



AUTHORIZER GUIDE

Management Organizations & The Federal CSP Grant/Subgrant

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Letter from NACSA President & CEO

October 2022

The federal Charter School Program (CSP) has a 25-year history of providing invaluable support to new and expanding charter schools in communities across the country. Since its inception, it has helped start more than 3,000 operational public charter schools serving more than 1.3 million students, disproportionately benefiting traditionally disadvantaged communities. The CSP has evolved to reflect the charter school sector itself through initiatives like setting aside funding for quality charter school authorizing practices, as well as to support proven educational models coming from network-affiliated schools.

As the federal CSP has grown and evolved, it behooves us within the charter school sector to consider how to be the best stewards of a strong, vibrant, transparent, and accountable grant program. Part of that must be acknowledging and supporting the role that a quality charter school authorizer can play in on-the-ground oversight of CSP dollars being used by our portfolios of charter schools.

Today, I am asking authorizers to be active, collaborative, partners in the oversight of CSP funds. For many authorizers, this will be a continuation of an existing role they already play, while for some, this may entail some modest new activities. While the role of a charter school authorizer is distinct from that of the granting

agency, an authorizer's unique mechanism of contractual oversight can contribute to transparent and accountable CSP grantees, making the duty of grant compliance easier for grantee charter schools and CSP granting bodies alike. I ask each authorizer with CSP-funded schools to engage in three acts of oversight that will contribute to a transparent and accountable CSP grant program:

Treat CSP funds received by your schools like the federal funds they are. Similar to how, in your authorizing role, you provide a degree of collaborative oversight of other federal funding streams, engage in a dialogue with your charter school boards to understand what CSP funds they receive, how those funds are being used, and that relevant grant terms are being met.

Use your contractual oversight relationship with your charter schools to robustly oversee Management Organizations, including CMOs and EMOs, and verify that these organizations — and their relationships with their charter boards — comply with CSP grant requirements and federal compliance requirements, including those related to risk-management. Consider how these principles of federal compliance monitoring already are (or could be) best integrated into your normal oversight procedures.

Reflect on your oversight practices, and engage with your charter school boards and other oversight stakeholders (such as other authorizers or your SEA), to determine:

Where oversight practices among oversight stakeholders can be aligned and streamlined to reduce unnecessary reporting duplication for charter school boards and management organizations; and

What authorizer-driven oversight and reports could be leveraged by other oversight stakeholders to demonstrate that a charter school board is fulfilling CSP requirements.

This guide will both inform and equip your staff to better support CSP grant oversight with your schools. Your commitment to this oversight will enhance the CSP grant program, help grantees demonstrate compliance with federal regulations, and will also continue our shared commitment to creating sustainable, equitable, innovative and high-quality educational opportunities that communities are rightly demanding.

Thank you for your partnership.

M. Karega Rausch, Ph.D.
NACSA, President & CEO

OVERVIEW

As federal education programming has shifted over the years to be more focused on high-quality outcomes for students, communities desiring a charter school have increasingly turned to already-proven, successful educational models to inspire or affiliate with new charter school projects.

Campuses reflecting these high-quality models can take on many forms, launching within a Charter Management Organization (CMO), as a contracted franchise of an Education Management Organization (EMO, sometimes for-profit), or with the support of an affiliated network of schools with similar design elements. The nature of the ties between affiliated schools and Management Organizations (MO) presents different needs and challenges that require nuanced shifts in authorizer support and oversight from that typically provided for an independent charter school.

This Authorizer Management Organization Guide provides a practical resource to assist charter school authorizer entities (Authorizers) in (1) understanding how management organizations engage with federal Charter School Program (CSP) grant funding and (2) determining how authorizers can productively and appropriately provide support and oversight to these CSP recipients to enhance and “sync-up” the ecosystem of oversight that exists around charter schools receiving CSP grant funds. It also synthesizes dozens of articles and existing resources, federal statutes and regulations, and U.S. Department of Education (ED) CSP-program materials and non-regulatory guidance to provide tips for due diligence and oversight of CMO organizations, particularly around finance, conflicts of interest, and related-party transactions that can be applied to grant oversight.

The Guide includes the following resources and tools:

- Setting the Stage
 - Introduction to CSP grants for MO-affiliated charter schools
 - Guide to Management Organization structures
- Practice Resources for Charter School Authorizers
 - Authorizers’ role with CSP-receiving MO-affiliated campuses
 - Authorizer Checklist for Due Diligence and Oversight of MO campuses in CSP programs
 - Supplement: Integrating Federal Grant Compliance Considerations into Authorizer Oversight of Charter School Management Structures
- References

Authorizers are integral to charter school oversight and this guide provides them with the resources and tools they need to ensure they are appropriately participating in, and contributing to, the oversight of funds made available by the federal Charter School Program.

ABOUT THE AUTHOR

Gina Schlieman of GPS Strategies Group curated the tools and resources in this toolkit in consultation with a CMO Community of Practice made up of CMOs (those with direct CSP grants or CSP subgrants), active, experienced authorizers of CMOs, and staff members from the National Association of Charter School Authorizers, the National Alliance for Public Charter Schools, and the Charter School Growth Fund. Gina has been working with the federal CSP program since 2012, including four years managing Colorado’s CSP program and assisting several state entities, CMOs, and schools with CSP project development, application, and project implementation.

I. INTRODUCTION TO CSP GRANTS FOR AFFILIATED CHARTER SCHOOLS

Key Questions from this Section for Authorizers

- ☐ Does this school currently have, or intend to pursue, a CSP grant?
 - ☐ Which grant(s) are they receiving funds through?
- ☐ What amount of CSP grant funds is the school receiving?
- ☐ Is the school's governing board the direct grantee, with responsibilities through a grant agreement for administering the grant? And/or is the school receiving CSP funds through their CMO?
 - ☐ If so, is the school working with a for-profit MO?

CSP grant programs that allow MO-affiliated charter school campuses to receive funding for planning and implementation of a new, expanding, or replicating charter school include the following:

- [CSP Replication and Expansion Grants to CMOs](#) (CMO Grants, CFDA 84.282M). Administered by the U.S. Department of Education with awards made directly to non-profit Charter Management Organizations who directly operate charter schools.
- [CSP Grants to State Entities](#) (SE grants, CFDA 84.282A, currently in 33 states and DC). Administered by state-level State Entities (such as SEAs, Charter Support Organizations, or Independent Chartering Boards) who receive a grant from the U.S. Department of Education. The State Entity then makes sub-grants directly to charter schools operating in the state.
- [CSP Grants to Charter School Developers](#) (Developer grants, CFDA 84). Administered by the U.S. Department of Education who makes awards to individual charter schools operating in states without an active SE grant.

ELIGIBILITY, FUNDING & ALLOWABLE ACTIVITIES

Authorizers must have some understanding of the CSP eligibility and funding amounts for MO-affiliated campuses. This helps Authorizers determine what type of engagement in CSP fund oversight is most appropriate for the given CSP grant the school may be receiving, and helps an authorizer make a basic determination on the likelihood that a school will receive the CSP funding they are pursuing.

This section provides a summary of the most important elements, but we encourage authorizers to consult further with documents published by the granting agency (U.S. Department of Education or the SE) for more information.

Eligibility. Basically three types of charter school projects are eligible for grants/subgrants – New School, Expansion, and Replication. For all three, the charter school involved must meet the definition of a charter school in 20 U.S.C. §7221i (2). Applicants seeking funds to Expand an existing school or Replicate a successful charter school model are also required to satisfy the “High-Quality Charter School” definition in 20 U.S.C. §7221i (2) and show improved performance over the past three years, and that any newly-funded activities do not duplicate previously-funded activities.

The structure of the individual charter school (Discussed in Section II), determines who applies for the CSP grant, and how much of those funds an individual charter school can anticipate, and which of the three CSP grants is being pursued.

Based on its structure, which Program is the Charter School eligible for and/or receiving?			
Structure	CMO grant	State Entity grant	Developer Grant
Individual charter school board who contracts with a non-profit CMO or a for-profit MO.	No, cannot apply directly May receive funds from a CMO grant through its	Yes, can apply directly if there is an active SE grant in its state.	Yes, can apply directly IF there is no active SE grant in its state.

	non-profit CMO		
<i>A non-profit CMO provider that operates its charter schools directly <u>AND</u> holds the charter contrs.</i>	Yes, can apply directly.	Yes, can apply directly if there is an active SE grant in its state.	Yes, can apply directly IF there is no active SE grant in its state.
<i>A non-profit CMO who contracts with charter schools <u>and is NOT</u> the holder of the charter contract.</i>	Yes, can apply directly.	No, cannot apply directly.	No, cannot apply directly.
<i>A for-profit EMO who contracts with charter schools.</i>	No, cannot apply directly.	No, cannot apply directly.	No, cannot apply directly.

Schools choosing to engage a contracted educational service provider, particularly a for-profit MO, must demonstrate that they and their governing boards are independent of the MO-provider, and that all fees and agreements are fair and reasonable. This is discussed in more detail in Section II. Charter School Management Structures and the Section IV. Checklist.

Funding. The amount of funding a charter school receives is highly variable. The funds to the school could thus span 1-5 years and could fall somewhere in the range of \$50,000 to \$800,000 for each of those years, for a total award of upwards of \$1,500,000. These are most often reimbursement based, but direct federal grants (such as CMO or Developer program) allow some advanced disbursement for imminent approved costs occurring within 30 days. For more specifics on funding levels and availability, see the [CMO Grant](#) and [Developer Grant](#) websites or individual state websites for SE subgrant programs.

Allowable Activities. CSP-recipients are limited in how they use funds for one-off or initial costs needed to plan and then implement the school. Federal grant “supplement, not supplant” principles mean that even an otherwise eligible expense might not be allowable in a circumstance where state or local funding has already been provided to support those costs. Per [Federal Uniform Grant Guidance](#) (UGG, 2 CFR Part 200), all costs must be “reasonable” for the type of item or service, and “allocable” to one of the identified uses of funds for the program per 20 U.S.C. 7221b (h).

Program Requirements. The majority of requirements for these CSP terms are integrated into the [Section IV. Checklist](#) to assist authorizers in oversight of MO-affiliated schools receiving CSP funds. A complete list of relevant CSP regulations and guidance is also included, with links, in the References section.

ADDITIONAL CSP INFO

More information about the above CSP programs, as well as other CSP grants and programs can be found in the following resources:

[The Charter Schools Program 2021 Annual Report](#), National Alliance for Public Charter Schools
[U.S. Department Education's CSP website](#)

II. CHARTER SCHOOL MANAGEMENT STRUCTURES

Key Questions from this Section for Authorizers

- ☐ What is the school's organizing structure with its MO?
- ☐ Within that structure, which entity(ies) is/are the CSP grantee, with responsibilities via a grant agreement for administering the grant?

Management Organizations play crucial roles in the charter sector and many operate excellent charter schools across a city, state, or multiple states. With high performing demonstrated results, some networks of charter schools bring improved academic success to growing numbers of students. MOs can bring economies of scale and a quiver of evidence-based best practices and strategies to enable its schools to be more effective and efficient. But the multiple layers of organizational structure that sometimes come with affiliation with a MO can present risks as well. Sometimes a MO's plans are not as concrete as they appear and some MOs have been reluctant to answer important and appropriate questions from charter holders and authorizers regarding transparency, conflicts of interest, and accountability. The multiple organizational layers in a MO structure can also result in diffused or diffused accountability, as it is attempted to be shared among multiple charter school boards, authorizers or oversight entities, which can be a factor in mediocre outcomes or having less critical resources used on direct services to students.

DEFINING TERMS: MANAGEMENT ORGANIZATIONS

Entities that operate or manage multiple charter schools can most easily be described as **Management Organizations (MOs)** in that they provide management over the day to day operations of charter school(s). The federal CSP statute ([20 U.S.C §7221](#)) makes a distinction between a charter school operator and a charter school manager. A **charter school operator** is a term that generally refers to the entity that has been awarded a contract (also called a charter holder) by the authorizer. A **charter school manager** indicates a separate relationship where the MO does not serve as charter holder, but does manage the operations of the school on behalf of the charter school operator (the charter holder).¹ ED sorts MOs based on their profit-status.

