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**VIA EMAIL AND FIRST CLASS MAIL**

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Eugene A. DePasquale  
Auditor General  
229 Finance Building  
Harrisburg, PA 17120-0018

Re: 2013 Audit of Chester Community Charter School

Dear Auditor General DePasquale:

On behalf of Chester Community Charter School (CCCS), its administrators, teachers, and staff, I write to express profound disappointment at the partisan shot taken by your office against CCCS under the guise of an “official” audit. The recently released audit report of CCCS is so grossly wrong, misleading, or worse—both factually and legally—that CCCS can only conclude that the report is intended as a political cudgel to debilitate Pennsylvania’s most successful brick-and-mortar charter school in service to an anti-charter agenda.<sup>1</sup> Because of the egregiousness of the errors, and because your field auditors utterly refused to acknowledge the facts and law that defied their preordained “findings,” CCCS submits this letter to set the record straight on the most egregious misstatements. Of course, CCCS’s complete responses are set forth at length in its 28-page response to the initial findings, which responses appear to have fallen on ears unwilling to hear.

<b>Audit Misstatement</b>	<b>Truth</b>
1. The Auditor General has never before audited CCCS. (Report at 4.)	1. In fact, CCCS was audited in 2002 by then-Auditor General Robert P. Casey. Despite reviewing many of the same documents and issues as the current audit, the 2002 report yielded a modest 4 findings. Presumably the current audit ignores the prior audit in an effort

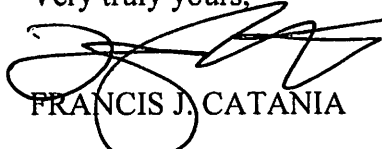
<sup>1</sup> Indeed, it did not go unnoticed that in the very same email where CCCS *first received* the official report from the Auditor General, the PSEA—who has nothing to do with CCCS—also *simultaneously received* the report. CCCS has also noticed that the PSEA contributed in excess of \$38,000 to you from 2010-2012.

	to revisit long-settled issues. Regardless, what does it say about the quality of the audit report when the Auditor General himself cannot identify reports generated by <i>his own office</i> ?
2. CCCS leased property from its “founder.” (Report at 12.)	2. Vahan Gureghian had nothing to do with the founding of CCCS—it was begun <i>over a year before</i> Mr. Gureghian became involved with school and he was unaffiliated with the individuals who did in fact start the school.
3. Friends of Chester Community Charter School, the current owner of the leased properties, was “created” by the school’s “founder,” and is thus a related entity. (Report at 12-13.)	3. Friends of Chester Community Charter School was neither created by a founder of the school nor is it in any way connected with the school. All entities involved are totally unaffiliated, as is shown by their independent, non-overlapping boards. What is more, even if they were “related entities,” the office of Auditor General has <i>already acknowledged in writing</i> that there is no prohibition in the law against a charter school leasing from a “related entity.” See Bear Creek Community Charter School Audit at 19 (March 2013) (“In response to management’s reply that there is no legal provision explicitly prohibiting the related party landlord/tenant agreement, <i>we are in agreement.</i> ” (emphasis added)).
4. CCCS transferred over \$50 million in real property to a nonprofit entity. (Report at 14.)	4. <b>CCCS has NEVER owned the property that it leases.</b> The property, for all relevant periods, has been owned by <i>private</i> parties. The field auditors were supplied with public property records for every property leased by the school, which readily show that those properties have never been titled to the charter school. The misstatement on the misappropriation of \$50 million is scandalous, without basis, and a gross abuse of authority.
5. CCCS has a legal obligation to bind, sequentially number, and have signed its board minutes. (Report at 20.)	5. The audit report <i>itself</i> acknowledges that “these items <b>are not specifically required by the law....</b> ” CCCS cannot have violated a legal requirement that does not exist, especially one that the Auditor General readily <i>admits</i> does not exist.
6. CCCS failed to timely submit a memorandum of law. (Report at 21.)	6. CCCS’s reports were only “late” because the local police departments were, understandably, delayed in returning the completed forms to CCCS. For the record, when CCCS notified the Pennsylvania Department of Education that the reports were held up by the local police

	departments, it had <i>no objection</i> .
7. CCCS failed to have on file any memoranda of understanding before 2011, which was required by Section 13-1303-A(c) of the Public School Code. (Report at 21, 57.)	7. Prior to 2010, the MOU requirement was imposed on “school entities,” a defined term, which originally meant “any public school district, intermediate unit, or area vocational school.” See Act 26 of 1995, § 7. The definition <i>did not include</i> charter schools. However, in 2010 (effective 2011), Section 1303-A was amended to impose the MOU requirement on the “chief school administrator,” which was defined to include “the chief executive officer of a charter school.” See Act 104 of 2010, § 9. In other words, <i>for the first time</i> , the MOU requirement applied to charter schools in 2011.
8. CCCS failed to accurately report child accounting data. (Report at 30.)	8. The issues were caused by the data system used by the Chester Upland School District, who <i>required</i> that CCCS use its system.
9. CCCS failed to bill school districts for three students who <i>never</i> attended CCCS. (Report at 33.)	9. This finding is absurd on its face: why would CCCS bill for a student who <i>never attended</i> a single day at the school?
10. CCCS’s original 1997 charter application lacks required information. (Report at 39.)	10. CCCS said it repeatedly, and it says it again here, the 15-year-old application has been <i>renewed three times</i> since that time.
11. The charter is a contract with the school district. (Report at 39.)	11. As the Commonwealth Court has held, a charter is <i>not</i> a contract. See <u>Foreman v. Chester-Upland Sch. Dist.</u> , 941 A.2d 108, 115 (Pa. Cmwlth. 2008) (“[T]he relationship between a school district and a charter school is not contractual, but regulatory[.]”). The audit’s basic misunderstanding of elementary principles of the Charter School Law is troubling, to say the least.

As the above examples show, and there are many more, the report is so grossly wrong as to be a monument to ignorance. CCCS conducts itself with integrity and takes seriously its stewardship of young minds and public dollars. To suggest, as this report so sloppily does, that CCCS has shirked those duties is an affront to CCCS’s dedicated personnel and its years of amazing success. In sum, attacks such as yours have no place in “official” reports. Your public duties should be more seriously observed: CCCS demands it as do the citizens of this Commonwealth.

Very truly yours,



FRANCIS J. CATANIA