

**TITLE 5. Education**  
**Education Audit Appeals Panel**

Notice of Proposed Rulemaking

*Supplement to Audits of K-12 Local Education Agencies*  
Fiscal Year 2024-25 as of March 1, 2025

The Education Audit Appeals Panel (EAAP) proposes to adopt an Audit Guide for Fiscal Year 2024-25, Supplemented as of March 1, 2025, as well as the Guide's incorporating regulation, as described below, after considering all comments, objections, and recommendations regarding the proposed action. The Supplemented Audit Guide will be derived from and incorporated in Section 19810.

**Public Hearing:**

A public hearing regarding this proposal is not currently scheduled. Not later than 15 days prior to the close of the written comment period, any interested person, or his or her authorized representative, may make a written request for a public hearing pursuant to Government Code section 11346.8, and a public hearing will be held. Requests for a public hearing should be addressed to Mary Kelly.

**Written Comment Period:**

Any interested person, or his or her authorized representative, may submit written comments relevant to the proposed regulatory action. The written comment period closes on **Monday, June 9, 2025**. EAAP will consider only written comments received by that time. Written comments for EAAP's consideration should be directed to:

Mary Kelly, Executive Officer  
Education Audit Appeals Panel  
770 L Street, Suite 1100  
Sacramento, CA 95814  
e-mail: [mkelly@eaap.ca.gov](mailto:mkelly@eaap.ca.gov)

**Authority and Reference:**

Authority cited: Section 14502.1, Education Code.

Reference: Sections 14502.1, 14503, 42010, 41024, and 47634.2(d) of the Education Code.

**Informative Digest/Policy Statement Overview:**

This rulemaking amends title 5, California Code of Regulations, section 19810 to clarify the incorporation by reference language and make reference to the audit guide. It also adopts the Audit Guide for 2024-25, supplemented as of March 1, 2025, with any technical and clarifying revisions and legislative changes that will affect audits and possibly the conditions for apportionment of school funding. This supplemental filing ensures that audits include subjects pertinent to and/or required by legislation through January 1, 2025.

This rulemaking meets the requirements of Education Code section 14502.1, which mandates that an annual audit guide be adopted by EAAP, and the additional laws and Constitutional provisions listed under “Authority cited” below the proposed amended text of Section 19810, as shown below. The purpose of the audit guide is to define terms and specify procedures to guide accountants in the conduct of statutorily required financial and compliance audits of K-12 local education agencies. The Controller, in a letter dated February 6, 2025, pursuant to Education Code section 14502.1, proposed supplemental changes to be reflected in the 2024-25 audit guide. The proposed changes derive from the Controller’s proposals and contain changes designed to clarify audit steps.

EAAP does not anticipate that these proposed amendments would create specific benefits for the protection of public health and safety, worker safety, or the environment, the prevention of discrimination, the promotion of fairness or social equity, nor the increase in openness and transparency in business and government. The regulations direct accountants to perform the steps necessary for the annual audits required by Education Code Section 41020. EAAP has determined that the proposed amendments will ultimately benefit the welfare of California residents by ensuring that local education agencies are complying with regulatory requirements, and that educational funds are being properly utilized, which would ultimately affect the quality of students’ educational experiences. In developing the rulemaking, EAAP evaluated the proposed changes to regulations and determined that they are not inconsistent or incompatible with existing regulations, state or federal.

A description of proposed changes to section 19810, and a discussion of revisions to the audit guide, follow.

**Title 5, Division 1.5**  
**Chapter 3. Audits of California K - 12 Local Education Agencies**  
**Article 1 General Provisions**

**§ 19810. Annual Audit Guides.**

(a) (1) The "2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting," (March 1, 2024), adopted by the Education Audit Appeals Panel, is incorporated by reference for the required financial and compliance audits of the 2023-24 fiscal year.

(2) The "2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting," (March 1, 2025), adopted by the Education Audit Appeals Panel, is incorporated by reference for the required financial and compliance audits of the 2024-25 fiscal year.

(b) The Each annual guide provides the audit steps, reporting requirements, and other guidance for the required annual financial and compliance audits, subject to auditor judgment where alternative or additional audit steps may be appropriate. The Each annual guide is superseded by a supplemental audit guide, if needed, adopted before March 1 of each fiscal year. Each annual guide, including Appendices A, B and C and any applicable supplement, is available on [www.eaap.ca.gov/audit-guide](http://www.eaap.ca.gov/audit-guide), with paper or electronic copies available on request.

