

PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE

ERIE COUNTY, PENNSYLVANIA

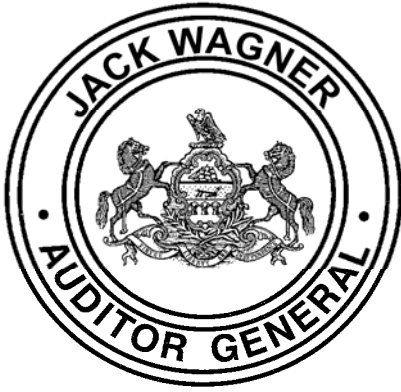
PERFORMANCE AUDIT REPORT

DECEMBER 2008



PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE  
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The Honorable Edward G. Rendell  
Governor  
Commonwealth of Pennsylvania  
Harrisburg, Pennsylvania 17120

Mr. Elvage Murphy, Board Chairperson  
Perseus House Charter School of Excellence  
2931 Harvard Road  
Erie, Pennsylvania 16508

Dear Governor Rendell and Mr. Murphy:

We have conducted a performance audit of the Perseus House Charter School of Excellence for the years ended June 30, 2006, 2005 and 2004 and in certain areas extending beyond June 30, 2006. Our audit was conducted pursuant to 72 P.S. § 403 and in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

To plan and perform our audit of the Perseus House Charter School of Excellence we considered the school's internal controls pertinent to our audit objectives. Based on our consideration of these internal controls, we determined audit procedures for the purpose of reporting on our audit objectives, but not to provide assurances on the effectiveness of the school's internal controls. However, any significant internal control deficiencies found during our audit were included in our report.

The results of our tests indicated that, in all significant respects, the Perseus House Charter School of Excellence was in compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit, except as noted in the following three findings.

Independent Auditor's Report (Continued)

The findings are discussed in detail in the Conclusion section of this report:

Finding No. 1 – Internal Control Weaknesses in the Reporting of Membership Data

Finding No. 2 – Failure to File General Fund Budgets

Finding No. 3 – Failure to Develop a Memorandum of Understanding

We believe our recommendations, if implemented by the school, will help ensure compliance with applicable state laws, regulations, contracts, grants requirements, and administrative procedures falling within the scope of our audit.

Sincerely,

/s/

JACK WAGNER  
Auditor General

December 18, 2008

cc: Mr. James Infantino, Board Vice-Chairperson  
Ms. Susan Miller, Board Secretary  
Ms. Della Connaroe, Board Treasurer  
Dr. William Brereton, Board of Trustees  
Mr. Raymond A. Fiorelli, Board of Trustees  
Mr. Robert L. Marz, Board of Trustees  
Mr. William A. Nichols, Sr., Board of Trustees  
Mr. Daniel Pastore, Esquire, Board of Trustees  
Ms. Nicole S. Thompson, Board of Trustees  
Mr. John F. Linden, Ed.D., Chief Educational Director

PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE  
PERFORMANCE AUDIT REPORT  
HISTORY OF CHARTER SCHOOLS IN PENNSYLVANIA

**History of Charter Schools in Pennsylvania**

Pennsylvania's charter schools were established by the Charter School Law (Law), enacted through Act 22 of 1997. In the preamble of the Law, the General Assembly stated its intent to provide teachers, parents, pupils, 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 pupil learning, encourage the use of different and innovative teaching methods, and offer parents and students expanded educational choices.<sup>2</sup>

The Law permits the establishment of charter schools by a variety of persons and entities, including, among others, an individual; a parent or guardian of a student who will attend the school; any nonsectarian corporation not-for-profit; and any nonsectarian college, university or museum.<sup>3</sup> Applications must be submitted to the local school board where the charter school will be located by November 15 of the school year preceding the school year in which the 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 members appointed by the Governor.<sup>7</sup>

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

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<sup>1</sup> 24 P.S. § 17-1702-A.

<sup>2</sup> Id.

<sup>3</sup> 24 P.S. § 17-1717-A (a).

<sup>4</sup> 24 P.S. § 17-1717-A (c).

<sup>5</sup> 24 P.S. § 17-1717-A (d).

