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Title 22@ Social Security

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Division 3@ Health Care Services

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Subdivision 1@ California Medical Assistance Program

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Chapter 6@ PRIMARY CARE CASE MANAGEMENT PLANS

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Article 3@ OPERATIONAL REQUIREMENTS

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Section 56340@ Financial Audit

## 56340 Financial Audit

### (a)

A PCCM plan, not operated by a public entity, that has an average enrollment of 5,000 members per month or more in any three consecutive months within a contract year, shall have an audit performed at the close of the contract year by an independent certified public accountant. Regardless of enrollments, all PCCM plans not operated by a public entity shall have a independent certified public accountant perform an audit at least once every third year after the initial contract is signed with the Department.

### (b)

A PCCM plan operated by a public entity shall have an annual audit performed in a manner specified in the PCCM contract. The audit may be performed by, but is not limited to performance by: (1) A certified public accountant. (2) The county's financial accounting/audit department. (3) The State's Auditor General office.

#### (1)

A certified public accountant.

#### (2)

The county's financial accounting/audit department.

#### (3)

The State's Auditor General office.

### (c)

Combined financial statements shall be prepared if the PCCM plan and an affiliate are substantially dependent upon each other for the provision of health care, management or other services. When a combined financial statement is required the independent accountant's report or opinion shall cover all the entities included in the combined financial statements. If the accountant's report or opinion makes reference to the fact that a part of the examination was performed by another auditor, the PCCM plan shall also file the individual financial statements and report or opinion issued by the other auditor.

**(d)**

PCCM plans which have subsidiaries that are required to be consolidated under generally accepted accounting principles shall present either consolidating financial statements, or consolidating schedules for the balance sheet and statement of operations, which in either case shall show the PCCM plan separate from the other entities included in the consolidated balances. Interentity transactions and profits shall be eliminated when combined statements are prepared.

**(e)**

The PCCM 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's headquarters in Sacramento, California, if the accountant's place of business is outside the State of California. (3) Include supporting documentation, such as 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's headquarters in Sacramento, California, if the accountant's place of business is outside the State of California.

**(3)**

Include supporting documentation, such as notes, computations, work sheets and rough drafts.