

**EXHIBIT 61**  
**EXAMPLE OF AUDIT DISALLOWANCE LETTER**

Certified Mail - Return Receipt Requested

FILE ID: \_\_\_\_\_ RE: File No. \_\_\_\_\_

ADDRESSEE: Dear (**Medicaid State Agency Director**):

INTRODUCTION: Your department was notified on \_\_\_\_ of the results of an HHS Office of Inspector General Audit Agency (OIGAA) report entitled “ ”(ACN). The audit covered the period \_\_\_\_\_ through \_\_\_\_\_.

The auditors identified unallowable costs totaling \$ \_\_\_\_\_ in Federal financial participation (FFP) which had been reported for Title XIX reimbursement during the period reviewed. Your Department's response to the audit findings was noted in the final report. This letter is to convey to you our final determination on the audit findings as discussed below and summarized on the enclosed schedule (if any).

RECOMMENDED FACTS AND DISALLOWANCE DETERMINATION: (There should be a discussion of each of the financial findings: the issues involved, the regulations/statutes violated, the State agency position, and our determination. Relevant pages of the audit report may be referenced. When relying upon audit results, especially the results of State audits, there must be an independent determination by CMS that the factual record supports a disallowance.)

SUMMATION In summary, based on the findings of the OIGAA report, ACN \_\_\_\_\_ , and the law and regulations discussed above, it is necessary to disallow \$ \_\_\_\_\_ in FFP. A detailed schedule of the disallowed amounts is enclosed.

NOTICE OF ADJUSTMENT As this disallowance includes FFP previously paid the State for expenditures for services furnished on or after October 1, 1980, it is subject to the provisions of section 961(a) of the Omnibus Reconciliation Act of 1980 (Public Law 96-499) as amended by section 2163 of the Omnibus Reconciliation Act of 1981 (Public Law 97-35). If you appeal this disallowance as provided below, Public Law 96-499 provides you the option of retaining the funds disallowed by this notice pending a final administrative decision. If the final decision upholds the disallowance and you elected to retain the funds during the appeal process, the proper amount of the disallowance, plus interest computed pursuant to Public Laws 96-499 and 97-35, will be offset in a subsequent grant award. You may exercise your option to retain the disputed funds by notifying the Regional Administrator in writing no later than 30 days after the postmarked date of this letter. In the absence of your notification that you elect to retain the funds, the Secretary will recover the disputed funds pending the final decision of the Grant Appeals Board.

APPEAL RIGHTS: Under section 1116(d) of the Social Security Act, you have the right to request reconsideration of this disallowance. Your reconsideration request must be submitted to the Executive Secretary, Departmental Grant Appeals Board, U.S. Department of Health and Human Services, Washington, DC 20201, no later than 30 days after your receipt of this letter. Your request must include a copy of this decision, a brief statement of the amount in dispute in your appeal, and a brief statement as to why you believe this decision is incorrect. Please send one copy of your request to me and one copy to the Associate Regional Administrator, Division of Health Standards and Quality. Your request will be processed pursuant to the rules and regulations of the Departmental Grant Appeals Board which are currently found at 45 CFR part 16, subpart C. (See "Federal Register," Vol.43, No. 44, published March 6, 1978.)

RO PROGRAM CONTACT: Should you require further details regarding this matter, please contact the Associate Regional Administrator, Division of Health Standards and Quality at **(area code and telephone)**.

Sincerely

(Regional Administrator)

Enclosures:(if any)

cc: Central Office

Regional Audit Director