

PHILADELPHIA ELECTRICAL AND TECHNOLOGY
CHARTER HIGH SCHOOL

PHILADELPHIA COUNTY, PENNSYLVANIA

PERFORMANCE AUDIT REPORT

FOR THE YEARS ENDED JUNE 30, 2006, 2005 AND 2004,
AND IN CERTAIN AREAS EXTENDING BEYOND JUNE 30, 2006

WITH FINDINGS AND RECOMMENDATIONS

THROUGH NOVEMBER 20, 2007

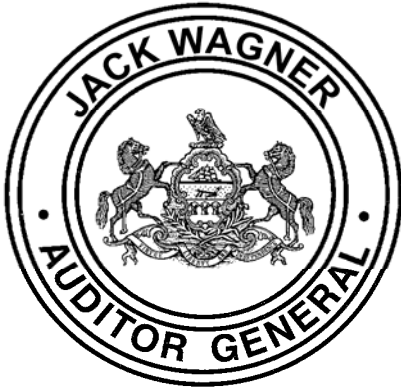


PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
PHILADELPHIA COUNTY, PENNSYLVANIA
PERFORMANCE AUDIT REPORT

FOR THE YEARS ENDED JUNE 30, 2006, 2005 AND 2004,
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WITH FINDINGS AND RECOMMENDATIONS
THROUGH NOVEMBER 20, 2007

PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
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The Honorable Edward G. Rendell
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120

Mr. Walter DeTreux, Board President
Philadelphia Electrical and
Technology Charter High School
1420-22 Chestnut Street
Philadelphia, Pennsylvania 19102

Dear Governor Rendell and Mr. DeTreux:

We have conducted a performance audit of the Philadelphia Electrical and Technology Charter High School 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 Philadelphia Electrical and Technology Charter High School, 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 Philadelphia Electrical and Technology Charter High School 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 two findings.

Independent Auditor's Report (Continued)

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

Finding No. 1 – In Violation of the Public Official and Employee Ethics Act, a Total of 10 of 12 Board Members, Plus the School Principal/Chief Executive Officer and the Outsourced Business Manager, Failed to File Statements of Financial Interests at Some Time During the Audit Period

Finding No. 2 – Failure to Obtain Memorandum of Understanding

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

Sincerely,

November 20, 2007

/s/
JACK WAGNER
Auditor General

cc: Mr. Kayne Deissroth, Board Secretary
Mr. Michael Neill, Board Vice-President
Mr. Tom Forkin, Board of Trustees
Ms. Cecelia Dougherty, Board of Trustees
The Honorable William Keller, Board of Trustees
Mr. Charles Gibbs, Board of Trustees
Ms. Theresa Pierantozzi, Board of Trustees
Ms. Michelle Harper, Esquire, Board of Trustees
Ms. Mary Griffith, Board of Trustees
Dr. Michael J. Nemitz, Chief Executive Officer

PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
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.¹ 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.²

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.³ 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,⁴ and that board must hold at least one public hearing before approving or rejecting the application.⁵ If the local school board denies the application, the applicant can appeal the decision to the State Charter School Appeal Board,⁶ which is comprised of the Secretary of Education and six members appointed by the Governor.⁷

Initial charters are valid for a period of no less than three years and no more than five years.⁸ 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.⁹

¹ 24 P.S. § 17-1702-A.

² Id.

³ 24 P.S. § 17-1717-A (a).

⁴ 24 P.S. § 17-1717-A (c).

⁵ 24 P.S. § 17-1717-A (d).

⁶ 24 P.S. § 17-1717-A (f).

⁷ 24 P.S. § 17-1721-A (a).

⁸ 24 P.S. § 17-1720-A.

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

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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.¹⁰ 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.¹¹ As of September 14, 2007, there are 122 charter schools operating in Pennsylvania, 11 of which are cyber charter schools.¹² According to DE, nearly 50,000 children are enrolled in these schools.¹³

¹⁰ 24 P.S. § 17-1703-A.