CMOs (non-profit). According to CSP statutes, the term “charter management organization” means “a *nonprofit organization that operates or manages a network of charter schools linked by centralized support, operations, and oversight.*”² In practice, a CMO is set up one of three ways:

1. **The non-profit CMO holds the charter:** A network of schools all under one board, typically limited to within one state, with multiple charter contracts or a single multi-site contract with one or more authorizers (Examples: [Colorado Early Colleges](#), [DSST Public Schools](#)). The CMO is the operator.
2. **Individual charter schools hold the charter, and contract with the CMO:** An umbrella organization with a singular or multiple regional or state-based delivery arms that support portfolio(s) of individual campuses. Each individual charter school campus has an independent governing board who contracts with the CMO. (Example: [Global Village Academy](#)). The CMO is the manager.
3. **Hybrid:** When the umbrella organization model serves as the charter holder and operator of some or all of its campuses, or one of its delivery arm organizations may hold the charter, and contracts with some individual charter school campuses who have their own charter. (Example: [KIPP](#) schools). The CMO is the operator for some schools and the manager for others.

EMOs (For profit). While not defined in statute, all management organizations that are for-profit default to a federal CSP definition of “education management organization” (EMO)³ The relationship between the EMO and its respective charter school campuses is usually that of contractually-defined management services. (Examples: [Academica](#), [Connections Academy](#), [National Heritage Academies](#), etc.) The EMO is the manager.

What is NOT a MO: Affiliated Organizations. Some charter schools belong to a grouping of schools with similar attributes, but that are structured, governed, and managed independently. These are typically organizations that help provide a

¹ 20 U.S.C. §7221d (b)

² 20 U.S.C. §7221i (3)

³ [ED Nonregulatory Guidance](#), Jan 2021.

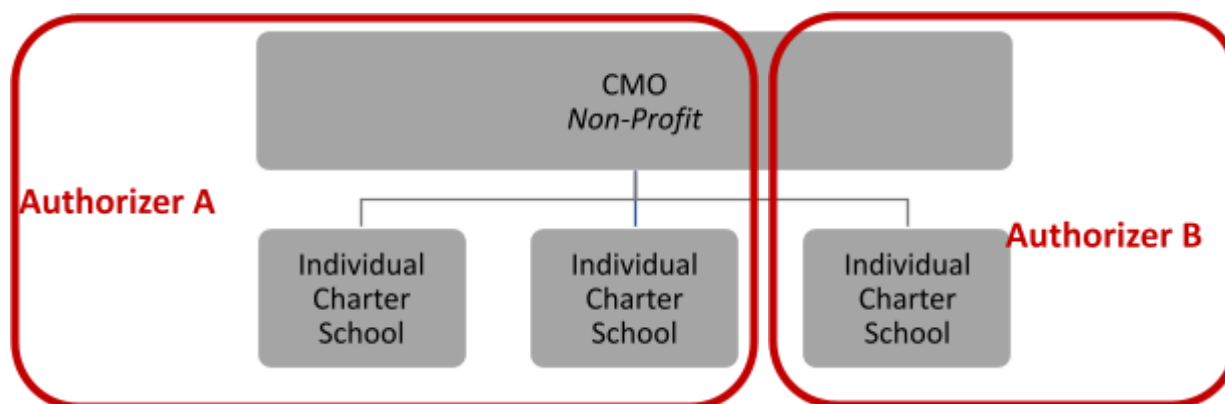
base educational model and initial design and implementation assistance, but do not provide long-term management services to the school (Examples: [Expeditionary Learning](#) and [NACA-Inspired Schools Network](#)). They are not considered management organizations because each member school is managed and operated independently.

CHARTER SCHOOL MANAGEMENT STRUCTURES

Structure matters. How a school's relationship with its managing organization is structured will impact (1) how involved it is in the oversight and administration of CSP funds it receives and (2) the types and significance of risk factors that stem from the organization's structure. This section will explore various charter school management structures. Diagrams and descriptions are presented to provide a deeper understanding of the school organizing structures and MO relationships, including the potential for structure and relationship of the MO with its schools/campuses, as well as potentially with multiple authorizers. The red barrier indicates the direct influence of the authorizer via the charter contract.

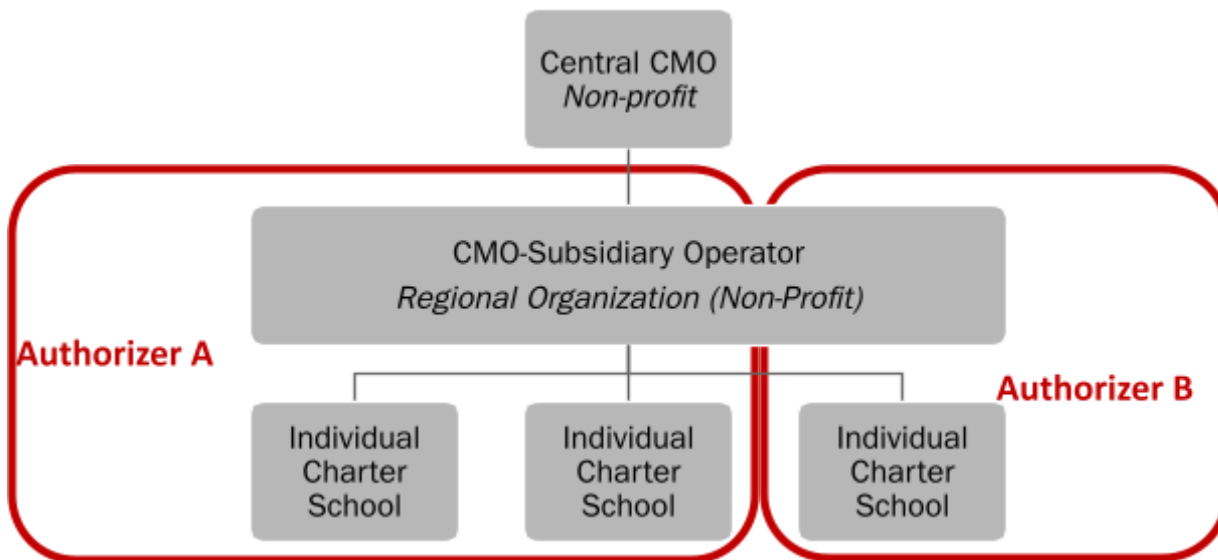
CMO Operator

In a CMO Operator structure, the charter school is directly operated by a non-profit CMO that holds the charter contract(s) for multiple campuses. This structure typically exists only for a group of charter schools in the same state. There is one clear party responsible for the legal obligations of the school (as established in the charter contract and by applicable local, state, and federal laws) as well as the operational delivery of those obligations. Likewise, the CMO as the charter holder and school operator may engage directly the CSP's [CMO Grant](#), SE subgrant, and potentially the [Developer Grant](#).



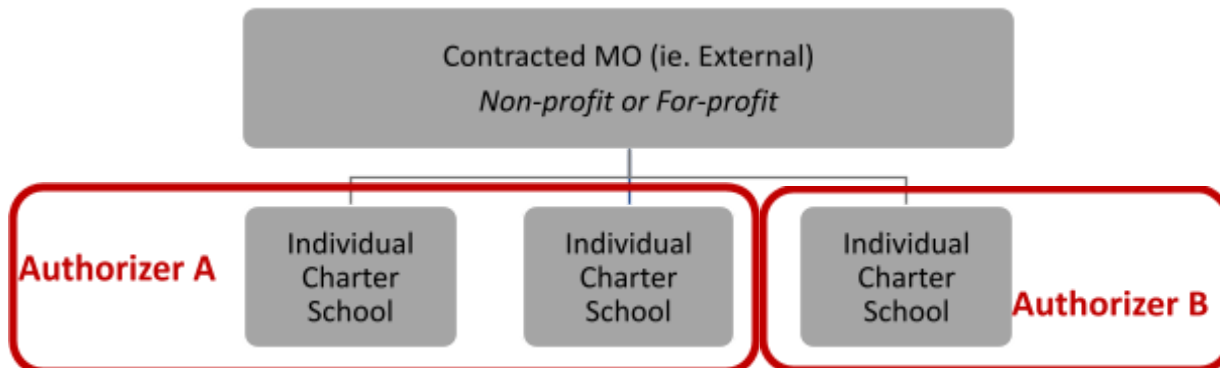
CMO-Subsidiary Operator

For CMOs that cross into multiple states or regions, another layer may be added to allow for a national or central office over a regional- or state-organized level of subsidiary organizations. In this model, the charter school is indirectly managed by a non-profit CMO through a regional or subsidiary organization that holds the charter contract(s) for multiple campuses and provides for their direct operation. The CMO-Subsidiary organization provides executive direction and centralized administrative support to its charter schools for a reasonable fee per pupil, with individual school leadership to ensure on-site performance. In this scenario, the legal relationship between central and regional CMO offices can differ, and application for the CSP [CMO Grant](#) could potentially come from the subsidiary or the central CMO, while SE subgrant application typically is required from the operator level at which the charter contract is held (typically the regional CMO-Subsidiary). (Example of this MO structure: many [KIPP](#) schools, who have a state or regional subsidiary).



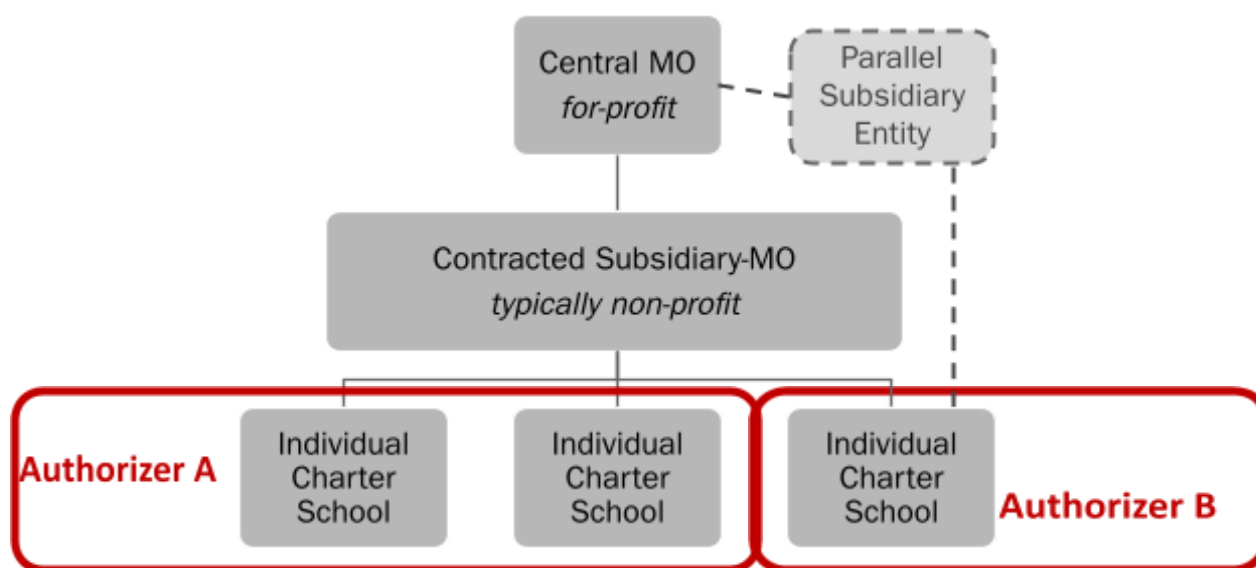
Contracted MO

Where the MO does not serve as the charter holder, its relationship with its schools is one of contracted support to the school as an external services provider (ESP) by an individual school that holds its own charter contract. The level and scale of contracted support can vary from centralized back office, PD, and technical support to full charter management of all aspects of the school's management and operations. In this structure, a non-profit contracted MO could apply for CSP funding via the [CMO Grant](#), but a for-profit MO (EMO) could not apply directly for any CSP funding. Individual charter schools that contract with the external MO could secure CSP funding through an individual school-level application for a SE subgrant or [Developer Grant](#). Some states also permit the formation of a contracted quasi-MO of limited scope, where charter schools form a collaborative structure for services such as health services, exceptional student services, food services, etc through an MO type structure. Situations where a **Contracted MO** has more or full operational control of a school presents increased risks to CSP funds, as discussed further in the next sections.



