

PERFORMANCE AUDIT

Sylvan Heights Science Charter School Dauphin County, Pennsylvania

January 2016



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE
AUDITOR GENERAL

Mr. Timothy Hess, Principal and CAO
Sylvan Heights Science Charter School
915 South 13th Street
Harrisburg, Pennsylvania 17104

Mr. Chad Hotsko, Board President
Sylvan Heights Science Charter School
915 South 13th Street
Harrisburg, Pennsylvania 17104

Dear Mr. Hess and Mr. Hotsko:

We conducted a performance audit of the Sylvan Heights Science Charter School (Charter School) to determine its compliance with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures (relevant requirements). We also evaluated the application of best practices in the areas of school safety and governance. Our audit covered the period August 18, 2010 through September 9, 2015, except as otherwise indicated in the report. Additionally, compliance specific to state subsidies and reimbursements was determined for the school years ended June 30, 2012, 2013, and 2014. 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. However, we identified one matter related to best practices that is reported as an observation. A summary of the results is presented in the Executive Summary section of the audit report.

Our audit observation and recommendations have been discussed with the Charter School's management, and their response is 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. We appreciate the Charter School's cooperation during the conduct of the audit.

Sincerely,

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

Eugene A. DePasquale
Auditor General

January 7, 2016

cc: **SYLVAN HEIGHTS SCIENCE CHARTER SCHOOL** Board of Trustees

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Executive Summary

Audit Work

The Pennsylvania Department of the Auditor General conducted a performance audit of the Charter School. Our audit sought to answer certain questions regarding the Charter School's application of best practices and compliance with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures and to determine the status of corrective action taken by the Charter School in response to our prior audit recommendations.

Our audit scope covered the period August 18, 2010 through September 9, 2015, 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 2011-12, 2012-13, and 2013-14 school years.

Charter School Background

The Charter School, located in Dauphin County, Pennsylvania, opened in August 1998. It was originally chartered on July 27, 1998, for a period of five years by the Harrisburg City School District. The Charter School's mission states: "The mission of the Sylvan Heights Science Charter School is to enhance children's lives through educational experiences that are grounded in a comprehensive, science-driven interdisciplinary program highlighting discovery and creativity." During the 2014-15 school year, the Charter School provided educational services to 220 pupils from five sending school districts

through the employment of 16 teachers, 16 full-time and part-time support personnel, and three administrators. The Charter School received \$2.4 million in tuition payments from school districts required to pay for their students attending the Charter School in the 2013-14 school year.

Academic Performance

The Charter School's academic performance as measured by its School Performance Profile (SPP) score was a 77.5 percent in the 2012-13 school year. SPP is the Pennsylvania Department of Education's (PDE) current method of providing a quantitative, academic score based upon a 100-point scale for all public schools. A score of 77.5 would be considered a "C" if using a letter grade system. Weighted data factors included in the SPP score are indicators of academic achievement, indicators of closing the achievement gap, indicators of academic growth, and other academic indicators such as attendance and graduation rates.

Previously, the Charter School did not make Adequate Yearly Progress (AYP) for the 2011-12 school year and was in a Warning status. Historically the Charter School had met AYP dating back to at least the 2007-08 school year. AYP was 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 needed to meet goals or targets in three areas: (1) Attendance (for

schools that did not have a graduating class) or Graduation (for schools that had a high school graduating class), (2) Academic Performance, which was based on tested students' performance on the Pennsylvania System of School Assessment (PSSA), and (3) Test Participation, which was based on the number of students that participated in the PSSA. Schools were evaluated for test performance and test participation for all students in the tested grades (3-8 and 11) in the school. AYP measures determined whether a school was making sufficient annual progress towards statewide proficiency goals. On August 20, 2013, Pennsylvania was granted a waiver from the NCLB's requirement of achieving 100 percent proficiency in Reading and Math by 2014, so AYP measures were discontinued beginning with the 2012-13 school year.¹

Audit Conclusion and Results

Our audit found that the Charter School applied best practices and complied, in all significant respects, with certain relevant state laws, regulations, contracts, grant requirements, and administrative procedures except as noted in the observation, which involves the lack of application of best practices and is unrelated to compliance.

