

Minutes of Education Audit Appeals Panel

Monday, August 24, 2026

915 L Street, Cedar Room

Call to Order and Roll Call

Elizabeth Dearstyne called the meeting to order at 1:32 p.m.

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

There was a technical correction on Closed Session Agenda Item 4 to identify Oakley **Union** Elementary School District, rather than Oakley **Unified** School District. The updated agenda was posted on the EAAP webpage and interested parties were notified via email on Wednesday, August 19, 2026. The agenda item was pulled due to an issue with the Settlement Agreement.

Approval of Minutes

Action: The minutes of the June 29, 2026, meeting were approved.

Item 1	Report of the Executive Officer	Information
--------	---------------------------------	-------------

Rebecca Lee reported that since the last meeting, there were no additional cases filed. Three of the proposed settlement agreements for formal appeal cases will be heard in Closed Session. The two summary reviews are in the final stages of review.

Ms. Lee reported that the 2025-26 Supplemental Audit Guide was approved, and endorsed and filed with the Secretary of State, on August 14, 2026.

Item 2	Public Participation	Information
--------	----------------------	-------------

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
--------	--	---------------------------

Ms. Lee spoke on bill due dates and timelines for the current legislative session. She also discussed Assembly Bill 181 which transfers the duties of the State Superintendent of Public Instruction to a Governor-appointed and Senate-confirmed Education Commissioner. The bill added Education Code Section 33110, which states any reference to the Superintendent of Public Instruction or the Office of the Superintendent of Public Instruction, shall instead be deemed to refer to the Education Commissioner. This includes Education Code 41344.1, which establishes the Education Audit Appeals Panel and specifies its members, so the Education Commissioner will be on the Panel effective January 2027.

Item 4	Permanent Regulations: 2026-27 Audit Guide Approve commencement of 15-Day public comment period for revisions made for the proposed regulations based on feedback provided by the Office of Administrative Law during its review process.	Information Action
--------	--	---------------------------

Ms. Lee presented feedback from Office of Administrative Law (OAL) staff related to technical and non-substantive changes to the 2026-27 Audit Guide impacting Appendix B: School Facility Program Bond Fund Audits.

Appendix B, I. Initial Steps is amended in Procedure B.1.l) and **II. Non-Financial Hardship Projects, III. Financial Hardship Projects, IV. Career Technical Education, V. Charter School Facilities Program, A – Closeout Audit** are amended in the Procedure 3 Information box to add “Five-Year” to the beginning of “Master Plan Checklist”. This change was made so that the title of this checklist contained in the regulations matches the formal name as set forth in SAB 50-MP.

The above referenced locations are also amended to add “(01/26) Incorporated by Reference” to the proposed regulations after the language that states “(SAB 50-MP)”.

Appendix B, I. Initial Steps is amended in Procedure B.1.m) to add “Five-Year School Facilities” to “Master Plan” and defines that this will be referred to as “Master Plan” throughout the document. This change was made so the title of the plan contained in the subject regulation matches the formal name as set forth in Education Code Section 17070.54(a).

Appendix B, II. Non-Financial Hardship Projects, III. Financial Hardship Projects, IV. Career Technical Education, V. Charter School Facilities Program, A – Closeout Audit are amended in Procedure 3 to update “Facility” to “Facilities” to the Master Plan name. This change was made so that the title of this plan contained in the subject regulation matches the formal name as set forth in Education Code section 17070.54(a). Procedure 3 is also amended to delete “the plan”, which was an inadvertent duplicative reference.

Procedure 3.c)(6) in the above referenced locations are also amended to add “kitchen” to read, “A cafeteria, kitchen, or multipurpose room.”

Appendix B, V. Charter School Facilities Program, B – Reduction to Costs Incurred – Charter Schools is amended in the Procedure 8 Information box under “Example Piggyback Contract – Modular School Facility” to reinsert “bid, the XYZ Elementary contract is not eligible for state funding.”, inadvertently cut off due to an editing issue, but is included in all other “Example Piggyback Contract – Modular School Facility” sections in the subject regulation.

EAAP staff believe these changes do not materially alter any regulatory requirements, rights, and responsibilities, and a 15-day public comment period would not be needed. Upon notification that OAL staff agree, EAAP staff recommended the Panel authorize EAAP staff to take any necessary ministerial or technical actions to respond to any direction or concern expressed by the OAL during its review of the rulemaking file.

If OAL indicates a 15-day comment period is needed because the proposed changes are more than just technical changes, EAAP staff also recommended the Panel take the following actions:

- Approve the proposed changes to the proposed regulations.
- Direct the proposed changes be circulated for a 15-day public comment period in accordance with the Administrative Procedure Act.
- If no relevant comments to the proposed changes are received during the 15-day public comment period, the proposed regulations with changes are deemed adopted, and EAAP staff is directed to complete the rulemaking package and submit it to the OAL for approval.
- If any relevant comments to the proposed changes are received during the 15-day public comment period, EAAP staff is directed to place the proposed regulations on the Panel's next agenda for action.
- Authorize EAAP staff to take any necessary ministerial or technical actions to respond to any direction or concern expressed by the OAL during its review of the rulemaking file.

Ms. McCormick asked if OAL would make the determination if the changes are substantive or non-substantive, and Todd Smith confirmed that was correct.

Mr. Guillen asked for information on the public notice process and how the notice will be distributed. Ms. Lee explained that EAAP staff would post the notice on the EAAP website and notify the interested parties via email. Ms. Lee's understanding is that comments would be allowed only on the actual changes to Appendix B.

Ms. Dearstyne read and moved both EAAP staff recommendations in full.

Action: The Panel approved both EAAP staff recommendations.

Item 5	Next Meeting September 21, 2026	Information
--------	------------------------------------	-------------

Adjournment

Ms. Dearstyne adjourned the Public Session at 1:51 p.m.

Closed Session Report:

The Panel met in Closed Session from approximately 1:52 p.m. until 3:20 p.m. Ms. Dearstyne reconvened the meeting at 3:21 p.m., reported there were no actions taken in Closed Session that were required to be reported out, and adjourned the meeting at 3:22 p.m.

In closed session, the Panel unanimously approved the Stipulated Agreement of the parties in the matter of:

- Item 1: Poway Unified School District, EAAP Case No. 25-26
- Item 2: Mt. Diablo Unified School District, EAAP Case No. 25-13
- Item 3: Kit Carson Union Elementary School District, EAAP Case No. 26-05