

AMENDMENTS TO HOUSE BILL NO. 618

Sponsor: REPRESENTATIVE HARKINS

Printer's No. 1917

1 Amend Bill, page 11, by inserting between lines 12 and 13

2 Section 4.2. Section 1714-A(5) of the act, amended July 4,
3 2004 (P.L.536, No.70), is amended to read:

4 Section 1714-A. Powers of Charter Schools.--(a) A charter
5 school established under this act is a body corporate and shall
6 have all powers necessary or desirable for carrying out its
7 charter, including, but not limited to, the power to:

8 * * *

9 (5) Make contracts and leases for the procurement of
10 services, equipment and supplies[.], subject to the following:

11 (i) No contract or lease entered into by a charter school
12 for an amount greater than one hundred dollars (\$100) may
13 provide for a payment in excess of the fair market value of the
14 services, equipment, supplies or other property being acquired
15 or leased.

16 (ii) A charter school may not enter into or continue
17 operating under a contract for management, operations or
18 educational services that involves the charter school providing
19 a percentage of the charter school's revenues to the educational
20 service provider.

21 (iii) No contract entered into by a charter school shall
22 have a term that extends beyond the charter school's existing
23 charter agreement with a local school board or the department.

24 * * *

25 Amend Bill, page 45, line 7, by inserting after "SCHOOL"

26 and any educational management service provider of the charter
27 school that provides management, operations or educational
28 services to the charter school

29 Amend Bill, page 45, line 11, by striking out "OR" and

30 inserting a comma

31 Amend Bill, page 45, line 12, by inserting after "SCHOOL'S "
32 or educational management service provider's

33 Amend Bill, page 45, line 29, by inserting after "SECRETARY."

1 Within ten (10) days of receipt of the charter school's annual
2 report, the local board of school directors and the secretary
3 shall each certify to the charter school that the annual report
4 has been received with an indication of the date of receipt.
5 Within thirty (30) days of the date of receipt, the local board
6 of school directors and the secretary shall each certify to the
7 charter school that the annual report has been reviewed and is
8 complete, or alternatively, has been reviewed and is missing
9 specific information referenced in the certification. This
10 review does not constitute a review for the accuracy of the
11 contents of the charter school's annual report.

12 Amend Bill, page 46, by inserting between lines 10 and 11

13 (c.1) Each charter school shall form an independent audit
14 committee of its board members which shall review at the close
15 of each fiscal year a complete certified audit of the operations
16 of the charter school. The audit shall be conducted by a
17 qualified independent certified public accountant as selected
18 from a list of approved providers established by the department.
19 The audit shall be conducted under generally accepted audit
20 standards of the Governmental Accounting Standards Board (GASB)
21 and shall include, but not be limited to, the following tests:

22 (1) An enrollment test to verify the accuracy of student
23 enrollment and reporting to the Commonwealth.

24 (2) Full review of expense reimbursements for board members
25 and administrators, including sampling of all reimbursements.

26 (3) Review of internal controls, including review of
27 receipts and disbursements.

28 (4) Review of annual Federal and State tax filings,
29 including the Internal Revenue Service Code Form 990, Return of
30 Organization Exempt from Income Tax and all related schedules
31 and appendices for the charter school and charter school
32 foundation, if applicable and including any educational
33 management service providers of the charter school.

34 (5) Review of the financials of any charter school
35 foundation, including any educational management service
36 providers of the charter school.

37 (6) Review of all contracts over five thousand dollars
38 (\$5,000) regarding the selection and acceptance process.

39 (7) Review of potential conflicts of interest among board
40 members and senior level administrators with employes or
41 educational service providers of the charter school.

42 (8) Review of employe files for compliance purposes but in
43 accordance with Federal and State regulations governing
44 confidentiality protection for employes.

45 (9) Any other test the department deems appropriate.

46 (c.2) The certified audit as required by subsection (c.1) is
47 a public document and shall be made available on the
48 department's Internet website and the charter school's Internet
49 website, if applicable.

1 (d) Charter schools may be subject to an annual audit by the
2 department its local school board or the Auditor General, in
3 addition to any other audits required by Federal law or this
4 act. Charter schools located within a school district of the
5 first class may be subject to an annual audit by the controller
6 of the city of the first class.

7 (e) The department shall publish an annual report that does
8 all of the following:

9 (1) Identifies charter schools whose students are
10 academically out-performing comparable students enrolled in the
11 chartering school district.

12 (2) Describes best practices used in the charter school
13 identified under clause (1) that should be disseminated to all
14 school districts and charter schools.