Note: Authority cited: Article XIII, Section 36 and Article XIII A, Section 1, California Constitution; and Sections 14502.1 and 47612, Education Code. Reference: Article XIII B, Section 1.5, California Constitution; and Sections 2574, 14501, 14502.1, 14503, 37700, 41020, 41024, 41480, 42238.02, 43500, 43501, 43502, 43504, 43505, 43509, 43520, 43521, 43522, 44258.9, 45037, 46146, 46300, 47605, 47612, 47614, 47634, 48000, 48206, 48306, 48313, 51747, 51749, 52060, 53071, 56026, 56340 and 76004, Education Code.

### **Audit Guide Amendments**

The proposed supplemental 2024-25 Audit Guide includes the following amendments included in the emergency adoption noticed on June 6, 2024, noticed as a readoption on December 5, 2024, and noticed as a second readoption on February 25, 2025.

**Report Components Section 4.c. Schedule of Instructional Time** is amended to add instructions for LEAs awaiting the Department of Education’s approval of Form J-13A.

**G. Instructional Materials** is amended in Procedure 5 to require the auditor to verify that the school district governing board or the county office of education submitted a copy of the resolution to the county superintendent of schools no later than three business days after the governing board hearing on the sufficiency of textbooks and instructional materials, as required by Education Code Section 60119(a)(2)(A).

**N. Middle or Early College High Schools and Programs**, amended to add the words “and Programs” in recognition that such schools can be a program within existing high schools, is also amended to recognize that a county office of education, as well as a school district, can operate such a program.

**FZ. In Person Instruction Grant [New]** is added to require verification of an LEA’s compliance with the requirements of Education Code Section 43521(c) applicable to the In-Person Instruction Grant expenditure reporting requirements.

**TT. Home to School Transportation Reimbursement** is amended to require determination whether the school district or county office of education reported transportation data through the California Basic Educational Data System (CBEDS) Home-to-School Transportation Reimbursement Supplemental worksheet in October.

**X. Local Control and Accountability Plan (LCAP)** is amended to implement new requirements added to Education Code Sections 52062 and 52068 requiring charter schools, school districts, and county office of education to present a midyear update to the LCAP and the Local Control Funding Formula budget overview for parents to its local governing board or body at a regularly scheduled meeting.

**Z. Immunizations** is amended to reflect recent changes to Health and Safety Code Section 120372 and Subchapter 8 of Chapter 4 of Division 1 of Title 17, regulations adopted by the California Department of Public Health, to specify that, beginning with 2024-25, medical exemptions from

immunizations for pupils entering TK/K or 7<sup>th</sup> Grade must be issued through the California Immunization Registry – Medical Exemption website.

**BZ. Expanded Learning Opportunities Grant (ELO-G)** is amended to require audit verification of timely submittal of the expenditure report required by Education Code Section 43523(c) or forfeiture of funds apportioned pursuant to Section 43521.

**DZ. Expanded Learning Opportunities Program** is amended to require audit verification that an LEA had procedures in place and/or contract requirements where the LEA contracted with a third party, to ensure that program staff, volunteers, and contracted personnel were subject to the health screening and fingerprint clearance requirement in current law and district policy.

**BB. Mode of Instruction** is amended to recognize that a charter school may operate a middle or early college high school program, and that such a program can exist without the charter school requiring its pupils to be in attendance at least 80 percent of the required instructional time.

**C. Kindergarten Continuance** is amended to move procedure C from Local Education Agencies Other than Charter Schools to Section FZ, under the section that applies to all LEAs. Education Code section 46300(g)(1) was amended and the kindergarten continuance rate now applies to charter schools.

**D. Independent Study** is amended to update various audit procedures to ensure consistency with changes made to the requirements of Education Code sections 46300(e)(1), 51747(g)(9)(A)(ii) and 51747.5(b)(2)(A)(ii).

**Y. Independent Study Course-Based** is amended to incorporate changes made to requirements of Education Code sections 51749.5 and 51749.6.

**L. School Accountability Report Card** is amended at step 1(a) to correct an error and properly reference Education Code section 35186(e).

**W. Unduplicated Pupil Counts** is amended to remove the language in procedure 1(a) that was made obsolete by amendment to Education Code section 42238.01(a)(2)(b).

**Z. Immunization** is amended at procedure 2 to exempt pupils that were 3 years old on the first day of TK, in accordance with Education Code section 48000.15(b)(4).

**AZ. Educator Effectiveness** is amended to remove Procedures 1 and 2, renumber the remaining procedures, and update the references to the renumbered procedures. Also, an amendment is made to Procedure 2 to identify in the finding the amount of the Educator Effectiveness funding received by the local educational agency.

