



New Hampshire

Department of Education

FY24 Subrecipient Fiscal Risk Assessment
Report
Charter Schools

Provided by the NHED, Bureau of Federal Compliance

July 7, 2023

1.0 Annual Fiscal Risk Assessment

As a pass-through entity, the New Hampshire Department of Education (NHED) awards Federal grant funds to eligible subrecipients, including local educational agencies (School Districts and Charter Schools). The responsibilities of pass-through entities are given in Title II of the Code of Federal Regulations, Part 200.332, which requires NHED to “evaluate each subrecipient’s risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.” To comply with this requirement, the NHED conducts an annual fiscal risk assessment of Charter Schools to determine their potential risk of noncompliance. Based upon the outcome of the risk assessment, Charter Schools are selected for fiscal compliance monitoring.

Programmatic risk assessments are completed by individual program specific NHED staff and will not be discussed further herein.

The NHED updates the risk assessment model annually to ensure that risk indicators reflect current risks, such as economic conditions; political conditions; regulatory changes; unreliable information; financial problems that could lead to diversion of grant funds; loss of essential personnel; loss of accreditation; rapid growth; new activities, products, or services; and organizational restructuring.

2.0 Purpose of the Annual Fiscal Risk Assessment

The fiscal risk assessment is used to determine the likelihood that a Charter School may fail to comply with applicable rules. If a Charter School is assigned a high risk level (as a result of the annual risk assessment), it does not indicate that the Charter School has failed to comply with applicable rules. Similarly, a low risk level does not indicate that the Charter School is compliant with applicable rules. Only an independent auditor or a NHED fiscal or program monitor can determine if a Charter School is compliant or noncompliant.

The risk assessment is conducted annually, so a Charter School’s risk level can change from year to year. A Charter School assigned a high-risk level for 2021-2022 may be assigned a medium or low risk level in 2022-2023. As the purpose of completing an annual risk assessment is to determine the appropriate level of Charter School fiscal monitoring, the results will be used to more efficiently assign NHED monitoring resources to those Charter Schools in need of greater oversight and/or technical assistance.

3.0 Development of Fiscal Risk Assessment Tool

Although Title 2 of the Code of Federal Regulations, Part 200.332(b) requires NHED, as a pass-through entity, to evaluate a Charter School’s fiscal risk, it does not specify how that evaluation should be completed. The limited guidance provided in Part 200.332 suggests a Charter School’s prior experience with subawards, the results of previous audits, whether the Charter School has new personnel or systems and the results of any Federal audits should be included in any risk assessment.

In completing a cursory review of other State Department of Education risk assessment programs, it is evident that varied approaches are currently being used nationwide. Identified programs ranged from very brief questionnaires to highly elaborate quantitative approaches. In developing its risk assessment methodology, the NHED first assured some of the limited criteria provided in Part 200.332 was included. Thereafter, additional criteria the NHED felt best quantified the Charter School’s potential risk based on local concerns and the NHED’s prior experience with its FY22 Charter School fiscal monitoring program was added.

The fiscal risk assessment methodology was incorporated into an Excel-based risk assessment tool (RAT) as included in Appendix A. The RAT is a numerical model that generally relies on readily available data sets

related to the Charter School's overall management of Federal grant funds. There were four general risk criteria, as discussed briefly below, used to develop the variables utilized in the final version of the RAT.

Grant Award Amount Risk

The total amount of Federal funds awarded to Charter Schools in FY23 was a primary consideration in assessing Charter School fiscal risk. The more Federal funds being managed the greater the fiscal impact should the funds be mismanaged or otherwise compromised.

ESSER III Allocation

The total amount of ESSER III Federal funds awarded to the Charter School FY22 (21/22). The greater ESSER III allocation being managed impacts the potential for funds to be mismanaged or otherwise compromised.

Monitored by the BFC in FY22?

Whether or not the charter school was monitored by the BFC in the FY22.

FY22 Single Audit Certification Submitted on Time

Whether or not the Charter School submitted the required FY22 Single Audit Certification by the required due date, December 31, 2022.

4.0 Variables Used in the Risk Assessment Tool

Assessment of the following four fiscal risk variables; grant award amount, number of grants awarded, grant utilization and prior BFC monitoring status were considered appropriate to adequately quantify a Charter School's potential risk relative to their management of Federal grant funds. The span for each variable was set at three (0 to 3 points) to equalize the variables prior to applying the weighting. The criteria that defines each variable range and the corresponding point value is shown on the top of the RAT spreadsheet included as Appendix A.

