

"The MHS/Finance Committee will review and assess the County's mental health funding for the Mental Health Commission to ensure effective mental health programs. This Committee will prepare the Commission to fulfill its role of providing the Yearly Public Hearing of the MHS Plan." (pending approval from the Mental Health Commission)

**MHS/Finance Committee Meeting**  
**Thursday March 15, 2018 ♦ 1:00-3:00 pm**  
**1340 Arnold Drive, suite 200, in Martinez**  
**Second floor, large conference room**

**AGENDA**

- I. Call to order/Introductions**
- II. Public Comment**
- III. Commissioner Comments**
- IV. Chair Announcements**
- V. APPROVE Minutes from January 18, 2018 meeting**
- VI. RECEIVE update on Hope House Program and Fiscal Review**
  - i. Did the Program review examine use of credit cards**
  - ii. Were irregularities noted for hours build for treatment and care**
  - iii. CONSIDER motion to forward to full Mental Health Commission to recommend to the Behavioral Health Director that a new Request for Proposal be considered for this contract.**
- VII. DISCUSS and REVIEW the Audit of the State Mental Health Service Act**
  - i. How does the Contra Costa MHS plan address the number one priority identified in the Community Planning Process of lack of housing for those with serious mental illness**
- VIII. DISCUSS and REVIEW Program and Fiscal Reviews: Overcoming Transportation Barriers, Child Abuse Prevention Council, Fred Finch, MHAPS, and RYSE**
- IX. Adjourn**



**MHSA/FINANCE Committee**  
**MONTHLY MEETING MINUTES**  
**February 15, 2018 – First Draft**

Agenda Item / Discussion	Action /Follow-Up
<p><b>I. Call to Order / Introductions</b>  Chair, Lauren Rettagliata called the meeting to order at 1:03 pm.</p> <p><b>Members Present:</b>  Chair- Lauren Rettagliata, District II  Vice-Chair-Douglas Dunn, District III  Sam Yoshioka, District IV</p> <p><b>Members Absent:</b>  Duane Chapman, District I</p> <p><b>Other Attendees:</b>  Gina Swirsding, Commissioner District I  Leslie May, Commissioner District V  Teresa Pasquini, former Commissioner and advocate  Margaret Netherby  Dr. Frank Barham, retired County psychiatrist  Joe Metro, (pending appointment to Member-at-Large seat, for District V)  Barbara Serwin, Chair of MHC and of the Quality of Care Committee  Anna Roth, CCC Health Services Director  Shelly Whalon, RN and Chief Quality Officer at CCRMC  Cynthia Belon, Director of Behavioral Health and Mental Health Services  Duffy Newman, Office of the Director of Health Services  Warren Hayes, MHSA Program Manager  Jan Cobaleda-Keagler, Adults and Older Adults Program Chief  Robert Thigpen, Adult Family Services Program Coordinator  Adam Down-MH Project Manager  Jill Ray, Field Representative, District II</p>	<p><b>Executive Assistant:</b></p> <ul style="list-style-type: none"> <li>• Transfer recording to computer.</li> <li>• Update Committee attendance</li> </ul>
<p><b>II. Public comments:</b></p> <ul style="list-style-type: none"> <li>• none</li> </ul>	
<p><b>III. Commissioners comments:</b></p> <ul style="list-style-type: none"> <li>• Noted that additional stigmatization by politicians is being actively used, towards mental illness, due to recent events. An increase in gaps of care is to be expected</li> </ul>	
<p><b>IV. Chair announcements/comments:</b></p> <ul style="list-style-type: none"> <li>• Would like consideration for there to be on the "letter head" HIPPA Reform. Although HIPPA was initially created to protect patient's private information from the public, it has become a hinderance for family members with loved ones suffering from mental illness. Family members and caregivers are not allowed to inquire if their loved ones are in treatment, where their receiving treatment, enabling contact or knowledge of their whereabouts. This can be critical for families that fear retaliation by their family member with the mental illness</li> </ul>	
<p><b>V. Approve minutes from January 15, 2018 meeting- no corrections required (* noted to inquire, with EA, re: item IV, if Committee's Annual Report has been completed)</b>  <b>MOTION to approve minutes made by Sam Yoshioka, seconded by Doug Dunn</b>  <b>VOTE: 3-0-0</b>  <b>YAYS: Lauren, Sam and Doug</b>  <b>NAYS: none ABSTAIN: none ABSENT: Duane Chapman</b></p>	<p>*Executive Assistant will post finalized minutes on website at:  <a href="http://cchealth.org/mentalhealth/mhc/agendasminutes.php">http://cchealth.org/mentalhealth/mhc/agendasminutes.php</a></p>
<p><b>VI. DISCUSS and affirm Committee members, elect Chair and Vice Chair for 2018</b></p> <ul style="list-style-type: none"> <li>• Chair referred to minutes of the January meeting, and inquired with attendees, membership interest to be defined as:  Chair- Lauren Rettagliata, District II  Vice Chair- Doug Dunn, District III  Member- Sam Yoshioka, District IV  Member- Leslie May, District V</li> </ul>	<p>*The 2018  <b>MHSA/Finance Committee members are:</b>  <b>(pending final approval of the Commission)</b>  <b>Lauren Rettagliata- Chair</b>  <b>Douglas Dunn -Vice Chair</b>  <b>Leslie May</b>  <b>Sam Yoshioka</b></p>

<p>Barbara Serwin, MHC Chair</p> <ul style="list-style-type: none"> <li>• Vice Chair stated, and Chair agreed, that MHC Chair, Barbara Serwin stated she would be a member of the Committee</li> <li>• Diana MaKieve has removed her membership from this Committee and transferred to the Justice Systems Committee</li> <li>• Duane Chapman is not present, therefore is currently removed from the Committee; but, maybe reinstated upon return</li> <li>• The new membership will be forwarded to the next full Commission meeting on 3/7/18, for final approval</li> <li>• MOTION to accept the five members listed herein, Lauren Rettagliata moved to motion, seconded by Sam Yoshioka</li> </ul> <p>VOTE: 3-0-0 YAYS: Lauren, Doug and Sam NAYS: none ABSTAIN: none ABSENT: Duane Chapman</p>	<p>Barbara Serwin (MHC Chair)</p> <p><b>*The Chair will forward the members list, to the MHC at the next meeting, for approval</b></p>
<p><b>VII. DISCUSS and REVIEW the COFY Program and Fiscal Review, with the purpose to obtain current information from Behavioral Health Services staff, pertaining to billing and other issues raised in the report, for summarizing and reporting to the Mental Health Commission</b></p> <ul style="list-style-type: none"> <li>• Chair thanked the MHSA Program Manager for providing the detailed information in the report, highlighting the opportunities for discussion and review what is going well and where improvements can be made</li> <li>• Chair also noted that it is apparent that the program needs help in certain areas, is assistance being provided to the program? COFY is utilizing a multisystemic treatment program, apparently undergoing some program difficulties. Asked MHSA Program Manager if support, is being provided to resolve the issues?</li> <li>• Warren Hayes, MHSA Program Manager from the Behavioral Health Services Division, was present to respond to questions. The Program and Fiscal Reviews, created by his team, are made available to the public to obtain feedback and assist with issues that are found</li> <li>• COFY obtains a blend of funding streams and hires an independent auditor, to obtain objective information regarding their finances. It is required for programs that process Medical billing to provide an audit of their finances</li> <li>• During the Program and Fiscal Program Review process, the MHSA team conducting the review, matches the audit with how the program is operating. When discrepancies are found, they are noted, and they are discussed amongst the staff of the programs to obtain clarity and understanding.</li> <li>• Regarding COFY's financial information, it was found that the external audit did not match what the organization was doing. The County's Health Services Financial department was contacted to assist in the review process, to assure that the reconciliation is cohesive with the State's Medi-Cal requirements. The findings were deemed that the program had satisfactorily met the requirements and the differences found were clarified</li> <li>• Chair asked how does the team reviewing assist the program? For example, in areas identified, such as the Utilization Review Charting. The area mentioned was found to be satisfactory</li> <li>• The County's rate for disallowances is low, due to the stringent Program Review process, that reviews the quality of each program</li> <li>• Members of the Committee reference page five, in the review document, pertaining to what are the needed services missing? Since the program provides multisystemic therapy, it includes family therapy, which in the report it is stated that that part is missing. What action will be taken to address these findings?</li> <li>• COFY does provide evidence based practices and pays external auditors to assure that the program meets its quality standards. COFY acts to address and resolve findings to assure that they meet Fidelity standards</li> <li>• Is COFY paying employees sufficiently to acquire and retain quality staff? The County, for example, does not adequately pay staff in these key positions, making it difficult to obtain and retain employees.</li> <li>• Community based organizations pay less than the County and the</li> </ul>	<p><b>*COFY Program and Fiscal Review was attached to meeting packet for 2/15/18</b></p>

County pays less than neighboring counties. This is challenging. COFY's pay is at a competitive rate but obtaining trained staff members and retaining trained staff is challenging and limited. Maintaining the sufficient amount of staff is an issue

- Can the Mental Health Commission ask, the County's Board of Supervisors and the Behavioral Health Administration, to look at the Program Review and follow up to check if COFY has resolved the issues found in the report? What is the remedy to resolving these problems?
- Currently, COFY has filled the vacant positions and has enough staff. All Community Based Organizations (CBO's) will agree that they need more money to pay and retain their staff. The problem is where to obtain additional funding to increase all the salaries when budgets are being decreased?
- COFY became a contractor several years ago. Due to the recession, contract amounts have not been increased, until the last couple of years, contracts received a 3% increase as a "cost of living" adjustment. All contractors would like an increase to cover their operating expenses, but the budget does not allow the feasibility to do so. The County cannot micromanage or tell the contractors how they do business
- Laura's Law stated that monies invested in care, would hopefully prevent long term care and hospitalization. The Commission's role is to advise the Board and Administration and advocate. The Board and the Administration's role to review if they are being advised correctly by the Commission
- The public voice is always welcomed to obtain better parity. COFY is only one of many within the County, that cannot compete with other counties or the private sector regarding the pay rate. The pay rate is low for Contra Costa. There needs to be caution regarding larger CBO's spending more on their facilities and executive staff, and less on their line staff doing the actual work with the patients. Nevertheless, the County must be respectful of each program's expenses
- Before addressing the Board, the first question the Supervisors will ask is: "What is the program's status?" Obtain the current information first. The report was done ten months ago. As previously stated, the vacant positions have been filled. What issues have been resolved. What are the current issues as of now. Secondly, is the program leveraging other funds? It is encouraged that all programs obtain funding from other sources and not solely rely on MHSA funding because it is not reliable. Every program is asked, what they are doing to obtain multiple funding streams
- The Committee would like to ask for:
  - 1) an update from the program, asking if the issues in the report have been addressed and resolved to satisfaction
  - 2) Does the program obtain/leverage other funding streams and what are their plans?
- Suggested that maybe the County's leadership team can designate a staff member, to update and discuss the program. As a Full-Service Partnership (FSP), both sides can come together to discuss the program
- It is important to continue to review the improvement of each program.
- There is a quarterly meeting with FSP's and CBO's contract representatives, with the County's Administrative staff members, to discuss issues. The MHSA Program Manager extended an invitation, to the Committee members to participate in the meetings
- During the review process, the service agreement is reviewed and compared to what is being currently done to check on the overall outcomes utilizing performance indicators. A report is then submitted to the State, for the Prevention and Early Intervention (PEI) programs at the end of the year

<b>VIII.</b>	<b>DISCUSS and REVIEW the FIRST HOPE Program Review, with the purpose to obtain current information from Behavioral Health Services staff</b>	*Forwarded to the next meeting agenda
<b>IX.</b>	<b>DISCUSS JOINTLY Telecare- Hope House Program Review with the Quality of Care Committee, utilizing as a tool for quality improvement and discuss</b>	* The Chair, Barbara Serwin and Gina Swirsding, were the only two members of the

**potential recommendations regarding the following areas:**

- i. **Funding**
- ii. **Psychiatry services**
- iii. **Billing and operating costs**

- Members are concerned about issues brought forth from both the public and personal experience, regarding Hope House. The program was created to serve a need in the community and issues need to be addressed to achieve overall improvement in the program
- Hope House representatives were not present
- A former employee, (employed by Hope House for six months) and newly appointed Commissioner for District V, Leslie May spoke regarding the program. In her opinion, the Mission Statement of the Program and the contracted services to be provided for the County were not being executed as they should have been in terms of patient treatment and the program's finances. Upon reading the report, found many inconsistencies and discrepancies. Another former employee of Hope House, wrote a lengthy letter and emailed the letter to her to read and discuss with the Committee/Commission. The person was relieved of her duties because she questioned the treatment of the patients at Hope House
- Consumers referred to Hope House are screened at Psych Emergency Services (PES), for a possible fit for services
- Some employees at Hope House were encouraged to use unconventional antics to provoke the anger in their patients
- Repeat clients were discouraged, choosing patience according to their own preferences
- Nutritious food was not being provided for the patients as promised
- The previous employee of Hope House also stated that she purchased meals for the patients, from her personal funds
- Informed that there is discord amongst the staff at Hope House
- Stated that residents of Hope House have been exited to the streets, without placement
- Leslie said she was made aware of patients with credit cards being charged monthly and monies that were received from the County were utilized to pay fines imposed by Medi-Cal, to Hope House
- Had a family member at Hope House, staff members obtained medical records, and discussed publicly the patient's medical issues
- It is her opinion, that the poor patient outcomes are due to the lack of adequate management staff at Hope House
- The Chair of the Committee suggested that Leslie forward the letter/email to the Director of Behavioral Health, the Adult Program Chief and any staff present from CCRMC to be able to read through the statements made
- A member of the public asked if the letter will be included with the minutes, how will the letter be on record?
- MHC Chair agreed that the letter should be read to the Committee and attendees
- The letter stated the following:
  - i. at there is a lot of staff splitting among management and a lack of communication, making it a difficult working environment. Management demonstrated favoritism towards service staff members and provided no support during crisis. Management was asked repeatedly, to respond to a patient showing the desire to harm herself, if a 5150 should be called. No response was received, so the former employee made the decision and called for a 5150
  - ii. Many times, staff would be preoccupied on their phones in the living room or in the kitchen, instead of tending to clients or during group therapy sessions. Also, many times when staff would co-facilitate a group session and they would fall asleep
  - iii. Patient rounds are supposed to be done every 30 minutes to an hour. Many times, staff would not do rounds, and fill in the sheet at the end of their shift. It was observed at 3pm, that rounds had not been done since 8am. There were three staff members on shift and it was reported to management and nothing was done

Quality of Care Committee present for the discussion.  
(According to the County's Advisory Body Handbook, all standing Committees must have three members present, to have a meeting)

**\*The Director of BHS will inform EA when to reagendaize for further discussion (tentatively April 19)**

**\*Anyone who receives emails or complaints, pertaining to Hope House, can forward the emails to Adam Down at Behavioral Health Services Administration**

- by management
- iv. When high profile residents were placed at Hope House, management would make derogatory comments regarding the request for placement, disregarding advisory body members or any others.
- v. Management would often be sarcastic, mock and ridicule residents, including using offensive words like "retarded" to describe a resident
- vi. Management staff would be angry if residents refused to go to group, she would force the issue, having the resident stand at the doorway, disregarding resident's feelings
- vii. Some staff members appeared unprofessional, inappropriate work attire
- viii. Meals provided to residents were either frozen or processed. No fresh fruits or vegetables were provided
- ix. As a clinician, her role was to assist in stabilizing residents and treated residents with dignity and respect. Although she misses working with the residents, she does not miss working with management at Hope House. The management is degrading, condescending and disrespectful and it needs to be stopped.
- x. The letter was handed to Adam to make copies and distribute

- The letter was not part of the agenda
- To be fair to all parties involved, representatives from Hope House should be present, to counter or be provided an opportunity to discuss accusations
- The item on the agenda was to discuss the Program and Fiscal Review of Hope House
- Chair stated that comments made are not meant to be adversarial but are meant to provide an opportunity to bring to light issues, open the discussion and find areas for improvement, as a team, for the residents of Hope House
- Concerns were made by attendees/Commissioners regarding issues stated in the letter might be in violation if HIPPA Regulations
- The Adult Program Chief highlighted that the report was created a year ago and the final copy of the report was completed in July
- Since the completion of the report, the Behavioral Health Services Division (BHS) staff has been working with the Hope House staff, to address and resolve the issues identified in the report
- The previous Director at Hope House, Dr. Roach, (whom was well liked in the community), decided to resign at the end of 2016. An audit conducted identified that Hope House had too many disallowances
- In 2017, a new Director, Jim Christopher, took over Hope House. He was informed to clean up various issues identified in the report
- The staff in place were not comfortable with the changes made by the new Director or his disposition
- Staff did not like his demands, strict attention to compliance and Medi-Cal paperwork
- Several staff members resigned, and new staff was hired. The process took several months, including acclimating new staff to the program. By August Hope House was fully staffed
- Complaints were made to the corporate office and he has since improved
- The Adult Program Chief met with Telecare Administration, made various suggestions to areas of care which were utilized
- In the month of July, the Program Chief started meeting with the Director's boss, Clarice Fuller. Clarice is the Program Administrator. Jan would like to invite Clarice to continue the conversation regarding the Hope house updates and status
- BHS has been working, from August 2017 to the present, steadily with Hope House, to iron out the issues
  - i. Hope House has increased their numbers
  - ii. Hope House has streamlined their admission process
  - iii. Hope House has collaborated with BHS and CCRMC, to develop a smoother and quicker registration process
  - iv. BHS was able to hire a Hope House liaison and she has been instrumental in improving communication, Hazel Lee, helping handle the admissions to Hope House and RYRKA with Betsy

