

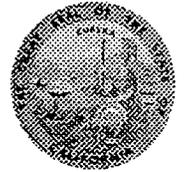
**REPORT  
ON THE  
COMPREHENSIVE AUDIT  
ALTAMED HEALTH SERVICES CORPORATION  
LOS ANGELES, CALIFORNIA  
MATERNAL, CHILD AND ADOLESCENT HEALTH PROGRAM  
CONTRACT NUMBER 05-45105  
CONTRACT PERIOD: JULY 1, 2005 TO JUNE 30, 2010  
AUDIT PERIOD: JULY 1, 2005 TO JUNE 30, 2006**

**Audits Section - Burbank  
Financial Audits Branch  
Audits and Investigations  
California Department of Health Care Services**

**Section Chief: Daniel J. Giardinelli  
Audit Supervisor: Henry Kwan  
Auditor: Ruth Kadomiya**



State of California—Health and Human Services Agency  
Department of Health Care Services



ARNOLD SCHWARZENEGGER  
Governor

November 25, 2008

Stuart Gray, Chairperson  
Board of Directors  
AltaMed Health Services Corporation  
500 Citadel Drive, Suite 490  
Los Angeles, California 90040

Dear Mr. Gray:

The claims for expenditures for services provided by AltaMed Health Services Corporation under the California Department of Public Health, Center for Family Health, Maternal, Child and Adolescent Health Program, Contract No. 05-45105 for the fiscal period of July 1, 2005 through June 30, 2006 have been audited by the Financial Audits Branch of the California Department of Health Care Services. In addition, a review was made of the program's management and operational procedures.

Except as set forth in the following paragraph, our audit was made in accordance with generally accepted government auditing standards as promulgated by the Comptroller General of the United States. Accordingly, our audit included such tests of the accounting records and other audit procedures, as we considered necessary under the circumstances.

The financial statements of AltaMed Health Services Corporation for the fiscal years ended April 30, 2006 and April 30, 2007 were examined by other auditors whose report dated August 22, 2007 expressed an unqualified opinion on those statements.

The scope of our review was limited to specific contract or program requirements relating to financial compliance and did not include sufficient work to determine whether the financial statements present fairly the financial position and the results of the financial operations. We have not duplicated the work performed by the other auditors.

As noted in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial position referred above. Consequently, no financial statements are presented.

Stuart Gray  
Page 2  
November 25, 2008

The program audit was conducted during the months of October and November 2007 and April and May 2008. The exit conference was held on July 24, 2008 at which time the results of the engagement were discussed.

This Audit Report includes the:

1. Executive Summary of Findings
2. Contract Compliance
3. Fiscal Findings
4. Systems and Procedures
5. Financial Schedules

The report concludes that \$15,961 is due the State and \$2,071 is due the Federal government, for a total of \$18,032. You will be receiving an invoice in that amount from the Department's Accounting Section.

Please develop and submit a corrective action plan within ninety (90) days of receipt of this letter to:

Stephen Fong  
Contract Manager  
Maternal, Child and Adolescent Health Program  
Center for Family Health  
California Department of Public Health  
1615 Capital Avenue, MS 8300  
P.O. Box 997420  
Sacramento, CA 95899-7420

and a copy of this plan to:

Daniel J. Giardinelli, Chief  
Audits Section – Burbank  
1405 North San Fernando Boulevard, Room 203  
MS 2101  
Burbank, CA 91504

If you disagree with the amount due, you may appeal by writing to Catherine Camacho, Deputy Director, Center for Family Health, California Department of Public Health, 1501 Capitol Avenue, P.O. Box 997413, MS 8000, Sacramento, CA 95899-7413. This written notice of disagreement must be received by the Department within sixty (60) calendar days from the day you receive this letter. Excerpts of the regulation governing audit appeals, Chapter 2.1 of Division 2, Title 22, California Code of Regulations, are included for your information.

Stuart Gray  
Page 3  
November 25, 2008

If you should have any further question, please contact Stephen Fong, Contract Manager, at (916) 650-0352.



Daniel J. Giardinelli, Chief  
Audits Section – Burbank  
Financial Audits Branch

Certified

cc: Castulo de la Rocha  
President/Chief Executive Officer  
AltaMed Health Services Corporation  
500 Citadel Drive, Suite 490  
Los Angeles, CA 90040

Jose Esparza  
Vice President of Finance/Chief Financial Officer  
AltaMed Health Services Corporation  
500 Citadel Drive, Suite 490  
Los Angeles, CA 90040

Stephen Fong  
Contract Manager  
Maternal, Child and Adolescent Health Program  
Center of Family Health  
California Department of Public Health  
1615 Capitol Avenue, MS 8300  
P.O. Box 997420  
Sacramento, CA 95899-7420

## TABLE OF CONTENTS

	<u>PAGE</u>
<b>I. EXECUTIVE SUMMARY OF FINDINGS -----</b>	<b>1</b>
<b>II. INTRODUCTION -----</b>	<b>6</b>
A. Description of Program	
B. Description of Agency	
C. Site Location	
D. Funding Sources	
E. Contract Goals and Objectives	
<b>III. SCOPE OF AUDIT -----</b>	<b>9</b>
<b>IV. CONTRACT COMPLIANCE -----</b>	<b>10</b>
A. Contract Requirements	
B. Contract Goals and Objectives	
<b>V. FISCAL FINDINGS -----</b>	<b>19</b>
A. Expenditures	
B. Revenues	
<b>VI. SYSTEMS AND PROCEDURES -----</b>	<b>25</b>
<b>VII. FINANCIAL SCHEDULES -----</b>	<b>26</b>
A. Summary of Audited AFLP Expenditures	
B. Summary of Audited ASPPP Expenditures	
C. Explanation of Audit Adjustments	

**ALTAMED HEALTH SERVICES CORPORATION  
MATERNAL, CHILD AND ADOLESCENT HEALTH PROGRAM  
CONTRACT NUMBER 05-45105  
CONTRACT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2010  
AUDIT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2006**

**I. EXECUTIVE SUMMARY OF FINDINGS**

The audit of AltaMed Health Services Corporation (AltaMed) Maternal, Child and Adolescent Health (MCAH) Program contract was performed to verify that management practices were in compliance with the applicable contract regulatory and statutory requirements. The audit was also conducted to verify the propriety and correctness of invoices submitted to the State of California Department of Public Health (CDPH), formerly the Department of Health Services (DHS), for payment and to determine whether AltaMed achieved the goals and objectives of the contract. The following is a summary of the Financial Audits Branch's findings:

**A. CONTRACT REQUIREMENTS**

A requirement for obtaining the MCAH Program contract was that AltaMed agreed to follow certain standard provisions applicable to state monies. These provisions are listed in Exhibit D(F) of the contract.