¹¹ 24 P.S. § 17-1745-A (a), (f).

¹² 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.

¹³ Department of Education Web site at http://www.pde.state.pa.us/charter_schools/site/default.asp.

PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
PERFORMANCE AUDIT REPORT
BACKGROUND

Background

The Philadelphia Electrical and Technology Charter High School, located in Philadelphia County, opened in April of 2002. The Philadelphia Electrical and Technology Charter High School was originally chartered on April 11, 2002, for a period of five years by the Philadelphia School District.

The mission of the Philadelphia Electrical and Technology Charter High School is to develop students who will be employable in the emerging high-tech industries, while giving students a strong foundation in core academic subjects such as math, science, language arts, and social studies.

During the year ended June 30, 2006, the Philadelphia Electrical and Technology Charter High School provided educational services to 603 students from the School District of Philadelphia through the employment of 3 administrators, 34 teachers, and 7 full-time and part-time support personnel. The charter school also provided educational services to 565 students during the 2004-05 school year, and 469 students during the 2003-04 school year.

Expenditures for the school years¹⁴ 2005-06, 2004-05 and 2003-04 were \$5,798,844, \$4,728,437 and \$3,609,039, respectively. Revenues of \$6,113,764, \$4,906,091 and \$3,669,278 supporting these expenditures were derived from local, state, and 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 fund¹⁵ payments, health services, Social Security and Medicare Taxes, retirement obligations, and various grants (see Appendix III Schedule of State Revenue, page 19).

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

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

PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
PERFORMANCE AUDIT REPORT
BACKGROUND

Background (Continued)

The charter school derives the majority of its operating revenue from the School District of Philadelphia whose students attend the charter school. The sending school district is required by Section 1725-A of the Charter School Law¹⁶ 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,¹⁷ based upon the school district’s general fund budgeted expenditures and 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 the 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 district, based on the actual ADM of their students who attend the charter school (see Appendix I Schedule of Local Revenue, page 17).

¹⁶ 24 P.S. § 17-1725-A.

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

PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
PERFORMANCE AUDIT REPORT
BACKGROUND

SUMMARY OF CHARTER SCHOOL REVENUE

[UNAUDITED]

	<u>2006</u>	<u>2005</u>	<u>2004</u>
<u>CHARTER SCHOOL REVENUES</u>			
Local Revenue*	\$5,068,441	\$4,312,941	\$2,984,440
Federal Revenue	653,355	287,803	486,803
State Revenue	<u>391,968</u>	<u>305,347</u>	<u>198,035</u>
<u>TOTAL REVENUE</u>	<u>\$6,113,764</u>	<u>\$4,906,091</u>	<u>\$3,669,278</u>

*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.

PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
PERFORMANCE AUDIT REPORT
OBJECTIVES, SCOPE AND METHODOLOGY

OBJECTIVES AND SCOPE

The objective of our audit was to determine if the Philadelphia Electrical and Technology Charter High School 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 Philadelphia Electrical and Technology Charter High School were as follows:

- to determine overall compliance with the Public School Code of 1949¹⁸ (Code) and the Charter School Law (Law);¹⁹
- 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;²⁰
- to determine whether the charter school complied with Sections 1109 and 1209 of the Code,²¹ to which charter schools are made subject by Section 1724-A(b) of the Law,²² 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 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;²³
- 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;

¹⁸ 24 P.S. § 1-101 *et seq.*

¹⁹ 24 P.S. § 17-1701-A *et seq.*

²⁰ 24 P.S. § 17-1724-A(a).

²¹ 24 P.S. §§ 11-1109 and 12-1209.

²² 24 P.S. § 17-1724-A(b).

²³ 24 P.S. § 17-1715-A(9).

PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
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 Code²⁴ and Chapter 11 of the State Board of Education Regulations²⁵ 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;²⁶
- 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 Act²⁷ (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 Code²⁸ 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 Law²⁹ 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 Law³⁰ 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.

