

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

FINDING NO. 1: DOCUMENTING NON-SUPPLANTION COMPLIANCE

Welfare and Institution Code (WIC), Section 5891 (a) requires that "The funding established pursuant to this act shall be utilized to expend mental health services...these funds shall not be used to supplant existing state or county funds utilized to provide mental health services."

California Code of Regulations (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".

County did not have a formal written policy for non-supplantation requirement.

According to County, the Mental Health Services Act (MHSA) general ledger (GL) documented County's compliance with the non-supplantation requirement. Audits reviewed the GL provided by County and noted the following:

- 1). The MHSA GL listed the accumulated expenditures and revenues by unit and object code. Units identified the MHSA components; object codes identified the expenditure categories and funding sources.
- 2). Accumulated expenditures and funding sources documented by MHSA GL ensured that MHSA program expenditures were covered by different funding sources.
- 3). The MHSA GL did not document programs that were not in existence at the time of enactment of MHSA (new programs) or expanded programs.
- 4). Based on items 1) to 3) above, the GL did not demonstrate compliance with the non-supplantation requirement.

CONCLUSION

Ventura County did not demonstrate compliance with the non-supplantation requirement.

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

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RECOMMENDATIONS

1. The County should develop and implement a written non-supplantation policy.
2. The County should develop schedules documenting how each fiscal year's MHSA expenditures expanded mental health services or program capacity.
3. The County should develop schedule documenting how funding sources were used in compliance with the non-supplantation requirement.

FINDING NO. 2: LOCAL MENTAL HEALTH SERVICES FUNDS NOT ACCURATELY ALLOCATED TO COMPONENTS

Per MHSUDS Information Notice No.: 17-003, Counties must report revenue received during FY15-16, from July 1, 2015 through June 30, 2016. The amount reported must align with the SCO Reports for funds distributed during the same period.

Per WIC Section 5892(a):

(3) Twenty percent of funds distributed to the counties pursuant to subdivision (c) of Section 5891 shall be used for prevention and early intervention programs in accordance with Part 3.6 (commencing with Section 5840).

(5) The balance of funds shall be distributed to county mental health programs for services to persons with severe mental illnesses pursuant to Part 4 (commencing with Section 5850) for the children's system of care and Part 3 (commencing with Section 5800) for the adult and older adult system of care. These services may include housing assistance, as defined in Section 5892.5, to the target population specified in Section 5600.3.

(6) Five percent of the total funding for each county mental health program for Part 3 (commencing with Section 5800), Part 3.6 (commencing with Section 5840), and Part 4 (commencing with Section 5850), shall be utilized for innovative programs in accordance with Sections 5830, 5847, and 5848.

Per CCR, Title 9, Section 3420(b):

(1) Five (5) percent to the Innovation (INN) Account.

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(2) Nineteen (19) percent to the Prevention and Early Intervention (PEI) Account, pursuant to the application of Welfare and Institutions Code section 5892(a)(6).

(3) Seventy-six (76) percent to the Community Service and Support (CSS) Account.

Audits calculated the MHSA fund allocation for each of the components and compared to the reported as shown below:

	(1)	(2)	(3)=(2)x[a]	(4)	(5)=(4)-(1)
	As Reported	Allocation Percentage	MHSA Allocation to CSS and PEI	New Allocated Amount	Variance
CSS	\$23,846,600	80%	\$23,846,599	\$22,654,269	(\$1,192,331)
PEI	4,471,237	20%	5,961,650	5,663,568	1,192,331
INN - CSS Allocation		5%		1,192,330	
INN - PEI Allocation		5%		298,082	
INN Subtotal	1,490,412			1,490,412	0
Total	\$29,808,249		\$29,808,249	\$29,808,249	\$0

The reported allocated percentages are not consistent with CCR, Title 9, Section 3420(b) while the new allocated percentages are, as shown below:

	(6)	(7)
	Reported Allocated Percentage	New Allocated Percentage
	As Reported	New Allocated
CSS	\$23,846,600 80%	\$22,654,269 76%
PEI	4,471,237 15%	5,663,568 19%
INN	1,490,412 5%	1,490,412 5%
Total	\$29,808,249 100%	\$29,808,249 100%

CONCLUSION

Of the \$29,808,249 MHSA funds received, County allocated 80% to CSS, 15% to PEI and 5% to INN which is not in compliance with CCR, Title 9, section 3420(b). This resulted in CSS fund overstated and PEI fund understated by \$1,192,331, respectively (Audit Adjustment No. 1).

