



COUNTY OF SAN LUIS OBISPO

AUDITOR • CONTROLLER • TREASURER • TAX COLLECTOR

**Health Agency
Behavioral Health Department
Mental Health Services Act Performance Audit**

August 2016

**JAMES P. ERB, CPA
Auditor-Controller
Treasurer-Tax Collector-Public Administrator**



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TO: JEFF HAMM, HEALTH AGENCY DIRECTOR

FROM: JAMES P. ERB, CPA, AUDITOR-CONTROLLER-TREASURER-TAX COLLECTOR

DATE: AUGUST 11, 2016

SUBJECT: MENTAL HEALTH SERVICES ACT PERFORMANCE AUDIT

Our office recently completed a performance audit to evaluate the Behavioral Health Department's Mental Health Services Act (MHSA) Program for fiscal year 2014-15. We determined the program to be in compliance with the Mental Health Services Oversight and Accountability Commission requirements. However, we found issues with the Behavioral Health Department's referrals to Family Care Network, Inc., and with Dr. Ortiz' compliance with contract terms. We also recommended several improvements to enhance the MHSA program's utilization, accountability for funds and contractor performance.

Please respond to the Findings and Recommendations within 10 business days of receiving this report. The response should include the corrective action the Health Agency will be making to correct the findings. It is not necessary to provide a written response to the suggested improvements.

Purpose

The objectives of our review were to determine whether the MHSA program:

- 1) Submitted a timely MHSA Annual Update & Three Year Program and Expenditure Plan (MHSA Plan) for fiscal years 2014-15 through 2016-17 which met the Mental Health Services Oversight and Accountability Commission requirements.
- 2) Demonstrates fiscal and programmatic accountability in accordance with the Three Year Program and Expenditure Plan.
- 3) Has adopted reasonable methods for establishing performance measures and monitoring contractor performances.
- 4) Utilized data collected to improve mental health systems and communicated program results to key stakeholders.

Scope & Methodology

We conducted our review in conformance with the *International Standards for the Professional Practice of Internal Auditing*. The International Standards for the Professional Practice of Internal Auditing require that the internal audit activity be independent and internal auditors be objective in performing

their work. The Standards also require that internal auditors perform their engagements with proficiency and due professional care; that the internal audit function be subject to a program of quality assurance; and that the results of engagements are communicated to management.

Our methodology included interviews with MHSA administrators, staff, and contractors. We also attended a variety of MHSA stakeholder meetings. For fiscal year 2014-15 we evaluated supporting documentation for the MHSA Annual Update and Three Year Program and Expenditure Plan, MHSA's stakeholder process, and funding allocation by program.

We reviewed MHSA contracts and conducted site visits to assess the contractors' fiscal and programmatic accountability. We reviewed documentation of both costs and program results. The contractors and programs judgmentally selected for sampling were:

| Program | MHSA Component | Transitions Mental Health Association | Family Care Network, Incorporated | Community Action Partnership | Silvia Ortiz, PhD |
|--|---------------------------------|---------------------------------------|-----------------------------------|------------------------------|-------------------|
| Latino Outreach Program | Community Service & Supports | | | | \$120,000 |
| School and Family Empowerment | Community Service & Supports | | | \$80,000 | |
| Positive Development Program | Prevention & Early Intervention | | | \$80,000 | |
| Children's Full Service Partnership | Community Service & Supports | | \$140,000 | | |
| Transitional Age Youth Full Service Partnership | Community Service & Supports | | \$140,000 | | |
| Adult Full Service Partnership | Community Service & Supports | \$344,444 | | | |
| Adult Full Service Partnership Intensive Residential Housing | Community Service & Supports | \$334,689 | | | |
| Adult Full Service Partnership Intensive Residential Case Management | Community Service & Supports | \$177,538 | | | |
| Client & Family Partners | Community Service & Supports | \$304,826 | | | |
| Peer Advisory and Advocacy Team | Workforce Education & Training | \$25,000 | | | |
| Integrated Community Wellness Advocates | Prevention & Early Intervention | \$180,000 | | | |
| Total | | \$1,366,497 | \$280,000 | \$160,000 | \$120,000 |

Behavioral Health Department Results

MHSA Annual Update & Three Year Program and Expenditure Plan – The MHSA Annual Update and Three Year Program and Expenditure Plan for FY 2014-15 was submitted to the State on time and met all fourteen of the Mental Health Services Oversight & Accountability Commission Guidelines.

Performance measure establishment and monitoring – MHSA staff work closely with program stakeholders and effectively use a variety of methods to establish meaningful performance measures and outcomes. The performance measure results are consistently monitored.

Improvement of mental health systems – MHSA staff reviewed performance measure data, shared results with stakeholders, and worked collaboratively to improve MHSA programs.

Fiscal & programmatic accountability – We determined the Behavioral Health Department is contracting for services in accordance with the MHSA plan's goals and objectives. Contracted services costs appropriately relate to specific MHSA components and their associated revenue. Additionally, the MHSA staff require service providers to achieve performance measures in alignment with the MHSA plan. We made one suggested improvement to strengthen fiscal oversight:

Suggested Improvement 1: The contractors' supporting detail for expenses claimed on invoices was not periodically reviewed. Good internal controls include management establishing and performing monitoring activities to evaluate contractor fiscal accountability. Behavioral Health staff stated the detailed invoice review did not occur because priority was given to monitoring variances between budgeted and invoiced amounts. By performing periodic monitoring of the support for invoices staff can confirm that actual expenses are incurred and invoiced appropriately. We recommended staff review a sample of the supporting documentation for every contractor in order to verify actual expenses are being incurred and appropriate invoices are being submitted. MHSA staff agreed with our recommendation and stated that they would immediately implement the recommendation.

