

## I. Introduction

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### **Purpose**

During the 2019 Nevada Legislative Session, the State Legislature passed Assembly Bill No. 78, 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 levels of risk and using those risk levels to determine how much (and what type of) compliance monitoring a school requires. 2 CFR 200.331(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

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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.

### 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 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

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To determine each school's risk tier, the SPCSA will review financial and programmatic indicators. If a school demonstrates that it is at-risk of non-compliance on a sufficient number of indicators, then the SPCSA will heighten its monitoring of that school. With heightened monitoring, the SPCSA will target its focus on the area (i.e. finances or programming) where the school demonstrated the greatest risk. For example, if a school's financial indicators suggest it is at-risk of non-compliance, but its programmatic indicators do not, then the SPCSA's monitoring will primarily focus on the financial matters.

## Financial Indicators

Indicator		Description and Rationale
1	<b>Years of experience with each grant</b>	<ul style="list-style-type: none"> <li>Measures the number of years a school has received each of its grants</li> <li>Demonstrates the school's institutional experience with managing particular grants – and with more experience a school is less likely to be at-risk of non-compliance</li> </ul>
2	<b>Total combined federal grant award expenditures (in dollars) and findings or status with a single audit</b>	<ul style="list-style-type: none"> <li>For schools with a total combined dollars <math>\geq</math> \$750,000, this measures whether a school utilizes an audit and whether the audit has findings</li> <li>An audit objectively assesses the school's management and use of grant funding</li> </ul>
3	<b>Total combined grant awards (in dollars)</b>	<ul style="list-style-type: none"> <li>Measures the total grant funds that a school receives each year</li> <li>Demonstrates the fiscal magnitude of a school's grants – with fewer funds suggesting a school may be at lower risk of non-compliance</li> </ul>
4	<b>Years of experience with current financial management system</b>	<ul style="list-style-type: none"> <li>Measures if a school has substantially changed its approach to managing grants in recent years – with more substantial or recent changes suggesting more risk of non-compliance</li> </ul>
5	<b>Years of grant experience for school staff who oversee grants</b>	<ul style="list-style-type: none"> <li>Measures the number of years a school's grant manager(s) have as experience with grants – with fewer years indicating a school may be more at-risk of non-compliance</li> </ul>
6	<b>Written policies and procedures regarding fiscal processes</b>	<ul style="list-style-type: none"> <li>Measures whether a school has sound and clear practices for complying with grant expenditure expectations</li> </ul>
7	<b>Maintenance of effort compliance</b>	<ul style="list-style-type: none"> <li>Measures a school's direct ability or inability to comply with federal requirements for maintenance of effort</li> </ul>
8	<b>Reimbursement Request Compliance: Deficiencies in allowable expenditures or expending funds within the period of performance</b>	<ul style="list-style-type: none"> <li>Measures a school's direct ability to comply with federal requirements for uses of grant funds, for when grant funds may be obligated, and to comply with requirements of the subaward</li> </ul>
9	<b>Reimbursement Request Compliance: Deficiencies in reimbursement request requirements</b>	<ul style="list-style-type: none"> <li>Measures a school's direct ability to adequately and accurately complete reimbursement requests to comply with requirements of the subaward</li> </ul>
10	<b>Reimbursement Request Compliance: Timeliness of reimbursement requests</b>	<ul style="list-style-type: none"> <li>Measures a school's direct ability to manage grant funds effectively to comply with requirements of the subaward</li> </ul>
11	<b>Current fiscal year (i.e., FY 2020) levels of expenditures relative to total subawards</b>	<ul style="list-style-type: none"> <li>Measures a school's direct ability to appropriately pace its expenditures to effectively implement activities for each grant program</li> <li>EXAMPLE: Total expenditures for IDEA relative to subaward amount from July 1, 2019 - June 30, 2020</li> </ul>
12	<b>Reversion of funds from previous fiscal year (i.e., FY 2019)</b>	<ul style="list-style-type: none"> <li>For each grant program, this measures the degree with which a school has spent down its previous year's grant funds – with a school less likely to be compliant if it has not spent down its funds</li> </ul>

For details on the specific metrics tied to each indicator, please refer to the Appendix.

