

POTTSGROVE SCHOOL DISTRICT  
MONTGOMERY COUNTY, PENNSYLVANIA  
PERFORMANCE AUDIT REPORT

FEBRUARY 2011



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

Mr. Michael G. Neiffer, Board President  
Pottsgrove School District  
230 Beech Street  
Pottstown, Pennsylvania 19464

Dear Governor Corbett and Mr. Neiffer:

We conducted a performance audit of the Pottsgrove School District (PSD) to determine its compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures. Our audit covered the period December 12, 2008 through April 29, 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 PSD complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures, except as detailed in one finding noted in this report. In addition, we identified three 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.

It was disclosed through the District's letter of representation that an instance of fraud occurred involving a secretary in the business office. In May 2010, the individual was charged with allegedly misappropriating more than \$36,000 from the District while she was employed in the business office. The case has been adjudicated. The individual pled guilty to theft by failure to make required disposition of funds and unlawful use of computer – access to disrupt function. The individual was sentenced to serve 3-23 months confinement, 5 years probation, and required to pay restitution of \$36,884.61 and court costs of \$772.

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

Sincerely,

/s/

JACK WAGNER  
Auditor General

February 17, 2011

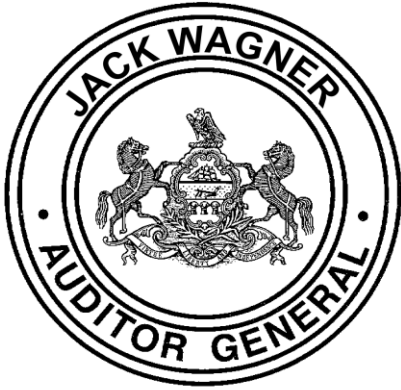
cc: **POTTSGROVE SCHOOL DISTRICT** Board Members

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## **Executive Summary**

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### **Audit Work**

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

Our audit scope covered the period December 12, 2008 through April 29, 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 PSD encompasses approximately 17 square miles. According to 2000 federal census data, it serves a resident population of 19,130. According to District officials, in school year 2007-08 the PSD provided basic educational services to 3,254 pupils through the employment of 256 teachers, 161 full-time and part-time support personnel, and 17 administrators. Lastly, the PSD received more than \$13.3 million in state funding in school year 2007-08.

### **Audit Conclusion and Results**

Our audit found that the PSD complied, in all significant respects, with applicable state laws, regulations, contracts, grant requirements, and administrative procedures; however, as noted below, we identified one compliance-related matter reported as a finding and three matters unrelated to compliance that are reported as observations.

#### **Finding: Lack of Documentation Necessary to Verify Bus Drivers' Qualifications.**

Our audit of the PSD records found that all necessary documents to verify bus drivers' qualifications were not available for audit (see page 6).

#### **Observation 1: Internal Control Weaknesses in Administrative Policies Regarding Bus Drivers' Qualifications.**

Our audit of the PSD records found that if a criminal conviction has occurred there was not a process in place to determine on a case-by-case basis the suitability of the driver's employment (see page 9).

#### **Observation 2: Memorandum of Understanding Continued to Not be Updated Timely.**

Our audit of the PSD's records shows that the current Memorandum of Understandings (MOU) between the PSD and the Lower Pottsgrove and Upper Pottsgrove police departments were signed and have been updated. However, we found that the MOU between the PSD and the West Pottsgrove Township Police Department was not reviewed and re-executed in the two year time period as required by the Department of Education (see page 11).

**Observation 3: Continued Unmonitored Vendor System Access and Logical Access Control Weaknesses.** We noted that PSD personnel 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 13).

**Status of Prior Audit Findings and Observations.** With regard to the status of our prior audit recommendations to the PSD from an audit we conducted of the 2005-06 and 2004-05 school years, we found the PSD had taken appropriate corrective action in implementing our recommendations pertaining to the certification deficiency (see page 15). We found the PSD had not taken appropriate corrective action in implementing all of our recommendations pertaining to their unmonitored vendor system access and their (see page 16) Memorandum of Understanding not being updated in a timely manner (see page 18).



## Audit Scope, Objectives, and Methodology

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### Scope

*What is a school performance audit?*

School performance audits allow the Department of the Auditor General to determine whether state funds, including school subsidies, are being used according to the purposes and guidelines that govern the use of those funds. Additionally, our audits examine the appropriateness of certain administrative and operational practices at each Local Education Agency (LEA). The results of these audits are shared with LEA management, the Governor, the PA Department of Education, and other concerned entities.

