



Arizona Department of Education  
Charter Schools Program

## AZCSP Risk Assessment Framework

### 2 CFR Chapter I, and Chapter II, Parts, 200, et.al.

*200.18 "...the Federal agency retains a direct relationship only with a direct recipient, and relies on the pass-through entity to oversee the subaward."*

This document does not replace nor supersede the Arizona Charter Schools Program Monitoring procedures. It is a supplement to them.

#### **Risk Assessment Process:**

The Arizona Charter Schools Program (AZ CSP) has adopted an internal risk assessment process for monitoring both the financial and academic performance of subgrantees. The purpose of this risk assessment is the following:

1. To identify and help subgrantees which are at risk of not meeting the goals described in their original application;
2. To create a valid and reliable process for requesting corrective action plans from underperforming subgrantees;
3. To create a valid, reliable and defensible mechanism to place an underperforming subgrantee in the following process:

80.12 Special grant or subgrant conditions for "high-risk" grantees.

(a) A grantee or subgrantee may be considered "high risk" if an awarding agency determines that a grantee or subgrantee:

- (1) Has a history of unsatisfactory performance, or
- (2) Is not financially stable, or
- (3) Has a management system which does not meet the management standards set forth in this part, or

(b) Special conditions or restrictions may include:

- (1) Withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within a given funding period.

(c) If an awarding agency decides to impose such conditions, the awarding official will notify the grantee or subgrantee as early as possible, in writing, of:

- (1) The nature of the special conditions/restrictions;
- (2) The reason(s) for imposing them;
- (3) The corrective actions which must be taken before they will be removed and the time allowed for completing the corrective actions and
- (4) The method of requesting reconsideration of the conditions/restrictions imposed.

### **Process Mechanisms:**

AZ CSP had developed a multi-fold process to assess risk posed by awarded subgrantees which are falling behind the goals stated in their AZ CSP application.

#### *Planning Period Risk Assessment*

Subgrantee in Planning status have several risks that are closely reviewed.

- I. Change in school leadership will result in grant cancelation. Applications are scored based on the data submitted by and the Capacity Interview of the school leader identified in the application. Data cannot be changed once the application is submitted.
- II. Change in location that alters the application demographic eligibility requirement will result in grant cancelation.
- III. Failure to submit its charter application to its authorizer by the application deadline or fails to meet Administrative Review criteria, will result in grant cancelation.
- IV. Failure to receive authorization will result in grant cancelation.
- V. Failure to open or under enrollment by more than 50% will result in grant cancelation

#### *AZ CSP Risk Assessment Template*

This template is for monitoring within a subgrantee's current project year: The Template is based on the rubrics set forth in the three sections of the *Arizona Charter School Program Monitoring Handbook*. The Template is divided into three sections which match the Monitoring Handbook. The AZ CSP staff has assigned weights to those criteria which could be quantitatively scored in Sections A and B. The weights were determined by order of importance. The weights are identified in the Weighted Score Template column. Compliance criteria in Sections A and B and all of Section C are scored either Met or Not Met.

Cut Scores: The maximum score for qualitatively scored section is 110.

- I. The cut score for requiring a subgrantee to create a Performance Management Plan is 80. Subgrantees are given areas which be must be addressed. The PMP must be returned within 30 days. Failure to comply could lead to a Corrective Action Plan and subsequent designation of At Risk status.
- II. The cut score for requiring a subgrantee to create a Corrective Action Plan is 70. Subgrantees are given areas which be must be addressed. The CAP must be returned within 30 days. During that time, any and all request for funds must be pre-approved by AZ CSP. Failure to comply could lead to a Corrective Action Plan and subsequent designation of At Risk status.
- III. Subgrantees with score below 65 are immediately determined to be At Risk. Their funds are placed on Administrative Hold. Subgrantees are given areas which be must be addressed. The CAP must be returned within 30 days. An AZ CSP staff member will monitor regularly to see evidence of CAP implementation.

#### Compliance Cut Scores:

- I. Section A, Element 3 is review of the subgrantee's charter to insure its alignment with US Department of Education Charter Schools Program law [ESEA part B, 5201, et. al]. Subgrantees which did not meet 100% of compliance criteria would be immediately placed in At Risk status.
- II. Section B, Element 1.4 is Special Education policy review. Failure to comport with IDEA would place the subgrantee out of compliance with federal and state law as well as the Arizona State Board for Charter Schools. The subgrantee would be immediately placed in At Risk status and an Administrative Hold placed on its funds. If the subgrantee cannot correct identified problems with 30 days, AZ CSP will move to have the grant suspended.
- III. Section C, Indicators 1-4 monitors the finance operations to insure that the subgrantee has sound principles of financial procedures and accountability. Subgrantees which did not meet 80% of compliance criteria would be immediately placed in At Risk status. If schools cannot correct identified problems with 30 days, AZ CSP will move to have the grant suspended indefinitely.

#### *External Measures*

In addition to its own monitoring, AZ CSP uses the following:

- I. Arizona State Board for Charter Schools' *Academic Performance Framework* (Revised June 13, 2016)
  - a) The purpose of the Academic Performance Framework is to communicate the State Board for Charter Schools' academic expectations for ensuring that all Charter Holders in its portfolio are providing a learning environment where measurable improvement in pupil achievement can be demonstrated. The academic framework focuses purposefully on quantitative academic outcomes as a basis for analysis to be used in high-stakes decisions. The academic framework is organized by indicators, measures, metrics and targets. Each measure will be assigned one of four ratings, unless insufficient data is available. Each rating is weighted for the calculation of an Overall Rating.
  - b) The Overall Rating Dashboard is published annually following the release of state assessments.
    - i. Subgrantees which do not meet a dashboard minimum level of sixty-nine (69) points out of one hundred (100) possible points are required to submit a Performance Management Plan (if one has not already been requested).
    - ii. Subgrantees which do not meet a dashboard minimum level of thirty-nine (39) points out of one hundred (100) possible points are required to submit a Corrective Action Plan in the same manner as the Risk Assessment Process.
- II. Arizona State Board for Charter Schools Financial Performance Framework (Revised June 13, 2016)

- a) The purpose of the Financial Performance Framework is to communicate the Arizona State Board for Charter Schools' expectations for ensuring that all charter holders in its portfolio are viable organizations with strong fiscal management practices. The financial framework gauges both near-term financial health and longer term financial sustainability.
- b) The State Board's Overall Rating Dashboard is published annually following the release of state required financial and operations audit.
  - i. Subgrantees which Do not Meet 66.7% of the of the dashboard's Near-Term Indicator and one third of the dashboard's Stability Indicators ratings are required to submit a Performance Management Plan (if one has not already been requested).
  - ii. A corrective action plan is required if the subgrantee falls into one or both of the following categories:
    - o Independent Auditor's Report for the most recent annual audit reporting package includes an explanatory paragraph and disclosure is included in notes to the financial statements;
    - o Disclosure included in notes to the financial statements for the most recent audit reporting package, but no modification to Independent Auditor's Report.
- c) Subgrantees report to AZ CSP in the same manner as the Risk Assessment Process.