AltaMed did not comply with the following contract provisions:

1. Equal Employment Opportunity

Contract Exhibit D(F), Section 1, Paragraph b states, "The Contractor will, in all solicitations or advancements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin, physical or mental handicap, disability, age or status as a disabled veteran or veteran of the Vietnam era."

The job advertisements placed by AltaMed did not include the equal employment opportunity clause as required by the contract for the audit period under review. AltaMed was able to provide advertisements for the period prior to July 1, 2005 and the period after June 30, 2006 which indicated that AltaMed was an equal opportunity employer.

2. Property Purchased with Program Funds

Contract Exhibit D(F), Section 4, Paragraph a, states, "...all equipment and/or miscellaneous property that are purchased/reimbursed with agreement funds or

**ALTAMED HEALTH SERVICES CORPORATION  
MATERNAL, CHILD AND ADOLESCENT HEALTH PROGRAM  
CONTRACT NUMBER 05-45105  
CONTRACT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2010  
AUDIT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2006**

furnished by DHS under the terms of this agreement shall be considered state equipment and the property of DHS. DHS requires the reporting, tagging and annual inventorying of all equipment and/or miscellaneous property that is furnished by DHS or purchased/reimbursed with funds provided through this agreement.”

There were no state tags on the computers and monitors purchased with the agreement funds.

**3. Travel and Per Diem Reimbursement**

Contract Exhibit D(F), Section 2, states that “Reimbursement for travel and per diem expenses from DHS under this agreement shall, unless otherwise specified in this agreement, be at the rates, currently in effect, as established by the California Department of Personnel Administration (DPA), for non represented state employees as stipulated in DHS Travel Reimbursement Information Exhibit.”

The effective state mileage rate during the audit period was 34 cents per mile. The provider was reimbursing mileage at 37½ cents per mile for the first two months of the audit period and 40 cents per mile for the remaining months of the audit period. This resulted in an overpayment of \$1,981.

**B. CONTRACT GOALS AND OBJECTIVES**

The MCAH Program contract had two programs:

1. The Adolescent Family Life Program (AFLP) provided funding for the pregnant and/or parenting adolescent and their children.
2. The Adolescent Sibling Pregnancy Prevention Program (ASPPP) provided funding for the siblings of the pregnant and/or parenting adolescent.

The Financial Audits Branch (FAB)’s review of the objectives was limited to a review of the goals that were stated in the MCAH Program contract’s scope of work. The goals of the two programs are summarized in Section II E.

The contract’s scope of work stated specific goals and measurable objectives that were to be accomplished to ensure that the goals of the MCAH Program were met.

**ALTAMED HEALTH SERVICES CORPORATION  
MATERNAL, CHILD AND ADOLESCENT HEALTH PROGRAM  
CONTRACT NUMBER 05-45105  
CONTRACT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2010  
AUDIT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2006**

FAB verified selected criteria to ensure that AltaMed complied with the goals and objectives of the contract by reviewing 36 AFLP and eight ASPPP charts to determine compliance with the contract's objectives. The following is a summary of AltaMed's performance based on FAB's findings:

1. There were four instances in which the Comprehensive Baseline Assessment (CBA) for the AFLP clients was not completed within 30 days of intake. Two of the ASPPP charts did not have a completed CBA.
2. There was one instance in each of the AFLP and ASPPP chart in which the Individual Service Plan (ISP) was not updated. The case managers completed the ISP within 60 days of the client's consent to participate in the program; however, they did not consistently update the ISP each quarter as required by the contract.
3. The case managers did not have monthly client contact in nine of the 36 AFLP and two of the eight ASPPP charts reviewed.
4. The case managers did not conduct quarterly home visits in one of the 36 AFLP and two of the eight ASPPP charts reviewed.

**C. EXPENDITURES**

AltaMed submitted invoices on a quarterly basis. The invoices reflected personnel salaries, operating expenses, other costs, and indirect costs. FAB's review disclosed the following variances:

1. AltaMed had charged the AFLP \$4,000 of audit fees. The audit fees were related to the single audit that is required under the OMB Circular A-133. The audit fees that should have been allocated to the AFLP were \$1,241. AltaMed over-claimed \$2,732 of the single audit fees to the AFLP.
2. AltaMed claimed 28 percent of salaries as employee benefits. The actual employee benefit was 26.30 percent of total salaries. AltaMed over-claimed \$8,652 of employee benefits to the AFLP.
3. There were certain payroll periods in which an estimate was used to claim salaries costs to the AFLP and the ASPPP rather than actual salaries from the payroll register. This resulted in an over-claiming of salaries cost of \$1,369 for the AFLP and \$3,298 for the ASPPP.

**ALTAMED HEALTH SERVICES CORPORATION  
MATERNAL, CHILD AND ADOLESCENT HEALTH PROGRAM  
CONTRACT NUMBER 05-45105  
CONTRACT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2010  
AUDIT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2006**

AltaMed was allowed to claim non-enhanced Federal Financial Participation (FFP) matching when the employees performed FFP qualifying activities. The MCAH Program manual required AltaMed to use a time study to identify and allocate the activities that qualified for non-enhanced FFP matching. These activities were matched at a rate of \$1 to \$1. Audit procedures were performed to verify the accuracy of the process used by AltaMed to determine the activities that qualified for FFP matching and the total FFP expenses for the audit period. A review of the third quarter time studies for eight case managers and four administrative staff was performed. The following is a summary of the findings:

1. A review of the time studies for the eight case managers disclosed the following:
  - a. It was noted in five instances in which the time from the secondary documentation, the daily time study log, was not properly brought forward to the weekly time study form.
  - b. It was noted in four instances on the weekly time study form that the time was not properly summarized by function code and program.
  - c. In one instance, non-paid time off was included as paid time off.
  - d. It was noted that the same activities were coded under different function codes.
2. The review of the four administrative staff disclosed the following problems:
  - a. There was one instance in which the time from the secondary documentation, the daily time log, was not properly carried forward to the weekly time study.
  - b. There was one instance in which the weekly time study was not properly summarized by function code.