<sup>6</sup> 24 P.S. § 17-1717-A (f).

<sup>7</sup> 24 P.S. § 17-1721-A (a).

<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.

PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE  
PERFORMANCE AUDIT REPORT  
HISTORY OF CHARTER SCHOOLS IN PENNSYLVANIA

**History of Charter Schools in Pennsylvania (Continued)**

Act 88 of 2002 amended the Law to allow for the establishment of cyber charter schools, which conduct a significant portion of their curriculum and instruction through the Internet or other electronic means.<sup>10</sup> Unlike charter schools, cyber charter schools must submit their application to the Department of Education (DE), which determines whether the application for charter should be granted or denied. However, if DE denies the application, the applicant can still appeal the decision to the State Charter School Appeal Board. In addition, DE is responsible for renewing and revoking the charters of cyber charter schools.<sup>11</sup> There are currently 125 charter schools operating in Pennsylvania, 11 of which are cyber charter schools.<sup>12</sup> According to DE, nearly 50,000 children are enrolled in these schools.<sup>13</sup>

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<sup>10</sup> 24 P.S. § 17-1703-A.

<sup>11</sup> 24 P.S. § 17-1745-A (a), (f).

<sup>12</sup> DE expects the total number of charter schools to increase by five to seven for the 2007-08 school year based on new charter school applications pending final approval.

<sup>13</sup> Department of Education Web site at [http://www.pde.state.pa.us/charter\\_schools/site/default.asp](http://www.pde.state.pa.us/charter_schools/site/default.asp).



PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE  
PERFORMANCE AUDIT REPORT  
BACKGROUND

**Background**

The Perseus House Charter School of Excellence, located in Erie County, opened in August 2003. The Perseus House Charter School of Excellence was originally chartered for a period of three years by the City of Erie School District.

The Perseus House Charter School of Excellence was created to provide the highest quality instructional support to its students through education programs and services for secondary students in the Commonwealth of Pennsylvania. These education programs and services will facilitate intellectual growth, which will enable these students to become independent, responsible, employable and successful citizens.

During the school year ended June 30, 2006, the school provided educational services to 615 students from nine sending school districts through the employment of six administrators, 31 teachers, and 17 full-time and part-time support personnel. The charter school also provided educational services to 456 students during the 2004-05 school year, and 330 students during the 2003-04 school year.

Expenditures for the school years<sup>14</sup> 2005-06, 2004-05, and 2003-04 were \$4,127,598, \$2,735,414 and \$1,706,680 respectively. Revenues of \$4,476,553, \$2,964,083 and \$1,788,718, supporting these expenditures were derived from local, state, federal sources for the 2005-06, 2004-05 and 2003-04 school years, respectively, (see Summary of Charter School Revenue, page 7). State revenue was received in the form of reimbursements for rental and sinking fund<sup>15</sup> payments, health services, Social Security and Medicare Taxes, and retirement obligations along with several grants. (see Appendix III – Schedule of State Revenue, page 19).

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<sup>14</sup> A “school year” is synonymous to a “fiscal year” and covers the time period from July 1<sup>st</sup> to June 30<sup>th</sup>.

<sup>15</sup> A “sinking fund” is an account established to repay monies that were borrowed through a bond issue.

PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE  
PERFORMANCE AUDIT REPORT  
BACKGROUND

**Background (Continued)**

The charter school derives the majority of its operating revenue from the school districts whose students attend the charter school. These sending school districts are required by Section 17-1725-A of the Public School Law<sup>16</sup> and instructions from the Department of Education to provide the charter school with a calculation of allowable expenditures referred to as “selected expenditures” for non-special education students and special education students,<sup>17</sup> based upon the school districts’ general fund budgeted expenditures and estimated average daily membership (ADM) for the immediately preceding school year. ADM refers to the number of days each student is enrolled at the charter school or school district over course of the school year. This average is used to calculate various subsidies and reimbursements for school districts and charter schools.) This funding calculation is to be paid to the charter school by the sending school districts, based on the actual ADM of their students who attend the charter school.

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<sup>16</sup> 24P.S. § 17-1725-A.

<sup>17</sup> Charter schools receive additional funding for special education students as calculated on the basis of 24 P.S. § 17-1725-A(a)(3).

PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE  
PERFORMANCE AUDIT REPORT  
BACKGROUND

SUMMARY OF CHARTER SCHOOL REVENUE

[UNAUDITED]

	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b><u>CHARTER SCHOOL REVENUES</u></b>			
Local Revenue*	\$3,784,988	\$2,564,250	\$1,703,136
Federal Revenue	413,932	83,689	-
State Revenue	<u>277,633</u>	<u>316,144</u>	<u>85,582</u>
<b><u>TOTAL REVENUE</u></b>	<b><u>\$4,476,553</u></b>	<b><u>\$2,964,083</u></b>	<b><u>\$1,788,718</u></b>

\*Local revenue represents both local and state taxpayer dollars paid through the sending school district.

Note: Refer to Appendices for support schedules of all dollar figures.

PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE  
PERFORMANCE AUDIT REPORT  
OBJECTIVES, SCOPE AND METHODOLOGY

**OBJECTIVES AND SCOPE**

The objective of our audit was to determine if the Perseus House Charter School of Excellence complied with applicable state laws, regulations, contracts, grant requirements, and administrative procedures pertaining to charter schools in Pennsylvania. The objectives included in our audit of the Perseus House Charter School of Excellence were:

- to determine overall compliance with the Public School Code of 1949<sup>18</sup> (Code) and the Charter School Law (Law);<sup>19</sup>
- to determine whether at least 75 percent of the charter school's professional staff members, including teachers and administrators, were properly certified and, if applicable, teaching in their areas of certification in accordance with Section 1724-A(a) of the Law;<sup>20</sup>
- to determine whether the charter school complied with Sections 1109 and 1209 of the Code,<sup>21</sup> to which charter schools are made subject by Section 1724-A(b) of the Law,<sup>22</sup> requiring that noncertified professional employees of the charter school present evidence that they are: 1) at least 18 years of age, 2) a U.S. citizen, and 3) 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;
- to verify membership numbers reported to DE and determine whether ADM and tuition billings were accurate;
- to determine whether the charter school satisfied instructional time requirements of a minimum of 180 days of instruction or 900 hours per year of instruction at the elementary level, or 990 hours per year of instruction at the secondary level pursuant to Section 1715-A(9) of the Law;<sup>23</sup>
- to verify membership numbers reported to the Department of Education (DE) and determine whether average daily membership and tuition billings were accurate based on the tuition formula set by the Law;

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<sup>18</sup> 24 P.S. § 1-101 *et seq.*

<sup>19</sup> 24 P.S. § 17-1701-A *et seq.*

<sup>20</sup> 24 P.S. § 17-1724-A(a).

<sup>21</sup> 24 P.S. §§ 11-1109 and 12-1209.

<sup>22</sup> 24 P.S. § 17-1724-A(b).

<sup>23</sup> 24 P.S. § 17-1715-A(9).

PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE  
PERFORMANCE AUDIT REPORT  
OBJECTIVES, SCOPE AND METHODOLOGY

**OBJECTIVES AND SCOPE (Continued)**

- . to determine whether the charter school complied with the compulsory attendance provisions in accordance with both Section 1327 of the Code<sup>24</sup> and Chapter 11 of the State Board of Education Regulations<sup>25</sup> and, if not, whether the charter school removed days in excess of ten consecutive unexcused absences from the school's reported membership totals pursuant to Section 11.24 of the State Board of Regulations;<sup>26</sup>
- . to determine whether each of the charter school's trustees and administrators and each of the school board members of the host school district complied with the Code and the Public Official and Employee Ethics Act<sup>27</sup> (Ethics Act) by filing their Statement of Financial Interests Forms and to determine whether any violations of the Ethics Act occurred or any potential conflicts of interests exist;
- . to determine whether the charter school complied with Section 1303-A of the Code<sup>28</sup> requiring the charter school to obtain a Memorandum of Understanding with their local law enforcement agency;
- . to determine whether the charter school is in compliance with Section 1724-A(c) of the Law<sup>29</sup> requiring that all employees of the charter school be enrolled in the Public School Employees' Retirement System at the time of filing the charter school application unless the board of trustees has a retirement plan that covers the employees or the employees are enrolled in another retirement program; and
- . to determine whether the charter school is in compliance with Section 1728-A of the Law<sup>30</sup> requiring each charter school to assess whether it is meeting the goals of its charter and to submit a report of its assessment to DE no later than August 1 of each year.

