



DEPARTMENT OF MENTAL HEALTH POLICY/PROCEDURE

SUBJECT: COMMUNICATION FLOW FOR RECOVERY OF AUDIT DISALLOWANCES	POLICY NO. 411.3	EFFECTIVE DATE 01/01/05	PAGE 1 of 2
APPROVED BY:  Director	SUPERSEDES	ORIGINAL ISSUE DATE	DISTRIBUTION LEVEL(S) 2

PURPOSE

- 1.1 To provide guidelines to ensure continuous flow of communication thus assuring timely recovery of disallowances resulting from audits conducted by County, State, and Federal auditors.

POLICY

- 2.1 As mandated by the Board of Supervisors, the Department of Mental Health (DMH) is responsible for recovering overpayments arising from disallowances made by County, State, and Federal auditors. To ensure this responsibility is effectively carried forward, the DMH Unit that receives audit reports and/or appeal resolutions must provide the Financial Services Bureau with a copy of such documents.

DEFINITION

- 3.1 **Reviewing DMH Unit** - The DMH Unit that conducts reviews, audits, or investigations of service providers.
- 3.2 **Recipient DMH Unit** - Any DMH Unit that receives audit reports and/or appeal resolutions from County, State, and Federal agencies.
- 3.3 **Audit Report** - For this purpose, the final report of the outcome of a review, audit, or investigation of a service provider that contains financial implications that may result in a repayment to the County from the service provider, or a payment from the County to the service provider.
- 3.4 **Appeal Resolution** - The document that contains the ruling or decision reached by a designated hearing officer or authorized personnel on the issue(s) appealed or disputed by a service provider.

PROCEDURE

- 4.1 In order to recover overpayments from service providers on a timely basis, the appropriate/responsible DMH Unit must provide the Fiscal Audit and Monitoring Section (FAMS) of the Financial Services Bureau with the necessary information and documents, respectively.



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- 4.1.1 Immediately upon issuance of the audit report, the reviewing DMH Unit shall provide a copy of the audit report to the FAMS at the address indicated under section 4.1.3.
- 4.1.2 Upon receipt of an audit report from County, State, or Federal agencies, the recipient DMH Unit must immediately provide FAMS with a copy of the audit report at the address specified under Section 4.1.3.
- 4.1.3 Upon receipt of the appeal resolution, the recipient must immediately provide a copy of such document to:

County of Los Angeles – Department of Mental Health
Financial Services Bureau
550 S. Vermont Avenue, 8th Floor
Los Angeles, CA 90020
Attn: Fiscal Audit Appeal and Settlement Section (FAASS)

- 4.2 Within ten (10) days of receipt of the audit report, the FAASS shall initiate the appropriate State and/or Federal and/or County fund recovery process.
- 4.3 FAASS shall determine the net amount due based on the appeal resolution and send an adjusted billing to the service providers as appropriate.

REVIEW DATE

This policy shall be reviewed on or before January 2010.