

**SAN BENITO 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: TRACKING MENTAL HEALTH SERVICES ACT (MHSA)
EXPENDITURES**

A County is required to maintain records in accordance with Generally Accepted Accounting Principles (GAAP), Governmental Accounting Standards Board (GASB) standards, State Controller's Manual of Accounting Standards and Procedures for Counties. A County shall maintain records of all allocations from its Local Mental Health Services Fund into the Community Services and Support (CSS) Account, Prevention and Early Intervention (PEI) Account, Innovation (INN) Account, Workforce Education and Training (WET) Account, and Capital Facilities and Technology Needs (CFTN) Account and maintain records of all expenditures of MHSA funds by fiscal year and by component account (California Code of Regulations (CCR), Title 9, Section 3420.45 and Welfare and Institution Code (WIC) Section 5899).

The County did not separately track MHSA expenditures. Instead, the reported expenditures were calculated based on funding sources. The County reported total mental health expenditures for all programs on both the Revenue and Expenditure Report (RER) and County Short-Doyle Medi-Cal (SDMC) cost report, then used other funding sources (e.g., realignment and Federal Financial Participation (FFP)) to determine the remaining funding needed to balance, categorizing that amount as MHSA CSS component expenditures. This fiscal year, the County reported total MHSA costs of \$4,919,086, which is the exact amount of total expenditures for all programs on the County's SDMC cost report.

This assumes those total expenditures are for both SDMC and MHSA programs and MHSA funds in the amount of the funding needed to balance expenditures and funding, without regard to actual program expenditures. This is not an accurate reporting of MHSA expenditures and funds in accordance with the regulation. As the total actual cost and funding for these programs change from year to year, this methodology could result in one program funding another and may result in supplantation.

CONCLUSION

The County did not track and maintain all necessary data to accurately report actual MHSA expenditures as required by the regulation. The County's methodology for reporting MHSA expenditures based on funding sources could result in one program funding another and supplantation.

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AUDIT AUTHORITY

- 42 CFR, Sections 413.20 and 413.24
- CMS Pub. 15-1, Sections 2300 and 2304
- CCR, Title 9, Sections 3400, 3420, and 3420.45
- WIC Section 5899

RECOMMENDATION

The County should develop and implement procedures to ensure accurate statistical data and program expenditure records are maintained to support actual MHSA expenditures.

FINDING NO. 2: DOCUMENTING NON-SUPPLANTATION COMPLIANCE

W & I Code 5891(a) requires that the funding established under this act shall be utilized to expand mental health services; these funds shall not be used to supplant existing state or county funds utilized to provide mental health services. A review of the County's compliance with this non-supplant requirement disclosed the following:

1. The County did not develop its own written policy for MHSA non-supplantation requirement for the audit period.
2. The County did not have any records/schedules to document meeting the MHSA non-supplantation requirement.

CONCLUSION

The County did not document compliance with the non-supplantation requirement.

AUDIT AUTHORITY

- 42 CFR, Sections 413.20 and 413.24
- CMS Pub. 15-1, Sections 2300 and 2304
- CCR, Title 9, Section 3410
- WIC Section 5891(a)

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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.

FINDING NO. 3: INACCURATE FUNDING SOURCES

WIC Section 5813.5 states: "Subject to the availability of funds from the Mental Health Services Fund, the state shall distribute funds for the provision of services under Sections 5801, 5802, and 5806 to county mental health programs..."

(b) The funding shall only cover the portions of those costs of services that cannot be paid for with other funds, including other mental health funds, public and private insurance, and other local, state, and federal funds."

WIC Section 5878.3(a) states: "Subject to the availability of funds as determined pursuant to Part 4.5 (commencing with Section 5890) of this division, county mental health programs shall offer services to severely mentally ill children for whom services under any other public or private insurance or other mental health or entitlement program is inadequate or unavailable. Other entitlement programs include but are not limited to mental health services available pursuant to Medi-Cal, child welfare, and special education programs. The funding shall cover only those portions of care that cannot be paid for with public or private insurance, other mental health funds or other entitlement programs."

Per the available prior year MHSUDS Information Notice No. 15-037, Enclosure 2- Annual MHSA Revenue and Expenditure Report Fiscal Year 2013-14 Instructions, Expenditure and Funding Sources in FY 2013-14 Section, "This section identifies all the sources and amounts of funds used to pay for the total (gross) program expenditures. The County must report all fund sources used to pay for program expenditures including any MHSA funds, Interest, 1991 Realignment, Behavioral Health Subaccount and Other...Other Funding represents the total amount of any other funds used to pay for program expenditures, which may include, but is not limited to: County General Fund, grants, patient fees, insurance, and/or Medicare."

The County reported total MHSA funds used for FY 14-15 expenditures were \$2,060,311. However, the actual MHSA funds used should be \$2,017,427. The County filed the RER on 10/17/2016 and settled the SD/MC cost report on

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4/2/2021. The Department did not audit but accepted the County's settled cost report. The changes from the Settled SD/MC cost report caused a \$51,900 increase in Regular/Enhanced SD/MC FFP fund as shown below:

	Audited	Reported	Variance
Other	\$ 1,986,621	\$ 1,934,721	\$ 51,900
Behavioral Health Subaccount	41,072	41,072	-
1991 Realignment	873,966	882,982	(9,016)
MHSA	2,017,427	2,060,311	(42,884)
	<u>\$ 4,919,086</u>	<u>\$ 4,919,086</u>	<u>\$ (0)</u>

Since only the CSS component included FFP funding, adjustments were made in the CSS component.

CONCLUSION:

The following adjustments are proposed to adjust the funding sources to agree with the County's records (Audit Adjustment Nos. 2-4).

- CSS – Other \$51,900
- CSS - 1991 Realignment Funds \$(9,016)
- CSS - MHSA Funds \$(42,884)

AUDIT AUTHORITY

- 42 CFR, Sections 413.20 and 413.24
- CMS Pub. 15-1, Sections 2300 and 2304
- WIC Sections 5813.5 (b) and 5878.3 (a)
- MHSUDS Information Notice No. 15-037

RECOMMENDATIONS

1. The County should correct the records and provide evidence of correction in the Plan of Correction.
2. The County should exercise due care in the preparation of the RER and SD/MC cost report and maintain accuracy for the reports submitted to the Department.

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FINDING NO. 4: RER FILING REQUIREMENTS

Per MHSUDS Information Notice No.15-038, "The RER must be submitted electronically... As specified in Title 9, California Code of Regulations Section 3510, the report is to be submitted no later than December 31, 2015."

Audits reviewed the RER submission. Our review disclosed that the County did not submit the RER as required by December 31, 2015. Instead, the County submitted the report on October 17, 2016.

CONCLUSION

The County was not in compliance with the RER filing requirement to submit the FY 14/15 RER by December 31, 2015.

AUDIT AUTHORITY

- CCR, Title 9, Sections 3510(a) and 3510.005(d)
- WIC Section 5899
- MHSUDS INFORMATION NOTICE NO.: 15-038

RECOMMENDATION

The County shall develop and implement a process to ensure complete and accurate RER are certified and filed by the required deadline.