**D. REVENUES**

The payments made by MCAH to AltaMed for the period ending June 30, 2006 consisted of \$857,073 for the AFLP and \$158,748 for the ASPPP.

**ALTAMED HEALTH SERVICES CORPORATION  
MATERNAL, CHILD AND ADOLESCENT HEALTH PROGRAM  
CONTRACT NUMBER 05-45105  
CONTRACT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2010  
AUDIT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2006**

**E. SYSTEMS AND PROCEDURES**

The financial statements of AltaMed for the periods ending April 30, 2006 and April 30, 2007 were audited by the independent accounting firm of Vasquez & Company, LLP who rendered an unqualified opinion.

**ALTAMED HEALTH SERVICES CORPORATION  
MATERNAL, CHILD AND ADOLESCENT HEALTH PROGRAM  
CONTRACT NUMBER 05-45105  
CONTRACT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2010  
AUDIT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2006**

**II. INTRODUCTION**

**A. DESCRIPTION OF PROGRAM**

The Maternal, Child and Adolescent Health (MCAH) Program, established on the state level in 1973, is funded by a Federal Title V Block Grant as well as by Federal Medicaid funds (Title XIX), state General Funds, and the state Cigarette and Tobacco Products Surtax Fund. The mission of the MCAH Branch is to assure that infants, children, adolescents, and pregnant women in California receive a variety of services to protect and improve their health. To accomplish its goals, the Branch maintains partnerships, contracts, and agreements with state, federal, and local agencies in both the public and private sectors.

**B. DESCRIPTION OF AGENCY**

AltaMed is a not-for-profit California corporation founded in 1969 and incorporated on April 21, 1970. AltaMed currently provides services from 14 major licensed sites. The services provided by AltaMed include general medicine, tuberculosis testing and treatment, pediatric services, immunizations, comprehensive AIDS/HIV medical and case management services, women's health services, long-term and adult day health care, substance abuse treatment and prevention services, informational programs and services provided for teens.

**C. SITE LOCATION**

AltaMed's headquarter is located at 500 Citadel Drive in the City of Commerce, California. The AFLP and ASPPP services are provided at 512 South Indiana Street, Los Angeles, California and at 711 East Wardlow Road, Suite #203, Long Beach, California.

**D. FUNDING SOURCES**

AltaMed's fiscal period ends on April 30<sup>th</sup>. The fiscal period under review was for the period ending June 30, 2006. The following is a summary of the sources of funds from the audited financial statements.

**ALTAMED HEALTH SERVICES CORPORATION  
MATERNAL, CHILD AND ADOLESCENT HEALTH PROGRAM  
CONTRACT NUMBER 05-45105  
CONTRACT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2010  
AUDIT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2006**

	<b>PERIOD ENDED APRIL 30, 2006</b>	<b>PERIOD ENDED APRIL 30, 2007</b>
<b>SOURCES OF FUNDS</b>		
Government Grants and Contracts	\$16,729,597	\$17,978,457
Patient Fees	30,772,346	31,218,938
Managed Care Contracts	26,538,425	34,689,976
Other Income	3,333,040	5,076,613
<b>Total Revenues</b>	<b>\$77,373,408</b>	<b>\$88,963,984</b>

**E. CONTRACT GOALS AND OBJECTIVES**

The purpose of the MCAH Program contract was to provide assistance to pregnant and parenting adolescents and their children and to assist the siblings of pregnant and parenting adolescent towards preventing teen pregnancy. The contract had two programs: (1) AFLP provided funding for pregnant and or parenting adolescent and their children. (2) ASPPP provided funding for the siblings of the pregnant and or parenting adolescent. The contract had six goals with specific objectives and timelines by which the goals were to be achieved. The first three goals are related to the AFLP; the last three goals are related to the ASPPP. The goals of the two programs are summarized below:

**AFLP**

- (1) To define, coordinate and integrate systems of care that support and assist pregnant and parenting adolescents and their children.
- (2) To enhance the health, educational achievement, economic, personal and societal integration and independence of pregnant and parenting adolescents through case management.
- (3) To promote implementation of the State MCAH 5-Year Plan and attainment of its goals and objectives as specified in the California MCAH Priorities.

**ASPPP**

- (1) To define, coordinate, and integrate systems of care for adolescent siblings of pregnant and parenting adolescents that support and assist in the prevention of pregnancy, reductions of related risk behaviors and promotion of healthy lifestyles.

**ALTAMED HEALTH SERVICES CORPORATION  
MATERNAL, CHILD AND ADOLESCENT HEALTH PROGRAM  
CONTRACT NUMBER 05-45105  
CONTRACT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2010  
AUDIT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2006**

- (2) To enhance the health, educational achievement, economic, personal, and societal integration and independence of siblings of pregnant and/or parenting adolescents through case management that enables them to avoid an early and unplanned pregnancy.
- (3) To promote implementation of the State MCAH 5-Year Plan and attainment of its goals and objectives as specified in the California MCAH Priorities.

**ALTAMED HEALTH SERVICES CORPORATION  
MATERNAL, CHILD AND ADOLESCENT HEALTH PROGRAM  
CONTRACT NUMBER 05-45105  
CONTRACT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2010  
AUDIT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2006**

**III. SCOPE OF AUDIT**

The Financial Audit Branch's review consisted of the following parts:

- A. A review of AltaMed's goals and objectives as stated in the MCAH Program contract for the period July 1, 2005 through June 30, 2006.
- B. A review of the financial records for the contract period of July 1, 2005 through June 30, 2006. This included a review to verify the existence and propriety of claims submitted to the state for reimbursement.
- C. A review of the clients' charts to confirm the services provided by AltaMed.
- D. A review of the time studies to determine the appropriateness of federal dollars that were claimed based on the time studies.

**ALTAMED HEALTH SERVICES CORPORATION  
MATERNAL, CHILD AND ADOLESCENT HEALTH PROGRAM  
CONTRACT NUMBER 05-45105  
CONTRACT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2010  
AUDIT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2006**

**IV. CONTRACT COMPLIANCE**

The examination included a review to determine if AltaMed conducted the program in compliance with contract terms and applicable regulatory requirements. Below is a summary of findings relating to this portion of the audit.

