

**DEPARTMENT OF SOCIAL SERVICES**

744 P Street, Sacramento, CA 95814



September 29, 2006

## FOSTER CARE AUDITS AND RATES LETTER (FCARL) NO. 2006-05

TO: ALL GROUP HOME PROVIDERS  
 ALL COMMUNITY TREATMENT FACILITY PROVIDERS  
 ALL FOSTER FAMILY AGENCIES  
 ALL REGIONAL CENTER GROUP HOMES  
 ALL REGIONAL CENTER FOSTER FAMILY AGENCIES  
 ALL COUNTY WELFARE DIRECTORS  
 ALL COUNTY CHIEF PROBATION OFFICERS  
 ALL COUNTY MENTAL HEALTH DIRECTORS

SUBJECT: ASSEMBLY BILL (AB) 1808 (CHAPTER 75, STATUTES OF 2006)

This letter is to advise group home (GH) and foster family agency (FFA) providers of legislative changes that occurred this State Fiscal Year (SFY).

The 2006 Budget Act was signed on June 30<sup>th</sup> but it did not contain any cost-of-living increases for GH and FFA providers for SFY 2006/07. However, the budget trailer bill, Assembly Bill (AB) 1808, (Chapter 75, Statutes of 2006) signed July 12, 2006, amended Welfare and Institutions Code (W&IC) Section 11462(f)(2)(A) to extend the temporary Rate Classification Level (RCL) relief for SFY 2006/07. This statute requires that for group home programs that receive Aid to Families with Dependent Children-Foster Care (AFDC-FC) payment for services performed during SFY 2006/07, the adjusted RCL point ranges shall be used for establishing biennial rates for existing programs, in performing program audits, and in determining any resulting rate reduction, overpayment assessment, or other action. Specifically, the schedule for the point ranges in each RCL will continue with a slight decrease as follows:

<u>Rate Classification Level</u>	<u>Current Point Ranges</u>	<u>Adjusted Point Ranges</u>
1	under 60	under 54
2	60-89	54-81
3	90-119	82-110
4	120-149	111-138
5	150-179	139-167
6	180-209	168-195
7	210-239	196-224
8	240-269	225-253
9	270-299	254-281
10	300-329	282-310
11	330-359	311-338
12	360-389	339-367
13	390-419	368-395
14	420 – up	396 – up

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This temporary RCL point reduction contains the following restrictions: 1) it applies only to group home programs with non provisional rates in SFYs 2002/03, 2003/04, 2004/05, 2005/06 and 2006/07, unless the Legislature extends it to additional fiscal years in the future; 2) the adjusted schedule does not apply to the establishment of provisional rates or to audits of group home programs with provisional rates; and, 3) group home providers shall remain responsible for ensuring the health and safety of children in placement. The current statutory point ranges specified in Welfare and Institutions Code (W&IC) Section 11462(f)(1) shall continue to apply for provisional rate audits. Providers should be aware that if the Legislature does not extend the adjusted point schedule in any year, providers will be held to the regular point range for biennial ratesetting and audit purposes.

### **Financial Audit Report Requirements**

AB 1808 also changed the requirement for submission of the Financial Audit Reports (FARs) required as a condition of receiving a foster care rate. AB 1808 amends W&IC Section 11466.21 to require that effective July 12, 2006, any group home or FFA non-profit corporation that receives in combined federal funds, an amount at or above the federal funding threshold in accordance with the Federal Single Audit Act, as amended, and Office of Management and Budget (OMB) Circular A-133, is required to have a financial audit conducted on an annual basis and shall submit the FAR to the Department in accordance with department regulations.

Currently, the federal funding threshold in accordance with the Federal Single Audit Act is \$500,000. State statute previous to the recent statute change, required an annual FAR for revenue in combined federal funds at or over \$300,000; therefore, at this time and until amended, any group home or FFA non-profit corporation that receives in combined federal funds \$500,000 or more is required to have a financial audit conducted annually and submitted to the Department in accordance with department regulations. Any GH or FFA non profit corporation currently receiving less than \$500,000 in combined federal funds will only be required to submit a financial audit of its most recent fiscal period once every three (3) years. Providers who have an annual audit due during or after September 2006, and are under the \$500,000 threshold because of the statute change, will be placed on a triennial reporting schedule and will be notified when their next FAR is due. Providers who are submitting FARs on a more frequent cycle for any reason as determined by CDSS, must continue to do so until instructed otherwise. Please be advised that providers continue to be required to submit cost data, either audited or unaudited, for each year in which a FAR is not required. Providers who have overdue FARs and now fall under the \$500,000 threshold, are required to submit the overdue FARs and audited cost data before being placed on a triennial reporting schedule. All FARs must be acceptable and in accordance with the Department's Manual of Policies and Procedures (MPP) 11-405.2.

If a provider is unable to submit a timely FAR by the due date and needs to request a good cause extension, there are specific requirements that are identified in MPP 11-405.217. These items must be addressed and the determination for good cause request must be submitted on or before the due date of the FAR.

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### **Group Home and FFA Ratesetting**

As a reminder, the Foster Care Rates Unit has begun issuing individual "call" letters for biennial rate applications. In FCARL Numbers 2006-01, 2006-02 and 2006-03, all issued January 31, 2006, providers were notified that in the future, only those providers who are required to submit applications will be notified of the application due dates. This FCARL will be the last reminder that the Foster Care Rates Unit will issue individual letters only to those providers whose biennial rate application is due. It is important for providers to submit their application during the time period specified in their individual rate application call letter because timely filing of biennial rate applications will help avoid rate adjustments due to penalties for late submission (MPP 11-402.38). Additionally, CDSS is placing biennial rate application information on the website at [http://www.childsworld.ca.gov/rateapplic\\_1451.htm](http://www.childsworld.ca.gov/rateapplic_1451.htm).

Please be aware that CDSS is no longer issuing hard copy information notices. Therefore, providers are strongly encouraged to periodically check the website addresses below for new rate and provider information. All Foster Care Rates and Audits information can be found on the CDSS website. Specific areas of interest for foster care GH and FFA providers are:

Information letters [http://www.childsworld.ca.gov/FosterCare\\_1412.htm](http://www.childsworld.ca.gov/FosterCare_1412.htm)  
Foster Care Main Menu [http://www.childsworld.ca.gov/FosterCare\\_310.htm](http://www.childsworld.ca.gov/FosterCare_310.htm)  
Rates lists <http://www.hwcws.cahwnet.gov/ProgramResources/>

If you have any questions regarding the information in this FCARL, please call (916) 651-9155. Contact your Rates Analyst for rates questions, the Program Audits Unit for audit questions, and the Financial Audits Unit for financial audit questions.

### ***Original Document Signed By:***

BARBARA EATON  
Interim Branch Chief  
Foster Care Audits and Rates Branch

- c: African American Foster Parents 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  
California Alliance of Child and Family Services  
Community Residential Care Association of California  
County Welfare Director's Association  
Foster Care Alliance  
North Valley Children and Family Services, Inc.  
Residential Care Providers Association of Los Angeles County