

**BEFORE THE
EDUCATION AUDIT APPEALS PANEL
STATE OF CALIFORNIA**

In the Matter of:

Pioneer Union Elementary School District,

Appellant.

EAAP No.: 03-02

OAH No.: N-2004120433

DECISION

The attached Stipulation and Proposed Decision of the parties is hereby adopted by the Education Audit Appeals Panel as its Decision in the above-entitled matter.

This Decision shall become effective on March 28, 2005.

IT IS SO ORDERED March 28, 2005.

(Original Signed)

Thomas E. Dithridge, Chairperson

1 **BILL LOCKYER**
 Attorney General of the State of California
 2 **JOSEPH O. EGAN**
 Lead Supervising Deputy Attorney General
 3 **BRUCE J. BRAVERMAN**
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 10 **BEFORE THE**
EDUCATION AUDIT APPEALS PANEL
STATE OF CALIFORNIA

13 In the Matter of the Statement of Issues
 Against:

14 **PIONEER UNION ELEMENTARY**
 15 **SCHOOL DISTRICT,**

16 Respondent.

EAAP Case No.: 03-02
 OAH Case No.: N 2004 120433

17 **STIPULATION AND PROPOSED**
 18 **DECISION**

Date: March 7, 2005
 Time: 10:00 a.m.
 Dept: Office of Administrative Hearings
 Location: 560 J Street, Suite 300
 Sacramento, CA 95814

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 20 All of the parties to this action hereby agree to enter the following stipulation, resulting
 21 in complete resolution of the matter. Accordingly the State Controller's Officer (SCO), the
 22 Department of Finance (DOF) and Pioneer Union Elementary School District (District) hereby agree
 23 as follows:

24 **RECITALS**

25 A. The independent accountant, Clay Singleton, CPA., of Haws, Theobold & Auman,
 26 conducted an audit of the District for the 2001-2002 school year.

27 B. Finding 2002-4 Incomplete Independent Study Master Agreements (CDDC # 40000) of
 28 the audit report read in pertinent part:

Stipulation and Proposed Decision

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"C. State Award Findings and Questioned Costs.

State Compliance - Other Reportable Conditions

Finding 2002-4 Incomplete Independent Study Master Agreements. (CDDC # 40000)

Criteria upon which audit finding is based (Legal Citation)
Education Code Section 51747.

Finding (Condition)

The District's independent study program Master Agreements are not in compliance with State requirements for the following reasons:

All of the Independent Study Master Agreements examined were incomplete. Incomplete sections in the Agreement were:

- a. Students reporting frequency, time, place and manner
- b. Duration of agreement, including beginning and ending dates
- c. Independent Study teacher signature

The district did complete a new Independent Study Master Agreement for each semester.

Amount of Questioned costs. How Computed and Prevalence
8 occurrences in 8 students sampled or 100% of sample.

10.45 ADA @ P2 times \$4,679 per student (from Revenue Limit) = \$48,896

Effect

The District was not aware of the compliance requirements for the Independent Study Program.

Recommendation

The District should ensure that they comply with all the state compliance requirements of the Independent Study program as stated in the Education Code. We recommend that the District revise its report of attendance to exclude the independent study ADA and return the questioned funds to the State of California.

..."

C. The District timely submitted its summary appeal of Finding 2002-4 Incomplete Independent Study Master Agreements (CDDC # 40000 to the Education Audits Appeal Panel (EAAP). The summary appeal of the District was timely denied by EAAP.

D. On December 6, 2004, the District timely submitted its Formal Appeal of Finding 2002-4 Incomplete Independent Study Master Agreements (CDDC # 40000).

E. For the sole purpose of effecting a compromise of this action and to avoid the uncertainty of litigation, the SCO, DOF and the District agree that the District will return the questioned funds as recommended in the audit report to the State of California as a disallowance of public funding in the amount of \$48,896 to be repaid in eight annual installments from future ADA Funding by the

1 State of California to the District as follows:

2	1.	2005-2006	\$6,112.00
	2.	2006-2007	\$6,112.00
3	3.	2007-2008	\$6,112.00
	4.	2008-2009	\$6,112.00
4	5.	2009-2010	\$6,112.00
	6.	2010-2011	\$6,112.00
5	7.	2011-2012	\$6,112.00
	8.	2012-2013	\$6,112.00

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7 F. No interest will be charged to the District by the State of California for the amounts
8 specified above under the terms of this agreement.

9 G. The District agrees to withdraw with prejudice its appeal of Finding 2002-4 Incomplete
10 Independent Study Master Agreements (CDDC # 40000) for school year 2001-2002.

11 OFFICE OF THE STATE CONTROLLER

12 Dated: 3/7/05 By: *(Original Signed)*
GARY HORV
Attorney for STEVE WESTLY
California State Controller

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15 DEPARTMENT OF FINANCE

16 Dated: 3-7-05 By: *(Original Signed)*
BRUCE J. BRAVERMAN
Deputy Attorney General
Attorney for Department of Finance

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19 PIONEER UNION ELEMENTARY SCHOOL DISTRICT

20 Dated: 3-8-05 By: *(Original Signed)*
DIANA LUNDBOM
Superintendent, Pioneer Union Elementary School District

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22 This stipulation is adopted and submitted to the Education Audits Appeal Panel as my
23 proposed decision in the above entitled matter.

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25 Dated: 3/7/05 *(Original Signed)*
Administrative Law Judge

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