Education Audit Appeals Panel State of California

Appeal of 2018-19 Audit Finding 2019-001 by:

EAAP Case No. 20-11

Scale Leadership Academy,

OAH No. 2021060237

Appellant.

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: November 15, 2021

IT IS SO ORDERED.

Date

Joel Montero, Chairperson

for Education Audit Appeals Panel

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7	E-mail: Nicole.Kau@doj.ca.gov Attorneys for Respondent Department of Finance			
8	Department of Timemee			
9	BEFORE THE EDUCATION AUDIT APPEALS PANEL			
10	STATE OF CALIFORNIA			
11				
12	In the Matter of the Audit Appeal of:	OAH Case No. 2021060237		
13	2018-19 Audit Finding 2019-001 by SCALE	Agency Case No. 20-11		
14	LEADERSHIP ACADEMY,	SETTLEMENT AGREEMENT		
15	Appellant,	SETTLEMENT AGREEMENT		
16	v.			
17 18	CALIFORNIA STATE CONTROLLER, CALIFORNIA DEPARTMENT OF			
19	FINANCE,			
20	Respondents.			
21	Annellant SCAIF Leadership Academy (A	Annellant) and Respondents Betty Vee		
22	Appellant SCALE Leadership Academy (Appellant), and Respondents Betty Yee,			
23	California State Controller (SCO), and Department of Finance (Finance) (collectively, the parties,			
24	and individually, each, a party) agree to a complete settlement of the above-captioned matter as			
25	follows:			
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RECITALS

- A. The independent accounting firm of Wilkinson Hadley King & Co., L.L.P. (Auditor) conducted an annual financial compliance audit of the Appellant for the fiscal year of 2018-19, the results of which were included in the final audit report issued on or about June 30, 2019.
- B. In Audit Finding 2019-001, the Auditor determined that Appellant's independent study master agreements (agreements) did not meet all of the requirements of Education Code section 51747, subdivisions (a), (b), and (g)(8). Specifically, the agreements did not contain the maximum length of time allowed for completion of assignments, the number of allowed missed assignments before an evaluation, and that independent study is an optional educational alternative. As a result, the auditor disallowed \$8,413,093 received by the Appellant for the 2018-19 fiscal year.
 - C. The SCO certified the subject audit, audit report and audit finding.
- D. Appellant timely filed a request for formal appeal of Audit Finding 2019-001 (the Appeal) pursuant to Education Code section 41344, subdivision (d), instituting the Appeal before the Education Audit Appeals Panel (EAAP).
- E. To avoid the cost and uncertainty of litigation, the parties to this case agree to completely resolve this dispute on the terms and conditions described below.

AGREEMENT

For the purpose of completely settling and resolving the Appeal, the parties, without any admission of liability or wrongdoing, except as provided in section 1 herein, and in furtherance thereof, do agree as set forth below:

- 1. The Appellant shall repay in full satisfaction of Audit Finding 2019-001, the sum of \$43,000, without interest, within 60 days following EAAP's approval and adoption of the settlement, or notice thereof, whichever is later.
- 2. This stipulated agreement is subject to and conditioned upon approval and adoption by EAAP, pursuant to Education Code section 41344.1, subdivision (b) and upon ratification by the Appellant's Governing Board.

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1	Dated:	SCALE LEADERSHIP ACADEMY
2		By: Chirlent Lyndur. Charlene Wynder, Esq. WYNDER LAW, INC.
3		WYNDER LAW, INC.
4		Attorneys for SCALE Leadership Academy-East
5	Dated: 42221	SCALE PEYDEBONDACYDEMA
6	Daled: 1100 10001	SCALE LEADERSHIP ACADEMY
7		By: CHRIS SHOCKLEY
8		Executive Director
9	Dated:	OFFICE OF THE STATE CONTROLLER
10		
11		By: John Dickerson, Staff Counsel
12		Counsel for the Hon. Betty Yee State Controller
13	Dated:	DEPARTMENT OF FINANCE
14		_
15 16		By: CHRIS FERGUSON Program Budget Manager
17		Department of Finance
18	APPROVED AS TO FORM ONLY	
19	Dated:	ROB BONTA Attorney General of California
20		RICHARD T. WALDOW
21	·	Supervising Deputy Attorney General
22	·	By: Nicole J. Kau Deputy Attorney General
23		Attorneys for Department of Finance
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1	Dated:	SCALE LEADERSHIP ACADEMY
2	· .	By: Charlene Wynder, Esq.
3		WYNDER LAW, INC.
4		Attorneys for SCALE Leadership Academy-East
5	m-4- h	OOALE LEADERSHIP AGADOMA
6	Dated:	SCALE LEADERSHIP ACADEMY
7		By:
8		CHRIS SHOCKLEY Executive Director
9	Dated: 9-20-2021	OFFICE OF THE STATE CONTROLLER
10	Dittott,	OF ICE OF THE STATE CONTROLLER
11		By: John Dickerson, Staff Counsel
12		Counsel for the Hon. Betty Yee State Controller
13	Dated: 9-30-2021	DEPARTMENT OF FINANCE
14		n the France
15		By: Ori Frayson CHRIS FERGUSON
16		Program Budget Manager Department of Finance
17 18	APPROVED AS TO FORM ONLY	
19	Dated: $10/6/21$	ROB BONTA
20	,	Attorney General of California RICHARD T. WALDOW
		Supervising Deputy Attorney General
21 22		By: Nicola J. Kau Nicole J. Kau
23		Deputy Attorney General Attorneys for Department of Finance
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