

Minutes of the Education Audit Appeals Panel

Monday, May 22, 2023

Teams Conference Call

Sacramento

Call to Order and Roll Call

Cheryl McCormick called the meeting to order at 1:34 p.m.

Panel members present: 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 February 27, 2023 meeting were approved.

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reported that since the last meeting, twenty new summary reviews were filed and five determinations were made; one was withdrawn as well. The summary review requests for Ingenium Clarion Charter Middle and Newark Unified were denied. Relief was fully granted in the cases of: Southern Humboldt Joint USD, Yosemite Unified and Children's Community Charter. Relief was partially granted in the case of Cutler-Orosi Joint Unified School District.

There were no additional formal appeals filed since the last meeting. California Virtual Academy was on the closed session agenda but will not be discussed.

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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Public Comments are included under Item 4.

Item 3	Legislation Report Discussion and action as appropriate regarding any legislation that may affect EAAP	Information Action
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Recent revisions in Trailer Bill Language will lead to some modifications to the audit guide. Ms. Kelly will provide additional information at our next meeting.

Item 4	<i>Emergency Regulations: 2023-24 Audit Guide</i> <i>Take action as appropriate to adopt or amend the proposed regulations.</i>	Information Action
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The State Controller’s Office (SCO) requested revisions to the annual audit guide, they are all on the main audit guide. There are no changes proposed for Appendix A, B or C.

EAAP submits as emergency regulation at the suggestion of OAL. Once the Panel adopts the regulations; EAAP staff will provide public notice and the opportunity to make written comments regarding the proposed changes.

The proposed 2023-24 Audit Guide includes the following deletions, amendments and additions:

- **TT. Home-To-School Transportation** is amended to add procedures relating to testing of expenditures charged to the Home-to-School Transportation Reimbursement program.
- **UU. Independent Study Certification for ADA Loss Mitigation** is deleted as this funding no longer applies for fiscal year 2023-24.
- **U. After/Before School Education and Safety Program** makes technical amendments to Procedures 1, 2, and 3 resulting from changes in the Education Code included in AB 130 (Chapter 44, Statutes of 2021).
- **AZ. Educator Effectiveness** makes technical amendments to Procedure 1 to comply with changes in Education Code section 41480.
- **DZ. Expanded Learning Opportunities Program** is added to include audit procedures for determining LEAs’ compliance with the requirements of the Expanded Learning Opportunities Program, pursuant to Education Code section 46120.
- **EZ. Transitional Kindergarten** is amended to add procedures to verify LEAs’ compliance with requirements of Education Code section 48000 related to teacher credentials and other qualifications.

Anton Jungherr requested to make a public comment. Mr. Jungherr is the cofounder and executive director of the California Association of Bond Oversight Committees. Proposition 39 requires annual financial and performance audits of Prop 39 bond funds. Citizen bond oversight committees receive and review these audit reports. Appendix A of the audit guide describes the scope for these audits. Mr. Jungherr believes these audits are the most important tool for the Citizens Bond oversight committees to provide oversight of construction expenditures. He stated Appendix A only has two audit objectives. Whether money was spent for projects on the ballot project list and whether was the money was not used for teacher or administrative salaries. He believes it is a very limited performance audit scope and does not provide any information to the Citizens Bond Oversight Committee on how well the money was spent. Was it spent effectively and efficiently? Mr. Jungherr tried to participate in the State Controller's

Office work group and was denied access. Also request meeting minutes and was not told they were not available.

Eric Premack, of Charter Schools Development Center, Inc, had a public comment, as well. He agreed with Mr. Jungherr's concerns regarding Prop 39 and believes that it gives the bond oversight committees nothing to effectively oversee. Mr. Premack also stated that SCO and the audit guide workgroup are working in private and are not allowing the public to participate. He believes this is a violation of the Bagley Keene Open meetings law. Regarding the 2023-24 Audit Guide, Mr. Premack had concerns with the Expanded Learning Opportunities Program (ELOP) language, particularly to the extent that it calls for retroactive record keeping or documentation. He suggested giving districts and schools notice on what documentation they need, if their ELOP is subject to audit and what they're going to have to produce. He believes clarification could be made about the three days of staff development. He also has some concerns on how to interpret the transportation requirements for schools that operate on more than one site. Regarding TK teacher credentialing, the audit guide does not recognize the flexibility that's specific to charter school teachers. Mr. Premack believes that that needs to be specifically added. Mr. Premack recommends those changes to the audit guide before it is adopted for emergency or permanent use.

Ms. Kelly advised Mr. Premack and Mr. Jungherr of the written comment period. She stated that the 5-day notice and comment period associated with emergency regulation allows opportunity for all interested parties to comment. Ms. Kelly previously spoke with SCO regarding Audit Guide Work Group and who they allow into their work group discussion. Ms. Kelly believes it could be cumbersome to have multiple representatives from of audit groups, charter schools, school districts and members of the public all attending the meetings.

Ms. Dearstyne stated she is willing to take a closer look at the Audit Guide and if technical changes and clarifications are needed, her team would submit them to Ms. Kelly within the next week or so. She also offered to join Ms. Kelly to meet with SCO regarding the Audit Guide Work Group.

Action: The Panel members unanimously adopted the proposed Emergency Rulemaking Regulations

Ms. Kelly advised Mr. Premack could submit early comments via email before comment period begins. Informed him that none of the recent summary reviews were from charter schools. Also advised Mr. Jungherr to submit his comments. Ms. Kelly will also work with SCO regarding concerns with Appendix A.

Item 5	Next Meeting June 26, 2023	Information Action
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Mr. Morgan informed the Panel of a Government Code Section 11133 provision that expires on June 30, 2023, meaning that the July 2023 EAAP Panel meeting may be held in person in Sacramento, CA.

Adjournment

Ms. McCormick adjourned the meeting at 2:31 p.m.