Contractor Results

Transitions Mental Health Association (TMHA) – We sampled six TMHA programs receiving some level of County funding. We found reported costs were sufficiently documented, appropriately accounted for and in alignment with the program objectives. TMHA performed all contracted tasks; however, 12 of the 31 performance measures tested were not met in their entirety. The outcomes were not met due to miscalculations in compiling data which led TMHA staff to believe several outcomes were being met, when they were not. Additionally, a delay in referrals by the Behavioral Health Department and a necessary reliance on consumer self-reporting and initiative caused other outcomes to come in below target. Meeting program outcomes provides assurance that MHSA dollars are being spent as intended and provide value to stakeholders, therefore we made one suggested improvement regarding performance measure achievement:

Suggested Improvement 1: We recommended TMHA and the MHSA staff collaborate to evaluate program outcomes and a range of realistic levels of achievement. This recommendation was implemented and during FY 2016-17 contract negotiations, TMHA and MHSA staff discussed and modified expected program outcome goals.

Family Care Network, Incorporated (FCNI) – We sampled two FCNI programs receiving some level of County MHSA funding. We found reported costs were sufficiently documented, appropriately accounted for, and in alignment with the programs. FCNI performed all contracted tasks. Seven of ten performance measure were not met in their entirety, including contracted units of service which is discussed in the Finding below:

Finding 1: Underutilization of Services

FCNI provided only 78,482 (52%) of the contracted units of service. FCNI did not achieve all the contracted program outcomes primarily due to the lack of client referrals by the Behavioral Health Department. Behavioral Health management stated the lack of client referrals was due to turnover of key staff. The lack of referrals created an underutilization of mental health services for youth.

Recommendation: We recommend the Behavioral Health Department develop a plan for consistent referrals of youth to program services that will not be interrupted by staffing changes.

Community Action Partnership (CAPSLO) – We sampled two CAPSLO programs. CAPSLO performed all contracted tasks and met or exceeded the contracted program outcomes. We found costs were sufficiently documented, appropriately accounted for, and in alignment with the programs. Although we were able to verify all sampled costs, CAPSLO’s use of estimates for invoicing made it difficult to track actual expenditures for the two programs sampled. Best accounting practices report actual costs on invoices, however, CAPSLO used estimated costs due to the difficulty of closing monthly accounting records in time to meet the Behavioral Health Department’s date requirement for invoice submission. Using actual costs provides greater fiscal accountability for the monthly invoices. Even though, invoices were adjusted at the end of the year to reflect actual expenditures. We made one suggested improvement to strengthen fiscal accountability:

Suggested Improvement 1: We recommended CAPSLO discuss the possibility of changing the invoice due date with MHSA staff in order to provide the most accurate invoices. MHSA staff and CAPSLO agreed on revised timing for invoice submission and have implemented the new schedule with the FY 16-17 contract.

Silvia Ortiz, PhD – We sampled the only program provided by Dr. Ortiz. Dr. Ortiz met two of the three contracted program outcomes; however, not all contracted tasks were performed. Additionally, we found costs were not sufficiently documented, and no formal monitoring of costs occurred. We have three findings and one suggested improvement regarding this contract:

Finding 1: Contracted Service Not Provided

Dr. Ortiz did not provide an in-service training to Latino Therapy Services Program staff as stipulated in the contract. Dr. Ortiz stated she felt the planning and coordination of the training was the responsibility of Behavioral Health staff, while Behavioral Health staff stated they believed all aspects of the training were the responsibility of Dr. Ortiz. As a result, Latino Therapy Services Program staff did not receive the training.

Recommendation: We recommend MHSA staff follow-up with contractors at the first indication a contracted service may not be performed.

Finding 2: Unable to Substantiate Costs

We were unable to substantiate the costs invoiced to the MHSA program by Dr. Ortiz. Believing she was not required to, Dr. Ortiz did not keep supporting documentation to validate costs claimed on invoices. However, the contract requires invoices to contain actual expenses for the current month and contract year to date by budget line item. Because actual expenses were unsupported, we were unable to confirm the MHSA program received the minimum units of services stated in the contract.

Recommendation: We recommend Dr. Ortiz keep supporting documentation for services provided to the MHSA program including time and attendance records, billing rates, time and location of travel or other supporting documentation detailing the nature of services provided, and MHSA staff periodically check the supporting documentation.

Finding 3: Lack of Communication between Contractor and MHSA staff

Neither the contractor nor MHSA staff established a consistent forum to discuss issues, progress and outcomes as required by the contract. Both Dr. Ortiz and Behavioral Health staff felt that informal conversations were sufficient. Findings 1 and 2 resulted from inadequate communication between the Contractor and MHSA staff. Formal communication with all contractors should be established to ensure compliance with all aspects of the contract and MHSA expectations.

Recommendation: We recommend regularly scheduled meetings with Dr. Ortiz be instituted by Behavioral Health staff. Meetings should include a review of all contract expectations.

Suggested Improvement 1: We found the County of San Luis Obispo was not named as an additional insured on Dr. Ortiz's automobile insurance coverage as required by the contract due to an oversight by Dr. Ortiz. Naming the County as an additional insured on contractor insurance limits the County's exposure to risk. We recommend Behavioral Health staff verify all contractors are meeting the insurance requirements of their contracts.

The implementation of our findings and suggested improvements will help strengthen the administration of the MHSA programs. We very much appreciate the collaborative, courteous attitude of your staff and the cooperation we received during the course of our audit.