

**AMADOR COUNTY BEHAVIORAL HEALTH
MENTAL HEALTH SERVICES ACT
REVENUE AND EXPENDITURE REPORT REVIEW
MANAGEMENT FINDINGS AND RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2016**

FINDING NO. 1: INSUFFICIENT SUPPORTING DOCUMENTATION ON MHPA 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 (MHPA) expenditures. (CCR, Title 9, Section 3420.45) The County is also required to report the Medi-Cal Federal Financial Participation (FFP) attributed to MHPA as part of the Mental Health Services Act Annual Revenue and Expenditure Report.

The County only has one general ledger (GL) to track both Short-Doyle/Medi-Cal (SDMC) and MHPA expenditure. Reconciliation of the MHPA expenditures reported on the FY 2015-16 Revenue and Expenditure Report (RER) to the County records disclosed that the County allocated SDMC Mode 15 costs to MHPA based on a percentage of 69.4%. Audits requested an explanation of how the County determined the MHPA percentage of 69.4%. The County responded that the 69.4% of Mode 15 labor costs allocated to MHPA were based on the County’s FY1516 Labor Distribution Report.

The direct service wages were allocated based on the time/unit tracked on County’s Electronic Health Records (EHR) and is reflected on their cost report.

Audits then requested the County to provide unit of service (UOS) records identifying the MHPA units in order to verify the accuracy of the County’s Labor Distribution Report. However, the report provided did not identify MHPA units.

The MHPA expenditure reported was the entire County’s GL prior to any adjustment excluding Salaries and Benefits. County documentation and responses provided were inconsistent. The auditor was not able to reasonably verify the reported MHPA expenditures nor the MHPA mental health expenditures reported on the fiscal year ended June 30, 2016 SD/MC Year-End Cost Report. Therefore, the County's entire RER MHPA expenditures might be incorrect.

As a result of the County not being able to provide supporting documentation for their MHPA allocation percentage of 69.4%, an adjustment was made to limit the FY2015-16 MHPA total expenditures to \$2,968,991.

Total SD/MC Net Expenditures	\$4,278,085
County’s MHPA Cost Allocation %	x 69.4%
Audited Total MHPA Expenditures	<u>2,968,991</u>

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RER – Total Reported MHSA Program Expenditures 3,350,240
Adjustment \$ (381,249)

The adjustment of \$(381,249) was applied to each MHSA program on a pro rata basis as shown below.

Per FY 2015-16 RER Summary			Adjusted Total MHSA Expenditures	MHSA Program Pro Rata Share of Expenditures (Total Adj Exp * %)	Adjustment
MHSA Component	Reported Program Expenditures (Sec. 4, Ln. D)	Program % (Prog. Exp. / Total Exp.)			
CSS	\$2,828,499	84.4268%		\$2,506,623	\$(321,876)
PEI	313,434	9.3556%		277,766	(35,668)
INN	73,955	2.2075%		65,539	(8,416)
WET	28,297	0.8446%		25,077	(3,220)
CFTN	106,055	3.1656%		93,986	(12,069)
Total	\$3,350,240	100.0000%	\$2,968,991	\$2,968,991	\$(381,249)

CONCLUSION:

The County responses were inconsistent and not reasonable. MHSA expenditures might not be correct as reported on the RER. Based on the above finding, the Department proposed adjustments to the MHSA total expenditures.

AUDIT AUTHORITY

- CCR, Title 9, Sections 1810.216.8, 3400, 3420, 3420.45, and 3510
- 42 CFR, Sections 413.20 and 413.24
- CMS Pub. 15-1, Sections 2300 and 2304

RECOMMENDATION

The County should exercise due care to ensure that clear and reliable records of MHSA expenditures, as well as SD/MC MHSA expenditures and units data, are maintained to support MHSA expenditures.

FINDING NO. 2: INCORRECT CALCULATION OF FEDERAL FINANCIAL PARTICIPATION

The County is required to report the Medi-Cal Federal Financial Participation (FFP) attributed to MHSA as part of the Mental Health Services Act Annual Revenue and Expenditure Report. 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

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Controller's Manual of Accounting Standards and Procedures for Counties. A County shall maintain records of all Mental Health Services Act (MHSA) expenditures. (CCR, Title 9, Section 3420.45)

Review of the County's reported estimated FFP revenue generated in FY 2015-16 disclosed that the County calculated the FFP to MHSA based on their Labor Distribution Report. The County's method to calculate MHSA FFP revenue is not acceptable when FFP is not driven by cost of labor, but rather, by units of service. Per CCR, Title 9, Section 1810.216.8, FFP is available for services provided to Medi-Cal beneficiaries. Audits was not able to verify the accuracy of the reported MHSA FFP revenues as the County was not able to provide documentation identifying the MHSA Medi-Cal units.

CONCLUSION:

The County did not keep track of the MHSA units of services. Therefore, the reported FFP is incorrect.

AUDIT AUTHORITY

- CCR, Title 9, Sections 1810.216.8, 3400, 3420, 3420.45, and 3510
- 42 CFR, Sections 413.20 and 413.24
- CMS Pub. 15-1, Sections 2300 and 2304

RECOMMENDATION

The County should develop and implement procedures to track the Medi-Cal and non-Medi-Cal MHSA units.

FINDING NO. 3: NON-SUPLANT 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 in November 2, 2004".

Audits was provided with the Amador County Behavioral Health Department, Policies & Procedures (P&P) Manual, Fiscal Funding and Uses 5-105 dated 10/19/2021. The County's P&P 5-105 was dated after the period being audited

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(July 1, 2015 through June 30, 2016), the P&P cited the MHSA regulations but did not document what the County plans were to ensure compliance with the above cited regulations.

Further review 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, 2015 through June 30, 2016.

CONCLUSION

Amador County was not in 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

RECOMMENDATIONS

1. The County should develop and implement a written non-supplant policy. The policy should include procedures describing how the County will ensure MHSA funds are only to be 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.