



State of California—Health and Human Services Agency
Department of Health Care Services



GAVIN NEWSOM
GOVERNOR

October 15, 2020

Amy Lindsey, MFT
Behavioral Health Director
Glenn County Behavioral Health
242 North Villa Avenue
Willows, CA 95988

**GLENN COUNTY BEHAVIORAL HEALTH DEPARTMENT
MENTAL HEALTH SERVICES ACT FISCAL AUDIT
FISCAL PERIOD ENDED JUNE 30, 2010**

We have examined the Revenue and Expenditure Report and other financial records pursuant to the Mental Health Services Act (MHSA) for the above-referenced fiscal period. We made our examination under the authority of Welfare and Institutions (W & I) Code Sections 14124.2 and 5897(d); and, accordingly, included such tests of the accounting records and such other auditing procedures, as we considered necessary under the circumstances.

An Exit Conference was held with the County on January 24, 2018. Prior to the Exit Conference, the County received a report of the preliminary findings. During the Exit Conference, the audit team discussed the findings in the report and gave the County the opportunity to submit additional documentation. The findings in the report reflect the evaluation of all relevant information received prior and subsequent to the Exit Conference.

Please review the enclosed report. The report includes findings and recommendations. A Plan of Correction (POC) is required for all items and must be submitted to DHCS within sixty (60) calendar days of receipt of this report. DHCS will review the POC. If DHCS determines the POC is not sufficient, the county shall propose an alternative corrective action plan to DHCS. Attached are POC instructions (Enclosure 1) and a POC template (Enclosure 2). Note: the POC template will be sent separately via email and the completed POC and supporting evidence of correction must be submitted electronically to DHCS at MHSA@dhcs.ca.gov. In the subject line place the county name and Fiscal POC (i.e., Lakeland County Fiscal POC). DHCS is required to post on its Internet website the Finding Report and any POC (Welfare and Institutions Code Section 5897(e)).

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If you disagree with the findings, you may appeal by submitting a statement of disputed findings. This written notice of disagreement must be received by the Department within sixty (60) calendar days from the day you receive this letter.

The POC and statement of disputed findings (if applicable) must be sent electronically to: MHSA@dhcs.ca.gov. If you should have any questions regarding the POC and Appeal process you may e-mail those to that same, aforementioned email address.

If you have questions regarding this report, you may call the Audits Section-Specialty Mental Health at telephone number (415) 557-0189.

Sincerely,

Original signed by

Jeff Vogel, Chief
Audits Section- Specialty Mental Health
Financial Audits Branch

Certified

cc: MHSA@dhcs.ca.gov

**REPORT ON THE
MENTAL HEALTH SERVICES ACT (MHSA)
REVENUE AND EXPENDITURE REPORT REVIEW**

**GLENN COUNTY BEHAVIORAL HEALTH
WILLOWS, CALIFORNIA**

**FISCAL PERIOD ENDED
JUNE 30, 2010**

**Audits Section—Specialty Mental Health
Financial Audits Branch
Audits and Investigations
Department of Health Care Services**

Section Chief: [REDACTED]

Audit Manager: [REDACTED]

Auditor: [REDACTED]

**GLENN COUNTY
MENTAL HEALTH SERVICES ACT
REVENUE AND EXPENDITURE REPORT REVIEW
MANAGEMENT FINDINGS AND RECOMMENDATIONS
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FINDING NO. 1: NON-ALLOWABLE COMMUNITY SERVICES AND SUPPORTS (CSS) PROGRAM COSTS

Reconciliation of the CSS costs was performed with the County's Revenue and Expenditure Report (RER), work papers, internal accounting system records, and approved MHSA Plan Update for FY 2009/10. The following non-allowable CSS program costs totaling \$22,825 were noted:

