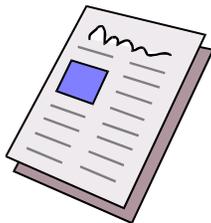


# FOSTER CARE AUDITS AND RATES BRANCH QUARTERLY



## ACTION NEWSLETTER

June 2003 - Spring Issue

### WELCOME AVID READERS

Welcome to the Foster Care Audits and Rates Branch's (FCARB) new quarterly action newsletter. This letter is intended to provide you with the latest updates, changes in procedures and/or requirements that could affect your group home and/or foster family agency (FFA) program.

### FINANCIAL AUDITS

As a result of Assembly Bill (AB) 444, Chapter 1022, Statutes of 2002 which amended WIC Section 11466.21, the financial audit report (FAR) is no longer required as a component of any Aid to Families with Dependent Children-Foster Care (AFDC-FC) rate application. However, a FAR is still required as a condition to receiving a rate.

Also, AB 444 mandates that the Office of Management and Budget (OMB) Circular A-133 standards be required for a non-profit corporation that operates a group home and/or FFA program which receives \$300,000 or more in combined federal funds for all of its programs and activities during the non-profit corporation's fiscal year be required to submit a FAR annually.

In addition, any group home and/or FFA non-profit corporation that receives less than \$300,000 in combined Federal funds in a fiscal year will be required to submit a financial audit of its most recent fiscal period once every three (3) years. This will be according to a schedule determined by the FCARB.

Although some non-profit corporations will not be required to submit a FAR every year in order to receive a foster care rate, each non-profit corporation is expected and required to maintain appropriate financial records.

Please remember that a non-profit corporation should exercise prudent business practices by keeping well-organized records of all business transactions and continue to prepare financial statements every year.

It is recommended that a non-profit corporation engage a certified public accountant (CPA) or a State-licensed public accountant (PA) well in advance of the due date of the FAR in order to allow sufficient time for completion of the audit. Additional details will be issued very soon to all providers.

### FOSTER CARE RATES

#### Cost Report Forms

Additionally, as a result of AB 444, the Group Home Program Cost Report (SR 3) and Group Home Payroll and Fringe Benefit Report (SR 4) are no longer required as part of a complete group home rate application. Likewise, the Total Program Cost Display (FCR 12FFA) is no longer required as part of a complete FFA rate request. Nevertheless, all of these forms are still required in order to receive a rate and must now be submitted with the financial audit report. For fiscal years beginning after April 1, 2003, these forms must now be audited.

#### Biennial Application Submission

Proposed legislation will change the requirements for the submission of a FFA and group home program rate application from annually to once every two years (biennially). Therefore, the California Department of Social Services (CDSS) has developed a rate request schedule which will be used to implement the biennial submission requirement upon passage of this legislation.



For providers whose first 4 digits of their program number end in an odd number, submission of a biennial rate application would be required in an odd-numbered calendar year (CY). Also, providers whose first 4 digits end in an even number must submit a biennial rate application in an even-numbered CY. Until the statute passes all providers are still required to submit a rate application annually.

#### Rate Relief

Since there was no cost of living increase for FY 2002-03, AB 444 provided temporary rate relief for FY 2002-03. For group home programs that receive AFDC-FC payments for services performed during the 2002-03 fiscal year, the rate classification level (RCL) point ranges were adjusted and will be used in performing program audits and in determining any resulting rate reduction, overpayment assessment, or other actions. The temporary RCL point reduction applies only to audits performed of services in FY 2002-03. The changes do not apply to provisional rate audits.

#### Affiliated Leases

Effective May 5, 2003, Senate Bill (SB) X1 24 was enacted which affects providers that are engaged in affiliated leases (self-dealing transactions for shelter costs). Commencing on July 1, 2003, SB X1 24 provides that any group home provider with a self-dealing lease arrangement for shelter costs will not be eligible for an Aid to Families with Dependent Children-Foster Care rate. The only exception to this prohibition is for group home providers which received an approval letter for a self-dealing lease transaction for shelter costs from the Charitable Trust Section of the Department of Justice for fiscal year 2002-03. If you have any questions, you may contact your Foster Care Rates Consultant at (916) 263-0441.

