

COMMONWEALTH CONNECTIONS ACADEMY CHARTER SCHOOL  
DAUPHIN COUNTY, PENNSYLVANIA  
PERFORMANCE AUDIT REPORT

JANUARY 2012



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

Mr. David Taylor, Board President  
Commonwealth Connections Academy  
Charter School  
4050 Crums Mill Road, Suite 303  
Harrisburg, Pennsylvania 17112

Dear Governor Corbett and Mr. Taylor:

We conducted a performance audit of the Commonwealth Connections Academy Charter School (CCACS) to determine its compliance with applicable state laws, contracts, grant requirements, and administrative procedures. Our audit covered the period July 2, 2008 through December 3, 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 CCACS complied, in all significant respects, with applicable state laws, contracts, grant requirements, and administrative procedures, except as detailed in one finding noted in this report. In addition, we identified one matter unrelated to compliance that is reported as an observation. A summary of these results is presented in the Executive Summary section of the audit report.

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

Sincerely,

/s/

JACK WAGNER  
Auditor General

January 26, 2012

cc: **COMMONWEALTH CONNECTIONS ACADEMY CHARTER SCHOOL** Board of Trustees



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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 Commonwealth Connections Academy Charter School (CCACS). Our audit sought to answer certain questions regarding the CCACS's compliance with applicable state laws, contracts, grant requirements, and administrative procedures; and to determine the status of corrective action taken by the CCACS in response to our prior audit recommendations.

Our audit scope covered the period July 2, 2008 through December 3, 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.

### **CCACS School Background**

The CCACS, located in Dauphin County, Pennsylvania, opened in July 2003. It was originally chartered on May 16, 2003, for a period of five years by the Department of Education. CCACS's mission states: "It seeks to help each student maximize his or her potential and meet the highest performance standards through a uniquely individualized learning program." During the 2007-08 school year, the CCACS provided educational services to 2,092 pupils from 383 sending school districts through the employment of 79 teachers, 10 full-time and part-time support personnel, and 10 administrators. Lastly, the CCACS received \$266,465 in state funding in school year 2007-08.

### **Adequate Yearly Progress**

CCACS did not meet Adequate Yearly Progress (AYP) for the 2010-11 school year and is in Corrective Action II, 1<sup>st</sup> year status. A school that misses only one measure will not meet AYP. This is the second year that CCACS did not meet all AYP measures. Specifically, CCACS fell short of the academic performance target. The CCACS will need to meet AYP for two years in a row to be considered on track to meet the goal of all students attaining proficiency in Reading and Math by the year 2014.

AYP is a key measure of school performance established by the federal No Child Left Behind Act of 2001 requiring that all students reach proficiency in Reading and Math by 2014. For a school to meet AYP measures, students in the school must meet goals or targets in three areas: (1) Attendance (for schools that do not have a graduating class) or Graduation (for schools that have a high school graduating class), (2) Academic Performance, which is based on tested students' performance on the Pennsylvania System of School Assessment (PSSA); and (3) Test Participation, which is based on the number of students that participate in the PSSA. Schools are evaluated for test performance and test participation for all students in the tested grades (3-8 and 11) in the school. AYP measures determine whether a school is making sufficient annual progress towards the goal of 100 percent proficiency.

## **Audit Conclusion and Results**

Our audit found that the CCACS complied, in all significant respects, with applicable state laws, contracts, grant requirements, and administrative procedures; however, as noted below, we identified one compliance-related matter reported as a finding and one matter unrelated to compliance that is reported as an observation.

**Finding: Failure to Develop Memorandum of Understanding with Local Law Enforcement.** Our audit of the CCACS's records found that the CCACS failed to enter into a Memorandum of Understanding between the CCACS and the police department(s) having jurisdiction over school property. An MOU sets forth agreed upon procedures to be followed should an incident involving an act of violence or possession of a weapon occur on school property as required by school safety

provisions in the Public School Code (see page 10).

**Observation: Unmonitored Vendor System Access and Logical Access Control Weaknesses.** We noted that CCACS personnel should improve controls over remote access to its computers. In particular, controls should be strengthened over the vendor's access to the student accounting applications (see page 12).

**Status of Prior Audit Findings and Observations.** With regard to the status of our prior audit recommendations to the CCACS from an audit we conducted of the 2005-06, 2004-05 and 2003-04 school years, we found that the CCACS had taken appropriate corrective action in implementing our recommendations pertaining to billed tuition to sending school districts (see page 15) and reporting daily membership for sending school districts (see page 16).