The justification for inclusion of each of the four risk variables and weighting, as well as any simplifying assumptions, are described in more detail below.

Grant Award Amount Risk

Grant Award Amount (25%)

This variable includes the total amount of Federal funds awarded to each Charter School in FY23 A simplifying assumption that was applied in arriving at the amount of Federal grant funds awarded during FY23 was to not include any grant funds associated with the NHED Food and Nutrition programs. This was done to simplify the data collection process as these funds are not included in the NHED Grants Management System (GMS) from which the data was pulled.

The higher the total dollar amount of Federal grant funds managed by a Charter School the higher the potential risk for loss of funds should waste, fraud or abuse be occurring. If underlying waste, fraud or abuse is not occurring, the magnitude of the grant funds being managed is not material. As such, the 25 percent weighting of this risk parameter is considered appropriate.

Total Charter School Federal funds less than \$100,000 was assigned a value of 1, between \$100,000 and \$250,000 was assigned a value of 2, and above \$250,000 was assigned a value of 3.

ESSER III Allocation

ESSER III Allocation FY22 (SY21/22) (15%)

This variable includes the total amount of ESSER III Federal funds awarded to the Charter School for FY22 (21/22). Total Charter School ESSER III Federal funds less than \$250,000 was assigned a value of 1, between \$250,001 and \$500,000 was assigned a value of 2, and above \$500,001 was assigned a value of 3.

BFC Monitoring History

Monitored by the BFC in FY22 (35%)

This variable is determined on if the Charter School was monitored by the BFC in FY22. If the Charter School was not monitored by the BFC in FY22, the variable was assigned a value of 2 and if the Charter School had been monitored during FY22 by the BFC a value of 0 was assigned.

Single Audit Certifications

FY22 Single Audit Certification Submitted on Time (25%)

This variable includes if the Charter School submitted the FY22 Single Audit Certification by the required due date. If the Charter School submitted the FY22 Single Audit Certification on or before December 31, 2022, it was assigned a value of 0 points and if submitted on or after January 1, 2023, it was assigned a value of 2.

5.0 Collection of Fiscal Risk Assessment Data

The *Grant Award Amount* and *ESSER III allocation* data were collected from the NHED GMS and were subject to the simplifying assumptions stated above. Whether a Charter School was subject to an onsite or remote fiscal monitoring visit (*Monitored in the FY22 by the BFC* variable) during FY22 was determined using internal BFC tracking documents.

6.0 Risk Assessment Index and Classification

The point values generated for each of the four variables for each Charter School were weighted and then summed to arrive at a final index for each Charter School. After a thorough review of the RAT scores, the NHED determined that the five (5) Charter Schools having an index above 1.8 would be subject to fiscal monitoring. Based on this criteria, the Charter Schools listed on the attached Table 1 are intended to receive scheduled fiscal monitoring (either onsite or remote monitoring) by the BFC during the upcoming 2023-2024 school year and will review activities that took place during the 2022-2023 school year.

In the opinion of the NHED, both the risk assessment methodology and the resulting RAT generally meet the requirements of 2 CFR 200.332. The application of the risk assessment tool to categorize Charter Schools is both appropriate and resource efficient.

7.0 Charter School Monitoring Based on the Results of Fiscal Risk Assessment

The extent of Charter School monitoring is dependent on the level of risk assigned to the Charter School. The risk assessment index, and any identified areas of weakness, will assist the BFC in determining the depth, scope and priority for each individual Charter School's individual monitoring plan.

Table 1**Charter Schools to be Monitored by the BFC During 2022-2023**

Making Community Connections Charter School	Compass Classical Academy Charter	Kreiva Academy Public Charter School
Gathering Waters Chartered Public Schools	Robert Frost Charter School	

APPENDIX A

RISK ASSESSMENT TOOL (RAT)

