



CENTRE LEARNING COMMUNITY  
CHARTER SCHOOL

CENTRE COUNTY, PENNSYLVANIA

PERFORMANCE AUDIT REPORT

JUNE 2014

COMMONWEALTH OF PENNSYLVANIA

**EUGENE A. DEPASQUALE - AUDITOR GENERAL**

DEPARTMENT OF THE AUDITOR GENERAL





Commonwealth of Pennsylvania  
Department of the Auditor General  
Harrisburg, PA 17120-0018  
Facebook: Pennsylvania Auditor General  
Twitter: @PAAuditorGen

**EUGENE A. DePASQUALE**  
**AUDITOR GENERAL**

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

Ms. Gail Boldt, Board President  
Centre Learning Community Charter School  
2643 West College Avenue  
State College, Pennsylvania 16801

Dear Governor Corbett and Ms. Boldt:

We conducted a performance audit of the Centre Learning Community Charter School (Charter School) to determine its compliance with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures (relevant requirements). Our audit covered the period August 8, 2013 through October 29, 2013, except as otherwise indicated in the report. Additionally, compliance specific to state subsidies and reimbursements was determined for the school years ended June 30, 2010, 2011, and 2012. Our audit was conducted pursuant to Section 403 of The Fiscal Code, 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 Charter School complied, in all significant respects, with relevant requirements, except as detailed in two (2) findings noted in this report. A summary of the results is presented in the Executive Summary section of the audit report.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale".

EUGENE A. DEPASQUALE  
Auditor General

June 19, 2014

cc: **CENTRE LEARNING COMMUNITY 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 Centre Learning Community Charter School (Charter School) in Centre County. Our audit sought to answer certain questions regarding the Charter School's compliance with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures.

Our audit scope covered the period August 8, 2013 through October 29, 2013, except as otherwise indicated in the audit scope, objectives, and methodology section of the report. Compliance specific to state subsidies and reimbursements was determined for the 2009-10, 2010-11, and 2011-12 school years.

### **Charter School Background**

The Charter School, located in Centre County, Pennsylvania, opened in August 1998. It was originally chartered on August 27, 1998, for a period of five (5) years by the State College Area School District. The Charter School's mission states: "The mission of Centre Learning Community Charter School is to create a powerful, safe, secure, active, project-based learning environment in which students develop the necessary knowledge, skills, and attributes to lead fulfilled and successful lives."

During the 2011-12 school year, the Charter School provided educational services to 98 pupils from eight (8) sending school districts through the employment of thirteen

(13) teachers, ten (10) full-time and part-time support personnel, and one (1) administrator. The Charter School received approximately \$1.2 million in tuition payments from school districts required to pay for their students attending the Charter School in the 2011-12 school year.

### **Adequate Yearly Progress**

The Charter School made Adequate Yearly Progress (AYP) for the 2011-12 school year by meeting all AYP measures.

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 (3) 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 by 2014.

## **Audit Conclusion and Results**

Our audit found that the Charter School complied, in all significant respects, with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures, except for two (2) compliance related matters reported as findings.

### **Finding No. 1: Possible Certification**

**Deficiency.** Our audit of the Centre Learning Community Charter School (Charter School) professional employees' certificates and assignments for the period of July 1, 2012 through June 30, 2013, found a possible certification deficiency in how the teachers at the Charter School are evaluated (see page 10).

### **Finding No. 2: Board Secretary and Treasurer Are Not Bonded in Accordance**

**With Public School Code.** Our audit of the Centre Learning Community Charter School revealed that neither the Board Secretary nor Treasurer is bonded as required by the Public School Code (see page 17).

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

**Observations.** There was no prior audit report for this audit. Therefore, there are no prior audit findings or observations.

## Background Information on Pennsylvania Charter Schools

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### *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 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.

### **Pennsylvania Charter School Law**

Pennsylvania's charter schools were established by the Charter School Law (CSL), enacted through Act 22 of 1997, as amended. In the preamble of the CSL, 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 CSL 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 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 (6) 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> *Id.* § 17-1717-A (c).