15 (3) Makes any necessary recommendations to the General
16 Assembly to further the dissemination and implementation of the
17 best practices identified under clause (2).

18 (f) Charter schools shall annually provide a copy of the
19 annual budget for the operation of the school that identifies
20 the following:

21 (1) The source of funding for all expenditures as part of
22 its reporting under subsection (a).

23 (2) Where funding is provided by a charter school
24 foundation, including any educational management service
25 providers of the charter school, the amount of funds and a
26 description of the use of such funds.

27 (3) The salaries of all administrators of the charter
28 school.

29 (g) Notwithstanding any other provisions of law, the charter
30 school and any affiliated charter school foundation and
31 educational management service providers of the charter school
32 shall make copies of annual Federal and State tax filings
33 available upon request and on the foundation's Internet website,
34 including Internal Revenue Service Code Form 990, Return of
35 Organization Exempt from Income Tax and all related schedules
36 and appendices. The charter school foundation, including any
37 educational management service providers of the charter school,
38 shall also make copies of its annual budget available upon
39 request and on the foundation's Internet website, the
40 educational management service provider's Internet website or
41 the charter school's Internet website within thirty (30) days of
42 the close of the foundation's or educational management service
43 provider's fiscal year. The annual budget must include the
44 salaries of all employes of the charter school foundation or of
45 the educational management service providers of the charter
46 school.

47 (h) All operations of an educational management service
48 provider for a charter school pursuant to a contract or
49 agreement with the charter school which relate to the charter
50 school shall be subject to public audit requirements under
51 section 2553. In addition, funds provided by a charter school to

1 an educational service management provider for a charter school
2 pursuant to a contract or agreement with the charter school and
3 the use of such funds by such educational management service
4 provider shall be subject to the audit provisions of section 403
5 of the act of April 9, 1929 (P.L.343, No.176), known as "The
6 Fiscal Code."

7 (i) The charter school records produced, obtained or
8 maintained by an educational management service provider for a
9 charter school pursuant to a contract or agreement with the
10 charter school shall be subject to disclosure under the act of
11 February 14, 2008 (P.L.6, No.3), known as the "Right-to-Know
12 Law."

13 Amend Bill, page 62, line 14, by inserting a bracket before
14 "AND"

15 Amend Bill, page 62, line 14, by inserting after "AND"

16 1,

17 Amend Bill, page 62, line 14, by inserting after "FACILITY "
18 and to any educational management service provider of the cyber
19 charter school that provide management, operations or
20 educational services to the cyber charter school

21 Amend Bill, page 62, line 16, by inserting after

22 "SUBDIVISION."

23 Ongoing reasonable access to a cyber charter school's records
24 shall mean that the department shall have access to records,
25 including, but not limited to, financial records, financial
26 audits, standardized test scores, teacher certification and
27 personnel records. Cyber charter schools and the department
28 shall comply fully with the requirements of the Family
29 Education Rights and Privacy Act of 1974 (Public Law 90-247,
30 20 U.S.C. § 1232g) and its implementing regulations.

31 (3.1) Every cyber charter school shall also comply with
32 the requirements of section 1728-A(c.1), (c.2), (d), (e),
33 (f), (g) and (h).

34 (4) Under section 1743-A(f) and within ten days of
35 receipt of the cyber charter school's annual report, the
36 secretary shall certify to the cyber charter school that the
37 annual report has been received with an indication of the
38 date of receipt. Within 45 days of the date of receipt, the
39 secretary shall certify to the cyber charter school that the
40 annual report has been reviewed and is complete or,
41 alternatively, has been reviewed and is missing specific
42 information referenced in the certification. This review does
43 not constitute a review for the accuracy of the contents of
44 the cyber charter school's annual report.

1 Amend Bill, page 68, by inserting between lines 23 and 24

2 Section 20.1. Section 2421 of the act is amended to read:

3 Section 2421. Duties of Controller.--The school controller,
4 herein provided in each school district of the first class,
5 shall properly audit the finances of the school district,
6 including the accounts of the receiver of school taxes, school
7 treasurer, or other proper authority collecting school taxes,
8 school depositories, and all other funds under the control of
9 the board of public education[.] and all funds provided by the
10 school district of the first class to a charter school,
11 including, but not limited to, those funds provided by a charter
12 school to an educational service provider contractor or
13 subcontractor that provides management, operations or education
14 services to the charter school.

15 The school controller shall, at the end of each school year,
16 certify to the board of public education that he has audited the
17 several accounts above stated, and shall report to it the result
18 of such audit.