

I. Introduction

Purpose

During the 2019 Nevada Legislative Session, the State Legislature passed Assembly Bill No. 78, now codified in NRS 388A.159, which made the State Public Charter School Authority (SPCSA) the local education agency (LEA) for its charter schools. Along with this status, the SPCSA has the authority and responsibility to monitor its schools for federal grant compliance, as stated in 2 CFR § 200.331(b) as well as state grant compliance for those grants passed through the SPCSA.

Federal and state grant compliance is vital for several reasons, including:

1. **Student services and well-being:** Federal and state grants exist to advance matters like educational equity, programmatic innovation, and teacher development. When schools comply with federal and state grant requirements, they demonstrate a commitment to improving educational outcomes.
2. **Sound financial stewardship:** Federal and State grant funds are available because of taxpayers. Our schools, as public charter schools, use these taxpayer dollars to educate their students. To be faithful stewards of federal and state funds, our schools have an obligation to comply with the requirements tied to those funds.
3. **Legal compliance:** On a fundamental level, complying with federal and state grant requirements amounts to complying with the law. As public charter schools, our schools have a duty to be legally compliant with local, state, and federal requirements.

Because the SPCSA has the authority and responsibility to monitor our schools for compliance, we must fairly, transparently, and efficiently execute our monitoring.

Document Summary

This document details how we will use a risk-rating system to determine levels of monitoring for our schools on an annual basis. The document details the federal and state grant monitoring risk assessment categories and the indicators used to determine each school's risk tier.

What Is Risk Assessment?

Risk assessment refers to the practice of categorizing schools into three (3) pre-determined levels of risk and using those risk levels to determine how much (and what type of) compliance monitoring a school requires. 2 CFR 200.332 (b) requires that the SPCSA evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of a subaward for the purposes of determining appropriate subrecipient monitoring. Note that a school's risk level may be unrelated to its academic, organizational, and/or financial performance. For instance, a school that is in its first year of having a Title I program inherently has a high level of risk just because the school has no prior experience with the program. In other words, a school's measure of risk is not directly related to that school's performance/quality or to the SPCSA's perception of the school.

Schools could demonstrate non-compliance with federal grants in two ways: (1) financial non-compliance and (2) programmatic non-compliance. As such, the SPCSA will assess each school's risk by reviewing programmatic and financial information.

II. Risk Assessment Categories

Each year, the SPCSA will determine how much (and what type of) federal and state grant compliance monitoring schools require. We will do this in two ways:

Table: The SPCSA's Approaches to Determine Grant Monitoring Activities for Our Schools

Approach	Description	Rationale
Risk Tiers	We will assess each school's risk of non-compliance, and we will categorize schools into "Risk tiers."	By categorizing schools into risk tiers, we can target our monitoring and support towards the schools that need them most. We can also use our limited resources in a way that is responsive to our schools' needs.
Three-Year Review Cycle	Regardless of each school's risk tier, we will use a three-year cycle to provide schools with heightened oversight at least once every three years.	To be faithful monitors of taxpayer dollars, we have a duty to give each of our schools a more thorough review, even if they have demonstrated limited risks. This will allow us to focus on all our schools at least once every three years to review their programming, provide support, and ensure they are meeting their obligations to students and the government. The three-year cycle will begin with the grant monitoring in FY22. Schools who earn risk levels of "Moderate" or "Low" will be selected randomly for onsite monitoring as a part of this process. Those schools will be notified via the monitoring email of their selection.

Risk Tiers

Each year, after reviewing a consistent set of metrics for each of our schools, we will categorize each school into one of three risk tiers: Low Risk, Moderate Risk, or High Risk. Each school's risk tier will dictate the monitoring activities that we conduct with the school that year.

1. **Low Risk Tier:** Schools in this tier would demonstrate little risk of non-compliance with federal grants. Their programmatic and financial performance/experience would suggest they are likely to be compliant with requirements.
2. **Moderate Risk Tier:** Schools in this tier would have some programmatic and/or financial indicators suggesting they are at risk of non-compliance, but they may have others indicating they are not.
3. **High Risk Tier:** These schools would have multiple indicators suggesting they are at risk of non-compliance with federal grant requirements.

Three-Year Review Cycle

In addition to categorizing each school into a risk tier, the SPCSA will use a three-year cycle to review each school. Through this cycle, the SPCSA will conduct heightened oversight of each school, aligned to the three-year cycle, once every three years.

This means that some schools, ranking in the low risk tier each year, may only receive heightened oversight once every three years. It also means that a school, ranked as moderate or high risk in a preceding year and low risk in its three-year cycle review year, may receive multiple years of heightened review – once for the year it ranked as moderate risk and once for the year that it comes up for its three-year cycle review.