Observation: Inadequate Board Policies and Procedures and the Lack of a Comprehensive Updated and Organized Policy Manual Could Negatively Impact the Operations of the Charter School. We identified several weaknesses regarding the Charter School's written policies and procedures related to reviewing, updating, and adopting board policies. We also identified inadequate policy overseeing the budget planning process. These weaknesses along with the lack of a comprehensive updated and organized policy manual could negatively impact the operations and finances of the Charter School and potentially result in the Charter School violating the Charter School Law (CSL). We found these weaknesses through a Board of Trustees (Board) survey, interviews with administrators, and review of documents (see page 12).

Status of Prior Audit Findings and Observations. With regard to the status of our prior audit recommendations to the Charter School, we found the Charter School had taken appropriate corrective action in implementing our recommendations pertaining to teacher certification (see page 16) and the Charter School's lack of a Memorandum of Understanding (MOU) with its local law enforcement agency (see page 17).

¹ In February 2013, Pennsylvania was one of many states that applied for flexibility from NCLB standards, which was granted by the U.S. Department of Education on August 20, 2013. The waiver eliminates AYP for all public schools and replaces it with a federal accountability system specific to Title I schools only (those with a high percentage of low-income students), which identifies Title I schools as "Priority," "Focus," "Reward," or "No Designation" schools. Beginning in 2012-13, **all** public school buildings received a SPP score.

Background Information on Pennsylvania Charter Schools

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

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

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

Pennsylvania's charter schools were established by the 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.² 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.³

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.⁴ 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,⁵ and that board must hold at least one public hearing before approving or rejecting the application.⁶ If the local school board denies the application, the applicant can appeal the decision to the State Charter School Appeal Board,⁷ 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.⁸

² 24 P.S. § 17-1702-A.

³ *Id.*

⁴ 24 P.S. § 17-1717-A(a).

⁵ *Id.* § 17-1717-A(c).

⁶ *Id.* § 17-1717-A(d).

⁷ *Id.* § 17-1717-A(f).

⁸ 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 years and no more than five years.⁹ 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.¹⁰

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.¹¹ Unlike brick-and-mortar charter schools, cyber charter schools must submit their application to the PDE, which determines whether the application for a charter should be granted or denied.¹² However, if PDE denies the application, the applicant can still appeal the decision to the State Charter School Appeal Board.¹³ In addition, PDE is responsible for renewing and revoking the charters of cyber charter schools.¹⁴ 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.¹⁵

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 CSL 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,

⁹ 24 P.S. § 17-1720-A.

¹⁰ PDE, Basic Education Circular, "Charter Schools," Issued 10/1/2004.

¹¹ 24 P.S. §§ 17-1703-A, 17-1741-A *et seq.*

¹² 24 P.S. § 17-1745-A(d).

¹³ *Id.* § 17-1745-A(f)(4).

¹⁴ 24 P.S. § 17-1741-A(a)(3).

¹⁵ 24 P.S. § 17-1750-A(e).

for the prior school year.¹⁶ 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.¹⁷ The CSL also requires that charter schools bill each sending school district on a monthly basis for students attending the Charter School.¹⁸

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 (PSC), 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.¹⁹ 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.²⁰

¹⁶ See 24 P.S. § 17-1725-A(a)(2).

¹⁷ See *Id.* §§ 17-1725-A(a)(3); 25-2509.5(k).

¹⁸ See 24 P.S. § 17-1725-A(a)(5).

¹⁹ See 24 P.S. § 25-2591.1. Please note that this provision is contained in the general funding provisions of the PSC and not in the CSL.

