again address these issues in an observation in the current audit report (see page 11). In addition, we found the WASD had not taken appropriate corrective action in implementing our recommendations pertaining to bus drivers' qualifications. This is the subject of a second observation in our report (see page 15).

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 December 18, 2006 through July 28, 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 WASD'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.

WASD 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 area of comparative financial information.

Our audit examined the following:

- Records pertaining to state ethics compliance and financial stability.
- Items such as Board meeting minutes.

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

Lastly, to determine the status of our audit recommendations made in a prior audit report released on November 15, 2007, we reviewed the WASD's undated response to DE. We then performed additional audit procedures targeting the previously reported matters.

Findings and Observations

Finding

The Board Did Not Include Adequate Provisions in its Employment Contract with the Superintendent Leading to a Costly Buy-Out of the Contract and Additional Projected Costs to the School District Totaling \$148,450

Criteria relevant to the finding:

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

On June 19, 2006, the board of school directors (Board) of the Wyomissing Area School District (District) entered into an employment contract (Contract) with an individual (Superintendent) to serve as the District's superintendent. The Contract had a term of three years and eleven and one-half months, from July 18, 2006 to June 30, 2010. The Contract provided annual compensation of \$140,000 to the Superintendent pro-rated for the first year of employment, as well as a variety of benefits. The Contract further provided that the Board would determine the Superintendent's salary in future contract years based on an evaluation. However, the salary for any one year could not be less than the salary for the previous year.

The Contract included the following provisions with regard to the termination of the Superintendent's employment with the District:

- The Superintendent shall be subject to discharge for good reason and for the reasons specified in the Public School Code of the Commonwealth of Pennsylvania.¹
- The Board shall not arbitrarily or capriciously call for the Superintendent's dismissal. In any event, the Superintendent shall have the right to a hearing with due process and the right of appeal.
- The Superintendent may resign at any time, provided that she gives the Board at least 90 days notice prior to the effective date of the resignation.

¹ The Contract did not reference a specific section of the Public School Code, but presumably it referred to Section 1080, 24 P.S. § 10-1080 (removal "for neglect of duty, incompetency, intemperance, or immorality" following a hearing with due process).

- The Contract provided for unused accumulated sick leave pay in the amount of \$50 per day in the event of retirement or resignation if the Superintendent provided less than 90 days written notice. The amount increased to \$100 per day in the event of death while in service or in the event of retirement with written notice by July 1 of the school year of retirement.

On December 22, 2008, after the Superintendent had served only two years and six-and-one-half months of the term of her contract, the Board approved a Release and Settlement Agreement (Agreement) with the Superintendent, which terminated her employment with the District effective February 1, 2009. The Agreement required the Superintendent to submit an irrevocable resignation from employment with the District. The parties also agreed not to sue each other.

The Agreement required the District to make the following payments to the Superintendent, the projected value of which we calculated to be \$176,994:

- salary for the period from February 2, 2009 through June 30, 2009 (\$59,360);
- salary for the period from July 1, 2009 through December 31, 2009, which would be reduced by any income received by the Superintendent from any employment whatsoever (projected to be \$73,636 if there are no reductions);
- payment for 27 unused sick days and 5 unused care of family days at the daily rate of \$557.85 (\$17,851). This daily rate is the annual salary of \$145,600 divided by 261 work days; however, the Contract provides for a daily rate of \$50 for these types of unused days, totaling only \$1,600, a difference of \$16,251 from the amount actually paid under the Agreement;
- payment for 1.5 unused personal days and 17.5 unused vacation days at the daily rate of \$557.85 (\$10,599);
and

- medical, dental and vision benefits for the Superintendent and her spouse for the period from February 2, 2009 through June 30, 2010, provided that the Superintendent is not eligible for such benefits from a subsequent full-time employer (projected to be \$15,548).

