

DAUPHIN COUNTY TECHNICAL SCHOOL
DAUPHIN COUNTY, PENNSYLVANIA
PERFORMANCE AUDIT REPORT

JANUARY 2011

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

Mr. John Gräb, Joint Operating Committee Chairperson
Dauphin County Technical School
6001 Locust Lane
Harrisburg, Pennsylvania 17109

Dear Governor Corbett and Mr. Gräb:

We conducted a performance audit of the Dauphin County Technical School (DCTS) to determine its compliance with applicable state laws, regulations, contracts, grant requirements and administrative procedures. Our audit covered the period February 17, 2009 through January 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 DCTS 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. A summary of the results is presented in the Executive Summary section of the audit report.

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

Sincerely,

/s/

JACK WAGNER
Auditor General

January 21, 2011

cc: **DAUPHIN COUNTY TECHNICAL SCHOOL** Joint Operating Committee Members

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Executive Summary

Audit Work

The Pennsylvania Department of the Auditor General conducted a performance audit of the Dauphin County Technical School (DCTS). Our audit sought to answer certain questions regarding the DCTS's compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures; and to determine the status of corrective action taken by the DCTS in response to our prior audit recommendations.

Our audit scope covered the period February 17, 2009 through January 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.

School Background

According to School officials, in school year 2007-08 the DCTS provided educational services to 848 secondary pupils and no post-secondary pupils through the employment of 92 teachers, 56 full-time and part-time support personnel, and 10 administrators. The operation, administration and management of the school are directed by a joint operating committee (JOC) which comprises 12 members from the following school districts:

Central Dauphin	Middletown Area
Derry Township	Susquehanna Township
Halifax Area	
Lower Dauphin	

The JOC members are appointed by the individual school boards at the December meeting, each to serve a one year term. Lastly, the DCTS received more than \$1.1 million in state funding in school year 2007-08.

Audit Conclusion and Results

Our audit found that the DCTS 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.

Finding: Certification Deficiency. Our audit of professional employees' certification and assignments found one individual was employed as a long-term substitute since October 2009 without certification (see page 6).

Status of Prior Audit Findings and Observations. With regard to the status of our prior audit recommendations to the DCTS from an audit we conducted of the 2005-06 and 2004-05 school years, we found the DCTS had taken only partial corrective action in implementing our recommendations pertaining to certification (see page 8) and unmonitored vendor system access and logical access control weaknesses (see page 9).



Audit Scope, Objectives, and Methodology

Scope

What is a school performance audit?

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

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

Our audit covered the period February 17, 2009 through January 29, 2010, except for the verification of professional employee certification which was performed for the period January 22, 2009 through January 26, 2010.

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

While all LEAs 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 DCTS'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 objectives:

- ✓ Were professional employees certified for the positions they held?
- ✓ Are there any declining fund balances which may impose risk to the fiscal viability of the School?
- ✓ Did the School 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 School taking appropriate steps to ensure school safety?
- ✓ Did the School use an outside vendor to maintain its membership data and if so, are there internal controls in place related to vendor access?
- ✓ Did the School 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.

DCTS management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the School 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.

Our audit examined the following:

- Records pertaining to professional employee certification and financial stability.
- Items such as meeting minutes.

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

Lastly, to determine the status of our audit recommendations made in a prior audit report released on August 20, 2009, we reviewed the DCTS's response to DE dated January 13, 2010. We then performed additional audit procedures targeting the previously reported matters.

Findings and Observations

Finding

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.

Public School Code Section 2518 provides, in part:

[A]ny school district, intermediate unit, area vocational-technical school or other public schools in the Commonwealth 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.

Certification Deficiency

Our audit of professional employees' certification and assignments for the period January 22, 2009 through January 26, 2010, was performed to determine compliance with the Public School Code and the Bureau of School Leadership and Teacher Quality (BSLTQ), Department of Education's (DE) Certification and Staffing Policies and Guidelines. We found that one individual was employed as a long-term substitute since October 2009 without any Pennsylvania certification.