Contracted Subsidiary-MO

The Contracted Subsidiary-MO structure is similar to the Contracted MO structure, but with an added organizational level. This structure could mirror the CMO-Subsidiary Operator structure in practice as a regional or state arm of a national for-profit MO. In this way, the subsidiary level can be a pass-through entity adhering a central MO to individual schools or a Parallel Subsidiary Entity to the central MO where the individual school has a direct relationship to both organizations. In the Contracted Subsidiary-MO structure, the actual operations and management of the school could happen at various levels, though typically these affiliated schools would share a common educational model across schools. Within this structure, it is not always immediately clear which organizational level should serve as the CSP applicant, and so further documentation and evaluation may be necessary to determine eligibility for a [CMO Grant](#), [Developer Grant](#), and/or SE subgrant.



In the case of one Colorado charter school proposal, the application was from a local nonprofit board planning to work with CIVICA, a Florida-based non-profit CMO (contractual); which proposed working with Academica, a Florida-based for-profit EMO. In Florida, CIVICA operates successful charter schools that regularly partner with Academica, which is a typical MO structure in the state. In the Colorado proposal, the applicants proposed to have Academica plan, finance, and lead the construction of a new facility.⁴

As you can see, in some instances the Contracted Subsidiary-MO structure brings complex and/or unnecessary relationships that can make it difficult to follow the flow of money and/or maintain effective internal controls. This sort of structure can also be used to intentionally reduce transparency, particularly where public perception may be negative toward a for-profit MO.

⁴ CACSA, "[Renewing Charter Proposals Involving EMOs and CMOs: Due Diligence Can Avoid Later Problems.](#)"

III. AUTHORIZER’S ROLE WITH CSP-RECEIVING MO-AFFILIATED CAMPUSES

Key Questions from this Section for Authorizers

- ☐ What protocols do I have in place currently to be aware of and provide basic monitoring of a charter school’s federal compliance, including use of CSP funds? So they answer each of the nine core CSP oversight questions?
- ☐ Am I engaged in Collaborative Oversight? See “A Look At Collaborative and Complementary Oversight”. Could that be strengthened?
- ☐ Am I providing information to the charter schools I work with on my monitoring of these items? Am I doing so in a way that can help them complete their CSP grant report?

The charter school authorizer has several key roles with respect to federal compliance. Whether due diligence conducted prior to or during charter application, risk assessment and risk management as part of contract negotiation and reporting/monitoring protocols, or oversight of federally-funded activities and finances, the authorizer can wear both proactive and reactive hats in federal compliance oversight.

This section outlines the basis and importance of these roles within the specific context of charter schools affiliated with a management organization (MO) that receive or will receive federal CSP funds.

THE BASIS OF AN AUTHORIZER’S ROLE IN FEDERAL COMPLIANCE for CSP

State Policies: State policies nearly universally require authorizers to monitor a charter school’s administration and use of federal funds. CSP grants– whether via a direct grant to the charter school from US ED or a State Entity program, or an allocation of funds from a CMO grant– are ultimately federal funds and need to be monitored by the authorizer. State policies also require the authorizers to continually monitor the viability of a charter school– particularly the financial health and sustainability of the school. In addition, the authorizer may also serve as the Local Education Authority (LEA) for that charter school, and have added statutory responsibilities for federal fund use oversight through that role.

Authorizers in all states also have a state statutory role in conducting regular risk assessments of CMO, EMO, and MO relationships that exist for each charter school they oversee. This ensures charter schools working with these MOs follow all state and federal requirements related to the receipt of taxpayer funds.

CSP Grant Requirements and Assurances: SEs or individual charter schools who receive CSP funds through the SE or Developer program make a representation to US ED that the authorizers who approve and monitor charter schools in receipt of CSP funds perform oversight and monitoring activities in specific areas related to (a) performance monitoring, (b) recruitment, enrollment, retention, and services for all students, including students with disabilities, and (c) school closure policies. (20 U.S.C. §7221b (f)(1)(A)(iv), (f)(1)(C)(i)(II) (f)(2)(C) & (E))

CSP policy also doubles up on state laws and separately includes obligations for the SE, CMO, or charter school board to ensure that recipient charter schools are also maintaining compliance with federal programs for educationally disadvantaged students (ESSA assessment requirements, IDEA, Title I – low income, Title III – English learners and immigrants, Title VI – Native American and native Hawaiian, Title VII – Impact Aid, and Title IX - homeless youth, etc.), in addition to general federal requirements concerning civil rights, nondiscrimination, FERPA, and health and safety.

PUTTING AN AUTHORIZER’S ROLE IN CSP OVERSIGHT INTO ACTION

Here are key principles for overseeing federal programs that will help to organize your Organization’s understanding and implementation of its oversight protocols in the context of CSP funds. For those already familiar with federal oversight, it is important to regularly revisit oversight practices to adjust and strengthen them over time.

This guide breaks down the oversight areas into four categories, which combined seek to answer ten key oversight questions concerning CSP funds. **The section provides a summary, while potential and recommended oversight activities are further detailed in the Section IV. Checklist.**

TEN KEY CSP CMO OVERSIGHT QUESTIONS AUTHORIZERS CAN HELP ANSWER	
Federal Compliance	1. Is the charter school receiving the right amount and types of federal funds? 2. What responsibilities do those funds create?
Grant Finances	3. Is the charter school using the federal funds for the right purpose(s)? 4. Who oversees those funds and how?
Programmatic Performance	5. Is the school likely to meet the objectives and desired outcomes of the federal project? 6. Is the charter school meeting all obligations associated with those funds?
Due Diligence & Risk Assessment, including MO Oversight and Transparency	7. How can risks to compliance and project success be minimized and mitigated, particularly in the area of CMO, EMO, or MO structure, policies, procedures and practices? 8. How do federal funds supplement what the school is already doing or otherwise able to do with local/state funds? 9. How will the federally funded activities impact the school's long-term trajectory? 10. Is the charter school at risk of closure?

Special Note: An Authorizer's Role as one of Multiple Oversight Layers

An authorizer is one of multiple entities that has responsibilities for overseeing these CSP funds. The charter holder, the CMO, the LEA, the SE, and the State Entity administering a CSP competition all may also have responsibilities for oversight of any CSP funds a school receives. This network of oversight actors does not relieve an authorizer of their responsibilities, but it should be a factor in how an authorizer approaches this work. As authorizers approach and execute CSP oversight, NACSA recommends using two principles that, when taken together, can create the most effective, least duplicative oversight environment:

- (1) **Collaborative, complementary oversight** fosters communication between oversight entities to minimize duplication for schools. The authorizer can leverage existing documents, reporting, and submissions the Authorizer already has access to, along with copies of required federal grant reports and annual audit shared by the school/MO, as base evidence upon which its complementary layer of review is added alongside LEA, SEA, and ED federal oversight.
- (2) **Differentiating oversight** customizes oversight and/or decision-making practices based on a school's structure, context, risks, make-up, and/or performance outcomes. It allows for better concentration of limited Authorizer resources and motivates charter school organizations to make stronger choices through providing transparent processes aligned with best and promising practices.⁵

1. Federal Compliance Oversight.

Every federal funding stream comes with statutory requirements, assurances, and grant conditions, as well as federal regulations, like the [Federal Uniform Grant Guidance](#), that outline allowable activities, procurement, reporting, policy directive, risk assessment, etc. All charter schools will be at the very least indirectly accountable to federal programs requirements that their SEA &/or LEA is held to (for example, ESSA-related school assessment and accountability), and most charter schools at some point will be recipients of one or more federal funding streams that each come with their own set of expectations.

Building awareness of federal compliance elements attached to the individual CSP dollars, as well as verifying compliance with other federal funding sources, helps Authorizers work with schools to minimize potential violations. It also helps diminish the risks of non-compliance, which in extreme cases could result in the halting or rescinding of

⁵ NACSAcon, 2016.

federal funds and may ultimately threaten school closure depending on the severity of the situation. An authorizer's review of federal compliance, particularly of other non-CSP federal funding streams, can also help a charter school demonstrate it meets those added federal compliance assurances that are attached to CSP funds.

2. Grant Finances.

Authorizers can play a vital role in charter school financial oversight, and when federal obligations are taken into consideration in this process, the authorizer can verify the school is meeting all its federal obligations. Fiscal oversight includes ensuring appropriate internal controls are in place to minimize conflicts of interest and risk of fraud, ensure appropriate accounting and record keeping, and ensure funds are utilized appropriately. Again, a charter school or CMO may be able to use evidence of an authorizer's strong oversight in this topic to bolster their evidence of compliance with CSP requirements.

3. Programmatic Performance Oversight.

Each federal funding stream is created by Congress for a set purpose, and recipients are intended to develop and deliver upon the goals and objectives of their project to reach desired outcomes. Programmatic Performance oversight is focused on monitoring these outcomes, which are often tracked and reported according to identified data points. For CSP projects, these tend to be the number of schools opened, the number of students served, the quality of the school's educational program (as measured by state assessments and performance expectations under ESSA), and indicators related to the planning and implementation of the new school, expansion, or replication project. Authorizers should be aware of both the CSP-required performance metrics, as well as any goals, objectives, and corresponding measures set by the charter school and/or its MO upon application for a CSP grant or subgrant, and periodically review available reports from the school for awareness of the school's/MO's progress toward them.

4. Due Diligence & Risk Management.

Authorizers play a primary role in due diligence and risk management with respect to federal programs, as they are often the first oversight agency with insight into key eligibility and risk factors that may later come into play in seeking, receiving, and/or carrying out eligible activities associated with federal funding streams.

So important is the role of authorizers as a necessary first layer of defense against federal noncompliance that it was specifically called out in the 2016 report of ED's Office of the Inspector General, [Nationwide Assessment of Charter and Education Management Organizations](#).⁶ The report highlights three key areas of risk – 1) Internal Controls, 2) Fiscal Control, and 3) Federal Compliance – where authorizers have a crucial role in identifying risks and implementing corresponding oversight measures that help mitigate those risks, particularly when the MO is an external entity. Additional guidance from the IRS, codified in the IRS [Guide Sheet](#) and [Technique Guide](#) for Charter Schools, reiterates the importance of conducting a thorough MO structure risk assessment to ensure compliance with 501c3 nonprofit rules.

An Authorizer can engage in some of this work before a school is authorized or, in some cases, before a school applies for a charter, as an Authorizer has some visibility into key structural, operational, and governance situations that may pose added risk or even ineligibility for some federal funding streams to which they may otherwise have been eligible/entitled.

Internal Controls. Financial risk – the risk of waste, fraud, and abuse – is particularly important to mitigate where public funds are concerned. Internal controls are integral to any organization's operations as a vital component in preventing and detecting fraud, waste, and abuse. Given the complexity of charter school governance and management, particularly when a MO is involved, it is not surprising that one area of consistent compliance concern

For example, to help evaluate school/vendor relationships, Nevada's lead authorizer, the State Public Charter School Authority (SPCSA), requires charter applicants to submit a [Board Member Information Sheet](#) for each board member independently, that requires disclosure if the the board member, their spouse, or any relative within the third degree of consanguinity or affinity knows another board member, someone who is or will seek to be a school employee, is doing or plans to do business with the charter school, or knows someone affiliated with a MO who is or plans to do business with the school. It can help encourage board members to reflect individually about real or perceived conflicts of interest and how to address any potential for conflicts of interest early on. It also can indirectly illuminate potential strengths, weaknesses, and risks in the organization's composition and structure.

⁶ ED OIG, 2016.

with respect to charter schools affiliated with management organizations is the need for appropriate internal controls, which are necessarily a bit more complex than a stand-alone, independent charter school.

Authorizers can review internal controls regarding conflicts of interest, related-party transactions, and insufficient segregation of duties, particularly regarding transactions, flow of money, and monetary decisions, using tools recommended by US ED and other government resources to ensure the policies meet federal requirements.

Accountability of Federal Funds. Based on [Federal Uniform Grant Guidance](#) and other related regulations, when an organization receives federal funds as a grantee, subgrantee, or subrecipient, they are directly responsible for ensuring that any use of federal funds is necessary, reasonable, allocable, and allowable within the scope of the program.⁷ A lack of accountability over Federal funds can occur if a charter school cedes fiscal authority to an external management organization.

Authorizers can review organizational structures and financial policies and procedures to ensure that ultimate control over federal funds remains with the accountable governing board.

