

Minutes of the Education Audit Appeals Panel

Monday, September 22, 2025

915 L Street, Cedar Room

Sacramento

Call to Order and Roll Call

Cheryl McCormick called the meeting to order at 1:30 p.m.

Panel members present: Cheryl McCormick, designee of the Director of the Department of Finance and Abel Guillen, designee of the Superintendent of Public Instruction.

Approval of Minutes

Action: The minutes of the July 21, 2025 meetings were approved.

Item 1	Report of the Executive Officer	Information
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Rebecca Lee reported that since the last meeting, there were four formal appeals filed. Two were denied summary reviews (Rancho Santa Fe Elementary and Aromas - San Juan Unified). The third pertains to the School Facility Program Bond Fund Audit (Calexico Unified School District), pursuant to statute, requests of this nature proceed directly to formal appeal. The California Innovative Career Academy requested for formal appeal. It was a finding for \$7.5 million, which was part of the audit report for the Highlands Community Charter and Technical Schools issued by the California State Auditor in late June of 2025. Additionally, Weed Union Elementary's pending settlement will be discussed in Closed Session.

Since the last meeting, seven new summary reviews were filed, mostly related to Independent Study and the Expanded Learning Opportunities Program (ELO-P). There were sixteen determinations made on summary reviews. Eight summary reviews were fully granted, one was partially granted and seven were denied. Howard Gardner Community Charter School's summary review was granted, it was related to Proposition 28 Arts and Music in Schools. Highlands Community Charter School's summary review was denied, it is related to annual attendance and had a \$178,965,128 penalty, this was also a part of the California State Auditor's report. Currently EAAP has sixteen pending cases, Ms. Lee hopes to clear this by the end of the year.

Ms. Lee spoke on Education Trailer Bill AB 121, which was enacted in late June 2025 and included changes to Education Code 41344.1. It updated the dollar threshold for which the Executive Officer must obtain written approval from the Department of Finance and the Superintendent of Public Instruction to grant relief on summary reviews. What was once the \$750,000 threshold is now the equivalent of 150 units of average daily attendance calculated pursuant to the statewide average local control funding formula rate for the corresponding audit year. CDE's School Fiscal Services Division have posted the new thresholds. There are four years posted, 2021-22, 2022-23, 2023-24 and 2024-25. The equivalent value of the 150 units of ADA is now up to \$2,072,454 in 2024-25.

The 2025-26 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting, or the audit guide, received the Notice of Approval from the Office of Administrative

Law on August 26, 2025, which finalizes the rulemaking process. The regulations been posted since July 1, 2025.

The State Controller’s Office just sent out their meeting schedule for the K-12 Audit Guide Working Group, which will be meeting monthly starting October 2025 and going through January 2026, if needed.

Item 2	Public Participation	Information
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No comments were received from the public.

Item 3	Legislation Report Discussion and action as appropriate regarding any legislation that may affect EAAP	Information Action
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Ms. Lee provided an update on three key bills that EAAP staff are currently monitoring: Assembly Bill 84 (AB 84), Senate Bill 494 (SB 494) and Senate Bill 414 (SB 414).

AB 84 incorporated several recommendations from the Charter School Task Force and aimed to enhance the oversight responsibilities of charter school authorizers. That bill is now inactive.

SB 949 which was a smaller bill in scope, was also related to charter schools is also now inactive.

SB 414 was passed and is now enrolled and is very similar to AB 84. Ms. Lee provided a high-level overview of the bill and its potential impact to the Audit Guide.

Item 4	Next Meeting October 27, 2025	Information Action
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Adjournment

Ms. McCormick adjourned the meeting at 1:45 p.m.

Closed Session Report:

In closed session, the Panel unanimously approved the Stipulated Agreement of the parties in the matter of Weed Elementary School District, EAAP Case 24-58.