

# PERFORMANCE AUDIT

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## Renaissance Academy Charter School Chester County, Pennsylvania

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September 2014



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



Commonwealth of Pennsylvania  
Department of the Auditor General  
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**EUGENE A. DePASQUALE**  
**AUDITOR GENERAL**

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

Mr. Kent Smith, Board President  
Renaissance Academy Charter School  
40 Pine Crest Street  
Phoenixville, Pennsylvania 19460

Dear Governor Corbett and Mr. Smith:

We conducted a performance audit of the Renaissance Academy 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 May 6, 2013 through August 6, 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, 2011 and June 30, 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 cursive script, appearing to read "Eugene A. DePasquale".

Eugene A. DePasquale  
Auditor General

September 18, 2014

cc: **RENAISSANCE 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 Renaissance Academy Charter School (Charter School) in Chester 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 May 6, 2013 through August 6, 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 2010-11 and 2011-12 school years.

### **Charter School Background**

The Charter School, located in Chester County, Pennsylvania, opened in August 2000. It was originally chartered on August 17, 1999, for a period of five (5) years by the Phoenixville Area School District. The Charter School's mission states: "The mission of the Renaissance Academy is to prepare a diverse cross-section of children for success as students, workers, and citizens by providing them with a high quality liberal arts, college preparatory education through creation of a school in which high standards, creativity, technological sophistication, high motivation, and accountability are the norm. The school aims to achieve lasting gains in students' academic performance while serving the diverse needs of all students."

The Charter School provided educational services to 942 pupils from 22 sending school districts through the employment of 79 teachers, 42 full-time and part-time support personnel, and five (5) administrators during the 2011-12 school year. The Charter School received approximately \$12.4 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 2009-10, 2010-11, and 2011-12 school years by meeting all AYP measures.

AYP is a key measure of school performance established by the federal No Child Left Behind Act (NCLB) 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: Failure to Report Special Education Student Information in State Mandated Annual Report.** Our audit of the Renaissance Academy Charter School's (Charter School) annual report filed with the Pennsylvania Department of Education for the 2009-10, 2010-11, and 2011-12 school years revealed that the Charter School failed to include the required special education student information as prescribed by Chapter 711 Special Education Regulations in the Pennsylvania Code (see page 10).

**Finding No. 2: Failure of Board of Trustees' Members and School Administrators to File the Statements of Financial Interests Forms.** Our audit of the Renaissance Academy Charter School's records for the calendar years ended December 31, 2010, 2011, and 2012 found that Statement of Financial Interests forms were not filed for several current and former Board of Trustees' members and school administrators, in violation of the Public Official and Employee Ethics Act (see page 13).

**Status of Prior Audit Findings and Observations.** This was our first audit of the Renaissance Academy Charter School. 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).

*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.

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>

### **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,

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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> *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 LEA 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 May 6, 2013 through August 6, 2013, except for the verification of professional employee certification, which was performed for the period July 1, 2010 through May 23, 2013. Additionally, testing to determine compliance with the *Public Official and Employee Ethics Act* regarding the submission of Statement of Financial Interests forms covered the calendar years ending December 31, 2010, 2011, and 2012, and testing to determine compliance with the reporting requirements of *Chapter 711 Special Education Regulations* covered the 2009-10, 2010-11, and 2011-12 school years.

Regarding state subsidies and reimbursements, our audit covered the 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

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>

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

*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.

- ✓ 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 Pennsylvania 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 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, and the chartering school board members comply with 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?

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

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

- ✓ 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 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>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 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**

*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.

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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 certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures.

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 District'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 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, 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 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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### Failure to Report Special Education Student Information in State Mandated Annual Report

*Charter School Law (CSL) and Pennsylvania regulations relevant to the finding:*

Section 17-1728-A(b) of the CSL, 24 P.S. § 17-1728-A(b), requires each charter school to submit an annual report no later than August 1<sup>st</sup> of each year to the local board of school directors of the authorizing school district(s) and secretary of Pennsylvania Department of Education in the form prescribed by the secretary.

Chapter 711 of Title 22 of the Pennsylvania Code, 22 Pa. Code § 711.6(c), states:

“The annual report must include the age and type of exceptionality for each enrolled child with a disability; the level of intervention provided to each child with a disability; certification of staff providing services to each child with a disability; and programs and services available to children with a disability.”

Our audit of the Renaissance Academy Charter School (Charter School) found that the Charter School failed to include the required special education student information as prescribed by *Chapter 711 Special Education Regulations* in its annual charter school report required to be filed with the Pennsylvania Department of Education (PDE) for the 2009-10, 2010-11, and 2011-12 school years.