Our audit, conducted under authority of 72 P.S. § 403, is not a substitute for the local annual audit required by the Public School Code of 1949, as amended. We conducted our audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

Our audit covered the period December 12, 2008 through April 29, 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 PSD'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?
- ✓ Did the District use an outside vendor to maintain its membership data and if so, are there internal controls in place related to vendor access?
- ✓ Is the District's pupil transportation department, including any contracted vendors, in compliance with applicable state laws and procedures?
- ✓ Are there any declining fund balances which may impose risk to the fiscal viability of the District?

- ✓ Did the District pursue a contract buyout with an administrator and if so, what was the total cost of the buy-out, reasons for the termination/settlement, and do the current employment contract(s) contain adequate termination provisions?
- ✓ Were there any other areas of concern reported by local auditors, citizens, or other interested parties which warrant further attention during our audit?
- ✓ Is the District taking appropriate steps to ensure school safety?
- ✓ Did the District take appropriate corrective action to address recommendations made in our prior audits?

## Methodology

*What are internal controls?*

Internal controls are processes designed by management to provide reasonable assurance of achieving objectives in areas such as:

- Effectiveness and efficiency of operations;
- Relevance and reliability of operational and financial information;
- Compliance with applicable laws, regulations, contracts, grant requirements and administrative procedures.

*Government Auditing Standards* require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our finding, observations and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our finding, observations and conclusions based on our audit objectives.

PSD 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 and reimbursement applications.

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

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

## Findings and Observations

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### Finding

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### Lack of Documentation Necessary to Verify Bus Drivers' Qualifications

*Public School Code section and criteria relevant to the finding:*

Section 111 of the Public School Code 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 for 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 and Services Law (CPSL), known as Act 151, requires prospective school employees to submit an official child abuse clearance statement obtained from the Pennsylvania Department of Public Welfare. The CPSL prohibits the hiring of an individual determined by court to have committed child abuse.

Act 114 of 2006 requires that all prospective employees of public and private schools, intermediate units and area vocational-technical schools, including independent contractors and their employees and bus drivers who have direct contact with children provide to their employer a copy of their Federal Criminal History Record that cannot be more than one (1) year old this applies to employees hired on or after April 1, 2007.

Our current audit found that the Pottsgrove School District (PSD) failed to obtain the required documentation for six individuals. Also, the PSD failed to have a process in place to consider employment for individuals that may have had criminal convictions.

On April 15, 2010, we informed PSD management of the missing documentation and instructed them to immediately obtain the necessary documents so that they can ensure the drivers are properly qualified to continue to have direct contact with children. As of our fieldwork completion date of April 29, 2010, PSD management did not provide us with the necessary documentation. Therefore, we were unable to verify that drivers were properly qualified to have direct contact with children.

Several different state statutes and regulations establish the minimum required qualifications for school bus drivers. The ultimate purpose of these requirements is to ensure the protection of the safety and welfare of the students transported in school buses. We reviewed the following six requirements:

1. possession of a valid driver's license;
2. completion of school bus driver skills and safety training;
3. passing a physical examination;
4. lack of convictions for certain criminal offenses;
5. official child abuse clearance statement; and
6. federal criminal history record.

The first three requirements were set by regulations issued by the Pennsylvania Department of Transportation (PennDOT). As explained on the left, the fourth and fifth requirements were set by the Public School Code of 1949, as amended (Public School Code), and the CPSL, respectively. In addition, the sixth requirement is set by (Act 114 of 2006).

We reviewed the personnel records of a random sample of 25 of the 70 drivers currently employed by the PSD's contractor. Our audit found PSD's contractor was unable to provide an Act 114 Federal Criminal History Record for four individuals, an Act 34 Criminal Background Check for one individual, and an Act 151 Child Abuse History Clearance for one individual.

District personnel failed to review and monitor each bus driver's qualifications prior to the bus drivers transporting students. The PSD relied on the contractor and did not maintain files at the District. Good business practice dictates that these clearances be on file at both District and contractor's offices.

## **Recommendations**

The *Pottsgrove School District* should:

1. Ensure that the District's transportation coordinator reviews each driver's qualifications prior to that person transporting students.
2. Maintain files for all drivers to ensure that the District's files are up-to-date and complete.