We found that the actual number of vacation days that the Superintendent had earned but not used as of her last day of employment was 15 days, not 17.5 days. During negotiations over the terms of the Agreement, the Board was informed by the business office that the Superintendent had a vacation leave balance of 17.5 days. Between the start of the negotiations and the signing of the Agreement, the Superintendent used an additional 2.5 days of vacation leave. Therefore, as of her last day of employment, her vacation leave balance was only 15 days. At the daily rate of \$557.85, this error resulted in an overpayment to the Superintendent of \$1,395.

In addition to the payments and benefits made and payable to the Superintendent, the District entered into an employment agreement beginning February 2, 2009, with an individual to function as superintendent for a six-month period to August 2, 2009, renewable for two additional three-month periods at the discretion of the Board, ending on February 1, 2010. The maximum projected cost associated with this employment agreement totals \$120,000, which will be paid concurrently with the former Superintendent's salary and benefits due under the Agreement for the period February 2, 2009 to February 1, 2010.

The \$120,000 in salary projected to be paid to the individual to serve as the acting superintendent until February 1, 2010, along with the \$10,599 for 17.5 vacation and 1.5 personal days plus the \$17,851 for 32 sick and care of family days that were paid to the prior Superintendent, resulted in total additional costs to the District from the termination of \$148,450.

This buy-out may have been averted, or the costs significantly reduced, if the District had included and/or enforced provisions in its original employment contract with the Superintendent regarding the compensation and benefits payable upon the premature termination of the contract. The time to negotiate those terms is at the outset of the employment relationship, not when matters turn potentially hostile between the parties.

The Agreement does not provide a reason for the buy-out. The Agreement required both parties to issue a joint public statement that simply stated the Superintendent was resigning effective February 1, 2009, and that the Board thanks her for her service and wishes her success in the future.

The Department of the Auditor General requested an explanation of the reasons for the District's buy-out of the Superintendent. The Board President stated that the termination of the Superintendent's contract resulted from the Superintendent's lack of management, interpersonal, business, and public relations skills. He stated that the Board could not terminate her for cause because she had not done anything illegal; the Board ultimately decided that buying out the contract was its best option.

Recommendations

The *Wyomissing Area School District Board* should:

- Ensure that future employment contracts with prospective administrators contain adequate termination provisions sufficient to protect the interests of the District and its taxpayers in the event that the employment ends prematurely for any reason.
- Provide as much information as possible to the taxpayers of the District explaining the reasons for the termination of the Superintendent and justifying the District's expenditure of public funds to buy out the contract.
- Work with successors to the Superintendent to include in his/her current and future employment contracts provisions that address the compensation and benefits payable to, or on behalf of, said administrator in the event of a premature termination of his/her contract.

- Recover the \$1,395 erroneously paid to the Superintendent for 2.5 vacation days used between the negotiation and execution of the Agreement.

Management Response

Management stated the following:

Management agrees that an overpayment was made to [the former superintendent] of 2.5 vacation days and has recouped that money for the District which totals \$1,395.

Management does not agree that the finding is directed towards management since Superintendent contracts are negotiated between the Superintendent and the Board and management is not a part of the process.

Auditor Conclusion

We agree with management that the Board negotiated the employment contract and buy-out of the former superintendent. Therefore we revised the finding title and recommendations to address this issue to the Board.

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 systems.

Unmonitored Vendor System Access and Logical Access Control Weaknesses

The Wyomissing Area School District (WASD) uses software purchased from the Central Susquehanna Intermediate Unit #16 (CSIU) for its critical student accounting applications (membership and attendance). Additionally, the WASD’s entire computer system, including all its data and the above software are maintained on WASD servers which are physically located at the WASD. The CSIU has remote access into the network servers and provides system maintenance and support.

Based on our current year procedures, we determined that a risk exists that unauthorized changes to the WASD’s data could occur and not be detected because the WASD was unable to provide supporting evidence that it is adequately monitoring all vendor activity in its system. However, since the WASD has manual compensating controls in place to verify the integrity of the membership and attendance information in its database, that risk is mitigated. Attendance and 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 WASD would ever move into a paperless environment 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 WASD’s membership information and result in the WASD not receiving the funds to which it is entitled from the state.

