

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

FINDING NO. 1: 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, 2017. (W&I Code Section 5899(a) and CCR, Title 9, Section 3510(a))

The County submitted this fiscal year's RER on July 17, 2018, which was past the required due date of January 31, 2017. Further, the fiscal certification form for the submitted RER on record with the Department has a signature date of July 19, 2018, which also past the due date of January 31, 2017.

CONCLUSION

Santa Cruz County did not meet the required submission and certification due date of January 31, 2017.

AUDIT AUTHORITY

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

RECOMMENDATION

County should implement policies and procedures that will ensure future fiscal years' RERs are submitted with complete fiscal certification forms by the due date.

FINDING NO. 2: INCORRECT CALCULATION OF MHSA EXPENDITURES

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 Mental Health Services Act (MHSA) expenditures (CCR, Title 9, Section 3420.45) and to ensure they were reported correctly on the RER.

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

Audits reviewed County's supporting documents for the RER and noted building cost of \$668,252 were included twice in the RER. Audit adjustment number one (1) is proposed to remove the double counted amount of building cost.

Further, Administration cost of \$858,739 was calculated using an estimated number due to the delay filing of the Cost Report. Since the Cost Report is now completed, the auditor updated the calculation utilizing the actual amount instead of the estimated number and proposed Audit adjustment number two (2) for the variance.

CONCLUSION

The County did not correctly report or update the above-noted MHSA expenditures and two audit adjustments are proposed.

AUDIT AUTHORITY

- 42 CFR, Sections 413.20, 413.24, and 413.134
- CMS Pub. 15-1, Sections 2300 and 2304

RECOMMENDATION

The County should exercise due care to ensure MHSA expenditures are properly reported, including submission of adjustments to MHSA expenditures as needed.