



October 28, 2014

Michael Clark
Executive Director
California State Council on Developmental Disabilities
1507 21st Street, Suite 210
Sacramento, CA 95811

Reference: Fiscal Year 2015 Award No. 1501CABSDD – High Risk Designation

Dear Mr. Clark,

The purpose of this letter is to summarize for California's State Council on Developmental Disabilities (SCDD) the status of the fiscal year (FY) 2015 grant award and next steps of the corrective action plan (CAP). The SCDD grant award under the current FY2015 continuing resolution will continue to be classified as high risk by the Administration on Intellectual and Developmental Disabilities (AIDD) and the Administration for Community Living Office of Grants Management (OGM). The restrictions on the grant funds will remain in place and the award will continue to have special terms and conditions.

AIDD has made this determination based on the compliance issues identified in the 2014 Monitoring and Technical Assistance Review System (MTARS) report that the Council has yet to fully address. While SCDD's efforts in FY 2014 have been noted, including the necessary changes to the Lanterman Act, there remain other significant issues that must be addressed for the high risk status to be lifted from the grant award. These have been outlined for SCDD by AIDD in the Documentation of Compliance chart as part of the technical assistance and guidance AIDD provided to SCDD throughout FY 2014. This chart outlines the evidence of progress needed to address the findings in the MTARS report. A response from SCDD with targeted dates for reporting was submitted to AIDD. Such response was reviewed and approved.

In addition, AIDD is concerned about the Council's ability to independently and proactively determine the necessary strategies and activities to effectively address the CAP. Critical to this process is for SCDD to ensure effective leadership to successfully manage and guide the coordination, process and implementation of the CAP. To this end, we would like to remind the Council of the following requirement in the DD Act with regard to staffing:

As provided in 42 USC § 15025(c) (8) (B), SCDD is responsible for "hiring and maintaining such numbers and types of staff (qualified by training and experience) and obtaining the services of such professionals, consulting, technical... to carry out the functions of the Council under this subtitle"

AIDD is concerned that the staffing level is not adequate to sufficiently implement the CAP and move the SCDD closer towards full compliance. We strongly encourage the Council to review its staffing plan as it relates to the CAP to ensure adequate staffing and leadership is assigned to address all components of the CAP.

As provided in 45 C.F.R. 92.12, Uniform Administrative Requirements for Grants and Cooperative Agreements to State, Local, and Tribal Governments, the awarding agencies of the Department of Health and Human Services (HHS) are permitted to impose additional requirements on recipients who have a history of poor performance or are not otherwise responsible. When it imposes any additional requirements, the HHS awarding agency must notify the recipient in writing with the information below.

THE NATURE OF THE ADDITIONAL REQUIREMENTS

The special conditions and restrictions are the following:

1. Payment on a reimbursement basis: the SCDD will continue to be on cost reimbursement. To obtain payment for costs incurred under the DDC grant, SCDD must submit monthly written reimbursement requests using the Standard Form (SF) 270 Request for Advance or Reimbursement; summary schedules of costs claimed that includes the totals by each grant budget category; accounting system reports that list the individual cost items included in each budget grant category total; narrative reports of program activities related to the expenditure, and source documentation (e.g., cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc.) for each individual cost item greater than \$500. Further, expenditures claimed that are not included in the most recently approved grant budget must be accompanied by detailed justifications/explanations or the related costs will not be accepted as allowable costs. The SF-270 will serve as your interim expenditure report, however a final SF-425 will be required at the end of the award period. Should the high risk designation be lifted a revised term will be added to your award reflecting the new financial reporting requirements.
2. Additional project monitoring: SCDD must:
 - a. Submit program progress reports on December 1, 2014, January 1, 2015, and, February 1, 2015. Each report should include the following:
 - i. Cover letter outlining the contents of the submission
 - ii. A narrative report describing the status of activities in the Documentation of Compliance chart
 - iii. Supporting documentation for each task
 - iv. Activities to Support Implementation of Lanterman Act changes impacting Council operations
 - v. Council Operations and organizational structure
 - vi. Narrative explaining the extent to which progress is being made
 - vii. Barriers to implementation (if any)
 - viii. Findings fully addressed (if any)
 - ix. Changes to the timeline in the Documentation of Compliance for prior approval by AIDD (if any)
 - b. Quarterly calls with the AIDD staff to review progress in the implementation of the CAP. Opportunities for additional calls may be available if needed.
3. Obtaining technical assistance: SCDD is required to obtain technical assistance to address the compliance issues through regular, on-going assistance from experts with extensive knowledge of the DDC program, particularly with regard to issues of program administration, organizational administration and fiscal management;
4. Obtaining management assistance: SCDD is required to obtain management assistance to ensure implementation of the CAP and that reporting requirements are met.

AIDD staff will review and provide feedback for each report submitted. AIDD can also provide you with entities that may be particularly useful in providing technical and management assistance because of their extensive knowledge of and experience with the DDC program and with assisting grantees in effectively implementing a CAP.