<sup>5</sup> *Id.* § 17-1717-A (d).

<sup>6</sup> *Id.* § 17-1717-A (f).

<sup>7</sup> 24 P.S. § 17-1721-A (a).

With certain exceptions for charter schools within the School District of Philadelphia, initial charters are valid for a period of no less than three (3) years and no more than five (5) years.<sup>8</sup> After that, the local school board can choose to renew a school's charter every five (5) 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 CSL 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 their application to the Pennsylvania Department of Education (PDE), which determines whether the application for a charter should be granted or denied.<sup>11</sup> However, if PDE denies the application, the applicant can still appeal the decision to the State Charter School Appeal Board.<sup>12</sup> In addition, PDE is responsible for renewing and revoking the charters of cyber charter schools.<sup>13</sup> Cyber charter schools that had their charter initially approved by a local school district prior to August 15, 2002, must seek renewal of their charter from PDE.<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 CSL, the sending school district must pay the charter/cyber charter school a per-pupil tuition rate based on its own budgeted costs, minus specified expenditures,

<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> *Id.* § 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).

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 CSL 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 *Id.* §§ 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 Pennsylvania 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 the LEA's management, the Governor, the Pennsylvania Department of Education, and other concerned entities.

Our audit, conducted under the authority of Section 403 of The Fiscal Code, 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 August 8, 2013 through October 29, 2013, except for the verification of professional employee certification, which was performed for the period July 1, 2012 through June 30, 2013.

Regarding state subsidies and reimbursements, our audit covered the 2009-10, 2010-11, and 2011-12 school years.

For the purposes of our audit work and to be consistent with Pennsylvania Department of Education (PDE) 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 the Charter School's compliance with certain relevant 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:

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

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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.*

services report filed with the Pennsylvania Department of Health to receive state reimbursement?

- ✓ Did the Charter School comply with the open enrollment and lottery provisions of the CSL?
- ✓ Did 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's Board of Trustees and administrators comply with the CSL, the PSC, 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 eighteen (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?
- ✓ Did the Charter School accurately report its membership numbers to PDE, and were its average daily membership and tuition billings accurate?
- ✓ Did the Charter School have sufficient internal controls to ensure that the membership data it reported to PDE through the Pennsylvania Information Management System was complete, accurate, valid, and reliable?
- ✓ Did the Charter School comply with the CSL's compulsory attendance provisions and, if not, did the Charter School remove days in excess of ten (10) consecutive unexcused absences from the Charter

School's reported membership totals pursuant to the regulations?<sup>22</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 CSL, 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 independent auditors, citizens, or other interested parties which warrant further attention during our audit?

## 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 certain relevant state 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 results and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our results and conclusions based on our audit objectives.

The Charter School's management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the Charter School is in compliance with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures (relevant requirements). In conducting our audit, we obtained an understanding of the Charter School's internal controls, including any information technology controls, as they relate to the Charter School's compliance with relevant requirements that we consider to be significant within the context of our audit objectives. We assessed whether those controls were properly designed and implemented. Any deficiencies in internal controls that were identified during the conduct of our

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<sup>22</sup> 22 Pa. Code § 11.24.

audit and determined to be significant within the context of our audit objectives are included in this report.

Our audit examined the following:

- Records pertaining to professional employee certification, state ethics compliance, student health services, special education, 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 select administrators and support personnel associated with the Charter School's operations.

## Findings and Observations

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### Finding No. 1

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*Criteria relevant to the finding:*

The Pennsylvania Certification Manual published by the Pennsylvania Department of Education provides guidance to public school entities, including charter schools, for complying with laws and regulations governing certification and staffing practices.

In Pennsylvania, a Level I certificate is considered a temporary certificate and is valid for six (6) teaching years in the subject area. A Level II certificate is considered a permanent certificate in the subject area.

### Possible Certification Deficiency

Our audit of the Centre Learning Community Charter School's (Charter School) professional employees' certificates and assignments for the period of July 1, 2012 through June 30, 2013, found the Charter School has a possible deficiency in how its teachers are evaluated.

