**DEL NORTE COUNTY BEHAVIORAL HEALTH BRANCH**

**MENTAL HEALTH SERVICES ACT**
**REVENUE AND EXPENDITURE REPORT REVIEW**
**MANAGEMENT FINDINGS AND RECOMMENDATIONS**
**FISCAL YEAR ENDED JUNE 30, 2015**

## FINDING NO. 1: NON-SUPPLANT POLICY

Welfare and Institutions (W&I) Code Section 5891(a) and CCR, Title 9, Section 3410 require MHSA funds to only be used to expand mental health services or program capacity.

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".

The County did not have a formal written policy meeting the MHSA non-supplant requirement. Audits requested, and the County did not provide a written non-supplant policy but stated that "The County follows the State guidelines for our operational guidelines for non-supplant policy" and attached a copy of CCR, Title 9, Section 3410.

## CONCLUSION

Del Norte 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

## RECOMMENDATION

1. County should develop and implement a written non-supplant policy.
2. County should develop schedules to document compliance with non-supplant requirements.

## FINDING NO. 2: REPORTING MHSA FISCAL DATA ON THE SHORT-DOYLE/MEDI-CAL (SD/MC) COST REPORT

As part of the Annual Cost and Financial Reporting System ("Cost Report"), as required by Title 42, C.F.R. Part 413, the County shall complete and submit information on the revenue, distribution, and expenditures for programs and/or services funded by the Mental Health Services Act (MHSA). (CCR, Title 9, Section 3505)

Audits reviewed the FYE June 30, 2015, Cost Report and noted that the County did not report any data in Form MH1995, Report of Mental Health Services Act (MHSA) Distribution of Expenditures, when filing the FYE June 30, 2015, Cost Report.

### CONCLUSION

County failed to duly complete Form MH1995 - Report of Mental Health Services Act (MHSA) Distribution of Expenditures when filing SD/MC Cost Report.

### AUDIT AUTHORITY

- CCR, Title 9, Section 3505

### RECOMMENDATION

The County should develop and implement procedures that will ensure MHSA cost reporting requirements, including completing Form MH 1995 in its SD/MC Cost Report, are met for all future SD/MC Cost Report filings.

## FINDING NO. 3: REPORTING FEDERAL FINANCIAL PARTICIPATION

The County is required to prepare and maintain adequate accounting records to support program costs and maximize funding from other sources including federal financial participation (FFP). (42 CFR 413.24; CMS Pub. 15-1, Sections 2300 and 2304; W&I Code Section 5891; CCR, Title 9, Sections 3510 and 3420.45).

The reported FFP was understated. The County reported an FFP estimate of $149,194. However, the audited FFP is $226,724, a $77,530 variance.

## CONCLUSION

The reported FFP was an understated County estimate. Audit adjustment number 1 is proposed.

## AUDIT AUTHORITY

- 42 CFR, Sections 413.20 and 413.24
- CMS Pub. 15-1, Sections 2300 and 2304
- W&I Code Section 5891
- CCR, Title 9, Sections 1810.216.8, 3400, 3420, 3420.45, and 3510

## RECOMMENDATION

The County should update their process and procedures for estimating and finalizing the correct FFP amounts to report on the RER to ensure accurate and timely reporting.

## FINDING NO. 4: INSUFFICIENT SUPPORTING DOCUMENTATION

The County is required to account for expenditures for each component separately. Expenditures must be consistent with the approved three-year program and expenditure plan and annual updates. (W&I Code Sections 5891 and 5847; CCR, Title 9, Section 3420.45)

The County did not track the expenditures for each program separately and reported by using funding sources instead.

County had set up unique project codes to track the expenses of each component. However, the County did not set up the project code to track the expenses of each program within the CSS component that matches the three-year plan.

## CONCLUSION

The County did not sufficiently document and track expenditures consistent with the three-year plan.

## AUDIT AUTHORITY

- W&I Code Sections 5891 and 5847
- CCR, Title 9, Sections 3420.25
- 42 CFR, Sections 413.20 and 413.24
- CMS Pub. 15-1, Sections 2300 and 2304

## RECOMMENDATION

County should set up a system to keep track the expenses that matches the planned programs of each component to facilitate performance evaluation and expenditure tracking and budgeting.