

**SANTA BARBARA COUNTY
DEPARTMENT OF BEHAVIORAL WELLNESS
MENTAL HEALTH SERVICES ACT
REVENUE AND EXPENDITURE REPORT REVIEW
MANAGEMENT FINDINGS AND RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2015**

FINDING NO. 1: NON-SUPLANT COMPLIANCE

According to W&I Code 5891(a) and CCR, Title 9, Section 3410, MHSA funds may only be used to expand mental health services.

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".

Audits selected and reviewed the County's contracted Legal Entity (LE) 00108 and it did appear that the County used MHSA funds for this contractor's existing services. LE 00108 had mental health services in existence in the 2004 base year, but in the current audit year all of this LE's services were funded by MHSA.

County did not provide any explanation for the above finding.

CONCLUSION

Santa Barbara County used MHSA funds to supplant funding of existing mental health services.

AUDIT AUTHORITY

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

RECOMMENDATION

The County should develop and implement policies and procedures to review its contracted services and funding sources to ensure MHSA funds are expended in accordance with non-supplant requirements.

FINDING NO. 2: MHSA EXPENDITURE REPORTING

Pursuant to the MHSA shall be utilized to expand mental health services, only be used to pay for authorized programs (MHSA program components established in W&I Code Sections 5890 and 5892), and expenditures shall be based on the county mental health program's approved three-year program and expenditure plan or annual update (W&I Code Section 5891).

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The County did not report expenditures based on the above requirements. Total expenditures reported on the RER included costs that were adjusted out of the SD/MC Cost Report because those costs are not allowable under the Medi-Cal Program. There self-reported SD/MC Cost Report adjustments related to nonallowable activities, such as political and lobbying activities, are not specifically MHSA program component costs. When MHSA funds are used as local match, they should only be applied to allowable Medi-Cal costs. Further, political and lobbying costs are specifically excluded from all State contracts.

County's reasoning is those costs are not reimbursable under federal guidelines, but State funding sources do not have the same federal restrictions. Further, County also believed the RER is a State report, and federal regulations do not apply to MHSA.

It is important to point out costs that are not reimbursable in SD/MC does not mean it is automatically reimbursable in MHSA. Non-allowable costs under the Medi-Cal Program are likely to be non-allowable under MHSA.

CONCLUSION

Santa Barbara County has not correctly reported only authorized, allowable, and approved MHSA expenditures on the RER. Related audit adjustments one and two to the RER are proposed.

AUDIT AUTHORITY

- 42 CFR, Sections 413.134, 413.20, and 413.24
- CMS Pub. 15-1, Sections 2300 and 2304
- CCR, Title 9, Section 3410
- W&I Code, Section 5899

RECOMMENDATIONS

1. The County should carefully review the SD/MC cost report's Medi-Cal adjustments and include only those costs that are part of the MHSA program and approved three year plan or update.
2. When MHSA funds are used to expand existing Medi-Cal services and funds are used as the local match, federal regulations must be followed. In the case where the MHSA clients are eligible for Medi-Cal, Federal

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Financial Participation (FFP) may be claimed and MHSA funds used as the local match, which means federal regulations must be followed.

FINDING NO.3: REVENUE AND EXPENDITURE REPORT (RER) FILING REQUIREMENTS

The County was required to submit and certify a complete and accurate RER for this fiscal year by January 31, 2016 (W&I Code Section 5899(a) and CCR, Title 9, Section 3510(a))

The County submitted this fiscal year's RER on May 17, 2017 with a completed certification form indicating a May 23, 2017 signature date.

CONCLUSION

Based on the above findings, Santa Barbara County did not meet the required submission and certification due date of January 31, 2016.

AUDIT AUTHORITY

- W&I Code Section 5899(a)
- CCR, Title 9, Section 3510(a)

RECOMMENDATION

County should ensure future fiscal years' RER are submitted with complete fiscal certification forms by the due date.