

Minutes of the Education Audit Appeals Panel

Monday, December 11, 2017

915 L Street, Cedar Room

Sacramento

Call to Order and Roll Call

Chair Joel Montero called the meeting to order at 1:33 p.m.

Panel members present: Joel Montero, designee of the Fiscal Crisis and Management Assistance Team; Nick Schweizer, designee of the Superintendent of Public Instruction and Jennifer Whitaker, designee of the Director of the Department of Finance.

Review of Agenda

Mr. Montero read the agenda items.

Approval of Minutes

Action: The Panel members unanimously approved minutes of the August 28, 2017 meeting.

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, four additional summary reviews have been filed. There were six determinations made and two withdrawals. Burbank Unified School District was denied. Relief was granted in the case of Upper Lake Union High. Relief was partially granted to McCabe Union ESD, reducing the penalty to \$40,000. Central Union Elementary and Waukena Joint Union Elementary withdrew their requests for summary review. The summary review requests for Acton Agua Dulce Unified, St. HOPE Public School 7 and San Ysidro Elementary School District were denied, each of these LEAs subsequently filed requests for formal appeal. In addition, Inglewood USD and Grace Hopper STEM Academy filed for formal appeal. The cases are currently pending at OAH.

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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Item 3	Legislation Report Discussion and action as appropriate regarding any legislation that may affect EAAP	Information Action
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Ms. Kelly reported that there was no legislation to discuss that will directly affect EAAP.

Item 4	EAAP Rulemaking Calendar Approve the rulemaking calendars for 2018	Information Action
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Ms. Kelly informed the panel of the rulemaking calendars. They are forms required to be submitted to the Office of Administrative Law. Schedule A is for regulations reflecting laws enacted during 2017; which would encompass supplements to the 2017-18 Audit Guide and possibly also the annual update of the 2017-18 Audit Guide. Schedule B is for regulations following laws enacted prior to 2017, that would include the 2018-19 annual update.

Action: The Panel members unanimously approved the rulemaking calendars for 2018.

Item 5	<i>Emergency Supplemental: 2017-18 Audit Guide</i> To address issues resulting from legislative changes to the conditions of apportionment, and make non-substantive edits.	Information Action
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The State Controller’s Office submitted the Supplemental 2017-18 Audit Guide proposed changes but are still having discussions regarding the 2018-19 Audit Guide. SCO submitted their proposal based on the meetings of the Audit Guide advisory group, whose meetings commenced in September of 2017.

Ms. Kelly informed the panel of the proposed changes to be included in the Supplemental 2017-18 Audit Guide. The proposed changes are as follows:

Audit Guide Amendments

- *Section N Middle or Early College High Schools* updates the procedures consistent with language newly added as paragraph (a)(2) of Education Code Section 46160 which permits middle or early college high schools to satisfy minimum minutes requirements by using five- or ten-day averaging. The change is necessary because strict daily minimum could suggest grounds for an audit finding which an averaging option eliminates.
- *Section P Transportation Maintenance of Effort* is technically amended for clarity and to cite to a more appropriate page of the Department of Education’s website (listing the adjusted amount of 2012-13 transportation revenues) than previously cited.
- *Section S California Clean Energy Jobs Act* eliminates tests for an LEA’s reporting of final project completion plan for Energy Expenditure Plan projects completed in the 12 to 15 months before the audit year, or any prior year’s annual progress report. The Controller and its consultants believe testing such reports is not necessary because information in such reports will have already been tested. Also, the audit year is the last year of a three-year program. Additionally, a typographical error, (missing ‘s’) is corrected in paragraph 1.
- *Section T After School Education and Safety Program* the words “middle or junior high” are deleted and later language is added to give priority to homeless and foster care youth.

- *Section U Proper Expenditure of Education Protection Account Funds* is technically amended to refer to the constitutional provision governing the expenditure of those funds.
- *Section Y Independent Study-Course Based* is technically amended to correct an error.

Audit Guide Addition

- *Section Q Apprenticeship: Related and Supplemental Instruction* is a new audit guide step included to address Assembly Bill 1731, which stated that the Chancellor’s Office of the California Community Colleges has the authority to conduct audits of the K-12 local education agencies’ oversight of apprenticeship training funds.

Ms. Whitaker suggested amending to use the defined term “LEA” consistently, replacing “local education agency.”

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

Item 6	Notice of Proposed Rulemaking: <i>Permanent Supplemental Regulations: 2017-18 Audit Guide</i>	Information Action
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Action: The Panel members unanimously approved the initiation of the rulemaking process.

Item 7	Next Meeting January 29, 2018 Tentative EAAP meeting calendar for 2018	Information Action
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The Public Session recessed at 1:57 p.m.

Closed Session

The Panel met in closed session from approximately 1:57 p.m. until 2:12 p.m.

Call to Order: Public Session

Mr. Montero recalled the public session to order at 2:12 p.m.

Closed Session Report:

Mr. Montero reported that in closed session, the Panel heard a comment related to pending litigation, and unanimously approved the Stipulated Agreement of the parties in the matter of Inglewood Unified School District, EAAP Case 16-20.

Adjournment

Mr. Montero adjourned the meeting at 2:13 p.m.