

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

FINDING NO. 1: 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)

The County is also required to submit a complete and accurate Annual MHSA Revenue and Expenditure Report including subsequent Adjustments Worksheets (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, Section 3420.45).

Audits reviewed the SD/MC cost report Forms MH 1995 Report of MHSA Distribution and Expenditures and MH 1992 Summary of Funding Sources and noted the following variance.

MH 1995 Line 7	MH 1992 Line 22	
MHSA Expenditure	MHSA Funding	Variance
\$5,399,523	\$5,339,623	\$(59,900)

Form MH 1995 and RER variance:

	MH 1995	RER	Variance
Mental Health Services Act Distribution	\$5,827,792	\$5,827,793	\$1
Interest Earned on mental Health Services Act	30,006	30,006	0
Prior years Unexpended Mental health Service Act Balance	3,263,796	3,490,689	226,893
Mental Health Services Act Expenditures	(5,399,523)	(5,561,748)	(162,225)
FY 14-15 Unexpended Mental Health Service Act Funding	\$3,722,071	\$3,786,740	\$64,669

CONCLUSION

The County's SD/MC Cost Report and RER do not agree, with the above variances noted.

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AUDIT AUTHORITY

- CCR, Title 9, Sections 3505, 3510, and 3420.45
- Fiscal Year 2014-15 Cost & Financial Reporting System Instruction Manual

RECOMMENDATION

The County should reconcile its SD/MC cost report, RER, and supporting records to ensure accurate reporting by submitting any needed Adjustment Worksheets for this, and any other fiscal years that have variances.

**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. 1-2 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

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RECOMMENDATION

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.