Federal Compliance. Performance risk – the risk that charter school stakeholders may not have sufficient assurance that charter schools are implementing Federal programs in accordance with Federal requirements – may occur when a charter school cedes operational authority (such as full control of daily operations or staffing decisions) to an external MO. If the charter school board does not maintain the right to review and approve procedures, oversight of implementation and outcomes, and ability to intervene, they may not be able to ensure that applicable federal program requirements are being followed, that reporting is timely, that objectives, goals, and desired outcomes are being achieved, or be able to rectify audit or compliance findings.

Authorizers can help mitigate this risk by conducting due diligence review of the MO, the organizational composition with the affiliated charter school, the separation between the two organizations, disclosure of conflicts of interests, and any contract or service agreement establishing the terms and roles between the MO and the charter school(s).

Risk of Closure. A [2018 OIG report](#), “Nationwide Audit of Oversight of Closed Charter Schools” looked at the risk that closed charter schools posed to effective grant management in multiple U.S. ED programs, including the Charter School Program. The Inspector General concluded that U.S. ED could take additional measures to mitigate the risk to federal funds posed by charter school closures, and requested that U.S. ED do so.

Authorizers can help mitigate the risk to federal funds by being aware of any early indicators of distress, and then providing support before things escalate to threaten the school’s sustainability. Over 2020 and 2021, the NCSRC⁸ released a collection of reports, tools, and webinars related to [Identifying Indicators of Distress in Charter Schools](#) with the aim of helping agencies with oversight roles identify risks that threaten the feasibility and sustainability of charter schools, particularly those receiving CSP funds. The NCSRC’s [Indicators of Distress Reflection Tool](#) includes a checklist for Authorizers to review their portfolio of schools against the indicators, and a corresponding rubric that identifies differentiated oversight protocols (data collection and reporting) based on how schools indicate on the checklist.

Additional Risk-Mitigation Ideas. Authorizers can also review and revisit their practices to take additional steps for Risk-Mitigation, depending on the composition and needs of their portfolio of charter schools. These practices may be particularly helpful for authorizers with a sizeable portfolio of MO-affiliated charter schools who have or are pursuing CSP funds.

Consider a two-stage authorizing process. To ensure that purposes and obligations of the charter school and its MO are clear from the earliest stage of school development, a two-stage authorizing process that first begins with review and assessment of the school’s organizational structure, particularly with respect to a MO, can help mitigate risks against future areas of compliance concerns. The first stage would provide support and oversight regarding the proof of concept and establishment of an organizational structure and MO relationship to ensure the school/MO can operate as

⁷ ED FAQ, p. 7.

⁸ The [National Charter School Resource Center](#) (NCSRC) provides technical assistance to federal grantees and resources supporting charter sector stakeholders. NCSRC is funded by the U.S. Department of Education (ED) and managed by Manhattan Strategy Group (MSG) in partnership with WestEd.

it intends to and still meet local, state, and federal requirements and expectations for accountability and transparency. The second stage would be the submission of the broader charter school application and school implementation plan.

Consider a voluntary or supplemental review options for pre-growth planning, either through the authorizing office or collaboratively with a charter support organization or incubator. An authorizer could encourage MOs to participate in an “intent to grow/open” supplemental review process that could provide schools and MOs with options to have a variety of documents and potential submissions reviewed for risk-mitigation and organizational compliance. Such a review can be used to:

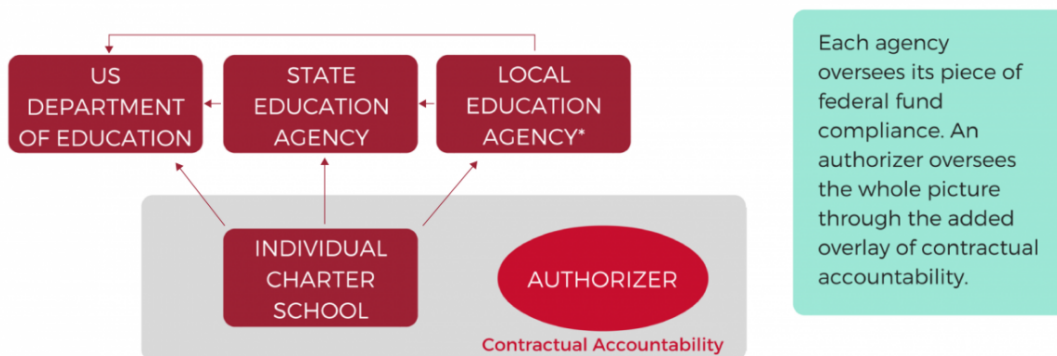
- establish an understanding of the MO structure and organizational management,
- review the division of duties between the charter school and the MO,
- understand the pricing structure and services in proposed service agreements,
- explore and evaluate potential risks and conflicts of interest, and
- identify differentiated support and technical assistance.

This ensures the chance for a stable, compliant, and accountable foundation for school operations and student learning.

A LOOK AT COLLABORATIVE and COMPLEMENTARY OVERSIGHT

The goal for Authorizers is not to duplicate the responsibilities of other entities tasked with federal oversight, but rather to provide a complementary layer of contractual oversight specific to the charter school's context as part of the collaborative approach to federal programs oversight.

OVERSIGHT RELATIONSHIPS FOR FEDERAL FUND COMPLIANCE



*The authorizer or charter school may also be a Local Education Agency and assume the responsibilities associated with that designation.

Thus, in carrying out its oversight of federal programs, an Authorizer should focus on creating processes that (a) minimize duplication for the school(s) involved, and (b) focus most resources on areas an authorizer is uniquely situated to oversee. This is particularly important in matters concerning Management Organizations (MOs) and charter school networks. The mechanisms of contractual accountability gives authorizers the unique ability and responsibility to understand and oversee the relationship between the charter school governing board and the MO.

STEPS AUTHORIZERS CAN TAKE TO FOSTER COLLABORATIVE, COMPLEMENTARY OVERSIGHT

- ☐ Use the oversight checklist in **Section IV** to identify gaps in your existing protocols and data collection and explore how established mechanisms of data collection and school monitoring processes can be used or adapted to meet oversight needs.
- ☐ Proactively develop a collaborative approach to federal programs oversight that aligns with federal reporting requirements so as to streamline oversight for all charter schools in the Authorizer's portfolio. Some easy ways to align include:
 - ☐ Align terminology.
 - ☐ Align the order of reporting columns in spreadsheet documents.

- ☐ Align report templates in financial management systems to correspond to federal reporting needs.
- ☐ Require a copy be submitted to the authorizer for documents submitted to the federal or SE CSP team, in order to identify how to utilize that data in lieu of authorizer reports.
- ☐ Align reporting and monitoring to correspond with federal requirements. Consider if you could require just a supplemental submission to accompany existing reporting submitted to another entity (such as federal or state reporting) rather than a full separate report.
- ☐ Consider other ways you can minimize duplication for the school by conducting a self-assessment of data collections you conduct.
 - ☐ Determine what can utilize federal and state submissions the school already prepares.
 - ☐ Consider how you could integrate federal oversight requirements into the Authorizer's already-established formal and informal data collections with the school, which also helps to minimize duplication for the school.

A LOOK AT DIFFERENTIATED OVERSIGHT

In managing the differentiated risk of MOs participating in the CSP program, adaptations to oversight need to adjust to the specific school model and governance/management structure. This can help an authorizer assess the relative risks of various actions, activities, or policies a school may have in place and tailor their oversight protocols accordingly. Differentiated oversight can also help reduce burdens on schools by focusing the most intensive oversight protocols on the schools that may have the highest risk to federal CSP funds.

COMMON TOPICS THAT MAY WARRANT DIFFERENTIATED AUTHORIZER OVERSIGHT

- ☐ **Management Structure**
 "Execution Complexity" should be taken into consideration when assessing risk and adjusting reporting structures for schools affiliated with a MO.
 - ☐ How many organizational layers, lines of interest and connection overlap are there? The more layers and overlap, the more complex and detailed reporting scenarios may be warranted to maintain financial and decision-making transparency.
 - ☐ Is the school contracting with a non-profit "provider" that essentially serves as an arm of a for-profit MO?
 - ☐ Are either the interim "provider" or the MO linked to the school through a lease or start-up loan agreement?
- ☐ **Finance**
 - ☐ The financial risk of a replication project may be reduced if there is demonstrated financial stability and sustainability of the MO in a no-growth scenario and financial sustainability of existing schools.
 - ☐ A strong financial model with 10%+ contingency margins (after applying any MO fee) may be able to better adjust to unexpected implementation costs or enrollment challenges.
- ☐ **Readiness for Growth**
 An organization that indicates gaps or vulnerabilities in their readiness for growth might need to have additional technical assistance to enable them to be in the best position possible to

succeed. The following factors help identify the relative readiness of the school to be able to successfully implement their replication or expansion project.

- ☐ For a young MO, the ability to make the transition from school leader to Executive Director to CEO.
- ☐ For more mature MOs, having a strong C-team and regional managing directors.
- ☐ Credible, straightforward execution plan that minimizes and/or sufficiently mitigates “Execution Complexity.”
- ☐ Does the CMO central office have an appropriate number of positions to support the growth, spread across the necessary, specific roles?
- ☐ A MOs track record of balancing school quality with organizational expansion/growth.
- ☐ Are the number of new areas implemented (e.g., adding MS or HS, embarking on a turnaround project, scaling from 2 to 3 cohorts per grade, etc.) limited with detailed execution plans for each? Or is the MO taking on several new things at once?
- ☐ Has the school/MO conducted a risk assessment for their expansion/replication project, and do they have a credible plan of action to mitigate any identified risks?
- ☐ There is a clear “recipe” (academic and operational) behind the school’s/MO’s previous success and a detailed plan to reimplement that “recipe” with fidelity.

IV. CHECKLIST FOR DUE DILIGENCE AND OVERSIGHT OF MOs IN CSP PROGRAMS

When there is confidence in the quality of oversight provided by the Authorizer, the CSP granting agency– be that the SEA, and SE, a CMO, or the US Department of Education– can lean on authorizer processes to significantly increase the quality of oversight that they would otherwise be able to provide while reducing the burden on individual charter schools and MOs.

This checklist serves as a guide for authorizers with current or applicant MO-affiliated charter schools that are participating, or plan to participate, in a CSP grant/subgrant program, utilizing the resources and references of this Authorizer Guide. The Data Collection Methods identified for each Element and Criteria primarily utilize existing sources that the school and/or MO would already have or be doing anyway.

This checklist also provides space for an Authorizer to indicate where and when each element was reviewed, which can serve as a helpful tool for collaborative oversight and for helping charter school governing boards or SEs demonstrate that reviews on these elements are done regularly by the authorizer. If an element is not currently reviewed, an authorizer may use this space to indicate where they intend to add this element to an existing or new tool or process.

EXAMPLES OF EXISTING AUTHORIZER DATA COLLECTIONS AND REPORTS THAT COULD BE ALIGNED AND USED FOR COLLABORATIVE OVERSIGHT OF CSP	
FORMAL DATA COLLECTIONS	INFORMAL DATA COLLECTION
<ul style="list-style-type: none">• Site visits• Annual reports• Audits• Survey findings• Compliance reports (local, state, and/or federal)	<ul style="list-style-type: none">• School Leader interviews/check-ins• School Board interviews/check-ins• School Board meeting observations• Board meeting minutes• Board and Committee reports

Suggested examples for oversight and use of authorizer data collection and reports to satisfy CSP requirements are further articulated within the Section IV. Checklist. Note: MOs receiving a CSP [CMO Grant](#) that lie within a state with a CSP SE grant may find they have dual reporting to both the federal CSP team and the SE grant team. Authorizers need to be aware if reporting to both teams is required of their authorized schools. It can also be an opportunity to work with the State Entity to align these two separate reporting streams, where possible.

An authorizer with a large number of charter schools with CSP grants may wish to consider using this checklist as a “crosswalk” that they can provide to charter schools in their portfolio as demonstration of the oversight performed by the authorizer and the records the school has access to that document such oversight was performed. This can significantly aid in documentation of oversight and demonstrate that high quality oversight of MO issues is performed. It can also aid charter schools, CMOs, and State Entities in demonstrating compliance with CSP Regulations.

Authorizer Roles and Data Collection Methods that go beyond those typically employed by authorizers are marked with “**” to indicate it may be a new data item for the authorizer to consider incorporating into your oversight and monitoring practices.

1. DUE DILIGENCE & RISK ASSESSMENT

The elements presented in this section mostly pertain to the due diligence and risk assessment role that the Authorizer has in reviewing and deciding upon an initial application and renewal proposals for charter school(s) affiliated with an MO. These items are also meant to give the authorizer context regarding the role that certain elements will play in eligibility for and participation in CSP grants and subgrants.

