

Minutes of the Education Audit Appeals Panel

Monday, October 23, 2023
915 L Street, Cedar Room
Sacramento

Call to Order and Roll Call

Joel Montero called the meeting to order at 1:34 p.m.

Panel members present: Joel Montero, designee of the Fiscal Crisis and Management Assistance Team, Cheryl McCormick, designee of the Director of the Department of Finance and Elizabeth Dearstyne, designee of the Superintendent of Public Instruction.

Approval of Minutes

Action: The minutes of the July 24, 2023 meeting were approved.

Item 1	Report of the Executive Officer	Information
	1. Summary of appeal activities	
	2. Appeals and Summary Review Caseload	
	3. Other items of interest	

Ms. Kelly reported that since the last meeting, 15 determinations were made; one case was withdrawn as well. Paradise Unified School District withdrew their request. In addition, 19 new summary reviews were filed. As anticipated, EAAP's current caseload has a significant amount of cases with Independent Study findings.

There were four additional formal appeals filed since the last meeting. California Virtual Academy, EAAP Case 17-20 and Kernville Union Elementary, EAAP Case 23-26 are both on the Closed Session Agenda. Bonny Doon Union Elementary School District, Lakeside Joint School District, Forks of Salmon Elementary and Junction Elementary filed for Formal Appeal.

For cases whose Questioned Costs amounts exceed \$750,000, Ed. Code section 41344.1(d)(3); states that if there is a summary review that would reduce or waive the penalty, then EAAP requires written approval of the Department of Finance and the Superintendent of Public Instruction. Ms. Kelly states there are 12 cases that would require such approval prior to action being taken. EAAP staff has been in contact with auditors to get some background information, including copies of the working papers. This is to try to do an assessment of the magnitude of the finding. Ms. Kelly plans on meeting with Department of Finance and the California Department of Education to discuss three potential determinations. Ms. Kelly informed Mr. Montero that it is not a new procedure, EAAP has just not needed to request the approval in the past.

In addition, EAAP no longer uses a Retired Annuitant for its IT services and currently is contracting with a supplier.

Item 2	<p>Public Participation</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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Robert Manwaring, Senior Fiscal and Policy Advisor from Children Now, had a public comment regarding the audit guide requirements for the Arts and Music in Schools - Funding Guarantee and Accountability Act, and the Local Control Funding Formula (LCFF) Equity Multiplier. Mr. Manwaring stated that statutes require that the funding provided supplement and not supplant existing funding. He believes the audit guide is the only vehicle to ensure that districts adhere to the statutory requirements.

Mr. Morgan informed that the Arts and Music in Schools - Funding Guarantee and Accountability Act does have a specific provision in it for inclusion in the audit guide.

Ms. Dearstyne added that there are no statutory requirements to audit LCFF Equity Multiplier funding for supplement, not supplement. CDE will not be proposing any audit guide requirements for this program.

Ms. Kelly expects the Panel to act on the Supplemental 2023-24 Audit Guide at the February 2024 Panel Meeting and shortly thereafter they will see a proposed 2024-25 Audit Guide. The Panel will not see anything until then, but the Audit Guide Workgroup will be acting on proposals this fall.

Mr. Montero suggested to Mr. Manwaring to also speak with Mike Fine from FCMAT regarding his concerns.

Item 3	<p>Settlement Agreement Requirements</p> <ul style="list-style-type: none"> • Signatures 	Information Action
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Since the EAAP was first established, Settlement Agreements have been required to include original wet signatures. It is a policy that is included on the EAAP's website, but not in regulations. The settlement for California Virtual Academy, EAAP Case 17-20 underwent a several months delay due to not being able to acquire all the original signatures and misunderstanding the policy.

Ms. Kelly believes EAAP should update procedures and start accepting electronic signatures on Settlement Agreements. At times, EAAP receives copies with just this one signature in the mail,

potentially requiring EAAP staff to ensure that all signatories have signed the same version of the document.

Mr. Morgan believes the electronic certified signature from Adobe could be effective. It makes it a unique signature, it is verifiable connected to its creator and disappears if the content is changed. Other companies like Verisign are available but will have additional fees.

Ms. Dearstyne's division of CDE recently went through the same procedure change. Stated there is Government Code that speaks to the requirements of what a digital signature would be. They currently accept the certified Adobe electronic signature and scanned copies of wet signatures.

Mr. Montero and Ms. McCormick did not see any issue with accepting electronic signatures.

Item 4	Next Meeting November 27, 2023 Tentative EAAP meeting calendar for 2024	Information Action
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The Panel reviewed Tentative EAAP meeting calendar for 2024. No issues were reported.

Adjournment

Mr. Montero adjourned the meeting at 2:01 p.m.

Closed Session Report:

In closed session, the Panel unanimously approved the Stipulated Agreement of the parties in the matter of Kernville Union Elementary, EAAP Case 23-26.

Additionally, the Panel unanimously approved the Stipulated Agreement of the parties in the matter of California Virtual Academies and Insight Schools of California, EAAP Case 17-20.