²⁴ 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).)

²⁵ 22 Pa. Code, Chapter 11.

²⁶ 22 Pa. Code § 11.24.

²⁷ 65 Pa.C.S. § 1101 *et seq.*

²⁸ 24 P.S. § 13-1303-A(c).

²⁹ 24 P.S. § 17-1724-A(c).

³⁰ 24 P.S. § 17-1728-A.

PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
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.

PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
PERFORMANCE AUDIT REPORT

CONCLUSION

The results of our tests indicate that, with respect to the audit objectives and items tested, the Philadelphia Electrical and Technology Charter High School 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 Philadelphia Electrical and Technology Charter High School 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;³¹
- the charter school complied with Sections 1109 and 1209 of the Code,³² to which charter schools are made subject by Section 1724-A(b) of the Law,³³ 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;³⁴
- the charter school validated membership numbers reported to DE and that ADM and tuition billings were accurate;
- the charter school complied with the compulsory attendance provisions in accordance with both Section 1327 of the Public School Code³⁵ and Chapter 11 of the State Board of Education Regulations;³⁶

³¹ 24 P.S. § 17-1724-A(a).

³² 24 P.S. §§ 11-1109 and 12-1209.

³³ 24 P.S. § 17-1724-A(b).

³⁴ 24 P.S. § 17-1715-A(9).

³⁵ 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).

³⁶ 22 Pa. Code, Chapter 11.

PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
PERFORMANCE AUDIT REPORT

CONCLUSION (Continued)

- the charter school complied with Section 1303-A of the Code³⁷ 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 Law³⁸ 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.³⁹

However, we determined that the Philadelphia Electrical and Technology Charter High School 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 two findings listed below. The findings and recommendations were reviewed with representatives of the Philadelphia Electrical and Technology Charter High School, and their comments have been included in this report.

³⁷ 24 P.S. § 13-1303-A(c).

³⁸ 24 P.S. § 17-1724-A(c).

³⁹ 24 P.S. § 17-1728-A.

PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
PERFORMANCE AUDIT REPORT

Finding No. 1 – In Violation of the Public Official and Employee Ethics Act, a Total of 10 of 12 Board Members, Plus the School Principal/Chief Executive Officer and the Outsourced Business Manager, Failed to File Statements of Financial Interests at Some Time During the Audit Period

Our audit of charter school records for the calendar years ended December 31, 2006, 2005, 2004 and 2003 found that 10 of 12 members of the Philadelphia Electrical and Technology Charter High School board of trustees, plus the school principal/chief executive officer and outsourced business manager, who served during some period covered in this audit report, failed to file their annual Statements of Financial Interests with the State Ethics Commission. The chart below provides a summary of this information.

<u>Position</u>	<u>Number of Individuals Who Failed to File Statements of Financial Interest</u>
Board President	1
Board Vice-President	1
Board Member-at-Large	8
Outsourced Business Manager	1
Principal/Chief Executive Officer	1

Of the Statements of Financial Interests that were on file for the audit period, we found no evidence of potential conflicts of interests.

Public office is a public trust sustained by assuring the people of the impartiality and honesty of public officials and public employees. Accordingly, the Public Official and Employee Ethics Act (Ethics Act), requires all candidates for public office, public officials and certain public employees to annually complete a Statement of Financial Interests for the preceding calendar year, no later than May 1st of each year they hold their positions and the year after leaving such positions.⁴⁰

The Ethics Act specifically requires public officials and certain public employees to disclose matters on the Statement of Financial Interests that currently or potentially create conflicts of interest with their public duties. When a public official 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 public's trust. In addition, a board members' failure to file the Statement of Financial Interests constitutes a violation of the Ethics Act.