By incorporating these items into your annual report (or other relevant process(es), you'll be doing better oversight of the school's CSP grant activities AND provide helpful documentation of oversight to the school/state, which they can use in compliance reporting to the CSP program.

ELEMENTS	AUTHORIZER ROLE	CRITERIA	DATA COLLECTION METHODS
MO Organizational Stability A record of the authorizer's findings on this element can generally be found in the following document(s): _____ _____ Findings were last updated on: _____ (Date) It will be reviewed again on approx: _____ (Date)	Authorizer review of MO agreement, policies and practices.	Sufficient and capable MO staffing for school's contract services and for the number of schools served.	MO Organizational Chart & list of affiliated schools
School Autonomy <i>20 U.S.C. §7221b (f)(2)(A)</i> A record of the authorizer's findings on this element can generally be found in the following document(s): _____ _____ Findings were last updated on: _____ (Date)	Authorizer review of MO agreement, policies, and practices.	Each CSP-recipient school has a "high degree of autonomy" over its budget and operations (including personnel decisions). A contracted MO does not restrict (contractually, or in practice) the school's governing board's ability to make budget, operational, and personnel decisions, &/or override decisions of the MO. This would cause a federal compliance issue.	Governing Board Bylaws Board Policies School's contract/services agreement with MO

It will be reviewed again on approx:_____ (Date)			
1. DUE DILIGENCE & RISK ASSESSMENT <i>continued</i>			
ELEMENTS	AUTHORIZER ROLE	CRITERIA	DATA COLLECTION METHODS
MO Quality, Capability <i>20 U.S.C. §7221d (b)(4)(B)</i> A record of the authorizer's findings on this element can generally be found in the following document(s): _____ _____ Findings were last updated on:_____ (Date) It will be reviewed again on approx:_____ (Date)	Notify state if/when a MO school is closed, at risk, or unaffiliated. Applicable authorization consideration if the school/MO is reliant on CSP funding to launch sustainably.	MO has not operated or managed a significant proportion of schools that have been closed, charter revoked due to statutory or regulatory compliance problems, &/or school(s) disaffiliate or terminate services.	Mandatory Disclosures CSP Application** Internet/Media searches for references to closed schools** State Performance Reports for current and former MO Campuses (including those out of state**)
MO Quality in CSP Priority Areas <i>20 U.S.C. §7221d (b)(5)</i> A record of the authorizer's findings on this element can generally be found in the following document(s): _____ _____ Findings were last updated on:_____ (Date) It will be reviewed again on approx:_____ (Date)	Applicable if the school/MO is reliant on CSP funding to launch sustainably, pursues one or more of these priorities in their CSP application, and/or has related requirements under a CSP grant/subgrant award. An Authorizer needs to be aware IF the school has a priority it needs to meet, and if the CSP grant /subgrant is in jeopardy because the school is at risk of not meeting that priority.	MO has a proven track record in CSP priority areas it applied to. This may include: - racially and socioeconomically diverse students - support for or turnaround of schools identified under ESSA as needing "comprehensive support and improvement" - demonstrated high-quality high school model - demonstrated high-quality model for dropout recovery and academic re-entry students - location of the school	State Performance Reports for current and former campuses Student demographics at current and former campuses Current and planned campus location

1. DUE DILIGENCE & RISK ASSESSMENT <i>continued</i>			
ELEMENTS	AUTHORIZER ROLE	CRITERIA	DATA COLLECTION METHODS
Appropriate Management of Funds <i>ED Guidance: MO FAQs, Jan2021</i> A record of the authorizer's findings on this element can generally be found in the following document(s): _____ _____ Findings were last updated on: _____(Date) It will be reviewed again on approx: _____(Date)	This is a <u>core function</u> of high quality authorizer oversight, and documentation through annual reports on financial and operational metrics can be helpful for the school in verifying that they meet the requirements. Schools can use Authorizer verification as a data point for CSP oversight/reporting.	Reviewing management organization contracts to ensure that the charter school maintains sufficient financial authority over itself; Establishing regulations that require charter school boards to maintain fiscal authority over Federal funds; and Using monitoring tools and authorizer oversight mechanisms to help ensure that charter schools remain in charge of their Federal funds.	MO Agreement(s) Board Minutes Whistleblower reports Feedback from school stakeholders Background check on leaders and board members of school and of EMP Cash Flow. Asset Inventory Authorizer Annual Reports
School Finances <i>20 U.S.C. §7221d (b)(3)(A)(iii)</i> A record of the authorizer's findings on this element can generally be found in the following document(s): _____ _____ Findings were last updated on: _____(Date) It will be reviewed again on approx: _____(Date)	Conduct annual monitoring of audits and school finances. Notify state/ED/CSP if significant management or fiscal compliance issues are discovered. Authorizer may be asked to certify this for schools within its jurisdiction as part of a school's/MO's CSP application for replication or expansion and/or annual reporting or grant monitoring.	MO has no previous significant financial compliance or management issues within the last 3 school years by any school it operates or manages. MO and School are not at risk of financial or management non-compliance	Authorizer Annual Reports School Audit Reports School Financial Statements Grants Fiscal documentation

1. DUE DILIGENCE & RISK ASSESSMENT <i>continued</i>			
ELEMENTS	AUTHORIZER ROLE	CRITERIA	DATA COLLECTION METHODS
<p>Student Safety and Safeguarding <i>20 U.S.C. §7221d (b)(3)(A)(iii)</i></p> <p>A record of the authorizer's findings on this element can generally be found in the following document(s): _____ _____</p> <p>Findings were last updated on: _____(Date)</p> <p>It will be reviewed again on approx: _____(Date)</p>	<p>Conduct annual monitoring of safety and safeguarding policies, procedures, and programming. Notify state/ED/CSP if significant compliance or management issues are discovered.</p>	<p>MO has no previous significant compliance or management issues related to student safety within last 3 school years by any school it operates or manages Appropriate Planning, Policies, and Procedures to ensure: Mental Health & Emotional Safety Physical Safety (Fire, Shooter drills) Facility Safety Transportation Safety</p>	<p>School Policies Authorizer Annual Reports School Safety Protocols School programming and procedures related to health, mental health and social-emotional development.</p>
<p>Waivers to CSP Programmatic Requirements <i>20 U.S.C. §7221d (b)(3)(B)(v)</i></p> <p>A record of the authorizer's findings on this element can generally be found in the following document(s): _____ _____</p> <p>Findings were last updated on: _____(Date)</p> <p>It will be reviewed again on approx: _____(Date)</p>	<p>**Notify Authorizer if a charter school or MO is requesting a waiver for their CSP grant and the nature of any approved waiver. **Identify risks related to CSP waiver requests and its potential impact on future grant award/compliance.</p>	<p>The MO/school has a contingency plan should waiver application(s) not be approved. The MO/school(s) adhere to the requirements of any approved waivers to CSP program requirements.</p>	<p>CSP Application** Feedback from ED's CSP team**</p>

2. FEDERAL COMPLIANCE REQUIREMENTS			
The elements listed here are compliance requirements for CSP-applicant and CSP-recipient schools. Authorizers that serve as a pass-through agency (eg. LEA or SEA) particularly play a role in evaluating and reporting on federal compliance issues (as identified and explained in Section II above).			
ELEMENTS	AUTHORIZER ROLE	CRITERIA	DATA COLLECTION METHODS
Notification to Authorizer <i>20 U.S.C. §7221i (6)</i> A record of the authorizer's findings on this element can generally be found in the following document(s): _____ _____ Findings were last updated on: _____(Date) It will be reviewed again on approx: _____(Date)	**Authorizers are advised to request in either the charter application process and/or the annual report monitoring process whether the school (or an affiliated MO) currently has or intends to apply for and/or utilize CSP funds at that school. This should include asking which CSP grant those funds will be from (SE, CMO, and/or Developer)	The CSP-recipient organization provided adequate and timely notice to the Authorizer of their intention to apply for CSP funding &/or apply already-awarded CSP funds for a new school, replication, or expansion project.	Communication from school or MO CSP Application**
Demonstrated High-Quality Outcomes <i>20 U.S.C. §7221b (e)(2)</i> A record of the authorizer's findings on this element can generally be found in the following document(s): _____ _____ _____	Annual reports produced by authorizers can help a MO verify this.	A school or MO receiving a CSP subgrant within the last 5 years must demonstrate at least 3 years of "improved educational results" on state assessments, including for ESSA-identified subgroups	Disaggregated State Assessment Data Interim Assessments (in lieu of state assessments) SEA School Performance Reports Authorizer Annual Reports

Findings were last updated on:_____ (Date)			
It will be reviewed again on approx:_____ (Date)			
2. FEDERAL COMPLIANCE REQUIREMENTS <i>continued</i>			
ELEMENTS	AUTHORIZER ROLE	CRITERIA	DATA COLLECTION METHODS
Enrollment and Retention <i>20 U.S.C. §7221d (b)(3)(B)(iv)</i> <i>20 U.S.C. §7221b (c)(3)(A)</i> <i>20 U.S.C. §7221i (2)(G)</i> <i>20 U.S.C. §7221b (f)(1)(A)(iv)</i> <i>20 U.S.C. §7221b (f)(1)(A)(viii)(I)</i> A record of the authorizer's findings on this element can generally be found in the following document(s): _____ _____ Findings were last updated on:_____ (Date) It will be reviewed again on approx:_____ (Date)	Authorizer should include enrollment and retention audits/monitoring in their annual report and provide/prepare that information in a format that the school can share with ED and/or their MO.	The school(s) ensure nondiscrimination in recruitment and enrollment, intentionally including students with disabilities, English learners, and other educationally disadvantaged students. The school(s) utilize a lottery for student enrollment; weighted lotteries are permissible so long as they are not used to create a school exclusively for a particular subset of students. The MO/school(s) actively work to eliminate barriers to enrollment for educationally disadvantaged students.	Enrollment Policy Enrollment Procedures Waited Lottery Policy Authorizer Annual Reports
School Closure Protocols <i>20 U.S.C. §7221d (b)(3)(C)</i> A record of the authorizer's findings on this element can generally be found in the following document(s): _____ _____ _____	A quality Authorizer will review these with the school on a regular basis to ensure they are up to date and reflect the current organizational structure of the school.	The MO has sufficient written procedures to ensure timely closure of low-performing or financially mismanaged charter schools. The MO has a clear protocol to ensure impacted students are offered places in other high-quality schools upon closure.	School Closure Policy/Protocol State statutes/rules regarding school closure LEA/Authorizer school closure plans and procedures

Findings were last updated on: _____(Date) It will be reviewed again on approx: _____(Date)		The MO/school closure protocols align with those of the LEA/Authorizer.	
2. FEDERAL COMPLIANCE REQUIREMENTS <i>continued</i>			
ELEMENTS	AUTHORIZER ROLE	CRITERIA	DATA COLLECTION METHODS
Other Eligible Federal ED funding <i>20 U.S.C. §7221b (f)(1)(A)(iii)</i> <i>20 U.S.C. §7221b (f)(1)(A)(v)</i> <i>CSP Guidance Dear Colleague on federal funding for charter schools (Sept 2015)</i> A record of the authorizer's findings on this element can generally be found in the following document(s): _____ _____ Findings were last updated on: _____(Date) It will be reviewed again on approx: _____(Date)	LEA & SEA Authorizers have a specific requirement to ensure federal funds are utilized for intended and appropriate purposes. All Authorizers have a general requirement to ensure federal funds are utilized for intended and appropriate purposes.	The MO/school(s) access ALL federal funds for which they are eligible. The contract with the MO should also specify how the school board and the MO ensure federal funds are used to the benefit of the appropriate students at the right school.	School Demographics School Budget Monitoring reports on federal funds prepared for LEA, SEA, or US ED– including the CSP monitoring report. **
Family and Community Engagement <i>20 U.S.C. §7221b (f)(1)(C)(i)(IV)</i> <i>20 U.S.C. §7221b (f)(1)(C)(i)(VI)</i> A record of the authorizer's findings on this element can generally be found in the following document(s):	Authorizers should ensure as part of the application process that schools/MOs identify how they have considered parent and community input. In reviewing CSP applications/allocations, Authorizers should look for	The MO/school(s) solicit and consider input from parents and community members on the implementation and operation of each school receiving CSP funds. The school(s) utilize effective family and community engagement strategies.	Family and Community Engagement Plan Community Engagement policies and practices Schedule of communication with families School Communication Materials Parent Surveys & feedback

