



New Hampshire

**Department of Education**

**New Hampshire Department of Education  
Elementary and Secondary Education Act  
District Risk Assessment Methodology for  
Federal Programmatic Consolidated Monitoring**

*Bureau of Instructional Support*

Office of ESEA Programs

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## Purpose

[Title II of the Code of Federal Regulations, Part § 200.332](#) states that a pass-through entity must “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 ...” Although the regulation does not dictate how the risk evaluation must be completed, it states that the risk evaluation may include consideration of such factors as the subrecipient's prior experience with the same or similar subawards, the results of previous audits, whether the district has new personnel or systems, and the results of Federal audits.

To comply with this requirement, the New Hampshire Department of Education (NHED) has conducted a risk assessment of districts and charter schools receiving ESEA funds for the previous fiscal year (FY 2023). Local Educational Agencies (LEAs) are categorized as either high-risk, moderate-risk, or low-risk. Based on the outcome of the risk assessment, at a minimum, the high-risk LEAs indicated on the Risk Assessment Tool (RAT) (attached) will be monitored. If your District is categorized as high-risk, it does not necessarily indicate failure to comply, but rather higher potential risk of noncompliance. The results of the risk assessment as well as the methodology can be found on the [NHED website](#) and are summarized within this report.

## Overview

The risk assessment process emphasizes accountability and transparency for using resources wisely and focuses on the results of the LEA’s implementation of applicable laws and regulations. However, variables and their associated weight will vary on a fiscal year basis depending on relevance, available data, and prior year findings. The weight and selection of variables is described further in this report.

Variables considered in the consolidated programmatic monitoring risk assessment include, but are not limited to:

- LEAs with greater percentages of awarded funds,
- LEAs required to ensure equitable services are delivered,
- LEAs that were monitored in the prior year,
- LEAs that had findings in the previous monitoring cycle,
- LEAs that had turnover in key positions the prior year,
- LEAs that have failed to meet Federal reporting requirements,
- LEAs that did not meet Maintenance of Effort (MOE) in at least one category,
- LEAs that are not utilizing funds in a timely manner, and
- LEAs that have experienced issues unique to the administration of Federal programs.

## Development

There are various approaches to risk assessments and programmatic monitoring nationwide amongst State Educational Agencies (SEAs). Programs may range from brief questionnaires to elaborate quantitative and consolidated approaches. NHED felt it was best to consolidate its approach regarding the risk assessment and monitoring for all ESEA Title programs to ensure efficiencies across all programs, cross-train employees both internally and externally, and limit the amount of time spent monitoring throughout the year.

The variables selected within this methodology were incorporated into an Excel spreadsheet, “Risk Assessment Tool (RAT)”, which is included as Appendix A. The RAT is a numerical model that relies on readily available data related to the Districts’ overall management of ESEA Title grant funds. The tool is comprised of four general

risk criteria, described below, to develop the ten (10) variables utilized in the final version of the RAT (described in the next section).

### ***Grant Award Amount Risk***

The total amount of ESEA Title funds awarded to Districts in FY 2023 is a primary consideration in assessing risk. The more funding being managed by a District, the greater the impact should funds be mismanaged or somehow compromised. Additionally, dependent upon the program, larger awards may be subject to additional requirements (i.e. Title IV, Part A).

### ***Management of Funds Risk***

LEAs that are managing multiple programs, funding streams (including income), and requirements of those funds, are at a higher risk of mismanagement of those funds. Providing equitable services, maintaining effort (MOE), being a part of a Title III consortium, and transferability of ESEA funds are all variables that may disrupt the proper flow/management of funding and add complexities to proper usage.

### ***NHED Monitoring Risk***

Whether or not a District was monitored previously may reduce the risk of an LEA. Being monitored by NHED increases the amount of technical assistance provided and could have shed light on prior issues that have since been corrected therefore reducing risk. Conversely, if a District was monitored previously and had findings, that LEA's risk may be high since they have displayed mismanagement of funds previously. Both factors are considered within the RAT.