Orme, Transition Team Coordinator. Both working jointly with CCRMC to screen patients for appropriate placement, Hazel was a former employee of Hope House under the previous Director, understanding consumer needs (addresses the "findings for further attention" on page 4 in the report)

- v. Hope House has improved their capacity issues and is currently working at full capacity, full every day this week
  - vi. Checks and balances have been put in place
  - vii. If food is not kept properly or the facility is not kept clean, it is reported and can be reported by anyone to Community Care Licensing (CCL). Anyone can look up the information on the Department of Social Services website
  - viii. They have addressed and are working with their Utilization Review (UR) team to improve their documentation and reporting to be in compliance with the Medi-Cal Utilization Review
  - ix. Hope House is collaborating with their system partners (PES/CCRMC)
  - x. Hope House was initially intended as a 30-day resident program. It is presently a 14-day crisis residential treatment program, but patients can stay up to 30 days, after which patients are discharged, ideally to permanent housing. Extensive documentation is required to lengthen a patient's stay, until proper placement is found. The timeframe for residency is a licensing issue and would need to be brought up with CCL
  - xi. Hope House ideally needs to have at least 12 patients a day, a maximum of 16. Previously, the program was below the 12 standards in 2017
  - xii. It was requested that data, regarding placements, after, whether its permanent housing or other housing, versus releasing patients to the streets; be obtained. The Adult Program Chief will request the data from Hope House
- Leslie started her employment with Hope House in June of 2017 and there was minimal staffing. Apparently, only two clinicians were employed for several months. On weekends, minimal staffing available. Insists that what is being reported and what is happening are two different things
  - The Program Chief asked the former employee if she had filed a complaint with CCL or a grievance with Medi-Cal? There are procedures in place for checks and balances
  - Her reply was that she was never given the resources to do so, that would have been transparent on their part and she also feared repercussions from her employer
  - The Chair addressed page 15, in the report, what is BHS doing to address the issue stated in the report?
  - Anna Roth, Director of Health Services- suggested that each finding be discussed, versus discussing all the findings all at once
  - Cynthia Belon, Director of Behavioral Health Services informed that this was the first dialogue regarding the findings, for us to take notes and go back and explore further. Where there are clear issues, then we need to look for opportunities for improvement
  - The goal for all is to be able to provide quality services, for those in crisis
  - Attendees voiced their concerns for the patients and quality of care and the food being provided
  - The Adult Program Chief did check for complaints filed against Hope House, including food and no issues were filed
  - The Chair asked if Hazel and Betsy are visiting Hope House on an ongoing basis, not just talking over the phone and/or emailing? Reiterated the importance of BHS staff being consistent with their presence in the facility to check-in on improvements
  - The Program Chief again offered to invite Clarice Fuller to voice issues, so that as the Administrator of Hope House, she can address concerns and make improvements
  - A consumer suggested that an anonymous form, is more inviting for a patient to complete and submit due to fear of staff retaliation against the patient
  - BHS Director, Cynthia Belon, made notes during the meeting of all the

comments that were made, would like the opportunity for BHS to review and look further into the document, investigate the implementation and into the qualitative comments that were made and the quantitative as well. Both areas are important to explore further and continue the discussion further, reagendaize the matter for next month. It is important to have the opportunity to investigate further.

- The Chair and Committee members agree with the Director and concede to her request previously mentioned, hopefully by April
- Members agree and request that Clarice Fuller attend the next discussion
- A request was made to obtain Hope House staffing, per shift and daily ratios, to patients. Not just staff but qualified staff
- A request was also made to obtain information regarding the number of violent acts have taken place at Hope House?
- The Director of CCC Health Services, Anna Roth, suggest that staff visit Hope House and conduct a comprehensive investigation that includes the staff and the nutrition/food issues. Staff liaison can do a deliberate visual of the food/nutrition situation

**X. Adjourned at 3:48pm (Committee normally ends at 3pm)**

Minutes completed by  
Liza Molina-Huntley  
Executive Assistant to the Mental Health Commission  
CCHS-Behavioral Health Administration

DRAFT





# Mental Health Services Act

The State Could Better Ensure the Effective Use of  
Mental Health Services Act Funding

Report 2017-117

COMMITMENT  
INTEGRITY  
LEADERSHIP



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February 27, 2018

2017-117

The Governor of California  
President pro Tempore of the Senate  
Speaker of the Assembly  
State Capitol  
Sacramento, California 95814

Dear Governor and Legislative Leaders:

As requested by the Joint Legislative Audit Committee, the California State Auditor presents this audit report concerning the funding and oversight of the Mental Health Services Act (MHSA). This report concludes that the Department of Health Care Services (Health Care Services) and the Mental Health Services Oversight and Accountability Commission (Oversight Commission) could better ensure that the 59 county and local mental health agencies (local mental health agencies) effectively use the MHSA funds they receive.

Despite having significant responsibility for the MHSA program since 2012, Health Care Services has allowed local mental health agencies to amass hundreds of millions in unspent MHSA funds. This occurred because Health Care Services has not developed a process to recover unspent MHSA funds that under state law must be reallocated to other local mental health agencies. Further, absent Health Care Services' guidance, the local mental health agencies accumulated \$81 million in unspent interest and set aside between \$157 million and \$274 million in excessive reserves that they could better use to provide additional mental health services. Moreover, until our inquiry, Health Care Services had not analyzed whether a \$225 million fund balance in the Mental Health Services Fund, which had existed since at least 2012, is potentially available to local mental health agencies to expand mental health services or is a long-standing accounting error. Finally, Health Care Services' oversight of local mental health agencies is minimal: it does not enforce annual revenue and expenditure reporting nor has it performed fiscal or program audits to ensure local mental health agencies comply with fiscal and program requirements contained in state laws and regulations. Health Care Services' poor oversight of the MHSA program is troubling given the importance of providing mental health services to Californians.

The Oversight Commission, which also oversees the MHSA, is implementing processes to evaluate the effectiveness of MHSA-funded programs. In addition, the Oversight Commission is helping local mental health agencies to understand how to develop innovative projects that meet MHSA requirements and provide mental health services, which should assist them in spending MHSA funds appropriately. However, the Oversight Commission has not developed statewide metrics to assess the effectiveness of MHSA-funded crisis intervention grants, which provided \$32 million in fiscal year 2015–16 to increase staffing of mental health personnel at locations such as emergency rooms and jails. Finally, our review of three local mental health agencies—Alameda, Riverside, and San Diego counties—determined that they allocate their MHSA funds appropriately and they generally monitored their MHSA-funded projects effectively.

Respectfully submitted,



ELAINE M. HOWLE, CPA  
State Auditor

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## SUMMARY

Providing effective services and treatment for those who suffer from mental illness or who are at risk of mental illness is an issue of statewide and national importance. In 2004 California voters approved Proposition 63—the Mental Health Services Act (MHSA)—to expand services and treatment for those who suffer from mental illness or are at risk of mental illness. The MHSA imposes a 1 percent income tax on individuals earning more than \$1 million a year in order to expand existing mental health programs and services, address the stigma and discrimination associated with seeking mental health services, and implement innovative programs that increase the quality of mental health services and improve access to underserved groups. For fiscal year 2015–16, the MHSA generated \$1.5 billion, which the State distributed primarily to the 59 county and local mental health agencies (local mental health agencies). For this audit, we evaluated the effectiveness of two state entities, the Department of Health Care Services (Health Care Services) and the Mental Health Services Oversight and Accountability Commission (Oversight Commission), in providing oversight of MHSA funding. We also visited three local mental health agencies—Alameda, Riverside, and San Diego counties—to assess their monitoring of the projects that they support with MHSA funding. This report draws the following conclusions:

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### **Health Care Services’ Ineffective Oversight of Local Mental Health Agencies and the Mental Health Services Fund Allowed Hundreds of Millions of Dollars to Remain Unspent**

Page 11

Despite having significant responsibility for the MHSA program since 2012, Health Care Services has not developed a process—known as reversion—to recover unspent MHSA funds from local mental health agencies after the statutory time frames for spending the funds have elapsed. As a result, the local mental health agencies have had less incentive to spend MHSA funds in a timely manner and had amassed unspent funds of \$231 million—not including reserves—as of the end of fiscal year 2015–16 that they should have reverted to the State for it to reallocate to other local mental health agencies. However, the Legislature enacted a one-time change in state law in 2017 that allowed local mental health agencies to retain all funds that were subject to reversion as of July 1, 2017. Nevertheless, this one-time allowance does not resolve the larger issue that Health Care Services has been slow in implementing a process to revert unspent MHSA funds.

In addition, in the absence of Health Care Services’ guidance, local mental health agencies have been inconsistent in how they treat the interest they have earned on MHSA funds. As a result, the local mental health agencies had accumulated a total of \$81 million in unspent MHSA interest through fiscal year 2015–16. Further, Health Care Services has not established a process for overseeing the sufficiency of local mental health agencies’ MHSA fund reserves, which totaled \$535 million as of the end of fiscal year 2015–16. As a result of the absence of Health Care Services’ oversight, we estimate that local mental health agencies held between \$157 million and \$274 million in excessive reserves as of the end of fiscal year 2015–16. Finally, until our inquiry, Health Care Services had not questioned the reason for a \$225 million fund balance in the Mental Health Services Fund (MHS Fund) and

whether the amount represented funds due to local mental health agencies or was a long-standing accounting error. As a result of our inquiry, Health Care Services is working with the State Controller's Office to resolve this issue.

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**Page 21****Health Care Services Has Provided Only Minimal Oversight of the MHSAs Funds That Local Mental Health Agencies Received**

Health Care Services has made only minimal efforts to ensure that local mental health agencies submit their annual revenue and expenditure reports (annual reports) on MHSAs funding on time. As a result, most local mental health agencies have failed to submit their annual reports in a timely manner; in fact, only one of the 59 local mental health agencies submitted its fiscal year 2015–16 annual report by the regulatory deadline. These late annual reports have significantly hampered Health Care Services' ability to calculate MHSAs reversion amounts and to properly oversee local mental health agencies' MHSAs spending. In addition, Health Care Services has been slow to implement MHSAs fiscal and program oversight of local mental health agencies. Although Health Care Services developed an MHSAs fiscal audit process in 2014, it has focused its audits on data and processes that are at least seven years old, and it has not developed regulations it believes are necessary to allow local mental health agencies to appeal findings. In addition, Health Care Services has not implemented a program review process to ensure MHSAs projects that local mental health agencies operate comply with program requirements contained in state laws and regulations.

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**Page 27****The Oversight Commission Is Implementing Processes to Evaluate the Effectiveness of MHSAs-Funded Programs**

The Oversight Commission is undertaking efforts to provide technical assistance and improve dialogue with the local mental health agencies regarding its process for approving MHSAs funds intended for innovative projects that address individuals' mental health needs. One of the Oversight Commission's responsibilities is approving local mental health agencies' plans for developing such projects. However, the absence of clear guidance and understanding of the approval process may have contributed to the local mental health agencies' failure to spend funds in a timely manner. As of the end of fiscal year 2015–16, \$146 million of the \$231 million in MHSAs funds subject to reversion were intended for innovative projects. In addition, to promote accountability and oversight for certain MHSAs programs, the Oversight Commission requires local mental health agencies to submit reports on an annual basis that describe the outcomes and progress of these programs, the first of which were due in December 2017. However, the Oversight Commission has not completed an internal process to review and analyze these reports. The Oversight Commission is also required to evaluate the effectiveness of grants to local mental health agencies to provide services to individuals with mental illnesses who require crisis intervention, yet it has not developed metrics to assess the outcomes of these grants on a statewide level.



Finally, our review of three local mental health agencies determined that their allocation of MHSAs funds was consistent with MHSAs planning requirements and that they generally monitored their MHSAs-funded projects effectively.

## **Summary of Recommendations**

### ***Health Care Services***

To ensure that local mental health agencies spend MHSAs funds in a timely manner, Health Care Services should implement a fiscal reversion process to reallocate to other local mental health agencies any MHSAs funds that are unspent within the statutory reversion time frames. In addition, Health Care Services should clarify that the interest that local mental health agencies earn on unspent MHSAs funds is also subject to reversion requirements and should establish an MHSAs reserve level that is sufficient but not excessive.

Health Care Services should analyze the \$225 million fund balance in the MHS Fund by May 1, 2018, to determine why it existed and, if there is any impact on funding to the local mental health agencies, distribute those funds accordingly. It should also regularly scrutinize the MHS Fund to identify excess fund balances and the reasons for such balances.

To ensure that the State provides effective oversight of local mental health agencies' spending of MHSAs funds, Health Care Services should implement MHSAs fiscal and program oversight of local mental health agencies.

### ***Oversight Commission***

To ensure that local mental health agencies are able to spend funds intended for innovative projects in a timely manner, the Oversight Commission should continue its engagement and dialogue with local mental health agencies about the types of innovative approaches that would meet the requirements of the MHSAs.

To ensure that it provides proper oversight and evaluation of the programs for which it is responsible, the Oversight Commission should complete its internal processes for reviewing and analyzing program status reports no later than July 2018.

To ensure that the MHSAs grants for providing services to individuals with mental illnesses who require crisis intervention are an effective use of MHSAs funds, the Oversight Commission should establish statewide outcome metrics for these grants no later than July 2018.

### Agency Comments

The Oversight Commission and Alameda County agreed with our report's conclusions and indicated that they would implement our recommendations. Although Health Care Services generally agreed with our conclusions and recommendations, it disagreed with our recommendation to focus the timing of its MHSA fiscal audits on a more current period. Health Care Services also disagreed with our report text in several places and offered suggested changes. Finally, after initially stating that it would submit by June 2018 and September 2018 draft regulations it feels are necessary to implement elements of its MHSA responsibilities, Health Care Services pushed back these timelines in its response to January 2019 and Spring 2019, respectively.

## INTRODUCTION

### Background

The provision of effective services and treatment to those who suffer from mental illness or who are at risk of mental illness is an issue of statewide and national importance. According to the U.S. Department of Health and Human Services' 2015 and 2016 data, 17 percent of California adults—nearly 5 million people—have mental health needs, while about 4 percent suffer from serious mental illnesses. Moreover, the U.S. Department of Housing and Urban Development estimated that in 2016 more than one-fourth—31,000 individuals—of California's homeless population suffered from serious mental illnesses.

To address California's mental health needs, in 2004 California voters approved Proposition 63—the Mental Health Services Act (MHSA)—to expand services and treatment for those who suffer from mental illness or who are at risk of mental illness. To support its purposes, the MHSA imposes a 1 percent income tax on individuals earning more than \$1 million a year. In fiscal year 2015–16, the MHSA generated \$1.5 billion, of which the State allocated \$1.4 billion to local mental health programs. The State deposits MHSA funds into the Mental Health Services Fund (MHS Fund) and distributes the majority of these funds to the 59 county and local mental health agencies (local mental health agencies).<sup>1</sup> The local mental health agencies use the funds to expand existing mental health programs and services, to prevent mental illnesses from becoming severe and disabling, and to provide programs that use innovative approaches to increase the quality of mental health services and improve access to underserved groups. The local mental health agencies must spend MHSA funds to expand mental health services and cannot use them to replace existing state or county funding.

### MHSA Programs

The MHSA requires that local mental health agencies use MHSA funds for five different mental health services program categories—Community Services and Supports (Community Support), Prevention and Early Intervention (Prevention), Innovation, Capital Facilities and Technological Needs (Capital Facilities), and Workforce Education and Training (Workforce Training). As Table 1 on the following page describes, each of these program categories targets different aspects of mental health services. The local mental health agencies either can contract with vendors to operate specific MHSA-funded projects within these program categories or can operate the projects themselves. Figure 1 on page 7 displays the State's allocation of MHSA funds to the five program categories in fiscal year 2015–16.

