RESOLUTION - ACTION REQUESTED 2012-384

MEETING: July 17, 2012

TO: The Board of Supervisors

FROM: Jim Rydingsword, Human Services Director

RE: Mental Health Services Act Corrective Action Plan

RECOMMENDATION AND JUSTIFICATION:

1. Review and take action on the referral from the Mental Health Board regarding the Mental Health Services Act Corrective Action Plan (MHSACAP) for Mariposa County. The Mental Health Board recommends the Board of Supervisors submit to the State for approval prior to the Mental Health Board and the Board of Supervisors taking final action on the MHSACAP. A letter from the State Dept of Mental Health acting director has been received acknowledging the need for a corrective action plan.

2. Adopt a recommendation from the Mariposa County Auditor that the County insert language into the Corrective Action Plan that gives the County the ability to modify the MHSACAP if growth estimates of the Legislative Analyst Office do not materialize.

3. Adopt a provision in the MHSACAP that, should the actual growth exceed the Legislative Analyst Office projection, any additional revenue be used to repay the improperly expended funds rather than spent on ongoing operations.

BACKGROUND AND HISTORY OF BOARD ACTIONS:

Mental Health Board Review

On June 28, 2012 the Mariposa County Mental Health Board reviewed and referred the attached Mariposa County Mental Health Services Act Corrective Action Plan to the Board of Supervisors for your review and recommends that the Board of Supervisors submit the plan to the State for approval prior to the Mental Health Board and the Board of Supervisors taking final action on the MHSACAP. In other recommendations before the Mental Health Board on June 28, 2012:

1. Appoint a Mariposa County Mental Health Board Mental Health Services Act (MHSA) Plan Committee.
2. Direct the Mariposa County Mental Health Board MHSA Plan Committee to prepare a three year MHSA Plan covering the Fiscal Years 2012/13 through 2014/15 after Mariposa County has received approval of the MHSACAP from the State of California and present the MHSA three year plan to the Mental Health Board for review at a future meeting of the Mental Health Board in 2012-13 with the goal of presenting a three year MHSA Plan for adoption by the Board of Supervisors at the 2012/13 Final Budget Hearing for the Human Services Department.
The draft minutes of the June 28, 2012 Mental Health Board are attached. These draft minutes are normally reviewed and adopted by the Mental Health Board at their subsequent meeting, which in this case, is scheduled for August 2, 2012.

Audit Finding

The Mariposa County Single Audit Report for the period ending June 30, 2011 noted that the County had recorded as revenue in prior years $1,862,716 of monies received from the State of California by the Human Services Department. Upon further analysis it was noted that all eligibility requirements had not been met for this revenue and it should have been recorded as unearned. In addition, we noted that this money had been expended and there was no reconciliation of amounts reported to the State and the amounts reflected in the County general ledger.

Audit Recommendation

The Audit recommended that the County review its revenue recognition policy and ensure that all revenues are recognized in accordance with Governmental Accounting Standards Board (GASB) Statement No. 33. We also recommend that all amounts reported to the State be reconciled by program to the amounts reflected in the County general ledger.

Recommended Corrective Action Plan

The County has had procedures that recognize revenue when cash is received without distinction for grants that are reimbursement and grants that are cash up front. The County will implement procedures to ensure that, in the future, unearned revenue is recorded as such until all eligibility requirements have been met to qualify as revenue. In the specific case referenced there is no ability for the County to earn the revenue because the monies were expended on undesignated tasks outside of the projects that the monies were provided for.

