

# The Columbus Dispatch

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## **CHARTER SCHOOLS FALLING SHORT ON AUDITS; Leaders say finances not that bad; critics see lack of oversight**

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Debt. Sloppy bookkeeping. Potential conflicts of interest and misuse of public funds.

All have shown up as black marks in state audits of a handful of central Ohio charter schools released this summer, continuing a trend of critical reports about such schools.

Charter critics say financial slip-ups are common because no one's watching over the spending of millions in public dollars.

Charter leaders say they're held to the same standards as traditional public schools but struggle in different ways: They're new, they have no supplies or buildings of their own, they can't collect property taxes. They say they regularly look worse financially than they really are.

"What you have a lot of times is folks who haven't necessarily been directly involved in the business of running a school all of a sudden responsible for lots and lots of record keeping," said Jen Detwiler, a spokeswoman for state Auditor Betty D. Montgomery. "They don't have the training or previous experience to know what needs to be done, what kinds of accounting practices need to be in place."

Detwiler said charter schools commonly have problems related to poor record keeping. That was the case, at least in part, for the Electronic Classroom of Tomorrow, which auditors said this month couldn't properly account for some students' enrollment and couldn't prove some students had computers.

Shoddy record keeping can lead to serious findings.

The Virtual Community School of Ohio, an online charter school for kindergarten through 12th grade, owes the Ohio Department of Education about \$2.2 million in per-pupil money it received during the 2003-04 school year. The school is sponsored by the Reynoldsburg school district.

Owing the department, or being owed, isn't all that unusual for charters. Because enrollment tends to fluctuate and is re-counted each month, the schools often end up with too little or too much per-pupil funding. But it is unusual to owe so much.

School Treasurer Shane Allen said the school taught about 450 parochial-school students in the Cleveland area that the state decided weren't eligible to enroll in a charter school using state funds. So the virtual school is now paying back the state in interest-free installments of about \$500,000 each year.

The virtual school also was cited for incomplete record keeping of its federal funding for needy students. As a result, auditors couldn't tell whether about \$11,000 in federal money was properly spent.

Allen said all the students were eligible, and the school has since hired someone to oversee the program.

The International Academy of Columbus, which generally serves immigrant students in kindergarten through 10th grade on the North Side, didn't keep updated records of which students were eligible for a federal breakfast and lunch program. Because of that, the auditor questioned whether more than \$107,000 in federal money was properly spent in fiscal 2004.

The school's treasurer said state officials told administrators they didn't need to file new forms for students each year, so they didn't. But the auditor said it's required.

Either way, the children qualify for the program, a financial consultant to the International Academy said.

"They're all in the welfare system and are all eligible," said Brian G. Adams, president of Ohio Community School Consultants. "As part of our corrective-action plan, every year from here on out, . . . they will get a new nutrition form."

The Montessori Renaissance Experience charter school was missing 101 checks that couldn't be explained in fiscal 2004, auditors found. Checks were issued out of sequence, and money for an after-school program wasn't properly collected, auditors said. The school served about 25 elementary students last school year.

Some of the problems identified by Montgomery's office were less serious: YouthBuild Columbus Community School, a school that teaches building trades to high-school students who are at risk of dropping out of traditional schools, was cited for approving its spending plan late. The auditor noted that the Graham School had almost \$1.2 million in debt because the school was in the middle of refinancing its mortgages.

Charters have problems traditional schools don't, said Nelson Smith, president of the Charter School Leadership Council, a national advocacy organization. One of the most significant is that, in Ohio, charters don't get a share of local property taxes. They also often must spend a large portion of their operating budgets to pay for school buildings. Traditional schools can get state help to pay for buildings.

"It does suggest that some particular care needs to be given to understanding the kinds of organizations charter schools are," Smith said.

Detwiler said auditors examine charter schools the same way they critique traditional public schools. But charter leaders say charters aren't like traditional public schools.

"Because there isn't a specific protocol for community schools, I think that has led to erroneous conclusions," Adams said.

State Sen. Teresa Fedor said she's worried that no one's watching where charters are spending public funds.

"I do not think sponsors are prepared; we have a very poor system of oversight when it comes to watching taxpayer dollars," the Toledo Democrat said. "The audits are proof we do not have a legitimate charter-school system in Ohio.

"We wouldn't allow a traditional public school to run this way. In traditional schools, there are checks and balances. We do not have checks and balances in the charter-school system."