

MARK WEST CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS

09 - 2 / 40000

SIGNIFICANT DEFICIENCY

DETERMINATION OF FUNDING FOR NONCLASSROOM-BASED INSTRUCTION

Criteria: Charter schools that generate more than 20 percent of their Average Daily Attendance (ADA) through nonclassroom-based instruction are required to have a multi-year funding determination, made pursuant to the provisions of subdivision (d) of Education Code Section 47612.5 and of Section 47634.2, that applies to the year being audited and that was granted in a year prior to the year being audited, or a funding determination otherwise applicable to the year audited. In the general instructions for completing the funding determination form, as provided by the California Department of Education (CDE), the financial and other required information shall be based on the most reliable information available. For charter schools that operated in the prior fiscal year, the financial and other required information shall be for the prior fiscal year.

Condition: Required financial and non-financial information input on the 2006-07 Nonclassroom-Based Funding Determination form prepared by the Charter School and submitted to the CDE, did not agree to the 2005-06 audited information, which was the most recent reliable information available.

Questioned Costs: \$26,936. After correcting the financial and non-financial information on the 2006-07 Nonclassroom-Based Funding Determination form to reflect the 2005-06 audited information, the Charter School expenses on instruction and related services as a percentage of total revenues were above the 70% requirement for 85% funding. The penalty was calculated by multiplying the general purpose entitlement funding amount apportioned to the Charter School based on the Charter School's Non-Classroom Based ADA reported on the P-2 attendance report for fiscal year 2008-09 by 85%.

California Code of Regulations, Title 5, Section 11963.4(e) notes that the Advisory Commission on Charter Schools may consider individual circumstances of the charter school that can be considered for a higher percentage rate than the rate computed on the Nonclassroom-Based Funding Determination form. These financial statements do not contain any adjustments related to this noncompliance, since the outcome of the Charter School's attempt to obtain 100% funding on the 2006-07 Nonclassroom-Based Funding Determination form cannot reasonably be determined at this time.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS (CONCLUDED)

DETERMINATION OF FUNDING FOR NONCLASSROOM-BASED INSTRUCTION (CONCLUDED)

<u>Context:</u>	The 2006-07 Nonclassroom-Based Funding Determination form
<u>Effect:</u>	The required financial and non-financial information input on the 2006-07 Nonclassroom-Based Funding Determination form prepared by the Charter School and submitted to the CDE, was not based on and consistent with the 2005-06 audited information.
<u>Cause:</u>	The Charter School did not follow the general instructions for completing the funding determination form, as provided by the CDE
<u>Recommendation:</u>	The Charter School should follow the general instructions for completing all future funding determination forms, as provided by the CDE. In addition, the Charter School should revise the 2006-07 Nonclassroom-Based Funding Determination form to reflect the 2005-06 audited information, as provided by the auditor.
<u>Charter Response:</u>	<p>The 2006-07 Nonclassroom-Based Funding Determination form was submitted one year prior to the due date on recommendation by the CDE as part of a "forward funding" objective. Because the 2006-07 form was being used for a 2007-08 application, and was being submitted in the 2005-06 fiscal year, the Mark West Charter School staff contacted the CDE for guidance rather than following the general instructions. The advice given by the staff at the CDE was to use the most current 2006-07 information as the application was for 2007-08 funding. The Nonclassroom-Based Funding Determination was granted for three years (2007-08, 2008-09, and 2009-10) at 100% funding. At the time the CDE staff noted that the application was not needed as the Mark West Charter School was under 20% Independent Study ADA, but the application would be accepted anyway and a determination would be made.</p> <p>In the 2008-09 fiscal year Mark West Charter School exceeded the 20% Independent Study ADA criterion and the Nonclassroom-Based Funding Determination was reviewed. The CDE staff was not aware of the previous guidance given to the Mark West Charter staff and requested a revised application be submitted. The revision was submitted September 21, 2009 and is still to be determined by the CDE</p> <p>An application will be submitted in the 2009-10 fiscal year for Nonclassroom-Based funding in the 2010-11 fiscal year and beyond. The Mark West Charter School will use the information from this audit report to complete the application. In addition the information to be submitted will be reviewed and approved by the outside auditor before final submission.</p>