- a) The County's work paper for salaries and benefits included costs from other non-MHSA CSS programs, including \$4,967 from AB 3632 and \$1,161 from Substance Abuse and Mental Health Services Administration (SAMHSA) Block Grant, resulting in a \$6,128 overstatement of CSS costs.
- b) The County's work paper for salaries and benefits reported Outreach and Engagement expenditures of \$9,846 in Mode 0881. However, the detail report supported \$8,891, resulting in a \$955 overstatement of CSS costs.
- c) Group Health, Disability, and Worker's Compensation expenditures totaling \$95,142.70 were incurred for staff working on multiple programs, such as AB 3632, CA SAMHSA, CA SAMHSA Dual Diagnosis, California Work Opportunity and Responsibility to Kids (CalWORKS), CSS, Prevention and Early Intervention (PEI), and Mental Health. However, the County allocated these costs among only CSS, PEI, and Mental Health. According to the County, they exceeded the allocation for the other funding sources, so the overages were charged to MHSA programs. During the auditor's review, the County stated that they currently allocated group insurance costs to all programs. We reallocated the group insurance costs across all programs. The CSS program share of the group insurance costs should be \$83,369 instead of \$89,226, resulting in a \$5,857 overstatement.
- d) Part of the CSS program costs came from an operating expense cost pool totaling \$994,519 for mental health programs. The cost pool also included expenses incurred by other non-mental health programs, such as AB 3632, CA SAMHSA, CalWORKS, and Project for Assistance in Transition from Homelessness (PATH). The County removed those expenses reimbursed by other programs and allocated the remaining cost pool to mental health programs, including Short-Doyle Medi-Cal (SD/MC) program, MHSA CSS and MHSA PEI, based on salaries and benefits percentages. However, the County did not remove those expenses that were incurred, but not reimbursed by the other programs. For FY 2009/10, the cost pool contained \$32,040 of expenses incurred by other programs, of which only \$23,845 of reimbursed expenses were removed from the

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cost pool with \$8,195 non-mental health expenses remaining. The CSS's share of the cost pool should be \$902,471, not \$910,315, resulting in a \$7,844 overstatement.

- e) The contractor's cost for Redwood Children's Services contained a transaction in the amount of \$2,040.85 for services rendered in June 2009 for the audit period FY 2009/10. This resulted in a \$2,041 overstatement.

CONCLUSION:

Based on the above findings, the Department proposed adjustments reducing expenditures totaling \$22,825 in CSS program costs (Audit Adjustment Nos. 1-5).

AUDIT AUTHORITY

- Welfare & Institutions Code Sections 5891 (a) and (d), 5892 (g)
- 42 Code of Federal Regulations (CFR), Section 413.24
- California Code of Regulations (CCR), Title 9, Section 3510, (a)
- CMS Pub. 15-1, Sections 2300 and 2304;
- DMH Information Notice No. 11-16
- MHSA Agreement No. 07-77311-000, Modification No. NEW, Exhibit B

RECOMMENDATIONS

1. County should correct the records and provide evidence of correction in the Plan of Correction (POC).
2. County should ensure that RER agrees with supporting records, includes only costs incurred within the reporting period, and is in accordance with the MHSA, applicable regulations, directives, policies, the approved MHSA expenditure plan, and agreement.

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FINDING NO. 2: CSS PROGRAM FUNDING SOURCES REVIEW

The County reported the following funding sources totaling \$3,380,344 for the CSS program in the RER:

- MHA of \$1,361,222
- Medi-Cal FFP of \$1,366,462
- Other funding sources totaling \$652,660
 - State General Fund (Other Funding) of \$437,808
 - Other Federal Funds of \$185,988
 - Realignment of \$1,361
 - Other funds of \$27,503

The County reported Healthy Families Federal Financial Participation (FFP) of \$37,254 as Other Federal Funds in the RER. Instead, Healthy Families FFP should be reported as Medi-Cal FFP. This resulted in a \$37,254 overstatement of Other Federal Funds.