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AUDIT AUTHORITY

- WIC Sections 5892(a)
- CCR, Title 9, Section 3420(b)
- MHSUDS Information Notice No.: 17-003
- 42 CFR, Sections 413.20 and 413.24
- CMS Pub. 15-1, Sections 2300 and 2304

RECOMMENDATION

County should develop the MHPA funds allocation schedule to accurately allocate funds to components to comply with the regulations.

FINDING NO. 3: FEDERAL FINANCIAL PARTICIPATION (FFP) FUNDS NOT REPORTED IN RER

CCR, Title 9, Section 3610 (d) requires that “MHPA funds may only be used to pay for those portions of the mental health programs/services for which there is no other source of funding available.”

Per MHSUDS Information Notice No.: 17-003, Enclosure 2 (Annual MHPA Revenue and Expenditure Report (RER) Fiscal Year 2015-16 Instructions), “The county must report all fund sources used to pay for program expenditures including any MHPA funds, Interest, 1991 Realignment, Behavioral Health Subaccount and Other...Other represents the total amount of any other funds used to pay for program expenditures, and may include, but is not limited to: County General Fund, Federal Financial Participation funds, grants, patient fees, private insurance, and/or Medicare.”

In Short Doyle/Medi-Cal (SD/MC) cost report County reported Capital Facility and Technology Needs (CFTN) expenses in the Administration Costs cost center and allocated the administrative costs between SD/MC Administration and Non-SD/MC Administration. County received FFP funding for its administrative costs through the SD/MC cost report. Consequently, County received both MHPA and FFP fundings for the CFTN expenses. However, County did not report any FFP funding for CFTN expenses in the RER.

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CONCLUSION

County did not report FFP for CFTN on RER.

AUDIT AUTHORITY

- CCR, Title 9, Section 3610 (d)
- MHSUDS Information Notice No.: 17-003, Enclosure 2

RECOMMENDATION

County should correct the MHSA and FFP funding sources on the RER for accurate reporting.

FINDING NO. 4: INN WORK PLAN NOT APPROVED

According to WIC, Section 5830(e), county mental health programs shall expend funds for their innovation programs upon approval by the Mental Health Services Oversight and Accountability Commission (MHSOAC).

County reported expenditures of \$317,098 for the Quality of Life Improvement Innovation project in FY 15/16 RER. Further review disclosed that County started reporting the project expenditures in the FY 12-13 RER.

However, County did not have an approval for the Quality of Life Improvement project from MHSOAC. Per County, those days there was no MHSOAC approval for Innovation projects and County just submitted the plan for board approval and to DHCS.

County provided two letters from MHSOAC dated April 22, 2011 and August 8, 2011 which stated that "Since the enactment of AB 100 the MHSOAC no longer reviews or approve funding requests." The letters were for the FY 11/12 Annual Update and associated Innovation Plan.

County also provided the Innovation portion of the FY 12/13 MHSA Annual Update. This Innovation portion wasn't dated; the only date found there was on the MHSA SUMMARY FUNDING REQUEST which was dated 7/16/2012.

Assemble Bill (AB)1467 went into effect immediately after it was chaptered into state law on June 27, 2012. It reinstated the provision that county Innovation plans be approved by the MHSOAC.

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Since AB1467 was effective on June 27, 2012, which was before the FY 12/13 Annual Update (with date of July 16, 2012), County should have obtained approval from MHSOAC for the Quality of Life Improvement project.

CONCLUSION

County reported unapproved MHSA INN expenditures.

AUDIT AUTHORITY

- WIC, Section 5830
- AB1467

RECOMMENDATION

The County shall request and receive approval before expending MHSA INN funds in accordance with WIC, Section 5830 and AB1467.