## Programmatic Indicators

Indicator		Description and Rationale	Relevant Grants
1	<b>Targeted Support &amp; Improvement/ Comprehensive Support &amp; Improvement Status</b>	<ul style="list-style-type: none"> <li>Measures if a school is under targeted or comprehensive support and improvement under ESSA; such designations provide insight into the potential effectiveness of a school's grant programming.</li> </ul>	All
2	<b>Star Rating</b>	<ul style="list-style-type: none"> <li>Measures a school's state performance rating – with a lower rating suggesting that a school may be able to improve the effectiveness of its grant programming.</li> </ul>	All
3	<b>Number of Due Process Complaints*</b>	<ul style="list-style-type: none"> <li>Measures the number of special education due process complaints that a school has received in the most recent, preceding school year</li> <li>May be an indication of a school being non-compliant with special education programming.</li> </ul>	IDEA
4 & 5	<b>Total Number of Federal Grant Programs</b>	<ul style="list-style-type: none"> <li>Measures the number of federal grants that the school receives and how new these programs are; more programs or several new programs indicate a higher degree of complexity in ensuring program performance and possibly higher risk of non-compliance</li> </ul>	All
6	<b>Percent Growth of Relevant Student Groups</b>	<ul style="list-style-type: none"> <li>Measures a school's year-over-year percent growth of students with disabilities, students who are economically disadvantaged, and students who are language learners</li> <li>Demonstrates a potential need for significant changes to a school's existing programming</li> </ul>	Title I, Title III, IDEA
7	<b>Reporting Compliance: Deficiencies in Reporting Requirements</b>	<ul style="list-style-type: none"> <li>Measures if a school directly complies with the baseline expectations for its ongoing grant program reports</li> </ul>	All
8	<b>Reporting Compliance: Timeliness of Submissions</b>	<ul style="list-style-type: none"> <li>Measures if a school directly complies with deadlines for submitting its ongoing grant program reports</li> </ul>	All
9	<b>Written policies or procedures for evaluating programmatic practices and effectiveness</b>	<ul style="list-style-type: none"> <li>Measures whether a school has sound and clear practices for complying with programmatic requirements</li> </ul>	All

\*The SPCSA will only count due process complaints that are investigated and found to have merit as part of its approach to measuring programmatic risk.

In addition to the above-detailed programmatic indicators, the SPCSA may add parent complaints as an indicator in the coming years.

## Scoring System

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

- The SPCSA will organize both the financial indicators and programmatic indicators into two categories: (A) automatic strike risk indicators and (B) partial strike risk indicators. See Appendix for details on which indicators count as automatic strike and which count as partial strike.
- For each indicator, the SPCSA will have a threshold that determines a school's risk level. See Appendix A for details.

3. Based on a school’s performance on each indicator, the school will be assigned “points” in line with the following matrix.

<b>Indicator Type</b>	<b>Financial Indicators</b>	<b>Programmatic Indicators</b>
Automatic Strike	School gains 1 point for each indicator. Specific indicators are below for reference.	School gains 1 point for each indicator. Specific indicators are below for reference.
Partial Strike	<ul style="list-style-type: none"> <li>● 0-2 indicators: 0 points</li> <li>● 3 indicators: 1 point</li> <li>● For every additional indicator “strike”, the school gains an additional point</li> </ul> Specific indicators can be found in Appendix A.	<ul style="list-style-type: none"> <li>● 0-1 indicators: 0 points</li> <li>● 2 indicators: 1 point</li> <li>● For every additional indicator “strike”, the school gains an additional point</li> </ul> Specific indicators can be found in Appendix A.

4. Any school with zero points will fall into the Low Risk Tier.
5. Any school with one or more points will at least fall into the Moderate Risk Tier.
6. To determine if a school falls into the High-Risk Tier, each year the SPCSA will normalize the given year’s data to create a High-Risk point threshold. This will ensure the SPCSA has adequate capacity to provide intensive monitoring for schools in the High-Risk Tier.

As a final note, the SPCSA will use findings from prior year monitoring activities to help determine a school’s risk tier. For instance, if (a) a school scores into the High Risk Tier for the current year, (b) the SPCSA provided that school with intensive monitoring in the immediately preceding year, and (c) in that same (preceding) year the SPCSA found no matters of major concern, the SPCSA may choose to categorize the school in the Moderate Risk Tier for the current year. Staff at the SPCSA will use their expertise and experience to make such determinations.

**APPENDIX A: METRICS THAT INDICATE RISK OF NON-COMPLIANCE**

Indicator		Compliance Risk Metric and Cutoff	Indicator Type
<b>Financial</b>			
1	Years of experience with each grant	Years received award < 2	Automatic Strike
2	Total combined federal grant award expenditures (in dollars) and findings or status with a single audit	Total combined dollars $\geq$ \$750,000 AND School lacks a single audit altogether OR school has findings on its single audit	Automatic Strike
3	Years of experience with current financial management system	Financial management system implemented or substantially changed in $\leq$ 2 years	Partial Strike
4	Years of grant experience for school staff who oversee grants	The individual managing the school's grants has fewer than two years of experience managing any specific education grant or consolidated group of education grants: Titles I, II, III, IV; IDEA; or ESSER	Automatic Strike
5	Written policies or procedures regarding administrative requirements and internal controls, pursuant to 2 CFR § 200 Subpart D	School lacks written policies or procedures in compliance pursuant to federal administrative requirements	Automatic Strike or Partial Strike*
6	Maintenance of Effort compliance	[Applies only to schools managing IDEA and Title 1 Grants] Failure to meet Maintenance of Effort requirements for one of the past three years	Automatic Strike
7	Reimbursement Request Compliance: Deficiencies in allowable expenditures or expending funds within the period of performance	School makes expenditures not allowed by the current subaward, by federal cost principles (2 CFR 200 Subpart E), or by grant program statute. OR the school obligates funds outside the grant period of performance listed on the subaward document.	Automatic Strike
8	Reimbursement Request Compliance: Deficiencies in reimbursement request requirements	Two or more reimbursement requests submitted with major deficiencies (i.e. a deficiency requiring correction or additional documentation).	Partial Strike
9	Reimbursement Request Compliance: Timeliness of reimbursement requests	Two or more reimbursement requests submitted past the required due date with no extension granted by SPCSA staff  EXAMPLE: Reimbursement requests are due for a particular program on a monthly basis. It is timely if it is submitted on a monthly basis. It is not timely if the requests are not submitted each month.	Partial Strike
10	Reimbursement Request Compliance: Timeliness of reimbursement requests	The school submits an egregiously late reimbursement request (a stale claim)	Automatic Strike
11	Current levels of expenditures relative to subaward amount for each grant program	By June 30, total percent spend is less than 70% of the total subaward amount for the current federal fiscal year.	Partial Strike
12	Reversion of funds from most recent fiscal year	More than 10% of funds for the most recent fiscal year were unspent.	Partial Strike

