

|->

Title 22@ Social Security

|->

Division 3@ Health Care Services

|->

Subdivision 1@ California Medical Assistance Program

|->

Chapter 4@ Prepaid Health Plans

|->

Article 3@ OPERATIONAL REQUIREMENTS

|->

Section 53340@ Financial Audit

53340 Financial Audit

(a)

Each plan shall have an audit performed at least annually by an independent certified public accountant who is independent according to the provisions of Accounting Series Release Number 126 (July 5, 1972) issued by the Securities Exchange Commission. A plan operated by a public entity shall have an annual audit performed in a manner approved by the Department. Additional audits may be required by the Director after a determination of good cause. All certified financial statements shall be filed with the Department not later than 90 days after the close of the plan's fiscal year. Combined financial statements shall be prepared in accordance with the rules set forth in Section 1300.84, Title 10, California Administrative Code, in order to demonstrate the financial position of the overall related health care delivery system when delivery of health care or other services is dependent upon affiliates. Financial statements shall be presented in a form that clearly shows the financial position of the individual plan separately from the combined totals. Interentity transactions and profits shall be eliminated when combined statements are prepared.

(b)

The plan shall authorize the independent accountant to allow representatives of the Department, upon written request, to inspect any and all working papers relating to the preparation of the audit report. The inspection shall: (1) Be

conducted at the accountant's place of business in California during normal business hours. (2) Be conducted at the Department of Health Services' headquarters in Sacramento, California, if the accountant's place of business is outside the State of California. (3) Include notes, computations, work sheets and rough drafts.

(1)

Be conducted at the accountant's place of business in California during normal business hours.

(2)

Be conducted at the Department of Health Services' headquarters in Sacramento, California, if the accountant's place of business is outside the State of California.

(3)

Include notes, computations, work sheets and rough drafts.