²⁰ Please note that the general funding provision referenced above (24 P.S. § 25-2591.1) has not been repealed from the PSC and states the following: "For the fiscal year 2003-04 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

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, PDE, 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 PSC, 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 18, 2010 through September 9, 2015. In addition, the scope of each individual audit objective is detailed below.

Regarding state subsidies and reimbursements, our audit covered the 2011-12, 2012-13, and 2013-14 school years.

For the purposes of our audit work and to be consistent with 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, regulations, third-party studies and best business practices. Our audit focused on assessing the Charter School's application of best practices and its compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures. Regarding compliance, our audit focused primarily on whether the Charter School was in compliance with the PSC²¹ and CSL.²² More specifically, we sought to determine answers to the following questions, which serve as our audit objectives:

- ü Was the Charter School in overall compliance with the accountability provisions included in the CSL specific to its approved charter and governance structure?
- ü Did the Charter School's Board and administration maintain best practices in overall organizational governance?

²¹ 24 P.S. § 1-101 *et seq.*

²² 24 P.S. § 17-1701-A *et seq.*

- To address this objective, we surveyed the District’s current Board, conducted in-depth interviews with the current Superintendent and his or her staff, reviewed board meeting books, policies and procedures, and reports used to inform the Board about student performance, progress in meeting student achievement goals, budgeting and financial position, and school violence data to determine if the Board was provided sufficient information for making informed decisions.

ü Was the Charter School operating in compliance with accountability provisions included in the CSL specific to its approved charter and governance structure?

To address this objective:

- Auditors reviewed the approved charter and any amendments.
- In addition, auditors reviewed current board policies and procedures, vendor contracts for the 2011-12, 2012-13, and 2013-14 school years, IRS 990 forms for the 2012, 2013, 2014 calendar years, and charter school annual reports for the 2011-12, 2012-13, and 2013-14 school years.

ü Were the Charter School’s Board and administrators free from apparent conflicts of interest and in compliance with the CSL, the PSC, the Public Official and Employee Ethics Act, and the Sunshine Act?

To address this objective:

- Auditors reviewed Statements of Financial Interest for all board members and administrators for the 2010, 2011, 2012, and 2013 calendar years.
- In addition, auditors reviewed board meeting minutes, and other documentation related to any known outside relationships with the Charter School and/or its authorizing school

district for the period from September 2011 through January 2015.

- Ü Were at least 75 percent of the Charter School’s teachers properly certified pursuant to Section 1724-A of the CSL, and did all of its noncertified teachers in core content subjects meet the “highly qualified teacher” requirements under the federal NCLB Act of 2001?
 - To address this objective, auditors reviewed and evaluated certification documentation and teacher course schedules for all teachers and administrators for the period covering school years 2010-11 through 2014-15.

- Ü Did the Charter School accurately report its membership numbers to PDE, and were its average daily membership and tuition billings accurate?
 - To address this objective, auditors reviewed the Charter School’s membership reports, instructional time summaries, entry/withdrawal procedures, tuition rates and tuition billings, and supporting documentation for the 2011-12 through 2014-15 school years.

- Ü Did the Charter School ensure that the membership data it reported to PDE through the Pennsylvania Information Management System was complete, accurate, valid, and reliable for the most current year available?
 - To address this objective, auditors reviewed the only school calendar that existed for the 2013-14 school year to confirm the total number of school days matched what was reported to the PDE.

- Ü Did the Charter School provide its employees with a retirement plan, such as the Public School Employees’ Retirement System (PSERS), as required by Section 1724-A(c) of the CSL, and were employees enrolled in PSERS eligible to receive plan benefits?

- To address this objective, auditors reviewed the approved charter and any amendments, board meeting minutes, personnel listings, payroll reports, and PSERS wage reports for all employees for the 2013-14 school year.
- Ü Did the District pursue a contract buy-out with an administrator and if so, what was the total cost of the buy-out, what were the reasons for the termination/settlement, and did the current employment contract(s) contain adequate termination provisions?
- To address this objective, we reviewed the contract(s), settlement agreement(s), board meeting minutes, board policies, and payroll records for the only Charter School contracted administrator who resigned during the 2014-15 school year.
- Ü Did the Charter School take appropriate steps to ensure school safety, including maintaining a current MOU with its local law enforcement agency?