**A. CONTRACT REQUIREMENTS**

A requirement for obtaining the contract was that AltaMed agreed to follow certain standard provisions applicable to state monies. In addition, MCAH issued a policy and procedures manual that AltaMed was required to follow. The provisions in the contract and MCAH manual include but were not limited to the following:

1. Equal Employment Opportunity
2. Property Purchased with Program Funds
3. Contingent Fees
4. Officials not to Benefit
5. Utilization of Small and Minority Enterprise
6. Education and Training

FAB audited selected provisions through inquiries with the staff of AltaMed and/or by reviewing selected documentation to ensure compliance with the provisions of the contract. The audit findings are discussed below:

1. Equal Employment Opportunity

Contract Exhibit D(F), Section 1 addresses the issue of equal opportunity. This section states that "the contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, physical or mental handicap, disability, age or status as a disabled veteran or veteran of the Vietnam era."

Finding:

During the tour of the facility and the satellite office, the grantee had posted the Equal Opportunity clause and Rehabilitation Act of 1973 in the lunch room.

AltaMed has a written policy which states that AltaMed "will not discriminate against any person on the basis of race, color, religion, political beliefs and

**ALTAMED HEALTH SERVICES CORPORATION  
MATERNAL, CHILD AND ADOLESCENT HEALTH PROGRAM  
CONTRACT NUMBER 05-45105  
CONTRACT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2010  
AUDIT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2006**

affiliations, marital status, national origins, physical or mental handicap, sex, sexual orientation, or within the limits imposed by law because of age or citizenship.”

AltaMed could not provide any ads which stated that AltaMed was an equal opportunity employer for the audit period. Ads prior to and subsequent to the audit period were provided, and they clearly included the Equal Opportunity Employer phrase.

Recommendation:

AltaMed should always ensure that the statement disclosing that it is an equal opportunity employer or the phrase that “all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin, physical or mental handicap, disability, age or status as a disabled veteran or veteran of the Vietnam era” be included on all job solicitations.

2. Property Purchased with Program Funds

Contract Exhibit D(F), Paragraph 4, states, “...all equipment and/or miscellaneous property that are purchased with agreement funds or furnished by DHS under the terms of this agreement shall be considered state equipment and the property of DHS. DHS requires the reporting, tagging and annual inventorying of all equipment and/or miscellaneous property that is furnished by DHS or purchased/reimbursed with funds provided through this agreement.”

Finding:

AltaMed had indicated on the compliance statement that no funds were used to purchase equipment. It was noted during the expense review that computers and monitors were purchased, and the expense was claimed on the quarterly claim report as an operating expense.

The computers and monitors did not have state tags; an inventory listing of the equipment was prepared after AltaMed was notified of the requirement.

Recommendation:

AltaMed should request for the state tags and properly tag each piece of equipment. Furthermore, it should submit to the state an annual inventory list of equipment purchased with grant funds.

**ALTAMED HEALTH SERVICES CORPORATION  
MATERNAL, CHILD AND ADOLESCENT HEALTH PROGRAM  
CONTRACT NUMBER 05-45105  
CONTRACT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2010  
AUDIT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2006**

3. Contingent Fees

Contract Exhibit D(F), Paragraph 21 states, "The Contractor warrants that no person or selling agency has been employed or retained to solicit/secure this agreement upon an agreement of understanding for a commission, percentage, brokerage, or contingent fee, except bona fide employees or bona fide established commercial or selling agencies retained by the Contractor for the purpose of securing business."

Finding:

AltaMed affirmed in its response to the compliance statement that it does not procure the services of any fee-based individual or agency to secure new business. It is AltaMed's policy to develop internally any new proposals as this will ensure that services to be provided in the new proposal would support AltaMed's existing goals and objectives. AltaMed also has a written policy in which it is indicated that the executive committee will recommend the grant application and the board of directors will have the authority to approve the proposal.

4. Officials Not to Benefit

Contract Exhibit D(F), Paragraph 24, states that "No members of or delegate of Congress or the State Legislature shall be admitted to any share or part of this agreement, or to any benefit that may arise therefrom."

Finding:

AltaMed was in compliance with the above contract requirement based on a review of their policy and procedure manual. The policy manual stated that "AltaMed shall absolutely prohibit the expenditure of any Federal or State funds received by AltaMed as the recipient of a Federal or State contract, grant, loan or cooperative agreement, to pay any person or organization for influencing or attempting to influence an officer or designated representative from the international, federal, state or local levels of Government with respect to the (1) awarding of any Federal, State, County or City contract; (2) making of any Federal, State, County or City grant, etc."

**ALTAMED HEALTH SERVICES CORPORATION  
MATERNAL, CHILD AND ADOLESCENT HEALTH PROGRAM  
CONTRACT NUMBER 05-45105  
CONTRACT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2010  
AUDIT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2006**

5. Utilization of Small and Minority Enterprises

Contract Exhibit D(F), Paragraph 27 states that "Positive efforts shall be made to use small businesses, minority owned firms and women's business enterprises, whenever possible (i.e., procurement of goods and/or services)."

Finding:

AltaMed submitted a copy of its finance policy to demonstrate that it is in compliance with this regulation. The policy states that it will comply with the DHS grant policy statement which states that "non-governmental grantees must take all necessary affirmative steps to assure that minority firms, women-owned firms, and labor surplus area firms are used whenever possible."

6. Education and Training

The contract requirement under the Scope of Work requires that AltaMed will include the following educational programs:

- a. Program orientation
- b. Training needs assessment
- c. On-going in-service education based on the training needs assessments

Findings:

Review of AltaMed's policies and procedure manual disclosed that all new employees will attend a general company orientation at the corporate office. On the second day of employment, the staff will begin the specific program orientation process with the supervisor.

AltaMed maintains competency assessments which are annual employee evaluations which will disclose an employee's weaknesses. Based on the assessment, the supervisor can recommend outside training for the employee.

On a monthly basis, the staff attends in-house training sessions. A majority of the training sessions were presented by the Director of Youth Services, and a few were presented by outside individuals or organizations. Some of the training topics presented during the fiscal year were birth control, verbal violence, and language/communication. AltaMed also maintains the employee sign-in sheets, agenda, hand-outs, and feedback from the staff on the effectiveness of the training.

**ALTAMED HEALTH SERVICES CORPORATION  
MATERNAL, CHILD AND ADOLESCENT HEALTH PROGRAM  
CONTRACT NUMBER 05-45105  
CONTRACT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2010  
AUDIT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2006**

A review of the time study disclosed that the staff had attended outside training seminars, such as teen pregnancy seminars.