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

1. The contract with the vendor did not contain a non-disclosure agreement for the WASD’s proprietary information.

2. The WASD's acceptable use policy does not address authentication in terms of password syntax requirements.
3. The WASD 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 WASD's Acceptable Use Policy.
4. The WASD does not require written authorization before adding, deleting or changing a userID.
5. The WASD does not maintain proper documentation to evidence that terminated employees are removed from the system in a timely manner.
6. There is no requirement to change passwords regularly (i.e. every 30 days); passwords do not have to be changed.
7. A password history of at least ten passwords is not maintained. No password history is maintained.
8. The vendor enters the system using a group ID and password rather than individual userIDs and passwords.
9. The vendor has unlimited access to the system during its regular business hours. Vendor access does not require preapproval.
10. The WASD does not have evidence it is generating or reviewing monitoring reports of user access and activity on the system (including vendor and WASD employees). There is no evidence that the WASD is performing procedures to determine which data the vendor may have altered or which vendor employees accessed the system.
11. The WASD does not store back-ups in a secure, offsite location.

Recommendations

The *Wyomissing Area School District* should:

1. Include in its contract with the vendor a non-disclosure agreement for the WASD's proprietary information.

2. Include in its Acceptable Use Policy authentication in terms of password syntax requirements.
3. Establish separate IT policies and procedures for controlling the activities of vendors/consultants and have the vendor sign this policy, or the WASD should require the vendor to sign the WASD's acceptable use policy.
4. Develop written policies and procedures to require written authorization before adding, deleting or changing a userID.
5. Maintain proper documentation to evidence that terminated employees are removed from the system in a timely manner.
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., every 30 days). Also, the WASD should maintain a password history that will prevent the use of a repetitive password (i.e., last ten passwords).
7. Require the vendor to assign unique userIDs and passwords to vendor employees authorized to access the WASD system.
8. Allow access to its system only when the vendor needs access to make preapproved 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.
9. Generate monitoring reports (including server and 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 WASD should review these reports to determine that the access was appropriate and that data was not improperly altered. The WASD should also maintain evidence to support this monitoring and review.
10. Store back-ups in a secure, offsite location.

Management Response

Management waived the opportunity to reply at the time of fieldwork for our audit.

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.

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.

Neither the District nor the transportation contractors had adopted written policies or procedures, as we recommended in the prior audit, to ensure that they 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 *Wyomissing Area School District* should:

1. Develop a process to determine, on a case-by-case basis, whether prospective and current employees of the District or the District's transportation contractors 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's transportation contractors 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 waived the opportunity to reply at the time of fieldwork for our audit.

Status of Prior Audit Findings and Observations

Our prior audit of the Wyomissing Area School District (WASD) for the school years 2003-04 and 2002-03 resulted in two reported findings and an observation. The first finding pertained to board members filing Statements of Financial Interests (SFI), and the second pertained to information technology controls. The observation pertained to bus drivers' qualifications. 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 WASD Board's written response provided to the Department of Education (DE), performed audit procedures, and questioned District personnel regarding the prior findings and observation. As shown below, we found that the WASD implemented recommendations related to the SFI finding but did not implement recommendations related to information technology controls or bus drivers' qualifications.

<i>School Years 2003-04 and 2002-03 Auditor General Performance Audit Report</i>		
<i>Prior Recommendations</i>	Implementation Status	
<p><u><i>I. Finding No. 1: Board Members Failed to File Statements of Financial Interests in Violation of the State Public Official and Employee Ethics Act</i></u></p> <ol style="list-style-type: none"> 1. Seek the advice of the District's solicitor in regard to the board's responsibility when an elected or former board member fails to file a SFI. 2. Develop procedures to ensure that all individuals required to file SFIs do so in compliance with the Ethics Act. 	<p>Background:</p> <p>Our prior audit of the District's SFIs for the years ended December 31, 2005, 2004 and 2003 found that two board members failed to file their statements for the 2005 year, one board member failed to file her statement for the 2004 year, and one board member filed his statement late for the 2003 year.</p>	<p>Current Status:</p> <p>Our current audit found that the solicitor was contacted and advised the District that the failure to file SFIs should be addressed by the State Ethics Commission, not the board.</p> <p>We found that procedures were developed during the 2006 calendar year to ensure that all individuals required to file SFIs do so in a timely manner. Board members are provided the SFIs for completion in January along with a sample of a completed SFI. District personnel have created a checklist which is used to track individuals whose SFI has not been completed. E-mails are then sent to these individuals notifying them of the May 1st deadline and requirement to file the SFI.</p> <p>Our current audit found that all board members' SFIs were on file for the 2008, 2007 and 2006 calendar years.</p>

