

Sutter-Yuba County MHPA Plan of Correction

County: Alpine County	POC Due Date: 10/29/22	Date Received by DHCS: 10/28/2022	Completed Date: 12/12/2022
County Contact Person:			
(The Above Line Will Be Removed Prior To Posting on the DHCS Website)			

Finding # or Suggested Improvement #	Finding or Suggested Improvement	Recommendation # (State Corrective Action Step / Identify Timeline / and Evidence of Corrections / Mechanisms for Monitoring Effectiveness)		DHCS Comments and Notes
Finding #1: PRUDENT RESERVE FUND	(a) The county reported \$521,836 local prudent reserve on the RER. When Audits requested supporting documents for this reported amount, the county indicated prudent reserve was not held in a separate fund balance from other MHPA Funds and its corresponding earned interest was also combined with other MHPA funds earning.	<u>Recommendation #1:</u> County should keep adequate financial records necessary to support the reported prudent reserve amount.	a) The County will work with our Auditor's office to set up a special revenue fund for the prudent reserve amount by 6/30/2023. Once the fund is set up, the County's financial system can generate a report showing the prudent reserve and its corresponding earned interest. b) All fiscal staff will be given the special revenue fund number for the prudent reserve by 6/30/2023. c) County will write policy for this process. Submitted to DHCS on 12/12/2022.	Approved

	(b) No other supporting documents was provided to verify the reported prudent reserve amount on the RER.	<u>Recommendation #2:</u> County should develop schedules or accounts to support interest or gains specific to the prudent reserve funds.	With the movement of the prudent reserves to a special revenue fund, the interest will be tracked in the County's financial system by the allocation schedule prepared through the Treasurer-Tax Collector's Office.	Approved
Finding #2: NON-SUPLANT POLICY	At the time of this Audit the County did not have a formal written policy and accounting records to document meeting the MHSA non-supplant requirement.	<u>Recommendation #1:</u> County should develop and implement a written non-supplant requirement.	a) Develop a written policy for MHSA non-supplant requirement. Submit to DHCS by 06/30/2023. b) Provide training to all staff on MHSA non-supplant policy by 06/30/2023.	Approved
		<u>Recommendation #2:</u> County should develop schedules documenting how each fiscal year's MHSA expenditures expanded mental health services or program capacity.	a) Develop a procedure on how to document each fiscal year's MHSA expenditures showing that they expanded mental health services or program capacity. Submit by 06/30/2023	Approved
Finding #3: ADMINISTRATION COSTS	(a) The County reported \$2,038,347 Administration Cost on the RER, while the total administration	<u>Recommendation #1:</u> County should develop a clear understanding of	The County is appealing the FY 14/15 SD/MC Cost Report Audit report. The County will provide staff training on the RER and SD/MC Cost Report by 06/30/2023.	Approved

	<p>Cost reported on FY 14/15 SD/MC Cost Report was \$928,186. MSHA was a component in the SD/MC Cost Report and its related administration cost was also included as part of the total administration cost reported in SD/MC. Hence, administration cost reported on the RER should not exceed the administration cost reported on SD/MC Cost Report of the same period.</p> <p>(b) Based on the telephone and email communication with the County, it appeared the County had a different understanding and believed SD/MC Cost Report may not include all MSHA administration cost. No further</p>	<p>the reporting mechanisms for the RER and the SD/MC Cost Report, as well as their relationship in order to properly report expenditures and funding.</p>	<p>b) During training, we will define acceptable administrative costs for the RER and the SD/MC Cost Report. c) County will coordinate with consultant who prepares the SD/MC Cost Report.</p>	
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	<p>documentation was provided.</p> <p>(c) FY 13/14 RER and SD/MC Cost Report presented similar issue, with Administration Cost reported on the RER being significantly higher than what was reported in the SD/MC Cost Report.</p>			
<p>Finding #4: MHSA FUND LOAN TO OTHER COUNTY FUND</p>	<p>W&I Code 5891(a) states MHSA funds “may not be loaned to the General Fund or any other fund of the state, or a county general fund or any county fund for any purpose other than those authorized by sections 5890 and 5892.”</p> <p>Sutter-Yuba County’s 2020 Comprehensive Annual Financial Report included the following disclosure: “On March 26, 2010,</p>	<p><u>Recommendation #1:</u> The County should provide an explanation and supporting documentation with their Plan of Correction (POC) if they believe this advance does not violate W&I Code, Section 5891(a).</p> <p><u>Recommendation #2:</u> If not, or the Department</p>	<p>The loan was a cash flow loan due to the State continuing to be significantly in arrears in its reimbursement to the county mental health programs for services provided and the EPSDT program. The County’s Bi-County Behavioral Health Fund repaid the loan amount of \$2,000,000 and \$273,307 in accrued interest to the County’s MHSA Fund on March 24, 2021 (See Attached). The County’s Bi-County Behavioral Health Fund still owes the County’s MHSA fund \$60,762.81 in accrued interest. The County will work with our Auditor’s office to prepare the required documents to transfer the accrued interest balance and close the loan, review compliance to W & I Code</p>	<p>Approved</p>

	<p>the Mental Health Services Act Fund advanced \$2,000,000 to Bi-County Behavioral Health to meet cash flow needs. Interest is charged at a variable rate based on the pooled treasury rate. To date no payments have been made on the advance. The balance June 30, 2020, was \$2,333,213.”</p> <p>There was also no mention of this loan in County’s Three-Year plan. The County did not respond to our inquiries about the recipient, purpose, and usage of this loan.</p>	<p>determines the POC response does not support compliance with W&I Code, Section 5891(a), the County should close this loan and recover the entire principal and accrued interest from Bi-County Behavioral Health.</p>	<p>5891 (a), and provide this documentation of compliance to the State by 06/30/2023. The County will complete an Adjustment Worksheet to reflect how much interest was earned for each impacted fiscal year and submit to DHCS by 4/30/2023.</p>	
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