

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

FINDING NO. 1: REVENUE AND EXPENDITURE REPORT (RER) FILING REQUIREMENTS

Audits reviewed the RER submission correspondence, report versions, and certifications. CCR, Title 9, Section 3510(a) requires the annual RER to be submitted by January 31st following the end of fiscal year.

- (a) Earliest Inyo County RER is dated August 30, 2013.
- (b) The second, revised RER is dated August 8, 2014.

CONCLUSION

Inyo County is not in compliance with the RER filing requirement of submission by January 31, 2013.

AUDIT AUTHORITY

- CCR, Title 9, Section 3510(a)

RECOMMENDATIONS

1. County should ensure future fiscal year RERs are submitted by due date.
2. County should ensure future fiscal year RERs are complete and accurate.

FINDING NO. 2: REVENUE AND EXPENDITURE REPORT (RER) FILING REQUIREMENTS

Audits reviewed the RER submission correspondence, report versions, and certifications. Per W&I Code 5899(a), County is required to certify accuracy of the RER.

- (a) Certification submitted for RER dated August 30, 2013.
- (b) Certification not submitted for RER dated August 8, 2014.

CONCLUSION

Inyo County is not in compliance with the RER filing requirement to certify accuracy of submitted August 8, 2014 RER.

AUDIT AUTHORITY

- W&I Code, Section 5899(a)

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RECOMMENDATION

County should provide certifications on original and revised RERs.

FINDING NO.3: LOCAL MENTAL HEALTH SERVICE FUNDS

Per CCR, Title 9, Section 3420.45, County is required to maintain all records:

- (g) Of each investment gain and loss by account.
- (h) Transfer of principal investment gain from a County investment into the Local Mental Health Service Fund.

Per W&I Section 5892(f), County is required to invest Local Mental Health Services Funds consistently with other County funds.

Following was found during the review:

- (a) The investment policy received is dated January 2020. Per statement, the policy is revised on a yearly basis. List of investment criteria included.
- (b) The MHSA Trust account ledger does not list investments separately.
- (c) Reported interest income earned was \$7,738 or 0.32 percent of the total of unspent funds (\$2,038,474) and prudent reserve (\$382,134).

CONCLUSION

County did not provide detailed investment documentation to support MHSA funds are invested consistently with other County funds. Investment policy specific to FYE: June 30, 2012 not provided. Inyo County is not in compliance with requirement to maintain records of each fund investment gain or loss by account. County is not in compliance documentation to support Local Mental Health Funds are invested consistently as other Inyo County funds.

AUDIT AUTHORITY

- 42 CFR, Sections 413.20 and 413.24
- CMS Pub. 15-1, Sections 2300 and 2304
- W&I Code, Section 5892(f)
- CCR, Title 9, Section 3420.45

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RECOMMENDATIONS

1. Include in Investment Policy yearly revisions to document if prior fiscal years are fully covered by policy provisions.
2. Develop schedules showing actual fund investments and returns.

FINDING NO. 4: PRUDENT RESERVE FUND

Per W&I Section 5892(f), County is required to invest Local Mental Health Services Funds consistently with other County funds. Audits requested bank statements, remittance advices, and invoices to support prudent reserve funds were invested consistently with other County funds. However, the requested documents were not provided, thus, unable to verify County is in compliance with the regulations.

- (a) Reported prudent reserve balance was \$382,134.

CONCLUSION

Inyo County is not in compliance with having sufficient records to support prudent reserve funds were invested consistently as other County funds for fiscal year ending June 30, 2012.

AUDIT AUTHORITY

- 42 CFR, Sections 413.20 and 413.24
- CMS Pub. 15-1, Sections 2300 and 2304
- W&I Code Section 5892(f)
- CCR, Title 9, Section 3420.45

RECOMMENDATION

Develop schedules or accounts to support investments, interest, or gains specific to prudent reserve funds.

FINDING NO. 5: RER EXPENDITURE AND FUND REVIEW

County is required to report accurate expenditure totals in the RER for all components. Reconciliation of component Community Services and Supports (CSS) shows there was \$25,846 more cost allocated than supported by the general ledger and the cost allocation schedules. Account for A-87 Countywide

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Cost Allocation was allocated to three components. Totals allocated out of CSS were not deducted from the reported balance.

A-87 Countywide Cost Allocation account reconciliation:

Component	Audited	Reported	Variance
TN	\$12,681		
PEI	\$13,165		
CSS	\$185,784		
Total Allocation	<u>\$211,630</u>	<u>\$185,784</u>	<u>\$25,846</u>

The \$25,846 was not deducted from CSS total before allocation to other components. Total CSS component is adjusted to show cost allocation:

	Audited	Reported	Variance
CSS Expenditure Reconciliation	\$2,801,055	\$2,826,901	(\$25,846)

CONCLUSION

Inyo County is not in compliance to accurately report all component expenditures on RER.

AUDIT AUTHORITY

- CFR Sections 413.20 and 413.24
- CMS Pub. 15-1, Sections 2300 and 2304
- CCR, Title 9, Sections 3420.45 and 3510

RECOMMENDATION

County should ensure all reported expenditures are correct and accurate.

FINDING NO. 6: NON-SUPPLANT POLICY

W&I Section 5892(a) and CCR, Title 9, Section 3410 require funding established under the Mental Health Services 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. Audits review determined County is not in compliance with non-supplant requirement.

- (a) At time of audit, County did not have a formal written non-supplant policy.

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- (b) According to DMH Letter No. 05-08, Enclosure 1, the aggregate amount of the specified funding sources Inyo County is required to spend on mental health services in order to comply with the non-supplant policy was \$1,669,604 (FY 04/05 base year amount). However, Inyo County's FY 11/12 expenditures on mental health services by the specified funding sources were \$1,054,640, or \$614,964 less than the required aggregate amount. Therefore, the County was not in compliance with the non-supplant requirement. MHTSA funds may have supplanted \$614,964 worth of services historically funded by other funding sources as defined by DMH Letter 05-08.
- (c) Usage of funds could not be verified. Non-supplant schedules should support usage of DMH Letter 05-08 required aggregate by fiscal year.

CONCLUSION

Inyo County is not in compliance with the non-supplant requirement.

AUDIT AUTHORITY

- CFR Sections 413.20 and 413.24
- CMS Pub. 15-1, Sections 2300 and 2304
- W&I Section 5892(a)
- CCR, Title 9, Sections 3410 and 3420.45
- DMH Letter 05-08

RECOMMENDATION

County needs to spend an aggregate of at least \$1,669,604 on mental health services by the following funding sources in order to comply with the non-supplant policy:

- Realignment
- SGF Community Services
- SGF Managed Care
- PATH
- SAMHSA
- EPSDT SGF