Unless otherwise indicated, the scope of our audit covered the years ended June 30, 2006, 2005 and 2004.

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<sup>24</sup> 24 P.S. § 13-1327 (Charter schools are subject to the compulsory school attendance requirements of the Code pursuant to Section 17-1732-A(a) of the Law, 24 P.S. § 17-1732-A(a).)

<sup>25</sup> 22 Pa. Code, Chapter 11.

<sup>26</sup> 22 Pa. Code § 11.24.

<sup>27</sup> 65 Pa.C.S. § 1101 *et seq.*

<sup>28</sup> 24 P.S. § 13-1303-A(c).

<sup>29</sup> 24 P.S. § 17-1724-A(c).

<sup>30</sup> 24 P.S. § 17-1728-A.

PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE  
PERFORMANCE AUDIT REPORT  
OBJECTIVES, SCOPE AND METHODOLOGY

**METHODOLOGY**

Our audit was conducted under authority of 72 P.S. § 403, and does not supplant the local annual audit required by the Public School Code.

The proper administration of a charter school requires its board of trustees to establish and maintain internal controls to provide reasonable assurances that specific charter school objectives will be achieved. Charter school trustees are responsible for the adoption and use of policies and procedures that promote the economical and efficient execution of its assigned duties and responsibilities. In completing our audit, we obtained an understanding of the charter school's internal controls as they relate to the charter school's compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit. We evaluated and tested documents, files, reports, agreements, and systems, and performed analytical procedures to the extent necessary to satisfy our audit objectives. Additionally, we interviewed selected administrators and operations personnel.

PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE  
PERFORMANCE AUDIT REPORT

**CONCLUSION**

The results of our tests indicate that, with respect to the audit objectives and items tested, the Perseus House Charter School of Excellence complied with some of the applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit. For example, we determined that the Perseus House Charter School of Excellence met the following provisions:

- the charter school demonstrated that at least 75 percent of the charter school's professional staff members, including administrators and teachers, were properly certified and, if applicable, teaching in their areas of certification in accordance with Section 1724-A(a) of the Law;<sup>31</sup>
- the charter school validated membership numbers reported to the Department of Education and that average daily membership and tuition billings were accurate;
- the charter school complied with Sections 1109 and 1209 of the Code,<sup>32</sup> to which charter schools are made subject by Section 1724-A(b) of the Law,<sup>33</sup> requiring that noncertified professional employees of the charter school present evidence that they are: 1) at least 18 years of age, 2) a U.S. citizen, and 3) 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;
- the charter school satisfied instructional time requirements of a minimum of 180 days of instruction or 900 hours per year of instruction at the elementary level, or 990 hours per year of instruction at the secondary level pursuant to Section 1715-A(9) of the Law;<sup>34</sup>
- the charter school complied with the compulsory attendance provisions in accordance with both Section 1327 of the Public School Code<sup>35</sup> and Chapter 11 of the State Board of Education Regulations;<sup>36</sup>

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<sup>31</sup> 24 P.S. § 17-1724-A(a).

<sup>32</sup> 24 P.S. §§ 11-1109 and 12-1209.

<sup>33</sup> 24 P.S. § 17-1724-A(b).

<sup>34</sup> 24 P.S. § 17-1715-A(9).

<sup>35</sup> 24 P.S. § 13-1327; Please note that charter schools are subject to the compulsory school attendance requirements of the Public School Code pursuant to Section 17-1732-A(a) of the Law, 24 P.S. § 17-1732-A(a).

<sup>36</sup> 22 Pa. Code, Chapter 11.

PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE  
PERFORMANCE AUDIT REPORT

**CONCLUSION (Continued)**

- the charter school complied with Section 1303-A of the Code<sup>37</sup> requiring the charter school to obtain a Memorandum of Understanding with their local law enforcement agency;
- the charter school is in compliance with Section 1724-A(c) of the Law<sup>38</sup> requiring that all employees be enrolled in the Public School Employees' Retirement System unless at the time of filing the charter school application the sponsoring school district or the board of trustees of the charter school has a retirement plan that covers the employees or the employees are currently enrolled in another retirement program; and
- the charter school submitted its annual reports assessing whether or not it met the goals of its charter to DE as required by Section 1728-A of the Law.<sup>39</sup>

However, we determined that the Perseus House Charter School of Excellence did not comply with other applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit, as noted in the three findings listed below. The findings, observation and recommendations were reviewed with representatives of the Perseus House Charter School of Excellence, and their comments have been included in this report.

**Finding No. 1 - Internal Control Weaknesses in the Reporting of Membership Data**

Our audit of the charter school's membership records and reports for the school years 2005-06, 2004-05, and 2003-04 found internal control weaknesses in reporting membership data to the Department of Education (DE) and in data used to bill schools whose students attended the charter school.

Total average daily memberships' on the membership source document reports sent to DE, and those used to bill school districts, do not reconcile. The charter school reviewed and revised the source documents and submitted its membership reports to DE. The school then reconciled these figures with the sending school, creating new totals with which it then billed the districts.

A computer error was also discovered in the program used to prepare the tuition billings for the 2005-06 school year calling into question the validity of the data produced and the review processes used at the charter school and the school districts. Twenty different students listed on 20 consecutive pages of reconciled student lists had their number of membership days listed as 101, when, in fact, none of them actually had exactly 101 membership days.

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<sup>37</sup> 24 P.S. § 13-1303-A(c).

<sup>38</sup> 24 P.S. § 17-1724-A(c).

<sup>39</sup> 24 P.S. § 17-1728-A.



PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE  
PERFORMANCE AUDIT REPORT

**Finding No. 1 (Continued)**

Based on the various documents with differing data and the glitch in the computer program we were unable to accurately verify the data submitted to DE. While the differences did not appear to be major, steps should be taken to modify the process of compiling and submitting membership data to DE and to the sending districts.

Recommendations

The board of trustees should require charter school personnel responsible for reporting pupil membership to:

- perform the billing reconciliations with the sending districts before membership reports are submitted to DE so that the data is accurate and reconciles;
- perform an internal review of all membership data for accuracy prior to submission of reports to DE;
- perform an annual test of the computer program reports used to calculate membership and tuition data; and
- review all source data for subsequent audit years and submit revised reports if errors are found.

Response of Management

Management agreed with the finding stating:

For the 03-04 and 04-05 years, membership data was generated by the Erie School District for the charter school. The process of reconciliation was cumbersome, causing said problems. For the 05-06 year, the charter school purchased its own software (Centerpoint) program and began an improved process for reconciliations. The control issues have been resolved by having the internal software data program provide for both membership and billing. Reconciliation is now performed prior to any PDE or school district submission.

**Finding No. 2 – Failure to File General Fund Budgets**

The charter school's general fund budgets (GFB) for the school years ended June 30, 2005 and 2004 were not filed with the Labor, Education and Community Services Comptroller's Office and DE's Bureau of Budget and Fiscal Management, as required.

PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE  
PERFORMANCE AUDIT REPORT

**Finding No. 2 (Continued)**

DE requires all local education agencies (LEA) to file a GFB, no later than July 31<sup>st</sup> of each fiscal year.

Page 11 of the charter school's application states, in pertinent part: "The budgets and financial records will be provided to the Board, the School District of the City of Erie and the Pennsylvania Department of Education."

Additionally, the charter school did file a GFB timely for the year ended June 30, 2006.

Charter school personnel stated that they were not aware they had to file a GFB in 2003-04, the first year of operation and thought that they did file one in 2004-05. A check with DE found that the charter school did not, in fact, file one for 2004-05.

The budget is an official presentation of the anticipated resources and obligations of the local LEAs for the fiscal year. Through the budgeting process, the administration and the board reach agreement on financing the educational program. The annual GFB is, in effect, the educational plan of an LEA for a school year, expressed in dollars.

Recommendations

The board of trustees should ensure that charter school personnel comply with DE regulations and the school's own charter application in the filing of GFBs.

