SAN FRANCISCO COUNTY BEHAVIORAL HEALTH SERVICES
MENTAL HEALTH SERVICES ACT
REVENUE AND EXPENDITURE REPORT REVIEW
MANAGEMENT FINDINGS AND RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2015

FINDING NO. 1: MAINTAINING COMPLETE AND ACCURATE PROGRAM EXPENDITURE RECORDS

The County is required to maintain adequate accounting records of all expenditures of MHSA funds by fiscal year and by component account and submit a complete and accurate Annual MHSA Revenue and Expenditure Report (CCR, Title 9, Sections 3420.45 and 3510).

Audits review of the County's general ledger (GL), supporting workpapers, and adjustments made in other fiscal year RERs disclosed:

a) The County did not properly update all the adjustments made in other fiscal year RERs in their supporting workpapers at the time of audit. The County's supporting workpapers did not include the RER adjustments for FY 14-15 reported on subsequent RERs.
b) The County did not track all expenditures and transfers incurred within the reporting period.
c) The following variances were found: CSS $306,121, PEI $422,579, INN $(444,722), WET $77,257, and CFTN $(99,769).

CONCLUSION

Audit adjustments Nos. 1-5 are proposed to adjust total program expenditures to agree with the County's records.

AUDIT AUTHORITY

- 42 CFR, Sections 413.20 and 413.24
- CMS Pub. 15-1, Sections 2300 and 2304
- CCR, Title 9, Sections 3420.45 and 3510

RECOMMENDATIONS

1. The County should update its records and include appropriate adjustments as part of its Plan of Correction.
2. The County should ensure that the RER agrees with supporting records, includes only costs incurred within the reporting period, and is in accordance with the MHSA, applicable regulations, directives, policies, approved MHSA expenditure plan, and agreement.

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FINDING NO. 2: REPORTING FEDERAL FINANCIAL PARTICIPATION (FFP)

The County is required to submit a complete and accurate Annual MHSA Revenue and Expenditure Report including subsequent FFP Revenue Adjustments (CCR, Title 9, Section 3510). The County is also required to maintain records in accordance with Generally Accepted Accounting Principles (GAAP), Governmental Accounting Standards Board (GASB) standards, and the State Controller's Manual of Accounting Standards and Procedures for Counties (CCR, Title 9, Sections 3400 and 3420.45).

The County understated the FFP reported in the RER. The audited FFP was calculated based on the County's supporting workpaper and the audited Short-Doyle/Medi-Cal (SD/MC) cost report.

CONCLUSION

Audit adjustments Nos. 6-10 are proposed to adjust MHSA expenditures to agree with the County's records and audited Short-Doyle/Medi-Cal (SD/MC) cost report.

AUDIT AUTHORITY

- 42 CFR, Sections 413.20 and 413.24
- CMS Pub. 15-1, Sections 2300 and 2304
- CCR, Title 9, Sections 3400, 3420.45, and 3510

RECOMMENDATIONS

1. The County should exercise due care to ensure MHSA expenditures and FFP are properly reported, including reporting adjustments to FFP revenue as needed, including appropriate adjustments as part of its Plan of Correction for these audit findings.
2. The County should develop policies and procedures to recognize utilizing other available funding sources and MHSA funds as the last resort in MHSA-supported program.

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FINDING NO. 3: DOCUMENTING NON-SUPPLANT COMPLIANCE

According to W&I Code 5891(a) and CCR, Title 9, Section 3410 MHSA funds may only be used to expand mental health services.

CCR, Title 9, Section 3410 (a) requires that "Funds distributed under this chapter should not be used to provide mental health programs and/or services that were in existence on November 2, 2004".

At the time of the audit the County did not have a formal written policy and accounting records to document meeting the MHSA non-supplant requirement.

CONCLUSION

The County has not documented compliance with the non-supplant requirement.

AUDIT AUTHORITY

- W&I Code, Section 5891(a)
- CCR, Title 9, Section 3410
- 42 CFR, Sections 413.20 and 413.24
- CMS Pub. 15-1, Sections 2300 and 2304

RECOMMENDATIONS

1. The County should development and implement a written non-supplant policy.
2. The County should develop schedules documenting how each fiscal year's MHSA expenditures expanded mental health services or program capacity.