III. Indicators to Determine Each School's Risk Tier

To determine each school's risk tier, the SPCSA will review a set of indicators listed below. There are a set of automatic criteria that are identified as A-D and if a school falls into one of those categories it will receive an automatic increased tier ranking. The full risk assessment will be conducted using criteria 1-11, also listed below. For a detailed description for each of these criteria please review the document entitled *Subrecipient Monitoring Risk-Assessment Tool: Criterion Summary, Statutory Authority, and Data Source Guidance*.

Automatic Criteria:

- Criterion A – New Charter Holder Open <2 years open or New Charter School Campus
- Criterion B – **Currently under a corrective action plan (CAP) issued during the previous year of monitoring.**
- Criterion C – **Schools with a high-risk designation from the previous years monitoring, who also have unresolved action items**
- Criterion D – Single Audit Report findings or failure to complete required audit (2 CFR 200.501)

The following indicators will be a part of a fully conducted risk assessment and contribute to the overall risk level that a school receives for the current fiscal year:

- Criterion 1 – Required Grant Reporting - Quality (Program – Campus Level)
- Criterion 2a – **Turnover in key personnel (Program – Campus Level)**
- Criterion 2b – **Turnover in key personnel (Fiscal – Charter Holder Level)**
- Criterion 3a – Fiscal grants reporting compliance - Quality (Fiscal – Charter Holder Level)
- Criterion 3b – Fiscal grants reporting compliance - Timeliness (Fiscal – Charter Holder Level)
- Criterion 4a – Subaward Performance (Fiscal – Charter Holder Level) *
- Criterion 4b – Fiscal Performance (Fiscal – Charter Holder Level) *
- Criterion 5a – Training Participation – (Program - Campus Level) *
- Criterion 5b – Training Participation – (Fiscal – Charter Holder Level) *
- Criterion 6 – Management Systems – (Fiscal – Charter Holder Level) *
- Criterion 7 – Federal Designations: Targeted Support and Improvement (TSI) / Comprehensive Support and Improvement (CSI) / Additional Support and Improvement (ATSI) (Program - Campus Level)
- Criterion 8 – Timely submissions into Epicenter (Program - Campus Level)
- Criterion 9 – Total number of Federal Grant programs that are administered by the school (including emergency relief funds) (Fiscal – Charter Holder Level)
- Criterion 10 – Special Education Compliance (Program - Campus Level)
- Criterion 11 – Percent growth of relevant student groups: Special Education IDEA-B, English Language Learners, and Economically Disadvantaged (Program – Campus Level)

These criteria are waived for the risk assessment conducted in the fall of 2021 for fiscal year 2022 but will be used in subsequent risk assessments. **Note: The risk-assessment conducted in the fall of 2021 for Fiscal Year 2022 will be based on school performance during the 2020-2021 school year (Fiscal Year 2021).*

Scoring System

To determine a school's risk tier, the SPCSA will measure the school's performance on the above indicators as follows:

Schools will be assessed across 11 criterion. For each criterion, the school will receive a rating of "low", "moderate", or "high" based on descriptions provided in the document entitled *Subrecipient Monitoring Risk-Assessment Tool: Criterion Summary, Statutory Authority, and Data Source Guidance*. The school's ultimate risk assessment score will be the category in which the highest percentage of criteria are rated.

- **For example:** *The Risk-Assessment Tool indicates that the "High" indicator has two (2) boxes marked, "Moderate" has four (4) boxes marked, and "Low" has one (1) box marked. The SPCSA will assign the school a "Moderate" rating for the year.*
- If two (2) indicators have the same number of boxes marked, the assignment will default to the highest level. **For example:** *If there are three (3) boxes marked for "Moderate"; three (3) boxes marked for "Low", and one (1) box marked for "High"; the SPCSA will assign a "Moderate" assignment to that school.*

As a final note, the SPCSA will use findings from the prior year(s) monitoring activities to help determine a school's current risk tier.

APPENDIX A: LIST OF FEDERAL GRANTS THAT THE SPCSA WILL MONITOR FOR COMPLIANCE

1. Title 1A
2. Title 1 1003a
3. Title IIA
4. Title III – ELL
5. Title IVA
6. IDEA-B
7. IDEA-b
8. ESSER I (CARES Act)
9. CRRSA ESSER (ESSER II)
10. ARP ESSER
11. State CARES Act (CFR)
12. GEER
13. Project Aware
14. APR IDEA

Note: *This list will also include any additional federal funds that are passed through the State Public Charter School Authority.*