To address this objective:

- The auditors reviewed a variety of documentation including the MOU, safety plan, training schedules, and anti-bullying policies to assess whether the Charter School is in compliance with relevant safe schools requirements in the PSC²³ and with best practices for ensuring school safety.
 - In addition, the auditors conducted an on-site review of the Charter School's building to assess whether it had implemented basic physical safety practices based on national best practices.
- Ü Did the Charter School comply with the open enrollment and lottery provisions under Section 1723-A of the CSL?

²³ 24 P.S. § 13-1301-A *et seq.*

- To address this objective, auditors reviewed the approved charter and any amendments, admission policies and procedures, wait lists, lottery results, and other supporting documentation for the 2014-15 school year.

Ü Did the Charter School take appropriate corrective action to address recommendations made in our prior audit?

To address this objective:

- The auditors interviewed Charter School administrators to determine whether they had taken corrective action.
- The auditors then reviewed documentation to verify that the administration had implemented the prior audit report's recommendations and/or physically observed these changes in person.

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 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, vendor contracts, and administrative contracts.
- Items such as the approved Charter and any amendments, board meeting minutes, pupil membership records, IRS 990 forms, board policies, and annual reports.

Additionally, we interviewed select administrators and support personnel associated with the Charter School's operations.

To determine the status of our audit recommendations made in a prior audit report released on February 22, 2012, we reviewed the Charter School's response to PDE dated May 18, 2012. We then performed additional audit procedures targeting the previously reported matters.

Findings and Observations

Observation

Inadequate Board Policies and Procedures and the Lack of a Comprehensive Updated and Organized Policy Manual Could Negatively Impact the Operations of the Charter School

According to The National School Boards Association's (NSBA) *The Key Work of School Boards* (2009), an important part of achieving academic success is aligning the LEA's resources, thinking, planning, and execution. (pg. 40) Policy is an important part of achieving that alignment. The NSBA suggests one way to achieve this alignment is to "Set up a process for reviewing board policies in light of current goals and priorities . . . Often there are huge disconnects among these elements . . . Often, too, policies are in place that are outdated and even contradictory to what the board and are committed to doing." (pg. 40) In addition, *The Key Work of School Boards* guidebook also states that "A periodic systematic review of policies to assure consistency with your adopted vision is an affirmative step that signals to the staff, student, and community that the board is committed to its vision." (pg. 12/13)

According to the Pennsylvania School Boards Association's (PSBA) *Standards for Effective School Governance*, a standard of an effective school board is one that "Models responsible governance and leadership." (pg. 2) A benchmark used to assess a Board's effectiveness in this area is "Has the board established an annual professional development plan for board members that encourages attendance at a minimum of five training opportunities?" (pg. 3)

We identified several weaknesses regarding the Charter School's written policies and procedures related to reviewing, updating, and adopting board policies. We also identified inadequate policy overseeing the budget planning process. These weaknesses along with the lack of a comprehensive updated and organized policy manual could negatively impact the operations and finances of the Charter School and potentially result in the Charter School violating the CSL. We found these weaknesses through surveying the Board, interviewing administrators, and reviewing documents.

Inadequate Policy & Procedure Content

The following weaknesses were noted regarding the Charter School's written policies and procedures related to reviewing, updating, and adopting board policies:

- No requirement that the adoption of board policies should be recorded in the minutes.
- No documentation indicating who is responsible for writing draft board policy.
- No requirement that the solicitor will review each new board policy.
- No identification of time that should be allowed for review and comment between the first reading and second reading on policies before they are approved by the Board.
- No requirement that policies should be reviewed at least annually and updated if necessary.