The Department of Health Care Services (Health Care Services) explained that it believes the requirement in state law that any funds left unspent within the statutory time frames must be returned—reverted—to the State for reallocation to the local

<sup>1</sup> The 59 local mental health agencies consist of the city of Berkeley, Tri-City Mental Health Services (a joint powers authority that the cities of Claremont, La Verne, and Pomona adopted), Sutter-Yuba Behavioral Services (a joint powers authority that the counties of Sutter and Yuba adopted), and agencies representing the remaining 56 California counties.

mental health agencies is an incentive to make full use of their MHSAs funding allocations. As Figure 1 shows, the law specifies that local mental health agencies have three years to spend Community Support, Prevention, and Innovation funds and 10 years to spend Capital Facilities and Workforce Training Funds.<sup>2</sup>

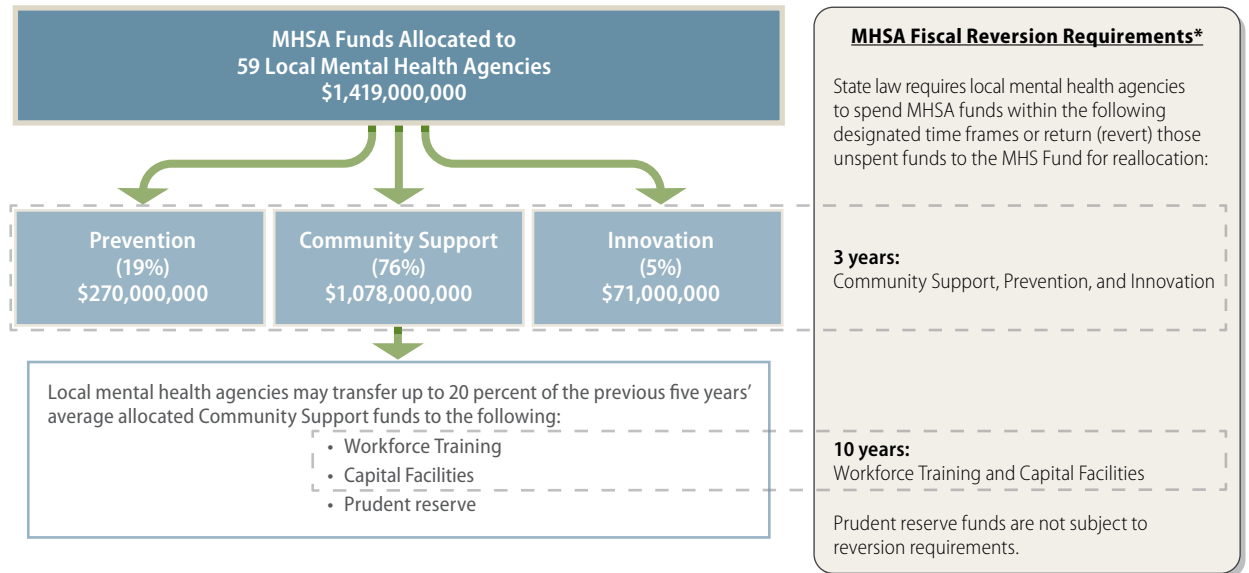
**Table 1**  
**MHSA Program Categories**

PROGRAM CATEGORY	DESCRIPTION
Community Support	<ul style="list-style-type: none"> <li>Provides mental health treatment, health care treatment, and housing assistance.</li> <li>Includes full-service partnerships under which local mental health agencies—in collaboration with the consumers and their families, when appropriate—plan for and provide a full spectrum of community services. These services include mental health services and support, such as peer support and crisis intervention services, as well as other services and supports, such as food, clothing, housing, and medical treatment.</li> <li>Example: Alameda County contracted with a vendor to provide a full-service partnership for homeless adults. The partnership provides a range of services, with a focus on community service, peer support, and stable housing.</li> </ul>
Prevention	<ul style="list-style-type: none"> <li>Provides services to help prevent individuals' mental illnesses from becoming severe and disabling, including reducing the stigma and discrimination associated with mental illness diagnoses or with seeking mental health services.</li> <li>Requires that projects emphasize strategies to reduce seven negative outcomes that may result from untreated mental illness—suicide, incarcerations, school failure or dropout, unemployment, prolonged suffering, homelessness, and removal of children from their homes.</li> <li>Example: San Diego County contracted with a vendor to conduct a media campaign to increase awareness and understanding of mental illness, prevent suicide, and reduce the stigma associated with mental illness.</li> </ul>
Innovation	<ul style="list-style-type: none"> <li>Introduces either new mental health practices or approaches or changes to existing practices or approaches.</li> <li>Requires that projects increase access to services, increase the quality of services, and promote interagency collaboration, among other things.</li> <li>Example: Riverside County created a new service model that provides mental health services within the context of a partnership involving the consumers, their families, supportive individuals, and providers. The service is designed to empower family members to become the primary supports in facilitating the recoveries of individuals with mental illnesses.</li> </ul>
Capital Facilities	<ul style="list-style-type: none"> <li>Creates additional infrastructure, such as clinics and facilities, and develops technological infrastructure for the mental health system, such as electronic health records for mental health services.</li> <li>Example: Alameda County purchased and renovated a property to develop a behavioral health care support center.</li> </ul>
Workforce Training	<ul style="list-style-type: none"> <li>Provides training for existing employees, recruitment of new employees, and financial incentives to recruit or retain employees within the public mental health system.</li> <li>Example: San Diego County contracted with a vendor to provide training and continuing education for county staff working in mental health services.</li> </ul>

Sources: Welfare and Institutions Code, California Code of Regulations, and local mental health agencies' MHSAs projects.

<sup>2</sup> In 2017 state law was amended to extend the time frame to spend Community Support, Prevention, and Innovation program funds from three years to five years for local mental health agencies that serve populations of less than 200,000.

**Figure 1**  
**Allocation of MHSA Funds to the Local Mental Health Agencies**  
**Fiscal Year 2015–16**



Sources: Welfare and Institutions Code and the fiscal year 2017–18 California State Budget.

\* In 2017 state law was amended to extend the time frame to spend Community Support, Prevention, and Innovation funds from three years to five years for local mental health agencies that serve populations of less than 200,000.

### Oversight Responsibilities

From 2004 until 2012, the California Department of Mental Health (Mental Health) was the primary state agency responsible for overseeing the implementation of the MHSA. However, a 2012 change in state law dissolved Mental Health and transferred the majority of its MHSA duties to Health Care Services. In addition, the State’s responsibilities related to overseeing MHSA funding changed significantly in 2011. Specifically, before 2011, state law required the State to approve local mental health agencies’ plans to use MHSA funds before issuing those funds to them. Under this process, the MHSA required that the local mental health agencies submit plans to Mental Health detailing how they intended to use their MHSA funds over the next three years. Mental Health would then evaluate these plans, and if it approved them, the State Controller’s Office (State Controller) distributed funds to the local mental health agencies. However, the 2011 change in state law eliminated this requirement. Instead, the State Controller now distributes MHSA funding from the MHS Fund directly to the local mental health agencies each month.

Under current state law, the local mental health agencies must comply with a number of requirements to ensure that their spending is appropriate. For example, state law requires each local mental health agency to prepare a three-year plan that details how it will use MHSAs funds. Following a period for public review and comment by community stakeholders, the local mental health agency's county board of supervisors must approve its plans. Further, each local mental health agency's mental health director and auditor-controller must certify the plan as MHSAs-compliant. Each local mental health agency must subsequently update its three-year plan on an annual basis to reflect any changes in funding or adjustments to programs.

Nonetheless, the State still has certain responsibilities related to ensuring that the local mental health agencies spend MHSAs funds appropriately. For example, state law requires Health Care Services to calculate the MHSAs fund allocations for each local mental health agency. As part of its methodology for calculating the fund allocations, Health Care Services designed a formula based on several factors, including each one's share of the total state population, population at the poverty level, and prevalence of mental illness in their areas. State law and regulations also require Health Care Services to develop instructions for the MHSAs annual revenue and expenditure reports (annual reports) that the local mental health agencies must submit by December 31 following the end of each fiscal year and allows Health Care Services to withhold MHSAs funding when local mental health agencies do not submit these reports on time. Further, under its agreements with local mental health agencies, Health Care Services has the authority to determine whether they appropriately disclose MHSAs revenue and expenditures in their annual reports. In addition, a 2016 amendment to state law requires Health Care Services to conduct program reviews of the local mental health agencies to assess whether they are complying with the MHSAs. Finally, Health Care Services has the authority under its agreements with local mental health agencies to conduct MHSAs fiscal audits of the local mental health agencies' use of MHSAs funds and is responsible under state law for overseeing the reversion process to ensure that local mental health agencies return any unspent MHSAs funds to the State for reallocation.

The State also provides oversight of the MHSAs funds through the Mental Health Services Oversight and Accountability Commission (Oversight Commission), which consists of 16 voting commissioners (commissioners) and supporting staff, led by an executive director. Established by the MHSAs, the Oversight Commission's main statutory responsibilities include providing technical assistance to local mental health agencies, evaluating local and statewide projects and programs supported by MHSAs funds, and approving local mental health agencies' use of Innovation funds. Innovation is the only MHSAs program that specifically requires state approval before the local mental health agencies can spend these funds. The Oversight Commission also oversees the triage grant program, which helps

recipient local mental health agencies expand the number of mental health personnel available at various points of access throughout the community, such as emergency rooms, jails, homeless shelters, and clinics. The Oversight Commission also advises the Governor and the Legislature on mental health policy.

The MHSA provides the State with up to 5 percent of all MHSA annual revenues to cover its administrative costs, including costs associated with evaluating the local mental health agencies' use of MHSA funds. Table 2 on the following page lists the state entities that received MHSA administrative funds in fiscal year 2015–16 and the purpose of the funding. Since fiscal year 2012–13, Health Care Services has annually spent between \$7.9 million and \$8.6 million to implement its oversight responsibility.<sup>3</sup> Specifically, in fiscal year 2015–16, Health Care Services spent \$7.9 million for staff salaries, contracts, and operating expenses. The Oversight Commission spent \$38 million in fiscal year 2015–16, including \$31 million for the triage grant program and the remaining \$7 million for staff salaries, contracts, and operating expenses. Health Care Services and the Oversight Commission had the equivalent of 13.4 and 26.6 full-time staff positions, respectively, in fiscal year 2015–16.

### Prior Audit and Reports

In our August 2013 audit report titled *Mental Health Services Act: The State's Oversight Has Provided Little Assurance of the Act's Effectiveness, and Some Counties Can Improve Measurements of Their Program Performance*, Report 2012-122, we determined that Mental Health and the Oversight Commission had provided little oversight of local mental health agencies' implementation of MHSA programs. As we describe above, Health Care Services received most of Mental Health's MHSA oversight responsibility in 2012. In our September 2013 High Risk report, we designated Health Care Services as a high-risk agency because of its new responsibilities under the MHSA. Subsequently, in a March 2015 letter report, we continued to designate Health Care Services as high risk, in part because it had not fully implemented nine of the 12 recommendations from our August 2013 audit.

As of August 2017, Health Care Services had still not fully implemented seven recommendations from our August 2013 audit report. These recommendations include conducting comprehensive on-site reviews of county MHSA-funded projects, coordinating with the Oversight Commission to issue necessary guidance or regulations to ensure that local mental health agencies effectively implement and evaluate their MHSA projects, collecting complete and relevant

<sup>3</sup> In fiscal year 2011–12, prior to assuming Mental Health's oversight responsibilities, Health Care Services spent \$452,000 for its MHSA state operations.

MHSA data from local mental health agencies for evaluation, and providing technical assistance to local mental health agencies on the MHSA local planning review process. We discuss later in this report Health Care Services' lack of progress in conducting fiscal and program reviews and providing guidance regarding MHSA requirements, such as maintaining a prudent reserve. In response to our 2013 recommendations, Health Care Services has stated that it is working to improve its data collection so that it will have accurate and complete data to track project outcomes and that it will complete this project by early 2019. In addition, Health Care Services has stated that it is planning to provide training and technical assistance to the local mental health agencies regarding stakeholder regulations through a vendor contract.

**Table 2**  
**MHSA Funding Actuals for State Administration, by State Agency**  
**Fiscal Year 2015–16**

STATE AGENCY	MHSA FUNDING	PURPOSE OF FUNDING
Oversight Commission	\$38,049,000	To oversee MHSA-funded projects, among other responsibilities. Since 2013 the Oversight Commission received \$32 million annually from its appropriation to provide triage grants to local mental health agencies to expand the number of crisis intervention personnel available throughout the community.
Office of Statewide Health Planning and Development	15,501,000	To administer statewide Workforce Training funds and develop mental health programs that support qualified medical services personnel serving individuals with mental illnesses.
Health Care Services	8,415,000	To provide fiscal and program oversight of local mental health agencies.
California Department of Public Health	5,097,000	To oversee the California Reducing Disparities Project to improve access and to better provide services to underserved populations.
University of California	3,564,000	To support funding for research centers at the Davis and Los Angeles campuses of the University of California. This grant funding allows researchers to explore areas such as the delivery of behavioral health care, the economics of prevention, and the better integration of medical and mental health services into clinical settings.
California Military Department	1,467,000	To support an outreach program to improve coordination of care between the California National Guard, County Veteran Service Officers, county mental health departments, and other public and private support agencies.
Judicial Branch of California	1,070,000	To address the increased workload relating to mental health issues in the area of prevention and early intervention for juveniles with mental illness who are in the juvenile court system or at risk for involvement in the system.
Department of Developmental Services	482,000	To oversee funding for regional-based mental health services for those with developmental disabilities and co-occurring mental health diagnoses.
California Department of Veterans Affairs	236,000	To support statewide administration to inform veterans and their family members about federal benefits, local mental health agencies, and other services.
Financial Information System for California (FI\$Cal)	188,000	To support the development of the State's new financial management system.
California Department of Education	129,000	To support student mental health needs throughout the State.
Board of Governors of the California Community Colleges	85,000	To assist in developing policies and practices that address the mental health needs of California's community college students.
<b>Total</b>	<b>\$74,283,000</b>	



## Health Care Services' Ineffective Oversight of Local Mental Health Agencies and the MHS Fund Allowed Hundreds of Millions of Dollars to Remain Unspent

### Key Points

- Health Care Services has not developed a process to recover unspent funds from local mental health agencies. As a result, the local mental health agencies have had less incentive to spend MHSA funds on mental health programs in a timely manner and had amassed unspent funds of \$231 million—not including reserves—as of the end of fiscal year 2015–16 that the State might have been able to reallocate to other local mental health agencies.
- In the absence of Health Care Services' guidance, local mental health agencies have not consistently spent the interest they have earned on MHSA funds. As a result, they had accumulated \$81 million in unspent MHSA interest as of the end of fiscal year 2015–16.
- Health Care Services has neither established a formal process to maintain oversight of local MHSA reserves—which totaled \$535 million as of the end of fiscal year 2015–16—nor required the local mental health agencies to adhere to a standard reserve level. We estimate that local mental health agencies held between \$157 million and \$274 million in excessive reserves as of the end of fiscal year 2015–16.
- Until our inquiry, Health Care Services had not questioned the reason for a \$225 million fund balance in the MHS Fund and whether the amount represented funds due to local mental health agencies or was an error. As a result of our inquiry, Health Care Services is working with the State Controller to resolve this issue.

### Health Care Services Has Not Developed a Process to Recover Unspent Funds From Local Mental Health Agencies

The MHSA intended for local mental health agencies to provide services for the mentally ill, not amass unspent funds. Nonetheless, Health Care Services has not ensured that local mental health agencies revert their unspent MHSA funds to the MHS Fund for the State to reallocate to other local mental health agencies. As we discuss in the Introduction, state law requires local mental health agencies to revert unspent MHSA funds within certain time frames. As Figure 1 on page 7 in the Introduction shows, this time frame is either three years or 10 years, depending on the program category.<sup>4</sup> Nonetheless, Health Care Services has not developed a methodology for the local mental health agencies to revert unspent funds, as Table 3 on the following page shows.

<sup>4</sup> In 2017 state law was amended to extend the time frame to spend Community Support, Prevention, and Innovation program funds from three years to five years for local mental health agencies that serve populations of less than 200,000.

**Table 3**  
**Health Care Services' Oversight of Unspent MHSAs Funds**

RESPONSIBILITY	PROCESS FOR IMPLEMENTATION	STATUS
Fiscal reversion (beginning 2012)	Establish a process for MHSAs funds that are unspent past statutory time frames and have reverted, and provide guidance related to this process to local mental health agencies.	✗
	Establish a reversion calculation methodology and provide guidance related to this methodology to local mental health agencies.	✗
	Require that the interest that the local mental health agencies earn on unspent MHSAs funds be subject to the same reversion requirements as the funds themselves.	✗
	Establish a prudent MHSAs reserve level for the local mental health agencies.	✗
	Establish controls over local mental health agencies' deposits to and withdrawals from their MHSAs reserves.	✗
MHS Fund administration (beginning 2012)	Review and analyze its MHS Fund balance.	✗

Sources: California State Auditor's analysis of state laws and regulations and Health Care Services' policies and practices.

✗ = Not established.

Absent an incentive to spend their MHSAs funds in a timely manner, local mental health agencies had accumulated \$2.5 billion in unspent MHSAs funds as of fiscal year 2015–16. The Appendix lists the local mental health agencies' unspent funds balances by MHSAs programs. Although local mental health agencies may spend each year's allocation of MHSAs funds over several years and may also maintain MHSAs funds as reserves, Health Care Services estimated that as of September 2017 local mental health agencies should have returned \$231 million of this \$2.5 billion to the State because they did not spend it within required time frames. However, the Legislature enacted a one-time change in state law in 2017 that allowed local mental health agencies to retain all funds that were subject to reversion as of July 1, 2017. Furthermore, this 2017 change in state law requires Health Care Services to develop a reversion calculation methodology and provide related guidance to the local mental health agencies. The MHSAs reversion requirements begin again for the fiscal year 2017–18 funding cycle.

Although Health Care Services is now developing the reversion calculation methodology, we find it troubling that Health Care Services has been slow in implementing a reversion process. Health Care Services asserted that it did not enforce the reversion requirements because it believed that it must first develop regulations to establish processes for determining the amount

of funds subject to reversion and for collecting the reverted funds. Although Health Care Services determined that it needed such regulations in fiscal year 2015–16, it claimed that other MHSA-related priorities delayed it from developing them. According to Health Care Services, examples of the competing priorities included administering MHSA revenue and expenditure reports, developing performance contracts with local mental health agencies, serving as a subject matter expert for suicide prevention workgroups or activities, developing the Suicide Hotline Report, and responding to external reviews.