DE should take appropriate action to ensure that all charter schools file the mandated GFBs.

Response of Management

Management agreed with the finding stating:

For the 2003-04 and 2004-05 years, management presumed that all necessary documents were provided to PDE. Management was not notified by PDE for non submission of this General Fund Budgets. For each year the Charter School Board did approve the GFBs prior to June 30 as required. All General Fund Budgets will be appropriately filed by charter school management.

**Finding No. 3 – Failure to Develop a Memorandum of Understanding**

Our audit of charter school documents found that the school failed to develop a Memorandum of Understanding (MOU) with local law enforcement agencies.

PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE  
PERFORMANCE AUDIT REPORT

**Finding No. 3 (Continued)**

Section 24 PS 17-1732-A of the Public School Code entitled “Provisions applicable to charter schools,” states, in pertinent part:

- (a) Charter Schools shall be subject to the following:  
. . . Sections . . . 1303-A . . .

Section 1303-A(c) of the Public School Code provides:

All school entities shall develop a memorandum of understanding with local law enforcement that sets forth procedures to be followed when an incident involving an act of violence or possession of a weapon by any person occurs on school property. Law enforcement protocols shall be developed in cooperation with local law enforcement and the Pennsylvania State Police.<sup>40</sup>

Additionally, the Basic Education Circular issued by DE entitled Safe Schools and Possession of Weapons, contains a sample MOU to be used by school entities. Section VI, General Provisions item (B) of this sample states:

This Memorandum may be amended, expanded or modified at any time upon the written consent of the parties, but in any event must be reviewed and re-executed within two years of the date of its original execution and every two years thereafter. (Emphasis added)

Charter school personnel stated they were not aware that charter schools needed to develop an MOU with local law enforcement agencies.

The failure to develop MOUs with all local law enforcement agencies could result in a lack of cooperation, direction and guidance between school employees and law enforcement agencies if an incident occurs on school property, at any school sponsored activity, or on any public conveyance providing transportation to or from a school or school sponsored activity. This internal control weakness could have an impact on law enforcement notification and response, and ultimately the resolution of a problem situation.

Recommendation

The board of trustees should require the charter school’s administrators to develop an MOU with the appropriate local law enforcement agencies.

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<sup>40</sup> 24 P.S. § 13-1303-A(c).

PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE  
PERFORMANCE AUDIT REPORT

**Finding No. 3 (Continued)**

Response of Management

Management agreed with the finding and stated:

Perseus House C.S. began operation in August 2003. Administration had no knowledge of this provision in the school code. A memorandum of understanding will be developed with local police agencies.

PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE  
APPENDIX I

[UNAUDITED]

**Schedule of Local Revenue**

Payments received from local school districts for the year ended June 30, 2006, 2005 and 2004 were as follows:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b><u>SCHOOL DISTRICT PAYMENTS</u></b>			
Erie City	\$1,697,378	\$1,453,010	\$ 933,249
Millcreek Township	126,458	77,552	35,377
Girard	27,626	6,347	5,327
General McLane	27,476	6,046	7,109
Fort LeBoeuf	11,993	14,986	969
Fairview	26,998	34,914	3,910
Iroquois	38,650	14,490	12,670
Harbor Creek	58,007	41,737	3,825
Wattsburg Area	6,148	7,355	17,717
North East	-	3,345	9,839
Northwestern	-	4,464	-
	<hr/>	<hr/>	<hr/>
<b><u>TOTAL PAYMENTS</u></b>	<b><u>\$2,020,734</u></b>	<b><u>\$1,664,246</u></b>	<b><u>\$1,029,992</u></b>

PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE  
APPENDIX II

[UNAUDITED]

**Schedule of Federal Revenue**

The charter school reported federal revenue of \$413,932 and \$83,689, respectively, for the years ended June 30, 2006 and 2005 as detailed in the following schedule. The charter school did not receive federal funds in the school year ended June 30, 2004.