Our audit found that the Charter School does not have appropriately State certified staff to perform teacher evaluations. Upon examining the Charter School's approved charter, addendums, and renewals, as well as the Charter School's annual reports filed with the Pennsylvania Department of Education (PDE), the Charter School allows its teachers to conduct evaluations of its fellow teachers. In a traditional public school environment, teacher evaluations must be conducted by an individual holding a State certification in administrative or supervisory positions, such as a principal or superintendent. A school's ability to conduct professional evaluations of its teachers is important because teacher evaluations are an important factor in converting a Level I teaching certificate (hereinafter referred to as "temporary teaching certificate") to a Level II teaching certificate (hereinafter referred to as a "permanent teacher certificate"). According to PDE's guidance received by the auditors, the Charter School's current process of allowing teachers to evaluate one another would not be considered a professional evaluation necessary for teachers who wish to convert their temporary teaching certificate to a permanent certificate.

The Charter School's Chief Executive Officer (CEO) explained that in the past, teacher evaluations were performed by an Education Compliance Officer (ECO), who was State certified as a Superintendent and employed by the Charter School from September 24, 2002 through June 30, 2012.

The Charter School has not filled the vacant ECO position, and it does not employ anyone else with an administrative or supervisory level certificate that could perform professional teacher evaluations. The Charter School reports that there have been no requests from its teachers to

obtain a permanent certificate since the former ECO left the Charter School.

The Charter School's CEO stated that they intend on contracting with a certified administrator to perform a professional evaluation on an as needed basis prior to any of their teachers applying for a permanent certificate. Again, according to PDE guidance received by the auditors, contracting someone to conduct teacher evaluations for the purpose of converting a temporary teaching certificate to a permanent certificate would not be acceptable.

Staffing and certification deficiencies could result in the Charter School's students not receiving a quality education or special services to which they are entitled. In addition, certification deficiencies could make it more difficult for the Charter School to renew its charter or, if severe enough, become a reason for its authorizing school district to revoke its charter. Additionally, the Charter School's failure to provide professional evaluations of its teachers could result in its teachers being ineligible to obtain a permanent teaching certificate from PDE.

### **Recommendations**

The *Centre Learning Community Charter School* should:

1. Hire a properly certified administrator or supervisor to perform professional teacher evaluations.
2. Revise its evaluation process listed in the approved charter and annual reports to include a process that would be considered as a professional evaluation by PDE.

The *State College Area School District* should:

3. Follow up with the Charter School regarding PDE's determination of these possible deficiencies.
4. Ensure that the Charter School's certification requirements and practices are consistent with the approved terms of its charter.

The *Pennsylvania Department of Education* should:

5. Determine if contracting a certified administrator or supervisor on a case-by-case basis to perform professional evaluations for teachers applying for a permanent teaching certificate is an acceptable practice.
6. Develop clearer certification guidelines for unique staffing and certification issues at charter schools.

### **Management Response**

Management stated the following:

“The auditors state ‘In a traditional public school environment, teacher evaluations must be conducted by an individual holding a State certification in administrative or supervisory positions, such as a Principal or Superintendent. According to PDE’s guidance received by auditors, the Charter School’s current process of allowing teachers to evaluate one another would not be considered a professional evaluation necessary for teachers who wish to convert their temporary teaching certificate to a permanent certificate.’

The guidance the auditors received from the Pennsylvania Department of Education is deficient and inaccurate.

CSPG 7 delineates the Policies for converting a Level I (provisional) certificate to a Level II (permanent) certificate. The requirements enumerated in CSPG 7 are as follows:

### **Instructional Certificates**

#### **Educational Requirements**

Educators holding a Level I certificate, who were awarded their initial baccalaureate degree after October 1, 1963, must provide evidence of 24 semester hour post-baccalaureate credits, six (6) of which must be associated with the area(s) of certification and/or designed to improve the professional practice, to meet the education requirements for conversion to a Level II certificate.