In addition, The Center for Public Education (CPE) reviewed research that revealed *Eight Characteristics of Effective School Boards* (2011).

One of these is “Effective school boards take part in team development and training, sometimes with their superintendents, to build shared knowledge, values and commitments for their improvement efforts.” (pg. 6/7) The research indicated that one of the elements that supported effective board governance was “formal training for board members.” The CPE report also found that the members of highly effective boards “commit to their own learning, building the knowledge and skills it takes to govern during a period of educational reform.” (pg. 7/7) According to PSBA’s *Standards for Effective School Governance*, a standard of an effective school board is one that “Models responsible governance and leadership.” (pg. 3) According to this same document, an indicator of whether a board is complying with this standard is whether it is “Staying current with changing needs and requirements by reviewing educational literature, attending professional development opportunities prior to Board service and continuously during board service, and preparing to make informed decisions.” (pg. 3) In addition, one of the benchmarks for measuring compliance with this standard is “Does the Board provide opportunities for all new board members to attend orientation programs?”

- No policy to govern the budget planning process that contains key elements such as estimated annual cost for implementation of the charter school’s educational program, a plan for current and future technology needs, plans for an inventory and replacement schedule of all school equipment, a projected budget of expenditures and income for the current and ensuing years, a plan of anticipated revenues, and a long range plan for annual maintenance and replacement of facilities.

Lack of Comprehensive Policies and Procedures Manual

The Charter School has by-laws that govern the basic operating structure; however, the by-laws do not require the charter school to maintain an organized policy manual. Policies adopted by the Board are used by the administration to set procedures for the daily operation of the Charter School. The Charter School has policies in place, but our review found that numerous policies were not numbered, dated or organized. When policies are not maintained in a centralized location the Board and the administration may not be aware of existing policies or may fail to abide by the most recently adopted policies. This could result in the Board or administrators taking action that violates current policy, which has the potential of negatively impacting the charter school and possibly violating the CSL.

We also noted the Charter School does not list its policies on the Charter School’s website. This prevents the parents and the public from having the ability to review policies and hold the charter school accountable. Charter School administration annually distributes handbooks that outline policies specific to students; however, there is no way to verify if the handbooks contain the information that was approved by the Board.

The Principal/CAO noted the current Charter School administration is working to organize all policies into a central location, complete a total policy review, revise policies as necessary, develop a policy review schedule, and to post policies on the Charter School’s website as they are approved and/or revised.

Recommendations

The *Sylvan Heights Science Charter School* should:

1. Revise the by-laws to require the development and maintenance of a comprehensive policy manual.
2. Organize all policies in a central location, ensure that all policies are current, and make them available to the public by posting them on the Charter School's website.
3. Develop a written board policy that:
 - Requires the adoption of board policies be included in the board minutes.
 - Indicates who is responsible for preparing draft policies for consideration by the Board.
 - Requires the solicitor to review all new policies.
 - Identifies the amount of time that should be allowed for review and comment between the first reading and second reading on policies before they are approved by the Board.
 - Requires that policies be reviewed at least annually and updated if necessary.
4. Develop a policy relating to budget planning which contains key elements such as:
 - Estimated annual cost for implementation of the Charter School's educational program.
 - A plan for current and future technology needs.
 - A plan for an inventory and replacement schedule of all school equipment.
 - A projected budget of expenditures and income for the current and ensuing years.
 - A plan of anticipated revenues.

- A long range plan for annual maintenance and replacement of facilities.