RISK ASSESSMENT TOOL (RAT)
to inform
FY24 CHARTER SCHOOL BFC FISCAL MONITORING for SY 22/23

	Variable Weighting =====>	25%	Calculated Value	15%	Calculated Value	35%	Calculated Value	25%	Calculated Value	100%
	Variable Number =====>	Variable 1		Variable 2		Variable 3	Variable 4			
Charter School Name	Total Amount of FY23 Federal Awards **	< \$100,000 = 1 point \$100,001 to \$250,000 = 2 point > \$250,001 = 3 points	ESSEER III Allocation Amount (FY22)	<\$250,000 = 1point \$250,001 to \$500,000 = 2 points > \$500,001 = 3 points	Were They Monitored in FY22 by the BFC?	Yes = 0 points No = 2 points	FY22 Single Audit Certification Documentation on time	Yes = 0 points No = 2 points	Total Weighted Points	
1 Making Community Connections Charter School	\$107,825.09	2	\$ 654,107.73	3	no	2	no	2	2.2	
2 Compass Classical Academy Charter	\$251,181.15	3	\$ 643,594.43	3	no	2	yes	0	1.9	
3 Kreiva Academy Public Charter School	\$174,532.58	2	\$ 184,261.99	1	no	2	no	2	1.9	
30 Gathering Waters Chartered Public Schools	\$112,894.56	2	\$ -	1	no	2	no	2	1.9	
31 Robert Frost Charter School	\$303,349.35	3	\$ 255,495.78	2	no	2	yes	0	1.8	
32 Seacoast Charter School	\$63,044.66	1	\$ 171,857.98	1	no	2	no	2	1.6	
33 Polaris Charter School	\$55,119.82	1	\$ 165,783.58	1	no	2	no	2	1.6	
34 Leaf Charter School	\$26,503.89	1	\$ 126,370.40	1	no	2	no	2	1.6	
28 Northeast Woodlands Charter School	\$34,367.90	1	\$ 169,643.39	1	no	2	no	2	1.6	
29 NEXT Charter School	\$49,683.68	1	\$ 163,981.86	1	no	2	no	2	1.6	
30 Mill Falls Charter School	\$67,723.09	1	\$ 160,005.12	1	no	2	no	2	1.6	
31 Sunry Village Charter School	\$71,000.98	1	\$ 167,760.07	1	no	2	no	2	1.6	
32 Arts Academy of New Hampshire Chartered Public High School	\$50,999.62	1	\$ 130,937.64	1	no	2	no	2	1.6	
33 The Birches Charter School	\$396,313.40	3	\$ 77,035.09	1	no	2	yes	0	1.6	
32 Coastal Waters Chartered Public	\$1,440,829.69	3	\$ -	1	no	2	n/a	0	1.6	
33 The Founders Academy Charter School	\$139,725.61	2	\$ 308,175.30	2	yes	0	no	2	1.3	
34 North Country Charter Academy	\$61,841.72	1	\$ 406,561.24	2	no	2	yes	0	1.3	
35 Cochecho Arts and Technology Charter Academy	\$0.00	1	\$ 113,847.83	1	no	2	yes	0	1.1	
26 Mountain Village Charter School	\$39,216.22	1	\$ 112,593.68	1	no	2	yes	0	1.1	
27 CSI Charter School	\$10,000.00	1	\$ -	1	no	2	yes	0	1.1	
35 Academy for Science and Design	\$24,604.55	1	\$ -	1	no	2	yes	0	1.1	
36 MicroSociety Academy Charter	\$61,240.50	1	\$ 160,005.27	1	no	2	yes	0	1.1	
37 Spark Academy of Advanced Technologies	\$10,871.88	1	\$ -	1	no	2	yes	0	1.1	
29 Heartwood Public Charter School	\$24,056.18	1	\$ -	1	no	2	yes	0	1.1	
30 Windham Academy Public Charter School	\$32,060.70	1	\$ 71,117.25	1	no	2	yes	0	1.1	
33 Lionheart Classical Academy	\$67,702.87	1	\$ -	1	no	2	yes	0	1.1	
34 Gate City Charter School	\$93,869.22	1	\$ 359,556.02	2	yes	0	yes	0	0.6	
35 Strong Foundations Charter School	\$91,763.28	1	\$ 343,693.87	2	yes	0	yes	0	0.6	
36 Virtual Learning Academy Charter School	\$83,774.33	1	\$ 254,828.24	2	yes	0	yes	0	0.6	
37 Great Bay eLearning Charter School	\$76,978.44	1	\$ 279,627.75	2	yes	0	yes	0	0.6	
38 Ledyard Charter School	\$79,334.73	1	\$ 245,867.29	1	yes	0	yes	0	0.4	

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