## **Management Response**

Management stated the following:

As part of the audit, a sample of bus drivers was selected for review of their qualifications. Documentation was not present for certain clearances for several drivers. While we are confident that these clearances were obtained, they were not present in the files.

District representatives have met with the office staff at the transportation contractor and reviewed the expectations related to bus driver qualifications. District personnel will audit 100% of the driver files to ensure that they are in compliance. In addition, the District will maintain duplicate files for each bus driver documenting their qualifications.

**Observation No. 1** →

**Internal Control Weaknesses in Administrative Policies Regarding Bus Drivers' Qualifications**

*Public School Code section and criteria relevant to the observation:*

Section 111 of the Public School Code 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 for 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 CPSL, known as Act 151, requires prospective school employees to submit an official child abuse clearance statement obtained from the Pennsylvania Department of Public Welfare. The CPSL prohibits the hiring of an individual determined by court to have committed child abuse.

As stated in the finding of this report, the ultimate purpose of these requirements is to ensure the protection of the safety and welfare of the students transported in school buses. To that end, 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 reviewing the criminal history and child abuse reports for current bus drivers on a periodic basis in order to learn of incidents that may have occurred after the commencement of employment.

Our audit found that there were other crimes of a serious nature that are not on the list and were within the five-year look-back period, as referred to in the previous paragraph that called into question the driver's suitability to have direct contact with children.

**Recommendations**

The *Pottsgrove School District* should:

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 barred by state law, affect their suitability to have direct contact with children.

**Management Response**

Management stated the following:

Pottsgrove School District has historically relied on the controls in place at its transportation contractor's office to monitor compliance regarding bus driver qualification. During my tenure at the District, which spans nearly 9 years, this process worked without exception. This year an individual was hired as a bus driver with an offense within the last 5 years (4.5 years ago) that would typically have disqualified the driver.

While we are not certain that the 5 year look back provisions of the Pennsylvania School Code pertain to this violation, we concur that we would normally have disqualified this driver. Upon identification of this issue, the driver was terminated. In addition, the District will perform an audit of 100% of the drivers' files to ensure that they are in compliance. The District will also maintain duplicate files for each bus driver documenting their qualifications.



**Observation No. 2** →

**Memorandum of Understanding Continued to Not be Updated Timely**

*Public School Code section and criteria relevant to the observation:*

Section 1303-A(c) provides:

All school entities shall develop a memorandum of understanding with local law enforcement that sets forth procedures to be followed when an incident involving an act of violence or possession of a weapon by any person occurs on school property.

Law enforcement protocols shall be developed in cooperation with local law enforcement and the Pennsylvania State Police.

Additionally, the Basic Education Circular issued by the Department of Education entitled Safe Schools and Possession of Weapons, contains a sample MOU to be used by school entities.

Section VI, General Provisions item (B) of this sample state:

This Memorandum may be amended, expanded or modified at any time upon the written consent of the parties, but in any event must be reviewed and re-executed within two years of the date of its original execution and every two years thereafter (Emphasis added).

As reported in our previous audit report, the PSD had an observation pertaining to their Memorandums of Understanding (MOU) not being updated in a timely manner.

Our current audit found that the PSD did not implement all of our recommendations. The current MOUs between the District and the Lower Pottsgrove and Upper Pottsgrove police departments were signed and have been updated. However, we found that the MOU between the District and the West Pottsgrove Township Police Department was not reviewed and re-executed in the two year time period as required by the Department of Education.

The failure to update the MOU with all local law enforcement agencies could result in a lack of cooperation, direction, and guidance between District employees and law enforcement agencies if an incident occurs on school property, at any school-sponsored activity, or any public conveyance providing transportation to or from a school or school-sponsored activity. This internal control weakness could have an impact on law enforcement notification and response, and ultimately the resolution of a problem situation.

**Recommendations**

The *Pottsgrove School District* should:

1. In consultation with the solicitor, review, update and re-execute the current MOU between the PSD and local law enforcement.
2. Adopt a policy requiring the administration to review and re-execute the MOUs every two years.

**Management Response**

Management stated the following:

Pottsgrove School District was unaware of the expectation that Memorandums of Understanding with local police departments should be updated every 2 years until our last audit, dated May 2009. Since that time we have been working with our local police departments to execute these agreements.