Charter schools are required to file an annual report on a form prescribed by PDE by August 1<sup>st</sup> of each year with the authorizing school district(s) and PDE. The purpose of the annual report is to facilitate the chartering school district’s required annual review of whether a charter school is meeting the goals of, and is in compliance with, its approved charter. *Chapter 711 Special Education Regulations* pertain to the delivery of special education services and programs in charter and cyber charter schools.

Specifically, *Chapter 711 Special Education Regulations* require that the annual report include information relating to the age and type of exceptionality for each enrolled child, and the level of intervention provided. This information is considered public data because it is to be presented by student age or grade level and not by individual student identifying data.

It is important that all of the required information be reported, as it represents very limited special education data available to the authorizing school district (in this case, Phoenixville Area School District), PDE, and the public regarding the special education population served by the Charter School, which is largely protected by confidentiality laws. Moreover, the Charter School’s annual report includes an assurance statement for the operation of the Charter School’s services and programs, signed by the board president and chief executive officer of the Charter School, stating it is in compliance with specific regulations, including the requirements of 22 Pa. Code § 711.

While we acknowledge that PDE's *eStrategic Planner Template Annual Report* directions did not specify the inclusion of this information, the Charter School remains responsible for ensuring the implementation of special education services or programs and meeting reporting requirements of the Pennsylvania Special Education Regulations.

### **Recommendations**

The *Renaissance Academy Charter School* should:

Ensure that all required special education information is included in its annual report.

The *Pennsylvania Department of Education* should:

Revise its electronic form used to collect annual report information from charter schools to specifically require the submission of special education student data as required under *22 Pa. Code § 711.6(c)*.

### **Management Response**

Management stated the following:

“The Renaissance Academy does not agree with this finding as accurate.

The Renaissance Academy has reported on the special education population, per Pennsylvania Department of Education, (PDE) through various child accounting requirements including the bi-yearly Child Count tables through the PIMS system. The Renaissance Academy has also reported via the Charter Annual Report (CAR) since 2000, and included all information required of that document template at the time.

The statement that specific information was not reported implies that the Renaissance Academy has neglected to report on these statistics; rather the Renaissance Academy DID report on these statistics as part of required PDE documents. It should also be noted that Special Education data WAS reported, in the CAR. The noted information was not present nor called for in the CAR and therefore not provided a second time through that document.

The DOE (Department of Education) has altered the CAR, beginning with September 2013 submission to include these specifics. At the time of this reply that document was not available for the Charter School to comment on. Going forward the Renaissance Academy will include these numbers in both reporting mechanisms though it is redundant.

\*Note: The guidance from PDE has recently stated that this reporting is not necessary in the CAR as it is redundant. Renaissance will choose to report these numbers through narratives if an area specified for them is not provided on the CAR.”

### **Auditor Conclusion**

Again, we acknowledge that PDE’s *eStrategic Planner Template Annual Report* directions did not specify the inclusion of this information. However, the Charter School still remains responsible for all information required to be included in the Charter School’s annual report. Specifically, *Chapter 711 Special Education Regulations* in Title 22 of the Pennsylvania Code require that the annual report include information relating to the age and type of exceptionality for each enrolled child and the level of intervention provided. Moreover, PDE’s *eStrat Planner Tool* is an open format that allows charter schools to freely enter information without predefined choices, including the ability to submit required information and accompanying attachments.

Moreover, this finding is specific to the special education information that state statute mandates be included in the annual report required to be filed by all charter schools. If this information was supplied elsewhere to PDE, it does not dismiss the fact that it must be contained in the Charter School’s annual report, which must also be filed with the Charter School’s authorizing school district and is made available to the public.

Therefore, the audit finding stands as presented.

**Finding No. 2**

**Failure of Board of Trustees' Members and School Administrators to File the Statement of Financial Interests Forms**

*Relevant statutory provisions and related criteria:*

When enacting the Public Official and Employee Ethics Act (Ethics Act), 65 Pa.C.S. § 1101 *et seq.*, our General Assembly stated the following: “Because public confidence in government can best be sustained by assuring the people of the impartiality and honesty of public officials, this chapter shall be liberally construed to promote **complete** financial disclosure as specified in this chapter.” (See 65 Pa.C.S. § 1101.1(a)).

The Ethics Act requires all candidates for public office, public officials, and certain public employees to complete a Statement of Financial Interests for the preceding calendar year annually, no later than May 1<sup>st</sup> of each year they hold their positions and of the year after leaving such positions. (See 65 Pa.C.S. § 1104(a)).