Health Care Services began development of draft regulations in 2016, but it does not plan to submit them for regulatory review until June 2018.<sup>5</sup> State law generally requires state agencies to follow the Administrative Procedures Act when adopting regulations. Under this act, Health Care Services must engage in a public comment process after it proposes regulations and must simultaneously submit the proposed regulations to the Office of Administrative Law for review. This review process can take between four and 12 months. The Office of Administrative Law then publishes the proposed regulations in the California Regulatory Notice Register. As a result, if Health Care Services does submit the regulations in June 2018, these regulations would not be in place until sometime between October 2018 and June 2019. However, as the Introduction explains, Health Care Services has spent from \$7.9 million to \$8.6 million annually over the past four fiscal years to administer the MHSA, and since assuming responsibilities for the MHSA in 2012, its statutory authority includes developing regulations necessary to implement the MHSA. Given the funding it has received and the amount of time that has elapsed since it became responsible for developing these regulations, we believe Health Care Services should already have taken appropriate action to implement a reversion process.

Had Health Care Services met its statutory responsibilities to oversee the reversion of unspent MHSA funds, the local mental health agencies could have used other local mental health agencies' unspent MHSA funds to provide critical mental health services, as the MHSA intended. For example, absent a reversion process, local mental health agencies statewide had accumulated a total of \$85.2 million in unspent MHSA Community Support and Prevention funds as of the end of fiscal year 2015–16, as Table 4 on the following page indicates. However, the three local mental health agencies we visited—Alameda, Riverside, and San Diego counties—had little or no Community Support and Prevention funds subject to reversion as of

<sup>5</sup> Health Care Services initially stated that it would submit the draft regulations by June 2018. In its response to this audit on page 51, Health Care Services indicates that it has pushed back this timeline to January 2019.

the end of fiscal year 2015–16. In fact, Health Care Services' records indicate that 46 local mental health agencies did not have Community Support funds subject to reversion and 28 local mental health agencies did not have Prevention funds subject to reversion as of the end of fiscal year 2015–16. These numbers suggest that many local mental health agencies could have used some of the \$85.2 million in unspent MHSA funds to further support their Community Support and Prevention programs, if the local mental health agencies holding those unspent funds had reverted them as required. We will discuss reversion of Innovation funds later in this report.

**Table 4**  
**Local Mental Health Agencies' MHSA Funds Subject to Reversion as of the End of Fiscal Year 2015–16**

LOCAL MENTAL HEALTH AGENCY	MHSA FUNDS SUBJECT TO REVERSION			TOTAL
	COMMUNITY SUPPORT	PREVENTION	INNOVATION	
Alameda County	—	—	\$5,013,000	\$5,013,000
Riverside County	—	\$505,000	12,764,000	13,269,000
San Diego County	—	—	7,224,000	7,224,000
All local mental health agencies*	\$15,331,000	69,866,000	145,638,000	230,835,000

Source: Health Care Services' calculation, as of September 2017, of MHSA funds subject to reversion as of the end of fiscal year 2015–16.

\* As of December 2017, nine of the 59 local mental health agencies, including Los Angeles County, had not submitted their fiscal year 2015–16 annual reports, and an additional three had not finalized their annual reports in response to Health Care Services' concerns. Consequently, for these 12 agencies, we had to rely on prior years' annual reports.

### Health Care Services Has Not Taken Steps to Ensure That Local Mental Health Agencies Are Consistently Spending MHSA Interest

Although Health Care Services is primarily responsible for overseeing local mental health agencies' spending of MHSA funds, it has not established guidance regarding the proper treatment of interest they earn on MHSA funds. As a result, local mental health agencies reported having accumulated \$81 million in interest earned on MHSA funds through fiscal year 2015–16, as Table 5 shows. State law requires that local mental health agencies use the interest they earn on MHSA funds for their MHSA programs. However, state law does not specify the MHSA programs on which the local mental health agencies may spend interest or whether the interest is subject to reversion. Without statutory instructions to the contrary, the interest a government entity earns on deposited funds is generally subject to the same requirements as the funds earning the interest. Thus, accrued interest on MHSA funds, if not spent, is subject to the same three- or 10-year reversion time frames as the MHSA funds themselves.

**Table 5**  
**The 59 Local Mental Health Agencies’ MHPA Revenue and Expenditures**  
**Fiscal Year 2015–16**

ALL 59 LOCAL MENTAL HEALTH AGENCIES	COMMUNITY SUPPORT	PREVENTION	INNOVATION	WORKFORCE TRAINING	CAPITAL FACILITIES	RESERVE	INTEREST	TOTAL
Unspent funds available	\$854,851,000	\$351,033,000	\$231,593,000	\$81,014,000	\$195,413,000	\$530,106,000	\$67,414,000	\$2,311,424,000
Revenue*	1,120,396,000	295,642,000	78,330,000	9,005,000	19,662,000	5,066,000	17,597,000	1,545,698,000
Expenditures	883,814,000	270,074,000	58,092,000	29,308,000	78,361,000	—	4,297,000	1,323,946,000
Ending balance	1,091,433,000	376,601,000	251,831,000	60,711,000	136,714,000	535,172,000	80,714,000	2,533,176,000

Sources: The 59 local mental health agencies’ MHPA annual reports.

Note: As of December 2017, nine of the 59 local mental health agencies had yet to submit their fiscal year 2015–16 annual reports, and an additional three had not finalized their annual reports in response to Health Care Services’ concerns. Therefore, we relied on prior years’ annual reports for these 12 local mental health agencies.

\* Revenue includes adjustments and transfers to reserves, Workforce Training projects, and Capital Facilities projects.

Absent Health Care Services’ guidance, the three local mental health agencies we visited—Alameda, Riverside, and San Diego counties—have not established policies governing how to spend interest on MHPA funds. For example, Alameda County reported \$3.9 million in unspent MHPA interest as of fiscal year 2015–16. It stated that it has treated this interest as an additional fiscal reserve because it did not believe interest was subject to state law’s reversion requirements. Further, Riverside County indicated that due to unclear guidance from Health Care Services, it had accumulated \$6.6 million in interest as of the end of fiscal year 2015–16 and did not believe interest was subject to reversion. Nonetheless, it indicated that it developed a five-year MHPA spending plan that incorporates the spending of interest into its long-term expenditures. Similarly, San Diego County amassed \$11 million in MHPA interest and, lacking Health Care Services’ guidance, expressed uncertainty as to the proper treatment of this interest and whether it was subject to reversion. In contrast, we noted that some local mental health agencies have spent the interest they earned on MHPA funds. For example, Sacramento County reported that it spent all \$772,000 of the interest it earned in fiscal year 2015–16 because it believed that consistent expenditure of accrued MHPA interest funds further promotes its mental health service programs.

The local mental health agencies’ inconsistent treatment of MHPA interest indicates the need for guidance from Health Care Services. Health Care Services confirmed that it plans to include guidance for how local mental health agencies should spend MHPA interest as part of the regulations it is developing. However, as we mentioned previously, it does not anticipate submitting these regulations for

regulatory review until June 2018.<sup>6</sup> Health Care Services' delay in developing regulations regarding the interest on MHSA funds has allowed local mental health agencies to amass a growing balance of interest earnings that Health Care Services should have directed them to use to fund MHSA programs.

### **Lacking Health Care Services' Guidance, the Local Mental Health Agencies Maintain Excessive MHSA Reserves**

Since becoming responsible for overseeing the MHSA in 2012, Health Care Services has not defined what constitutes the appropriate reserve level that local mental health agencies should maintain from their MHSA fund allocations. We indicated in our August 2013 audit report that the State had not established any formal guidance on reserve requirements and recommended that Health Care Services issue such guidance. However, Health Care Services has not fulfilled this recommendation. State law requires local mental health agencies to maintain a reserve of MHSA funds to ensure that they do not have to significantly reduce mental health services during years when revenues fall below the average of previous years. However, state law does not specify the necessary reserve level. When Mental Health was responsible for the MHSA program, it required that local mental health agencies maintain reserves equal to 50 percent of the Community Support and Prevention funds they received in the prior year. However, Mental Health rescinded this requirement in 2011 without providing an explanation and instead permitted the local mental health agencies to use their own discretion to set reserve levels. Health Care Services continues to allow this practice.

Moreover, Health Care Services has not established a process for overseeing the local mental health agencies' deposits to and withdrawals from their MHSA reserves. Before 2012 Mental Health was responsible for reviewing and approving such deposits and withdrawals; however, Health Care Services has not developed a similar approval process. Consequently, local mental health agencies are currently able to deposit funds to or withdraw funds from their reserves at their discretion. Further, because their MHSA reserves are not subject to reversion requirements, local mental health agencies can currently direct any unspent MHSA funds allocated to Community Support into their reserves to shelter the funds from reversion. As Table 5 shows, the local mental health agencies had collectively amassed \$535 million in reserves as of the end of fiscal year 2015–16.

<sup>6</sup> Health Care Services initially stated that it would submit the draft regulations by June 2018. In its response to this audit on page 51, Health Care Services indicates that it has pushed back this timeline to January 2019.

Lacking direction from Health Care Services, the 59 local mental health agencies set their reserve levels inconsistently. Specifically, for fiscal year 2015–16, the local mental health agencies' reserves ranged from nonexistent for Mariposa and Shasta counties to 123 percent of the agency's prior-year Community Support funds for Mono County.<sup>7</sup> In this fiscal year, the cumulative reserves of all 59 local mental health agencies equaled 47 percent of their total prior-year Community Support funds.<sup>8</sup> For example, Alameda County maintained a reserve of \$18.1 million, or 56 percent of its prior-year Community Support funds. Riverside and San Diego counties maintained reserves of \$28.5 million, or 42 percent, and \$42.2 million, or 40 percent, respectively. We contacted the three local mental health agencies that had the lowest and highest reserve balances for an explanation of their reserve levels. Mariposa stated that its reserve was depleted to pay off its overspending of Community Support funds in previous years, but that it expects to establish a reserve in fiscal year 2017–18. Shasta County indicated that it does not maintain an MHSA reserve because it makes its Community Support funds available to spend each year. In contrast, Mono County maintained a reserve of \$1.7 million, or 123 percent, which it indicates is sufficient to cover its operation costs for one year.

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**The cumulative reserves of all 59 local mental health agencies equaled 47 percent of their total prior-year Community Support funds.**

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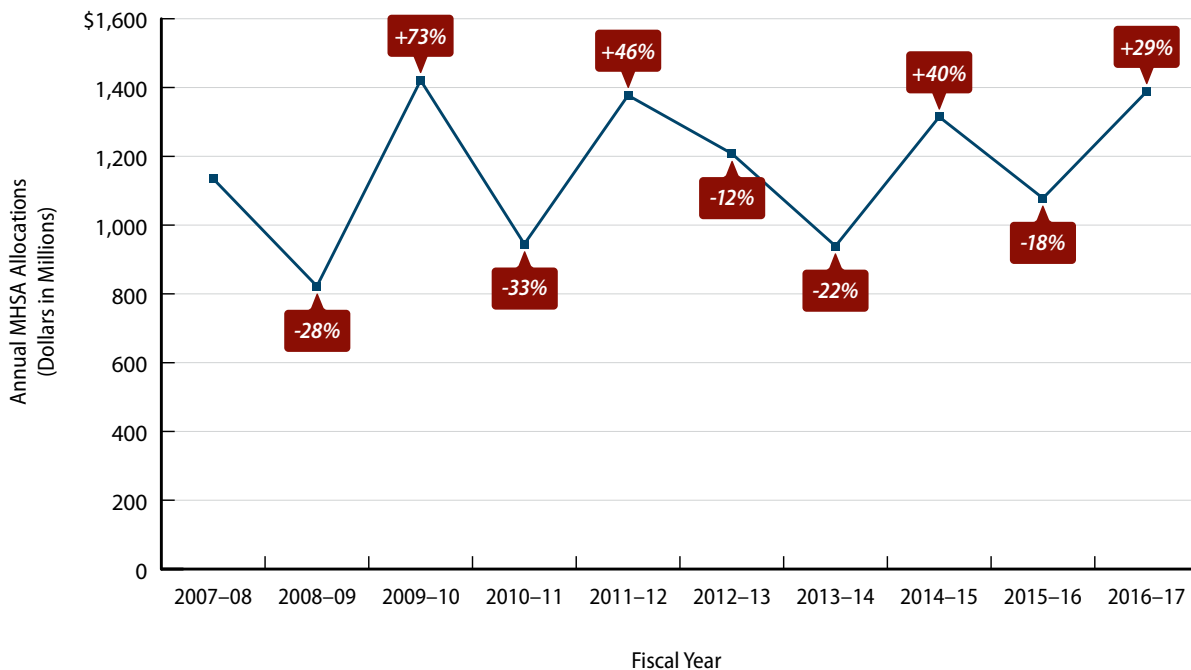
We believe Health Care Services could use historical declines in MHSA funding for Community Support to establish a reasonable reserve level for local mental health agencies. As Figure 2 on the following page indicates, the MHSA funds that the State distributed to the local mental health agencies for Community Support fluctuated from year to year over the past 10 fiscal years. We identified 33 percent as the worst decline in this funding to the local mental health agencies in any one fiscal year, while the average decline—for fiscal years in which declines occurred—was 23 percent. Health Care Services could use either of these numbers

<sup>7</sup> As of December 2017, nine of the 59 local mental health agencies had yet to submit their fiscal year 2015–16 annual reports, and an additional three had not finalized their annual reports in response to Health Care Services' concerns. Therefore, we relied on prior years' annual reports for these 12 local mental health agencies when analyzing these data.

<sup>8</sup> According to state law, local mental health agencies may transfer up to 20 percent of the average funding over the past five years for Community Support to MHSA reserves.

to determine a reasonable reserve level and to establish a process for allowing local mental health agencies to move funds to or from their reserves. We estimated that if Health Care Services had required the local mental health agencies to maintain reserve levels of 23 percent for fiscal year 2015–16, they could have had an additional \$274 million available to provide mental health services. Alternately, under a more conservative approach, Health Care Services could have set the reserve level at 33 percent, in which case we estimate that the local mental health agencies would have had an additional \$157 million to spend on mental health services in fiscal year 2015–16.

**Figure 2**  
Percentage Change in Local Mental Health Agencies' Total Community Support Allocations  
Fiscal Years 2007–08 Through 2016–17



Sources: The State Controller's annual reports on the local mental health agencies' MHSA apportionments and the 2017–18 California State Budget.

Health Care Services intends to include a standard reserve level in regulations on MHSA fiscal issues that it will submit for regulatory review by June 2018, as we previously discussed.<sup>9</sup> However, we are concerned that the reserve level it may eventually set may be too high. Specifically, Health Care Services contracted with a consultant

<sup>9</sup> Health Care Services initially stated that it would submit the draft regulations by June 2018. In its response to this audit on page 51, Health Care Services indicates that it has pushed back this timeline to January 2019.



in December 2016 to determine an optimal range of reserve levels to maintain services during an economic downturn. The consultant determined that a range of between 64 percent and 82 percent of total MHSA expenditures would be prudent. The consultant based its calculation on what it believed to be sufficient levels of reserves for local mental health agencies to serve the same number of clients during the most recent economic recession. However, we believe the consultant's range is excessive when compared to the MHSA revenue trends that we identified in Figure 2. If Health Care Services implemented the consultant's recommendation, it could result in a reduction of funds available to provide MHSA services.

Absent Health Care Services' establishment of a reasonable reserve level, local mental health agencies may continue to amass excess reserves instead of using these funds to provide additional mental health services. Moreover, those reserves will continue to earn interest, for which—as we noted previously—the local mental health agencies lack spending guidance.

### **Health Care Services Had Not Questioned Whether the \$225 Million Fund Balance in the MHS Fund Was Potentially Available to Local Mental Health Agencies**

Health Care Services has not exercised appropriate oversight of the MHS Fund balance under its authority, which totaled \$225 million as of the end of fiscal year 2015–16. In 2012, when Health Care Services became responsible for the MHSA, it also became responsible for its departmental appropriations from the MHS Fund. Annually, these appropriations have included spending up to \$8.6 million for Health Care Services' oversight responsibilities and a much larger amount—\$1.4 billion in fiscal year 2015–16—for allocation to local mental health agencies. However, as of the end of fiscal year 2015–16, the MHS Fund had a fund balance of \$225 million, which relates to Health Care Services. Our analysis of the MHS Fund balance discovered this amount, which the State Controller's accounting records indicate has existed since at least the time that Health Care Services took over the administration of MHSA in 2012.

Health Care Services stated that it was aware of the \$225 million fund balance as part of its monthly reconciliations to the State Controller's accounting records, but acknowledged that it did not recognize that this balance needed further review to determine the nature of the appropriation, whether it represented funds that were due to local mental health agencies, or why it existed in the MHS Fund balance. Following our discussion in January 2018, Health Care Services reviewed the MHS Fund balance and asserted that the \$225 million balance does not represent funds that are due to local mental health agencies, but it could not provide

evidence to support its assertion or explain why the fund balance existed. Moreover, in February 2018, the State Controller made an adjustment to the MHS Fund to remove the \$225 million fund balance. Health Care Services indicated that it will work with the State Controller to ascertain the reason for this adjustment and determine if there is any impact on funding to local mental health agencies. However, until Health Care Services completes its analysis of the fund balance to determine why it existed, there is uncertainty as to whether the fund balance represents cash that it could distribute to local mental health agencies or a long-standing accounting error that Health Care Services failed to identify and correct.

