

**MONO COUNTY BEHAVIORAL HEALTH  
MENTAL HEALTH SERVICES ACT  
REVENUE AND EXPENDITURE REPORT REVIEW  
MANAGEMENT FINDINGS AND RECOMMENDATIONS  
FISCAL YEAR ENDED JUNE 30, 2014**

**FINDING NO. 1: MHPA FILING AND REPORTING REQUIREMENTS**

California Code of Regulations (CCR), Title 9, Section 3310 requires the County to submit a Three-Year Program and Expenditure Plan or update; comply with all other applicable requirements, obtain necessary approvals in accordance with Welfare and Institutions Code Sections 5830, 5846, and 5847; and enter into a valid MHPA Performance Contract with the Department.

CCR, Title 9, Section 3510 requires each County receiving direct distribution of MHPA funding from State Controller to file a complete Revenue and Expenditure Report (RER) and certification to the Department [MHPA@dhcs.ca.gov](mailto:MHPA@dhcs.ca.gov) and Mental Health Services Oversight and Accountability Commission at [MHPSOAC@mhpsoac.ca.gov](mailto:MHPSOAC@mhpsoac.ca.gov) by December 31, 2014 (December 31 following the end of the reporting fiscal year).

- (a) A Three-Year Program and Expenditure plan or update was not provided applicable to FYE: June 30, 2014.
- (b) The County did not provide a copy of an MHPA performance contract with the State of California
- (c) No statement of certification on the accuracy of the Revenue and Expenditure Report (RER) was provided.
- (d) County record indicated the RER was created on December 1, 2015.

**CONCLUSION:**

The County did not maintain documentation to support compliance with Program and Expenditure Plan, Performance Contract, and RER filing requirements. Based on available documentation, the FYE June 30, 2014 RER was filed late.

**AUDIT AUTHORITY**

- Welfare and Institutions (W&I) Code Sections 5847 and 5899
- CCR, Title 9, Sections 3310 and 3510

**RECOMMENDATIONS**

1. The County must develop and implement a process to retain a copy of all MHPA Three-Year Program and Expenditure plans or updates on file.
2. The County must develop and implement a process to ensure Revenue and Expenditure Reports are certified and filed no later than December 31<sup>st</sup> following the end of a fiscal period, and maintained documentation supporting compliance with this filing requirement.

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3. The County must develop and implement a process to ensure MHSA performance contracts are filed with the State of California and maintain documentation supporting compliance with this requirement.

**FINDING NO. 2: IDENTIFYING EXPENDITURES FROM MULTIPLE FUNDING SOURCES**

W&I Code Section 5899(c) states in part, “The purpose of the Annual Mental Health Services Act Revenue and Expenditure Report is as follows: (1) identify the expenditures of MHSA funds that were distributed to each county. (2) Quantify the amount of additional funds generated for the mental health system as a result of the MHSA. (3) Identify unexpected funds and interest earned on MHSA funds...”

CCR, Title 9, Section 3420.45 states in part, (a) County shall maintain records in accordance with Generally Accepted Accounting Principles (GAAP), Governmental Accounting Standards Board (GASB), and the State Controller’s Manual of Accounting Standards and Procedures for Counties. (b) County shall maintain records of all revenue sources and revenue amounts deposited into its Local Mental Health Services Fund. (c) County shall maintain records of all allocations from its Local Mental Health Services Fund into the CSS Account, PEI Account, and INN Account. (d) County shall maintain records of all transfers from the CSS Account, PEI Account, INN Account, WET Account, and CFTN Account. (e) County shall maintain records of all expenditures of Mental Health Services Act funds by fiscal year and by component account.

At the time of audit the County did not identify multiple funding expenditures in the general ledger (GL).

**CONCLUSION:**

The County did not maintain documentation or support to identify expenditures in the GL for each service or funding sources.

**AUDIT AUTHORITY**

- W&I Code Sections 5899(c)
- CCR, Title 9, Section 3420.45

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**RECOMMENDATIONS:**

1. Mono County should develop and implement policies and procedures to easily document, update, and identify all revenue and expense records to justify the Three-Year Program and Expenditure plan.
2. All cost component for each service or funding category should be easily identifiable.

**FINDING NO. 3: PRUDENT RESERVE FUND LEVEL**

W&I Code Section 5892(b)(2) requires counties to calculate and establish prudent reserve for its Local Mental Health Services Fund.

Mono County provided a copy of the investment plan to support funds were consistently invested for all County funds. However, no documentation to substantiate transactions on the GL pertaining to calculation, assessing, and certifying Prudent Reserve Fund.

**CONCLUSION**

Mono County is not in compliance with W&I Code Section 5892(b) Local Mental Health Services Fund requirements.

**AUDIT AUTHORITY**

- W&I Code Section 5892(b)
- CCR, Title 9, Sections 3420.30 and 3420.45

**RECOMMENDATION**

Mono County Behavioral Health should develop and implement procedures to document, update, and certify the MHSA Prudent Reserve funds on the Revenue Expenditure Report and in the County's Three-Year Program and Expenditure Plans or annual updates.

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**FINDING NO. 4: DOCUMENTING 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".

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**

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

**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

**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.