

Minutes of the Education Audit Appeals Panel

Monday, March 26, 2018
915 L Street, Cedar Room
Sacramento

Call to Order and Roll Call

Chair Joel Montero called the meeting to order at 1:36 p.m.

Panel members present: Joel Montero, designee of the Fiscal Crisis and Management Assistance Team and Caryn Moore, designee of the Superintendent of Public Instruction (in lieu of Nick Schweizer). Jennifer Whitaker, designee of the Director of the Department of Finance was absent.

Review of Agenda

Mr. Montero read the agenda items.

Approval of Minutes

Action: The Panel members unanimously approved minutes of the December 11, 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, no additional summary reviews have been filed, and there was one determinations made and Bonsall Unified School District is still under review EAAP is currently awaiting additional materials from the school district in order to make a determination on that summary review. Relief was granted in the case of Happy Camp Union Elementary School. Both cases are Proposition 39 contract issues. Mr. Montero asked whether sole sourced contract issues involved potential inconsistencies in the code. Ms. Kelly informed him the audit finding was due to failure to have multiple bids on their contract.

There were no formal appeals filed since the last meeting. The Academy of Arts & Sciences withdrew their formal appeal on February 1, 2018. The closed session agenda has proposed settlements in the cases of El Centro Elementary School District, North Cow Creek Elementary School and San Ysidro Elementary School District.

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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Ms. Kelly reported that there was no legislation to discuss that will directly affect EAAP.

Item 4	Rulemaking Update The Emergency Regulations for 2017-18 supplemental regulations was effective Jan. 29, 2018. The permanent supplemental regulations were published in the California Regulatory Notice Register on February 16, 2018. The written comment period ends April 2, 2018. After adoption of the permanent regulations, an updated audit guide booklet will be made available.	Information Action
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Ms. Kelly reported that the public comment period for the 2017-18 permanent supplemental regulations will end on April 2, 2018. From speaking to Ms. Tucker and Ms. Huynh at CDE, an edit to a section of the audit guide is needed. Ms. Kelly spoke with OAL and no formal public comment is required for that edit. The audit guide will be corrected before being submitted to the Panel for adoption and then submitted to OAL.

In addition, the 2018-19 Audit Guide process continues, specifically due to discussion regarding the school facilities program. Currently there is a 110 page appendix to the audit guide, and there remains some discrepancy between the schools, auditors and DOF. Ms. Huynh stated that auditors are seeking clarification under the AICPA standards for Performance Audits due to the reporting conducted by DOF and OPS.

Mr. Montero asked if the appendix is a part of the actual audit guide. Mr. Morgan stated that yes, it would be a part of the audit guide, similar to the audit guide appendix for local construction bonds, which has both performance and finance components. Ms. Kelly stated that it would be a separate report, different from the annual K12 audit, because not every annual audit will require the additional report. Ms. Huynh stated that only LEAs that participate in the program will have to procure a separate audit, which will be performance based and not financial compliance. It may cover multiple years and the trigger will be the project completion.

Mr. Montero asked if the 2018-19 Audit Guide information was required soon in order for the panel to meet the July 1st deadline. Ms. Kelly affirmed his understanding and noted that she requested to

have the information available by mid-April in order to get it through the emergency rule making process to meet the July 1st deadline.

The Panel will meet on April 23, 2018 to consider adoption of the 2017-18 Supplemental Audit Guide.

	Next Meeting April 23, 2018	Information Action
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The Public Session recessed at 1:47 p.m.

Closed Session

The Panel met in closed session from approximately 1:47 p.m. until 2:10 p.m.

Call to Order: Public Session

Mr. Montero recalled the public session to order at 2:10 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 El Centro Elementary School District, EAAP Case 17-03 and North Cow Creek Elementary School, EAAP Case 17-08. The Panel chose to defer action in the matter of San Ysidro Elementary School District, EAAP Case 17-16.

Adjournment

Mr. Montero adjourned the meeting at 2:11 p.m.