

## Minutes of the Education Audit Appeals Panel

Monday, April 26, 2021

Skype Conference Call

Sacramento

### Call to Order and Roll Call

Joel Montero called the meeting to order at 1:30 p.m.

Panel members present: Joel Montero, designee of the Fiscal Crisis and Management Assistance Team, Lisa Constancio, designee of the Superintendent of Public Instruction and Cheryl McCormick, designee of the Director of the Department of Finance.

### Approval of Minutes

**Action:** The minutes of the February 22, 2021 meeting were approved.

Item 1	Report of the Executive Officer 1. Summary of appeal activities 2. Appeals and Summary Review Caseload 3. Other items of interest	Information
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Ms. Kelly reported that since the last meeting, one new summary review was filed and three determinations were made. Relief was fully granted in the case of Sacramento City Unified. The summary review requests for SCALE Leadership Academy and SCALE Leadership Academy - EAST were denied. Ms. Kelly anticipates that both will file a formal appeal request.

There were no additional formal appeals filed since the last meeting. The closed session agenda has the proposed settlements in the cases of West Covina Unified School District and Contra Costa County Office of Education.

Item 2	Public Participation This time is reserved for any person to address the Panel. If the subject is on the Public Session Agenda, individuals may comment now or at the time the item is considered. If the subject is not on the Public Session Agenda, the Panel is not empowered to take action on it. Public comment is limited to 3 minutes per speaker; the Panel may extend the limit by a uniform amount per speaker.  No comment will be taken on matters at issue in items on the Closed Session Agenda, or on any pending adjudicatory proceeding.	Information
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There were no comments from the public.

Item 3	Legislation Report Discussion and action as appropriate regarding any legislation that may affect EAAP	Information Action
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Mike Fine, CEO of Fiscal Crisis & Management Assistance Team (FCMAT), spoke to the Panel regarding Assembly Bill No.1316 (AB1316). Mr. Fine informed the Panel that the previously passed, Assembly Bill No. 1505: Charter Schools does not address concerns regarding non-classroom based charter schools. As a result, the legislature and administration enacted a two-year moratorium on new non-classroom based charters that goes through the end of the calendar year. A work group was formed, DOF, CDE and FCMAT were represented, to address roughly seventy areas of concern. Among those concerns was a \$100 million fraud case involving A3.

Sections 1, 2 and 8 through 11 of AB1316 involve audits, and reflect the work group’s attempt to ensure consistent treatment in audit reports between charters and school districts. The other three areas they focused on were auditor training, peer review of audit firms and the audit guide.

Mr. Fine stated that when conducting research for AB1316 and receiving input from auditors, SCO’s Desk Review Checklist was examined. Mr. Fine believes it is an excellent document and though it is lengthy, suggested that the checklist be added to the audit guide as an appendix.

Ms. Kelly expressed hesitation to the SCO’s Desk Review Checklist being an attachment to the audit guide due to every item having a reference to a standard from a different entity. Including it could present issues with the Office of Administrative Law, primarily providing justification during Rulemaking procedures. Her second concern is that since SCO uses this document to accept audit reports, including it in the audit guide could affect the process of certifying audit reports. Ms. Kelly also expressed concerns over any inconsistencies between the audit guide and the checklist and would be more interested in expanding the audit guide rather than attaching an additional document to it.

SCO’s Joel James, commented on the Desk Review Checklist. He noted that the SCO puts the checklist together about a month before the audit report is due. It was not intended to be a compliance requirement for CPA firms, but more of a “cheat sheet” for audit review and not the audit work itself. He does not believe the original intent of the checklist was to be included as a statute requirement for auditors to comply with.

Item 4	Emergency Adoption of Regulations: 2021-22 Audit Guide.  Take action as appropriate to adopt or amend the proposed regulations.	Information Action
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The proposed annual 2021-22 Audit Guide includes the following amendments from the July 1, 2020 version of the Audit Guide:

**General Provisions:** The provision on materiality thresholds adds a sentence indicating that those standards apply to sections D. Independent Study, E. Continuation Education, and Y. Independent Study – Course Based.

**G. Instructional Materials:** retains the language of the July 1, 2020 audit guide, but makes two technical changes. This rulemaking eliminates references to Education Code sections 60605 and

60605.8 which no longer appear in reference to content standards referred to in section 60119(a)(1)(A); and change the phrase “foreign language” to “world language” in accordance with the change in section 60619(a)(1)(C).

**L. School Accountability Report Card:** retains the language of the July 1, 2020 audit guide, with a technical change of “teacher misassignment” to the plural “teacher misassignments.”

**R. Comprehensive School Safety Plan** is technically amended to clarify adoption by school and approval by school district or county office of education.

**W. Unduplicated Local Control Funding Formula Pupil Counts:** retains the language of the July 1, 2020 audit guide, with changes to distinguish between EL (English Learner) and the new designation of “ADEL” (Adult English Learner) and to add a requirement that the auditor verify that the LEA has documentation stating the student is an ADEL.

**X. Local Control and Accountability Plan** is amended to make the audit guide consistent with the template developed by the California State Board of Education and required to be used by LEAs in developing, adopting and updating their LCAP.

**Z. Immunizations** is amended to include first and eighth graders in the audit year, in order to include those in kindergarten or seventh grade during 2020-21, the pandemic year when this section was suspended. Language is also included to ensure that any ADA disallowances would be limited to the current audit year.

There are no changes to Appendix A, B or C.

**Action:** The Panel members unanimously adopted the proposed Emergency Rulemaking Regulations.

Item 5	Next Meeting	Information Action
	May 24, 2021	

The Public Session recessed at 2:18p.m.

M. Vazquez advised the members of the public to email him to request a Closed Session Report.

Members of the public disconnected from the Skype conference call and EAAP staff and Panel members went into closed session. EAAP staff and Panel members met in closed session until 2:42 p.m.

**Closed Session Report:**

In closed session, the Panel unanimously approved the Stipulated Agreements of the parties in the matter of West Covina Unified School District, EAAP Case 19-06 and Contra Costa County Office of Education, EAAP Case 19-11.

Thereafter, there being no public participants in contact, the meeting was adjourned.