

**STATE OF NEW HAMPSHIRE
OFFICE OF LEGISLATIVE BUDGET ASSISTANT
AUDIT DIVISION**

**PROPOSED SCOPE STATEMENT
PERFORMANCE AUDIT OF CHARTER SCHOOL APPROVAL PROCESS**

In January 2014, the Fiscal Committee of the General Court approved a joint Legislative Performance Audit and Oversight Committee recommendation to conduct a performance audit of the New Hampshire Department of Education's charter school approval process. We held an entrance conference with the Department of Education on February 4, 2014.

Background

Charter schools are free public schools that operate with autonomy from many regulations that apply to traditional public schools. The board of trustees of a charter school have general supervisory control and authority over the operations of the school. RSA 194-B authorizes charter public schools in New Hampshire. A charter school is a nonprofit secular open enrollment public school operated independent of any school board and managed by a board of trustees under a charter granted by the State Board of Education (SBoE).

A charter school is held accountable by its sponsor, usually a state or local school board, for meeting academic achievements and adhering to the charter. In exchange for this accountability, charter schools have greater flexibility to choose the methods and processes that respond to community needs and deliver results. Innovative teaching practices and strategies, class structure, and other academic tools can be used and tested and modified to meet the needs of the student population.

The charter schools program is administered by the Office of School Improvement within the Department of Education, Division of Educational Improvement, Bureau of Accountability. The 'charter' establishing each school is a performance contract detailing the school's mission, program, goals, students served, methods of assessment, and ways to measure success. Charters are granted for a term of five years; at the end of the five-year term, the charter school may apply to the Board to renew its contract for a five-year period. Contract renewals are based on the results of a review conducted by one of two organizations under contract with the Board.

There are two processes by way of which charter public schools may be approved in New Hampshire: at the local school board level or by the SBoE. If an application is submitted to the local school board, the local school board may approve or disapprove the proposed charter public school application based upon whether or not the proposed application contains in specific detail the criteria found in RSA 194-B. If approved by the local school board, the charter must then be approved by the SBoE. If the application is submitted to the SBoE, the application shall either be approved or denied "using reasonable discretion in the assessment of the elements set forth in RSA 194-B:3, II, (a)-(bb) and (dd)." Approval of an application constitutes the granting of charter status and the right to operate as a charter public school.

At present, 26 charter schools have been approved; 18 are in operation. Four charter schools were approved and have since closed. The remaining four of the 22 approved chartered schools are anticipated to begin serving students in September 2014.

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Audit Scope

Our audit will cover the 18 months ended December 30, 2013 and will attempt to answer the following question: *Is the charter public school approval process efficient and effective?*

1. How closely does the SBoE follow statutorily-established criteria in approving chartered schools?
2. To what extent does the SBoE base its approval on the required criteria?
3. Does the Department of Education/SBoE approve applications timely?

To answer this question, we plan to:

- review statutes, Administrative Rules, policies, and procedures;
- interview Department of Education personnel, SBoE members Office of Legislative Budget Assistant, Budget Division personnel, and other stakeholders, such as the New Hampshire Charter School Association, the New Hampshire School Administrators Association, and the New Hampshire Center for School Innovation;
- interview or survey chartered school administrators;
- review and analyze the State's public chartered school approval process; and
- conduct a file review to test compliance with applicable statutes for chartered public school applications submitted on or after July 1, 2012.

While there is a local school board approval process, we will confine our efforts to the Department of Education and the SBoE's responsibilities since the SBoE must approve all applications. We anticipate completing the audit and presenting the final report to the Fiscal Committee at its June 2014 meeting.

Office Of Legislative Budget Assistant-Audit Division
POTENTIAL PERFORMANCE AUDIT TOPICS
Joint Legislative Performance Audit and Oversight Committee
March 31, 2014 Meeting

NOTE: Most topics were developed by LBA Audit Division staff and are in no particular order. They are provided as a reference only for Committee members.