**B. CONTRACT GOALS AND OBJECTIVES**

The MCAH Program contract has two programs: (1) AFLP provided funding for the pregnant and/or parenting adolescents and their children; (2) ASPPP provided funding for the siblings of the pregnant and/or parenting adolescents. The ASPPP ended February 28, 2006 since funding for this program was no longer available. The goals of the two programs are summarized in Section II of this report. FAB's review of the objectives was limited to a review of the goals that were stated in the contract's scope of work.

- (1) The first goal of the contract, which applied to AFLP, required AltaMed "To define, coordinate and integrate systems of care that support and assist pregnant and parenting adolescents and their children." The first goal of the ASPPP required AltaMed "To define, coordinate, and integrate systems of care for adolescent siblings of pregnant and parenting adolescents that support and assist in the prevention of pregnancy, reduction of related risk behaviors and promotion of healthy lifestyles."

Findings:

- a. On a quarterly basis, AltaMed hosts a Community Information Network (CIN) meeting. At these meetings, partnerships were established; sharing of information regarding available resources were exchanged; guest speakers were invited to discuss such topics as the Victims Assistance Program, LA Bridge program, etc.; and potential referral agencies were identified.
- b. AltaMed has established several partnerships with organizations such as the Coalition for Human Immigration Rights of Los Angeles (provides advocacy for human civil rights), Women's Link (provides substance abuse treatment, psychiatric care, food bank, etc.), and ALMA (provides outpatient mental health services).
- c. During the review of the patient charts and the referral log maintained by the case managers, it was noted that AltaMed would refer the clients for medical appointments, assistance in obtaining Medi-Cal eligibility, vocation/job training, parenting classes, family planning, and anger management. These are a few examples of referrals that were made.

**ALTAMED HEALTH SERVICES CORPORATION  
MATERNAL, CHILD AND ADOLESCENT HEALTH PROGRAM  
CONTRACT NUMBER 05-45105  
CONTRACT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2010  
AUDIT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2006**

(2) The second goal of the contract relating to the AFLP requires AltaMed "To enhance the health, educational achievement, economic, and personal and societal integration and independence of pregnant and parenting adolescents through case management." The second goal of the ASPPP requires AltaMed "To enhance the health, educational achievement, economic, personal, and societal integration and independence of siblings of pregnant and/or parenting adolescents through case management that enables them to avoid an early and unplanned pregnancy." AltaMed was to provide comprehensive case management that included but was not limited to the following standards:

- a. Obtain the client signed and dated consent form at intake
- b. Complete a Comprehensive Baseline Assessment within 30 days of the client's consent to participate in the program
- c. Obtain a Release of Information form
- d. Develop, implement, and monitor Individual Service Plans (ISP) within 60 days of the client's consent to participate in the program, and to revise the ISP with the client at least quarterly and as needed
- e. To sign and date the case notes in the client's charts
- f. Monthly client contact
- g. Quarterly client contact in the home
- h. Prepare an exit summary when a client ceases to participate in the program

As a part of providing comprehensive case management, AltaMed was required to use the Lodestar Management Information System to track client count and calculate the Months of Service (MOS). AltaMed contracted to provide 4,432 MOS for the AFLP and 680 MOS for the ASPPP.

Using the Lodestar Client Roster by case manager, FAB randomly selected 36 AFLP charts and eight ASPPP charts to review. The findings are discussed below:

Findings:

- a. All AFLP and ASPPP charts included the client's signed and dated Consent to Participate form.
- b. Four of the AFLP charts and two of the ASPPP charts did not complete the Comprehensive Baseline Assessment within 30 days of intake.
- c. The case notes in the audit sample were consistently signed and dated by the case managers.

**ALTAMED HEALTH SERVICES CORPORATION  
MATERNAL, CHILD AND ADOLESCENT HEALTH PROGRAM  
CONTRACT NUMBER 05-45105  
CONTRACT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2010  
AUDIT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2006**

- d. The charts reviewed indicated that the case managers completed the initial Individual Service Plan (ISP) within 60 days of the client's consent to participate in the AFLP and ASPPP. However, there was one case for the AFLP and ASPPP in which the quarterly ISP update was not completed.
- e. AltaMed completed a Release of Information form for the client when necessary and as required by the contract.
- f. The provider maintains a referral log on a monthly basis by case managers which identifies the client and the type of referral made. The log is not maintained in the client chart.
- g. The contract requires a monthly client contact. The MCAH Program manual defines a client contact as a face to face visit, group visit or telephone contact with the client that provides one or more of the following services: counseling, monitoring, assessment, reassessment, evaluation, and crisis intervention.

FAB reviewed the clients' charts to ensure the clients received monthly face to face contacts or phone calls from the case managers. FAB found that the case managers did not have monthly contacts in nine of the 36 AFLP and two of the ASPPP charts reviewed. FAB did not include correspondence sent to the clients (monthly Topic of the Month) or conversation with the client's relatives or siblings when counting a valid client contact.

- h. The case managers did not conduct quarterly home visits in one of the AFLP and two of the ASPPP charts reviewed.
- i. Of the 36 AFLP charts reviewed, 34 were closed by the time the review was conducted. All ASPPP client charts reviewed were closed as the funding for the program ceased as of February 28, 2006. The MCAH manual required AltaMed to close the charts when the AFLP clients:
  - (1) move out of the area,
  - (2) cannot be contacted for three consecutive months,
  - (3) have attained age 20 for females and age 21 for males,
  - (4) requests termination,
  - (5) have accomplished program goals,
  - (6) choose not to complete goals at this time,
  - (7) no longer need AFLP services,
  - (8) are no longer pregnant or parenting.

**ALTAMED HEALTH SERVICES CORPORATION  
MATERNAL, CHILD AND ADOLESCENT HEALTH PROGRAM  
CONTRACT NUMBER 05-45105  
CONTRACT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2010  
AUDIT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2006**

The exit summary completed by the case managers disclosed that the cases were closed for one of the reasons cited above. The most common reasons for clients' termination from the program were the female clients had reached the age of 20, clients became eligible for Cal Learn, and clients could not be contacted for three consecutive months.

- j. AltaMed was required to provide 4,432 Months of Service (MOS) for the AFLP and 680 MOS for the ASPPP. It was able to provide 3,909 MOS for the AFLP and 547 MOS for the ASPPP. AltaMed did not meet the required months of service by 12 percent for the AFLP. The 680 MOS required for the ASPPP represents MOS to be provided over a 12 month period; however, the ASPPP terminated February 28, 2006, due to the lack of funding.

