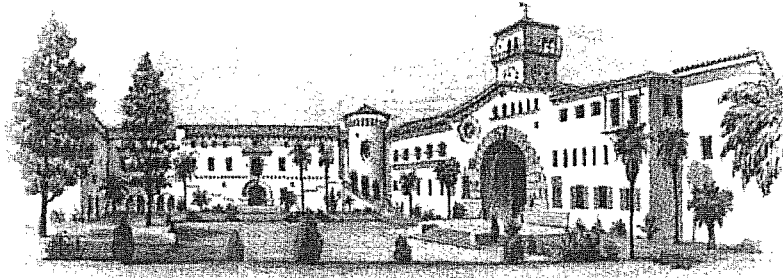


COUNTY OF SANTA BARBARA

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OFFICE OF THE AUDITOR-CONTROLLER

Ann Detrick, Ph.D, Director
Alcohol, Drug, and Mental Health Services
County of Santa Barbara

February 20, 2009

Re:

- ADMHS Alcohol Drug Program Cost Report Instruction Manual
- ADMHS Alcohol Drug Program 2007-2008 Cost Report Assistance
- ADMHS Alcohol Drug Program Cost Report 5 Year Look Back

Ms. Detrick:

As you know, the ADMHS department has five major programs: Alcohol & Drug Programs, Mental Health Services Act Programs, Adult Mental Health Programs, Children's Mental Health Programs, and Hospital & Jail Services. The items described below correspond to work that we performed on the Alcohol & Drug Programs (ADP).

Cost Report Instruction Manual

Enclosed is a revised ADMHS ADP Cost Report Instruction Manual. The goal of this specific project was to both gain an understanding of the cost report process and provide management and staff with written guidance in the form of a cost report instruction manual. This is intended to assist ADMHS in the timely compilation of annually required cost reports for the ADP program.

We hope that this manual will be reviewed and updated by both management and staff for changes to policies and procedures going forward on an annual basis. As we have learned through this challenging collaborative effort, it is only by consistently monitoring and improving the process that we will be able to improve the quality and accuracy of the ADP cost report.

2007-2008 Cost Report Assistance

The goal of this specific project was to work directly with your staff to complete the ADP Cost report for FY 07-08, to gain knowledge of the cost report preparation process and to improve the quality of your ADP cost report settlement claim. We worked under the leadership of Chris Ribeiro, ADP Cost Analyst, and the direction of Tom Alvarez, ADMHS Director of Finance. This experience also allowed us to provide you with the detailed cost report instruction manual and with suggestions on how to improve this annual process.

It was evident that in order to perform the detailed provider payment reconciliations, the review of the providers' cost report schedules, and the actual preparation of the cost report requires at least two individuals to work as a team on the project. In order to avoid penalties and loss of funding due to a late submittal of a cost report, we recommend that you assign this task to at least a team of two line staff in the coming years with oversight by management.

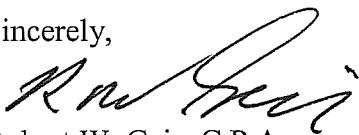
5 Year Look Back

The goal of this specific project was to determine if any money was owed to the County by ADP third party providers for prior years and to assist with an on-going settlement policy and procedures. Enclosed is a detailed workbook that contains summary schedules for FY 02-03 through FY 06-07 summarizing: (1) system billing reports, (2) vendor payment reconciliations, (3) and amounts due to / from ADP providers. In addition, we have enclosed a findings and recommendations report that highlights some of our concerns over the lack of a provider settlement process.

The 5 year look back project resulted in indentifying \$511,884.92 in Drug Medi-Cal monies that should be collected from the ADP program providers. This represents money that the State has "collected back" from ADMHS but that ADMHS has yet to collect back from the applicable providers. Please refer to the separate findings and recommendations report for a detailed explanation of the issues that contributed to the under/overpayment amounts.

We want to thank you and your staff for their cooperation and assistance during the completion of these three projects. We believe that these projects and the new fund structure for the ADP program will provide for fiscal and accounting improvements for these important County programs. Please direct any questions you may have regarding the reports or instruction manual to Juan Izquierdo (x2163).

Sincerely,



Robert W. Geis, C.P.A.

CC: Mike Brown, Chief Executive Officer
Juan Izquierdo, Specialty Accounting Division Chief
Tom Alvarez, ADMHS Dept. Director of Finance

Attachments:
Findings and Recommendations Report
ADP Cost Report Manual
5 Year Look-Back Workbook