



BOARD OF SUPERVISORS  
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

Department Name: Auditor-Controller  
Department No.: 061  
For Agenda Of: 05/08/2012  
Placement: Administrative  
Estimated Tme:  
Continued Item: No  
If Yes, date from:  
Vote Required: 4/5

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**TO:** Board of Supervisors

**FROM:** Department Robert W. Geis, CPA, Auditor-Controller  
Director(s)  
Contact Info: Julie A. Hagen, CPA, Chief Deputy Controller

**SUBJECT: Decrease \$4.6 million in liability originally booked in FY 2007-08 in the ADMHS Fund and as a transfer out of the General Fund**

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**County Counsel Concurrence**

As to form: N/A

Other Concurrence: N/A

As to form:

**Auditor-Controller Concurrence**

As to form: Yes

**Recommended Actions:**

Approve the attached budget revision which decreases appropriations of \$4.6 million in the General Fund, Operating Transfers Out, and removes a corresponding \$4.6 million in liabilities booked in FY 2007-2008 in the Alcohol, Drug and Mental Health Services (ADMHS) Fund related to ADMHS operations.

**Summary Text:**

A total of \$17 million in liabilities was booked in the ADMHS Fund in FY 2007-2008. Of that total, \$4.6 million will be removed, \$1.4 million was resolved with positive adjustments on audits, and \$11 million was remitted to the State on behalf of ADMHS.

In November of 2007, the Director of the ADMHS along with the County Administrator, self-disclosed certain matters to the State of California with respect to the operation of mental health services in Santa Barbara County with an estimated liability of \$9.3 million. There were additional issues identified related to cost reporting and audit settlements in the amount of \$7.7 million. The audits of these issues by the State has concluded and the attached budget revision removes a portion of these original estimated liabilities.

**Background:**

The liability of \$17 million was booked in the financial accounting records and the financial statements of the County in FY 2007-2008. The funding for this liability was set aside in the County General Fund and was budgeted as a transfer to the ADMHS Fund to be actualized upon payments coming due.

The self-disclosed issues of an estimated \$9.3 million (paid an actual amount of \$4.7 million) fell into four categories; lack of sufficient progress notes to support services billed, failure to bill Medicare before billing Medi-Cal for dual eligible patients, double billing for a 15% administrative fee, and retention of Federal Funds for services rendered by providers. The additional estimated liabilities of \$7.7 million (paid an actual amount of \$7.7 million) were primarily related to cost reports and audits for FYs 2002-03 through 2007-08.

The audits by the State and payments made on these issues are concluded to the point of knowing the final amounts that will be due. An amount of \$4.6 million will not need to be paid. The \$4.6 million in funding set aside in the General Fund and appropriated as an Operating Transfer Out will be available for appropriation by your Board.

The ADMHS Department has identified additional potential liabilities and is scheduled to present the status of those liabilities related to their operations to your Board on May 15.

**Fiscal and Facilities Impacts:**

**Special Instructions:**

**Attachments:**

Budget Revision

**Authored by:**

Julie Hagen, CPA, Chief Deputy Controller