

**MENTAL HEALTH SERVICES ACT (MHSA) PLAN OF CORRECTION (POC)**

1.	County/City:	Colusa
2.	POC Submitted for:	MHSA Fiscal Audit
3.	Date of Audit/Performance Review	2/8/2023
4.	Name of Preparer:	
5.	Preparer Contact Email:	
6.	Preparer Contact Telephone:	

	A	B	C	D	E
#	Finding #	Finding	Recommendation	Action Taken to Correct Finding (Identify Timeline / Evidence of Correction)	DHCS Comments
7.	<b>Finding No. 1: REVENUE AND EXPENDITURE REPORT (RER) FILING REQUIREMENTS</b>	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 31 <sup>st</sup> of the reporting fiscal year.	1. The County should develop and implement policies and procedures that will ensure annual RER's and certifications are submitted by December 31 <sup>st</sup> following the end of the reporting fiscal year.	The County has developed a draft policy and procedure related to submitting the RER and required Certification by December 31 <sup>st</sup> following the fiscal year. Once the policy and procedure have been finalized by the department it will be implemented. The draft policy and procedure are sent with this email.	Approved

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		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 5 <sup>th</sup> , 2016.	2. The County should submit this fiscal year, and any other fiscal years' missing certifications.	The County is submitting the Certification for FY 2014-2015 with this email. 3/22/24 -The above policy and procedure was approved by the Behavioral Health Director on 2/27/24.	
8.	<b>Finding No. 2: NON-SUPLANT POLICY COMPLIANCE</b>	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)	<p>1. The County should development and implement a written non-supplant policy.</p> <p>2. The County should develop and maintain schedules documenting compliance with the non-supplant requirements.</p>	<p>1. The County has developed a draft policy and procedure related to non-supplant of funds. Once the policy and procedure have been finalized by the department it will be implemented. The draft policy and procedure is sent with this email.</p> <p>2. The County has developed and will</p>	Approved

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		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.		maintain a schedule documenting compliance with the non-supplant requirements. The schedule is sent with this email.  3/22/24-The above policy and procedure was approved by the Behavioral Health Director on 2/27/24.	
9.	<b>Finding No. 3: PRUDENT RESERVE FUND</b>	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	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	1. The County has schedules and accounts to support investments, interest, or gains specific to the prudent reserve fund. The schedule is sent with this email.  2. The County did develop in FY 18-19 documentation supporting compliance with prudent reserve	Approved

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		<p>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.</p> <p>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</p>	<p>prudent reserve funding level requirements.</p>	<p>funding level requirements. The schedule is sent with this email.</p>	
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		for the audited fiscal year ended June 30, 2015.			
10.	<b>FINDING NO. 4: INTEREST EARNED ON MHSA COMPONENT</b>	<p>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.</p> <p>(g) A County shall maintain records of each Investment Gain and</p>	<ol style="list-style-type: none"> <li>1. Colusa County should establish policies and procedures that will ensure interest earned on MHSA funds are fully and accurately accounted for and reported.</li> <li>2. The County should review its records and correct any misstated interest reporting for this, and any other fiscal years needing correction.</li> </ol>	<ol style="list-style-type: none"> <li>1. The County has developed a draft policy and procedure related to MHSA interest and Reporting. Once the policy and procedure have been finalized by the department it will be implemented. The draft policy and procedure is sent with this email.</li> <li>2. The County has started the process of reconciling all MHSA RER reports to the audited Mental Health Cost Reports and general ledger accounts. The department has</li> </ol>	Approved

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		<p>Investment Loss by Account.</p> <p>(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.</p> <p>The County shall submit a complete and accurate Annual MHSA Revenue and Expenditure Report to the Department. (CCR, Title 9, Section 3510(a))</p> <p>Colusa County's reported interest earned did not reconcile with its general ledger and no other documentation was provided to support the reported interest.</p>		<p>submitted DHCS_1821 for FY 10/11 thru FY 13/14 on 5/18/2022. The department will continue to do adjustments as the Mental Health Cost Reports are audited.</p> <p>3/22/24-The above policy and procedure was approved by the Behavioral Health Director on 2/27/24.</p>	
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11.	<p><b>FINDING NO. 5:                  TRACKING AND                  IDENTIFYING                  MHSA                  EXPENDITURES</b></p>	<p>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.</p> <p>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&amp;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.</p>	<p>The County should develop and implement procedures to ensure adequate accounting records and maintain statistical data to support the reported MHSA expenditures.</p>	<p>1. The County has developed a draft policy and procedure related to MHSA interest and Reporting. Once the policy and procedure have been finalized by the department it will be implemented. The draft policy and procedure is sent with this email.</p>	<p>Approved</p>
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		<p>Furthermore, CMS Pub. 15-1, Section 2304 states that the County must maintain adequate records, including supporting documentation.</p> <p>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</p>			
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		able to accurately identify the County's actual expenditures due to insufficient and inconsistent record keeping.			
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## **MENTAL HEALTH SERVICES ACT (MHSA) PLAN OF CORRECTION (POC)**

Instructions: Complete the MHSA Plan of Correction (POC) to address Findings from the Fiscal Audit Report or Performance Review Report.

Row 1: Enter County/City name.

Row 2: Select from the drop-down menu if this POC is submitted in response to a Fiscal Audit or a Performance Review.

Row 3: Enter the date that the Fiscal Audit or Performance Review was conducted.

Row 4: Enter the name of the person who prepared the Plan of Correction or is responsible for responding to inquiries about the Plan of Correction.

Row 5: Enter the contact email address of the person who prepared the Plan of Correction or is responsible for responding to inquiries about the Plan of Correction.

Row 6: Enter the contact telephone number of the person who prepared the Plan of Correction or is responsible for responding to inquiries about the Plan of Correction.

Rows 7-28, Column A: Enter the number of the specific Finding from the Fiscal Audit Report or Performance Review Report.

Rows 7-28, Column B: Enter the specific Finding from the Fiscal Audit Report or Performance Review Report.

Rows 7-28, Column C: Enter the specific recommendation from the Fiscal Audit Report or Performance Review Report.

Rows 7-28, Column D: Enter the description of the actions taken to correct the Finding. Must include 1) timeline for implementation and/or completion of actions; 2) proposed (or actual) evidence of correction to be submitted to DHCS.

This completed form must be submitted to [MHSA@dhcs.ca.gov](mailto:MHSA@dhcs.ca.gov).