### Recommendations

To effectively monitor MHSA spending and provide guidance to the local mental health agencies, Health Care Services should publish its proposed regulations in the *California Regulatory Notice Register* by June 2018 and subsequently take the following actions:

- Develop an MHSA fiscal reversion process to ensure that the State can reallocate any MHSA funds that local mental health agencies do not spend within the statutory reversion time frames to other local mental health agencies that are better positioned to use the funds to meet the MHSA's intent.
- Clarify that the interest the local mental health agencies earn on unspent MHSA funds is subject to the same reversion requirements as the MHSA funds they receive.
- Establish and enforce an MHSA reserve level that will allow local mental health agencies to maintain sufficient funds to continue providing crucial mental health services in times of economic hardship, but that will not result in them holding reserves that are excessive. Health Care Services should also establish controls over local mental health agencies' deposits and withdrawals to their reserves.

Health Care Services should complete its analysis of the \$225 million fund balance in the MHS Fund by May 1, 2018, to determine why this balance existed, whether there is any impact on funding to the local mental health agencies and, if so, distribute those funds accordingly. Further, it should establish a process to regularly scrutinize the MHS Fund to identify any excess fund balances and the reasons for such balances.

## Health Care Services Has Provided Only Minimal Oversight of the MHSAs That Local Mental Health Agencies Received

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### Key Points

- Health Care Services has made minimal efforts to ensure that local mental health agencies submit their annual reports on time. As a result, some local mental health agencies have not submitted timely annual reports for years, hampering Health Care Services' ability to calculate MHSAs reversion amounts and to properly oversee MHSAs spending.
- Health Care Services has been slow to implement oversight of local mental health agencies' MHSAs spending and programs. Although Health Care Services developed a MHSAs fiscal audit process in 2014, it has limited the audits' usefulness because it focused its reviews on data and processes that were at least seven years old.
- Further, Health Care Services has not developed regulations to establish an appeals process for local mental health agencies to challenge findings. In addition, it has not implemented a program review process to ensure the MHSAs projects that local mental health agencies operate comply with program requirements contained in statute and regulations.

### Health Care Services Has Not Enforced MHSAs Reporting Deadlines

As Table 6 on the following page shows, although Health Care Services developed reporting instructions, it has made little effort to ensure that local mental health agencies submit their MHSAs annual reports on time. State law requires Health Care Services to administer, collect, and publish the annual reports, which identify each local mental health agency's MHSAs Fund revenues, expenditures, and interest earned. Because state law requires Health Care Services to use the annual reports to determine any MHSAs funds subject to reversion, their timeliness is critical to its ability to perform its oversight functions. State regulation requires the local mental health agencies to submit their annual reports by December 31 following the end of the fiscal year, June 30. Although Health Care Services developed instructions to facilitate completion of the annual reports, its records show that most local mental health agencies have failed to submit their annual reports on time over the past four years. For example, only one of the 59 local mental health agencies submitted its fiscal year 2015–16 annual report by the regulatory deadline.

Further, Health Care Services' records contain numerous instances of local mental health agencies submitting their reports long after the deadlines have passed. For example, as of December 2017, nine local mental health agencies had yet to submit their fiscal year 2015–16 annual reports, and an additional three had not finalized their annual reports in response to Health Care Services' concerns. One of the nine local mental health agencies that did not submit its fiscal year 2015–16 annual report is Los Angeles County (Los Angeles)—the largest local mental health agency in the State. Los Angeles indicated that it expects to submit the fiscal year 2015–16 annual report in early 2018, and it asserted that it will

be able to meet the submission deadline for future reports after it finalizes an overhaul of its cost reporting process, which it expects to complete by fiscal year 2018–19. In addition, Lake County has not submitted annual reports since fiscal year 2011–12, which it attributes to an administrative oversight and staff turnover, and it is currently working to prepare the missing reports. Because Health Care Services has not ensured that the local mental health agencies submit their annual reports in a timely manner, it lacks current information regarding their MHSA funding, hampering its efforts to calculate MHSA reversion amounts and to monitor local mental health agencies' spending of MHSA funds.

**Table 6**  
**Health Care Services' Oversight of MHSA Spending**

RESPONSIBILITY	PROCESS FOR IMPLEMENTATION	STATUS
Annual reports (beginning 2012)	Develop instructions for local mental health agencies to complete the annual reports.	✓
	Establish and enforce a process to withhold MHSA funds from local mental health agencies that fail to submit their annual reports by the statutory deadline.	✗
Fiscal audits (beginning 2012)	Establish a fiscal audit process for local mental health agencies' use of MHSA funds.	✓
	Establish a schedule for fiscal audits of local mental health agencies' use of MHSA funds.	✗
Program reviews (beginning 2016)	Establish a review process for local mental health agencies' MHSA programs.	✗
	Establish a schedule for reviews of local mental health agencies' MHSA programs.	✗

Sources: California State Auditor's analysis of state laws and regulations and Health Care Services' policies and practices.

✓ = Established.

✗ = Not established.

Lacking stronger enforcement by Health Care Services, local mental health agencies do not have an incentive to submit their annual reports in a timely manner. Although Mental Health had established regulations allowing it to withhold funds from local mental health agencies that did not submit the annual reports on time, Health Care Services concluded in 2014 that state law did not clearly support these regulations and that it might be at risk of legal challenges if it followed them. Nevertheless, Health Care Services has made minimal effort to address its perceived lack of enforcement authority. In fact, Health Care Services has had the legal authority, as well as the funding, to establish regulations that would allow it to implement sanctions against local mental health agencies that do not comply with the annual reporting

requirements since 2012, when it became responsible for the MHSA. Although Health Care Services intends to address this issue in regulations it is currently developing, it does not anticipate submitting these regulations for regulatory review until June 2018.<sup>10</sup> As we discussed previously, our legal counsel indicated that this review process can take between four and 12 months.

In 2016 Health Care Services developed an outreach process to provide technical assistance to the local mental health agencies when they complete the annual reports, and it adopted annual report deadline reminders, including an internal tracking sheet that identifies the status of outstanding annual reports. However, Health Care Services acknowledged that as part of its outreach process, it extended annual report deadlines for some local mental health agencies, stating that it did so because it believed it had no clear legal authority to enforce report deadlines. Absent specific legal authority for allowing it to formally change the submission deadline, our legal counsel believes that Health Care Services' deadline extensions are unlawful. Furthermore, Health Care Services explained that it is not tracking the number of deadline extensions it has granted to the local mental health agencies and will not enforce the established annual report submission deadline until it implements new regulations that give it the right to do so. Unless it ensures that local mental health agencies submit their annual reports on time, Health Care Services will hamper its own efforts to effectively monitor MHSA spending, reserves, interest earned, and funds subject to reversion.

### **Health Care Services Has Not Effectively Implemented Fiscal Audits and Program Reviews of Local Mental Health Agencies' Use of MHSA Funds**

Health Care Services has not implemented meaningful oversight of local mental health agencies' MHSA spending and programs. According to state law, Health Care Services must enter a performance contract with each local mental health agency that establishes how the local mental health agency will implement MHSA requirements (performance contract). As part of the performance contract, the local mental health agency must agree to comply with all state laws and regulations regarding the allocation and use of MHSA funds, and it also must agree to allow access to its records and programs for state audits and reviews. Health Care Services decided to begin conducting MHSA fiscal audits in 2014. However, Health Care Services has been slow to begin conducting local MHSA fiscal audits and program reviews despite having

<sup>10</sup> Health Care Services initially stated that it would submit the draft regulations by June 2018. In its response to this audit on page 51, Health Care Services indicates that it has pushed back this timeline to January 2019.

had the authority and the funding to fulfill these responsibilities. Further, some of its decisions regarding the fiscal audits it has conducted have significantly limited their usefulness.

Although Health Care Services has taken some steps toward implementing fiscal audits, it had not completed an audit for any local mental health agency as of December 2017. Specifically, in 2014 Health Care Services developed a process for MHSA fiscal audits and hired three permanent audit staff. However, as of December 2017, it had completed fieldwork at only three local mental health agencies—San Diego, Glenn, and Solano counties—and these audits are not yet finalized. Health Care Services stated that before it conducts additional audits, its MHSA audit and program staff will need to collaborate to develop a schedule of planned audits. Further, Health Care Services indicated that it will not release audit results for local mental health agencies until it establishes a regulatory appeals process that enables them to challenge any of its findings of unallowed costs. Health Care Services indicated that these appeals regulations are separate from its regulations for fiscal issues, and it will not submit the appeals regulations for regulatory review until approximately September 2018<sup>11</sup>—four years after it developed its audit process. As described previously for the regulatory approval process, if Health Care Services submits its regulations for regulatory review in September 2018, this process may take between four and 12 months, and thus these regulations would not be in place until sometime between January 2019 and September 2019.

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**Health Care Services had completed fieldwork at only three local mental health agencies and these audits are not yet finalized.**

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Further, Health Care Services made a decision regarding the focus of its fiscal audits that has limited their value and relevance for assessing fiscal controls over the current operations of local mental health agencies. Specifically, Health Care Services decided to conduct its MHSA fiscal audits in conjunction with its reviews of California Medical Assistance Program (Medi-Cal) cost reports to ensure that the reported expenditures from both MHSA and Medi-Cal programs were consistent and unduplicated. However, a backlog of overdue Medi-Cal cost reports has resulted in Health

<sup>11</sup> Health Care Services initially stated that it would submit the draft regulations by September 2018. In its response to this audit on page 56, Health Care Services indicates it has pushed back this timeline to Spring 2019.

Care Services focusing on significantly outdated data and processes during the three fiscal audits for which it has completed fieldwork. For example, its audit of San Diego County (San Diego) focused on fiscal year 2008–09 MHSAs funding. Thus, the audit’s findings and recommendations would be of limited value given the age of the information under review. According to Health Care Services, San Diego’s Medi-Cal report submissions are backlogged and fiscal year 2008–09 was the most recent year for which Health Care Services could review both Medi-Cal and MHSAs information in San Diego. Health Care Services acknowledged that performing fiscal audits on more recent fiscal years may be needed to ensure more relevant reviews and findings of controls over MHSAs funds.

In addition, Health Care Services has been slow to implement a comprehensive MHSAs program review process that will enable it to assess how each local mental health agency allocates, spends, and monitors its MHSAs funds. In our August 2013 report, we noted that we had found no evidence that the State conducted systematic and comprehensive monitoring of local mental health agencies to ensure that their MHSAs programs were both effective and compliant with MHSAs requirements. Thus, we recommended that Health Care Services conduct such comprehensive on-site MHSAs program reviews. We remain concerned that Health Care Services has still not fulfilled this recommendation. A 2016 amendment to state law requires that at least once every three years Health Care Services conduct program reviews of the local mental health agencies’ performance contracts. The intent of the program reviews is to determine the local mental health agencies’ compliance with the terms of the performance contracts and with MHSAs requirements. Although this law took effect in 2016, Health Care Services has yet to establish a schedule of program reviews and does not anticipate beginning the program reviews until July 2018 at the earliest. Health Care Services indicated that it first needs to develop the review process.

### Recommendations

To ensure that it provides effective oversight of local mental health agencies' reporting of MHPSA funds, Health Care Services should publish its proposed regulations in the *California Regulatory Notice Register* by June 2018. Health Care Services should then subsequently implement a process that will enable it to withhold MHPSA funds from local mental health agencies that fail to submit their annual reports on time.

To ensure that local mental health agencies appropriately spend MHPSA funds, Health Care Services should publish its proposed regulations in the *California Regulatory Notice Register* by September 2018. It should then develop and implement an MHPSA fiscal audit process, independent of the Medi-Cal reviews, to review revenues and expenditures for the most recent fiscal year.

To ensure that local mental health agencies comply with their performance contracts and MHPSA requirements, Health Care Services should establish a process for conducting comprehensive program reviews and begin conducting those reviews by July 2018.



# The Oversight Commission Is Implementing Processes to Evaluate the Effectiveness of MHSA-Funded Programs

## Key Points

- The Oversight Commission is undertaking efforts to provide technical assistance and improve dialogue with the local mental health agencies regarding the Innovation project approval process, as shown in Table 7. The absence of clear guidance and understanding of the Innovation program approval process may have contributed to local mental health agencies holding excessive unspent Innovation program funds. As of the end of fiscal year 2015–16, the local mental health agencies had \$146 million in Innovation funds subject to reversion.
- The Oversight Commission required that the local mental health agencies submit annual reports for Prevention and Innovation programs beginning in December 2017, which is an important step in its efforts to evaluate the progress of these programs to help ensure that the local mental health agencies are achieving the goals of the MHSA. However, the Oversight Commission has not completed an internal process for reviewing and analyzing these reports to ensure that the local mental health agencies submit timely and reliable data.
- Although the Oversight Commission requires the local mental health agencies to evaluate the MHSA-funded triage grants at the local level, it has not developed metrics to evaluate the outcome of the triage grants on a statewide level. This statewide evaluation is necessary to help ensure that the triage grant program is meeting its intended goals of expanding the number of mental health personnel available at emergency rooms, jails, homeless shelters, and clinics.

**Table 7**  
The Oversight Commission’s MHSA Oversight

RESPONSIBILITY	PROCESS FOR IMPLEMENTATION	STATUS
Innovation project approvals (beginning 2012)	Establish and follow a process for approving the local mental health agencies’ Innovation projects.	✓
	Adopt a process that results in the local mental health agencies’ improved understanding of Innovation projects.	✓
Innovation project reporting (beginning 2015)	Adopt regulations for Innovation project reporting.	✓
	Establish and follow checklists and guidelines for staff to review annual Innovation status reports.	✗
Prevention project reporting (beginning 2015)	Adopt regulations for Prevention project reporting.	✓
	Establish and follow guidelines for staff to review Prevention status reports.	✗
Triage grants (beginning 2013)	Establish and follow a schedule for the local mental health agencies to submit reports on the progress and outcomes of their triage grants.	✓
	Establish outcome metrics to evaluate the effectiveness of triage grants.	✗

Sources: California State Auditor’s analysis of state laws and regulations and the Oversight Commission’s policies and practices.

✓ = Established.

✗ = Not established.

### MHSA Innovation Projects

State law requires that an Innovation project do one of the following:

- Introduce a new practice or approach to the mental health system, including, but not limited to, prevention and early intervention.
- Make a change to an existing mental health practice or approach, including adapting it to a new setting or community.
- Introduce a new application of a promising community-driven practice or an approach that has been successful in contexts or settings other than mental health.
- Support a housing program designed to stabilize a person's living situation while also providing supportive services onsite.

Further, an Innovation project must address one of the following as its primary purpose:

- Increasing access to underserved groups, which may include providing access through the provision of permanent housing.
- Increasing the quality of services, including measurable outcomes.
- Promoting interagency and community collaboration.
- Increasing access to services, which may include providing access through provision of permanent housing.

Source: Welfare and Institutions Code.

### The Oversight Commission Is Implementing Processes to Provide Technical Assistance to and Improve Dialogue With the Local Mental Health Agencies Regarding Innovation Projects

As we discuss in the Introduction, the Oversight Commission is responsible for reviewing and approving local mental health agencies' uses of Innovation funds before the agencies spend those funds. As the text box shows, state law requires that Innovation projects focus on the provision of creative services and approaches to meet certain purposes, such as increasing the quality of services or increasing access to underserved populations. However, local mental health agencies have struggled to spend Innovation funds within the required time frames. In fact, even though Innovation funds are only 5 percent of the total MHSA funds that local mental health agencies receive, Health Care Services identified that they make up \$146 million—or 63 percent—of the \$231 million in MHSA funds subject to reversion as of the end of fiscal year 2015–16.

Several factors in particular may have contributed to the local mental health agencies' inability to spend Innovation funds in a timely manner. Specifically, the Oversight Commission's Innovation subcommittee noted three challenges that local mental health agencies face when

developing viable Innovation projects. The first challenge is pressure from their stakeholders to focus on direct services that are less risky and that result in easily attainable outcomes. The second challenge is a lack of clarity as to the types of projects the commissioners, who vote whether to approve a project, consider "innovative." The third challenge local mental health agencies face is not enough dissemination of lessons learned from project ideas that did not succeed and limited sharing of new project ideas among local mental health agencies. In addition, the three local mental health agencies we visited—Alameda, Riverside, and San Diego counties—expressed frustration with the approval process because the commissioners do not always approve their Innovation project even though they worked with the Oversight Commission to prepare the plans. For example, San Diego indicated that the commissioners did not initially approve requests to extend and expand an existing Innovation project because they questioned the innovativeness of the proposals and the outcomes. However, the commissioners had approved the initial Innovation project. Further, Riverside County noted that the commissioners did not approve its

proposed project—a collaboration with San Bernardino County to improve access to mental health care in emergency rooms—even though the Oversight Commission had given only positive feedback about the project over the course of three consultation calls. Among other concerns, the commissioners said that the proposed project had inconsistencies, such as expanding mental health services in emergency rooms while stating a need to divert mental health consumers from emergency rooms. The commissioners encouraged the two counties to resubmit the project after revising it to address these concerns.