Pottsgrove School District consists of 3 municipalities. We have executed Memorandums of Understanding with the police departments from 2 of these municipalities. The third municipality, West Pottsgrove Township has not yet agreed to the wording of the memorandum. Our attorneys have been working with the Township's attorneys to reach an agreement. That being said, the District has a very close relationship to the police departments in our community. We have School Resource Officers from two of the municipalities working in our District. In addition, we periodically invite the police chiefs to our office to discuss issues of importance to both groups.

**Observation No. 3** →

*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 PSD uses software purchased from the Montgomery County Intermediate Unit #23 (IU) for its critical student accounting applications (membership and attendance). Additionally, the District’s entire computer system, including all its data and the above software are maintained on the IU’s servers which are physically located at the IU. The District has remote access into the IU’s network servers, with the IU providing system maintenance and support.

Based on our current year 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 is adequately monitoring all vendor activity in its system. However, since the District has adequate manual compensating controls in place to verify the integrity of the membership and attendance information in its database, that risk is mitigated.

Reliance on manual compensating controls becomes increasingly problematic if the District would ever experience personnel and/or procedure changes that could reduce the effectiveness of the manual controls. 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 the funds to which it was entitled from the state.

During our review, we found the District continued 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 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).

## **Recommendations**

The *Pottsgrove School District* should:

1. Ensure that the District's Acceptable Use Policy includes provisions for authentication (password security and syntax requirements).
2. Implement a security policy and system parameter settings to require all users, including the vendor, to change their passwords on a regular basis (i.e., every 30 days). Passwords should be a minimum length of eight characters and include alpha, numeric and special characters. Also, the District should maintain a password history that will prevent the use of a repetitive password (i.e., last ten passwords).

## **Management Response**

Management stated the following:

Pottsgrove School District takes the security of our network very seriously. We continuously work to balance network security with the cost of achieving it and the flexibility of our system to the end users. We plan to evaluate these recommendations and implement changes where possible without sacrificing functionality or incurring an undue burden for our taxpayers.

## Status of Prior Audit Findings and Observations

Our prior audit of the Pottsgrove School District (PSD) for the school years 2005-06 and 2004-05 resulted in one reported finding and two observations. The finding pertained to a certification deficiency. The first observation pertained to their student accounting applications, and the second observation pertained to their Memorandum of Understanding not being updated in a timely manner. 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 PSD Board's written response provided to the Department of Education (DE), performed audit procedures, and questioned District personnel regarding the prior finding and observations. As shown below, we found that the PSD did implement recommendations related to the certification deficiency, however we found that the PSD did not implement all of our prior recommendations related their student accounting applications and their Memorandum of Understanding not being updated in a timely manner.

| <i>School Years 2005-06 and 2004-05 Auditor General Performance Audit Report</i>  |   |  |
|---|---|--|
| <i>Prior Recommendations</i>  | <i>Implementation Status</i>  |  |
| <p><u><i>I. Finding: Certification Deficiency</i></u></p> <ol style="list-style-type: none"> <li>1. Review controls to ensure that all positions requiring certification are staffed with persons holding proper certification.</li> <li>2. DE should recover the appropriate subsidy forfeitures.</li> </ol> | <p><b>Background:</b></p> <p>Our prior audit of professional employees' certification for the period March 24, 2005 through December 10, 2008, found one individual was assigned to a position without holding valid certification.</p> | <p><b>Current Status:</b></p> <p>We followed up on the PSD's records and found that the PSD did take appropriate corrective action ensuring all staffed persons hold proper certification.</p> <p>DE adjusted the District's allocations on December 31, 2009, to recover the \$12,424 subsidy forfeiture.</p> |

