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California State Controller

October 23, 2020

To: K-12 Local Education Agencies (School Districts, County Offices of Education, and Charter Schools), Joint Powers Entities, and Certified Public Accountants Performing Audits of California K-12 Local Education Agencies

Subject: K-12 Annual Audit Amendments Due to COVID-19 for Fiscal Years 2019-20 and 2020-21

This advisory provides information for K-12 Local Education Agencies (LEAs) and independent auditors performing audits of California K-12 LEAs impacted by COVID-19 for the fiscal year (FY) 2019-20 and FY 2020-21. This advisory, and general guidelines for audits of K-12 LEAs, are available on the State Controller's Office website at www.sco.ca.gov/aud_k12_lea.html.

To mitigate the impacts of COVID-19 on California's K-12 school system, the Governor approved Executive Order N-26-20 on March 13, 2020, signed Senate Bill 98 (Chapter 24, Statutes of 2020) – Education Omnibus Budget Trailer Bill on June 29, 2020, and signed Senate Bill 820 (Chapter 110, Statutes of 2020) – Education Finance Trailer Bill on September 18, 2020. This advisory highlights significant impacts that Senate Bill 98 and Senate Bill 820 will have on audits of K-12 LEAs.

Senate Bill 98 – Changes to Average Daily Attendance and Instructional Time

Senate Bill 98 provides that the average daily attendance (ADA) used for both the second period (P-2) and the annual period apportionment include all full school months from July 1, 2019, to February 29, 2020, for all LEAs.

For FY 2019-20, LEAs that certify to the State Superintendent of Public Instruction (SSPI) that they closed schools due to COVID-19 will not be subject to instructional day and minute penalties for required instructional days and minutes that an LEA would otherwise have offered students during the period the school was closed due to COVID-19.

Auditors will still use the procedures in the 2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting to verify whether LEAs are in compliance with the instructional time requirements. For LEAs that closed due to COVID-19, auditors must verify that the LEA submitted to the SSPI a COVID-19 School Closure Certification for the days that they were closed due to COVID-19. Auditors should allow a credit for LEAs that submitted COVID-19 School Closure Certifications for the instructional days and minutes that were scheduled to be offered per the LEAs' bell schedules and calendars that were in effect prior to the COVID-19 closure.

Senate Bill 98 – Changes to Audit Timelines

Senate Bill 98 added section 41020.9 of the California Education Code to allow LEAs to provide for an audit by July 15, 2020, or for the county office of education to provide for an audit by July 31, 2020, if the LEA did not provide for an audit by July 15. Senate Bill 98 also made the following timeline changes for FY 2019-20:

- LEAs may file the annual audit report with the county superintendent of schools, the Superintendent, the Controller, and to its chartering authority if applicable, by March 31, 2021, instead of December 15, 2020.
- LEAs may appeal an audit finding within 120 days for audit reports that were certified by the Controller between March 1, 2020, and July 15, 2020, inclusive, or within 30 days of receiving a determination of a summary review.
- LEAs may request a summary review within 90 days of the date on which the local educational agency receives the final audit report for audits certified between March 1, 2020, and July 15, 2020, inclusive.

Senate Bill 98 – Changes to Distance Learning Requirements

Senate Bill 98 also added section 43500 to the California Education Code to include requirements for LEAs providing distance learning for the 2020-21 school year. California Education Code section 43504 adds the following requirements for LEAs:

- The compulsory education requirements continue to apply for the 2020-21 school year.
- LEAs shall offer in-person instruction to the greatest extent possible.
- School districts are required to offer 180 instructional days per school year pursuant to Section 46208 and charter schools are required to offer 175 instructional days per school year pursuant to Section 11960 of Title 5 of the California Code of Regulations. An instructional day is a day in which all pupils are scheduled for the length of the day established by the governing board or body of the LEA in a classroom under the immediate supervision of a certificated employee or in distance learning that meets the minimum requirements described in section 43504.

- Each LEA shall document daily participation for each pupil on each schoolday, in whole or in part, for which distance learning is provided. A pupil who does not participate in distance learning on a schoolday shall be documented as absent for that schoolday. Daily participation may include, but is not limited to, evidence of participation in online activities, completion of regular assignments, completion of assessments, and contacts between employees of the LEA and pupils or parents or guardians.
- LEAs are required to ensure that weekly engagement records are completed for each pupil. These records should document a) synchronous or asynchronous instruction for each whole or partial day of distance learning, b) daily participation verification, and c) assignment tracking.
- Pupils who do not participate daily in either in-person instruction or distance learning will be deemed absent by the LEA. LEAs shall use documentation of the absence for purposes of reporting its chronic absenteeism rates in its local control and accountability plan (LCAP).

LEAs are required to develop written procedures for tiered reengagement strategies for all pupils who are absent from distance learning for more than three schooldays or 60 percent of the instructional days in a school week. These procedures shall include, but are not limited to, verification of current contact information for each enrolled pupil, daily notification to parents or guardians of absences, a plan for outreach from the school to determine pupil needs including connection with health and social services as necessary and, when feasible, transitioning the pupil to full-time in-person instruction.

- Each school is required to communicate with parents and guardians regarding a pupil's academic progress.
- LEAs that provide distance learning shall not be penalized for instruction provided before September 1, 2020, that fails to meet the requirements of this section.