## Background Information on Pennsylvania Charter Schools

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### Pennsylvania Charter School Law

*Description of Pennsylvania Charter Schools:*

Charter and cyber charter schools are taxpayer-funded public schools, just like traditional public schools. There is no additional cost to the student associated with attending a charter or cyber charter school. Charter and cyber charter schools operate free from many educational mandates, except for those concerning nondiscrimination, health and safety, and accountability.

Pennsylvania's charter schools were established by the Charter School Law (Law), enacted through Act 22 of 1997, as amended. In the preamble of the Law, the General Assembly stated its intent to provide teachers, parents, students, and community members with the opportunity to establish schools that were independent of the existing school district structure.<sup>1</sup> In addition, the preamble provides that charter schools are intended to, among other things, improve student learning, encourage the use of different and innovative teaching methods, and offer parents and students expanded educational choices.<sup>2</sup>

The Law permits the establishment of charter schools by a variety of persons and entities, including, among others, an individual; a parent or guardian of a student who will attend the school; any nonsectarian corporation not-for-profit; and any nonsectarian college, university or museum.<sup>3</sup>

Applications must be submitted to the local school board where the charter school will be located by November 15 of the school year preceding the school year in which the charter school will be established,<sup>4</sup> and that the board must hold at least one public hearing before approving or rejecting the application.<sup>5</sup> If the local school board denies the application, the applicant can appeal the decision to the State Charter School Appeal Board,<sup>6</sup> which is comprised of the Secretary of Education and six members appointed by the Governor with the consent of a majority of all of the members of the Senate.<sup>7</sup>

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<sup>1</sup> 24 P.S. § 17-1702-A.

<sup>2</sup> Id.

<sup>3</sup> 24 P.S. § 17-1717-A (a).

<sup>4</sup> 24 P.S. § 17-1717-A (c).

<sup>5</sup> 24 P.S. § 17-1717-A (d).

<sup>6</sup> 24 P.S. § 17-1717-A (f).

<sup>7</sup> 24 P.S. § 17-1721-A (a).

*Pennsylvania ranks high compared to other states in the number of charter schools:*

According to the Center for Education Reform, Pennsylvania has the 7<sup>th</sup> highest charter school student enrollment, and the 10<sup>th</sup> largest number of operating charter schools, in the United States.

Source: "National Charter School and Enrollment Statistics 2010." October, 2010.

With certain exceptions for charter schools within the School District of Philadelphia, initial charters are valid for a period of no less than three years and no more than five years.<sup>8</sup> After that, the local school board can choose to renew a school's charter every five years, based on a variety of information, such as the charter school's most recent annual report, financial audits, and standardized test scores. The board can immediately revoke a charter if the school has endangered the health and welfare of its students and/or faculty. However, under those circumstances, the board must hold a public hearing on the issue before it makes its final decision.<sup>9</sup>

Act 88 of 2002 amended the Law to distinguish cyber charter schools, which conduct a significant portion of their curriculum and instruction through the Internet or other electronic means, from brick-and-mortar charter schools that operate in buildings similar to school districts.<sup>10</sup> Unlike brick-and-mortar charter schools, cyber charter schools must submit its application to the Department of Education (DE), which determines whether the application for a charter should be granted or denied.<sup>11</sup> However, if DE denies the application, the applicant can still appeal the decision to the State Charter School Appeal Board.<sup>12</sup> In addition, DE is responsible for renewing and revoking the charters of cyber charter schools.<sup>13</sup> Cyber charter schools that had its charter initially approved by a local school district prior to August 15, 2002, must seek renewal of their charter from DE.<sup>14</sup>

*Funding of Pennsylvania Charter Schools:*

Brick-and mortar charter schools and cyber charter schools are funded in the same manner, which is primarily through tuition payments made by school districts for students who have transferred to a charter or cyber charter school.

The Charter School Law requires a school district to pay a per-pupil tuition rate for its students attending a charter or cyber charter school.

### **Pennsylvania Charter School Funding**

The Commonwealth bases the funding for charter schools on the principle that the state's subsidies should follow the students, regardless of whether they choose to attend traditional public schools or charter schools. According to the Charter School Law, the sending school district must

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<sup>8</sup> 24 P.S. § 17-1720-A.

<sup>9</sup> Pennsylvania Department of Education, Basic Education Circular, "Charter Schools," Issued 10/1/2004.

<sup>10</sup> 24 P.S. §§ 17-1703-A, 17-1741-A *et seq.*

<sup>11</sup> 24 P.S. § 17-1745-A(d).

<sup>12</sup> 24 P.S. § 17-1745-A(f)(4).

<sup>13</sup> 24 P.S. § 17-1741-A(a)(3).

