

## Minutes of the Education Audit Appeals Panel

Monday, July 29, 2019  
915 L Street, Cedar Room  
Sacramento

### Call to Order and Roll Call

Jennifer Whitaker called the meeting to order at 1:33 p.m.

Panel members present: Jennifer Whitaker, designee of the Director of the Department of Finance and Nick Schweizer, designee of the Superintendent of Public Instruction.

### Approval of Minutes

**Action:** The minutes of the April 22, 2019 meeting were approved after amended to revise comments made by Ms. Whitaker.

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, six summary reviews have been filed and no determinations were made.

The summary review requests for Mark Twain Union Elementary School District and West Covina Unified School District were related to the State Controller Office (SCO)'s Proposition 39 Audit. Ms. Kelly believed the deadline for any additional Summary Reviews regarding Proposition 39 was on July 29, 2019. Mr. Morgan stated there is some ambiguity with the deadline, since there were issues with SCO'S delivery of its audit report. SCO delivered via email rather than U.S. Certified Mail and it was not received by some of the LEAs, either due to incorrect email addresses or being sent to a spam folder.

There were no additional formal appeals filed since the last meeting. The closed session agenda has the three cases of California Virtual Academies and Insight Schools of California, Moorpark Unified School District and Leadership High School.

The EAAP website is currently in the process of transferring over onto CDT's CAWeb Publishing web hosting platform and staff is working to ensure the website is in compliance with AB434.

Item 2	<p><b>Public Participation</b></p> <p>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.</p> <p>No comment will be taken on matters at issue in items on the Closed Session Agenda, or on any pending adjudicatory proceeding.</p>	Information
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There were no comments from the public.

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

Item 4	<p><b>Permanent Supplemental Regulations: 2018-19 Supplemental Audit Guide</b></p> <p>No comments were received during the 45-day notice period, which ended June 3, 2019. Take action as appropriate to adopt or amend the proposed regulations.</p>	Information Action
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If approved by the Panel, the rulemaking package will be closed and a final Statement of Reasons will be completed by EAAP and submitted to OAL. OAL will have 30 days to review and approve the rulemaking file. If approved, the OAL will file the regulations with the Secretary of State.

Ms. Kelly informed the Panel that there were no changes to the Regulations from what the Panel previously authorized. Mr. Schweizer did not recall the Panel having any issues they wished to revisit.

The proposed annual 2018-19 Audit Guide includes the following amendments:

- Auditing Standards Item 4, Tables 1 and 2 makes a technical change to delete “(Step 6)” from the heading of each table. This heading was used in a different document and copied to the audit guide. There is no “Step 6” that this heading refers to. To avoid confusion, a technical change should be made to remove these words.
- Auditing Standards Item 4, Table 2 adds a note to specify that for populations between 52 and 250 items, the auditors may test a sample size of approximately 10% of the population. This is standard practice in auditing, and this technical amendment avoids confusion to assure auditors that they can continue this method of sampling.

- Report Components Section, Item 6. Findings and Recommendations makes a technical change to add a finding code, 43000, to the Apprenticeship audit findings. The new code categorizes the findings related to the Chancellor of the California Community Colleges.
- Sections A Attendance, D Independent Study, E Continuation, M Juvenile Court Schools, Y Independent Study-Course Based, AA Attendance, CC NonClassroom-Based Instruction/Independent Study, DD Determination of Funding for NonClassroom-Based Instruction, deletes reference to ungraded units of ADA, since LEAs no longer report any ungraded units of ADA. This phrase throughout the audit guide is obsolete.
- Section D Independent Study, deletes the reference to Education Code Section 46300.4, which applies to the old adult education program, making the reference obsolete.
- Section P Transportation Maintenance of Effort Item 2 makes technical amendments to make clearer the steps auditors can follow to access the exhibit on California Department of Education’s website, which details revenue received by the LEA.
- Section R Comprehensive School Safety Plan makes a technical amendment to procedure 1 to clarify that the school safety plan was approved by the school district or county office of education, rather than the LEA.
- Section W Unduplicated LCFF Pupil Counts makes a technical amendment to reflect that California Department of Education transitioned from the California English Language Development Test (CELDT) to the English Language Proficiency Assessments for California (ELPAC), in 2018.

**Action:** The Panel members unanimously adopted the Permanent Regulations for the 2018-19 Supplemental Audit Guide.

Item 5	Permanent Regulations: 2019-20 Annual Audit Guide. No comments were received during the 45-day notice period, which ended July 15, 2019. Take action as appropriate to adopt or amend the proposed regulations	Information Action
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If approved by the Panel, the rulemaking package will be closed and a final Statement of Reasons will be completed by EAAP and submitted to OAL. OAL will have 30 days to review and approve the rulemaking file. If approved, the OAL will file the regulations with the Secretary of State.

The proposed annual 2019-20 Audit Guide includes the following amendments:

- Report Components, paragraph 4, Supplementary Information, is amended consistently with the amendments to Section F (described next) the Schedule of Instructional Time no longer needs to differentiate among districts as that all districts as of Fiscal Year 2019-20 will have met their Local Control Funding Formula (LCFF) targets.

- Section F. Instructional Minutes is revised to delete language made unnecessary as a result of all districts having met their LCFF apportionment target by school year 2019-20. References to districts’ history of participation under the old longer day and longer year incentive programs are no longer necessary pursuant to Sections 46207 and 46208 of the Education Code.

- Section DD. Determinations of Funding for Nonclassroom-Based Instruction is technically amended, consistent with section 11963.3(b)(3), to include situations in which an entity has received, or will receive in the current fiscal year, \$50,000 or 10 percent of the charter school’s applicable total expenditures.

**Action:** The Panel members unanimously adopted the Permanent Regulations for the 2019-20 Audit Guide.

Item 6	Next Meeting  August 26, 2019	Information Action
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The Public Session recessed at 2:04 p.m.

**Closed Session**

The Panel met in closed session from approximately 2:05 p.m. until 2:41 p.m.

**Call to Order: Public Session**

Ms. Whitaker recalled the public session to order at 2:42 p.m.

**Closed Session Report:**

Ms. Whitaker reported that in closed session, the Panel unanimously approved the Stipulated Agreements of the parties in the matters of Moorpark Unified, EAAP Case 18-05 and Leadership High School, EAAP Case 18-14. The Panel took no action in the matter of California Virtual Academies and Insight Schools of California, EAAP Case 17-20.

**Adjournment**

Ms. Whitaker adjourned the meeting at 2:43 p.m.