The Oversight Commission asserted that actions it is taking are improving the local mental health agencies' understanding of projects that the commissioners find innovative. Specifically, the Oversight Commission established a subcommittee on Innovation projects, which held its first meeting in May 2017 to listen to and engage with MHSAs stakeholders—such as local mental health agencies, health care providers, consumers, and family members—regarding strategies to support and improve opportunities for using Innovation funds. The subcommittee met again in July 2017, and based on that meeting, it developed a flowchart that details the steps for project approval, as well as a template to assist local mental health agencies in developing and presenting their Innovation projects. Although Health Care Services already had an existing template it made available to local mental health agencies, the subcommittee's updated template provides specific details about the information that the agencies should include in their proposed Innovation projects, such as a narrative description of the project, the problem in the community that the project addresses, the sustainability of the project, and recommended content and structure of the presentation to the commissioners. However, the Oversight Commission stated that the subcommittee has fulfilled its mission to engage with local mental health agencies on strategies to support Innovation projects, and it is unclear whether it will keep or disband the subcommittee. Until the Oversight Commission can demonstrate that local mental health agencies are spending Innovation funds within the required time frames, we believe that it should maintain the Innovation subcommittee or a similar mechanism to evaluate whether its efforts are effective in improving local mental health agencies' understanding of innovative projects.

In addition, the Oversight Commission stated that it wants to create opportunities for local mental health agencies to share ideas and disseminate lessons learned from previous Innovation projects. To this end, the Oversight Commission partnered with local mental health agencies, community members, and private sector groups to organize a one-day Innovation event in February 2018 to bring together 250 mental health and innovation leaders to identify technical assistance resources available to local mental health

agencies. At this event, participants engaged in activities to help create innovative solutions and approach problem solving in new ways to improve the mental health system.

We believe these actions are reasonable steps to encourage more engagement and dialogue between the local mental health agencies and the Oversight Commission. However, it is too soon to know the impact that these actions will have on improving local mental health agencies' understanding and reducing the level of unspent Innovation program funds.

### Innovation Project Approval Process

A local mental health agency can expend funds for an Innovation project upon approval by the Oversight Commission. To secure the Oversight Commission's approval for an Innovation project, a local mental health agency must do the following:

- Post the Innovation plan for a 30-day public review period, hold a local mental health board hearing, and receive the approval of its county board of supervisors.
- Submit the Innovation project, including a budget, to the Oversight Commission. The Oversight Commission reviews whether the project meets regulatory requirements and works with the local mental health agency to resolve its concerns, which could include requiring the resubmission of the project.
- Present the formal Innovation project to the Oversight Commission for approval. After making a decision on the project, the Oversight Commission formally notifies the local mental health agency by mail. If the Oversight Commission does not approve the project, the local mental health agency can revise and resubmit it at any time.

Sources: Welfare and Institutions Code and the Oversight Commission's *Innovation Review Process* flowchart.

The length of the Oversight Commission's approval process does not appear to have been one of the factors affecting the ability of local mental health agencies to spend Innovation funds. As the text box indicates, local mental health agencies must undergo a multistep process to receive approval for their Innovation project from the Oversight Commission. The Oversight Commission does not have a standard time frame for how long this approval process should take because it believes that establishing a standard approval time frame is not practical. Specifically, it stated that the review time depends on when a local mental health agency submits its Innovation project and when the Oversight Commission meets to review that project. We found that from December 2015 through August 2017, the Oversight Commission approved 58 Innovation projects and denied four projects that it received. The Oversight Commission reviewed 48 of the 58 approved Innovation projects, or 83 percent, within three months of their receipt. It approved six additional projects within six months, while it took more than six months to approve the remaining four projects.

The Oversight Commission noted that the local mental health agencies may delay the approval process by withdrawing and resubmitting their projects based on their level of readiness for review. As discussed previously, the Oversight Commission is undertaking efforts to provide technical assistance and improve dialogue with the local mental health agencies regarding its process for approving Innovation projects. These efforts should help reduce delays in the approval process.

### **The Oversight Commission Is Adopting a Process for Analyzing the Local Mental Health Agencies' Status Reports for Prevention and Innovation Projects**

The Oversight Commission is taking steps to implement its responsibility to evaluate the effectiveness of the Prevention and Innovation projects. In response to a 2013 change in state law, the Oversight Commission issued regulations in October 2015 requiring local mental health agencies to annually provide detailed demographic data on individuals that their Prevention projects have served. Additionally, in response to the same 2013 state law change, the Oversight Commission issued regulations that require the local mental health agencies to annually submit status reports for each Innovation project. According to the Oversight Commission, it intends to use both of these sources of information to determine who the Prevention and Innovation projects are serving and thus enable detailed reporting on access to care. Further, the Oversight Commission's goal is to promote public accountability and oversight by tracking funding, services, and outcomes. The Oversight Commission required that local mental health agencies submit their first Prevention and Innovation status reports by the end of December 2017.

Although the Oversight Commission has hired new staff and is streamlining its internal processes to focus on research and evaluation—including the development of reporting templates—it has not yet fully developed processes to guide staff in their monitoring efforts. In particular, the regulations for the Prevention status reports require detailed demographic data on the populations that the local mental health agencies serve. With these data, the Oversight Commission intends to be able to evaluate strategies for monitoring outcomes, to measure how well the local mental health agencies are achieving the goals of the MHSA, and to explore strategies for improvement. However, when the Oversight Commission adopted the regulations, local mental health agencies expressed three main concerns with the reporting requirements. First, they believed that providing all the required information would be difficult because Health Care Services did not have the ability to electronically receive the more detailed data. Second, they believed that the regulatory requirements might be inconsistent with the manner in which they initially established their MHSA programs. Finally, the local mental health agencies were concerned about the lack of a standard to measure and report the durations of untreated mental illnesses. In response, the Oversight Commission agreed to modify the regulations, a process that it expects to complete no later than July 2018.

Moreover, according to the Oversight Commission, it has not developed internal processes to review and analyze the Prevention and Innovation reports because it believes it cannot determine what areas the staff will need to monitor until it finds out whether the local mental health agencies will submit all the required data on time and whether the data they report will be valid and reliable. The Oversight Commission has asserted that it does not have the enforcement authority to ensure that local mental health agencies comply with the reporting requirements; rather, it only has the authority to refer issues for enforcement to Health Care Services. Thus, the Oversight Commission anticipates that developing the ability to analyze the data the local mental health agencies report will take about one year. Despite these anticipated challenges, we believe that the Oversight Commission should implement a process in a timelier manner to review and evaluate the status reports to provide oversight and accountability of MHSA programs as the law requires.

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**The Oversight Commission only has the authority to refer issues for enforcement to Health Care Services.**

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In addition, the Oversight Commission is currently developing data tools that track local mental health agencies' funding, services, and outcomes. In August 2017, the Oversight Commission launched an online MHSA fiscal transparency tool that uses an interactive map to display the 59 local mental health agencies' annual MHSA revenues, expenditures, and year-end balances of unspent funds. However, the effectiveness of this tool is dependent on the local mental health agencies' annual reports, and as we discussed previously, because of the lack of enforcement by Health Care Services, the local mental health agencies have often submitted the annual reports late or not at all. The Oversight Commission stated that the fiscal transparency tool is a first step in its plan to develop online tools to enhance public accountability for the local mental health agencies' spending of MHSA funds. The second step is a tool to provide the public with information on the MHSA services available in each county, and the Oversight Commission expects to launch an initial version of this tool by December 2018. The third step involves a tool for tracking project outcomes, and the Oversight Commission estimated that it will be between three and five years before it adopts metrics on MHSA outcomes because it is currently analyzing existing data sources, developing data use agreements, and establishing the legal authority to access needed data.

Although we believe that the Oversight Commission is now taking adequate steps to develop data tools that enhance public accountability and awareness of the MHSA, it acknowledges that it has faced challenges in its ability to report and evaluate outcomes due to its limited resources dedicated to research and evaluation. To fulfill its statutory responsibility, the Oversight Commission should ensure that it launches all three data tools as planned.

### **The Oversight Commission Is Developing Statewide Metrics to Evaluate the Effectiveness of MHSA-Funded Triage Grants**

The Legislature created the MHSA triage grants in 2013 with the intent of establishing a competitive grant process, administered by the Oversight Commission, that would enable local mental health agencies to add at least 600 mental health triage personnel statewide, among other objectives. The intent of these triage grants is to expand the number of mental health personnel available at various points of access throughout the community, such as emergency rooms, jails, homeless shelters, and clinics. The funding for triage grants comes from the MHSA's 5 percent state administrative funds.

In its 2014 status report to the Legislature, the Oversight Commission indicated that in its first funding cycle it had awarded three-year grants to 22 local mental health agencies in fiscal year 2013–14, with an annual total allocation of \$32 million in MHSA funds. Additionally, the Oversight Commission awarded three-year grants to two more local mental health agencies because it had unexpended funds from fiscal year 2013–14. In 2016 the Legislature approved the funding of the triage grant program through June 2018. According to the Oversight Commission, it granted amendments to 18 of the 24 local mental health agencies that had received grants in fiscal year 2013–14 to extend these grants for one more year, through fiscal year 2017–18. The Oversight Commission announced availability of the grants for the next three-year funding cycle in December 2017 and plans to award the grants in summer 2018.

Although state law anticipates that the Oversight Commission will evaluate the effectiveness of the services provided through the grants, the Oversight Commission has indicated that it has faced challenges in creating a consistent statewide picture based on the local mental health agencies' individual evaluations. The Oversight Commission requires the local mental health agencies that receive the grants to submit progress reports on the number of triage personnel they have hired, the individuals they have served, and the encounters with individuals that have led to referrals to mental health services. The Oversight Commission reviews these reports

and conducts site visits to ensure that the grantees have attained the goals they identified in their grant applications. Nonetheless, the Oversight Commission stated that during the initial round of triage grant awards, it prioritized implementing services, and consequently it did not develop a unified evaluation approach but rather chose to let the grant applicants specify how their projects would be evaluated.

In October 2016, the Oversight Commission conducted a survey to which 20 local mental health agencies responded to assess which local mental health agencies were collecting data that could be used to evaluate the success of the triage grants. The Oversight Commission expressed that these survey data provided some basis for a statewide assessment of the effectiveness of the triage grant program. However, it also stated that the evaluations it received from the local mental health agencies represented different approaches and proved too diverse for the Oversight Commission to aggregate and translate into a statewide picture. The Oversight Commission indicated that it will allocate a portion of the newest round of triage grant funds for a statewide evaluation that may include the use of a third-party contractor to conduct a statewide analysis.

Although these steps are reasonable, we question why the Oversight Commission did not establish a process for evaluating the effectiveness of the MHSA triage grants sooner, given that the law has been in place since 2013. The Oversight Commission stated that the focus for the first round of triage grants was to implement services as quickly as possible, rather than to establish statewide evaluation criteria. Without the statewide metrics, local MHSA stakeholders are unable to fully evaluate the effectiveness of the triage grants and the Oversight Commission is not fulfilling its statutory responsibility to conduct such evaluations.



## Recommendations

To ensure that local mental health agencies are able to spend Innovation program funds in a timely manner, the Oversight Commission should continue its efforts to help local mental health agencies understand the types of Innovation projects that the commissioners believe are appropriate. These efforts should include engagement and dialogue with local mental health agencies through Innovation events and forums about the types of innovative approaches that would meet the requirements of the MHSA. The Oversight Commission should use meetings of the Innovation subcommittee or a similar mechanism to evaluate the progress of its efforts to reduce unspent Innovation funds and the need for continued engagement and dialogue with local mental health agencies.

To ensure proper oversight and evaluation of outcomes for the Prevention and Innovation projects, the Oversight Commission should finalize its internal processes for reviewing and analyzing the program status reports no later than July 2018. Further, in order to fulfill its statutory responsibility to provide oversight and accountability for MHSA programs, the Oversight Commission should ensure that it launches all three data tools to track local mental health agencies' funding, services, and outcomes as it intends.

To ensure that the MHSA-funded triage grants are effective, the Oversight Commission should require that local mental health agencies uniformly report data on their uses of triage grants. It should also establish statewide metrics to evaluate the impact of triage grants by July 2018.

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## OTHER AREAS WE REVIEWED

To fully address the audit objectives that the Joint Legislative Audit Committee (Audit Committee) approved, we also reviewed the subject areas described below. The text that follows indicates the results of our review and any associated recommendations that we do not discuss in other sections of this report.

### **The Local Mental Health Agencies We Reviewed Allocated MHSA Funds Appropriately**

Under state law, the 59 local mental health agencies receive MHSA funds to expand mental health services to individuals requiring these services. For this audit, we reviewed three local mental health agencies—Alameda, Riverside, and San Diego counties—to assess how they allocated and monitored their MHSA funds. These three local mental health agencies complied with MHSA legal requirements regarding allocation of their MHSA funding. Specifically, they complied with state law that requires them to prepare three-year plans that detail how they will use MHSA funds for mental health services projects. In compliance with state law, they also provided periods for public review and comment regarding these plans, then obtained approval from their respective county board of supervisors. In addition, the counties' mental health directors and auditor-controllers certified the plans as compliant with the MHSA. The three local mental health agencies we visited had their MHSA three-year plans and annual updates publicly available on their websites. Our review found that the local mental health agencies' plans detailed their various MHSA-funded projects and the planned benefits from these projects.

### **The Local Mental Health Agencies We Reviewed Generally Monitored Their MHSA-Funded Projects Effectively**

To assess how the three local mental health agencies monitored the spending and outcomes of the MHSA projects they funded, we reviewed 10 MHSA-funded projects—two from each of the five program categories—at each of the three local mental health agencies we visited. At each local mental health agency, vendors or the agency itself operated these projects. Although the outcomes that we reviewed varied due to differences in program structure, we found that the three local mental health agencies generally had sufficient controls to ensure that they paid vendors appropriately. We also found that two of the three local mental health agencies appropriately monitored their MHSA programs.

### ***San Diego County***

San Diego had appropriate processes to monitor MHSA projects and adequate payment controls for vendor invoices. For example, for each of the 10 projects we reviewed, San Diego conducted a risk assessment, performed monitoring activities such as site visits and reviews of progress reports, and collected outcome data. Further, for the 10 invoices we reviewed, San Diego had support for the total amounts that the vendors requested and followed its internal control policies when making the payments to the vendors.

### ***Riverside County***

The Riverside County local mental health agency (Riverside) appropriately monitored its MHSA projects and vendor invoices. We reviewed 10 MHSA projects at Riverside—five that it operated and five that were vendor-operated. We found that Riverside performed appropriate monitoring of these 10 projects through site visits or other review activities. In addition, we found that Riverside properly approved the five vendor invoices we reviewed, including requiring that the vendors provide proper support for the services for which they claimed payment.

### ***Alameda County***

Although we found that the Alameda County local mental health agency (Alameda) had appropriate payment controls for vendor invoices and grantee disbursements, it did not adequately monitor its MHSA projects. We reviewed 10 invoices and grantee disbursements and determined that Alameda had adequate payment controls and proper support for the amounts it paid. However, Alameda was unable to demonstrate that it actively monitored four of the 10 projects we reviewed. For example, it contracted with a vendor to provide rehabilitation services for adults with mental illnesses and co-occurring substance use disorders. However, Alameda was unable to demonstrate how it monitored the outcomes of this vendor's services. In addition, for the two Innovation projects we reviewed, Alameda did not document the results of its site visits. According to Alameda, it has faced challenges in developing a structured and systematic monitoring system due to staffing capacity, staff vacancies and turnover, and changes in leadership. Alameda acknowledged that its monitoring could be improved and stated that it intends to strengthen its efforts.

## Recommendation

### *Alameda*

To strengthen its monitoring of MHSA projects and ensure that it spends MHSA funds appropriately, Alameda should develop and implement MHSA program monitoring guidelines to ensure that staff appropriately perform and document their monitoring activities.

### **MHSA Funding of the No Place Like Home Program**

Despite legal challenges, the Department of Housing and Community Development (Community Development) has taken reasonable actions to implement the No Place Like Home Program (Home Program), which the MHSA will fund. In 2016 state law enacted the Home Program and dedicated \$2 billion in bond proceeds to finance the capital costs of permanent, supportive housing for individuals who are in need of mental health services and who are experiencing homelessness or chronic homelessness, or who are at risk of chronic homelessness. Community Development is responsible for administering grants to the local mental health agencies to implement the Home Program—including \$1.8 billion it will award in competitive grants to local mental health agencies and \$200 million in financing for permanent supportive housing that it will distribute to the local mental health agencies based on their homelessness populations. Community Development has developed program guidelines and is in the process of developing forms and instructions that it believes will be ready when the MHSA funds become available.

However, Community Development is currently involved in court proceedings that have stalled its ability to execute the Home Program grants. In November 2016, a private citizen filed a lawsuit contending, among other issues, that the Home Program violates the intent of the MHSA because, the individual asserts, the Home Program would use MHSA funds to build housing for individuals who are not mentally ill. However, Community Development indicated that it will require local mental health agencies to demonstrate that they are meeting the Home Program's criteria of providing housing for individuals with a mental illness. Community Development anticipates that the lawsuit will be decided in the spring of 2018 and is hopeful that it will announce the availability of the grants in the summer of 2018.

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## SCOPE AND METHODOLOGY

The Audit Committee directed the California State Auditor to review the funding and oversight of the MHSA. The audit scope includes eight audit objectives. Table 8 lists the audit objectives and the methods we used to address them.