Comparing Medi-Cal FFP reported in the RER with the audited Medi-Cal FFP disclosed the following variances:

CSS Program Medi-Cal FFP	Reported in RER	Audited	Variance
Contract Providers	\$101,427	\$92,482	\$(8,945)
County – SD/MC and Enhanced	\$1,265,035	\$1,252,167	\$(12,868)
County – Healthy Families	\$0	\$37,170	\$37,170
Total	\$1,366,462	1,381,819	\$15,357

A similar comparison was made for MHA funds resulting in the following variances totaling \$(928):

	Reported in RER	Audited	Variance
CSS Program Costs	\$3,380,344	\$3,357,519	\$(22,825)
Less:			
Medi-Cal FFP	\$1,366,462	\$1,381,819	\$15,357
Other Funding Sources	\$652,660	\$615,406	\$(37,254)
MHA Fund	\$1,361,222	\$1,360,294	\$(928)

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CONCLUSION:

Based on the above findings, the Department proposed adjustments to reduce expenditures totaling \$22,825 in CSS program funding sources (Audit Adjustment Nos. 6-8).

AUDIT AUTHORITY

- 42 CFR, Sections 413.20 and 413.24
- CMS Pub. 15-1, Sections 2300 and 2304;
- MHSA Agreement No. 07-77311-000, Modification No. NEW, Exhibit B

RECOMMENDATIONS

1. County should correct the records and provide evidence of correction in the POC.
2. County should exercise due care in the preparation of the RER and Short/Doyle Medi-Cal cost report and maintain accuracy among the reports submitted to the Department.

FINDING NO. 3: CSS ADMINISTRATION FUNDING SOURCES REVIEW

The County reported CSS administration Medi-Cal FFP of \$113,810. The audited Medi-Cal FFP was \$110,722, resulting in a variance of \$(3,088).

We recalculated the MHSA fund for CSS administration, \$259,868, resulting in a variance of \$3,088.

	Reported in RER	Audited	Variance
CSS Administration Costs	\$ 370,590	\$ 370,590	\$ -
Less:			
Medi-Call FFP	\$ 113,810	\$ 110,722	\$ (3,088)
MHSA Fund	\$ 256,780	\$ 259,868	\$ 3,088

CONCLUSION:

Based on the above finding, the Department proposed adjustments in CSS administration funding sources (Audit Adjustment Nos. 9-10).

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AUDIT AUTHORITY

- MHPA Agreement No. 07-77311-000, Modification No. NEW, Exhibit B

RECOMMENDATIONS

1. County should correct the records and provide evidence of correction in the POC.
2. County should exercise due care in the preparation of the RER and SD/MC cost report and maintain accuracy among the reports submitted to the Department.

FINDING NO. 4: NON-ALLOWABLE PEI PROGRAM COSTS

Reconciliation of PEI costs was performed among RER, County's work papers, County's internal accounting system records, and the approved County MHPA Plan Update for FY 2009/10. During the reconciliation, the following non-allowable PEI program costs totaling \$(401) were noted:

- a) Group Health, Disability, and Worker's Compensation expenditures totaling \$95,142.70 were incurred for staff working on multiple programs, including AB 3632, CA SAMHPA, CA SAMHPA Dual Diagnosis, CalWORKs, CSS, PEI, Mental Health, etc. However, the County allocated these costs among only CSS, PEI, and Mental Health. According to the County, they exceeded the allocation for the other funding sources, so the overages were charged to MHPA programs. During the auditor's review, the County stated that they currently allocated group insurance costs to all programs. We reallocated the group insurance costs across all programs. The PEI program share of the group insurance costs should be \$3,064 instead of \$3,271, resulting in a \$207 overstatement.
- b) Part of the PEI program costs came from an operating expense cost pool totaling \$994,519 for mental health programs. The cost pool also included expenses incurred by other non-mental health programs, such as AB 3632, CA SAMHPA, CalWORKS, and PATH. The County removed those expenses reimbursed by other programs and allocated the remaining cost pool to the mental health programs, including SD/MC program, MHPA CSS and MHPA PEI, based on salaries and benefits percentages. However, the County did not remove those expenses that were incurred, but not reimbursed by other programs. For FY 2009/10, the mental health cost pool contained \$32,040 of expenses incurred by other programs, of which only \$23,845 reimbursed expenses were removed from the cost

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pool, with \$8,195 non-mental health expenses remaining. The PEI's share of the costs should be \$33,177, not \$33,371, resulting in a \$194 overstatement.