## Service Requirements

- Requires three years of satisfactory service on a Level I certificate in order to convert to a Level II.
- *Educator must possess at least six semi-annual evaluations of satisfactory performance on the Level I certificate in the area for which the certificate was issued. (emphasis added)*
- *Satisfactory service is verified via the Teacher Information Management System (TIMS) for schools provisioned to access TIMS or the PDE-338 P Form for non-provisioned educational entities. (emphasis added)*
- Instructional I certificates are made permanent in accordance with the regulation under which the initial instructional certificate was issued.
- All instructional areas of certification will simultaneously convert to a Level II certificate provided all Level II requirements have been met.

In order to address the second bullet point, Section 1123 of the Public School Code of 1949 requires the Department of Education to prepare a rating system for use to evaluate professional employees of school districts through a system that gives due consideration to personality, preparations, technique, and pupil reaction. In that regard PDE provides three options to school districts to evaluate employees:

- 1.) The PDE 5501 (Temporary Professional Employee/Professional Employee Rating Form)
- 2.) An alternative form developed by the school district and approved by the Department of Education
- 3.) PDE Forms 426 (Semi-Annual Employee Evaluation Form for Instructional I Teachers), 427 (Instructional I to Instructional II Assessment) and 428 (Employees Evaluation Form for Instructional II Teachers).

The guidance the PDE provided the auditors appears to be based on the above. The inaccuracy of this guidance is based on the fact that the provisions of the Public School Code of 1949 that apply to charter schools do not include Section 1123 of the Public School Code. In fact, PDE's website (Level I to Level II Evaluation Forms)

[http://www.education.state.pa.us/portal/server.pt/community/applications\\_for\\_certification/8649/level\\_i\\_to\\_level\\_ii\\_evaluation\\_forms/506765](http://www.education.state.pa.us/portal/server.pt/community/applications_for_certification/8649/level_i_to_level_ii_evaluation_forms/506765) which addresses Level I to



Level II Evaluation Forms has a link to the following document ‘How to request alternative rating forms’ which states the following:

**Note:** *Section 1123 of the PA Code* does not apply to PA’s charter schools; therefore, they are not required to submit alternative rating forms for professional and temporary professional employees for PDE approval.

Since PDE cannot approve or deny an alternative rating form, and not having evaluated the Centre Learning Community Charter Schools Peer Review system, the auditors conclusion (based on PDE’s guidance) that the Charter School’s current process of allowing teachers to evaluate one another would not be considered a professional evaluation necessary for teachers who wish to convert their temporary teaching certificate to a permanent certificate, is incorrect.

The third bullet point addresses the satisfactory service verification of a teacher applying for the Level II certification. The mechanism for this is through TIMS or the PDE 338 P form.

The PDE 338 P form has several sections. Of interest for this point is as follows: Section III – Professional Educator Experience refers to the applicant’s satisfactory service in their assignments. This section is completed by the school entity. Section IV – Chief School Administrator Recommendation, requires the Chief School Administrator’s initials on three (3) items verifying the applicant has completed an approved PDE approved Induction Program, has achieved a satisfactory rating on an evaluation of basic skills, knowledge, professional knowledge and subject matter knowledge, and finally the applicant is known and regarded as a person of good moral character and possesses qualities and professional knowledge and skill for the requested certificate. Finally, the PDE 338P requires the signature of the superintendent certifying that the information is correct and true. The

following is from the ‘INSTRUCTIONS FOR APPLICATION FOR LEVEL II CERTIFICATED FORM PDE 338P’:

**SECTION IV: Superintendent Recommendation**

(Section IV must be completed by the Superintendent. A *CEO/Director may complete and sign the form if the school entity is a Charter School*) (emphasis added).

1. Confirm each statement by placing your initials in the box provided.
2. Sign and date the form. Your signature confirms your recommendation for Level II certification.
3. **Return the form to the applicant**, not to the Bureau of School Leadership and Teacher Quality.

