

**ALPINE COUNTY BEHAVIOR HEALTH DEPARTMENT
MENTAL HEALTH SERVICES ACT
REVENUE AND EXPENDITURE REPORT REVIEW
FISCAL YEAR ENDED JUNE 30, 2015**

FINDING NO. 1: 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. Additionally, CCR, Title 9, Section 3510(a) requires a complete and accurate annual RER to be submitted to the Department by December 31st of the reporting fiscal year. The date the County submitted the RER for FY 14/15 was June 23, 2017.

CONCLUSION

The County was not in compliance with the RER filing requirement to submit and certify accuracy of submitted RER.

AUDIT AUTHORITY

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

RECOMMENDATION

The County should develop and implement procedures to ensure the annual RER and certifications are submitted by December 31st following the end of the reporting fiscal year.

FINDING NO. 2: NON-SUPPLANT POLICY COMPLIANCE

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

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”.

At the time of the audit the County did not have a formal written policy and accounting records to document meeting the MHSA non-supplant requirement.

CONCLUSION

Alpine County has not documented compliance with the non-supplant requirement.

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AUDIT AUTHORITY

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

RECOMMENDATIONS

1. The County should development and implement a written non-supplant policy.
2. The County should develop schedules documenting how each fiscal year's MHSA expenditures expanded mental health services or program capacity.

FINDING NO. 3: PRUDENT RESERVE FUND

W&I Section 5892(f) requires the County to invest Local Mental Health Services Funds consistent with the other County funds. CCR, Title 9, Section 3420.30 has specific Prudent Reserve funding level requirements.

The County did not provide documentation to support compliance with the above requirements. Audits requested bank statements, remittance advices, and invoices to support that prudent reserve funds were invested consistently with the other County funds. However, the requested documents were not provided, therefore, the County was not able to support its compliance with the regulations. Additionally, the calculation for prudent reserve reasonableness provided by the County was for a different fiscal year than this fiscal year under audit. As a result, we were not able to determine the propriety of the County's prudent reserve balance for the audited fiscal year ended June 30, 2015.

The reported, but unsupported prudent reserve balance was \$457,114.

CONCLUSION

Alpine County did not provide sufficient records to support compliance with prudent reserve fund requirements, including that prudent reserve funds were invested consistent with other County funds and required funding levels for fiscal year ending June 30, 2015.

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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, Sections 3420.30, 3420.40, and 3420.45

RECOMMENDATIONS

1. The County should develop and maintain schedules and accounts to support investments, interest, or gains specific to the prudent reserve funds.
2. The County should develop and maintain documentation supporting compliance with Prudent reserve funding level requirements.

FINDING NO. 4: INTEREST EARNED ON MHSA COMPONENT

W&I Section 5892(f), requires the County to invest Local Mental Health Services Funds consistent with the other County funds.

The County did not have detailed investment documentation to support that MHSA funds were invested consistently with other County funds. The County's reported interest earned on the Revenue and Expenditure Report (RER) did not agree with the County's general ledger account. Since the general ledger is the only support provided during the audit by the County, Audits proposed an adjustment to the reported interest earned amount to agree with the County records.

CONCLUSION

Alpine County is not in compliance with requirements to maintain records of each fund investment gain or loss by account. The County did not document its compliance with the requirement that Local Mental Health Funds be invested consistent with Alpine County's other 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, Sections 3420.40 and 3420.45

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RECOMMENDATION

The County should develop and maintain documentation including schedules and accounts to support that MHPA funds are invested consistent with other County funds and interest and gains earned are fully accounted for.