

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

1.	County/City:	Kern County
2.	POC Submitted for:	MHSA Fiscal Audit
3.	Date of Audit/Performance Review	June 30, 2021
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 Notes/Comments
7.	1	Missing Administration Funding Source. The County reported administration costs for CSS, PEI, CFTN in the amount of \$2,284,350, \$419,067, and \$19,788 respectively, but did not report Medi-Cal Federal Financial Participation (FFP) as funding for the associated administration costs. The audited Medi-Cal FFP was \$664,559,	<ol style="list-style-type: none"> <li>The County should submit a Plan of Correction (POC) and include these FFP adjustments.</li> <li>The County should adjust FFP revenue for all other fiscal years with unreported FFP or reported FFP that needs updating. The most recent RER includes instructions for adjusting FFP revenue to agree with the most recently available</li> </ol>	KernBHRS concurs with Finding number 1 and agrees with the recommendations. In FY14/15, KernBHRS implemented a new cost allocation plan that includes allocating administration cost and to individual programs. This process also includes allocating the administration Medi-cal revenue earned on the Mental Health Medi-cal cost report to various Medi-cal revenue generating programs, some of which are MHSA programs. The current process to determine the amount of MHSA funding used to pay for administration cost is to subtract the Medi-cal	Approved

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		<p>\$151,006, and \$5,755 for CSS, PEI and CFTN, respectively, for a total variance of \$821,320. The MHSA fund for each component was recalculated by subtracting the additional audited Medi-Cal FFP from audited each component costs.</p>	<p>cost (initial, settled, or audited).</p>	<p>administration revenue from the total administration cost assigned to the MHSA program and report the total for the various components on the MHSA RER.</p>	
8.	2	<p>According to MHSD Information Notice No.: 13-17, Revenue and Expenditure Report Instructions: "The reporting for the RER should reflect all activity that occurs between July 1, 2011, and June 30, 2012." "For purposes of reporting on the RER, revenues should be recognized in the</p>	<p>The County should develop and implement procedures to reconcile and ensure accurate prudent reserve interest and balance reporting.</p>	<p>KernBHRS concurs with Finding number 2 and agrees with the recommendation.</p>	<p>Approved</p>

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		<p>accounting period in which they became available and measurable. (Accounting Standards and Procedures for Counties, State Controller’s Office, May 2003)”</p> <p>The County’s reported prudent reserve balance included funds transferred to the prudent reserve account in Dec 8, 2012. This resulted in an inaccurate prudent reserve balance for this rating period.</p> <p>Also, the County did not report prudent reserve interest revenue of \$74,173. Based on the above, the Department</p>			

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		proposed adjustments to the prudent reserve balance.			
9.	3	Insufficient Supporting Documentation. 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 MHSA expenditures. (CCR, Title 9, Section 3420.45)	The County should develop and implement procedures to ensure adequate financial records and statistical data are maintained to support reported MHSA expenditures.	KernBHRS concurs with Finding number 3 and agrees with the recommendations. In FY14/15, KernBHRS implemented a cost allocation plan which allows for better record keeping and is consistent with GAAP and GASB requirements. Supporting documentation is now kept for each MHSA RER since FY14/15.	Approved

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		<p>The County reported department overhead allocated to MHSA administrative costs in a Revenue and Expenditures Report. However, the County did not maintain documentation to support the amount of costs reported and the statistical basis used to determine how overhead were allocated to MHSA administrative costs, and further allocated to CSS, PEI, and CFTN components. According to County representatives, they were not able to find this information due to staff turnover. The regulations required consistent</p>			

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		<p>maintenance of adequate and accurate accounting records to support amounts reported in the Revenue and Expenditure Report.</p> <p>The Department calculated MHSA administration costs based on this program's share of total administrative costs based on, and consistent with the Short-Doyle Medi-Cal (SD/MC) cost report and related audit. Based on the above finding, the Department proposed adjustments to the MHSA administration cost for the CSS, PEI and CFTN components.</p>			