**Table 8**  
**Audit Objectives and the Methods Used to Address Them**

AUDIT OBJECTIVE	METHOD
1 Review and evaluate the laws, rules, and regulations significant to the audit objectives.	Reviewed relevant state laws, regulations, and other background materials applicable to the MHSA.
2 Review and evaluate the roles and responsibilities of Health Care Services, the Oversight Commission, the State Controller, and any other state agency related to the MHSA and the programs and activities funded by the MHSA. Determine whether these entities are meeting the requirements of the MHSA.	<p>For this audit we focused on Health Care Services and the Oversight Commission because state laws and regulations authorize these entities to ensure that local mental health agencies spend MHSA funds appropriately. Further, beginning in 2016, Community Development is responsible for administering \$2 billion in MHSA-funded grants to local mental health agencies for the Home Program.</p> <ul style="list-style-type: none"> <li>Obtained and reviewed internal policies and procedures and interviewed officials at Health Care Services, the Oversight Commission, the State Controller, and Community Development to identify and determine their roles and responsibilities related to the MHSA.</li> </ul>
3 Review Health Care Services' MHSA funding allocation and positions for the most recent five-year period and evaluate how the agency is using these funds to implement and oversee the MHSA.	<p>To review Health Care Services' MHSA funding allocations and positions, we performed the following:</p> <ul style="list-style-type: none"> <li>Interviewed Health Care Services' management and budget personnel.</li> <li>Obtained and reviewed Health Care Services' MHSA monitoring policies and procedures and interviewed its management and budget personnel—including MHSA reversion requirements and calculation methodologies, MHSA annual reporting instructions, and its processes for implementing MHSA program reviews and fiscal audits of the local mental health agencies.</li> <li>Obtained and reviewed Health Care Services' MHSA funding and position allocation for fiscal years 2011–12 through 2015–16.</li> </ul>
4 Determine and evaluate the process by which reversion amounts are calculated, communicated to relevant entities, and returned to the State from the relevant entities. Assess whether these processes comply with the MHSA.	To identify the State's MHSA reversion process and determine if it complies with MHSA requirements, we reviewed state laws. We also interviewed officials at Health Care Services and the three local mental health agencies we visited—Alameda, Riverside, and San Diego counties—regarding policies and procedures for implementing MHSA reversion requirements.
<p>5 To the extent possible, determine and analyze the following over the past five fiscal years:</p> <p>a. The amount of MHSA funds that were subject to reversion.</p> <p>b. The amount of MHSA funds that actually reverted to the State.</p> <p>c. The program sources of reverted funds, including Community Support, Prevention, and Innovation.</p> <p>d. The total amount of reverted funds that were reallocated to local mental health agencies.</p> <p>e. Whether any state entity received reverted funds that were reallocated. If so, determine whether the state entity spent reverted funds appropriately.</p>	<p>To assess this objective, we performed the following tasks at Health Care Services and the three local mental health agencies we visited—Alameda, Riverside, and San Diego counties:</p> <ul style="list-style-type: none"> <li>Reviewed Health Care Services' proposed methodology, as of September 2017, for determining the MHSA funds subject to reversion, which indicated that \$231 million was subject to reversion as of the end of fiscal year 2015–16.</li> <li>Reviewed relevant governing MHSA reversion requirements, including a one-time change in law in 2017 that allowed local mental health agencies to retain all MHSA funds subject to reversion before fiscal year 2017–18.</li> </ul>

*continued on next page ...*

AUDIT OBJECTIVE	METHOD
<p>6 Determine whether any MHSAs have been used for State General Fund purposes in the most recent five-year period. If so, determine the amount of funds and evaluate whether those funds have been used in accordance with the MHSAs.</p>	<p>To determine whether any MHSAs had been used for General Fund purposes, we performed the following:</p> <ul style="list-style-type: none"> <li>• Interviewed officials at the State Controller.</li> <li>• Reviewed state laws regarding the appropriate use of MHSAs.</li> <li>• Obtained and reviewed MHSAs claim schedules and allocation letters.</li> <li>• Noted only one instance: legislation effective March 2011 shifted \$861 million in MHSAs funds to cover General Fund obligations for other mental health programs.</li> </ul>
<p>7 For a selection of three local mental health agencies, perform the following over the most recent five-year period:</p> <p>a. Review and assess how each local mental health agency allocates, spends, and monitors the MHSAs funds they receive each year.</p> <p>b. Determine the amount of funds that were subject to reversion and the amount of funds that were actually reverted to the State.</p> <p>c. Review and assess the methods each local mental health agency uses to determine and report to the State the amount of MHSAs funds subject to reversion, and their process for reverting these funds.</p> <p>d. Determine whether the local mental health agencies have spent funds subject to reversion and determine whether any reimbursement with interest is owed to the State.</p>	<p>To assess this objective, we performed the following tasks at Alameda, Riverside, and San Diego counties:</p> <ul style="list-style-type: none"> <li>• Obtained and reviewed procurement and monitoring policies and procedures and interviewed management and procurement personnel at each of the local mental health agencies.</li> <li>• Reviewed each local mental health agency's three-year plan active during fiscal year 2015–16 and plan updates regarding allocation of MHSAs funding.</li> <li>• To assess how the local mental health agencies monitored the spending and outcomes of their MHSAs projects, we reviewed 10 MHSAs-funded projects at each of the three local mental health agencies.</li> <li>• To gain assurance that we selected MHSAs-funded projects from the complete population of expenditures for Alameda and Riverside counties, we traced 29 project contracts to the data and found no errors.</li> <li>• We did not conduct completeness testing in San Diego County because once an MHSAs contract is executed, the County scans the contract into its system and then destroys the original hard copy contract.</li> <li>• We discuss the local mental health agencies' processes for implementing MHSAs reversion requirements in Objective 4 above.</li> </ul>
<p>8 Review and assess any other issues that are significant to the audit.</p>	<p>To identify and evaluate the MHSAs Fund balance, we reviewed the state budget, State Controller's financial records, and MHSAs monthly allocation letters. We also interviewed officials at Health Care Services, the State Controller, and Department of Finance.</p>

Sources: California State Auditor's analysis of audit request number 2017-117 as well as state law, regulations, and information and documentation identified in the table column titled *Method*.



We conducted this audit under the authority vested in the California State Auditor by Section 8543 et seq. of the California Government Code and according to generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives specified in the Scope and Methodology section of the report. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Respectfully submitted,



ELAINE M. HOWLE, CPA  
State Auditor

Date: February 27, 2018

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## APPENDIX

### LOCAL MENTAL HEALTH AGENCIES' MHSA FUND BALANCES

State law requires Health Care Services to collect and publish annual reports that identify each local mental health agency's MHSA Fund revenues, expenditures, reserves, interest earned, and funds subject to reversion. These reports are due no later than December 31 following the end of the fiscal year. Table A beginning on the following page details the 59 local mental health agencies' MHSA ending fund balances by program and is based on the local mental health agencies' annual reports for fiscal year 2015–16. As Table A shows, the local mental health agencies had amassed \$2.5 billion in unspent MHSA funds as of this fiscal year, including \$535 million in reserves that are not subject to reversion requirements. However, as of December 2017, nine of the 59 local mental health agencies had yet to submit their fiscal year 2015–16 annual reports, and an additional three had not finalized their annual reports in response to Health Care Services' concerns. For these 12 local mental health agencies, we relied on prior years' annual reports to complete this table.

**Table A**  
**The 59 Local Mental Health Agencies' MHA Fund Balances**  
**Fiscal Year 2015–16**

LOCAL MENTAL HEALTH AGENCIES	COMMUNITY SUPPORT	PREVENTION	INNOVATION	WORKFORCE TRAINING	CAPITAL FACILITIES	RESERVE	INTEREST	TOTAL
Alameda County	\$49,485,000	\$11,454,000	\$9,015,000	\$2,933,000	\$9,890,000	\$18,066,000	\$3,896,000	\$104,739,000
Alpine County	3,173,000	1,503,000	535,000	450,000	922,000	541,000	361,000	7,485,000
Amador County	3,172,000	793,000	737,000	191,000	330,000	1,102,000	29,000	6,354,000
City of Berkeley	6,467,000	1,417,000	596,000	306,000	1,397,000	1,612,000	67,000	11,862,000
Butte County	577,000	—	1,189,000	57,000	293,000	2,458,000	271,000	4,845,000
Calaveras County	3,656,000	1,016,000	346,000	74,000	49,000	975,000	82,000	6,198,000
Colusa County	4,135,000	743,000	533,000	26,000	—	418,000	340,000	6,195,000
Contra Costa County	25,863,000	4,179,000	4,301,000	783,000	952,000	7,125,000	2,753,000	45,956,000
Del Norte County	2,078,000	352,000	545,000	368,000	801,000	813,000	14,000	4,971,000
El Dorado County	5,099,000	2,345,000	2,101,000	81,000	462,000	1,898,000	142,000	12,128,000
Fresno County	52,279,000	14,152,000	6,181,000	3,708,000	6,243,000	12,824,000	—	95,387,000
Glenn County	2,707,000	391,000	112,000	210,000	—	89,000	2,000	3,511,000
Humboldt County	183,000	2,108,000	969,000	317,000	509,000	1,169,000	119,000	5,374,000
Imperial County	3,075,000	2,915,000	1,765,000	177,000	416,000	130,000	—	8,478,000
Inyo County	1,675,000	433,000	86,000	250,000	139,000	649,000	94,000	3,326,000
<i>Kern County (2014–15)</i>	<i>26,704,000</i>	<i>13,533,000</i>	<i>5,734,000</i>	<i>521,000</i>	<i>1,634,000</i>	<i>12,365,000</i>	<i>586,000</i>	<i>61,077,000</i>
Kings County	5,585,000	295,000	1,430,000	—	1,112,000	2,138,000	382,000	10,942,000
<i>Lake County (2011–12)</i>	<i>627,000</i>	<i>322,000</i>	<i>90,000</i>	<i>443,000</i>	<i>576,000</i>	<i>1,139,000</i>	<i>31,000</i>	<i>3,228,000</i>
Lassen County	1,770,000	630,000	462,000	—	649,000	805,000	3,000	4,319,000
<i>Los Angeles County (2014–15)</i>	<i>233,051,000</i>	<i>140,582,000</i>	<i>84,319,000</i>	<i>33,742,000</i>	<i>29,397,000</i>	<i>192,054,000</i>	<i>24,465,000</i>	<i>737,610,000</i>
<i>Madera County (2014–15)</i>	<i>7,942,000</i>	<i>1,516,000</i>	<i>890,000</i>	<i>—</i>	<i>—</i>	<i>34,000</i>	<i>78,000</i>	<i>10,460,000</i>
Marin County	9,681,000	1,778,000	2,100,000	608,000	1,768,000	2,175,000	570,000	18,680,000
Mariposa County*	(1,355,000)	825,000	434,000	149,000	(192,000)	—	2,000	(137,000)
Mendocino County	799,000	1,219,000	1,452,000	311,000	584,000	2,198,000	23,000	6,586,000
Merced County	8,715,000	4,136,000	2,193,000	211,000	4,864,000	4,104,000	525,000	24,748,000
Modoc County	1,187,000	880,000	245,000	126,000	512,000	472,000	75,000	3,497,000
Mono County	144,000	994,000	536,000	554,000	1,053,000	1,672,000	96,000	5,049,000
<i>Monterey County (2013–14)</i>	<i>8,867,000</i>	<i>1,214,000</i>	<i>2,437,000</i>	<i>—</i>	<i>—</i>	<i>3,063,000</i>	<i>16,000</i>	<i>15,597,000</i>
Napa County	668,000	46,000	1,196,000	72,000	400,000	898,000	167,000	3,447,000
<i>Nevada County (2013–14)</i>	<i>926,000</i>	<i>1,011,000</i>	<i>364,000</i>	<i>55,000</i>	<i>—</i>	<i>1,142,000</i>	<i>266,000</i>	<i>3,764,000</i>
Orange County	92,495,000	38,639,000	21,044,000	941,000	6,587,000	70,922,000	11,303,000	241,931,000
Placer County	11,884,000	2,170,000	945,000	—	1,994,000	2,706,000	1,504,000	21,203,000
<i>Plumas County (2013–14)</i>	<i>4,384,000</i>	<i>856,000</i>	<i>638,000</i>	<i>171,000</i>	<i>95,000</i>	<i>1,037,000</i>	<i>157,000</i>	<i>7,338,000</i>
Riverside County	35,653,000	20,341,000	11,370,000	3,238,000	14,916,000	28,525,000	6,578,000	120,621,000
Sacramento County	76,487,000	13,740,000	10,700,000	2,155,000	3,523,000	19,392,000	—	125,997,000

LOCAL MENTAL HEALTH AGENCIES	COMMUNITY SUPPORT	PREVENTION	INNOVATION	WORKFORCE TRAINING	CAPITAL FACILITIES	RESERVE	INTEREST	TOTAL
San Benito County	\$4,466,000	\$1,575,000	\$1,080,000	\$176,000	\$1,489,000	\$932,000	\$356,000	\$10,074,000
San Bernardino County	75,783,000	11,054,000	4,340,000	307,000	4,860,000	22,152,000	2,423,000	120,919,000
San Diego County	93,767,000	8,966,000	17,148,000	406,000	11,769,000	42,193,000	11,031,000	185,280,000
San Francisco County	13,303,000	343,000	3,848,000	—	—	4,325,000	597,000	22,416,000
San Joaquin County	6,896,000	9,525,000	5,041,000	1,233,000	5,573,000	11,655,000	1,998,000	41,921,000
San Luis Obispo County	8,285,000	1,448,000	1,375,000	158,000	—	2,813,000	667,000	14,746,000
San Mateo County	9,693,000	1,528,000	5,540,000	799,000	—	600,000	266,000	18,426,000
Santa Barbara County†	1,810,000	157,000	2,047,000	188,000	262,000	2,023,000	(30,000)	6,457,000
Santa Clara County (2014–15)	71,879,000	18,719,000	11,574,000	(45,000)	9,269,000	20,118,000	1,704,000	133,218,000
Santa Cruz County (2013–14)	4,241,000	3,409,000	720,000	265,000	2,748,000	3,470,000	530,000	15,383,000
Shasta County	4,083,000	2,985,000	2,524,000	22,000	465,000	—	45,000	10,124,000
Sierra County (2014–15)	2,315,000	1,100,000	370,000	20,000	542,000	607,000	1,665,000	6,619,000
Siskiyou County	1,705,000	582,000	1,055,000	153,000	—	940,000	236,000	4,671,000
Solano County	15,659,000	5,034,000	2,988,000	597,000	420,000	2,725,000	473,000	27,896,000
Sonoma County	3,412,000	1,631,000	551,000	—	—	905,000	106,000	6,605,000
Stanislaus County	18,408,000	4,513,000	2,520,000	144,000	868,000	500,000	—	26,953,000
Sutter-Yuba joint powers authority (2012–13)†	1,610,000	1,288,000	1,903,000	813,000	(267,000)	272,000	152,000	5,771,000
Tehama County	818,000	1,302,000	137,000	102,000	346,000	546,000	5,000	3,256,000
Tri-City joint powers authority	10,239,000	980,000	989,000	204,000	25,000	3,517,000	97,000	16,051,000
Trinity County	1,605,000	109,000	—	11,000	—	493,000	106,000	2,324,000
Tulare County	27,888,000	3,571,000	5,453,000	721,000	1,517,000	7,252,000	2,971,000	49,373,000
Tuolumne County	2,538,000	275,000	255,000	3,000	120,000	411,000	31,000	3,633,000
Ventura County	15,099,000	5,171,000	2,284,000	728,000	2,940,000	9,499,000	—	35,721,000
Yolo County (2014–15)	6,093,000	2,808,000	499,000	478,000	1,893,000	514,000	288,000	12,573,000
<b>Totals</b>	<b>\$1,091,433,000</b>	<b>\$376,601,000</b>	<b>\$251,831,000</b>	<b>\$60,711,000</b>	<b>\$136,714,000</b>	<b>\$535,172,000</b>	<b>\$80,714,000</b>	<b>\$2,533,176,000</b>

Sources: The local mental health agencies' MHPA annual reports for fiscal year 2015–16.

Note: As of December 2017, nine of the 59 local mental health agencies had yet to submit their fiscal year 2015–16 annual reports, and an additional three had not finalized their annual reports in response to Health Care Services' concerns. Therefore, we relied on prior years' annual reports for 12 local mental health agencies to complete this table as shown below:

FISCAL YEAR OF MOST RECENT ANNUAL REPORTS	LOCAL MENTAL HEALTH AGENCIES
2014–15	Kern County, Los Angeles County, Madera County, Santa Clara County, Sierra County, Yolo County
2013–14	Monterey County, Nevada County, Plumas County, Santa Cruz County
2012–13	Sutter-Yuba joint powers authority
2011–12	Lake County

\* Mariposa County indicated that its past overspending of Community Support funding resulted in it reporting a negative total balance.

† We did not contact other local mental health agencies with negative balances in individual categories because their total balances were positive.

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JENNIFER KENT  
Director

State of California-Health and Human Services Agency  
**Department of Health Care Services**



EDMUND G. BROWN JR.  
Governor

Ms. Elaine M. Howle\*  
California State Auditor  
621 Capitol Mall, Suite 1200  
Sacramento, CA 95814

Dear Ms. Howle:

The California Department of Health Care Services (DHCS) hereby responds to the draft findings of the California State Auditor's (CSA) report entitled, *Mental Health Services Act: The State Could Better Ensure the Effective Use of Mental Health Services Act Funding*. The CSA conducted this audit and issued seven findings and seven recommendations.

DHCS disagrees with the CSA recommendation 6. DHCS agrees on all other recommendations and has prepared corrective action plans to implement them. Additionally, DHCS has feedback on other components of the draft audit report. DHCS requests CSA publish DHCS' comments in addition to the responses to the audit findings in the final published report. DHCS appreciates the work performed by the CSA and the opportunity to respond to the findings. If you have any questions, please contact Ms. Sarah Hollister, External Audit Manager, at (916) 650-0272.