<p>_____</p> <p>Findings were last updated on: _____(Date)</p> <p>It will be reviewed again on approx: _____(Date)</p>	information concerning parent and community involvement.	The MO supports CSP-recipient schools to implement effective family and community engagement strategies	CSP draft applications** Charter/Replication applications School Calendar School Events
2. FEDERAL COMPLIANCE REQUIREMENTS <i>continued</i>			
ELEMENTS	AUTHORIZER ROLE	CRITERIA	DATA COLLECTION METHODS
<p>Transportation <i>20 U.S.C. §7221b (f)(1)(E)</i></p> <p>A record of the authorizer's findings on this element can generally be found in the following document(s):</p> <p>_____</p> <p>Findings were last updated on: _____(Date)</p> <p>It will be reviewed again on approx: _____(Date)</p>	<p>Authorizers should review transportation plans as part of the charter application process for compliance with state law.</p>	<p>Each CSP-recipient school has considered and planned for the transportation needs of its students.</p>	<p>School Transportation Plan Site Visit School Budget</p>
<p>Performance Transparency and Disclosure <i>20 U.S.C. §7221b (f)(2)(G)</i></p> <p>A record of the authorizer's findings on this element can generally be found in the following document(s):</p> <p>_____</p>	<p>Authorizers can take these disclosure requirements into account and, as appropriate, incorporate any information into their own annual reports on these items so the school can then share the authorizer report with US ED's CSP team.</p> <p>LEA & SEA authorizers, as pass through agencies, may have</p>	<p>Each CSP-recipient school makes publicly available on its website its annual State school performance report, information on its educational program, student support services, student fees, parent involvement requirements, enrollment criteria, and disaggregated enrollment and</p>	<p>School Website School Communications Authorizer Annual Reports</p>

Findings were last updated on: _____(Date) It will be reviewed again on approx: _____(Date)	some role in checking these items, or be required to do so per state requirements.	performance data for groups with subgroups with sufficient numbers.	
3. PROGRAMMATIC PERFORMANCE			
The Authorizer has a role to be aware of the intended activities and outcomes of a CSP-funded new start, replication, or expansion project and to monitor any risks to the continued receipt of federal grant funds that could impact the stability and sustainability of both the school(s) in its portfolio and the MO overall. Here are some key programmatic requirements that often pose risk to MO schools participating in CSP grants/subgrants.			
ELEMENTS	AUTHORIZER ROLE	CRITERIA	DATA COLLECTION METHODS
Outcomes: Meeting Goals and Objectives <i>20 U.S.C. §7221d (b)(3)(B)(i)</i> <i>20 U.S.C. §7221d (b)(3)(B)(ii)</i> <i>UGG §200.328</i> A record of the authorizer's findings on this element can generally be found in the following document(s): _____ _____ Findings were last updated on: _____(Date) It will be reviewed again on approx: _____(Date)	The Authorizer can recommend to schools in its portfolio that goals and targets in the CSP application are consistent with those established in the charter contract and required by the state's ESSA-approved accountability framework. This would enable the charter school to use authorizer-driven monitoring to verify it is meeting grant goals and objectives. ** The Authorizer can check an approved CSP application for any significant inconsistencies between charter contract goals and CSP goals and discuss with the charter school. ** The Authorizer can request an update from schools on if they are making sufficient progress towards the goals and objectives of their CSP grants.**	The MO/school(s) deliver the number/size of replication and/or expanded campuses. The CSP amount allocated and number of students served at each CSP recipient school. The school(s) serve the grade levels identified in the CSP application. The actual outcomes of CSP-related activities (data & associated cost to deliver outcome) compare to intended goals and objectives. Performance trends for data points and outcomes for CSP-related activities indicate sufficient progress toward goals/objectives.	CSP Application** Executed Charter Contracts Enrollment Data Site Visit Performance Reporting to ED**

	Authorizers could require as part of the charter application process and/or contract that its authorized schools establish goals and objectives in federal funding applications that are consistent with (seek to meet or exceed) goals and targets expressed in the charter contract.**		
3. PROGRAMMATIC PERFORMANCE continued			
ELEMENTS	AUTHORIZER ROLE	CRITERIA	DATA COLLECTION METHODS
Educational Model <i>20 U.S.C. §7221d (b)(3)(B)(ii)</i> A record of the authorizer's findings on this element can generally be found in the following document(s): <hr/> <hr/> Findings were last updated on: _____ (Date) It will be reviewed again on approx: _____ (Date)	Compare educational program articulation in the CSP application to that of the charter or renewal application to verify fidelity to planned methods OR rationale for the change.**	The MO/school(s) deliver an educational program as articulated in its charter application and its CSP application.	CSP Application** Site Visit Charter Application Renewal Application Authorizer Annual Reports
High-Quality Educational Program <i>20 U.S.C. §7221d (b)(3)(B)(i)</i> <i>20 U.S.C. §7221d (b)(4)(A)</i> <i>20 U.S.C. §7221b (f)(1)(A)(iii)</i> <i>20 U.S.C. §7221b (f)(1)(A)(x)</i> A record of the authorizer's findings on this element can	Authorizer can verify individual school performance measures that are included in the school's/MO's CSP grant award – particularly those distinct from the state system– if those CSP performance measures are also reflected in the charter school contract. Only necessary if CSP	The MO/school(s) enables ALL students to meet challenging State academic standards. The school(s) show demonstrated success in increasing academic achievement for all students, all ESSA-required disaggregated subgroups.	Disaggregated State Assessments Disaggregated Graduation Rates SEA School Performance Reports Authorizer Annual Reports

<p>generally be found in the following document(s):</p> <p>_____</p> <p>_____</p> <p>Findings were last updated on: _____(Date)</p> <p>It will be reviewed again on approx: _____(Date)</p>	<p>goals are different from what the state assessment system provides.</p>	<p>The school(s) meet the needs of the student subgroups supported through the federal funding streams received.</p>	
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3. PROGRAMMATIC PERFORMANCE *continued*

ELEMENTS	AUTHORIZER ROLE	CRITERIA	DATA COLLECTION METHODS
<p>Sustainability 20 U.S.C. §7221d (b)(3)(B)(iii) 20 U.S.C. §7221b (f)(1)(A)(vi)(II) 20 U.S.C. §7221b (f)(1)(C)(i)(V) UGG §200.310 UGG §200.447</p> <p>A record of the authorizer's findings on this element can generally be found in the following document(s):</p> <p>_____</p> <p>_____</p> <p>Findings were last updated on: _____(Date)</p> <p>It will be reviewed again on approx: _____(Date)</p>	<p>An Authorizer's initial charter application review and annual financial review can verify sustainable budgeting, use of prudent contingency planning, financial risk mitigation, and ability to operate on available funds following the CSP grant/subgrant.</p>	<p>The school(s) utilize the CSP funds to put them on a trajectory that is sustainable via school funds once the grant ends (e.g. has developed reasonable reserves and contingency funds to help cushion unexpected situations). A multi-year financial and operating model is utilized to ensure long-term viability and financial health. Contingency planning mechanisms and procedures are defined to successfully adjust financial priorities to maintain financial viability. Contingency planning mechanisms address risks regarding under enrollment (ie., for enrollment in total, by grade level, and/or by student subgroup) and shifts in school funding.</p>	<p>Multi-Year Budget (both for proposed schools and MOs previously implemented schools) Operating Model Student Enrollment Data Unrestricted cash reserves Facility Plan and Budget Cash Flow Debt-to-asset ratio Authorizer Annual Financial Review, expressed through Authorizer Annual Report</p>

		<p>Appropriate insurance coverage is maintained and revisited annually at both the school and MO levels.</p> <p>Each school and MO maintains at least 30-days unrestricted cash.</p>	
3. PROGRAMMATIC PERFORMANCE <i>continued</i>			
ELEMENTS	AUTHORIZER ROLE	CRITERIA	DATA COLLECTION METHODS
<p>Graduation Rates 20 U.S.C. §7221d (b)(3)(A)(ii)</p> <p>A record of the authorizer's findings on this element can generally be found in the following document(s):</p> <p>_____</p> <p>_____</p> <p>Findings were last updated on: _____(Date)</p> <p>It will be reviewed again on approx: _____(Date)</p>	<p>Authorizers should monitor outcomes related to graduation rates for their schools.</p>	<p>CSP Replication and Expansion applicants are required to submit 4-year adjusted cohort graduation rates and extended-year adjusted cohort graduation rates for each school a network/MO currently operates.</p>	<p>Disaggregated Graduation data 4-year and extended-year graduation data</p>

Student Engagement <i>20 U.S.C. §7221d (b)(3)(A)(ii)</i> <i>20 U.S.C. §7221b (f)(1)(A)(viii)(II)</i> A record of the authorizer's findings on this element can generally be found in the following document(s): _____ _____ Findings were last updated on: _____(Date) It will be reviewed again on approx: _____(Date)	Authorizers can review charter school policies and practices related to attendance, chronic absenteeism, student retention, and discipline and require the school have systems in place to monitor, set, and drive performance in these areas using disaggregated data. Authorizer can check &/or encourage proactively engaging students to achieve greater school outcomes, based on state law and CSP programmatic expectations.	Federal CSP statute references require recipient schools to set and maintain a positive position regarding disaggregated attendance, chronic absenteeism, student retention, and disaggregated discipline. The school(s) proactively support all students, including educationally disadvantaged students, to promote retention. The school(s) actively work to reduce discipline practices that remove students from the classroom.	Disaggregated Attendance Data Chronic absenteeism rates Student retention data Disaggregated Discipline Data
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3. PROGRAMMATIC PERFORMANCE *continued*

ELEMENTS	AUTHORIZER ROLE	CRITERIA	DATA COLLECTION METHODS
CSP Monitoring Site Visit(s) <i>UGG §200.328(e)</i> A record of the authorizer's findings on this element can generally be found in the following document(s): _____ _____ Findings were last updated on: _____(Date) It will be reviewed again on approx: _____(Date)	An authorizer can consider requesting that the charter school provide basic evidence that it has protocols in place to prepare for a CSP monitoring visit. ** An authorizer could aid preparation for CSP monitoring visits by sharing standard guidance ** Authorizers should be prepared to provide documentation of authorizer monitoring activities or reports to the school or MO if one of their charter schools is	The CSP-recipient organization effectively prepares the MO and school(s) for CSP-requested monitoring site visits. The CSP-recipient organization actively employs protocols and systems that perpetually prepare for eventual monitoring visit(s).	Utilizes Monitoring Visit Guide Properly maintained CSP records Use of checklists/rubrics/ management plan for systematic programmatic implementation and compliance

	<p>included in a CSP monitoring visit.**</p> <p>The school or MO may choose to request participation by the Authorizer in part of the site visit, if requested or deemed appropriate by the granting agency.**</p>		
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4. GRANT MANAGEMENT & FISCAL COMPLIANCE

Awareness of federal compliance elements enables Authorizers to help schools/MOs minimize potential compliance violations, which can result in the halting or rescinding of federal funds and may ultimately threaten school viability and sustainability. As part of this role, Authorizers should check as part of the application and renewal process that schools/MOs have in place a set of grant management protocols that outline its procedures/policies for 1) records access and retention, 2) time and effort tracking, 3) performance management and reporting, 4) financial management, audits, and reporting, 5) internal reporting and updates to their governing board(s), and 6) risk management protocols. Spot checks and site visits can also be useful to determine if identified protocols are being implemented with fidelity and are effective in practice.

As a reminder, the Authorizer is not the granting agency. The Authorizer should not be attempting to duplicate the extensive compliance monitoring process that the granting agency has in place. Rather, the Authorizer's interest is in ensuring that the charter school and MO have practices in place that mitigate the risk that CSP grant funds will be rescinded or halted, which could threaten the viability of the school and/or MO. Authorizers who engage in this basic level of grant management compliance are also proactively setting their schools, and related MOs, up for success in current and future CSP grants, creating a long term benefit for the schools.