Recommendation:

- a. AltaMed should continue to develop, implement, and maintain continuous quality assurance to ensure that the case managers comply with the requirements of the contract.
- (3) The third goal of the contract for both AFLP and ASPPP required AltaMed "To promote implementation of the State MCAH 5--Year Plan and attainment of its goals and objectives as specified in the California MCAH Priorities." The MCAH priorities are:
- a. Eliminate racial and ethnic disparities in the infant mortality rate and proportion of low and very low birth weight live-born infants.
  - b. Improve early access and quality of maternal health care for all women.
  - c. Facilitate access to quality primary and specialty care providers for all children, particularly children with special health care needs.
  - d. Reduce the adolescent birth rate.
  - e. Increase breastfeeding rates among newborns.
  - f. Promote healthy lifestyle practices among children and adolescents with emphasis on tobacco, nutrition, and physical activity.
  - g. Decrease intentional and unintentional injury death rates among children and adolescents.
  - h. Reduce the prevalence of community, family, and domestic violence.
  - i. Facilitate the delivery of health care services to special needs children through improved outreach and coordination with other health programs.

**ALTAMED HEALTH SERVICES CORPORATION  
MATERNAL, CHILD AND ADOLESCENT HEALTH PROGRAM  
CONTRACT NUMBER 05-45105  
CONTRACT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2010  
AUDIT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2006**

Findings:

During the review of the clients' charts, we noted that the staff at AltaMed performed the procedures to comply with the requirements of the State MCAH 5-Year Plan. AltaMed performed the following activities:

- a. Completed the Comprehensive Baseline Assessment.
- b. There were several instances in which the case manager provided the client transportation to DPSS or doctor's appointments.
- c. Several of the clients' siblings of pregnant and parenting adolescents were referred to the ASPPP.
- d. Monthly mailings of the "Topic of the Month" to the clients. The Topic of the Month would cover topics ranging from dental care, pre-natal care, nutrition, etc.
- e. Referrals made to parenting classes, anger management, job resource, DPSS, clinic, housing, and adult school.
- f. Case managers would make trips to the clients' home to deliver tokens so that the clients would have transportation to doctor's appointments, parenting classes, etc.
- g. Immunization records maintained in the client's chart for both the client and the index child.

Furthermore, based on our examination, nothing has come to our attention to indicate that AltaMed has not complied with the material terms and conditions of the contract beyond the findings noted above.

**ALTAMED HEALTH SERVICES CORPORATION  
MATERNAL, CHILD AND ADOLESCENT HEALTH PROGRAM  
CONTRACT NUMBER 05-45105  
CONTRACT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2010  
AUDIT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2006**

**V. FISCAL FINDINGS**

The following is a discussion of the fiscal findings relating to the Financial Audits Branch's examination of AltaMed Health Services Corporation.

**A. EXPENDITURES**

On a quarterly basis, AltaMed submitted invoices in arrears for actual costs incurred. The expenses consisted of personnel salaries, operating costs, indirect costs, and other costs for the audit period of July 1, 2005 through June 30, 2006.

The MCAH Program makes available to local jurisdictions partial reimbursement for administrative activities and selected associated expenses that encourage application to the Medi-Cal (federal Medicaid) program. This reimbursement is provided through matching Medicaid Title XIX funds and is called Federal Financial Participation (FFP). It applies to personnel employed directly by a participating agency or subcontracted agency. Centers for Medicare and Medicaid Services (CMMS) regulations allow matching for administrative activities at a rate of 50 percent for the majority of expenses necessary for the efficient operation of the Medicaid program.

The activities and codes that qualified for FFP matching are found in the MCAH program manual. The following activities and function codes are allowed for FFP matching:

1. Outreach (Code 1)
2. Program Specific Administration (Code 5)
3. Non-Skilled Professional Medical Personnel (SPMP) (Code 7)
4. Paid Time Off (Code 12)

FAB reviewed the expenses for the audit period to determine the actual program costs incurred by AltaMed. Our findings are as follows:

**1. Federal Financial Participation**

In order for AltaMed to claim FFP, the staff is required to do a time study for the same month of each quarter throughout the fiscal year. The purpose of the time study is to identify the activities that qualified for FFP matching and to determine the percentage of claimed expenses that should be paid from the Title XIX funds. FAB reviewed the time studies for eight case managers and four administrative

**ALTAMED HEALTH SERVICES CORPORATION  
MATERNAL, CHILD AND ADOLESCENT HEALTH PROGRAM  
CONTRACT NUMBER 05-45105  
CONTRACT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2010  
AUDIT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2006**

staff for the third quarter to verify that they properly accounted for the time spent on each activity and that the activities qualified for FFP matching. The findings related to the FFP review are discussed below:

- a. The completion of the time studies involves two steps. The first step is to complete the secondary documentation, which is the information that records the activities and time spent performing those activities. This information is then carried forward to the Weekly Time Study for Federal Financial Participation form. The Weekly Time Study summarizes the activities by program and function code. This is the basis in which the grantee would use to claim FFP. There were several instances noted in which the daily activity from the secondary documentation was not properly brought forward to the Weekly Time Study report. Also, it was noted in several instances, that the summation of the activities on the Weekly Time Study report were not properly accumulated. The following is a summary of the review relating to the case managers:

Program / Service Function Codes								
Case Managers	Week	AFLP 01	ASPPP 01	AFLP 05	Cal-Learn 11	AFLP 11	AFLP 12	Total
1	1	(0.5)				0.5		0.0
1	2			(0.5)		0.5		0.0
2	3			(7.5)		7.5		0.0
3	N/A							0.0
4	N/A							0.0
5	3			(1.0)		1.0		0.0
5	4			0.5		(0.5)		0.0
6	N/A							0.0
7	3	(0.5)	0.5					0.0
8	3				0.5	(0.5)	(4.0)	(4.0)
8	4	(1.5)		0.5				(1.0)
<b>Total</b>		(2.5)	0.5	(8.0)	0.5	8.5	(4.0)	(5.0)

The following are the findings relating to the review of the administrative staff time studies:

**ALTAMED HEALTH SERVICES CORPORATION  
MATERNAL, CHILD AND ADOLESCENT HEALTH PROGRAM  
CONTRACT NUMBER 05-45105  
CONTRACT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2010  
AUDIT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2006**

Program / Service Function Codes								
Employee	Week	AFLP 05	ASPPP 05	AFLP 04	ASPPP 04	AFLP 11	AFLP 12	Total
Data Entry	N/A							0.0
Admin Assistant	2		(0.5)					(0.5)
Director	4		(0.5)			0.5		0.0
Coordinator	N/A							0.0
<b>Total</b>		0.0	(1.0)	0.0	0.0	0.5	0.0	(0.5)

As noted above, correcting for the accumulation of time would result in a decrease in FFP matched activities and an increase in non-FFP activities.