### ***Program Efficiencies Risk***

When an LEA demonstrates timeliness of documentation, reporting, and/or grant start dates, this reduces the likeliness of risk. LEAs that do not efficiently spend funding and start their grants in a timely manner, have less time to effectively utilize the funds, therefore increasing their risk of mismanagement. A large factor in the delay of grant start times or proper reporting is turnover in key personnel.

## **Variables**

The FY 2023 RAT for Districts consists of ten (10) variables that NHED feels best addresses the general criteria of the tool. Assessment of the following ten (10) risk variables; total ESEA Title funds, prior-year audit findings, management of equitable services, having a monitoring visit within the last three (3) years conducted by an ESEA Program, transferring eligible ESEA Title funds, turnover of key personnel, taking part in a Title III consortium, meeting the two (2) maintenance of equity (MOE) requirements, collected program income under the allowability of Title IV, Part B, and timely start of ESEA Title grants were considered appropriate in determining risk relative to the management and programmatic execution of ESEA Title program funds.

The span for each variable was set at five (between zero (0) and five (5) points) to equalize the variables prior to weighting. Each variable has two (2) scoring options, with the exception of the first variable: total ESEA Title funds allocated in FY 2023, which has three (3) scoring options, again ranging from zero (0) to five (5) points.

The criteria for each variable range, the associated point, and weighting is available at the top of the RAT spreadsheet (Appendix A).

The justification for inclusion of each of the ten (10) risk variables and weighting are described in more detail below.

### **Grant Award Amount Risk**

#### *Total ESEA Title Funds Awarded in FY 2023 (10%)*

The total amount of ESEA Title funds awarded to a District is a primary risk factor as larger awards may be subject to additional requirements, which create complexities and additional risk in the management of an award. Based on this risk, a 10 percent weighting is appropriate.

All ESEA Title program allocations for FY 2023 were taken into consideration except for the CSI grant. This grant will be monitored separately but similarly. Due to the timing of school improvement grants and state laws guiding the implementation of school improvement standards, this program could not be implemented into this Federal consolidated process.

When the amount of the total allocation ranged from \$0 to \$500,000 a value of one (1) point was assigned, when the allocation ranged from \$500,001 to \$2,000,000, a value of three (3) points was assigned, and for total allocations of \$2,000,001 or more, a value of (5) points was assigned.

### **Management of Funds Risk**

#### *Eligible Non-Public Schools/Students Within the LEA (15%)*

LEAs that are required to provide equitable services to eligible non-public schools have a greater risk of mismanagement of funds. To properly provide equitable services and to determine equitable share there are many parties involved, data utilized, calculations made, and change throughout the school year. Due to the complexity of equitable services, an increased weighting of 15 percent was deemed necessary.

For those LEAs that do not have eligible non-public schools within their boundaries or do not have eligible students attending a non-public school outside of the District, a value of zero (0) points was assigned and for those LEAs that do have eligible non-public schools or students within or outside of their boundaries(for Title I, Part A purposes), they were assigned a value of five (5) points.

#### *Transferring of Eligible ESEA Title Funds (10%)*

While LEAs do not need permission from the SEA to transfer funding in/out of eligible ESEA Title programs, there are various requirements that must be met to ensure accuracy in a transfer, that equitable services were addressed, and that shares were recalculated because of the transfer. These complexities resulted in a weighting of 10 percent assigned to this variable.

NHED tracks transfer/flex activities within the Grants Management System (GMS) to ensure alignment of funding being utilized across grants. NHED also has an obligation to report to the U.S. Department of Education (USED) any time funds are transferring in/out of an eligible ESEA Title

program annually. If an LEA has indicated in a GMS activity that they were transferring funding for a 2022-2023 ESEA Title grant, then they were assigned five (5) points, for those LEAs that did not utilize the transfer option, they were assigned a value of zero (0) points.

#### *Participation in a Title III Consortium (5%)*

To be granted Title III funding, a minimum of \$10,000 must be awarded. For those LEAs below that threshold in FY 2023, they were provided the option of creating a consortium, increasing the funding amount, but assigning the fiscal responsibilities of the program to one LEA. This LEA must ensure that funding is being spent in an appropriate manner, which requires communication amongst participating LEAs. Additionally, supporting documentation must be supplied in support of expenditures creating an additional burden on the acting fiscal agent. Due to these complexities, although funding is limited compared to other programs, a weighting of five (5) percent was assigned to this variable.