<sup>14</sup> 24 P.S. § 17-1750-A(e).

pay the charter/cyber charter school a per-pupil tuition rate based on its own budgeted costs, minus specified expenditures, for the prior school year.<sup>15</sup> For special education students, the same funding formula applies, plus an additional per-pupil amount based upon the sending district's special education expenditures divided by a state-determined percentage specific to the 1996-97 school year.<sup>16</sup> The Charter School Law also requires that charter schools bill each sending school district on a monthly basis for students attending the charter school.<sup>17</sup>

Typically, charter schools provide educational services to students from multiple school districts throughout the Commonwealth. For example, a charter school may receive students from ten neighboring, but different, sending school districts. Moreover, students from numerous districts across Pennsylvania attend cyber charter schools.

Under the Public School Code of 1949, as amended, the Commonwealth also pays a reimbursement to each sending school district with students attending a charter school that amounts to a mandatory percentage rate of total charter school costs.<sup>18</sup> Commonwealth reimbursements for charter school costs are funded through an education appropriation in the state's annual budget. However, the enacted state budget for the 2011-12 fiscal year eliminated funding of the charter school reimbursement previously paid to sending school districts.<sup>19</sup>

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<sup>15</sup> See 24 P.S. § 17-1725-A(a)(2).

<sup>16</sup> See 24 P.S. §§ 17-1725-A(a)(3); 25-2509.5(k).

<sup>17</sup> See 24 P.S. § 17-1725-A(a)(5).

<sup>18</sup> See 24 P.S. § 25-2591.1. Please note that this provision is contained in the general funding provisions of the Public School Code and not in the Charter School Law.

<sup>19</sup> Please note that the general funding provision referenced above (24 P.S. § 25-2591.1) has not been repealed from the Public School Code and states the following: "For the fiscal year 2003-2004 and each fiscal year thereafter, if insufficient funds are appropriated to make Commonwealth payments pursuant to this section, such payments shall be made on a pro rata basis." Therefore, it appears that state funding could be restored in future years.

## 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 Pennsylvania Department of Education, and other concerned entities.

Our audit, conducted under the 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 July 2, 2008 through December 3, 2010.

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

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 statute, regulation, policy, 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 and defined business practices. Our audit focused on assessing CCACS’s compliance with applicable state laws, 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:

- ✓ Was the charter school in overall compliance with the Public School Code of 1949<sup>20</sup> (Code) and the Charter School Law (Law)?<sup>21</sup>

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<sup>20</sup> 24 P.S. § 1-101 *et seq.*

<sup>21</sup> 24 P.S. § 17-1701-A *et seq.*

- ✓ Did the charter school have policies and procedures regarding the requirements to maintain student health records and perform required health services, and keep accurate documentation supporting its annual health services report filed with the Department of Health to receive state reimbursement?
- ✓ Did the charter school receive state reimbursement for its building lease under the Charter School Lease Reimbursement Program, was its lease agreement approved by its Board of Trustees, and did its lease process comply with the provisions of the Public Official and Employee Ethics Act?<sup>22</sup>
- ✓ Did the charter school comply with the open enrollment and lottery provisions of the Law?
- ✓ Does the charter school provide the services required for its special education students through outside agencies and/or through properly certified professional staff with the required instructional hours and/or training?
- ✓ Did the charter school Board of Trustees and administrators, and the chartering school board members comply with the Public School Code, the Public Official and Employee Ethics Act, and the Sunshine Act?
- ✓ Were at least 75 percent of the charter school's teachers properly certified and did all of its noncertified teachers meet the "highly qualified teacher" requirements?
- ✓ Did the charter school require its noncertified professional employees to provide evidence that they are at least 18 years of age, a U.S. citizen, and certified by a licensed Pennsylvania physician to be neither mentally nor physically disqualified from successful performance of the duties of a professional employee of the charter school?

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<sup>22</sup> 65 Pa.C.S. § 1101 *et seq.*

- ✓ Did the charter school accurately report its membership numbers to DE and were its average daily membership and tuition billings accurate?
- ✓ Did the charter school comply with the Law's compulsory attendance provisions and, if not, did the charter school remove days in excess of ten consecutive unexcused absences from the school's reported membership totals pursuant to the regulations?<sup>23</sup>
- ✓ Did the charter school take appropriate steps to ensure school safety?
- ✓ Did the charter school require that all of its employees enroll in the Public School Employees' Retirement System at the time of filing its charter school application as required by the Law, unless the board of trustees had a retirement plan that covered the employees or the employees were already enrolled in another retirement program?
- ✓ Did the charter school use an outside vendor to maintain its membership data and, if so, are internal controls in place related to vendor access?
- ✓ Were there any other areas of concern reported by local auditors, citizens, or other interested parties which warrant further attention during our audit?