\*Financial indicator #5 may count as an automatic strike indicator, resulting in automatic elevation to a Moderate Risk Tier if a school demonstrates pervasive, persistent, or egregious deficiencies in maintaining written policies or procedures.

Indicator		Compliance Risk Metric and Cutoff	Indicator Type
<b>Programmatic</b>			
1	Targeted School Improvement/ Comprehensive Support and Improvement Status	Yes to either status	Partial Strike
2	Star Rating	Star Rating of 1 or 2	Partial Strike
3	Number of Due Process Complaints*	One or more in the past year OR egregious or persistent complaints in the past three years	Automatic Strike
4	Total Number of Federal Grant Programs	School is managing five or more total programs	Partial Strike
5	Total Number of Federal Grant Programs	School has managed two or more programs <2 years	Partial Strike
6	Percent Growth of Relevant Student Groups	15% or more growth in one of the following student groups AND/OR 5% or more growth in two or more of the following student groups: students (a) who are economically disadvantaged, (b) who have special education IEPs, or (c) who are English Language Learners  NOTE: In the case that growth is related to certain student groups, the SPCSA will tailor its monitoring activities to focus on the program(s) associated with those student groups.	Partial Strike
7	Reporting Compliance: Deficiencies in Reporting Requirements	Two or more major deficiencies (requiring correction or additional documentation)  NOTE: The SPCSA will review reporting requirements program-by-program. In the case where deficiencies are solely related to one or a small number of programs, the SPCSA will tailor its monitoring activities to focus on the program(s) with deficiencies.	Automatic Strike
8	Reporting Compliance: Timeliness of Submissions	Two or more reports submitted past the required due date with no extension granted  NOTE: The SPCSA will review timeliness requirements program-by-program. In the case where deficiencies are solely related to one or a small number of programs, the SPCSA will tailor its monitoring activities to focus on the program(s) with deficiencies.	Partial Strike
9	Written policies or procedures for evaluating programmatic practices and effectiveness	School has not documented a strong/comprehensive/goal-oriented policy or procedure for monitoring program progress.	Automatic Strike

\*The SPCSA will only count due process complaints that are investigated and followed up with a corrective action plan as part of its approach to measuring programmatic risk.

## **APPENDIX B: LIST OF FEDERAL GRANTS THAT THE SPCSA WILL MONITOR FOR COMPLIANCE**

1. Title 1A
2. Title 1 1003a
3. Title IIA
4. Title III – LEP
5. Title III – IMM
6. Title IVA
7. IDEA-B
8. IDEA-b
9. ESSER
10. State CARES Act (CFR)



**APPENDIX C: EXAMPLES OF SCORING SCENARIOS**

<b>Scenarios</b>	<b>Financial Indicators</b>	<b>Programmatic Indicators</b>	<b>Points/Risk Level</b>
Low-Risk Scenario	11% of funds from most recent fiscal year remain unspent: <b>Partial Strike</b>	School has a 2-Star Rating: <b>Partial Strike</b>	Zero Points Low Risk
Moderate-Risk Scenario A	School managing IDEA Grant fails to meet Maintenance of Effort requirements for one of the past three years: <b>Automatic Strike</b>	<b>No Strikes on Programmatic Indicators</b>	One Point Moderate Risk
Moderate-Risk Scenario B	Two or more reimbursement requests were submitted past the required due date with no extension granted by SPCSA staff: <b>Partial Strike</b>	<ul style="list-style-type: none"> <li>● School is managing 6 total programs: <b>Partial Strike</b></li> <li>● School is in its first year of managing more than 2 programs: <b>Partial Strike</b></li> </ul>	One Point Moderate Risk
High-Risk Scenario	School makes expenditures not allowed by the current subaward, by federal cost principles (2 CFR 200 Subpart E): <b>Automatic Strike</b>	Egregious or persistent complaints in the past three years: <b>Automatic Strike</b>	Two Points* High-Risk

\*Note that the SPCSA will define the threshold for high-risk scenarios on an annual basis.