

**Education Audit Appeals Panel
State of California**

Appeal of 2005-06 Audit Finding 2006-10
by:

Novato Unified School District,

Appellant.

EAAP Case No. 08-01

OAH No. 2008030015

Decision

The Education Audit Appeals Panel has adopted the attached Stipulation, Agreement and Proposed Decision of the parties as its Decision in the above-entitled matter with the proviso that, notwithstanding the language of Agreement Paragraph 3, the California Department of Education is not a party to this matter and will implement this Decision according to law.

Effective date: 2-4-2009.

IT IS SO ORDERED.

2-4-2009
Date

Original Signed
Diana L. Ducay, Chairperson
for Education Audit Appeals Panel

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9 BEFORE THE
10 EDUCATION AUDIT APPEALS PANEL
11 STATE OF CALIFORNIA

12 **Appeal of 2005-06 Audit Finding 2006-10 by:**

13
14 **NOVATO UNIFIED SCHOOL DISTRICT,**

15 Appellant.

EAAP Case No. 08-01

OAH Case No. 2008030015

**STIPULATION,
AGREEMENT AND
PROPOSED DECISION**

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18 Appellant Novato Unified School District (Novato USD, or District), respondent John
19 Chiang, the California State Controller's Officer (SCO), and intervenor Department of Finance
20 (DOF) agree to a complete resolution of Audit Finding 2006-10 for Fiscal Year 2005-06 as follows:

21 **RECITALS**

22 A. The independent accounting firm of Goodell, Porter & Fredericks, LLP (Auditor)
23 conducted an audit of the District for the 2005-06 fiscal year, the results of which were included in
24 the audit report issued on approximately February 20, 2007.

25 B. In Audit Finding No. 2006-10, regarding the District's short-term independent study
26 program, the Auditor determined:

- 27 1. Master agreements were not completed properly. Agreements
28 were signed by the student, parent and teacher subsequent to the
pupil's first day of independent study.
2. School sites did not retain a representative sample of the pupil's work for the

- 1 amount of apportionment received.
2 3. Work was reviewed by a certified teacher; however, apportionment received
3 was not recorded on the master agreement.

4 (Audit Report, at p. 82.)

5 C. The Auditor concluded that the effect of Audit Finding No. 2006-10 was that all of
6 the District's short term independent study apportionment should be disallowed. (*Ibid.*) This was
7 calculated to be \$123,360 (24 units of average daily attendance, at \$5,140 per unit). (*Ibid.*)

8 D. The SCO certified the audit report.

9 E. The District disputed the determination set forth in Audit Finding No. 2006-10 and
10 requested a summary review with the Education Audit Appeals Panel (EAAP) on approximately
11 January 3, 2008, which was treated as a formal appeal on approximately January 16, 2008.

12 F. DOF timely moved to intervene in the instant EAAP proceeding, which motion was
13 granted on March 12, 2008.

14 AGREEMENT

15 For the purpose of completely settling and resolving the appeal of Audit Finding No.
16 2006-10, the District, SCO, and DOF agree as set forth below:

17 1. This stipulation and proposed decision fully and completely resolves all claims,
18 demands, appeals, obligations, or causes of actions arising from or relating to Audit Finding No.
19 2006-10 of the Goodell, Porter & Fredericks Audit of the District for the 2005-06 fiscal year.
20 Accordingly, DOF and SCO expressly waive any right or claim or right to assert or pursue thereafter
21 any claim, demand, obligation, and/or cause of action relating to Audit Finding No. 2006-10.

22 2. The questioned costs determined in Audit Finding No. 2006-10 shall be reduced from
23 \$123,360 to \$58,680.

24 3. Following the issuance of Audit Finding 2005-10, the District voluntarily disallowed
25 24 ADA units (i.e. \$123,360), pursuant to a revised report of School District Attendance (P-2 form)
26 for fiscal year 2005-2006 filed with the California Department of Education. Later, during its appeal
27 with EAAP, the District, with the concurrence of staff at the California Department of Education,
28 resubmitted a revised P-2 form and reclaimed the 24 ADA units (i.e. \$123,360). Therefore,
following EAAP's approval of this stipulation and proposed decision, at the end of February 2009,

1 the California Department of Education will reinstate \$123,360, but will reduce this sum by \$58,680,
2 and will pay to the District the net sum of \$64,680 (\$123,360 - \$58,680).

3 4. This stipulation and proposed decision are subject to and conditioned upon
4 ratification by the District's Governing Board.

5 5. This stipulation and proposed decision are subject to and conditioned upon approval
6 and adoption by EAAP, pursuant to Education Code, section 41344.1, subdivision (b). This
7 stipulation and proposed decision shall be submitted to EAAP for approval following ratification
8 by the District's Governing Board.

9 6. This stipulation and proposed decision may be executed in counterparts, each of
10 which shall constitute an original. Facsimile signatures transmitted to other parties to this stipulation
11 and proposed decision are deemed to be the equivalent to original signatures on counterparts.

12 Dated: 1/7/2009
13 _____, 2008

Original Signed

SANDRA WOLIVER, ESQ.
14 Miller, Brown & Dannis
15 Attorney for Appellant
16 Novato Unified School District

17 Dated: 1/6, 2008⁹

Original Signed

18 DEBBIE BUTLER
19 President
20 Governing Board
21 Novato Unified School District

22 Dated: 1/13/2009
23 _____, 2008

Original Signed

24 GARY D. HORI, ESQ.
25 Staff Counsel
26 Attorney for Respondent
27 John Chiang, State Controller

28 Dated: 1/15/2009
_____ , 2008

Original Signed

SARAH E. KURTZ
Deputy Attorney General
Attorneys for Intervenor
Department of Finance