

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



May 19, 2008

FOSTER CARE AUDITS AND RATES LETTER (FCARL) NO. 2008-01

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); FCARL 2006-05

This letter is a **reminder** of the changes to the requirement for submission of Financial Audit Reports (FARs) required as a condition of receiving a foster care rate identified in Assembly Bill (AB) 1808 (Chapter 75, Statutes of 2006). AB 1808 amended the Welfare and Institutions Code (W & I) Section 11466.21 to require that effective July 12, 2006, any group home (GH) or foster family agency (FFA) non-profit corporation that receives in combined federal funds, an amount at or above the federal funding threshold in accordance with AB 1808, as amended, and Office of Management and Budget (OMB) Circular A-133, must have a financial audit conducted on an annual basis and **shall** submit the FAR to CDSS in accordance with CDSS' regulations.

Currently, the federal funding threshold in accordance with AB 1808 is \$500,000. State statute, previous to AB 1808, required an annual FAR for revenue in combined federal funds at or over \$300,000. State statute as amended by AB 1808 does not reference a dollar amount, but requires an annual FAR for revenue in combined federal funds at or over "the federal funding threshold"; therefore, unless and until the federal funding threshold is amended, any GH or FFA non-profit corporation that receives in combined federal funds \$500,000 or more to have a financial audit conducted annually and submitted to CDSS in accordance with CDSS' regulations.

Any GH or FFA non-profit corporation currently receiving **less than** \$500,000 in combined federal funds will be required to submit a financial audit of its most recent fiscal year **at least** once every three (3) years.

Providers who have an annual audit due on or after September 30, 2006, and are under the \$500,000 threshold because of the statute change, will be placed on a triennial reporting schedule upon receipt by CDSS of the providers written certification, stating that the combined federal funds received from all sources for the most recent fiscal year were less than \$500,000 (amended by AB 1808), as required in the CDSS' Manual of Policies and Procedures (MPP) Section 11-405.213(b)(3). Specifically, the provider must send a Federal Revenue Certification (SR) 9 form along with unaudited cost data.

FCARL 2008-01
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Upon review and acceptance of the documents by CDSS staff, providers will be notified by CDSS when their next FAR is due. Please be advised that providers continue to be required to submit their FARs on their current schedule, *until they receive notice from CDSS that they have been approved for triennial reporting*. Providers, who have overdue FARs and 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. Additionally, providers continue to be required to submit cost data, whether audited or unaudited for each year in which a FAR is not required. All FARs must be acceptable and in accordance with CDSS' MPP Section 11-405.2

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

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 Audits and Rates 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
Foster Care Main Menu http://www.childsworld.ca.gov/FosterCare_310.htm

If you have any questions regarding the information in this FCARL, contact the Financial Audit Unit for additional information/questions at (916) 324-1717.



BARBARA EATON
Branch Chief
Foster Care Audits and Rates Branch

c: County Welfare Director's Association (CWDA)
California Alliance of Child and Family Services (CACFS)
Certificated Public Accountants (CPAs)