CONCLUSION:

Based on the above findings, the Department proposed adjustments reducing expenditures totaling \$401 (\$207+\$194) in PEI program costs (Audit Adjustment Nos. 11-12) and reducing PEI MHSA fund totaling \$401 (Audit Adjustment No.13).

AUDIT AUTHORITY

- 42 Code of Federal Regulations (CFR), Sections 413.20 and 413.24
- California Code of Regulations (CCR), Title 9, Section 3510, (a)
- CMS Pub. 15-1, Sections 2300 and 2304;
- MHSA Agreement No. 07-77311-000, Modification No. NEW, Exhibit B

RECOMMENDATIONS

1. County should correct the records and provide evidence of correction in the POC.
2. County should ensure that RER agrees with supporting records and is in accordance with the MHSA, applicable regulations, directives, policies, the approved MHSA expenditure plan and agreement.

FINDING NO. 5: WORKFORCE EDUCATION AND TRAINING REGIONAL PARTNERSHIP (WET RP) COMPONENT REVENUES AND EXPENDITURES NOT REPORTED ON MH 1995 OF THE SD/MC COST REPORT

The County's WET RP component and costs were reported in the FY 2009/10 RER. However, the County did not include the WET RP costs in the FY 2009/10 Short-Doyle/Medi-Cal cost report forms MH 1995 and MH 1992, including \$1,809,783 unexpended funds from prior fiscal years, \$60,802 expenditures, and \$13,244 interest revenue.

According to the County, they chose not to include the WET RP costs in the cost report because "The MH (Mental Health) cost report is only supposed to be for those services that are provided to the seriously mentally ill population. The WET

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Regional Partnership was on behalf of the region and not providing services to clients.”

CONCLUSION

The County did not include the WET RP revenues and expenditures in the Medi-Cal cost report, but included them in the RER.

AUDIT AUTHORITY

- FY 2009/10 Cost & Financial Reporting System Instruction Manual, MH 1995, page CFRS-107
- DMH Letter No. 10-06, II. Cost Report Policy, J. Mental Health Services Act

RECOMMENDATIONS

1. County should correct the records and provide evidence of correction in the POC.
2. The County should ensure that revenues and expenditures for the WET RP component are included in both the RER and Medi-Cal cost report for consistent and complete financial reporting purposes.

FINDING NO.6: SUBCONTRACTING PRACTICES

During our sample review of contracts and units, we discovered the following regarding the County’s subcontracting practices:

- a) According to the approved County’s FY 2009/10 WET Update to the MHSA Three-Year Program and Expenditure Plan (MHSA WET Plan Update), the County would secure a contract with Essential Learning for the WET Work Plan # 2, the Essential Learning Program. However, instead of the County contracting with Essential Learning, they had a contracted WET coordinator negotiate a contract with and pay Essential Learning. The County would then reimburse the WET coordinator.
- b) The contract services for the CSS, WET, PEI and INN components were provided by I.D.E.A Consulting, Inc. However, the contract agreement identified the scope of work as to “provide consultation and evaluation services to County.” The scope of work was unclear, and we could not tell

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whether the services were for MHSA and for what MHSA components. The objectives were not included in the contract. Invoices contained only the MHSA components without any service description. Moreover, the contractor was not included in the approved MHSA Plan or Plan Update for CSS, PEI, and INN components.

- c) The sampled contract agreements of providers rendering treatment services for the CSS program identified the services as either Medi-Cal, or Short-Doyle, but did not specify any service for the MHSA CSS program. Therefore, we could not distinguish and verify the MHSA CSS units from units for other programs other than by reviewing client records.
- d) The contract agreements for the Technological Needs (TN) project did not specify that services were for MHSA TN.