1. DEPARTMENT OF HEALTH AND HUMAN SERVICES: Division of Child Support Services – Title IV D Program

- *An LBA performance audit of Child Support Services was completed in December 1995. Under Title IV D of the Social Security Act, the Division of Child Support Services is provided federal funds for locating parents, establishing paternity, establishing and enforcing fair support orders, and family support and employment services. The State General Fund share of program costs is 34 percent. There is an annual federal Data Reliability Audit of the State's program. The State has received federal Incentive Funds in the amount of \$1.8 million annually for technology improvements as a result of favorable audit results. This performance audit would focus on the efficiency and effectiveness of the Division in administering the child support services program.*

2. DEPARTMENT OF HEALTH AND HUMAN SERVICES: Bureau of Developmental Services

- *The Bureau and the ten non-profit area agencies under contract with the Department provide a variety of supports and services to individuals with developmental disabilities and acquired brain disorders. The LBA Audit Division issued a performance audit report of the developmental services system in April 1991. A performance audit would focus on a determination of whether the Bureau's oversight of the services provided by the ten area agencies ensures those services are being delivered efficiently and effectively.*

3. DEPARTMENT OF HEALTH AND HUMAN SERVICES: Food Protection Program

- *An LBA performance audit has never been conducted in this area. The Food Sanitation and Licensing Program of the Division of Public Health Services inspects and licenses food service establishments, grocery stores, and retail food stores. A performance audit would focus on the effectiveness of the program in preventing food borne illnesses.*

4. DEPARTMENT OF ADMINISTRATIVE SERVICES – Consolidation of Certain Business Processing Functions, Including Accounts Receivable, Accounts Payable, Collections of Fines, Penalties, etc., and Other Finance and Accounting Functions

- *Chapter 224:85, Laws of 2011 (HB 2) authorized the Commissioner of the Department of Administrative Services, with the prior approval of the*

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Fiscal Committee and the Governor and Council, to effectuate the efficient consolidation of certain business processing functions within State government as may be necessary or desirable. According to this statute, the consolidation “shall achieve savings in the fiscal year ending on June 30, 2012 of no less than \$352,000 in total funds and \$88,000 in general funds, and savings in the fiscal year ending on June 30, 2013 of \$1,000,000 in total funds and \$250,000 in general funds. To date, Accounts Payable has been consolidated. This audit would focus on whether or not the program achieved the intended financial and operational results.

5. DEPARTMENT OF SAFETY – Sex Offender Registry
 - *An LBA performance audit has never been conducted in this area. An audit would focus on the process for the accuracy and timeliness of data contained in the Registry and whether it is meeting its objective of informing the public.*

6. DEPARTMENT OF RESOURCES AND ECONOMIC DEVELOPMENT - New Hampshire Job Training Fund, WorkReadyNH Program
 - *An LBA performance audit has never been conducted for the WorkReadyNH program. According to its website, the Job Training Fund is a matching grant program designed to enhance worker skills and to help New Hampshire businesses remain competitive. The LBA audit of the Division of Economic Development currently in process includes the Job Training Grant Program funded by the Job Training Fund, but does not include WorkReadyNH. An audit of the program would focus on whether the objectives of the program are being met.*

7. BOARD OF PHARMACY – Pharmacy Inspections
 - *An LBA performance audit has never been conducted in this area. In 2012, problems with a compounding pharmacy in Massachusetts highlighted the importance of pharmacy inspections. A performance audit in this area would focus of the efficiency and effectiveness of New Hampshire’s pharmacy inspection program.*

8. DEPARTMENT OF AGRICULTURE, MARKETS, AND FOOD – Division of Weights and Measures
 - *An LBA performance audit has never been conducted in this area. The Division regulates commodities sold by weight or measure in state commerce and the licensing of registered private service technicians, weighmasters, and commercial devices. A performance audit would focus on the efficiency and effectiveness of the Division in the performance of its regulatory responsibilities to ensure consumers and businesses receive accurate quantities of commodities purchased.*

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9. DEPARTMENT OF ENVIRONMENTAL SERVICES – Water Division, Dam Bureau

- *An LBA performance audit has never been conducted in this area. The DES Water Division is charged with the responsibility of inspecting all dams in the State; regulating repair, reconstruction, maintenance, and operation of existing dams; reviewing applications for constructing and reconstructing dams; and regulating the retention and/or release of stored water. As of 2012 there were over 2,620 active dams throughout the state. Dams are inspected at regular intervals, between two and six years, depending on their Hazard Classification. According to the DES, 78 percent of the dams in the State are privately owned, 12 percent are owned by local governments, 8 percent are owned by the State, and 1 percent owned by the federal government. A performance audit would focus on the efficiency and effectiveness of the Dam Bureau's operations.*