

**Education Audit Appeals Panel
State of California**

Audit Appeal of Audit Finding 2022-001
by:

Berkeley Unified School District,

Appellant.

EAAP Case No. 23-59
OAH Case No. 2025031064

Decision

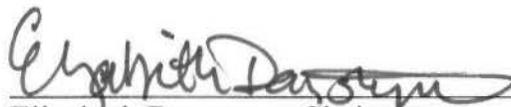
The Education Audit Appeals Panel has adopted the attached Stipulated Agreement of the parties as its Decision in the above-entitled matter.

Effective date: March 23, 2026.

IT IS SO ORDERED.

3/23/26

Date



Elizabeth Dearstyne, Chairperson
for Education Audit Appeals Panel

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8 BEFORE THE EDUCATION AUDIT APPEALS PANEL
9 STATE OF CALIFORNIA, OAKLAND
10

11 **In the Matter of the Audit Appeal of:**
12 **Fiscal Year 2021-22 Audit Finding 2022-001**
13 **by Berkeley Unified School District,**
14 **Appellant,**
15 **v.**
16 **California State Controller, California**
17 **Department of Finance,**
18 **Respondents.**

Case No. 2025031064
EAAP Case No. 23-59

**JOINT STIPULATION AND
SETTLEMENT AGREEMENT**

19
20 Appellant Berkeley Unified School District (Appellant), and Respondents Malia M.
21 Cohen, California State Controller (SCO), and the Department of Finance (Finance) (collectively,
22 the Parties), through their undersigned counsel, hereby agree to a complete settlement of the
23 above-captioned matter as follows:

24 **RECITALS**

25 A. The independent accounting firm of Crowe LLP (Auditor) conducted an annual
26 financial compliance audit of Appellant for the fiscal year ending on June 30, 2022, the results of
27 which were included in the final independent auditor's report (Audit Report), dated February 23,
28 2023.

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B. In Audit Finding 2022-001/40000, the Auditor determined that Appellant was not in compliance with Education Code section 42238.02, which allocates grant resources to students meeting certain eligibility criteria, but requires that those students remain counted only once even in cases where they meet multiple independent criteria. The Audit Report stated that for several students that participated in the school’s lunch program, “[t]he District did not comply with state requirements for Unduplicated Local Control Funding Formula Pupil Counts.” As a result, the Auditor concluded that such conditions resulted in the disallowance of a grant of funds in the amount of \$971,071. On August 17, 2023, after receiving additional information from Appellant, the Auditor issued a revision to the Audit Report, and reduced the associated audit penalty to \$505,231.

C. The SCO certified the audit.

D. On July 15, 2024, Appellant timely filed a request for formal appeal of Audit Finding 2022-001/40000 pursuant to Education Code 41344, subdivision (d), instituting the Appeal before the Education Audit Appeals Panel (EAAP).

E. To avoid the cost and uncertainty of litigation, the Parties in this case agree to completely resolve this dispute on the terms and conditions described below.

STIPULATION AND AGREEMENT

For the purposes of completely settling and resolving the Appeal, the Parties do hereby stipulate and agree as follows:

1. This stipulated agreement fully and completely resolves all claims, demands, appeals, obligations, and/or causes of action arising from or relating to Audit Finding 2022-001/40000. Accordingly, the Parties expressly waive any right or claim to assert or pursue thereafter any claim, demand, obligation, and/or cause of action relating to Audit Finding 2022-001/40000, and Appellant hereby dismisses with prejudice this appeal.

2. Appellant shall have \$250,000 withheld from its future apportionment in regard to Audit Finding 2022-001/40000. This amount will be withheld over the course of two years, in increments of \$125,000 per year.

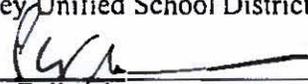
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4. This stipulated agreement is subject to and conditioned upon approval and adoption by EAAP, pursuant to section 41344.1, subdivision (b), of the Education Code.

5. This stipulated agreement may be executed in counterparts, each of which shall constitute an original. Facsimile and .pdf (electronic) signatures by the Parties and/or their designated representatives are deemed the equivalent of original signatures.

6. The Parties shall bear their own attorneys' fees and costs relative to the Appeal. The Parties ratify the preceding terms and conditions through the signatures of their respective representatives, as follows:

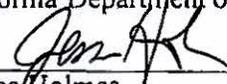
Dated: February 5, 2026

Berkeley Unified School District
By: 
Pauline Follansbee
Assistant Superintendent of Business Services
Berkeley Unified School District, Appellant

Dated: February 19, 2026

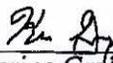
California Office of the State Controller
By: 
Ethan F. Jaffe
Staff Counsel
California State Controller, Respondent

Dated: February 9, 2026

California Department of Finance
By: 
Jessica Holmes
Program Budget Manager
California Department of Finance, Respondent

APPROVED AS TO FORM ONLY:

Dated: February 6, 2026

Office of the Attorney General
By: 
Katherine Grainger
Deputy Attorney General
Attorney for Respondent, California Department of Finance