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| <p><u>II. Observation No. 1:</u><br/><u>Unmonitored Vendor</u><br/><u>System Access and Logical</u><br/><u>Access Control Weakness</u></p> <ol style="list-style-type: none"> <li>1. Generate monitoring reports (including firewall logs) of vendor and employee access and activity on their system. Monitoring reports should include the date, time, and reason for access, change(s) made and who made the change(s). The District should review these reports to determine that the access was appropriate and that data was not improperly altered. The District should also ensure it is maintaining evidence to support this monitoring and review.</li> <li>2. To mitigate information technology (IT) control weakness, have compensating controls that would allow the District to detect unauthorized changes to the membership database in a timely manner.</li> <li>3. Require the vendor to assign unique userIDs and passwords to vendor employees authorized to access the District system. Further, the District should obtain a list of vendor employees with access to its data and ensure that changes to the data are made only by authorized vendor representatives.</li> <li>4. Develop an agreement with the vendor to provide student accounting</li> </ol> | <p><b>Background:</b></p> <p>Our prior audit of District records found that the PSD uses software purchased from an outside vendor for its critical student accounting applications (membership and attendance). Additionally, the District utilizes Montgomery County Intermediate Unit #23 to provide them with system maintenance and support. The software vendor has remote access into the District's network servers.</p> | <p><b>Current Status:</b></p> <p>We followed up on the PSD student accounting applications software and found that PSD did not take appropriate corrective action to address all of our recommendations in monitoring vendor activity in their system.</p> <ol style="list-style-type: none"> <li>1. The District has implemented monitoring reports, including firewall logs on their system.</li> <li>2. The District now generates monthly enrollment reports to detect any unauthorized changes to the membership database.</li> <li>3. The District's vendor now requires all employees be assigned a unique userID.</li> <li>4. The District and their vendor now have a formal and binding contract that includes all required documentation.</li> <li>5. The District now maintains records regarding removal of terminated or resigning employees with prior access to the membership database.</li> <li>6. The District now requires written authorization when adding, deleting, or changing a userID.</li> <li>7. The District now requires the vendor to sign their Acceptable Use Policy. Additionally, the District has a list of all vendor employees authorized to access their application.</li> </ol> |
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| <p>applications and related IT services. The agreement should cover legal, financial, organizational, documentary, performance, security, intellectual property, and termination responsibilities and liabilities (including penalty clauses). All contracts and contract changes should be reviewed by legal advisors.</p> <p>5. Maintain documentation to evidence that terminated employees are properly removed from the system in a timely manner.</p> <p>6. Develop policies and procedures to require written authorization when adding, deleting, or changing a userID.</p> <p>7. Have the vendor sign its IT policies and procedures for controlling the vendor’s activities in their system, or require the vendor to sign the District’s Acceptable Use Policy.</p> <p>8. Include in its Acceptable Use Policy provisions for authentication (e.g. password security and syntax requirements).</p> <p>9. Implement a security policy and system parameter settings to require all users, including vendor, to change their passwords on a regular basis (i.e. every 30 days). Passwords should be a minimum length of eight characters and include</p> |  | <p>8. The District did not take appropriate corrective action in implementing provisions for authentication (e.g. password and syntax requirements) in their Acceptable Use Policy.</p> <p>9. The District did not take appropriate corrective action by implement a security policy and system parameter settings to require all users, including vendor, to change their passwords on a regular basis (i.e. every 30 days). Passwords should be a minimum length of eight characters and include alpha, numeric and special characters. Additionally, the District should maintain a password history that will prevent the use of a repetitive password (i.e., last ten passwords). (See Observation No. 3 on page 13).</p> |
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| <p>alpha, numeric and special characters. Additionally, the District should maintain a password history that will prevent the use of a repetitive password (i.e., last ten passwords).</p> |  |  |
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| <p><u>III. Observation No. 2:</u><br/><u>Memorandum of Understanding Not Updated Timely.</u></p> <ol style="list-style-type: none"> <li>1. In consultation with the District’s solicitor, review, update and re-execute the current Memorandum of Understandings (MOU) between the District, Upper Pottsgrove, Lower Pottsgrove and Western Pottsgrove Township police departments.</li> <li>2. Adopt a policy requiring the administration to review and re-execute the MOU every two years.</li> </ol> | <p><b>Background:</b></p> <p>Our prior audit of the District’s records found that the MOUs between the District, Upper Pottsgrove, Lower Pottsgrove and Western Pottsgrove Township police departments were executed September 23, 1999, September 15, 1998 and September 10, 1998, respectively and not updated.</p> | <p><b>Current Status:</b></p> <p>We followed up the PSD’s MOUs and found that PSD did not take corrective action to address all of our prior audit recommendations.</p> <p>The PSD did review, update and re-execute the current MOUs between the District, Upper Pottsgrove and Lower Pottsgrove police departments. However, the MOU between the District and Western Pottsgrove Township Police Department has exceeded the two year period as required by DE.</p> <p>In addition, the District did not adopt a formal policy requiring the administration to review and re-execute the MOU every two years (See Observation No. 2 on page 11).</p> |
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## **Distribution List**

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

The Honorable Tom Corbett  
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Harrisburg, PA 17120

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