Before the
Education Audit Appeals Panel
State of California

In the Matter of the Statement of Issues Against: Del Norte County Unified School District, Appellant.	EAAP Case No.: 03-11 OAH No.: N2004050118

Decision

The Education Audit Appeals Panel understands the recitations in the attached Stipulation and Proposed Decision (Stipulation) of the parties to reflect that an integration of Section 11960 of Title 5 of the California Code of Regulations and Section 51747.5(b) of the Education Code, as made applicable by Section 47612.5(b) of the Education Code, applies to the facts of the audit exception at issue in this matter and adopts the Stipulation as its Decision in the above-entitled matter.

This Decision shall become effective on 24 Jan. 2005.

It is so Ordered 24 Jan. 2005.

Thomas E. Dithridge, Chairperson
For Education Audit Appeals Panel

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APPEALS PANEL

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In the Matter of the Statement of Issues Against: Del Norte County Unified School District, Appellant.	EAAP Case No.: 03-11 OAH No.: N2004050118 **STIPULATION AND PROPOSED DECISION**

The State Controller's Office (SCO), the Department of Finance (DOF), and the Del Norte County Unified School District (Del Norte), who are all of the parties in this action, hereby agree to a complete resolution of this matter as follows:

Recitals

A. The accountancy firm of Robertson, Cahill & Associates, Certified Public Accountants (Robertson), the independent auditor, conducted an audit of Del Norte County schools for the fiscal year ending on June 30, 2002.

B. On page 56 of its audit report of Del Norte dated October 30, 2002, Robertson included a finding regarding charter school attendance accounting for the Castle Rock Charter School (Finding 2002-1). The report stated that "teachers were not assigning a time value to completed [independent study] assignments for apportionment purposes," in accordance with Education Code (EC) sections 47612.5(b) and 51747.5(b). This led to a disallowance of all average daily attendance (ADA) funding for the Castle Rock Charter School, 297.15 ADA (P2).

C. Del Norte timely appealed Finding 2002-1 to the Education Audit Appeals Panel on August 25, 2003.

D. On June 30, 2004, DOF filed a motion to intervene, which was granted on July 12, 2004.

E. The SCO asserted in its Pre-Hearing Brief and with DOF at the hearing on August 6, 2004, that the proper method of calculating apportionment credit for independent study is from "the time value of pupil or student work products, as personally judged in each instance by a certificated teacher" pursuant to EC section 51747.5 made applicable to charter schools by EC section 47612.5(b).

F. Del Norte asserted that EC section 51747.5 was not controlling and that the proper method of calculating apportionment credit for independent study was the "daily engagement" method of attendance accounting.

G. Castle Rock used a register that only recorded if some work was done on a particular day. In addition, teachers at Castle Rock also supplemented the registers with extensive teacher-recorded learning logs, which documented the specific work assigned, completed and assessed.

H. Subsequently, the supervising certificated teacher assigned time values to the individual work product completed. Robertson and the SCO reviewed this documentation and determined that based on those time values, the amount of over reported ADA for Castle Rock would be reduced to 17.28 ADA.

I. On the Judge's own motion, the hearing on August 6, 2004, before the Office of Administrative Hearings, was continued to September 21, 2004. Prior to that hearing, the parties reached the settlement agreement described below.

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Agreement

1. For the sole purpose of effecting a stipulated resolution of this action, based upon the time value assigned by the certificate teacher for the work product of independent study students at Castle Rock Charter School, and without admitting any liability by any party, Del Norte County Unified School District agrees to repay an amount equal to the 17.28 ADA allegedly overpaid to the district.

2. The parties agree that upon Del Norte's payment of the 17.28 ADA, DOF and SCO will release all claims to any amounts in excess of 17.28 ADA for the fiscal year ending June 30, 2001, due to the alleged improper school attendance accounting for the Castle Rock Charter School (Finding 2002-1).

3. Del Norte agrees to withdraw, with prejudice, its appeal of Finding 2002-1.

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Dated: 11/22/04

Office of the State Controller

By: _____
Ronald V. Placet
Senior Staff Counsel
Attorney for Steve Westly, State Controller

Dated: 11/15/04

Department of Justice

By: _____
Julie Weng-Gutierrez
Deputy Attorney General
Attorney for Department of Finance

Dated: 11/10/04

Del Norte County Unified School District

By: _____
Rodney A. Jahn, Deputy Superintendent

Dated: 11/08/04

By: _____
Stephen L. Hartsell
School & College Legal Services

Attorneys for Del Norte County Unified School District