<p><u>II. Finding No. 2:</u> <u>Unmonitored Vendor System</u> <u>Access and Logical Access</u> <u>Control Weaknesses</u></p> <ol style="list-style-type: none"> 1. Generate monitoring reports of the Berks County Intermediate Unit #14 (BCIU) and employee remote access and activity on their system. Monitoring reports should include the date, time, and reason for access, change(s) made and who made the change(s). The District should review these reports to determine that the access was appropriate and that data was not improperly altered. The District should also ensure it is maintaining evidence to support this monitoring and review. 2. Perform reconciliations between system generated membership and attendance reports and manually kept membership and attendance records (i.e., absence records) to ensure that any unauthorized changes within the system would be detected in a timely manner. 3. Maintain evidence that the District has a signed fully executed contract with the BCIU. Further, the contract should contain a non-disclosure agreement for the District's proprietary information. 4. Either establish separate information technology policies and procedures for controlling the activities of vendors/consultants and have the BCIU sign this policy, or require the BCIU to sign the District's own Acceptable Use Policy (AUP). 	<p>Background:</p> <p>Our prior audit found that the District used software purchased from an outside vendor for its critical student accounting applications. Additionally, the District's entire computer system, including all its data and the above software, were maintained on BCIU's servers, which were physically located at the BCIU.</p> <p>We determined that a risk existed that unauthorized changes to the District's data could occur and not be detected because the District was not adequately monitoring vendor activity in its system. Further, the District did not perform formal, documented reconciliations between manual and computerized records for membership and attendance.</p>	<p>Current Status:</p> <p>After the completion of our prior audit, the District terminated its contract for student accounting applications with the BCIU. The District then subsequently entered into a contract with the Central Susquehanna Intermediate Unit #16. Therefore, the recommendations contained in our prior audit report were no longer applicable, and lead us to perform a completely new review of the District's relationship to its new vendor. Our current audit of outside vendor system access and logical access control weaknesses again found weaknesses with vendor system access and logical access controls as detailed in Observation No. 1 in our current report (see page 11).</p>
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<p>5. The AUP should include provisions for authentication (e.g. password security and syntax requirements) and the policy should be signed by all employees.</p> <p>6. Maintain documentation to evidence that terminated employees are properly removed from the system in a timely manner.</p> <p>7. Develop policies and procedures to require written authorization when adding, deleting or changing a userID.</p> <p>8. Require written authorization from appropriate District officials before upgrades/updates to the District's system are made.</p> <p>9. 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), use passwords that are a minimum of eight characters and include alpha, numeric and special characters. Also, the District should maintain a password history of at least the most recent 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).</p>		
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<p><u>III. Observation: Internal Control Weaknesses in Administrative Policies Regarding Bus Driver Qualifications</u></p> <ol style="list-style-type: none"> 1. Develop a process to determine, on a case-by-case basis, whether prospective and current employees of the District or the District’s transportation contractors 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 the District is notified when current employees of the District or the District’s transportation contractors 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>Background:</p> <p>Our prior audit found that neither the District nor one of the District’s transportation contractors had written policies or procedures in place to ensure that they were notified if current employees were 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. We considered this lack of written policies and procedures to be an internal control weakness that could result in the continued employment of individuals who may pose a risk if allowed to have direct contact with children.</p>	<p>Current Status:</p> <p>Our current audit found that WASD has not complied with our recommendations. As of our fieldwork completion date, neither the District nor the contractor had adopted any policies or procedures to address our concerns. (See Observation No. 2, page 15.)</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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The Honorable Robert M. McCord
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