#### PROGRAM AUDITS

The FCARB has revised the Verification of Mental Health Treatment Services (SR 2C MHV) form. The SR 2C MHV now includes a line for information concerning interns or other mental health professionals who work under the license and supervision of a licensed mental health professional. The SR 2C MHV may be used by group home providers to document the mental health treatment services provided. The foster care group home auditors will accept the SR 2C MHV as proof of paid-awake mental health treatment hours, provided that the completed and signed form is in the group home files. You may request a copy of the SR 2C MHV form by contacting the FCARB.

#### TRAINING NEEDS ASSESSMENT SURVEY

Recently the FCARB developed and mailed a training needs assessment survey to providers in order to help us determine the training needs of the group home and FFA provider community. In the past, staff from the FCARB have provided on-site technical assistance and training to group home and FFA providers. However, due to the current State budget restrictions, it is highly unlikely that staff will be able to continue to provide on-site technical assistance and training.

Therefore, in order to assess your training needs so that we can develop alternative ways to provide technical assistance and training to you, the assessment survey should be completed and returned to the FCARB, at the address specified, as soon as possible. To expedite your submission, you may email the survey directly to Ms. Judi Queirolo at [jqueirolo@dss.ca.gov](mailto:jqueirolo@dss.ca.gov).

#### WHAT'S IN A DEFINITION

Have you ever wondered what's in a definition? In particular, have you ever asked yourself what is a Behavioral Science, Paid-Awake, Residential Child Care Experience, or Social Worker? Well, ask no more. To satisfy your curiosity, we have the answers.

- Behavioral Science - The study of personal relationships, the results of which would improve a person's behavior, health, or happiness. Behavioral science subjects include, but are not limited to, child development, psychology, counseling and guidance, early childhood education, human services, nursing, social science, social welfare, social work, and sociology. MPP 11-400 b.(4)
- Paid-Awake - The hours in which staff are awake and reimbursed in a manner consistent with the Department of Industrial Relations. MPP 11-400 p.(1)
- Residential Child Care Experience - Prior experience in providing direct child care worker duties or houseparent duties to children residing in out-of-home care, including the first-line supervision of child care workers or houseparents. MPP 11-400 r.(7)
- Social Worker - An individual qualified to perform social work activities who has at least a Master's Degree, from an accredited or state approved graduate school, in social work or social welfare; marriage, family, and child counseling; child psychology; child development; counseling

psychology; clinical psychology; social psychology; Master's Degree with another title, the purpose of which was to train persons to provide social work activities; or a Baccalaureate Degree in social work or social welfare and at least two years of experience in providing social work activities which may include social work activities performed in mental health settings. MPP 11-400 s.(5)

### DO YOU KNOW

- You should track your points on a monthly basis in order to determine if you are operating at your paid RCL.
- You should inform the Foster Care Rates Bureau (FCRB) of any proposed changes to your program. This includes any changes to the composition of your Board of Directors or nonprofit status.
- You can give an additional weighting of .10 for training to all child care and supervision (CCS) staff when an average of 40 or more hours of on-going training per person (full-time equivalent) per year is provided.
- Each child care worker, houseparent and first-line supervisor can receive an additional weighting for previous paid-awake experience in residential child care.
- Each child care worker, houseparent and first-line supervisor can receive an additional weighting for each eligible hour of CCS based on his/her formal education.
- You must maintain your records for a minimum of five (5) years and make them easily accessible to the Department.
- You cannot use AFDC-FC monies to pay for mental health treatment services provided.
- You are required to allocate the hours worked by staff who perform more than one function, such as, administration, child care and supervision, social work activities, mental health treatment, and other employment.
- No more than 54 hours per week per individual can be counted on the Program Classification Report (SR 2).
- As a condition of receiving an AFDC-FC rate you must submit a financial audit report.



- Your financial audit must be conducted by a certified public accountant or a State-licensed public accountant who has no direct or indirect relationship with the functions or activities being audited or with the provider, its board of directors, officers or staff.