ELEMENTS	AUTHORIZER ROLE	CRITERIA	DATA COLLECTION METHODS
Financial Reporting <i>UGG §200.327</i>	Authorizer requests that the school institute a policy so that the school governing board is getting regular (at least	CSP grant/subgrant -recipient organizations report at least annually regarding grant/subgrant finance.	CSP Annual Financial Reports. ** CSP Request for Funds submissions. **

<p>A record of the authorizer's findings on this element can generally be found in the following document(s):</p> <p>_____</p> <p>_____</p> <p>Findings were last updated on: _____(Date)</p> <p>It will be reviewed again on approx: _____(Date)</p>	<p>quarterly) reports from the project director on the use of CSP and school funds. <i>This would contribute to strong grant management practices of the school.</i>**</p> <p>For CMO grantees, the Authorizer requests that the individual school has a system to track and report on spending of the CMO CSP funds, with the school's reports going back up to the MO. <i>This would contribute to strong grant management practices of the school and the MO.</i> **</p> <p>Authorizer checks that financial reports are submitted on time to CSP **</p>	<p>Typically quarterly review of Request for Funds submissions is also conducted.</p>	<p>Reports to school/MO board concerning progress of CSP activities and use of funds.**</p>
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4. GRANT MANAGEMENT & FISCAL COMPLIANCE *continued*

ELEMENTS	AUTHORIZER ROLE	CRITERIA	DATA COLLECTION METHODS
<p>Programmatic Performance Report <i>20 U.S.C. §7221b (i) UGG §200.328 (b) UGG §200.328 (c)</i></p> <p>A record of the authorizer's findings on this element can generally be found in the following document(s):</p> <p>_____</p> <p>_____</p> <p>Findings were last updated on: _____(Date)</p>	<p>Authorizer checks that performance reports are submitted on time to CSP **</p> <p>Authorizer is entitled to request copies of such reports.**</p>	<p>CSP-recipient organizations (whether grant or subgrant) report at least annually, with possible quarterly submissions, regarding elements that could impact program outcomes.</p> <p>The MO/school(s) submit timely mid-grant and end-of-grant performance reports utilizing the CSP-provided template.</p> <p>For CSP-funded construction activities, CSP-recipient organization submits timely requested reports.</p>	<p>CSP Annual Performance Reports**</p> <p>CSP Quarterly submissions**</p> <p>CSP Mid-Grant Performance Reports**</p> <p>CSP End-of-Grant Performance Report**</p> <p>Construction Progress Reports</p>

<p>It will be reviewed again on approx:_____ (Date)</p> <p>Annual Independent Financial Audit <i>UGG §200.500-200.521, Appendix XI</i></p> <p>A record of the authorizer's findings on this element can generally be found in the following document(s): _____ _____</p> <p>Findings were last updated on:_____ (Date)</p> <p>It will be reviewed again on approx:_____ (Date)</p>	<p>Authorizer should verify these policies are in place and used each year as part of its Authorizer Annual Report.</p>	<p>CSP-recipient organizations ensure an annual independent audit is conducted consistent with <i>UGG §200.500-200.521</i>. The CSP-recipient organization immediately implements corrective actions for any audit findings related to the MO and CSP-recipient schools; pass-through entities implement management decisions with regard to subrecipient(s)/contractor(s).</p> <p>MO and school Financial Policies and Procedures define:</p> <ul style="list-style-type: none"> - a timeline for when an auditor will be engaged. - selection of the independent auditor and by what conditions, run periodically to ensure continued independence and auditor objectivity. 	<p>Authorizer Annual Report. Audit Reports. Audit Corrective Action plans Financial Policies and Procedures</p>
4. GRANT MANAGEMENT & FISCAL COMPLIANCE continued			
ELEMENTS	AUTHORIZER ROLE	CRITERIA	DATA COLLECTION METHODS
<p>Risk Management <i>UGG §200.303, UGG §200.331 (b), OMB Circular A-123 §II.B (p.10), GAO Green Book, p. 14</i></p> <p>A record of the authorizer's findings on this element can generally be found in the following document(s): _____ _____</p>	<p>A high quality Authorizer should ensure risk management policies are in place and followed by conducting spot checks.</p> <p>During the application review process and renewal process, Authorizers should conduct a risk assessment to determine the level of risk involved and the measures the school is taking to mitigate those risks.</p>	<p>Identifies intentional policies designed to mitigate risk of fraud or mismanagement. Identifies internal and external risks that may prevent the organization from meeting its objectives.</p> <p>Actively employs efforts to mitigate identified risks.</p> <p>Risk management protocols are articulated within the Financial Policies and Procedures of each School and MO.</p>	<p>School Financial Policies and Procedures MO Financial Policies and Procedures Risk Register / Tracker</p>

Findings were last updated on: _____ (Date)			
It will be reviewed again on approx: _____ (Date)			
Use of CSP Funds <i>20 U.S.C. § 7221b (h)</i> A record of the authorizer's findings on this element can generally be found in the following document(s): _____ _____ Findings were last updated on: _____ (Date) It will be reviewed again on approx: _____ (Date)	Authorizers that serve as a pass-through entity (LEA/SEA) for a SE subgrant need to be prepared to review and sign off on CSP budgets and expenditures for recipient schools/MOs IF that is required in the state's grant policies. Authorizers alert the school and/or MO if, through the course of their standard fiscal oversight, they become aware of CSP spending that is inconsistent with CSP or includes unallowable costs.** Authorizers request that schools working with MOs have clear policies and protocols in place to verify that MOs are using CSP funds for eligible, agreed-to uses for each school site. **	The MO/school(s) have viable CSP budget(s) that are consistent with statutory use of CSP funds and do not include unallowable costs.	CSP grant/subgrant budget (by school, and also MO for CMO grants)** CSP grant/subgrant expenditure reports**
4. GRANT MANAGEMENT & FISCAL COMPLIANCE continued			
ELEMENTS	AUTHORIZER ROLE	CRITERIA	DATA COLLECTION METHODS
Internal Controls (CMO & Developer grants) <i>UGG §200.303</i> <i>UGG §200.328 (a)</i> A record of the authorizer's findings on this element can generally be found in the following document(s): _____ _____	Authorizers should check to see that effective protocols and internal controls are in place to manage grant funds and programmatic activities. Authorizers should evaluate whether schools/MOs have sufficient systems in place to safeguard personally identifiable information as part of application/renewal review.	The CSP-awarded organization has established and maintains effective internal controls to comply with related federal statutes, regulations, and terms and conditions of the CSP award. The CSP-awarded organization has systems in place to routinely evaluate and monitor federal compliance of the MO and CSP-recipient	Charter Application Financial Policies and Procedures School/MO site visits Operational Policies and Procedures Bylaws Procurement Policies Fund accounting systems/practices

Findings were last updated on: _____(Date) It will be reviewed again on approx: _____(Date)		school(s)/campus(es), including protocols to respond promptly to noncompliance and audit findings. The CSP-awarded organization has systems in place to ensure personally identifiable information is protected at both school and MO levels.	
Fiscal Protocols: Personnel <i>UGG §200.430</i> A record of the authorizer's findings on this element can generally be found in the following document(s): _____ _____ Findings were last updated on: _____(Date) It will be reviewed again on approx: _____(Date)	Authorizers should review as part of the application & renewal process that the school budgets are appropriate for CSP-related personnel costs and establish appropriate protocols and reporting documentation concerning time and effort reporting.**	MO and school personnel costs associated with CSP activities must be deemed reasonable, with salary, duties, and documentation compliant with <i>UGG §200.430</i> . CSP recipient MOs & schools utilize a federally-compliant time and effort reporting template to record all CSP and non-CSP activities for each individual engaged in CSP activities.	Personnel policies and procedures CSP Time & Effort Reports** Job Descriptions CSP Request for Funds submissions**
4. GRANT MANAGEMENT & FISCAL COMPLIANCE continued			
ELEMENTS	AUTHORIZER ROLE	CRITERIA	DATA COLLECTION METHODS
Subrecipient Monitoring and Management <i>UGG §200.301,</i> <i>UGG §200.330</i> <i>UGG §200.331</i> A record of the authorizer's findings on this element can generally be found in the following document(s):	Authorizer requires that applicant and renewing charter schools submit copies of MO contracts and other service provider agreements, and check that appropriate and compliant record retention and record access provisions are in place at the school and MO level, granting the school access to	The MO and school(s) are each aware of their status as a direct recipient, subrecipient, or contractor and the specific grant-related requirements associated with their status. Pass-through entities (Recipient MO with subrecipient schools or Recipient school with contracted MO) adhere to	Site Visits Interviews with staff, board, and stakeholders

<hr/> <hr/> <p>Findings were last updated on: _____(Date)</p> <p>It will be reviewed again on approx: _____(Date)</p>	all MO documents pertaining to their campus(es).	<p>requirements of <i>UGG §200.331</i>.</p> <p>Pass-through entities maintain access to the subrecipient(s)/contractor(s) related records and financial statements (particularly for audits), per <i>UGG §200.331 (a)(5)</i>.</p> <p>Pass-through entities evaluate and regularly review the risk of noncompliance by the subrecipient(s)/contractor(s) utilizing the criteria identified in <i>UGG §200.331 (b)</i>.</p> <p>Pass-through entities utilize established protocols specific to the level of risk to monitor the federally-funded activities of subrecipient(s)/contractor(s), per <i>UGG §200.331 (d) & (e)</i>.</p>	
4. GRANT MANAGEMENT & FISCAL COMPLIANCE continued			
ELEMENTS	AUTHORIZER ROLE	CRITERIA	DATA COLLECTION METHODS
<p>Record Retention and Access <i>UGG §200.333-337</i></p> <p>A record of the authorizer's findings on this element can generally be found in the following document(s):</p> <hr/>	<p>Authorizers should review as part of the application & renewal process that the school itself has sufficient record retention policies to meet state and federal requirements.</p>	<p>The MO/school(s) maintain a record retention schedule compliant with federal/state/authorizer/CSP requirements (e.g. 3 years following final expenditure report for federal awards).</p>	<p>Financial Policies and Procedures Site Visits Inspection of Records systems Log of Records Requests</p>

<p>Findings were last updated on: _____(Date)</p> <p>It will be reviewed again on approx: _____(Date)</p>		<p>The Policies and Procedures of the MO/school(s) defines:</p> <ul style="list-style-type: none"> - the medium and location of official records. - how the records must be disposed of at time of disposition. - the process for transfer of records upon closure of school. <p>The MO/school(s) ensures records from federal awards are publicly accessible (with the exception of Personally Identifiable Information), consistent with the requirements of <i>UGG §200.333-337</i>.</p>	
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QUESTIONS TO CONSIDER IN EVALUATING THE MANAGEMENT STRUCTURE(S) AND CONDUCTING REGULAR OVERSIGHT OF CHARTER SCHOOLS WITH MANAGEMENT ORGANIZATIONS

It is recommended that Authorizers incorporate these questions into their oversight and monitoring of the charter school and the MO (such as the charter school application, annual monitoring, and renewal reviews), and document their reviews to enable the Authorizer's assessment of these questions to be used by the charter school and the CSP granting agency for CSP MO-related risk assessment. These can be integrated into an Authorizer's regular monitoring and evaluation.

- ☐ Explore the relationship between the local school and its proposed MO.
 - a. How was it that the school campus became affiliated with the MO?
 - b. Did the school seek out the MO? Or did the MO pursue setting up the local charter school board?
 - c. Is there an apparent or potential motivating factor beyond the best interests of local students?
- ☐ What role(s) will the MO fulfill in the day to day activities of the school?
 - a. Are the services provided by the MO similar to those typically provided by a school district for traditional public schools (ie. Finance and accounting, HR and payroll, facilities planning and development, instructional support/professional development, legal, and special education administration functions)? (See exception for legal)
 - b. Is legal counsel for school kept separate from that of a contracted MO?
 - c. Is the division of responsibilities between school sites and the MO central office clearly delineated?
- ☐ Is there a reasonable balance between services provided and funds disbursed to a MO (whether contracted MO or CMO-Operator central offices)?
 - a. Is there transparency in the MO's central costs or fee structure for contracted services?
 - b. Is there a "Sweeps" contract, where compensation for MO services is based on total revenues irrespective of related costs for such services? This could provide an opportunity for the MO to reduce costs in order to increase its own compensation, possibly at the expense of students' educational benefit.
 - c. How do you know the fee structure for the management services the MO provides are reasonable and appropriate? Has the school conducted due diligence or comparison of market costs for such services?
 - d. Are there any other agreements (e.g., loans, leases, etc.) between the charter school and the C/EMO? If so, are they fair and reasonable, documented appropriately, align with market rates, and include terms that will not change if the management contract is terminated?
- ☐ Is a charter school board functionally independent from a contracted MO?
 - a. Is the charter school's governing board independent of the MO? Are any of the charter school's governing board members selected by the MO? Does the governing board include members who are employees of the MO?
 - b. Does the charter school board have a clear ability to terminate the MO contract? Or are there elements that would make it functionally difficult for the school to choose separation from the MO? (eg. is the school able to keep its assets, facility, and staff upon termination of the MO contract?)
 - c. Does the contract between the charter school and MO clearly describe each party's rights and responsibilities, and specify reasonable and feasible terms under which either party may terminate the contract? (e.g. the charter school does not lose the right to use facilities)?
 - d. Is there evidence the MO contract was negotiated at arm's length?
 - e. Was the rationality of the fee structure reviewed with an independent auditor prior to service contracting and/or implementation?
 - f. Does the charter school maintain independent legal counsel, accountant, and audit services from the MO?