- b. It was noted during the review of the secondary documentation that the function codes were not consistently used by the staff for the same activities. The following is a comparison of the service function being used by the case managers for the same activities:

Activity	#1	#2	#3	#4	#5
Teen Pregnancy Training	11	11	01	11	10
Team Meeting	5	5	N/A	11	5
General Staff Meeting	11	11	11	11	5
Cover Phones (Officer of the Day)	11	11	11	10	N/A
Check Voice and Email	11	11	11	11	5
Academy Training	11	11	11	11	10
Lodestar Paperwork	11	N/A	N/A	N/A	5
Xerox Forms for Bus Token/Complete/Submit	N/A	N/A	N/A	10	11

During the audit, AltaMed indicated that it is currently working on developing a FFP Function Code Quick Reference Guide. This guide is being developed to assist the staff in properly reporting their time to the correct function code. The guide will include a standard list of activities performed by the staff and indicate the function code that should be used. AltaMed is working with the State FFP liaison as to the proper coding of those activities.

**ALTAMED HEALTH SERVICES CORPORATION  
MATERNAL, CHILD AND ADOLESCENT HEALTH PROGRAM  
CONTRACT NUMBER 05-45105  
CONTRACT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2010  
AUDIT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2006**

Recommendation:

1. AltaMed should institute controls over the accumulation of time by function codes and by program to avoid the possibility of over claiming federal dollars.
2. AltaMed's completion of the FFP Function Code Quick Reference Guide should bring consistency in the proper coding of activities.

2. Salaries

The MCAH Program contract allowed AltaMed to claim actual personnel salaries and employee benefits. FAB attempted to reconcile the claimed salaries to the payroll registers and general ledger for the audit period under review. The review disclosed the following:

- a. A review of the fourth quarter claim for AFLP disclosed that the salaries claimed for the payroll period ending July 1, 2006 were \$21,784. According to the payroll register and the general ledger, the actual payroll expense for this period was \$20,415. AltaMed had over-billed salary expense for this period which resulted in an overpayment of \$1,369. This overpayment of \$1,369 will be recovered.
- b. A review of the fourth quarter claim for ASPPP disclosed that salaries for the payroll period March 11, 2006, which were \$3,298, could not be traced to the payroll register nor did it appear on the general ledger. Therefore, a recovery of \$3,298 will be made for the unsupported salary expense claimed for the payroll period of March 11, 2006.
- c. It was noted that AltaMed was claiming a flat 28 percent of claimed salaries as employee benefits. Based on the information available from AltaMed, it was determined that actual employee benefits was 26.30 percent of salaries. This variance in the percent claimed for employee benefits resulted in an overpayment of \$8,652 to AltaMed. This amount will also be recovered.

**ALTAMED HEALTH SERVICES CORPORATION  
MATERNAL, CHILD AND ADOLESCENT HEALTH PROGRAM  
CONTRACT NUMBER 05-45105  
CONTRACT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2010  
AUDIT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2006**

3. Operating Expense

The MCAH Program contract allowed AltaMed to claim operating expense. The allowable expenses consisted of depreciation, supplies, building rental payments, staff mileage, contractual facility cost, utilities, equipment rental, and postage. FAB selected specific expenses to review. The review identified the following findings:

- a. A review of the building rental expense disclosed that the building at the Indiana site is being rented and shared by other programs, such as the HIV and MSSP. The portion of the rent applicable to the Youth Services Program (AFLP, ASPPP, and Cal Learn) was determined based on square footage. This amount was then properly allocated between the AFLP, ASPPP, and Cal Learn based on the number of clients served by each program. Building rent was also being incurred for the Long Beach site as of June, 2006. The rent was properly being allocated among the Youth Services Program of AFLP and Cal Learn based on the number of clients served.
- b. Review of the contractual facility expense disclosed that security services are being provided at the Indiana site. This expense was properly being allocated among various programs located at this site based on square footage.
- c. AltaMed is required by the MCAH Program contract to claim mileage and travel expense in accordance with the rates established by the California State Department of Personnel. A review of two of the staff travel claims disclosed that reimbursement was not in compliance with this provision of the contract. AltaMed indicated that the reimbursed mileage rate for July and August 2005 was 37½ cents per mile; for the remainder of the fiscal year, the staff was being reimbursed at 40 cents per mile. Since the travel claims were not provided for the entire audit period, FAB estimated the amount that was over-claimed by taking the travel claims paid divided by the grantee's effective reimbursement rate to arrive at the estimated miles times the difference between the grantee's effective reimbursement rate less the State mileage rate of 34 cents. FAB calculated the overpayment amount to be \$1,981. This amount will be recovered.
- d. A review of the Contractual-Financial expense disclosed that \$4,000 of direct audit fees were being charged to the AFLP. According to AltaMed the

**ALTAMED HEALTH SERVICES CORPORATION  
MATERNAL, CHILD AND ADOLESCENT HEALTH PROGRAM  
CONTRACT NUMBER 05-45105  
CONTRACT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2010  
AUDIT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2006**

\$4,000 of audit fees was related to the single audit as required under OMB Circular A-133. AltaMed indicated that total audit fees paid was \$105,000 which was for the performance of the audited financial statements and the single audit. Based on the ratio of total grant expenses to total expenditures, it was determined that the audit fees relating to the single audit was \$21,357. The AFLP cost to total grant cost was 5.81 percent. This applied to the single audit fees of \$21,357 resulted in \$1,241 of single audit fees for the AFLP. AltaMed over-claimed \$2,732 for audit fees related to the AFLP. This overpayment will be recovered.

**B. REVENUES**

AltaMed's fiscal period ends on April 30<sup>th</sup> while the contract period ends on June 30<sup>th</sup>. The total funding sources generated from AltaMed's operations is reflected in Section II.

Furthermore, based on our examination, nothing has come to our attention to indicate that AltaMed Health Services Corporation has not complied with the material terms and conditions of the contract beyond the findings noted above.