Human Services Department Recommendation to the Mental Health Board:

Review, approve and refer the attached MHSACAP to the Board of Supervisors with a recommendation that the Board of Supervisors adopt and send the MHSACAP to the State of California Mental Health Services Oversight and Accountability Commission. The major components of the MHSACAP are as follows:

1. Establish a plan to reimburse MHSA Workforce, Employment and Training (WET) funds each year through 2017/18 for a total repayment of $301,941.
2. Establish a plan to reimburse MHSA Prevention and Early Intervention (PEI) funds each year through 2016/17 for a total repayment of $536,590 ($100,000 for the State Project).
3. Establish a plan to reimburse MHSA Innovation (INN) funds each year through 2016/17 for a total repayment of $322,372.
5. A recommendation to increase Medi-Cal provider reimbursement funds beginning in 2012/2013 from $375,045 to $540,000 by 2015/16.
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Notes:

1. The establishment of reimbursement funds for WET, PEI, and INN funds will reimburse those accounts for non-expenditures in 2010/11 and 2011/12 and will redirect those expenditures from 2012/13 through 2016/17 and 2017/18 to WET. PEI, and INN expenditures as determined by a Mental Health Board MHSA recommended plan beginning with the initial three year plan of 2012/13 through 2014/15 followed with annual updates to the MHSA plan annually. It is recommended that the initial plan and annual updates be conducted by the Mental Health Board through a Mental Health Board adopted plan that will allow the Mariposa County Board of Supervisors to approve the initial plan and annual updates at the Final Budget Hearings each year. The transfer of 10% Social Services Program Realignment funds in the local health and welfare trust fund are allowable under Welfare and Institutions Code Section 17,600 in any fiscal year and the transfer of an additional 10% based upon a finding of the Board of Supervisors that from the social services account to the mental health account or the health account in the 1993-94 fiscal year and fiscal years thereafter when there exist in the social services account revenues in excess of the amount necessary to fund mandated caseload costs.

2. If the Mental Health Board and the Board of Supervisors do not agree to make a transfer of Social Services Program realignment funds in 2012/13 and in 2013/14, the alternatives are:
   a. Transfer staff from Mental Health Programs to Social Services programs.
   b. Reduce staffing in Mental Health programs consistent with the level of funding approved by the Board of Supervisors in the Final Budget Hearings.

3. If the increases in Medi-Cal provider reimbursements do not occur in any fiscal year or the Medi-Cal provider reimbursements do not rise to projected levels of reimbursement in any fiscal year the Human Services Department shall, at the earliest time possible in any fiscal year, recommend to the Mental Health Board and the Board of Supervisors a review of staffing and program adjustments necessary to operate with projected Medi-Cal provider reimbursements.

ALTERNATIVES AND CONSEQUENCES OF NEGATIVE ACTION:
If the Mental Health Board and the Board of Supervisors do not agree to make a transfer of Social Services Program realignment funds in 2012/13 and in 2013/14, the alternatives are:
   a. Transfer staff from Mental Health Programs to Social Services programs.
   b. Reduce staffing in Mental Health programs consistent with the level of funding approved by the Board of Supervisors in the Final Budget Hearings.

FISCAL IMPACT:
The budget associated with year 1 of the corrective action plan, FY 12/13, will be incorporated as part of the FY 12/13 budget cycle and does not impact the county general fund.
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ATTACHMENTS:
W&I Code 17600.20 (DOC)
MHSA Fund analysis FY05-06 FY06-07 (PDF)
MHSA analysis public for 6_26_12 (PDF)
MHSA 6 year plan revisions V2 (PDF)
Auditor's Notes MHSACAP (PDF)
MHB June 28 DRAFT Minutes (DOC)
State DMH Letter (PDF)
W&I Codes Sec. 5- Article II Fiscal issues (DOC)
MHSA Recommendations from the State May 12 (Draft 2) (DOC)
Review of Income and Expenditure Report Final (DOC)

CAO RECOMMENDATION
Requested Action Recommended

Rick Benson, County Administrator/Officer

RESULT: ADOPTED [UNANIMOUS]
MOVER: Jim Allen, District V Supervisor
SECONDER: Kevin Cann, District IV Supervisor
AYES: Stetson, Turpin, Bibby, Cann, Allen