Dauphin County Technical School (DCTS) personnel subsequently had the individual apply for emergency certification, which was granted effective January 1, 2010.

DCTS personnel stated that clerical oversight was the reason the individual did not obtain emergency certification in a timely manner.

Information pertaining to the assignment was submitted to the BSLTQ, DE, for its review. BSLTQ subsequently confirmed the deficiency; the DCTS is therefore subject to a subsidy forfeiture. However, the data necessary to compute the subsidy forfeiture was not yet available from DE.

Recommendations

The *Dauphin County Technical School* should:

Ensure that all professional employees have valid certificate(s) at time of hire.

The *Department of Education* should:

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

Management Response

Management stated the following:

[The individual] was given all Emergency Certification paperwork upon starting at DCTS as a long-term substitute. [The individual] has a great deal of experience in the HVAC field, but no valid teaching certification. The

required fee, in the State-requested form of a postal money order, was not received from [the individual] until January 15, 2010 at which time all completed paperwork was forwarded to the Department of Education for approval.

Corrective Action – going forward, Emergency Certification paperwork will be distributed prior to employee’s start date for faster completion.

Status of Prior Audit Findings and Observations

Our prior audit of the Dauphin County Technical School (DCTS) for the school years 2005-06 and 2004-05 resulted in one reported finding and one observation. The finding pertained to certification, and the observation pertained to unmonitored vendor system access and logical access control weaknesses. As part of our current audit, we determined the status of corrective action taken by the DCTS to implement our prior recommendations. We analyzed the DCTS Joint Operating Committee's (JOC) written response provided to the Department of Education (DE), performed audit procedures, and questioned DCTS personnel regarding the prior finding and observation. As shown below, we found that the DCTS only partially implemented recommendations related to certification and unmonitored vendor system access and logical access control weaknesses.

<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: Possible Certification Deficiencies</i></u></p> <ol style="list-style-type: none"> 1. Ensure all professional employees have valid certificates at time of hire and monitor their usage to ensure their certification does not lapse during employment. 2. DE should adjust the technical school's allocations to recover the subsidy forfeiture of \$7,001. 	<p>Background:</p> <p>Our prior audit of professional employees' certification and assignments for the period August 18, 2006 through January 21, 2009, found three certification deficiencies.</p>	<p>Current Status:</p> <p>Our current audit found that the individuals' cited in our prior audit obtained proper certification for the 2008-09 and 2009-10 school years.</p> <p>Furthermore, our audit found that professional employees' certification is now monitored on a bi-annual basis for validity and usage.</p> <p>Additionally, the Director's administrative assistant maintains a database of professional staff with the expiration dates on their certificates. The administrative assistant will notify professional staff members within six months of the date when their certificates will lapse. This was to be implemented in May 2010.</p> <p>However, one individual was found to be employed prior to receiving certification, as noted in the finding (see page 6) of this report.</p> <p>Per correspondence dated May 13, 2010, DE was to withhold the \$7,001 subsidy forfeiture from the DCTS's June 2010 subsidy</p>