CONCLUSION

The County's subcontracting practices did not comply with applicable regulations and the State MHSA agreement.

AUDIT AUTHORITY

- Welfare & Institutions Code Sections 5891 (d), 5892 (g)
- MHSA Agreement No. 07-77311-000, Modification No. NEW, Exhibit B

RECOMMENDATIONS

We recommend the following actions for the County to improve its subcontracting practices:

1. Secure a written agreement for services performed by other entities. Specify the terms and conditions for services performed in the service agreement, such as scope of work, goals/objective, outcomes, and the corresponding MHSA component. Make sure invoices are itemized as required by contract.
2. Acquire services in accordance with the approved County's MHSA Plan or Plan Update.

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FINDING NO. 7: A-87 COST MISCLASSIFIED AS TN PROJECT COST

A \$5,648.93 transaction for allocating the data processing cost from Glenn County's Countywide Cost Allocation Plan (A-87 cost) was reported as TN Project cost. A-87 cost is considered administrative costs and should not be included as program/project costs.

CONCLUSION

County misclassified A-87 costs as TN project cost.

AUDIT AUTHORITY

- Welfare & Institutions Code Sections 5892 (g) and 5891 (d)
- MHSA Agreement No. 07-77311-000, Modification No. NEW, Exhibit B
- DMH Letter No. 05-10

RECOMMENDATIONS

1. County should correct the records and provide evidence of correction in the POC.
2. The County should report A-87 cost as administrative cost in accordance with the approved MHSA Plan budget.

FINDING NO. 8: NON-SUPPLANT POLICY COMPLIANCE

W & I Code 5891 (a) requires that the funding established under this 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. Review of the County's compliance with this non-supplant requirement disclosed the following:

- a) According to DMH Letter No. 05-08, Enclosure 1, the aggregate amount of the specified funding sources Glenn County was required to spend on mental health services in order to comply with the non-supplant policy was \$1,777,904 (FY 04/05 base year amount). However, Glenn County's FY 09/10 expenditures on mental health services by the specified funding sources were \$1,502,965, or \$274,939 less than the required aggregate amount. Therefore, the County was not in compliance with the non-supplant requirement. MHSA funds may have supplanted \$274,939 worth of services historically funded by other funding sources as defined by DMH Letter 05-08.

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- b) The County did not have complete documents for FY 04/05 expenditures. The County destroyed most of the documents and working files because the documents passed the County's retention schedule, and the County's audit for FY04/05 was finalized. However, without these documents, the auditor was unable to compare the information from the base year to the audit year.

CONCLUSION

County was not in compliance with the non-supplant requirement.

AUDIT AUTHORITY

- W & I Code 5891 (a)
- CCR, Title 9, Section 3410 (a)
- DMH Letter No. 05-08
- MHSA Agreement No. 07-77311-000, Modification No. NEW, Exhibit B, and Modification No. B1

RECOMMENDATION

The County needs to spend an aggregate of at least \$1,777,904 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

FINDING NO. 9: ACCOUNTING AND BILLING SYSTEM DEFICIENCIES

The County's accounting system could not track expenditures at program level. The County had an internal accounting system for tracking expenditures and a billing system for tracking units. During our audit, we discovered the following deficiencies:

- a) The County's internal accounting system did not track costs by mode and service function.
- b) The County's Medi-Cal billing system did not specifically track MHSA units for contract providers.

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- c) The County's billing system did not separately track units for the new and expanded MHSAs programs.
- d) Non-Medi-Cal units were not entered into a tracking system.

CONCLUSION

The County's internal accounting and billing systems did not adequately track expenditures and units.

AUDIT AUTHORITY

- DMH Letter No. 06-08

RECOMMENDATION

The County should develop and maintain accounting and billing systems that can adequately track expenditures and units.