## Methodology

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

CCACS management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the charter school is in compliance with applicable laws, contracts, grant requirements, and administrative procedures. Within the context of our audit objectives, we obtained an

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<sup>23</sup> 22 Pa. Code § 11.24.

*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, contracts, grant requirements and administrative procedures.

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, student health services, special education, lease agreements, open enrollment, vendor contracts, and student enrollment.
- Items such as Board of Trustees' meeting minutes, pupil membership records, IRS 990 forms, and reimbursement applications.
- Tuition receipts and deposited state funds.

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

## Findings and Observations

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### Finding

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### Failure to Develop Memorandum of Understanding with Local Law Enforcement

*Relevant Statutory Provisions and Related Criteria:*

Section 1303-A(c) of the *Public School Code (PSC)*, 24 P.S. § 13-1303-A(c), amended November 17, 2010 with an effective date of February 15, 2011, provides, in part:

“ . . . each chief school administrator **shall enter** into a memorandum of understanding with police departments having jurisdiction over school property of the school entity. Each chief school administrator shall submit a copy of the memorandum of understanding to the office by June 30, 2011, and biennially update and re-execute a memorandum of understanding with local law enforcement and file such memorandum with the office on a biennial basis. The memorandum of understanding shall be signed by the chief school administrator, the chief of police of the police department with jurisdiction over the relevant school property and principals of each school building of the school entity. . . .”

The “office” refers to the Office for Safe Schools established within the Department of Education through Section 1302-A(a) of the *PSC*, 24 P.S. § 13-1302-A(a). The term “biennially” means “an event that occurs every two years.”

Prior to the effective date of the above referenced enactment of the MOU requirements, all public schools were required to **develop** a memorandum of understanding with local law enforcement.

Our audit of the Commonwealth Connections Academy Charter School’s (CCACS) records found that the CCACS failed to enter into a Memorandum of Understanding (MOU) between the Charter School and the police department(s) having jurisdiction over school property. An MOU sets forth agreed upon procedures to be followed should an incident involving an act of violence or possession of a weapon occur on school property as required by school safety provisions in the PSC.

The failure to enter into an MOU with all pertinent police departments could result in a lack of cooperation, direction, and guidance between CCACS employees and the police departments if an incident occurs on school grounds, at any school-sponsored activity, or on any public conveyance providing transportation to or from a school or school-sponsored activity. Non-compliance with the statutory requirement to have an MOU could have an impact on police department notification and response, and ultimately, the resolution of a problem situation.

Moreover, recently enacted amendments to the safe schools provisions of the PSC expand on the requirement to develop an MOU with local law enforcement. Now, beginning with the first filing deadline of June 30, 2011, public schools must biennially update and re-execute these MOUs and file them with the Department of Education’s Office of Safe Schools on a biennial basis. Consequently, failure to develop an MOU will result in non-compliance with additional MOU requirements enacted November 17, 2010.



**Recommendations**

The *Commonwealth Connections Academy Charter School* should:

1. Develop an MOU between the CCACS and all the police departments having jurisdiction over school property of the CCACS pursuant to the terms prescribed by the PSC.
2. In consultation with the CCACS's solicitor, review new requirements for MOUs and other school safety areas under the PSC to ensure compliance with amended Safe Schools provisions enacted November 17, 2010 and effective February 15, 2011.
3. Adopt a board policy requiring the CCACS's administration to develop an MOU with all the police departments having jurisdiction over school property and biennially update and re-execute each MOU and file a copy with the Department of Education's Office of Safe Schools on a biennial basis.

**Management Response**

Management stated the following:

Management agrees with the finding and has already begun corrective action. A Memorandum of Understanding (MOU) was sent to the following local law enforcement agencies.

MOUs for other relevant local law enforcement agencies and the Pennsylvania State Police are currently being drafted.

Management has implemented monitoring procedures to ensure that each MOU is reviewed, updated, and re-executed every two years. The procedures also incorporate tasks related to the establishment of new MOUs for new locations.

**Observation**

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**Unmonitored Vendor System Access and Logical Access Control Weaknesses**

*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.

The Commonwealth Connections Academy Charter School (CCACS) uses software purchased from a vendor for its critical student accounting applications (membership and attendance). Additionally, the CCACS’s entire computer system, including all its data and the above vendor’s software are maintained on the vendor’s servers, which are physically located at the vendor’s property. The CCACS has remote access into the vendor’s network servers. The vendor also provide the CCACS with system maintenance and support.