THE METHOD FOR REQUESTING RECONSIDERATION OF THE ADDITIONAL REQUIREMENTS IMPOSED

SCDD may request we reconsider our decision to classify its DDC grant award as high risk within 45 days of receipt of this letter. The request should be made to your AIDD project officer by letter and include a detailed explanation, along with any necessary supporting documentation, as to why it believes AIDD's grant award should not be classified as high risk.

SCDD must submit the requested program information to:

Allison Cruz
Project Officer
Administration on Intellectual and Developmental Disabilities
Administration for Community Living
Washington, DC 20201
Phone: 202-357-3439
Email: allison.cruz@acl.hhs.gov

SCDD must submit the requested fiscal information to:

Rebecca Mann
Grants Management Specialist
Administration for Community Living
Washington, DC 20201
Phone: (202) 357-3423
Email: rebecca.mann@acl.hhs.gov

Once the corrective action plan has been fully addressed, AIDD will promptly remove SCDD from high risk status and special terms and conditions. If effective progress is not evident within the FY 2015, AIDD reserves the right to take additional measures.

We continue to extend our support to you in addressing the compliance issues. If you have any questions or concerns, please contact your AIDD, project Officer, Allison Cruz.

Thank you for your continued cooperation.

Sincerely,


Aaron Bishop
Commissioner
Administration on Intellectual
and Developmental Disabilities


Rimas Liogys
Director
Office of Grants Management

cc: Sarah Greenseid, Deputy Appointments Secretary, Governor's Office
Mike Wilkening, Deputy Secretary, Designated State Agency, California Health and Human Services Agency



Notice of Award – High Risk

**Developmental Disabilities Act Subtitle B –
Federal Assistance to State Developmental Disabilities Councils**

Grantee:
California
Director
Department of Social Services
744 P Street, MS 19-93
Sacramento, CA 95814

Date:
October 28, 2014

Grant No.: 1501CABSDD **Seq. No.:** 2015 / 1
Award Instrument: Grant (Formula)
Project Period: 10/01/2014 - 09/30/2016

Award Authority: P.L. 106-402

EIN: 1-946001347-A7

CFDA Program Title	Award This Action	Cumulative Grant Award to Date	Appropriation	Object Class Code
93.630 State DD Councils	\$1,271,168	\$1,271,168	75-5-0142	41.15
Total	\$1,271,168	\$1,271,168		

Terms and Conditions:

1. The terms and conditions of this Notice of Award and other requirements have the following order of precedence if there is any conflict in what they require: (1) the Developmental Disabilities Assistance and Bill of Rights Act of 2000 (DD Act); (2) other applicable Federal statutes and their implementing regulations; (3) program regulations; and (4) terms and conditions of award.
2. This formula grant award is issued under the authority of The Developmental Disabilities Assistance and Bill of Rights Act of 2000 (DD Act), P.L. 106-402. By requesting or receiving funds under this award, the recipient assures that it will carry out the project/program and will comply with the terms and conditions and other requirements of this award. Further, the recipient agrees to be responsible for limiting the draw of funds to the actual time of disbursement and submitting timely reports as required; and to be responsible for effectively controlling the use of cash in compliance with Federal requirements when these funds are advanced to secondary recipients. HHS terms and conditions can be found in Part II of the HHS Grants Policy Statement (<http://www.hhs.gov/asfr/ogapa/aboutog/hhsgps107.pdf>).
3. Withdrawals of funds are not to exceed the total grant award shown above under provisions of Treasury Circular No. 1075. Failure to adhere to these requirements may cause the suspension of grant funds.
4. For this award the SF-270 will serve as the interim expenditure report in lieu of the SF425 Federal Financial Report (SF-425). SF-270 forms and instructions can be downloaded from <http://www.whitehouse.gov/sites/default/files/omb/grants/sf270.pdf> and submit the completed forms to the fiscal award administrator identified in the award. Complete all lines, as appropriate. In addition, the following information must be provided: To obtain payment for costs incurred under the DDC grant, SCDD must submit written reimbursement requests using the Standard Form (SF) 270 Request for Advance or Reimbursement; summary schedules of costs claimed that includes the totals by each grant budget category; accounting system reports that list the individual cost items included in each budget grant category total; and source documentation (e.g., cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc.) for each individual cost item greater than \$500. Further, expenditures claimed that are not included in the most recently approved grant budget

must be accompanied by detailed justifications/explanations or the related costs will not be accepted as allowable costs.