Those LEAs that were awarded less than \$10,000 in Title III funds that elected to create and participate in a consortium were assigned a value of five (5) points, while those that were awarded over \$10,000 or did not receive a Title III allocation at all were awarded a value of zero (0) points.

#### *Both Maintenance of Effort (MOE) Variables Met (5%)*

An LEA may receive its full allocation of Title I, Part A funds for any fiscal year only if the SEA determines that the LEA has maintained its fiscal effort in accordance with ESEA requirements. These funds are allocated only if the SEA finds that either the combined fiscal effort per student (ADM-A) or the aggregate expenditures of the LEA and the State for the preceding fiscal year was not less than 90 percent of the combined fiscal effort or aggregate expenditures for the second preceding fiscal year.

While there were no LEAs that did not meet this provision in the previous fiscal year (that were utilized in determining the FY 2023 allocations), there were LEAs that did not meet at least one of the variables. While there are no ramifications for not meeting only one variable, it does pose potential risk for future funding. Due to this risk, a five (5) percent weighting was assigned.

For LEAs that did not meet either the combined fiscal effort per student variable or the aggregate expenditures variable a value of five (5) points was assigned. For those LEAs that met both variables, a value of zero (0) points was assigned.

#### *Collecting Program Income for Title IV, Part B Programs (15%)*

Participating Title IV, Part B sites (also known as 21<sup>st</sup> Century programs) are eligible to collect program income so long as certain provisions are met. These requirements create a risk associated with the proper management and accounting of funds. These funds must be utilized in accordance with Title IV, Part B program requirements and returned at the end of a five-year grant period if left unspent. It is expected that minimal funds will be returned to reduce the burden on participating families. With the unique requirements of this option of program income, we have elected to assign a high-weighted value of 15 percent.

## **NHED Monitoring Risk**

### *LEA Monitored by an ESEA Title Program in the Last Three (3) Years (10%)*

For those LEAs that have been monitored by an ESEA Title Program at NHED in the last three (3) years there is a lower risk assigned. LEAs that have had the opportunity for one-on-one technical assistance and improvement through former monitoring processes should have fewer identified issues moving forward. If the opportunity has not presented itself over the course of the last three (3) years, then there may be issues that have gone unnoticed, and monitoring would benefit that LEA greatly. While monitoring does not eliminate risk and ensure that corrective action has been taken, it does reduce more than those never monitored. A weighted value of 10 percent has been assigned to this variable.

LEAs that the ESEA Title team has identified as being monitored over the last three (3) monitoring cycles conducted by that program (timing has varied) have been assigned a value of zero (0) points. Those LEAs that have not been monitored by any ESEA Title program over the last three (3) years have been assigned a value of five (5) points.

### *Findings in the Prior Monitoring Period (10%)*

LEAs that have documented findings within the last monitoring cycle conducted by an ESEA Title program pose a higher risk than those with no findings. NHED recognizes that zero (0) findings previously does not mean that there will not be future findings and likewise those that had a finding last year may still have future findings. When guidance is updated and laws are changed, the review and documentation demonstrated to meet compliance must also shift. To ensure compliance of all ESEA Title programs, NHED will continue to build out guidance and templates to assist LEAs in the implementation and success of a requirement. Due to the nature of this risk assessment, we feel it's important to weight this variable appropriately as it directly correlates to the exact outcomes we are trying to avoid.

The LEAs that had prior year monitoring findings have been assigned a point value of five (5) points and those with no prior year monitoring findings (either no findings were documented, or the LEA was not monitored) have been assigned a zero (0) point value.

## **Program Efficiencies Risk**

### *Turnover in Key Personnel (10%)*

It is evident through prior year monitoring visits and inefficiencies in timely reporting requirements turnover in key personnel; including Superintendents, Assistant Superintendents, Business Managers, and Grant Managers can have a significant impact on compliance with Federal funding. The risk is primarily due to the loss of knowledge as well as the continuity and understanding of local initiatives, consistencies in the way data is reported, and timeliness of grant start times.