Section 1104(d) of the Ethics Act, 65 Pa.C.S. § 1104(d), which pertains to the failure to file the required Statement of Financial Interests, provides, in pertinent part, as follows:

“No public official shall be allowed to take the oath of office or enter or continue upon his duties, nor shall he receive compensation from public funds, unless he has filed a statement of financial interests. . . .”

Section 1104(e) of the Ethics Act, 65 Pa.C.S. § 1104(e), states, in pertinent part:

“All statements of financial interests . . . shall be made available for public inspection. . . .”

Our audit of the Renaissance Academy Charter School’s (Charter School) records for the calendar years ended December 31, 2010, 2011, and 2012, found that Statement of Financial Interests (SFI) forms were not filed for several Board of Trustees members and school administrators, in violation of the Public Official and Employee Ethics Act (Ethics Act), as follows.

<b>Unfiled Statement of Financial Interests Forms</b>	
<b>Year</b>	<b>Classification/Job Title</b>
2010	<b>5 Board Members</b>
	<b>1 School Administrator</b> -Chief Executive Officer
2011	<b>7 Board Members</b>
	<b>1 School Administrator</b> -Chief Executive Officer
2012	<b>7 Board Members</b>
	<b>2 School Administrators</b> -Chief Executive Officer -Business Manager

Public office is a public trust sustained by assuring the people of the impartiality and honesty of public officials and public employees. Accordingly, the Ethics Act requires all candidates for public office, public officials, and certain public employees to complete a Statement of Financial Interests for the preceding calendar year annually, no later than May 1<sup>st</sup> of each year they hold their positions and of the year after leaving such positions.

The Ethics Act specifically requires public officials and certain public employees to disclose matters on the SFI that currently or potentially create conflicts of interest with their public duties. When a public official or specified public employee does not properly file a required disclosure, the public cannot examine the disclosure in order to determine whether conflicts of interest exist. This in turn erodes the



*Relevant statutory provisions and related criteria (continued):*

Section 1105(a) of the Ethics Act, 65 Pa.C.S. § 1105(a), which requires the filing of a statement of financial interests, states, in part:

“All information requested on the statement shall be provided to the best of the knowledge, information and belief of the person required to file and shall be signed under oath or equivalent affirmation.”

Section 1105(b) of the Ethics Act, 65 Pa.C.S. § 1105(b), which specifies required information on a statement of financial interests form, includes requirements to list any office, directorship or employment of any nature whatsoever in any business entity and any financial interest in any legal entity engaged in business for profit.

Section 1109(b) of the Ethics Act, 65 Pa.C.S. § 1109(b), provides that any person who is required to file a Statement of Financial Interests but fails to do so may be found guilty of a misdemeanor and may be fined not more than \$1,000 or imprisoned for not more than one year, or both.

Section 1109(f), 65 Pa.C.S. § 1109(f), provides, in pertinent part, that any person who is required to file a Statement of Financial Interests but fails to do so in a timely manner or who files a deficient Statement of Financial Interests may be subject to a civil penalty at a rate of not more than \$25 for each day such statement remains delinquent or deficient, with a maximum penalty under this chapter of \$250.

public’s trust. In addition, the failure to file the SFI constitutes a violation of the Ethics Act.

The missing SFI forms were due, in part, to the Charter School changing the employee assigned the responsibility of collecting and maintaining the forms on numerous occasions each year.

A copy of this finding will be forwarded to the State Ethics Commission for additional review and determination.

### **Recommendations**

The *Renaissance Academy Charter School* should:

1. Seek the advice of its solicitor with regard to the Board of Trustees’ responsibility when a member fails to file a SFI form.
2. Develop procedures to ensure that all individuals required to file a SFI form do so in compliance with the Ethics Act.

### **Management Response**

Management stated the following:

“The Renaissance Academy concurs with the finding that due to non-filed statements of financial interests the auditors are not able to conclude that no conflict of interest exists. In order to correct, and remediate this error the following actions have been taken:

1. The Renaissance Academy has established a role/protocol for maintaining this yearly record.
2. The Renaissance Academy has designated a location for permanent physical filing of this yearly record.
3. The Renaissance Academy had internally requested prior years’ paperwork from those persons needing to file.”

### **Auditor Conclusion**

We are encouraged that the Charter School agrees with our finding. We will follow up on the status of our recommendations during the 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 Renaissance Academy 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  
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Harrisburg, PA 17120

The Honorable Carolyn Dumaesq  
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