	<u>2006</u>	<u>2005</u>
<b><u>FEDERAL REVENUE</u></b>		
Grants (IDEA & NCLB) – Not Spec. (8510 Series)	\$ 34,559	\$ -
IDEA, Part B	96,600	-
NCLB, Title I – Imprv. Acad. Ach. (Disadvantaged)	176,218	83,689
NCLB, Title II – Prep/Trng/Recruit. HQ Tchrs./Prin.	21,025	-
NCLB Title V – Informed Par. Ch. & Innovt. Prog.	530	-
Medical Assistance Reimbursement (ACCESS)	<u>85,000</u>	<u>-</u>
<b><u>TOTAL FEDERAL REVENUE</u></b>	<u>\$413,932</u>	<u>\$83,689</u>

PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE  
APPENDIX III

[UNAUDITED]

**Schedule of State Revenue**

The charter school reported state revenue of \$277,633, \$316,144 and \$85,582, respectively, for the years ended June 30, 2006, 2005 and 2004 as detailed in the following schedule:

<b><u>STATE REVENUE</u></b>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Alternative Education	\$ 18,018	\$ 20,388	\$ -
Rental and Sinking Fund Payments	86,687	43,670	33,930
Health Services	8,141	4,886	-
Social Security and Medicare Taxes	94,755	51,444	26,652
Retirement	67,531	11,370	-
Other Program Subsidies/Grants:			
Start-Up	-	-	25,000
Jordan Fundamentals	2,501	-	-
Implementation	-	179,202	-
Character Education	-	2,833	-
Abstinence	-	2,351	-
	<hr/>	<hr/>	<hr/>
<b><u>TOTAL STATE REVENUE</u></b>	<u>\$277,633</u>	<u>\$316,144</u>	<u>\$85,582</u>

PERSEUS CHARTER SCHOOL OF EXCELLENCE  
APPENDIX IV

*Description of State Revenue (Source: Pennsylvania Accounting Manual)*

Alternative Education

Revenue received from the Commonwealth as subsidy for alternative education. Alternative education is specialized educational instruction and support services to students that must be removed from regular classrooms because of disruptive behavior.

Rental and Sinking Fund Payments

Revenue received from the Commonwealth as a full or partial subsidy payment for approved lease rentals, sinking fund obligations, or any approved district debt obligations for which the Department of Education has assigned a lease number.

Health Services

Revenue received from the Commonwealth as subsidy for health services. Payments are made in accordance with Section 2505.1 of the Public School Code and include revenue for medical, dental, nurse and Act 25 health services.

Social Security and Medicare Taxes

Revenue received from the Commonwealth as subsidy designated as the Commonwealth's matching share of the employer's contribution of the Social Security and Medicare taxes for covered employees who are not federally funded.

Retirement

Revenue received from the Commonwealth as subsidy designated as the Commonwealth's matching share of the employer's contribution of retirement contributions for active members of the Public School Employees' Retirement System.

Other Program Subsidies/Grants

Revenue received from the Commonwealth not specified elsewhere



## BUREAU OF SCHOOL AUDITS

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Harrisburg, PA 17126

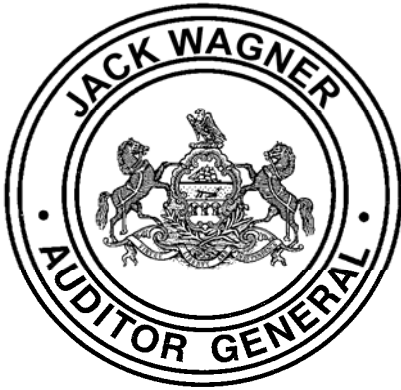
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Pennsylvania State Education Association  
400 North Third Street - Box 1724  
Harrisburg, PA 17105

Dr. David Davare  
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Pennsylvania School Boards Association  
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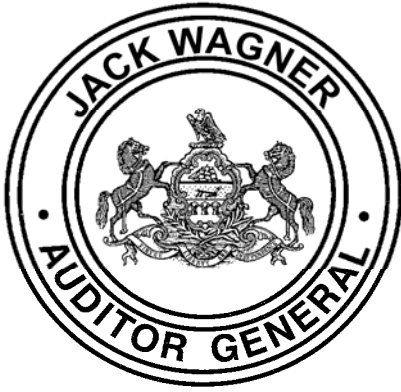
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