

**SANTA CLARA COUNTY BEHAVIORAL HEALTH SERVICES
MENTAL HEALTH SERVICES ACT
REVENUE AND EXPENDITURE REPORT REVIEW
FISCAL YEAR ENDED JUNE 30, 2015**

FINDING NO. 1: REPORTING ACCURATE MHSA EXPENDITURES

The County is 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. A County shall maintain records of all Mental Health Services Act (MHSA) expenditures and submit a complete and accurate RER. (CCR, Title 9, Sections 3420.45 and 3510)

The reported MHSA expenditures did not accurately reflect the County's supporting accounting records. Review of the County's supporting records disclosed that Community Benefit Organization (CBO) payment logs did not agree with County's RER consolidation work paper used to prepare the RER. The \$64,623,097 total reported MHSA expenditures for all components overstated the \$63,188,043 supported by the County's records by \$1,435,054.

CONCLUSION

The County did not accurately report or update the reported MHSA expenditures. Audit Adjustment Nos. 1-5 totaling \$1,435,054 are proposed to adjust these expenditures at the component level to agree with the County's records.

AUDIT AUTHORITY

- 42 CFR, Sections 413.20, 413.24, and 413.134
- CMS Pub. 15-1, Sections 2300 and 2304
- CCR, Title 9, Sections 3420.45 and 3510

RECOMMENDATIONS

1. The County should review the RER, the County's records, and submit a Plan of Correction (POC) to ensure MHSA expenditures are adjusted to accurately reflect their records for this fiscal year, and any other fiscal year that may have similar inaccuracies.
2. The County should exercise due care to ensure MHSA expenditures are accurately reported, including submission of adjustments to MHSA expenditures as needed.

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**FINDING NO. 2: REVENUE AND EXPENDITURE REPORT (RER) FILING
REQUIREMENTS**

According to California Code of Regulations (CCR), Title 9, Section 3510(a), the County is required to submit the RER no later than January 31, following the end of the reporting fiscal year.

This fiscal year's RER is dated April 25, 2017, and the final certification signature is dated May 4, 2017. Both dates are past the submission deadline of January 31, 2016.

CONCLUSION

The County was not in compliance with the RER filing requirements to submit and certify the RER before the due date of January 31, 2016.

AUDIT AUTHORITY

- CCR, Title 9, Section 3510(a)

RECOMMENDATION

The County should implement procedures that will ensure filing and certifying RERs on time.

FINDING NO. 3: NON-SUPPLANT POLICY 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; these funds shall not be used to supplant existing state or county funds utilized to provide 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".

A review of the County's compliance with this non-supplant requirement disclosed that the County did not have a formal written policy to document compliance with the MHSA non-supplant requirement during the audit period of July 1, 2014, through June 30, 2015.

CONCLUSION

Santa Clara County did not document compliance with the non-supplant requirements.

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AUDIT AUTHORITY

- W&I Code Section 5891(a)
- CCR, Title 9, Section 3410

RECOMMENDATIONS

1. The County should implement its written non-supplant policy to include procedures describing how the County will ensure, and document MHSA funds are only used to expand mental health services.
2. The County should develop schedules documenting how each fiscal year's MHSA expenditures expanded mental health services or program capacity.