

To date, ADP's SACPA audit unit has treated findings as errors, where the findings could reasonably fall within (e)(2). However, to ensure consistency and to clarify the application of this provision, ADP is setting forth specific instances where (e)(2) will be applied, as follows:

1. When the recorded fund balance is correct, but the Annual Financial Status Report (FSR) is incorrect and requires adjustment(s) to agree with the records. This would include mis-reporting of expenses and revenues included in the county's financial records.
2. When the FSR contains superfluous information, such as Drug Medi-Cal costs and/or revenues that do not affect the trust fund balance.
3. When revenues and/or expenditures are reported on the FSR for the wrong fiscal year and/or in the wrong categories.
4. When the audit was performed prior to the county making a planned entry to correct the balance, such as posting earned interest or making a scheduled inter-fund transfer.
5. In special circumstances which comply with (e)(2), but which are not specifically set forth in 1 through 4 above.

Generally, the above examples will not result in amounts being due the ADP, and should be resolvable through adjustments to a county's records and/or its FSR. However, repayment will be required when a county has been allowed to deposit the audit finding amount to its own trust fund, but the subsequent audit determines that the deposit was not made. Counties will be provided an opportunity to appeal any financial audit findings, including the determination of whether they must be repaid to the ADP.

If you have any questions concerning the audit repayment requirement, please contact Gary Bellamy, Audit Manager, at (916) 322-4834 or Michael C. Chmielewski, Assistant Audit Manager, at (916) 324-2038.

Sincerely,

[Original Signed By]

ANN HORN
Deputy Director
Division of Administration