



Jorge A. Aguilar, Chair  
California State Council on Developmental Disabilities  
1507 21st Street, Suite 210  
Sacramento, CA 95814

Roberta Newton  
Interim Executive Director  
California State Council on Developmental Disabilities  
1507 21st Street, Suite 210  
Sacramento, CA 95814

Reference: Fiscal Year 2014 Award No. 1401CABSDD – High Risk Designation

Dear Mr. Aguilar and Ms. Newton,

The purpose of this letter is to inform you that the Administration on Intellectual and Developmental Disabilities (AIDD) and the Administration for Community Living Office of Grants Management (OGM) is classifying as high risk the California State Council on Developmental Disabilities (SCDD) Fiscal Year (FY) 2014 grant award authorized under the Developmental Disabilities Assistance and Bill of Rights Act of 2000 (DD Act). We are placing restrictions on the referenced SCDD FY 2014 grant award as described in this letter. Our decision is based on the compliance issues cited in the enclosed Monitoring and Technical Assistance Review System (MTARS) report. Many of the findings in this report include compliance issues for which the Council was cited during monitoring visits conducted in 1994 and 2006 in the areas below:

- Budget
  - Council Funding of Area Boards
  - Clarity with the use of Federal vs. State Funds
  - Budget Development Process
  - Budget Execution Process
- Hiring Authority
  - Deputy Director Staff positions
  - Governor's Office role in Council Hiring Process
- Membership
  - Long-Term Unfilled Vacancies
  - Nomination Process
- State Council Leadership and Activities
  - State Council Control of Area Board Activities
  - Overlap of P&A and Area Board Duties
  - Council versus Area Board Roles & Responsibilities

- Council Accountability over Area Board Activities

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 is hereby placed 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; 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 a corrective action plan by Friday **February 14, 2014** that details how SCDD will address the items in Attachment A of the MTARS report; and
  - b. Provide monthly program progress reports on the corrective action plan starting March 17, 2014.
3. ***Obtaining technical or management assistance:*** SCDD is required to obtain technical assistance to address the compliance issues through:
  - a. 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; and
  - b. Quarterly calls with the AIDD staff to review progress in the implementation of the Corrective Action Plan.

AIDD can provide you with entities that may be particularly useful in providing technical assistance because of their extensive knowledge of and experience with the DDC program.

#### 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:

Sara Newell  
Project Officer  
Administration on Intellectual and Developmental Disabilities  
Administration for Community Living  
Washington, DC 20201  
Phone: 202-690-5983  
Email: [sara.newell@acl.hhs.gov](mailto:sara.newell@acl.hhs.gov)

SCDD must submit the requested fiscal information to:

Yi-Hsin Yan  
Management Analyst  
Administration for Community Living  
Washington, DC 20201  
Phone: (202) 357-3436  
Email: [Yi-Hsin.Yan@acl.hhs.gov](mailto:Yi-Hsin.Yan@acl.hhs.gov)

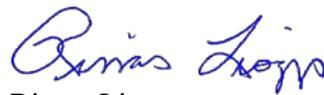
AIDD will promptly remove the additional requirements once the conditions have been corrected and remove the grant from high risk status.

We continue to extend our support to you in addressing the compliance issues. Please contact AIDD's lead project officer for the DDC grants, Sara Newell, with any questions or concerns. Thank you for your continued cooperation.

Sincerely,



Aaron Bishop  
Acting 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