

**TEHAMA COUNTY BEHAVIORAL HEALTH SERVICES  
MENTAL HEALTH SERVICES ACT  
REVENUE AND EXPENDITURE REPORT REVIEW  
MANAGEMENT FINDINGS AND RECOMMENDATIONS  
FISCAL YEAR ENDED JUNE 30, 2014**

**FINDING NO. 1: REVENUE AND EXPENDITURE REPORT (RER) LATE FILING**

According to MHSUDS Information Notice No. 15-037, the RER filing date was extended to October 30, 2015, in conjunction with MHSUDS Information Notice No.15-044 that also extended the Fiscal Year 2013-14 cost report submission deadline to October 31, 2015.

The completed and final FY 2013-14 RER was certified on March 31, 2016, by the Tehama County Mental Health Director and the Assistant County Auditor Controller and received by DHCS on April 6, 2016.

**CONCLUSION**

The County was not in compliance with the RER filing requirement to submit and certify the RER before the due date of October 30, 2015.

**AUDIT AUTHORITY**

- MHSUDS Information Notice No.15-037

**RECOMMENDATION**

The County should develop and implement procedures that will ensure certifying and submitting complete and accurate RERs on time.

**FINDING NO. 2: INCORRECT COMMUNITY SERVICES AND SUPPORTS (CSS) EXPENDITURE CLASSIFICATION & REPORTING**

Welfare and Institutions Code (WIC) Section 5892 (g) states in pertinent part, "All expenditures for county mental health programs shall be consistent with a currently approved plan or update pursuant to Section 5847."

California Code of Regulations (CCR), Title 9, Section 3420.45 requires counties 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.

The County's annual update planned for CSS expenditure subcategories, including Full Service Partnership (FSP) Housing and FSP Mental Health

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Services as separate workplans. The annual update's housing workplan included two units, Gentry House and Madison House, and emergency housing at Sail House, a local board and care. The three-year plan and update state that the County also uses motels for emergency housing while arranging FSP partners for the clients.

Most of the reported FSP housing expenditures were mental health services expenditures. The RER distinctly reported FSP Housing (\$599,488) and FSP Mental Health Services (\$454,494). However, the County's expenditure records specifically identify \$37,896 of housing expenditure payments to Sail House and remaining \$521,662 (\$559,558 – \$37,896) paid to contracted 24-hour mental health and support service providers. Those contract providers report these services as 24-hour mental health services (not housing or board and care) on the Short-Doyle Medi-Cal (SDMC) cost report.

Since these CSS expenditures are planned for and reported separately, accurately classifying these costs are important for transparent and reliable information for future planning and budgeting.

**CONCLUSION**

Most of the reported CSS housing expenditures were actually CSS mental health services expenditures.

**AUDIT AUTHORITY**

- WIC Sections 5892(g) and 5899(a)(3)
- CCR, Title 9, Section 3420.45

**RECOMMENDATION**

Going forward, the County should enhance its contracting, accounting, and reporting practices to delineate housing and mental health service costs to reflect the actual cost of the activities as described in the three-year plan and annual update. The nature, amount and category of services must be traceable and verifiable within the County's contract agreements, invoices, working papers and

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SDMC cost reports. Accurate accounting and reporting will facilitate future budgeting and planning.

**FINDING NO. 3: DOCUMENTING NON-SUPPLANTATION COMPLIANCE**

According to WIC 5891(a) and CCR, Title 9, Section 3410 MHPA 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 provide a written policy, accounting records, or working papers to document meeting MHPA non-supplantation requirements.

**CONCLUSION**

Tehama County did not demonstrate having policies and procedures in place to document compliance with MHPA non-supplantation requirements.

**AUDIT AUTHORITY**

- WIC 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**

If the County does not have written policies and procedures to document its compliance with non-supplantation requirements, the County should develop and implement them going forward.