

**San Bernardino Plan of Correction**  
**MHSA Revenue and Expenditure Report Review for Fiscal Period Ended June 30, 2012**

Finding # or Suggested Improvement #	Finding or Suggested Improvement	Recommendation # (State Corrective Action Step / Identify Timeline / and Evidence of Corrections / Mechanisms for Monitoring Effectiveness)		DHCS Comments
Finding #1: Local Mental Health Services Fund	<p>a) San Bernardino County did not have a copy of an investment plan or policy to support funds were consistently invested for all County funds.</p> <p>b) Detailed documentation on investment accounts, transfers of gain or losses, or interest income allocation method could not be verified due to lack of documentation.</p>	<p>Recommendation #1</p> <p>San Bernardino County's Response:</p>	<p>DHCS recommends San Bernardino County Department of Behavioral Health should develop and implement a Local Mental Health Funds investment policy in order to be in compliance with the regulation that funds are invested consistently.</p> <p>W&amp;I Code Section 5892(f) requires Local Mental Health Service Fund balance to be invested consistently with other County funds. Earnings on investment of these funds shall be available for distribution from the fund in future fiscal years.</p> <ul style="list-style-type: none"> <li>• On December 15, 2020, San Bernardino County provided a copy of the Treasurer Investment Policy (attachment #1). The latest version of the Investment Policy can also be accessed at <a href="https://www.sbcounty.gov/210622_BAI-22-Treasurer_Statement_of_Investment_Policy_(002)_02419711621.pdf">210622 BAI-22- Treasurer Statement of Investment Policy (002) 02419711621.pdf (sbcounty.gov)</a>, demonstrating compliance with statute.</li> <li>• Statute does not require a Local Mental Health Services Fund Investment policy. The requirement is for funds to be invested consistently with other County Funds, with earnings available for distribution in future fiscal years.</li> <li>• The Investment Policy meets the requirements as outlined in statute.</li> </ul>	The submitted plan is accepted.

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			<ul style="list-style-type: none"> <li>• Page 7 of 15 of the Investment Policy sets the policy for distribution of investment earnings.</li> </ul> <p>San Bernardino County meets the requirements as outlined in statute and respectfully disagrees with the finding by the Department of Healthcare Services.</p>	
		<p>Recommendation #2</p> <p>San Bernardino County's Response:</p>	<p>Maintain documentation related to gains, losses, transfers of funds, and other investment activity specific to Local Mental Health Funds.</p> <p>For future audits, DBH will pull the info directly from Auditor/Controller/Tax-Collector (ATC) and provide to auditor. <b>DBH will also provide the forecast (attachment #3) and year-end back up (attachment #4), if required.</b></p> <p><b>DBH needs to: (Submit Policy by 06/30/22)</b></p> <ul style="list-style-type: none"> <li>• Create our own policy that matches ATC's investment policy.</li> <li>• Prepare a procedure with ATC to gather documents and verify the application of the interest allocation, which would include:               <ul style="list-style-type: none"> <li>○ Monthly summary of portfolio performance (attachment #5)</li> <li>○ Quarterly reports prepared by ATC for the interest allocation:</li> </ul> </li> </ul>	<p>The submitted plan is accepted.</p>

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			<ul style="list-style-type: none"> <li>▪ As well as copies of their policy or procedure in how this allocation is completed.</li> <li>▪ (Attachment #6) is an example of the 21/22 Q1 interest allocation, which is an interface between Treasury system and SAP (Enterprise system). Chief Controller from ATC signs the certification (attachment #7) and the system accountant III processes the interface batch entry.</li> </ul>	
Finding #2: Prudent Reserve Fund	<p>a) San Bernardino County did not have a copy of an investment plan or policy to support funds were consistently invested for all County funds.</p> <p>b) Detailed documentation on investment accounts, transfers of</p>	<p>Recommendation #1</p> <p>San Bernardino County's response:</p> <p>Recommendation #2</p>	<p>San Bernardino County Behavioral Health should develop and implement an MHSA funds investment policy in order to be in compliance with the regulation that MHSA funds need to be invested.</p> <p>San Bernardino County disagrees with the finding and is requesting that MHSA review the County's investment policy (attachment #1).</p> <p>Maintain documentation related to gains, losses, transfers of funds, and other investment activity specific to Prudent Reserves.</p>	<p>The submitted plan is accepted.</p> <p>The submitted plan is accepted.</p>

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	<p>gain or losses, or interest income allocation method could not be verified due to lack of documentation.</p>	<p>San Bernardino County's Response</p>	<p>For future audits will pull the available info from Auditor/Controller/Tax-Collector (ATC) and provide to auditor. DBH will also provide the forecast (attachment #3) and year-end back up (attachment #4), if required.</p> <p><b>DBH needs to: (Submit Policy by 06/30/22)</b></p> <ul style="list-style-type: none"> <li>• Create our own policy that matches ATC's investment policy.</li> <li>• Prepare a procedure with ATC to gather documents and verify the application of the interest allocation, which would include: <ul style="list-style-type: none"> <li>○ Monthly summary of portfolio performance (attachment #5)</li> <li>○ Quarterly reports prepared by ATC for the interest allocation: <ul style="list-style-type: none"> <li>▪ As well as copies of their policy or procedure in how this allocation is completed.</li> <li>▪ (Attachment #6) is an example of the 21/22 Q1 interest allocation, which is an interface between Treasury system and SAP (Enterprise system). Chief Controller from ATC signs the certification (attachment #7) and the system accountant III processes the interface batch entry.</li> </ul> </li> </ul> </li> </ul>	



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	<p>FY 11/12 expenditures on mental health services by the specified funding sources were \$65,339,814, per MH 1992, or \$10,651,464 less than the required aggregate amount. Therefore, the County was not in compliance with the non-supplant requirement. MHSA funds may have supplant \$10,651,464 worth of services historically funded by other funding sources as</p>		<p>\$75,991,278 in required mental health services once all other revenues outside of MHSA are included. San Bernardino County used a total of \$78,446,489 (see attachment #2) of non-MHSA funds for mental health services in FY 2011-12 as indicated and reported in the FY 2011-12 Mental Health Cost Report, Schedule MH 1992.</p> <p>San Bernardino County will maintain a schedule (workpapers) that will more clearly demonstrate compliance with our non-supplantation policy; by identifying funding for purposes of supplanting.</p>	

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	<p>defined by DMH Letter 05-08. County submitted a summary list of services and expenditures for variance. These services were not included in MH 1992 due to non-allowable expenditures or amounts already included in MHSA component costs. The non-allowable expenditures included Indigent Hospital contractor costs, jail services costs, and accrual account entries</p>			

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	<p>reconciled to actual costs. Detailed documentation was requested to support how summary totals were used for MHSA services and identification of specific funding source. Detailed, requested information not provided during post-exit process. Summary list not accepted as correct usage of funds to expanded MHSA related services.</p> <p>c) Verification not made of fund usage for allowable</p>			



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	services. Nonsupplant schedules should support usage of DMH Letter 05-08 required aggregate by fiscal year.			