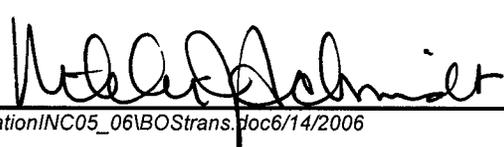


**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Auditor-Controller		(2) MEETING DATE June 27, 2006		(3) CONTACT/PHONE L. Jackson 781-4846	
(4) SUBJECT Submittal of an audit report on Life Steps Foundation for the period of July 1, 2004 through June 30, 2005.					
(5) SUMMARY OF REQUEST The objective of the audit was to verify Life Steps Foundation, Inc. compliance with the fiscal provisions of the contract for FY 2004/2005, to evaluate the adequacy of Drug and Alcohol Services contract oversight, and to confirm performance measures called for in the contract were provided. Overall, we found that Life Steps Foundation, Inc. is in general compliance with the contract provisions, and that Drug and Alcohol Services has adequate oversight of the contract.					
(6) RECOMMENDED ACTION Please review the report for your information. No departmental response is required.					
(7) FUNDING SOURCE(S) N/A		(8) CURRENT YEAR COST N/A		(9) ANNUAL COST N/A	
(10) BUDGETED? <input type="checkbox"/> YES <input checked="" type="checkbox"/> N/A <input type="checkbox"/> NO					
(11) OTHER AGENCY/ADVISORY GROUP INVOLVEMENT (LIST): Division of Drug and Alcohol					
(12) WILL REQUEST REQUIRE ADDITIONAL STAFF? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, How Many? _____ <input type="checkbox"/> Permanent _____ <input type="checkbox"/> Limited Term _____ <input type="checkbox"/> Contract _____ <input type="checkbox"/> Temporary Help _____					
(13) SUPERVISOR DISTRICT(S) 1st, 2nd, 3rd, 4th, 5th (All)			(14) LOCATION MAP <input type="checkbox"/> Attached <input checked="" type="checkbox"/> N/A		
(15) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Presentation <input type="checkbox"/> Board Business (Time Est. _____)			(16) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions (Orig + 4 copies) <input type="checkbox"/> Contracts (Orig + 4 copies) <input type="checkbox"/> Ordinances (Orig + 4 copies) <input checked="" type="checkbox"/> N/A		
(17) NEED EXTRA EXECUTED COPIES? <input type="checkbox"/> Number: _____ <input type="checkbox"/> Attached <input checked="" type="checkbox"/> N/A			(18) APPROPRIATION TRANSFER REQUIRED? <input type="checkbox"/> Submitted <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A		

(19) ADMINISTRATIVE OFFICE REVIEW <div style="text-align: center;">  </div>	<div style="border: 1px solid black; padding: 5px; transform: rotate(-15deg); display: inline-block;"> B. 33 6-27-06 </div>
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County of San Luis Obispo
Office of the Auditor-Controller
1055 Monterey Street Room D220
San Luis Obispo, California 93408
(805) 781-5040 FAX (805) 781-1220



GERE W. SIBBACH, CPA
BILL ESTRADA, Assistant
JAMES ERB, CPA, Deputy
LYDIA CORR, CPA, Deputy

TO: HONORABLE BOARD OF SUPERVISORS

FROM: GERE W. SIBBACH, AUDITOR-CONTROLLER *by GWS*

DATE: JUNE 27, 2006

SUBJECT: SUBMITTAL OF AN AUDIT REPORT ON LIFE STEPS FOUNDATION, INC.
CONTRACT FOR THE PERIOD OF JULY 1, 2004 THROUGH JUNE 30, 2006.

Recommendation

Please review the report for your information. No departmental response is required.

Discussion

The objective of the audit was to verify Life Steps Foundation, Inc. compliance with the fiscal provisions of the contract for FY 2004/2005, to evaluate the adequacy of Drug and Alcohol Services contract oversight, and to confirm performance measures called for in the contract were provided. Overall, we found that Life Steps Foundation, Inc. is in general compliance with the contract provisions, and that Drug and Alcohol Services has adequate oversight of the contract.

Other Agency Involvement/Impact

Division of Drug and Alcohol Services

Financial Considerations

Life Steps Foundation, Inc. contract was \$736,574 for the fiscal year 2004/2005.

Results

The Auditor-Controller's program of periodic contract audits is intended to verify compliance with the financial provisions and fulfillment of contract requirements between contractors and related SLO County departments.

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GERE W. SIBBACH, CPA
BILL ESTRADA, Assistant
JAMES ERB, CPA, Deputy
LYDIA CORR, CPA, Deputy

June 14, 2006

Jeff Hamm, Health Agency Director
Department Drug and Alcohol Services
County of San Luis Obispo
2945 McMillan
San Luis Obispo, CA 93401

Dear Mr. Hamm:

Our office has completed an audit of the Life Steps Foundation, Inc. for the period of July 1, 2004 through June 30, 2005.

Purpose

The objective of the audit was to verify Life Steps Foundation, Inc. compliance with the fiscal provisions of the contract for FY 2004/2005 and to evaluate the adequacy of Drug and Alcohol Services contract oversight.

Scope

Our review included testing units of service/performance, payroll, other expenses, contractor billings and insurance compliance. Our evaluation of internal controls included discussions with management, personal observations, and testing selected documents and procedures.

Findings and Recommendations

We found Life Steps Foundation, Inc. to be in general compliance with the contract provisions and that Drug and Alcohol Services has adequate oversight of the contract.

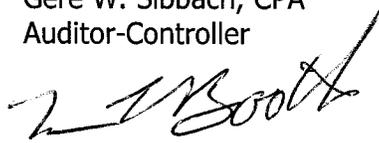
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Jeff Hamm, Health Agency Director
June 14, 2006
Page 2

We appreciate the courteous attitude of your staff and the cooperation we received during the course of our review.

Sincerely,

Gere W. Sibbach, CPA
Auditor-Controller

A handwritten signature in black ink, appearing to read "N. Booth", written in a cursive style.

Norman L. Booth, CPA
Chief Internal Auditor

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