Again, the guidance the auditors received from PDE does not correspond with PDE policy. A Charter School Chief Executive Officer, who is not required to be certified, has the authority to recommend an applicant’s application for a Level II certification.

Based on the inaccuracies of the guidance provided by PDE, such that a charter school is not required to use an evaluation tool approved by the PDE, and the fact that a Charter School Chief Executive Officer has signature authority recommending a Level II certification, the auditors are factually incorrect in their findings.

Finally, the following statement from the auditors, which is based on inaccurate information from PDE, is particularly misleading:

‘Staffing and certification deficiencies could result in the Charter School’s students not receiving a quality education or special services to which they are entitled.’ Although this statement appears to be the default statement in charter school audit reports, this statement does not take into account the fact that the majority of the Core Content teachers are certified Level II teachers and in most cases are certified in multiple areas. The perceived deficiency in the use of an alternative professional evaluation as a basis to conclude that students may not receive a quality education is a disservice to a group of highly educated and dedicated professionals and is counter to the purpose of charter school law, which is to foster innovation and provide educational alternatives to traditional models.”

### **Auditor Conclusion**

This finding was written based on guidance received from PDE. It will stand as written.

## Finding No. 2

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### Board Secretary and Treasurer Are Not Bonded in Accordance With Public School Code

*Criteria relevant to the finding:*

Section 24 P.S. 4-431 of the Public School Code (PSC) states, in part:

“Before he enters upon duties of his office the secretary of the board of school directors shall furnish to the school district, for the faithful performance of his duties, a bond, in such amount and with such surety or sureties as may be required of him, and approved by the board of directors. . . .”

Section 24 P.S. 4-436 of the PSC states, in part:

“Every person elected treasurer . . . shall, before entering the duties of his office, furnish the school district a proper bond, in such amount and with such corporate surety as the board of school directors therein may approve, conditioned for the faithful performance of his duties as school treasurer. . . .”

Section 17-1732-A of the PSC provides the sections of the PSC that charter schools must adhere to, that list includes Section 431 and Section 436.

Our audit of the Centre Learning Community Charter School (Charter School) revealed that neither the Board Secretary nor the Treasurer is appropriately bonded, as required by the Public School Code.

A requirement for being elected to the position of Board Secretary and/or Treasurer is to operate in a manner that is honest and integral to the Charter School. If they violate that agreement, the bond holds them accountable for restitution and legal expenses.

The failure to have these two (2) positions appropriately bonded was due to the Charter School’s belief that the positions could be covered by provisions included in their commercial crime insurance policy and that no other requirement was needed.

By not having the positions properly bonded, the Charter School may not be able to recoup any financial loss to the Charter School as a result of improper conduct by the persons serving in these positions.

#### Recommendations

The *Centre Learning Community Charter School* should:

Obtain the bonds for the Board Secretary and Treasurer in accordance with the Public School Code.

#### Management Response

At the time of the audit, management waived the opportunity to respond to the finding.

#### Auditor Conclusion

We will follow up on the status of our recommendation during our next cyclical audit of the Charter School.

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

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**T**his is the first audit of the Centre Learning Community Charter School. Therefore, there are no prior audit findings or observations.

## **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 at [www.auditorgen.state.pa.us](http://www.auditorgen.state.pa.us), and the following stakeholders:

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

The Honorable Carolyn Dumaesq  
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. Lori Graham  
Acting Director  
Pennsylvania Department of Education  
Bureau of Budget and Fiscal Management  
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

Mr. Lin Carpenter  
Assistant Executive Director for Member Services  
School Board and Management Services  
Pennsylvania School Boards Association  
P.O. Box 2042  
Mechanicsburg, PA 17055

Ms. Elizabeth Anzalone  
Executive Assistant  
Pennsylvania Department of Education  
333 Market Street, 10th Floor  
Harrisburg, PA 17126

Dr. Robert O'Donnell  
Superintendent  
State College Area School District  
131 West Nittany Avenue  
State College, PA 16801

Ms. Penny Fishbaine  
Board President  
State College Area School District  
131 West Nittany Avenue  
State College, PA 16801

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