

# OFFICE OF AUDITS & ADVISORY SERVICES



## MENTAL HEALTH SERVICES ACT

### *FINAL REPORT*

Chief of Audits: Juan R. Perez  
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# County of San Diego

**TRACY DRAGER**  
AUDITOR AND CONTROLLER

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**JUAN R. PEREZ**  
CHIEF OF AUDITS

December 14, 2020

TO: Dr. Luke Bergmann, Director  
Health and Human Services Agency – Behavioral Health Services

FROM: Juan R. Perez  
Chief of Audits

**FINAL REPORT: MENTAL HEALTH SERVICES ACT AUDIT**

Enclosed is our report on the Mental Health Services Act Audit. As there are no findings and recommendations in the report, no audit response is required.

Thank you for the courteousness and cooperation extended to the Office of Audits & Advisory Services during the course of the audit.

If you have any questions, please contact me at (858) 495-5661.

A handwritten signature in blue ink, appearing to read "JRP", written over a horizontal line.

JUAN R. PEREZ  
Chief of Audits

AUD:FL:nb

Enclosure

c: Dean Arabatzis, Acting Director and General Manager, Health and Human Services Agency  
Tracy Drager, Auditor and Controller  
Andrew Pease, Acting Chief Operating Officer, Health and Human Services Agency  
Amy Thompson, Acting Group Finance Director, Health and Human Services Agency

## INTRODUCTION

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**Audit Objective** The Office of Audits & Advisory Services (OAAS) completed an audit of the Mental Health Services Act (MHSA). The objective of the audit was to evaluate management practices for administration and compliance with provisions of the MHSA.

**Background** In 2004, California enacted Proposition 63, known as the MHSA, to expand services to its mentally ill population. The MHSA provides State funding to counties for expanded and innovative mental health programs.

The MHSA imposes a one percent income tax on personal income in excess of \$1 million to provide funding for mental health services to individuals severely affected by, or at risk of, serious mental illness. The MHSA serves children, transitional age youth, adults, older adults, and families with mental health needs.

The Health and Human Services Agency's Behavioral Health Services Division (BHS) is responsible for administering the services funded by the MHSA. BHS utilizes contractors to provide most of these services.

**Audit Scope & Limitations** The scope of the audit focused on the adequacy of the MHSA administration and compliance-related controls. The period under review included fiscal years 2017-18 to 2019-20.

This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing prescribed by the Institute of Internal Auditors as required by California Government Code, Section 1236.

**Methodology** OAAS performed the audit using the following methods:

- Interviewed key personnel on policies, procedures, and processes relevant to the areas being reviewed.
- Assessed risks and controls related to MHSA administration independent of, and in coordination with, BHS management.
- Reviewed the MHSA program documentation for the period under review.
- Conducted specific audit procedures on the following:
  - Reviewed, recalculated, and verified sampled BHS contract expenditure and revenue tracking tools.
  - Recalculated the total funding rates for each MHSA component and agreed to the requirements.
  - Reviewed, recalculated, and verified the MHSA revenue and expenditure reconciliations.

- Reviewed MHSA administration costs to ensure they agreed to the requirements.
- Verified that contract monitoring effectively ensures compliance with contract/program requirements.
- Verified that current controls are sufficient to ensure that performance is accurately and appropriately reported.

## AUDIT RESULTS

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### Summary

Within the scope of the audit, there is reasonable assurance that the management practices for administration and compliance with provisions of the MHSA are effective. BHS has the appropriate processes in place to ensure compliance with the requirements of the MHSA.

## Office of Audits & Advisory Services

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