Senate Bill 820 – Changes to Local Control Accountability Plan requirement

Senate Bill 820 changed California Education Code section 43509 to preclude the requirement for LEAs to adopt an annual LCAP during the 2020-21 school year.

The annual update for the 2019-20 year, which would have been included in the 2020-21 LCAP, is not available. For procedure 2 of Section X, Local Control and Accountability Plan, of the Audit Guide, auditors should inquire with the LEA as to what actions or services from the 2019-20 LCAP actual expenditures were incurred and then select a sample of those actions or services. The auditor should then continue with procedure 3 by selecting a sample of actual expenditures for actions or services identified and examining supporting documentation to determine whether the expenditures were made consistent with the actions or services.

Senate Bill 820 – New audit filing requirements for audits of school facilities projects

Senate Bill 820 amended section 41024(c) of the California Education Code to require auditors conducting audits of school facilities projects to file the audit report with the Controller's Office within 60 days of the completion of the audit, and the Controller shall be allowed access to audit working papers if deemed necessary.

Senate Bill 820 – Changes to the calculation of average daily attendance (ADA)

Senate Bill 820 amended section 43505 of the California Education Code to specify which fiscal year LEAs are to use to calculate average daily attendance for apportionment for the 2020-21 fiscal year. California Education Code section 43505 states the following:

- (a) (1) For purposes of calculating apportionments for the 2020-21 fiscal year and for any other calculations that would be based on average daily attendance in the 2020-21 school year, for all newly operational charter schools that are authorized by the governing board of a school district or county board of education on or before June 30, 2020, or approved by the state board at its July 8 and 9, 2020, meeting and that are beginning instruction in the 2020-21 school year, the department shall use the certified enrollment of that charter school as of Information Day, October 7, 2020, based on data reported in the California Longitudinal Pupil Achievement Data System pursuant to Chapter 10 (commencing with Section 60900) of Part 33 of Division 4, reduced by either the statewide average rate of absence for elementary school districts for kindergarten and grades 1 to 8, inclusive, or the statewide average rate of absence for high school districts for grades 9 to 12, inclusive, as applicable, as calculated by the department for the prior fiscal year with the resultant figures and rates rounded to the nearest tenth.
- (2) A newly operational charter school eligible for funding pursuant to paragraph (1) shall receive advance funding pursuant to subdivision (a) of Section 47652 for the months of July 2020 to January 2021, inclusive. Monthly payments for the remainder of the 2020-21 fiscal year shall be drawn pursuant to sections 14041, 14041.5, and 14041.6, consistent with the certifications made pursuant to Sections 41332 and 41335.
- (b) (1) (A) For purposes of calculating apportionments for the 2020-21 fiscal year and for any other calculations that would be based on average daily attendance in the 2020-21 school year, a continuing local educational agency shall be eligible for an apportionment calculation pursuant to paragraph (2) if it is a charter school, school district, or county office of education with growth in overall pupil enrollment from its actual 2019-20 level to its projected 2020-21 level, as documented in its most recent 2020-21 budget adopted by the governing board or body of the local educational agency on or before June 30, 2020, or in its adopted 2019-20 second interim report. If a local educational agency does not document or project enrollment growth in its most recent 2020-21 budget adopted by the governing board or body of the local educational agency on or before June 30, 2020, or in its adopted 2019-20 second interim report, it may use overall pupil average daily attendance growth from its actual 2019-20 level to its projected 2020-21 level, as documented in its most recent 2020-21 budget adopted by the governing board or body of the local educational agency on or before June 30, 2020, or in its adopted 2019-20 second interim report to establish eligibility for an apportionment calculation pursuant to paragraph (2).

(B) A local educational agency is not eligible for an apportionment calculation pursuant to paragraph (2) if its most recent 2020-21 budget adopted by the governing board or body of the local educational agency on or before June 30, 2020, or its adopted 2019-20 second interim report does not explicitly show growth in overall pupil enrollment or average daily attendance from its actual 2019-20 level to its projected 2020-21 level.

(2) For a local educational agency that is eligible pursuant to paragraph (1) and meets the requirements of paragraph (3), the department shall use the lesser of subparagraph (A) or (B) for purposes of calculating apportionments for the 2020-21 fiscal year. Apportionments calculated pursuant to this paragraph shall exclude average daily attendance attributed to a local educational agency pursuant to paragraph (4) of subdivision (b) of Section 43502.

For more information regarding amendments and changes resulting from the COVID-19 impact on LEAs, please review Executive Order N-26-20, Senate Bill 98, and Senate Bill 820, which can be found on the State Controller's Office website at www.sco.ca.gov/aud_k12_lea.html.

For more guidance related to pupil attendance and instructional-time, refer to the California Department of Education's Frequently Asked Questions, COVID-19 web page at <https://www.cde.ca.gov/fg/aa/pa/covidfaqs.asp>.

If you have any questions or need additional information, please contact the Division of Audits, LEA Unit, by telephone at (916) 324-6442, or by email at leaaudits@sco.ca.gov.

Sincerely,

Original signed by

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cc: Tony Thurmond, State Superintendent of Public Instruction
California Department of Education