### INDUSTRIAL WELFARE COMMISSION WAGE (IWC) ORDER 5-2002

The IWC Wage Order 5-2002, requires that employees be compensated at 1 ½ time for hours worked in excess of 40 hours in any workweek and at double pay for hours in excess of 16 hours in a workday.

### CALIFORNIA'S MINIMUM WAGE

California's current minimum wage amount is six dollars and seventy-five cents (\$6.75). Therefore, every employer in California must pay to each employee wages not less than \$6.75 per hour for all hours worked.

### FINGERPRINTS

As defined by MPP 11-400 c.(5) a child care worker is a group home employee engaged in providing child care duties and who meets Community Care Licensing (CCL) requirements. Therefore, as required by CCL Title 22, CCR, Section 80019, all individuals shall be fingerprinted prior to employment, residence or initial presence in a facility.

In addition, according to Title 22, CCR, Section 80019(f), an individual may be permitted to transfer a current criminal record clearance, from one facility to another, as long as the criminal record clearance has been processed through a state licensing office. Therefore, if a provider does not ensure that CCL officially transfers (associates) an employee through the CCL process, there is no proof that the provider is certain that the employee is cleared to work in the facility. Remember, it is the sole responsibility of the provider to ensure the safety of the children by obtaining clearances for all workers.

### HOW TO CALCULATE ON-GOING TRAINING HOURS - THE SIMPLE WAY

Are you having difficulty in determining how many hours of training you must provide in order to get an additional weighting of 0.10. Well, help is here. First, determine the total combined hours expected to work in a 12 month period; divide the number by the annualize full-time equivalent (FTE), based on a 40 hours work week; this equals the number of FTEs; multiply the FTEs by 40



hours per employee; this equals the number of hours of training the provider must provide for all eligible CCS hours to be weighted by an additional 0.10.

**Example:**

$$12,636 \div 2080 = 6.075 \times 40 = 243 \text{ hours}$$

**HOW TO DETERMINE IF YOUR SOCIAL WORKER IS AN INDEPENDENT CONTRACTOR - MPP SECTION 11-402.222(d)**

- The person providing the social work activities is not an employee of the group home provider and meets the requirements of an independent contractor.
- The group home has no control over the manner and means by which the individual providing the social work activities performs his/her services.
- The payment for social work activities performed is based on completion of the specifics in the contract. The hours are paid from accounts payable based on invoices or billings rather than payroll based on timesheets.
- The group home provider and the individual providing the social work activities do not view the work relationship as one of employee and employer.

**ARE YOU HAVING DIFFICULTY KNOWING IF AN EDUCATIONAL INSTITUTION IS ACCREDITED OR APPROVED?**

If so, you can locate pertinent information on the internet at the following websites:

- Information on California state-approved institutions can be found at: <http://www.cpec.ca.gov/CollegeGuide/SearchGuide.ASP?E>.
- Information on the Western Association of Schools and Colleges, which is the regional agency that accredits colleges and universities in California can be found at <http://www.wascweb.org>
- Information on regional agencies that accredit institutions in other areas of the country can be found at: <http://www.ed.gov/offices/ope/accreditation/natl/agencies.html>

**HOT NEWS FLASH**

After 26 years of State service, Ms. Judy Colbert, retired from her position as the Branch Chief of the Foster Care Audits and Rates Branch. Everyone in the

"foster care world" wishes her well and a happy retirement. Congratulations, Judy.

**EMPLOYEE SPOTLIGHT**

With over 25 years of State service, Ms. Judi Queirola, Supervising Governmental Auditor, I, is the manager of the Foster Care Policy and Support Unit. Judi has the responsibility for the development and on-going maintenance of the first California Department of Social Services (CDSS) Foster Care Auditor Training Academy, as well as the provision of on-going audit preparation training for group home providers throughout the State. Way to go, Judi.

