

**Education Audit Appeals Panel
State of California**

Appeal of 2006-07 Audit Finding 2007-1
by:

Stanislaus County Office of Education
(Archway Academy Charter School),
Appellant.

EAAP Case No. 08-22

OAH No. 2011020456

Decision

The Education Audit Appeals Panel has adopted the attached Stipulated Agreement of the parties as its Decision in the above-entitled matter.

Effective date: February 27, 2012.

IT IS SO ORDERED.

February 27, 2012

Date

Original Signed

Diana L. Ducay, Chairperson
for Education Audit Appeals Panel

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Justin W. Dersch, SBN 258603
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STATE CONTROLLER'S OFFICE
6

7 **BEFORE THE EDUCATION AUDIT APPEALS PANEL**
8 **FOR THE STATE OF CALIFORNIA**

9 In the Matter of the Audit Appeal of:) EAAP Case No. 08-22
10 2006-2007 Audit Finding 2007-1 by:) OAH Case No. 2011020456
11) **STIPULATED AGREEMENT**
12 STANISLAUS COUNTY OFFICE OF)
13 EDUCATION (ARCHWAY ACADEMY)
14 CHARTER SCHOOL),)
Appellant.)
15) DATE: March 28 and 29, 2012
TIME: 9:00 a.m.
JUDGE: Hon. Karen J. Brandt

16 Appellant STANISLAUS COUNTY OFFICE OF EDUCATION (ARCHWAY
17 ACADEMY CHARTER SCHOOL), (Appellant), Respondent JOHN CHIANG, California State
18 Controller (SCO), and Respondent DEPARTMENT OF FINANCE (Finance) (collectively
19 known as "the Parties") agree to a complete resolution of the above-captioned matter as follows:

20 RECITALS

21 A. The independent accounting firm of Vavrinek, Trine, Day & Company, LLP
22 (Auditor) conducted an audit of the Appellant for the 2006-07 school year, the results of which
23 were included in the audit report issued on or about January 16, 2008.

24 B. In Audit Finding 2007-1, the Auditor determined that the Appellant failed to
25 properly evaluate student homework samples in connection with its Independent Study Program,
26 which resulted in a \$760,000 overpayment of Average Daily Attendance funding to the
27 Appellant.

28 C. The SCO certified the audit.

1 D. Appellant charter school (Archway Academy) closed in 2009.

2 E. Appellant then timely filed a request for formal appeal instituting this action
3 pursuant to Education Code section 41344(d).

4 F. Finance intervened as a Respondent pursuant to Education Code section
5 41344.1(b).

6 G. In order to avoid the cost and uncertainty of litigation, the parties to this case
7 agree to resolve this dispute on the terms and conditions described herein.

8 AGREEMENT

9 For the purpose of completely settling and resolving the appeal of Audit Finding 2007-1,
10 the Parties agree as set forth below:

11 1. This stipulated agreement fully and completely resolves all claims, demands,
12 appeals, obligations, or causes of actions arising from or relating to Audit Finding 2007-1.

13 Accordingly, the Parties expressly waive any right or claim to assert or pursue thereafter any
14 claim, demand, obligation, and/or cause of action relating to Audit Finding 2007-1.

15 2. The Appellant shall repay in full satisfaction of Audit Finding 2007-1 the funds
16 still remaining in Archway Academy's account in one lump sum payment in the amount of
17 \$272,375.17.

18 3. This stipulated agreement is subject to and conditioned upon approval and
19 adoption by EAAP, pursuant to Education Code section 41344.1(b).

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1 4. This stipulated agreement may be executed in counterparts, each of which shall
2 constitute an original. Facsimile and pdf signatures transmitted to other parties to this stipulated
3 agreement are deemed to be the equivalent of original signatures on counterparts.
4

5 Dated: Jan. 9, 2012

STANISLAUS COUNTY OFFICE OF EDUCATION

6
7 By: Original Signed
8 TOM CHANGNON, Superintendent
9 Representative for Appellant

10 Dated: Jan 17, 2012

DEPARTMENT OF FINANCE

11 By: Original Signed
12 FRANK S. FURTEK, Deputy Attorney General
13 Attorney for Respondent,
14 Department of Finance

15 Dated: 1/17, 2012

OFFICE OF THE STATE CONTROLLER

16 By: Original Signed
17 JUSTIN W. DERSCH
18 Staff Counsel for Respondent,
19 JOHN CHIANG, California State Controller
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