		payment.
<p><i>II. Observation:</i> <i>Unmonitored Vendor</i> <i>System Access and Logical</i> <i>Access Control Weaknesses</i></p> <ol style="list-style-type: none"> 1. Keep a copy of the fully executed maintenance agreement signed by both parties on file. 2. Include in its contract with the Capital Area Intermediate Unit #15 (CAIU) a non-disclosure agreement for the DCTS's proprietary information. 3. Have the contract with the CAIU reviewed by DCTS's legal counsel. 4. Include in its Acceptable Use Policy provisions for authentication (password security and syntax requirements). 5. Establish separate information technology (IT) policies and procedures for controlling the activities of vendors/consultants and have the CAIU sign this policy, or require the CAIU to sign the DCTS's Acceptable Use Policy. 6. Require the CAIU to assign unique userIDs and passwords to vendor employees authorized to access the DCTS system. Further, the DCTS should obtain a list of CAIU employees with access to its data and ensure that changes to the data are made only by authorized vendor representatives. 7. Allow access to its 	<p>Background:</p> <p>Our prior audit found that a risk existed that unauthorized changes to the DCTS's data could occur and not be detected because the DCTS was unable to provide supporting evidence that it was adequately monitoring all vendor activity in its system.</p>	<p>Current Status:</p> <p>Our current audit found the following regarding the weaknesses noted in the prior audit:</p> <ol style="list-style-type: none"> 1. The technical school has not obtained a fully executed contract; however, it does intend on signing a new, updated contract. 2. The technical school has not included in a contract with the CAIU a nondisclosure agreement for the technical school's proprietary information; however, it does intend to do so with the contract with CAIU is renewed. 3. The technical school has not had the solicitor review its contract; however, it does intend to have the DCTS solicitor review and approve the next contract. 4. The technical school has not changed its Acceptable Use Policy to include provisions for authentication (password security and syntax requirements). 5. The technical school has not established separate IT policies and procedures for controlling the activities of vendors/consultants and have the CAIU sign this policy, nor does the DCTS require the CAIU to sign the DCTS's Acceptable Use Policy. 6. The technical school has verified that the CAIU requires that each employee has a unique userID and password. In addition the technical school confirmed the only people who can access via the Web from the CAIU are members of Application Support Team, and access is recorded on the login

<p>system only when the CAIU needs access to make pre-approved changes/updates or requested assistance. This access should be removed when the CAIU had completed its work. This procedure would also enable the monitoring of CAIU changes.</p> <p>8. Generate monitoring reports (including firewall logs) of CAIU and employee access and activity on its system. Monitoring reports should include the date, time, and reason for access, change(s) made and who made the change(s). The DCTS should review these reports to determine that the access was appropriate and that data was not improperly altered. The DCTS should also ensure it is maintaining evidence to support this monitoring and review.</p> <p>9. Establish policies and procedures to analyze the impact of proposed program changes in relation to other business-critical functions.</p> <p>10. Back up the application(s) before placing program changes into production to ensure it could recover if problems are encountered.</p> <p>11. Perform regular backups of the system.</p>		<p>table each time a user logs into the system.</p> <p>7. DCTS intends to address this concern through the monitoring process described further in point 8 below.</p> <p>8. The technical school noted the technology support staff would generate and monitor user activity on a monthly and as needed basis beginning in January 2010. As of January 29, 2010, the technical school could not provide any documentation to support this procedure had been implemented.</p> <p>9. The technical school intends to have the DCTS technical support staff and administration develop a procedure to analyze the impact of proposed program changes in relation to their other business-critical functions.</p> <p>10. The technical school plans to enter into an agreement with a data storage company that will store DCTS database backups on two separate servers in addition to the CAIU server in July 2010.</p> <p>11. The technical school does not perform backups on the system, as they have contracted with the CAIU to perform this task. DCTS will perform backups of its own system upon entering into an agreement with a third party data storage company that will store DCTS database backups on two separate servers in addition to the CAIU server.</p> <p>We recommend the DCTS expedite its corrective actions. We will follow-up on the District's progress during the next audit of the District.</p>
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Distribution List

This report was initially distributed to the technical schools superintendent of record, the joint operating committee, our website address at www.auditorgen.state.pa.us, and the following:

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

The Honorable Thomas E. Gluck
Acting Secretary of Education
1010 Harristown Building #2
333 Market Street
Harrisburg, PA 17126

The Honorable Robert M. McCord
State Treasurer
Room 129 - Finance Building
Harrisburg, PA 17120

Ms. Barbara Nelson
Director, Bureau of Budget and Fiscal
Management
Department of Education
4th Floor, 333 Market Street
Harrisburg, PA 17126

Dr. David Wazeter
Research Manager
Pennsylvania State Education Association
400 North Third Street - Box 1724
Harrisburg, PA 17105

Dr. David Davare
Director of Research Services
Pennsylvania School Boards Association
P.O. Box 2042
Mechanicsburg, PA 17055

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