**BULLETIN BOARD**

- In the near future, the FCARB hope to conduct training on foster care audits and rates in Sacramento. Please look forward to receiving your e-mail notification for the date and time that you will be scheduled to attend training in Sacramento.
- Eventually, interactive training packets will be made available on the Internet for providers to access, download and print. This would allow providers to complete the training packet at his or her own pace, leisure and convenience.

**NEXT ISSUE - PREVIEW**

The following topics will be featured in the next Action Newsletter:

- Can a Criminal Justice degree be considered as a Behavioral Science degree?
- Who can provide mental health services?
- What is an overpayment?
- How is an overpayment assessed?
- What is an audit?
- How are providers selected to be audited?
- Maintaining records.
- Allocation of Functions

*PLUS MUCH MORE FOR YOUR READING PLEASURE*



**READ ALL ABOUT IT - HOT OFF THE INTERNET**

In the near future, for your reading enjoyment, you will be able to access the CDSS' Webpage on the internet to obtain your own personal copy of the FCARB's Quarterly Action Newsletter. Please make sure that you check the internet on a regular basis so that you don't miss out on an exciting news issue.

**BRAIN TEASERS**



**POP QUIZ** (True or False)

1. There are 9 RCLs in the Rate System? \_\_\_\_\_
2. A provisional rate is a permanent rate? \_\_\_\_\_
3. Program records must be maintained for a minimum of three (3) years. \_\_\_\_\_
4. Behavioral Science is defined in regulations? \_\_\_\_\_
5. Eligible hours are all paid hours. \_\_\_\_\_

**UNSCRAMBLE WORDS**

- retsof erac \_\_\_\_\_
- alfinanci taudi \_\_\_\_\_
- reat ppliacation \_\_\_\_\_
- daip keawa \_\_\_\_\_
- udiat \_\_\_\_\_
- derpivor \_\_\_\_\_
- proug mohe \_\_\_\_\_
- FAF \_\_\_\_\_

For the correct answers to these Brain Teasers, please see page 6.

**CORNY JOKE**

An elderly gent was invited to his old friends' home for dinner one evening.

He was impressed by the way his buddy preceded every request to his wife with endearing terms-- Honey, My Love, Darling, Sweetheart, Pumpkin etc. The couple had been married almost 70 years and, clearly, they were still very much in love. While the wife was in the kitchen, the man leaned over and said to his host, "I think it's wonderful that, after all these years, you still call your wife those loving pet names. "The old man hung his head. "I have to tell you the truth," he said, "Actually, I forgot her name about 10 years ago."

**Chuckle, Chuckle, Chuckle, Chuckle, Chuckle, Chuckle**

**TIDBITS CORNER**



FCARB Telephone: (916) 274-0449  
FAX Telephone: (916) 274-0448 or (916) 274-6249

FCRB Telephone: (916) 263-0441  
Fax Telephone: 263-0320

**MANAGER'S FINAL THOUGHTS**

We hope this newsletter and the information contained in it are helpful to you. In this time of budget crisis, we are looking at alternate low cost ways to provide technical assistance to you. Please let us know if this is helpful and any suggestions you may have for additional topics or improvement. You may email your suggestions or ideas to Ms. Sandra McCauley at [smccaule@dss.ca.gov](mailto:smccaule@dss.ca.gov) or to Ms. Judi Queirolo at [jqueirol@dss.ca.gov](mailto:jqueirol@dss.ca.gov).



**SPECIAL NOTE OF APPRECIATION:**

The Foster Care Audits and Rates Branch wants to especially thank each and every provider for the services provided to all our children in the foster care system. Therefore, with much gratitude and appreciation, we say thank you.



**ANSWERS TO BRAIN TEASERS:**



**Pop Quiz:**

1. False. There are 14 Rate Classification Levels.
2. False. A provisional rate is a temporary rate.
3. False. Records must be maintained for 5 years.
4. True. Behavioral Science is defined in MPP 11-400 b.(4)
5. False. Eligible hours are paid-awake hours.

**Unscramble Words:** foster care, financial audit, rate application, paid-awake, audit, provider, group home, FFA.



**CROSSWORD PUZZLE**

Forthcoming in the near future.

