

**REPORT ON THE
MENTAL HEALTH SERVICES ACT
REVENUE AND EXPENDITURE REPORT REVIEW**

**COLUSA COUNTY BEHAVIORAL HEALTH
COLUSA, CALIFORNIA**

**FISCAL PERIOD ENDED
JUNE 30, 2015**

**Specialty Mental Health Audits Section
Financial Audits Branch
Audits and Investigations
Department of Health Care Services**

**Chief: Jeff Vogel
Audit Manager: Vivian Sampson
Auditor: Heidi Boyd**



State of California—Health and Human Services Agency
Department of Health Care Services



GAVIN NEWSOM
GOVERNOR

February 8, 2023

Tony Hobson, Ph.D.
Director
Colusa County Behavioral Health Services
162 East Carson Street
Colusa, CA 95932
thobson@countyofcolusa.com

Via Electronic Mail

**COLUSA COUNTY BEHAVIORAL HEALTH
FISCAL PERIOD ENDED JUNE 30, 2015**

We have examined the Revenue and Expenditure Report and other financial records pursuant to the Mental Health Services Act (MHSA) for the above-referenced fiscal period. We made our examination under the authority of Welfare and Institutions (W & I) Code Sections 14124.2, 5897(d), and performance contract Exhibit A (5)(E)(1) Audit and Record Retention; and, accordingly, included such tests of the accounting records and such other auditing procedures, as we considered necessary under the circumstances.

An Exit Conference was held with the County on December 27, 2022. Prior to the Exit Conference, the County received a report of the preliminary findings. During the Exit Conference, the audit team discussed the findings in the report and gave the County the opportunity to submit additional documentation. The findings in the report reflect the evaluation of all relevant information received prior and subsequent to the Exit Conference.

Please review the enclosed report. The report includes findings and recommendations. A Plan of Correction (POC) is required for all items and must be submitted to DHCS within sixty (60) calendar days of receipt of this report. DHCS will review the POC. If DHCS determines the POC is not sufficient, the county shall propose an alternative corrective action plan to DHCS. DHCS Form 5290, which is the MHSA POC template and instructions, is enclosed, will be sent separately via email, and may also be found here: https://www.dhcs.ca.gov/Documents/CSD_YV/MHSA/DHCS-Form-5290.pdf. The completed POC and supporting evidence of correction must be submitted electronically to DHCS at MHSA@dhcs.ca.gov. In the subject line place the county name and Fiscal POC (i.e., Lakeland County Fiscal POC). DHCS is required to post on its Internet website the Finding Report and any POC (Welfare and Institutions Code Section 5897(e)).

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Performance contract Exhibit A (5)(E)(2) provides a Dispute Resolution Process. Under this provision, if the County would like to dispute these findings, please informally discuss the problem with the DHCS Program Contract Manager. For purposes of this process, you may contact MHSA@dhcs.ca.gov to arrange this discussion. If the problem cannot be resolved, the County may submit a written grievance together with any evidence within sixty (60) calendar days from the day you receive this letter. Please send the grievance to MHSA@dhcs.ca.gov. The grievance shall state the issues in dispute, the legal authority or other basis for County's position and the remedy sought. The Branch Chief will render a decision within ten (10) working days after receipt of the written grievance. If County disagrees with the Branch Chief's decision, the County may appeal to the second level in accordance with performance contract Exhibit A (5)(E)(2)(a)(2).

If you have questions regarding this report, you may email or call the Specialty Mental Health Audits Section at SMHAudits@dhcs.ca.gov or (415) 557-0189.

Original Signed By

Jeff Vogel, Chief
Specialty Mental Health Audits Section
Financial Audits Branch

Served Electronically per Consent Form signed on February 1, 2023.

cc: MHSA
MHSA@dhcs.ca.gov

Via Electronic Mail

Bonnie Briscoe
Fiscal Administrative Officer
bbriscoe@countyofcolusa.com

Via Electronic Mail

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

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

The County is required to certify the accuracy of the RER. (W&I Code, Section 5899(a)) Additionally, CCR, Title 9, Section 3510(a) requires a complete and accurate annual RER to be submitted to the Department by December 31st of the reporting fiscal year.

Audits reviewed the RER submission correspondence and found no record of County RER certification. Furthermore, the County submitted the FY 14/15 RER on February 5th, 2016.

CONCLUSION

The County was not in compliance with the RER filing requirements to timely submit and certify RER accuracy.

AUDIT AUTHORITY

- W&I Code, Section 5899(a)
- CCR, Title 9, Section 3510(a)

RECOMMENDATIONS

1. The County should develop and implement policies and procedures that will ensure annual RER's and certifications are submitted by December 31st following the end of the reporting fiscal year.
2. The County should submit this fiscal year, and any other fiscal years' missing certifications.

FINDING NO. 2: NON-SUPPLANT POLICY COMPLIANCE

MHSA funds shall be used to expand mental health services and/or program capacity beyond what was previously provided/in existence on November 2, 2004. These funds shall not be used to supplant existing state or county funds utilized to provide mental health services that were in existence in Fiscal Year 2004-2005. (W&I Code, Section 5891(a) and CCR, Title 9, Section 3410)

At the time of the audit the County did not have a formal written policy and accounting records to document meeting the MHSA non-supplant requirement.

**COLUSA COUNTY BEHAVIORAL HEALTH
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CONCLUSION

Colusa County was not in compliance with the non-supplant requirement.

AUDIT AUTHORITY

- W&I Code 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 development and implement a written non-supplant policy.
2. The County should develop and maintain schedules documenting compliance with the non-supplant requirements.