Changes in contact listings prior to July 1, 2023 were utilized in determining if there was a change in the above-mentioned key personnel areas. Changes that have occurred after this date will be taken into consideration during the next risk assessment. It should be noted that due to the fluid nature of this

data, it may not perfectly represent employment changes that occurred at the very beginning or end of a fiscal year.

When turnover in a key personnel position was identified, a value of five (5) points was assigned and when no change was identified, a value of zero (0) points was assigned.

#### *ESEA Title Grants Started in an Untimely Manner (10%)*

While NHED is working to streamline the allocation process and improve efficiencies to ensure timely distribution of funds, it is still expected that once an allocation is awarded to an LEA, that they LEA will start their grant and have activities substantially approved in a timely manner. If an LEA does not start their grant for many months, this limits the amount of time available to properly obligate funding, therefore increasing the likelihood that funds will be returned at the end of the grant period. When an LEA does not utilize their funding, it is returned to the USED and increases the risk associated with the management of Federal funds. Funds that are returned to the USED are funds that did not get utilized towards New Hampshire students. Therefore, the weight associated with this variable is 10 percent.

When assessing grant start times, NHED considered when the allocations were awarded to the LEAs, recognizing that allocations were made on different dates. Additionally, due to the nature of allocations made under Title III and the ability to later form consortiums, therefore having a later start date, Title III start dates were omitted from this variable.

LEAs that started their grant five (5) months or more past the date the allocation was made for an ESEA Title program were assigned a value of five (5) points. For LEAs that started all their ESEA Title program grants within the first five (5) months of their allocations being made for all ESEA Title programs, they were assigned a value of zero (0) points.

## **Collection of Risk Assessment Data**

The data utilized in this risk assessment was obtained either through GMS, program documentation retention, LEA reports filed at NHED, through reports generated by NHED data personnel, or Bureau list serv tracking. NHED ensures the data was collected and reported with fidelity, making no assumptions of data.

## **Risk Assessment Index and Classification**

The point values that were generated for the ten (10) variables for each LEA were weighted (as outlined above) and then summed to arrive at a final index. After initial and secondary review by multiple parties, RAT scores were determined. LEAs with a scoring index below 1.00 were categorized as low-risk, LEAs with an index between 1.01 and 2.20 were categorized as moderate-risk, and the LEAs with an index of 2.21 or above were categorized as high-risk and will immediately be selected for monitoring.

Utilizing this scoring index and the assumption that all LEAs identified as high-risk will be monitored, there are thirteen (13) LEAs that will be monitored in FY 2024. Eighty-three (83) LEAs have been classified as moderate-risk and may at random, if time allows, be monitored by NHED in FY 2024. The remaining eighty-three (83) LEAs have been classified as low-risk and will not be monitored this fiscal year by NHED.

It is NHED’s opinion that both this methodology and the RAT (Appendix A) generally meet the requirements of [Title II of the Code of Federal Regulations, Part § 200.332](#), the application of the RAT to categorize Districts is appropriate, and a consolidated approach to monitoring ESEA Title programs will prove efficient.

## **Districts Monitored Based on the Results**

LEA monitoring of ESEA Title programs will be conducted at minimum for all Districts identified as high-risk. Districts will be notified and supporting documentation sent to ensure a successful and efficient monitoring visit. If your District has not received notification of selection to be monitored this does not mean your District does not have inefficiencies or risk associated with District ESEA Title programs. Please review the monitoring documentation found on the [NHED Website](#) as a guide to ensure compliance within your District.

NHED reserves the right to monitor those LEAs identified as moderate-risk if time allows. Those LEAs will be notified in a timely manner of selection.

Please note that Charter Schools are not included in this Risk Assessment Methodology, refer to the New Hampshire Department of Education ESEA (Elementary and Secondary Education Act) Charter School Risk Assessment Methodology for Federal Programmatic Consolidated Monitoring [here](#) for further information related to the monitoring and risk assessment of New Hampshire Public Charter Schools.