Management Response

Management stated the following:

“In response to the aforementioned observation, determined by the Auditor General’s recent audit, the Administration of Sylvan Heights Science Charter School concurs that attention is required to organize a consolidated policy manual as well as a comprehensive review of school policy. To that end, the Principal/CAO has been working collaboratively with the Board of Trustees to complete this process since assuming his position in January 2015. Evidence relating to this can be noted through the addition of several recently reviewed and newly adopted policies which have been posted to a newly created page on the school’s website. A comprehensive policy manual is located in the Principle Administrative office of the school. A review of all past board minutes has been underway since January to ensure that all policies are represented in this manual, and this review is to be completed by year end. Recent practice has been to expressly note the adoption of board policies in Board minutes. Both new policies, as well as policy revisions, are reviewed by the school’s solicitor. Policies are presented to the board and noted on the board agenda for first reading at least one month prior to approval by the board, allowing time for review and comment prior to final board approval. A comprehensive policy review schedule is currently being developed by the board. Additionally, a board policy will be adopted to memorialize the current budget planning process, which is fully in compliance with school code.”

Auditor Conclusion

We commend the Charter School for expeditiously implementing corrective action. We will review this and any other corrective action taken during our next audit of the Charter School.

Status of Prior Audit Findings and Observations

Our prior audit of the Charter School released on February 22, 2012, resulted in two reported findings. The first finding pertained to teacher certification, and the second finding pertained to failure to develop a MOU with its local law enforcement agency. As part of our current audit, we determined the status of corrective action taken by the Charter School to implement our prior recommendations. We performed audit procedures and interviewed the Charter School's personnel regarding the prior findings. As shown below, we found that the Charter School did implement recommendations related to the certification and MOU.

Auditor General Performance Audit Report Released on February 22, 2012

Prior Finding No 1: Certification Deficiency

Prior Finding

Summary:

Our prior review of professional employees' certification and assignments for the period July 1, 2006 through May 21, 2010, found one professional employee did not have proper certification for her teaching assignment in the 2006-07, 2007-08, and 2008-09 school years.

Prior

Recommendations:

Our prior audit finding recommended that the Charter School's Chief Executive Officer should ensure that:

1. Individuals are properly certified for their area of administrative responsibility or subject in which they teach.
2. The individual cited in this finding obtain proper certification or is assigned to a position in which they have a valid certification.

We also recommended that the Charter School's Board, in order to ensure compliance for all subsequent years, should establish procedures to ensure that:

3. Professional employees are properly certified for their area of administrative responsibility or subject in which they teach, for the entire school year, in compliance with the CSL, Chapter 711, and PDE's Certification and Staffing Policies and Guidelines (CSPG).
4. Administrative personnel are provided with sufficient training in order to understand and manage charter school certification requirements as defined by the CSL, Chapter 711, and PDE's CSPGs.

We also recommended that, as the authorizing school district, the Harrisburg City School District should:

5. Follow up with the Charter School regarding this individual's future teaching assignments and certification status.
6. Review the Charter School's charter and determine whether the Charter School is violating certification and/or special education terms of its approved charter with the District.

Current Status: During our current audit, we found that the Charter School did implement our recommendations and all professional certifications reviewed matched teaching assignments.

Prior Finding No. 2: Failure to Develop Memorandum of Understanding with Local Law Enforcement

Prior Finding Summary:

Our prior audit of the Charter School's records found that the Charter School did not have a signed MOU with local law enforcement agencies available at the start date of the audit.

Prior Recommendations:

Our prior audit finding recommended that the Charter School:

1. In consultation with its solicitor, continue to review, update, and re-execute the current MOU between the Charter School and local law enforcement agencies pursuant to the terms prescribed by the PSC.
2. In consultation with the Charter School'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, effective February 15, 2011.
3. Adopt a board policy requiring the Charter School's administration to biennially update and re-execute all MOUs with local law enforcement agencies and file a copy with PDE's Office of Safe Schools on a biennial basis as required by the PSC.

Current Status: During our current audit, we found that the Charter School did implement the recommendations and has an updated MOU with local law enforcement agencies.

Distribution List

This report was initially distributed to the Chief Executive Officer of the Charter School, the Board of Trustees, and the following stakeholders:

The Honorable Tom W. Wolf

Governor
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Harrisburg, PA 17120

The Honorable Pedro A. Rivera

Secretary of Education
1010 Harristown Building #2
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