

**LAKE COUNTY BEHAVIORAL HEALTH SERVICES  
MENTAL HEALTH SERVICES ACT  
REVENUE AND EXPENDITURE REPORT REVIEW  
MANAGEMENT FINDINGS AND RECOMMENDATIONS  
FISCAL YEAR ENDED JUNE 30, 2012**

**FINDING NO. 1: MHSA EXPENDITURES RECONCILIATION**

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 by fiscal year and by component account. (CCR, Title 9, Section 3420.45(a)(i))

MHSUDS Information Notice No. 14-013 states in relevant part:

“The reporting for the RER should reflect all activity that occurs between July 1, 2011 and June 30, 2012 ... Expenditures should be recognized in the period that the fund liability is incurred...”

Our examination disclosed that the County's RER for CSS, PEI, and INN components did not reconcile with the general ledger or accounting reports. Therefore, Department made the following adjustments to the CSS, PEI, and INN components.

<b>Expenditure</b>	<b>As Reported</b>	<b>As Audited</b>	<b>Adjustment Amounts</b>
CSS	\$1,804,255	\$1,139,551	(\$664,704)
PEI	\$266,384	\$56,908	(\$209,476)
INN	\$548,754	\$547,118	(\$1,636)
<b>Total</b>	<b>\$2,619,393</b>	<b>\$1,743,577</b>	<b>(\$875,816)</b>

**CONCLUSION**

Based on the above finding, the Department proposes adjustments to correct CSS, PEI, and INN expenses.

**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
- MHSUDS Information Notice No. 14-013

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**RECOMMENDATION**

The County should develop and implement policies and procedures to ensure that sufficient and reliable records of MHSA expenditures and units data are maintained, thereby supporting MHSA expenditures.