

Minutes of the Education Audit Appeals Panel

Monday, June 5, 2017
915 L Street, Cedar Room
Sacramento

Call to Order and Roll Call

Chair Joel Montero called the meeting to order at 1:37 p.m.

Panel members present: Joel Montero, designee of 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 December 19, 2016 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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Since the last meeting, five additional summary reviews have been filed. There were ten determinations made. Relief was partially granted to five of the King Chavez cases, one was fully granted. MAAC Community Charter School, Big Picture Middle and High School were denied. Capay Joint Union was partially granted.

The summary review request for St. Hope Public Schools was denied and subsequently filed a request for formal appeal. The case is 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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John Heeney, parent of a child who attends school in Oak Park Unified School District, in Ventura, spoke to the Panel during the Public Participation session. Mr. Heeney expressed concerns over his child's excessive amount of recorded absences in the school's online attendance database and the lack of notification. He spoke with CDE and began his own investigation of the school district regarding attendance records. Mr. Heeney stated that the

district does not currently have approved attendance procedures yet has been passing audits. He believes auditors know of noncompliance but have not made a finding against the district. Mr. Heeney also stated that CDE offers information and a checklist to assist LEAs with establishing attendance procedures. Mr. Heeney believes the Audit Guide should implement a step in which LEAs are to disclose if they have approved attendance procedures from CDE.

Mr. Heeney also requested that the audits verify that LEAs are performing truancy notifications to parents. He believes the Audit Guide does not validate attendance procedures in a sufficient way to demonstrate compliance with auditing standards. He stated that the lack of having any approved procedures should be recognized by auditor as having a lack of internal control.

Mr. Montero informed Mr. Heeney that the majority of Audit Guide changes originate from the Audit Committee, which is controlled by SCO. Mr. Montero suggested that Mr. Heeney provide his data to the Panel, in order to forward it to the Audit Committee. Mr. Montero believes any changes will not be considered until the 2018-19 Audit Guide.

Ms. Kelly stated the Audit Committee begins the Audit Guide discussions in August or September and presents proposals for changes in December. The Panel reviews those proposals the following month in January.

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.

Item 4	Permanent Supplemental Regulations: 2016-17 Supplemental Audit Guide No comments were received during the 45-day notice period, which ended March 20, 2017. Take action as appropriate to adopt or amend the proposed regulations.	Information Action
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Action: By unanimous vote, the Panel adopted the 2016-17 Supplemental Audit Guide.

Item 5	<i>Emergency</i> Regulations: 2017-18 Audit Guide Annual update of the audit guide based on proposals from the State Controller’s Office.	Information Action
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The proposed annual 2017-18 Audit Guide includes the following amendments to the text of the existing 2016-17 Audit Guide and the rationale for each substantive amendment:

- A technical amendment to Report Components, para. 4(g) to require inclusion of each charter school number in any report involving one or more charter schools.
- *Section C. Kindergarten Continuance* is amended to provide a simpler procedure consistent with Section 48000 of the Education Code and the effects of transitional kindergarten making it unnecessary to compare two lists. That is, once Section 48000(a) fixed the cutoff date of September 1 in 2014-15, there could be no kindergartener in attendance who had attained age six before the audit year.

- *Section Q. Mental Health Expenditures* is deleted, i.e., not included in the 2017-18 Guide as governing legislation, codified as Education Code Section 14509 called specifically for this item in 2016-17 audits and left it to the State Controller’s discretion whether to include it for subsequent years. After consulting the audit advisory committee contemplated by Education Code Section 14501.2(a), the Controller elected not to extend this requirement to fiscal year 2017-18,
- *Section R. Educator Effectiveness* is amended to include LEAs adopting an expenditure plan for Educator Effectiveness funds in any of three years up to and including 2017-18 –because the legislation, enacted in 2015, requires each LEA to submit a report on or before July 1, 2018, covering this three-year program (Stats. 2015, chap.13, section 58(b)(3)). Likewise, since 2017-18 is the last year, the section is amended to require any audit finding under this section to show the amount of funds disallowed.
- *Section S. California Clean Energy Jobs* is amended to update references to a document on the Department of Education’s website and to guidelines applicable to the audit year published by California Energy Commission; and further to require an audit finding if the LEA has not submitted a final project report, or for unfinished products an Annual Progress Report, to the California Energy Commission, consistent with its guidelines. (<http://energy.ca.gov/2016publications/CEC-400-2016-005/CEC-400-2016-005-CMF.pdf> -- see p. 29.)
- Also, reference to submission of reports to the Citizen’s Oversight Board is deleted as it did not appear necessary to the tested compliance.
- *Section T. After School Education and Safety Program* is amended to authorize use of a sample of daily attendance within each of a sample of schools in the LEA, and reorganized. Some auditors asked whether the language in the 2016-17 Audit Guide meant to require checking the attendance of all pupils in each school in the sample, which can be time-consuming and unnecessary.
- *Section Y. Independent Study – Course Based* is enhanced by an introductory provision making the terms of the Materiality Level table (on page 1) inapplicable until the LEA has been audited for two consecutive years under this section. The newness of this form of study merited review of initial programs even if their size was small.
- *Section X. Local Control and Accountability Plan* is amended to update the names for the LEA’s plan and update.
- *Section Z. Immunizations* is deleted, i.e., not included in the 2017-18 Audit Guide. The Departments of Education and Public Health found that compliance levels were such that further testing at this time is not needed.

Action: The Panel adopted the proposed Emergency Rulemaking Regulations for the 2017-18 Audit Guide.

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

Item 7	Next Meeting July 31, 2017	Information Action
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The Public Session recessed at 2:35 p.m.

Closed Session

The Panel met in Closed Session from approximately 2:35 p.m. until 2:59 p.m.

Call to Order: Public Session

Mr. Montero recalled the Public Session to order at 2:59 p.m.

Closed Session Report:

Mr. Montero reported there were no decisions made, but the Panel discussed Options for Youth and Opportunities for Learning litigation that is ongoing. Also the Panel discussed the performance evaluation of Ms. Kelly.

Adjournment

Mr. Montero adjourned the meeting at 3:00 p.m.