**BZ. Expanded Learning Opportunities Grant (ELO-G)** is amended to delete Procedure 3 to reflect amendments in Education Code section 43523(a) and to remove the requirement to disallow the funds from Procedure 5.

**DZ. Expanded Learning Opportunities Program (ELO-P)** is amended to provide clarification for Procedures 2 and 3 and remove Procedures 3(a)(iii) and 5(a)(iii) as they are not included in Education Code section 46120. Additional resources for the auditors are added to Procedure 11.

**FZ. In-Person Instruction Grant** is deleted to reflect the removal of paragraph (a)(3) from Education Code section 43523, the requirement to audit the submission of the expenditure report to the California Department of Education.

**CC. Nonclassroom-Based Instruction/Independent Study** is amended to reflect changes to Education Code section 51747.

Appendix B and Appendix C are amended to include in General Provisions clarification that a separate audit report shall be submitted for each audited project, and that multiple projects cannot be combined in one audit report.

NOTE: The changes described above are already in effect on an emergency basis.

**Disclosures Regarding the Proposed Action:**

1. Mandate on local agencies and school districts: None
2. Cost to any local agency or school district which must be reimbursed: None
3. Cost or savings to any state agency: None
4. Other non-discretionary cost or savings imposed upon local agencies: None
5. Cost or savings in federal funding to the state: None
6. Significant effect on housing costs: None
7. Significant, statewide adverse economic impact directly affecting business including the ability of California businesses to compete with businesses in other states: None
8. The Economic Impact Assessment found that adoption of these regulations will not:
  - create or eliminate jobs within California;
  - create new businesses or eliminate existing businesses within California; or,
  - affect the expansion of businesses currently doing business within California.
  - benefit or harm worker safety or the state's environment.

As stated in the Informative Digest/Policy Statement Overview above, EAAP has determined that the proposed amendments will ultimately benefit the welfare of California residents by ensuring that local education agencies follow regulatory requirements, and that education funds are being properly utilized, which would ultimately affect the quality of pupils and students' educational experiences.

9. Cost impact on a representative private person or business: EAAP is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.
10. Business report requirements: None

11. Effect on small businesses: The proposed regulations will have no effect on small businesses because they do not materially alter the requirements for LEA audits.

### **Technical, Theoretical, or Empirical Studies, Reports, or Documents**

EAAP relied upon the Controller's Office letter dated February 6, 2025, which proposed changes to the 2023-24 Audit Guide.

### **Consideration of Alternatives**

In accordance with Government Code Section 11346.5(a)(13), EAAP must determine that no reasonable alternative it has considered or that has otherwise been identified and brought to the EAAP's attention would be more effective in carrying out the purpose for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

### **Availability of Rulemaking File**

The entire rulemaking file will be available for inspection and copying throughout the rulemaking process at EAAP's office at the above address. As of the date this notice is published in the Notice Register, the rulemaking file consists of this notice, the proposed text of the regulations, the initial statement of reasons, and the Economic Impact Assessment. A copy may be obtained by contacting Mary Kelly at the above address. The bill analyses are also available online at <http://leginfo.legislature.ca.gov/faces/billSearchClient.xhtml>.

### **Availability of Changed or Modified Text**

Following the comment period, a hearing, if requested, and consideration of all timely and relevant comments received, EAAP may adopt the proposed regulations substantially as described in this notice. If EAAP makes modifications that are sufficiently related to the originally proposed text, the modified text (with changes clearly indicated) will be available to the public for at least 15 days before EAAP adopts the regulations as revised. Requests for copies of any modified regulations should be sent to the attention of Timothy Morgan at the address stated above. EAAP will accept written comments on the modified regulations for 15 days after the date on which they are made available.

### **Availability of Documents on the Internet**

Copies of the Notice of Proposed Rulemaking, Initial Statement of Reasons, text of the regulations in underline and strikeout, any changed or modified text, and the Final Statement of Reasons will be accessible through the EAAP website: [www.eaap.ca.gov](http://www.eaap.ca.gov)

### **Contact Persons**

Direct inquiries concerning the proposed administrative action, or requests for the proposed text,

the Initial Statement of Reasons, any modified text of the regulations, or technical information supporting the rulemaking to Timothy Morgan, Staff Attorney, (916)445-7745, [tmorgan@eaap.ca.gov](mailto:tmorgan@eaap.ca.gov), or Mary C. Kelly, Executive Officer, (916)445-7745, [mkelly@eaap.ca.gov](mailto:mkelly@eaap.ca.gov).