**ALTAMED HEALTH SERVICES CORPORATION  
MATERNAL, CHILD AND ADOLESCENT HEALTH PROGRAM  
CONTRACT NUMBER 05-45105  
CONTRACT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2010  
AUDIT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2006**

**VI. SYSTEMS AND PROCEDURES**

The management of AltaMed Health Services Corporation is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance the assets are safeguarded against loss, from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

Our study and evaluation was more limited than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

We have not made a study and evaluation of internal accounting controls for the following reasons:

The financial statements for the fiscal years ending April 30, 2006 and April 30, 2007 were audited by Vasquez & Company, LLP. It noted no matters involving the internal control over financial reporting and compliance that it considers to be material weaknesses.

**ALTAMED HEALTH SERVICES CORPORATION  
MATERNAL, CHILD AND ADOLESCENT HEALTH PROGRAM  
CONTRACT NUMBER 05-45105  
CONTRACT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2010  
AUDIT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2006**

**VII. FINANCIAL SCHEDULES**

Schedules of financial data have been included in this report to summarize the amounts claimed and paid under the contractual agreement. If any adjustments have been proposed to the claimed amounts, they are reflected in schedules A and B and discussed in the Fiscal Findings Section of this report as well as in Schedule C, Explanation of Audit Adjustments.

**ALTAMED HEALTH SERVICES CORPORATION  
MATERNAL, CHILD AND ADOLESCENT HEALTH PROGRAM  
CONTRACT NUMBER 05-45105  
CONTRACT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2010  
AUDIT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2006**

**SCHEDULE A**

**SUMMARY OF AUDITED AFLP EXPENDITURES**

<b>Budgeted Categories</b>	<b>(Revised) Contract Amount</b>	<b>Over/(Under) Expended</b>	<b>Total Paid</b>	<b>Audit Adjustment</b>	<b>Audited Amount Paid/ Payable</b>
Personnel (Adjs 1,2)	\$678,078	(\$29,380)	\$648,698	(\$10,021)	\$638,677
Operating Expenses (Adjs 3,4)	159,323	(9,127)	150,196	(4,713)	145,483
Other Costs (Adj )	44,442	(36,360)	8,082	0	8,082
Indirect Costs (Adj )	53,034	(2,937)	50,097	0	50,097
<b>Total Expenditures</b>	<b><u>\$934,877</u></b>	<b><u>(\$77,804)</u></b>	<b><u>\$857,073</u></b>	<b><u>(\$14,734)</u></b>	<b><u>\$842,339</u></b>

**ALTAMED HEALTH SERVICES CORPORATION  
MATERNAL, CHILD AND ADOLESCENT HEALTH PROGRAM  
CONTRACT NUMBER 05-45105  
CONTRACT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2010  
AUDIT PERIOD JULY 1, 2005 THROUGH JUNE 30, 2006**

**SCHEDULE B**

**SUMMARY OF AUDITED ASPPP EXPENDITURES**

<b>Budgeted Categories</b>	<b>(Revised) Contract Amount</b>	<b>Over/(Under) Expended</b>	<b>Total Paid</b>	<b>Audit Adjustment</b>	<b>Audited Amount Paid/ Payable</b>
Personnel (Adj 5)	\$142,637	(\$10,964)	\$131,673	(\$3,298)	\$128,375
Operating Expenses (Adj )	17,438	(1,383)	16,055	0	16,055
Other Costs (Adj )	6,891	(6,145)	746	0	746
Indirect Costs (Adj )	11,144	(870)	10,274	0	10,274
<b>Total Expenditures</b>	<b>\$178,110</b>	<b>(\$19,362)</b>	<b>\$158,748</b>	<b>(\$3,298)</b>	<b>\$155,450</b>

Grantee Name		Fiscal Period		Contract Number		Adjustments	
ALTAMED HEALTH SERVICES CORPORATION		JULY 1, 2005 THROUGH JUNE 30, 2006		05-45105		7	
Report References							
Adj. No.	Audit Report	Invoice or Claim		As Reported	Increase (Decrease)	As Adjusted	
	Schedule	Line	Form #				
<b>ADJUSTMENTS TO CONTRACT EXPENDITURES</b>							
1	A	N/A	N/A	I	Personnel	\$648,698	
					To adjust estimated employee benefits expense to actual amount incurred. Grant Exhibit B, Section 8		(\$8,652)
2					To adjust personnel expenses to agree with the grantee's payroll records. Grant Exhibit B, Section 8		(1,369)
							<u>(\$10,021)</u>
3	A	N/A	N/A	II	Operating Expenses	\$150,196	
					To adjust single audit fees charged directly to the AFLP. Grant Exhibit B, Section 8		(\$2,732)
4					To adjust travel mileage reimbursement to the state mileage rate applicable to the audit period. Grant Exhibit B, Section 8		(1,981)
							<u>(\$4,713)</u>
5	B	N/A	N/A	I	Personnel	\$131,673	
					To adjust personnel expenses to agree with the grantee's payroll records and general ledger. Grant Exhibit B, Section 8		(\$3,298)
							\$128,375

Grantee Name		Fiscal Period		Contract Number		Adjustments	
ALTAMED HEALTH SERVICES CORPORATION		JULY 1, 2005 THROUGH JUNE 30, 2006		05-45105		7	
Adj. No.	Report References			Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
	Audit Report Schedule	Line	Invoice or Claim Form #				
<u>ADJUSTMENTS TO OTHER MATTERS</u>							
6	N/A	N/A	N/A	N/A	\$0	\$734	\$734 *
	N/A	N/A	N/A	N/A	0	6,995	6,995 *
	N/A	N/A	N/A	N/A	0	5,590	5,590 *
				Overpayment Title V Federal Funds			
				Overpayment State General Funds			
				Overpayment Non-Enhanced Federal/State Combined Funds			
				To recover overpayments of personnel cost made to the grantee.			
				Grant Exhibit B, Section 8			
7	N/A	N/A	N/A	N/A	\$734	\$1,337	\$2,071
	N/A	N/A	N/A	N/A	6,995	1,622	8,617
	N/A	N/A	N/A	N/A	5,590	1,754	7,344
				Overpayment Title V Federal Funds			
				Overpayment State General Funds			
				Overpayment Non-Enhanced Federal/State Combined Funds			
				To recover overpayments of operating expenses made to the grantee.			
				Grant Exhibit B, Section 8			

\*Balance carried forward from prior/to subsequent adjustments