Pennsylvania
Department of Education

September 26, 2017

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Philadelphia, PA 19103

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1800 Byberry Road
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RE: Access of Records and Facilities by Chartering School District, 24 P.S. § 17-1728-A

Dear Mr. Annecharico and Ms. Petersen:

Your August 14, 2017 and August 18, 2017 letters to Pennsylvania Department of Education (Department) Deputy Chief Counsel Roberto Datorre have been forwarded to me for a response. The letters relate to an audit and records request made by the School District of Philadelphia (District) to the Charter School for Arts and Design (Charter School) pursuant to section 1728-A of the Charter School Law (CSL), 24 P.S. § 17-1728-A.

Background

The District is the Charter School's chartering school district, and on August 4, 2017, the District made a request to the Charter School for: (1) the Charter School's General Ledgers for the 2015-16 and 2016-17 school years; (2) all invoices to outside school districts for the 2015-16 school year; and, (3) meals served reports for the 2015-16 school year. The request for records arose following the commencement of an administrative hearing relating to a reconciliation request for the 2015-16 school year submitted by the Charter School to the Department pursuant to section 1725-A(a)(5) and (6) of the CSL, 24 P.S. § 17-1725-A(a)(5) and (6). During that hearing, the District questioned "errors and inconsistencies" in the enrollment data provided by the Charter School. The hearing was continued at the request of the District to permit an audit of the Charter School's student and enrollment data.

On behalf of the Charter School, you have objected to the District's request for records. You seek guidance from the Department concerning the records request dispute between the Charter School and the District.[1]

[1] Through Ms. Petersen, the District asserts that it would be improper for the Department to take a position with respect to this issue. The Department's Division of Charter Schools was created to provide leadership for the Department's cyber charter school authorization and oversight activities and general guidance and support to charter schools, school districts, parents, students, and other interested persons. The District's request for records from CHAD was not made under the General Rules of Administrative Practice and Procedure as part of the administrative hearing, nor is this response provided pursuant to the Department's authority and responsibility to adjudicate the disputes under section 1725-A(a)(5) and (6) of the CSL. Therefore, the Division provides limited guidance on this issue to assist the District and CHAD with proceeding with the audit.

Response

Charter schools are required to meet generally accepted standards of fiscal management or audit requirements, and failure to do so may result in revocation or nonrenewal of the charter. *See* 24 P.S. § 17-1729-A(a)(3). The Public School Code also provides that "[a]ll financial accounting and reporting by school districts, charter schools, cyber charter schools and area vocational-technical schools to the [Department] shall be in accordance with generally accepted accounting and reporting standards. . ." 24 P.S. § 2-218. The Manual of Accounting and Financial Reporting for Pennsylvania Local Education Agencies (LEAs) (LEA Accounting Manual), maintained by the Pennsylvania Office of the Budget, Office of Comptroller Operations, Central Agencies and School Finances Unit, contains various principles which, when adhered to:

> (a) provide management with financial information that presents fairly and with full disclosure the financial position and results of financial operations; (b) provide reliable financial information as a basis for program evaluation and budgetary planning; (c) give the entity's financial statements greater credibility with four principal groups: the general public, investors, governmental units and educational and research organizations; whose interests and decisions are dependent upon the financial information produced by the entity's accounting system; and (d) enhance the comparability of financial reporting.

(LEA Accounting Manual, pg. 11).

In consideration of the requirements of the Charter School Law and Public School Code and the principles and other standards in the LEA Accounting Manual, each of the three types of records Mr. Annecharico states were requested by the District on August 4 should be accessible without unreasonable effort on behalf of the Charter School. If final records are not available, counsel for the District has indicated that the records can be provided in their current format.

Mr. Annecharico's letter also references other records that could have been sought by the District pursuant to section 1728-A(a) of the CSL. However, Mr. Annecharico does not state that these records were included in the August 4, 2017 records request from the District to the Charter School. Therefore, I did not include those records in the guidance above, but I do note that to the extent these records would be subject to review by Department staff for audits relating to the use of Federal or State funds, they should normally be maintained in a readily accessible format.

Additional Information

If you have any questions concerning this correspondence or relating to the authorization, oversight, or operation of charter schools, please feel free to contact the Division of Charter Schools at:

Division of Charter Schools
Pennsylvania Department of Education
333 Market Street, 5th Floor
Harrisburg, PA 17126
RA-charterschools@pa.gov
Phone: 717.787.9744

Sincerely,

/s/ Amy Munro

Amy Munro, Acting Chief
Division of Charter Schools

In an effort to provide guidance to charter school authorizers, charter schools, and state auditing authorities, a copy of this correspondence is being sent to the school district and charter school representative organizations and the Pennsylvania Department of Auditor General. A copy of this correspondence will also be posted on PDE's publicly accessible website.