FINDING NO. 3: PRUDENT RESERVE FUND

W&I Section 5892(f) requires the County to invest Local Mental Health Services Funds consistently with the other County funds. CCR, Title 9, Section 3420.30 has specific Prudent Reserve funding level requirements.

The County did not provide documentation to support compliance with the above requirements. Audits requested bank statements, remittance advices, and any other records to support how prudent reserve funds were invested consistently with the other County funds. However, the requested documents were not provided, so were unable to verify the County's compliance with these regulations. Although the County provided a calculation for prudent reserve reasonableness, it was for a different fiscal year. As a result, Audits is not able to determine the propriety of the County's reported \$415,145 prudent reserve balance for the audited fiscal year ended June 30, 2015.

CONCLUSION

Colusa County did not document compliance with prudent reserve fund requirements, including whether prudent reserve funds were invested consistently as other County funds and at required funding levels for fiscal year ended June 30, 2015.

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MANAGEMENT FINDINGS AND RECOMMENDATIONS
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AUDIT AUTHORITY

- W&I Code, Section 5892(f)
- CCR, Title 9, Sections 3420.30 and 3420.45
- 42 CFR, Sections 413.20 and 413.24
- CMS Pub. 15-1, Sections 2300 and 2304

RECOMMENDATIONS

1. The County should develop and maintain schedules and accounts to support investments, interest, or gains specific to the prudent reserve funds.

2. The County should develop and maintain documentation supporting compliance with prudent reserve funding level requirements.

FINDING NO. 4: INTEREST EARNED ON MHSA COMPONENT

California Code of Regulations (CCR), Title 9, Section 3420.45 requires the County 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 transfers and Mental Health Services Act expenditures.

(g) A County shall maintain records of each Investment Gain and Investment Loss by Account.

(h) A County shall maintain records of all transfers of principal and Investment Gain from a County investment into the Local Mental Health Services Fund.

The County shall submit a complete and accurate Annual MHSA Revenue and Expenditure Report to the Department. (CCR, Title 9, Section 3510(a))

Colusa County's reported interest earned did not reconcile with its general ledger and no other documentation was provided to support the reported interest.

CONCLUSION

Colusa County is not in compliance with requirements to accurately report interest earned on MHSA funds and maintain records of each fund investment gain or loss by account.

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MANAGEMENT FINDINGS AND RECOMMENDATIONS
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AUDIT AUTHORITY

- W&I Code, Section 5892(f)
- CCR, Title 9, Section 3420.45
- 42 CFR, Sections 413.20 and 413.24
- CMS Pub. 15-1, Sections 2300 and 2304

RECOMMENDATIONS

1. Colusa County should establish policies and procedures that will ensure interest earned on MHSA funds are fully and accurately accounted for and reported.
2. The County should review its records and correct any misstated interest reporting for this, and any other fiscal years needing correction.

FINDING NO. 5: TRACKING AND IDENTIFYING MHSA EXPENDITURES

CCR, Title 9, Section 3420.45 requires the County 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 also maintain records of all allocations from its Local Mental Health Services Fund into the CSS Account, PEI Account, and INN Account. W&I Code 5899(a) states in part that the County is required to certify accuracy of the RER. CCR, Title 9, Section 3510(a) requires a complete and accurate annual RER. Furthermore, CMS Pub. 15-1, Section 2304 states that the County must maintain adequate records, including supporting documentation.

Colusa County's reported MHSA expenditures were not supported by the County's workpaper or general ledger (GL) records. The RER, the County's workpaper, and the County's general ledger amounts have variances amongst each other. The County's MHSA general ledger amounts do not appear reliable as they were far less than the total expenditures that were reported on the RER and Short-Doyle Medi-Cal (SDMC) cost report. As result, Audits was not able to accurately identify the County's actual expenditures due to insufficient and inconsistent record keeping.

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CONCLUSION

The County did not maintain complete and accurate documentation to support and identify reported MHSA expenditures. Audit adjustments 1-6 are proposed to ensure consistent reporting among MHSA and SDMC funded programs.

AUDIT AUTHORITY

- W&I Code, Section 5899(a)
- CCR, Title 9, Sections 3400, 3420, 3420.45
- 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 ensure adequate accounting records, and maintain statistical data to support the reported MHSA expenditures.

**COLUSA COUNTY BEHAVIORAL HEALTH
MENTAL HEALTH SERVICES ACT
AUDIT ADJUSTMENTS TO REVENUE OR EXPENDITURE SUMMARY WORKSHEET
FISCAL YEAR ENDED: JUNE 30, 2015**

#	A Type of Adjustment	B Adj. to FY	C Account	D As Audited (County Amount)	E As Reported (State Amount)	F Adjustment Amount	G Reason/Management Comment
1	Expenditure	14-15	CSS	\$ 4,187,698	\$ 4,502,989	\$ (315,291)	To adjust program cost to agree with the Short-Doyle Medi-Cal cost report.
2	Expenditure	14-15	PEI	\$ 246,170	\$ 264,704	\$ (18,534)	To adjust program cost to agree with the Short-Doyle Medi-Cal cost report.
3	Expenditure	14-15	INN	\$ 29,466	\$ 31,684	\$ (2,218)	To adjust program cost to agree with the Short-Doyle Medi-Cal cost report.
4	Expenditure	14-15	WET	\$ 36,739	\$ 39,505	\$ (2,766)	To adjust program cost to agree with the Short-Doyle Medi-Cal cost report.
5	Expenditure	14-15	CFTN	\$ 76,737	\$ 82,515	\$ (5,778)	To adjust program cost to agree with the Short-Doyle Medi-Cal cost report.
6	Expenditure	14-15	PEI Statewide Project Funds	\$ 21,639	\$ 23,268	\$ (1,629)	To adjust program cost to agree with the Short-Doyle Medi-Cal cost report.