- g. Does the MO structure allow assets purchased with school/campus funds/award(s) to remain with the school?
- ☐ Is there financial stability and financial accountability for the charter school? The MO?
 - a. Is each Charter School within a MO network independently viable financially? Or at what point will campus(es) become financially viable?
 - b. Are there mechanisms in place to track and report on designated federal, state, and local funding streams? Including mechanisms to account for individual funding streams and separation of funds between schools and levels of the organization?
 - c. For-profit MOs are not required to disclose finances as non-profits do through their 990's. Will the MO agree to disclose as a non-profit would? Or at the very least agree to disclose all financial records and institutional records pertaining to the public charter school campus(es)?
 - d. Do the MO agreement(s) state who bears the risk if expenses exceed revenues? Where the MO bears this risk, are excess expenses considered a loan to the school by the MO? What implications does this have for the school's sustainability?
- ☐ Is the Management Structure transparent?
 - a. Are there elements of the MO management structure that limit transparency, whether intentional or unintentional?
 - b. Is the management structure straightforward? Or does it contain unnecessary levels of management and bureaucracy that make decisions difficult to navigate/trace?
 - c. Is there a clear and transparent chain of command? Are there strong internal controls, or are decisions often tangled?
- ☐ Does the MO engage in internal and external risk evaluation, along with mitigation plans?
 - a. Is there a process for identifying internal and external risks in terms of school performance, finances, organizational management, and compliance?⁹
 - b. Does the risk evaluation include an estimation of the risk's significance, an assessment of its likeliness to occur, and actions that can be taken to manage/mitigate the risk?¹⁰

⁹ OMB Circular A-123 §II.B. ED OIG, 2016, p.10.

¹⁰ p.14, GAO Green Book

V. REFERENCES & RESOURCES

AUTHORIZER DUE DILIGENCE AND OVERSIGHT RESOURCES

[Reviewing Charter Proposals Involving EMOs and CMOs: Due Diligence Can Avoid Later Problems.](#) Colorado Association of Charter School Authorizers. Feb 2021.

[SE Webinar: CMOs, Authorizers, and the Charter Schools Program.](#) 17 Jul 2018. National Charter School Resource Center. Recorded Webinar. Facilitator: Nelson Smith (Independent Consultant with Authorizing Background), Presenters: Alison Bagg (Massachusetts SEA), Alex Medler (National Charter School Resource Center), Marco Petruzzi (Green Dot Public Schools), Naomi Rubin DeVeaux (DC Public Charter School Board).

[Implementing Differentiated Oversight Strategies.](#) (NACSAcon, 2016). NACSA Presentation. Oct 2016. Presenters: Nicki Brisson, Miami-Dade County Public Schools; Rashida Tyler, DC Public Charter School Board; Katie Piehl, NACSA

Robin Lake, Melissa Bowen, Allison Demeritt, Paul Hill. [Charter Management Organizations: Innovations, Opportunities, and Challenges.](#) Research Brief, National Charter School Research Project, Center on Reinventing Public Education. June 2010.

Simmons, Jerry, & Tammy Stanton. [Charter Management Organization Infrastructure: What it Takes to Thrive.](#) 2019 California Charter Schools Conference. California Charter Schools Association.

Marian Wang [“When Charter Schools Are Nonprofit in Name Only”](#). *ProPublica*. Dec. 9, 2014.

[Report: How A Non-Profit Charter School Can Be Run For Profit.](#) Forbes March 2021

[Chartered For Profit: The Hidden World of Charter Schools Operated for Financial Gain.](#) Network for Public Education. March 2021.

Sample Resources

[Identifying Indicators of Distress in Charter Schools: Tools to Support Authorizer Data Collection.](#) National Charter Schools Resource Center, Jun 2021.

[Indicators of Distress Authorizer Toolkit](#) (2021) for early evaluation of these indicators.

For example, the NCSRC's [Indicators of Distress Reflection Tool](#)

[Model Florida Charter School Application](#) – search “ESP” for elements related to MOs.

[Sample monitoring forms and documents.](#)

[Nevada Board Member Information Sheet.](#) Requires disclosure of prohibited vendor/employment relationships for all prospective Board members to the third degree of consanguinity or affinity

OTHER INFORMATIONAL CHARTER SCHOOL MO RESOURCES

[National Charter School Management Overview, 2016-17.](#) 27 Aug 2018. By. Rebecca David. Report. National Alliance for Public Charter Schools.

[The Charter Schools Program 2021 Annual Report.](#) National Alliance for Public Charter Schools.

[Clearing the Air: An Analysis of the Federal Charter Schools Program](#) (2020) Bellwether Education Partners. - analyzes the impact of the federal CSP.

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[Nationwide Assessment of Charter and Education Management Organizations Final Audit Report, ED-OIG/A02M0012, September 2016](#). (2016 OIG Report). Report and audit findings, U.S. Department of Education.

U.S. DEPARTMENT OF EDUCATION CHARTER SCHOOLS PROGRAMS

Federal statutes: *Title IV, Part C of the ESEA*, as amended by the ESSA ([20 U.S.C. §7221](#) – Charter Schools Program)

CSP Grant Programs

- [CSP Grants to Charter Management Organizations for the Replication and Expansion of High-Quality Schools Competition \(CMO grants\)](#)
 - [Charter School Program Assurances for Replication and Expansion Grantees](#)
- [Expanding Opportunities Through Quality Charter Schools Programs \(CSP\) Grants to State Entities \(SE grants\)](#)
 - [Charter School Program Assurances Grants to State Entities](#)
- [CSP Grants to Charter School Developers for the Opening of New Charter Schools and for the Replication and Expansion of High-Quality Charter Schools \(Developer grants\)](#)
 - [Charter School Program Assurances for Non-State Educational Agencies](#)
- [Credit Enhancement for Charter School Facilities Program](#)
- [State Charter School Facilities Incentive Grants](#)
- [National Dissemination Grants](#)

CSP Regulations and Guidance

Authorizers should also be aware of the following federal regulations and guidance that impact CSP Grants and Subgrants:

- [Title 2 of the Code of Federal Regulations Part 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards \(Uniform Grant Guidance, UGG\) 2 CFR 200](#), as adopted and amended in *2 CFR part 3474*.: Federal regulations detailing required internal controls for grant management.
 - Uniform Guidance Technical Assistance for Grantees ([Uniform Guidance TA](#)).
- [U.S. Government Accountability Office \(GAO\) Standards for Internal Control in the Federal Government \(GAO Green Book\)](#): guide for Federal entities on designing and implementing internal controls.
- [Internal Control-Integrated Framework \(COSO Framework\)](#): foundational document for the GAO Green Book.
- [Office of Management and Budget \(OMB\) Circular A-123](#): circular details the need for Federal entities to utilize risk management and internal controls in existing business activities.
- [Education Department General Administrative Regulations](#) (EDGAR), 34 CFR parts 75, 76, 77, 79, 81, 82, 84, 97, 98, and 99.
- The Office of Management and Budget Guidelines for Agencies on **Government-wide Debarment and Suspension** (Nonprocurement) in *2 CFR part 180*, as adopted and amended as regulations of the U.S. Department of Education in *2 CFR part 3485*.
- [Frequently Asked Questions on Risk Management for Charter Schools Affiliated with Management Organizations](#) (Jan 2021)
- [Allocating Funds to Charter Schools](#) (December 2000)
- [“New Flexibilities under the Every Student Succeeds Act”](#) FAQs (Dec 2017)
 - [ESSA Flexibility Webinar Slides](#) (Nov 2018)
 - [ESSA Flexibilities Summary](#) (Oct 2018)
- [Dear Colleague Letter –ESSA flexibilities for CSP Grantees](#) (November 2017)

- [Dear Colleague Letter – Guidance Regarding the Oversight of Charter Schools Program and Regulatory Requirements, Including the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#) (August 2016)
- [Dear Colleague Letter – Guidance and Federal Resources on Appropriate and Effective Oversight of Public Charter Schools](#) (September 2015)
 - regular independent audits
 - review of charter school governing boards for conflicts of interest, related party transactions, and appropriate segregation of duties.
- [Charter Schools Program Nonregulatory Guidance](#) (Jan 2014)
- [CSP Guidance On the Use of Funds to Support Preschool Education](#) (December 2014)
- [Guidance on the Voluntary Use of Race to Achieve Diversity and Avoid Racial Isolation in Elementary and Secondary Schools](#) (December 2011)
 - [School Climate and Discipline Resources](#)
- [Guidance Letter on Lottery Exemptions and Awards to Multiple Charter Schools Operating under a Single Charter](#) (February 2008)
- [Title I Requirements on Charter Schools Non-Regulatory Guidance](#) (July 2004)
- [Allocating Funds to Charter Schools](#) (December 2000)
- Future programmatic guidance is identified on the federal Charter Schools Program [website](#).

INTERNAL REVENUE SERVICE - MO NONPROFIT CONSIDERATIONS

IRS, [Audit Technique Guide](#) – Private and Charter Schools (See from page 16)

IRS, [Charter School Reference Guide](#)

IRS, [Guide Sheet for Charter School Exemption Applications](#)

IRS, [Audit Technique Guides for Exempt Organizations](#).

IRS, [Guide Sheet for Charter School Exemption Applications](#)

CHARTER SCHOOL INTERNAL CONTROL RESOURCES

[American Institute of Certified Public Accountants](#) - guidance on related-party transactions.

[U.S. Government Accountability Office \(GAO\) Standards for Internal Control in the Federal Government \(GAO Green Book\)](#): guide for Federal entities on designing and implementing internal controls.

[Internal Control-Integrated Framework \(COSO Framework\)](#): foundational document for the GAO Green Book.

[Office of Management and Budget \(OMB\) Circular A-123](#): circular details the need for Federal entities to utilize risk management and internal controls in existing business activities.

CHARTER SCHOOL AUDIT-RELATED RESOURCES

[Federal Uniform Grant Guidance](#) (UGG) – *2 CFR Part 200, §200.5-200.7, §200.425, and Subpart F (§200.500-200.521)*, OMB 2021 [Compliance Supplement](#) (Aug 2021, *2 CFR Part 200, Appendix XI*)³⁴ *CFR part 76, subpart H* prescribes administrative requirements that states and local educational agencies must follow when allocating funds to new or expanding charter schools under ED's formula grant programs,

Title IV, Part C of the ESEA, as amended by the ESSA ([20 U.S.C §7221-7221i](#))

GAO [Standards for Internal Control in the Federal Government](#), GAO-14-704G (Control, risk assessment, monitoring).

Nevada [Charter School Audit Manual and Procurement](#) and [Audit Legal Compliance Questionnaire](#)

Massachusetts [Charter School Recommended Fiscal Policies and Procedures Guide](#) (2015) and [Charter School Audit Guide](#) (July 2021). [Sample reporting packages](#) also available.

SUNY Charter School Institute, “[Audit Guide](#): A resource to provide assistance to auditors of charter schools authorized” (2019) and “[SUNY Fiscal Templates](#)” Toolkit (2014).

Colorado Charter School Institute, [CSI Financial Policies and Procedures Guidance](#) and [CSI Sample Financial Policies](#) (p. 5).

Fiscal Crisis and Management Assistance Team (California), [California Charter School Accounting and Best Practices Manual](#) (2017).

National Charter School Resource Center, [A User’s Guide to Fiscal Oversight](#) (2016)