

2022-110 AUDIT SCOPE AND OBJECTIVES

California School Finance Authority—

Charter School Facility Grant Program and Conduit Revenue Bond Program

The audit by the California State Auditor will provide independently developed and verified information related to the California School Finance Authority's (CSFA) oversight of the Charter School Facility Grant Program (Facility Grant Program) and Conduit Revenue Bond Program. The audit's scope will include, but not be limited to, the following activities:

1. Review and evaluate the laws, rules, and regulations significant to the audit objectives.
2. Evaluate whether the CSFA appropriately and consistently administers funding for the Facility Grant Program and Conduit Revenue Bond Program when selecting recipients in accordance with state law and regulations, including conflict-of-interest laws. In making this determination, assess the following:
 - (a) The criteria CSFA staff use to approve or deny Facility Grant Program applications and whether these criteria meet state law and regulations. Evaluate whether these criteria are sufficient in meeting the intent of the law.
 - (b) The criteria CSFA staff use to approve or deny Conduit Revenue Bond Program applications and whether these criteria meet state law and regulations. Evaluate whether these criteria are sufficient in meeting the intent of the law.
3. To the extent possible, identify the following for recent Facility Grant Program awarding cycles:
 - (a) The number and percentage of recipients that receive funding from the Facility Grant Program based on their physical location in an area of a public elementary school of which at least 55 percent of pupil enrollment is eligible for free or reduced-price meals.
 - (b) The amount and percentage of Facility Grant Program funds allocated to charter schools who rented or leased a school site from a related party.
 - (c) The amount, percentage, and estimated value of properties acquired by limited liability corporations wholly owned by charter schools and charter management organizations.
 - (d) The amount and percentage of Facility Grant Program recipients whose school site is in an area where the Office of Public School Construction has determined there is no need for additional classroom space.
 - (e) The amount and percentage of Conduit Revenue Bond Program recipients that also receive Facility Grant Program funds.
 - (f) The amount and percentage of Facility Grant Program recipients affiliated with charter management organizations or national charter chains.
 - (g) The amount and percentage of applicants to the Facility Grant Program that have been denied funding.
4. Determine which charter schools or charter management organizations have received the most funding from the Facility Grant Program and from the Conduit Revenue Bond Program.

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5. To the extent possible, determine how properties that limited liability corporations acquired with Facility Grant Program funds are used after the charter school occupying the facility has closed.
6. Evaluate the interaction between the Facility Grant Program and the Conduit Revenue Bond Program, and assess whether the programs are at risk of wasteful spending or unlawful or improper activities.
7. To the extent possible, determine how dissolution of the Facility Grant Program would affect charter schools and their ability to repay CSFA-issued conduit revenue bonds. Identify any implications to the State's credit rating if charter schools are unable to repay CSFA-issued conduit revenue bonds.
8. Review and assess any other issues that are significant to the audit.