

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

1.	County/City:	Humboldt
2.	POC Submitted for:	MHSA ARER FY 2015-16
3.	Date of Audit/Performance Review	Fiscal Audit Report Dated 12/19/2025
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 Comments
7.	Finding #1	Maintaining complete and accurate program expenditure records. The County is required to maintain adequate accounting records of all MHSA fund expenditures by fiscal year and component account	<ol style="list-style-type: none"> The County should establish an appropriate financial tracking system to track MHSA fund expenditures by component. The County should reassess these amounts when preparing their SD/MC cost report 	<p>Humboldt County continues to improve processes in the preparation of the RER and Short/Doyle Medi-Cal cost reports.</p> <p>Departmental policy and procedure for financial reconciliation attached.</p> <p>“Report Procedures – Quarterly Trial Balance MAS90 to Finance Enterprise”. Excel workbook demonstrating the allocation</p>	Approved.

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		and submit complete and accurate Annual MHSA Revenue and Expenditure Reports. (CCR, Title 9, Sections 3420.45 and 3510).	and adjust as needed	of above policy, includes the tracking of MHSA fund expenditures by component. "Humboldt MH Trial Balance FY 2016-16, Cost ctrs"	
8.	Finding #2	Prudent Reserve Fund record keeping. W&I Code Section 5892(f) requires the Prudent Reserve Fund to be invested consistent with other County funds and the interest earned on investments to be transferred into the fund.	<ol style="list-style-type: none"> 1. The County should develop an investment policy to ensure Prudent Reserve funds are invested consistently with other County funds. 2. The County should transfer and maintain records of all transfers of interest earned into Prudent Reserve 	Humboldt County can confirm that the Prudent Reserve (PR) funds have been invested in accordance with County investment practices and consistently with other County funds. The interest earned on PR was not tracked separately but was included in the total Mental Health Services Act (MHSA) fund interest reported on the Annual Revenue and Expenditure Report (ARER).	Approved.

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			Fund. 3. The County should review its investment records and adjust the Prudent Reserve Fund balance in its records and/or RER accordingly.	County Auditor calculates interest based on the combined MHSA fund balance, which includes both the program and Prudent Reserve components. The resulting interest earnings are deposited into the Humboldt County MHSA trust fund on a quarterly basis. Reference attached "Executed Resolution No. 19-82". Interest was properly earned and deposited consistent with MHSUDS Information Notice No 18-033, it was not disaggregated to reflect the Prudent Reserve's portion separately.	

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				<p>Effective July 1, 2026, County Auditor intends to establish a separate interest-bearing fund for the BHSA Prudent Reserve. This is compliant with A-C SOP for establishing new trust funds as the balance reflects interest-bearing amounts that must be separately tracked and represents a fund balance reservation.</p> <p>Please reference attached draft Humboldt MHSA fiscal policy. Final policy to be approved by 7/01/2026.</p>	
9.	Finding #3	Reporting Federal Financial Participation (FFP)	1. The County should exercise due care to ensure MHSA expenditures and	The timing of the initial, settlement and audit of Short-Doyle Medi-Cal claims is such that all documents in	Approved.

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		<p>The County is required to submit complete and accurate Annual MHSA Revenue and Expenditure Reports including subsequent FFP Revenue Adjustments (CCR, Title 9, Section 3510). The County is also required to maintain records in accordance with GAAP and GASB standards and State Controller’s Manual of Accounting Standards and Procedures for Counties (CCR, Title</p>	<p>FFP are properly reported, including reporting adjustments to FFP revenue as needed and as part of its Plan of Correction for these audit findings.</p> <p>2. The County should develop policies and procedures to budget and utilize other available funding sources in accordance with MHSA requirements.</p>	<p>original format will not sync up. Humboldt will indicate appropriate adjustment of subsequent RERs, but it is not until the Mental Health Cost Report Audit that costs and units are settled. This results in a significant delay in reconciling the actual FFP earned for MHSA services.</p> <p>Please find attached Humboldt County DHHS Policy No. FIS 366 “DHHS General Fiscal Policies”.</p> <p>Please also reference attached draft Humboldt MHSA fiscal policy. Final policy to be approved by 7/01/2026.</p>	

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		9, Sections 3400 and 3420.45). The County overstated the FFP reported in RER. The audited FFP was calculated based on the County's supporting workpaper and the audited Short-Doyle/Medi-Cal cost report.			