5. The DDC program performance report (PPR) is due on an annual basis. The first report is due December 31, 2015. The reports can be submitted using DD Suite located at: <http://ddsuite.org/>.
6. Additionally, SCDD must:
 - a. Submit program progress reports on December 1, 2014, January 1, 2015, and, February 1, 2015. Each report should include the following:
 - i. Cover letter outlining the contents of the submission
 - ii. A narrative report describing the status of activities in the Documentation of Compliance chart
 - iii. Supporting documentation for each task
 - iv. Activities to Support Implementation of Lanterman Act changes impacting Council operations
 - v. Council Operations and organizational structure
 - vi. Narrative explaining the extent to which progress is being made
 - vii. Barriers to implementation (if any)
 - viii. Findings fully addressed (if any)
 - ix. Changes to the timeline in the Documentation of Compliance for prior approval by AIDD (if any)
 - b. Quarterly calls with the AIDD staff to review progress in the implementation of the CAP. Opportunities for additional calls may be available if needed.
 - c. Obtaining technical assistance: SCDD is required to obtain technical assistance to address the compliance issues through regular, on-going assistance from experts with extensive knowledge of the DDC program, particularly with regard to issues of program administration, organizational administration and fiscal management;
 - d. Obtaining management assistance: SCDD is required to obtain management assistance to ensure implementation of the CAP and that reporting requirements are met.
7. The Federal share of the cost of all projects in a State supported by an allotment to the State under Subtitle B may not be more than 75 percent of the aggregate necessary cost of such projects, as determined by the Secretary. The remaining 25% of the aggregate necessary cost of such projects represents the non-Federal share. In the case of projects whose activities or products target individuals with developmental disabilities who live in urban or rural poverty areas, as determined by the Secretary, the Federal share of the cost of all such projects may not be more than 90 percent of the aggregate necessary cost of such projects, as determined by the Secretary. In the case of projects undertaken by the Council or Council staff to implement State plan activities, the Federal share of the cost of all such projects may be not more than 100 percent of the aggregate necessary cost of such activities.
8. Additional terms and conditions that are applicable to this award can be found on the ACL website: http://www.acl.gov/Funding_Opportunities/Grantee_Info/Terms.aspx.
9. Grantees are hereby given notice that the 48 CFR section 3.908, implementing section 828, entitled "Pilot Program for Enhancement of Contractor Whistleblower Protections," of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2013 (Pub. L. 112-239, enacted January 2, 2013), applies to this award. The effective date is for all grants and contracts issued on or after July 1, 2013, through January 1, 2017.
10. **United States v. Windsor, 133 S.Ct. 2675 (June 26, 2013); section 3 of the Defense of Marriage Act, codified at 1 USC § 7.** All grantees are expected to recognize any same-sex marriage legally entered into in a U.S. jurisdiction that recognizes their marriage, including one of the 50 states, the District of Columbia, or a U.S. territory, or in a foreign country so long as that marriage would also be recognized by a U.S. jurisdiction. This applies regardless of whether or not the couple resides in a jurisdiction that

recognizes same-sex marriage. However, this does not apply to registered domestic partnerships, civil unions or similar formal relationships recognized under the law of the jurisdiction of celebration as something other than a marriage. Accordingly, recipients must review and revise, as needed, any policies and procedures which interpret or apply Federal statutory or regulatory references to such terms as "marriage," "spouse," family," "household member" or similar references to familial relationships to reflect inclusion of same-sex spouse and marriages. Any similar familial terminology references in HHS statutes, regulations, or policy transmittals will be interpreted to include same-sex spouses and marriages legally entered into as described herein.

Remarks:

1. **By this award the grantee is designated as high risk and must conform to the requirements as described above.** Removal from the high risk designation can be requested within 45 days of the date on this award and at any time after the 45 days through the Programmatic and Fiscal contacts noted below. A decision regarding removal from the high risk designation will then be made by the Commissioner of AIDD and the Chief Grants Management Officer.
2. The DDC grant award to your state has been approved for the current period of the fiscal year in the amount shown above. Award levels represent FY 2015 funding under the current Continuing Resolution (PL 113-164). The period for liquidation of the obligations is through September 30, 2017.
3. (Suspended until the high risk designation is lifted) Payment under this award will be made available through the HHS Departmental Payment Management System (PMS). PMS provides instructions for making withdrawals of Federal funds. **When requesting payment from PMS, please use your P account login and reference the sub-account code "ADDDDC15" for payment.** Inquiries regarding payments should be directed to Program Support Center/Division of Payment Management (PSC/DPM), DHHS; Post Office Box 6021; Rockville, MD 20852; 1-877-614-5533; PMSSupport@psc.gov.
4. Federal Cash Reporting: On the SF-425 form, lines 10 a through c are reported on a quarterly calendar year basis at the HHS Departmental Payment Management System (PMS). PMS website is located at: <http://www.dpm.psc.gov>

ACL Contact Information:

Programmatic Contact

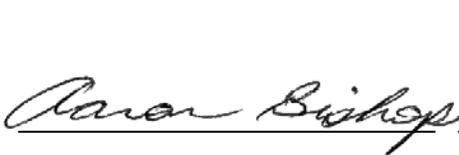
Name: Allison Cruz
Telephone: (202) 357-3439
E-mail: Allison.cruz@acl.hhs.gov

Grants Management Contact

Name: Rebecca Mann
Telephone: (202) 357-3423
E-mail: rebecca.mann@acl.hhs.gov

Fiscal Contact

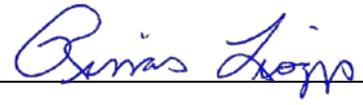
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ACL Authorizing Official



Funds Certifying Official



ACL Grants Officer