⁴⁰ 65 Pa.C.S. § 1101 *et seq.*

PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
PERFORMANCE AUDIT REPORT

Finding No. 1 (Continued)

For example, Section 1104(d) of the Ethics Act, 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 . . .⁴¹

Likewise, Section 1109(b) of the Ethics Act provides, in pertinent part, 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.⁴²

Finally, Section 1109(f) of the Ethics Act 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 \$250.⁴³

A copy of this finding will be forwarded to the State Ethics Commission for additional review and investigation, as it deems necessary.

Recommendations

The board of trustees should:

- seek the advice of its solicitor in regard to the board of trustees' responsibility when administrators and members fail to file Statements of Financial Interests; and
- develop procedures to ensure that all individuals required to file Statements of Financial Interests do so in compliance with the Ethics Act.

⁴¹ 65 Pa.C.S. § 1104(d).

⁴² 65 Pa.C.S. § 1109(b).

⁴³ 65 Pa.C.S. § 1109(f).

PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
PERFORMANCE AUDIT REPORT

Finding No. 1 (Continued)

Response of Management

Management provided the following response agreeing with the finding:

Some of the ethics forms appear to have been misplaced including all forms in the first year of operation 2002-2003 and the form of the Principal/Chief [Executive] Officer in 2005. There also have been confusion and misinformation during governance training and from the board solicitor about who is required to file. As a former NJ School Business Administrator/Board Secretary, I [i.e., the Chief Executive Officer] was responsible for collecting all financial disclosure statements from all board members since the board approved all purchases and from the superintendent, business administrator/board secretary and all building school principals since they make purchasing decisions. These forms were submitted to the county department of education office. A checklist was submitted to the State noting who was required to file and date filed. I recommend that a similar checklist is required to be submitted to PA Department of Education by May 1st each year

Corrective Action: The CEO [Chief Executive Officer] will prepare a checklist noting who is required to file and the date filed by May 1st each year.

Finding No. 2 – Failure to Obtain Memorandum of Understanding

Our audit of the school's records conducted on October 2, 2007, found that the district did not have a Memorandum of Understanding (MOU) with the Philadelphia Police Department. Subsequent to our request, the school obtained the MOU.

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.⁴⁴

⁴⁴ 24 P.S. § 13-1303-A(c).

PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
PERFORMANCE AUDIT REPORT

Finding No. 2 (Continued)

Additionally, the Basic Education Circular issued by the Department of Education 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)

The failure to obtain the MOU was an internal control weakness that could have resulted in unanticipated delays or lack of action by either or both parties, in the event of an emergency occurring.

Recommendation

The school board should adopt a policy requiring the administration to review and re-execute the MOU obtained during our audit every two years.

Response of Management

Management provided the following response agreeing with the finding:

Since established in 2002, PE&T [Philadelphia Electrical and Technology Charter High School] has had total cooperation with the Philadelphia Police Department (PPD). All acts of violence, weapons, drugs and abuse have been promptly reported to the PPD. We had obtained a Letter of Cooperation from PPD. PPD told us that they do not issue Memorandums of Understanding (MOU). However, we have repeatedly contacted the Commissioner's office citing the requirement. Attached please find recently obtained MOU between PPD and PE&T. [Attachment not included here.]

Corrective Action: Record the Memorandum of Understanding and update annually with the Philadelphia Police Department.

PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
APPENDIX I

[UNAUDITED]

Schedule of Local Revenue

The charter school reported local revenue for the years ended June 30, 2006, 2005 and 2004 as follows:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
<u>LOCAL REVENUE</u>			
Earnings on Investments	\$ 659	\$ -	\$ -
Federal Revenue Received from Other Pennsylvania Public Schools – IDEA Money Received from Philadelphia Intermediate Unit #26	110,485	61,108	-
Contributions and Donations from Private Sources	32,075	28,450	201,800
Refunds of Prior Years' Expenditures	(437)	10,798	3,701
Department of Community and Economic Development Grant	5,000	-	-
National Electrical Contactors Association Grant	12,500	-	-
Fumo Grant	25,000	-	-
Miscellaneous Revenue	458	5,936	2,677
Payments from School District of Philadelphia	<u>4,882,701</u>	<u>4,206,649</u>	<u>2,776,262</u>
<u>TOTAL PAYMENTS</u>	<u>\$5,068,441</u>	<u>\$4,312,941</u>	<u>\$2,984,440</u>

PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
APPENDIX II

[UNAUDITED]

Schedule of Federal Revenue

The charter school reported federal revenue of \$653,355, \$287,803 and \$486,803, respectively, for the years ended June 30, 2006, 2005, and 2004, as detailed in the following schedule:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
<u>FEDERAL REVENUE</u>			
NCLB (1), Title 1, Improving the Academic Achievement of the Disadvantaged	\$374,349	\$256,726	\$192,388
NCLB (1), Title II, Preparation/Training/Recruitment HQ Teachers/Principal	35,267	-	-
NCLB (1), Title IV, 21 st Century Schools	5,950	-	-
NCLB (1), Title V, Promoting Informed Parental Choice and Innovative Programs	1,058	-	1,158
NCLB (1), Title VI, Flexibility and Accountability		31,077	27,101
Federal Block Grants	192,632	-	-
Restricted Federal Grants-in-Aid	44,099	-	-
Grants for IDEA and NCLB Programs	-	-	266,156
<u>TOTAL FEDERAL REVENUE</u>	<u>\$653,355</u>	<u>\$287,803</u>	<u>\$486,803</u>

PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
APPENDIX III

[UNAUDITED]

Schedule of State Revenue

The charter school reported state revenue of \$391,968, \$305,347 and \$198,035, respectively, for the years ended June 30, 2006, 2005 and 2004, as detailed in the following schedule:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
<u>STATE REVENUE</u>			
Rental and Sinking Fund Payments	\$ 95,668	\$115,297	\$ 64,462
Health Services	10,083	4,678	-
Social Security and Medicare Taxes	132,789	114,051	87,236
Retirement	85,428	59,321	46,337
Technology Grants	-	5,000	-
Demonstration Grant	<u>68,000</u>	<u>7,000</u>	<u>-</u>
<u>TOTAL STATE REVENUE</u>	<u>\$391,968</u>	<u>\$305,347</u>	<u>\$198,035</u>

PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
APPENDIX IV

Description of State Revenue (Source: Pennsylvania Accounting Manual)

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 charter school 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 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.

Technology Grants

Revenue received for technology initiatives that allow the schools to develop new information technology projects, such as upgrade of networks or improved computer hardware and software.

Other Program Subsidies/Grants

Revenue received from the Commonwealth not specified elsewhere.

BUREAU OF SCHOOL AUDITS

AUDIT REPORT DISTRIBUTION LIST

This report was initially distributed to the chief executive officer of the charter school, the board of trustees, and the following:

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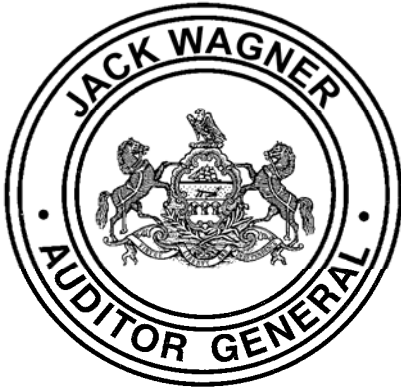
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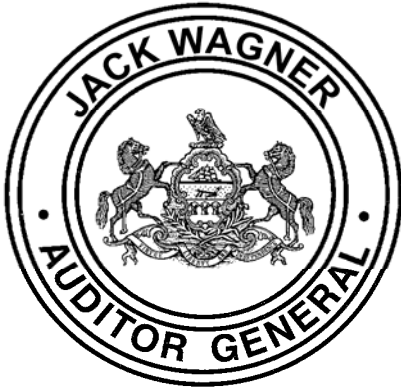
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