Based on our current year procedures, we determined that a risk exists that unauthorized changes to the CCACS’s data could occur and not be detected because the CCACS was unable to provide supporting evidence that they are adequately monitoring all the vendor’s activity in their system. However, since the CCACS 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 CCACS 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 CCACS’s membership information and result in the CCACS not receiving the funds to which it was entitled from the sending districts.

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

1. The CCACS does not have current information technology (IT) policies and procedures for controlling the activities of the vendor, nor does it require the vendor to sign its Acceptable Use Policy.
2. The vendor has certain weaknesses in logical access controls. We noted that the vendor’s system parameter

settings do not require all users, including the vendor's, to change their passwords every 30 days; and to log off the system after a period of inactivity (i.e., 60 minutes maximum).

3. The CCACS does not have evidence they are generating or reviewing monitoring reports of user access and activity on the system (including the vendor's and CCACS employees). There is no evidence that the CCACS is performing procedures in order to determine which data the vendor may have altered or which vendor employees accessed the CCACS system.
4. The CCACS does not require written authorization prior to updating/upgrading of key applications or changing user data.
5. The CCACS is not backing up each application before placing program changes into production.

## **Recommendations**

The *Commonwealth Connections Academy Charter School* should:

1. Establish separate IT policies and procedures for controlling the activities of the vendor and require the vendor to sign its Acceptable Use Policy.
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) and to log off the system after a period of inactivity (i.e., 60 minutes maximum).
3. Generate monitoring reports (including firewall logs) of the vendor's 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 CCACS should review these reports to determine that the access was appropriate and that data was not improperly altered. The CCACS should also ensure it is maintaining evidence to support this monitoring and review.
4. Implement upgrade/update of the CCACS's system only after receipt of written authorization from the appropriate CCACS officials.

5. Back up each application before placing program changes into production to ensure recovery if problems are encountered.

**Management Response**

Management stated the following:

Overall, management agrees with most of the observations and appreciates the best practice suggestions. We will work to strengthen our internal controls related to vendor systems.

## **Status of Prior Audit Findings and Observations**

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Our prior audit of the Commonwealth Connections Academy Charter School (CCACS) for the school years 2005-06, 2004-05 and 2003-04 resulted in two reported findings. The first finding pertained to incorrectly billing tuition to sending school districts, and the second pertained to incorrectly reporting daily membership for sending school districts. As part of our current audit, we determined the status of corrective action taken by the CCACS to implement our prior recommendations. We performed audit procedures, and questioned CCACS personnel regarding the prior findings. As shown below, we found that the CCACS did implement recommendations related to billed tuition and reported daily membership.

### **School Years 2005-06, 2004-05 and 2003-04 Auditor General Performance Audit Report**

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**Finding No. 1: Charter School Incorrectly Billed Tuition to Sending School Districts**

Finding Summary: Our prior audit found that the CCACS and its billing vendor incorrectly billed tuition for the 2005-06, 2004-05 and 2003-04 school years resulting in CCACS being underpaid a net of \$77,659.

Recommendations: Our audit finding recommended that the CCACS:

1. Use the correct tuition rate for the school year the students attended the charter school.
2. Obtain the PDE-363 from each district that has students attending the charter school.
3. Reconcile all tuition billings to ensure that the correct tuition rate was in fact used for subsequent years.
4. Revise the incorrect tuition billings and resubmit to districts to ensure the charter school receives correct payment for all school years.

Current Status: During our current audit procedures, we found that the CCACS did implement the recommendations.

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**Finding No. 2: Charter School Incorrectly Reported Daily Membership for Sending School Districts**

Finding Summary: Our prior audit found that the CCACS and its child accounting vendor incorrectly reported membership days for the 2005-06, 2004-05 and 2003-04 school years, resulting in the sending school districts receiving incorrect reimbursement from the Department of Education.

Recommendations: Our audit finding recommended that the CCACS:

1. Require the vendors to notify each other if billed membership days are changed so that the child accounting data can be revised.
2. Review subsequent years reports and revise if necessary.

Current Status: During our current audit procedures, we found that the CCACS did implement the recommendations.

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## **Distribution List**

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This report was initially distributed to the chief executive officer of the charter school, the board of trustees, our website address at [www.auditorgen.state.pa.us](http://www.auditorgen.state.pa.us), and the following:

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This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, PA 17120. If you have any questions regarding this report or any other matter, you may contact the Department of the Auditor General by accessing our website at [www.auditorgen.state.pa.us](http://www.auditorgen.state.pa.us).

