

DEPARTMENT OF SOCIAL SERVICES

October 10, 2001

FOSTER CARE AUDITS LETTER (FCAL) NO. 2001-04

TO: ALL GROUP HOME (GH) PROVIDERS
ALL FOSTER FAMILY AGENCIES (FFAs)
ALL GH AND FFA CERTIFIED PUBLIC ACCOUNTANTS
ALL COUNTY WELFARE DIRECTORS
ALL COUNTY CHIEF PROBATION OFFICERS
ALL COUNTY MENTAL HEALTH DIRECTORS

SUBJECT: ANNUAL FINANCIAL AUDIT - OFFICE OF MANAGEMENT AND
BUDGET (OMB) CIRCULAR A-133 AUDIT REQUIREMENTS

REFERENCE: FCAL NO. 2001-03, DATED JUNE 14, 2001

This letter provides updated information regarding the revised annual financial audit requirements for Foster Care GH and FFA providers. As stated in FCAL NO. 2001-03, dated June 14, 2001, the annual financial audit must comply with the Office of Management and Budget (OMB) Circular A-133 audit requirements. This new audit requirement applies to GH and FFA corporations, which expend \$300,000 or more in combined federal funds in any year.

In FCAL No. 2001-03, GH and FFA providers were notified that emergency regulations were being developed to implement OMB Circular A-133 audit standards. The regulations were initially expected to be effective September 1, 2001. However, the California Department of Social Services was recently notified by the federal Administration for Children and Families (ACF) that emergency regulations will not be required. Regulations will now be promulgated on a non-emergency basis, and the revised implementation date is targeted for July 1, 2002.

Accordingly, it is anticipated that GH and FFA corporation fiscal periods ending in 2002 will require application of the OMB Circular A-133 audit standards for the FY 2003/04 rate application period.

Further guidance on the revised financial audit requirements and their effect on GH and FFA providers will be provided in forthcoming FCALs. If there are any questions regarding the new audit standards or requirements, please contact the Financial Audits and Investigations Bureau at (916) 274-0445.

Sincerely,

ORIGINAL SIGNED BY:

JUDY COLBERT, Chief
Foster Care Audits Branch

- c: African American Foster Parent and Group Home Association
- Association of Community Services Agency
- Association of Minority Adolescents in Residential Care Homes
- Association of Minority Adolescents in Residential Care Homes of Los Angeles County
- California Alliance of Child and Family Services
- California Association of Children's Facilities
- Community Residential Care Association of California
- County Welfare Directors Association
- Foster Care Alliance
- North Valley Children and Family Services, Inc.
- Residential Care Providers Association of Los Angeles County