Sincerely,

Jennifer Kent  
Director

Enclosure

Ms. Elaine M. Howle  
Page 2

cc: Brenda Grealish  
Acting Deputy Director  
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**Department of Health Care Services' (DHCS) Response to the California State Audit report entitled *Mental Health Services Act: The State Could Better Ensure the Effective Use of Mental Health Services Act Funding 2017-117***

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**DHCS has not developed a process to recover unspent funds from Local Mental Health Agencies.**

**Finding #1:** DHCS has not developed a process to recover unspent funds from Local Mental Health Agencies (LMHA). As a result, LMHA's have had less incentive to spend Mental Health Services Act (MHSA) funds on mental health programs in a timely manner and amassed unspent funds of \$231 million as of the end of fiscal year 2015-16 that DHCS might have been able to reallocate to other LMHA's.

**Recommendation 1:** DHCS should develop a MHSA fiscal reversion process to ensure that they can reallocate MHSA funds that LMHA's do not spend within the statutory reversion time frames to other LMHA's that are better positioned to use the funds to meet MHSA's intent.

**Response:** **DHCS agrees with the recommendation.**

DHCS agrees that a MHSA fiscal reversion process is necessary to reallocate MHSA funds that are not spent within the statutory time frame. DHCS is currently working with the State Controller's Office and the Department of Finance to develop the mechanism necessary to collect and redistribute funds subject to reversion. DHCS expects to have the mechanics developed by July 2018.

In addition, in Fiscal Year 2015-16, DHCS began collaborating with the Mental Health Services Oversight and Accountability Commission and the County Behavioral Health Directors Association of California to develop draft fiscal regulations, which also address reversion, among other relevant topics such as prudent reserve and accounting practices. By January 2019, DHCS intends to submit the public notice that announces these proposed regulations and initiates the 45-day public comment period to the Office of Administrative Law for publication in the California Regulatory Notice Register. ①

Furthermore, in accordance with Assembly Bill (AB) 114 (Chapter 38, Statutes of 2017), DHCS developed a fiscal reversion process for funds subject to reversion as of July 1, 2017. This includes all funds subject to reversion from Fiscal Year 2005-06 through Fiscal Year 2014-15. DHCS communicated the process to counties on December 28, 2017, in MHSUDS Information Notice No. 17-059. DHCS also developed an interim appeal process available to a ②

county regarding the determination of unspent funds. The process for determining unspent funds and the appeal process are included in the draft fiscal regulations.

**Finding #2:** In the absence of DHCS' guidance, LMHA's have not consistently spent the interest they have earned on MHA funds. As a result, they had accumulated an additional \$81 million in unspent MHA interest as of the end of fiscal year 2015-16.

**Recommendation 2:** DHCS should clarify that the interest the LMHA's earn on unspent MHA funds is subject to the same reversion requirements as the MHA funds they receive.

**Response:** **DHCS agrees with the recommendation.**

DHCS agrees that clarification should be provided to specify that interest earned on unspent MHA funds is subject to the same reversion requirements as the MHA funds they receive. The draft fiscal regulations that were developed in collaboration with the Mental Health Services Oversight and Accountability Commission and the County Behavioral Health Directors Association of California will provide the necessary clarification. By January 2019, DHCS intends to submit the public notice that announces these proposed fiscal regulations and initiate the 45-day public comment period to the Office of Administrative Law for publication in the California Regulatory Notice Register.

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To meet the requirements of Assembly Bill (AB) 114 (Chapter 38, Statutes of 2017), DHCS recently applied the principles regarding interest that are in the draft fiscal regulations to calculate the amount of unspent funds subject to reversion. To perform these calculations, DHCS used the interest earned that was reported by counties on their Annual MHA Revenue and Expenditure Report. This process was detailed in MHSUDS Information Notice No. 17-059, which communicated that counties must spend funds allocated to Community Services and Supports, Prevention and Early Intervention, and Innovation components, plus interest earned on the MHA funds, within three fiscal years, including the fiscal year when the funding was made available. In addition, it stated that counties must spend funds allocated to Capital Facilities and Technological needs and Workforce Education and Training components, plus interest earned, within ten fiscal years, including the fiscal year when the funding was made available.

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**Finding #3:** DHCS has neither established a formal process to maintain oversight of local MHA reserves—which totaled \$535 million as of the end of fiscal year 2015-16—nor required the LMHA's to adhere

to a standard reserve level. The California State Auditor estimates that LMHA's held between \$157 million and \$274 million in excessive reserves as of the end of fiscal year 2015-16.

**Recommendation 3:** DHCS should establish and enforce a MHSA reserve level that will allow LMHA's to maintain sufficient funds to continue providing crucial mental health services in time of economic hardship but will not result in them holding reserves that are excessive. DHCS should also establish controls over LMHA's deposits and withdrawals to their reserves.

**Response:** **DHCS agrees with the recommendation.**

The fiscal regulations that DHCS has drafted in collaboration with the Mental Health Services Oversight and Accountability Commission and the County Behavioral Health Directors Association of California address prudent reserve, including the minimum levels of funding a county would be required to maintain, as well as a maximum level of funding a county would be permitted to maintain. The draft regulations clarify the requirements that must be met in order for a county to access their prudent reserve, and also specifies the process for counties to fund their prudent reserve using Community Services and Supports funding. By January 2019, DHCS intends to submit the public notice that announces these proposed regulations and initiates the 45-day public comment period to Office of Administrative Law for publication in the California Regulatory Notice Register. ①

While DHCS agrees with this recommendation, we do not agree with the calculation methodology that the California State Auditor used to develop the finding. During the development of the draft fiscal regulations, DHCS contracted with a fiscal consultant to produce an estimate of the maximum prudent reserve level. This estimate factored in declines in revenue, proposed expenditures, and inflation, and recommended between 64% and 82% for prudent reserve maximum level. The California State Auditor measured declines in funding over a ten-year period, but did not take into consideration expenditures or inflation. ③

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**Finding #4:** Until the CSA's inquiry, DHCS had not analyzed whether an additional \$225 million in unspent MHSA funds that existed since at least 2012 are potentially available to LMHA's to expand mental health services.

**Recommendation 4:** Health Care Services should complete its analysis of the \$225 million fund balance in the MHS Fund by May 1, 2018, to determine why this balance existed and, if there is any impact on funding to the local mental health agencies, distribute those funds accordingly.

Further, it should establish a process to regularly scrutinize the MHS Fund to determine the reasons for any excess fund balances.

**Response:** **DHCS partially agrees with the recommendation.**

- ④ The \$225 million identified by the CSA is the beginning and ending 2004 appropriation balance. By definition, an appropriation is "an authorization from a specific fund to a specific agency to make expenditures/incur obligations for a specified purpose and period of time" (also known as expenditure authority). During the Fiscal Year 2012-2013 transition of the former Department of Mental Health to the Department of Health Care Services, the State Controller's Office transferred the 2004 appropriation to DHCS, and also established a separate 2012 appropriation. On February 2, 2018, the State Controller's Office eliminated the 2004 appropriation balance of \$225 million. DHCS does not believe that any funds in this appropriation remain. DHCS will work with SCO and DOF to confirm this information and DHCS will revise its monthly reconciliation process to review all available appropriation and cross-check against available cash.

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**DHCS has provided only minimal oversight of the MHSA funds that local LMHA's receive.**

**Finding #5:** DHCS has made minimal efforts to ensure that LMHA's submit their annual reports on time. As a result, some LMHA's have not submitted timely annual reports for years, hampering DHCS' ability to calculate MHSA reversion amounts and to properly oversee MHSA spending.

**Recommendation 5:** To ensure DHCS provides effective oversight of LMHA's reporting and spending of MHSA funds, DHCS should publish its proposed regulations in the California Regulatory Notice Register by June 2018. DHCS should then subsequently implement a process that will enable it to withhold MHSA funds from LMHA's that fail to submit their annual reports on time.

**Response:** **DHCS partially agrees with the recommendation.**

DHCS agrees that the MHSA fiscal regulations need to be published in the California Regulatory Notice Register; therefore, the regulations package is currently under active development. DHCS has several complex regulation packages currently under internal legal review and development. Due to the other regulatory workload, the Department estimates the regulations will be

submitted to the Office of Administrative Law no later than January 2019, thereby initiating the 45-day comment period. ①

To address the issue of untimely submission of the Annual MHSAs Revenue and Expenditure Reports, DHCS is developing a process for withholding funds, which is expected to include an appeal process, from counties that fail to submit the Annual MHSAs Revenue and Expenditure Report by the required submission date. DHCS will work with the State Controller's Office and the Department of Finance regarding the mechanism necessary to withhold funds from counties. DHCS expects to have the mechanics for withholding funds in place by July 2018.

**Finding #6:** DHCS has been slow to implement oversight of LMHA's MHSAs spending and programs. Although DHCS developed a MHSAs fiscal audit process in 2014, it has limited the audits' usefulness because it focused its reviews on data and processes at least seven years old.

**Recommendation 6:** To ensure that LMHA's appropriately report and spend MHSAs funds, DHCS should publish its proposed regulations in the California Regulatory Notice Register by September 2018. DHCS should then develop and implement a MHSAs fiscal audit process, independent of the Medi-Cal reviews, to review revenues and expenditures for the most recent fiscal year.

**Response:** **DHCS disagrees with the recommendation.**

DHCS does not agree that an MHSAs fiscal audit process should be developed and implemented independent of the Short Doyle Medi-Cal cost report audits (referred to above as the Medi-Cal reviews), nor do we agree that revenues and expenditures should be reviewed for the most recent fiscal year. Conducting fiscal audits of MHSAs funding separate from the cost report audits is problematic because the federal financial participation (FFP) has not yet been finalized. As such, it is impossible to determine final MHSAs expenditures if the FFP has not been finalized by an audit. Any action taken as a result of an MHSAs audit completed prior to the Short Doyle Medi-Cal cost report audit, which will extend beyond the most recent fiscal year, would be preliminary and subject to change. ⑤

That said, DHCS does agree that fiscal audits of county MHSAs funds are necessary. Accordingly, DHCS intends to draft an audit and appeal regulations package for the provision of fiscal audits and program oversight. DHCS expects to submit the public notice that announces these proposed regulations and initiates the 45-day public comment period to the Office of Administrative Law for

- ⑥ publication in the California Regulatory Notice Register by Spring 2019.
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**Finding #7:** DHCS has not developed regulations to establish an appeals process for LMHA's to challenge findings. In addition, DHCS has not implemented a program review process to evaluate the effectiveness of the MHSA projects that LMHA's operate.

**Recommendation 7:** To ensure that LMHA's comply with their performance contracts and MHSA requirements, DHCS should establish a process for conducting comprehensive program reviews and begin conducting those reviews by July 2018.

**Response:** **DHCS agrees with the recommendation.**

DHCS has drafted a protocol and process for conducting program reviews of county performance contracts and MHSA requirements. DHCS has hired four staff to conduct onsite program reviews, who were deployed in January 2018. It is expected that these staff will pilot the review protocol and process in four to six more counties before fully operationalizing the program reviews. DHCS expects to fully implement this recommendation in September 2018.

DHCS Response to CSA Audit Report Text  
Report 2017-117

PAGE	TEXT	COMMENT	PROPOSED AMENDED LANGUAGE
3, 14	<p>Finally, until our inquiry, Health Care Services has not analyzed whether an additional \$225 million in unspent MHSA funds, which have existed since at least 2012, are potentially available to local mental health agencies to expand mental health services.</p>	<p>The CSA identified a \$225 million appropriation balance that the State Controller’s Office (SCO) transferred from the former Department of Mental Health (DMH) to DHCS in 2012. This statement is internally inconsistent. It first references \$225 million in unspent funds. This indicates that the CSA identified \$225 million in the MHSF that is unspent. That is not a true statement. An appropriation of funds is not the same as having the cash available to spend. An appropriation provides the Department with the authority to spend funds. This sentence then goes on to say that those funds are potentially available to local mental health agencies. This part of the sentence seems to back off of the idea that the funds are available to spend by saying that the funds are potentially available to local mental health agencies to expand local mental health services.</p>	<p>Finally, until our inquiry, Health Care Services had not analyzed whether a \$225 million appropriation balance from the Mental Health Services Fund is available to distribute to local mental health agencies to expand mental health services.</p>

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DHCS Response to CSA Audit Report Text  
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PAGE	TEXT	COMMENT	PROPOSED AMENDED LANGUAGE
⑩ 4 and 27	In addition, Health Care Services has not implemented a program review process to evaluate the effectiveness of the MHSAs projects that local mental health agencies operate.	DHCS is not responsible for evaluating the effectiveness of MHSAs programs. Effectiveness refers to whether or not a particular intervention produces the desired results. DHCS would need to engage a researcher to design a study to evaluate whether or not a particular intervention produced the desired result. In 2016, DHCS became responsible to ensure that local mental health agencies comply with the MHSAs program requirements contained in statute, regulation, and the performance contract.	In addition, Health Care Services has not implemented a program review process to ensure MHSAs projects that local agencies operate comply with program requirements contained in statute and regulation.
⑪ 8	Health Care Services explained that to incentivize local mental health agencies to make full use of their MHSAs funding allocations, state law requires that any funds left unspent within statutory time frames must be returned – or reverted – to the State for reallocation to the local mental health agencies.	DHCS did not write the Proposition and is not in a position to say that the reversion clause in state law was intended to incentivize local mental health agencies to make full use of their MHSAs funding allocations.  Implementation of the reversion process alone may not solve the problem of counties having large amounts of unspent PEI and INN component funds.	Health Care Services explained that it believes the requirement in state law that any funds left unspent within statutory time frames must be returned – or reverted – to the State for reallocation to the local mental health agencies provides local mental health agencies with an incentive to make full use of their MHSAs funding allocations.



DHCS Response to CSA Audit Report Text  
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PAGE	TEXT	COMMENT	PROPOSED AMENDED LANGUAGE
		<p>Unless action is taken to better understand and address the issues associated with the lack of county spending for the PEI and INN components, a large portion of these funds will continue to indefinitely cycle through the reversion process because reverted funds are mandated to be reallocated to the component from which they originated, as per Assembly Bill 114 (Chapter 38, Statutes of 2017).</p>	
10	<p>For example, state law requires Health Care Services to calculate the MHSA fund allocations for each local mental health agency using a formula based on several factors...</p>	<p>This sentence implies that the law prescribes the factors DHCS uses to calculate the fund allocations, which is not accurate. The statute only requires DHCS to provide the SCO an allocation schedule. It does not prescribe factors to include in developing that allocation schedule.</p>	<p>For example, state law requires Health Care Services to provide the SCO an allocation schedule that the State Controller uses to calculate fund allocations.</p>
11-12	<p>Since fiscal year 2012-13, Health Care Services has annually spent between \$7.9 million and \$8.6 million to implement its oversight responsibility. Specifically, in fiscal year 2015-16, Health Care Services spent \$7.9 million for staff</p>	<p>This statement is misleading. During FY 2015-16, DHCS expended \$8.4 million in MHSA administrative funds. Of these funds, \$4.1 million was used to support training and technical assistance provided by a</p>	<p>Since fiscal year 2012-13, Health Care Services has annually spent between \$7.9 million and \$8.6 million to administer the MHSA. Specifically, in fiscal year 2015-16, Health Care Services spent \$8.4 million in administrative funds. \$4.1</p>

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DHCS Response to CSA Audit Report Text  
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PAGE	TEXT	COMMENT	PROPOSED AMENDED LANGUAGE
	salaries, contracts, and operating expenses.	contractor; \$800,000 was used to collect mental health questions included as part of the California Health Information Survey. The balance of funding was used to support staffing and operating expenses for the Department and the California Mental Health Planning Council.	million was used to administer training and technical assistance to county mental health departments and community mental health providers; \$800,000 was used to support the collection of mental health data as part of the California Health Information Survey. Remaining funds were used to support staffing and operating expenses for the Department and the California Mental Health Planning Council.
14 16	Absent an incentive to spend their MHPSA funds in a timely manner, local mental health agencies had accumulated \$2.5 billion in unspent MHPSA funds as of fiscal year 2015-16.	This statement is misleading. It follows a discussion of reversion being the incentive to spend MHPSA funds timely. This statement implies that the lack of a reversion process has produced \$2.5 billion of unspent funds. The report goes on to state that local mental health agencies should have returned \$231 million to the state because they did not spend it within required time frames. Reversion only impacts the \$231 million and has no impact on the other portion of the \$2.5 billion.	DHCS recommends deleting this sentence.

DHCS Response to CSA Audit Report Text  
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PAGE	TEXT	COMMENT	PROPOSED AMENDED LANGUAGE
17	According to Health Care Services, examples of competing priorities included administering MHPSA revenue and expenditure reports, developing performance contracts with local mental health agencies, implementing a state-level suicide prevention program, and responding to external reviews.	DHCS did not implement a state-level suicide prevention program. DHCS staff responded to requests for information and participated in work groups that focused on suicide prevention, student mental health, and veteran's mental health. DHCS was also responsible for developing the Suicide Hotline Report in 2016.	According to Health Care Services, examples of competing priorities included administering MHPSA revenue and expenditure reports, developing performance contracts with local mental health agencies, serving as a subject matter expert for suicide prevention workgroups or activities, developing the Suicide Hotline Report, and responding to external reviews.
20	Health Care Services' delay in developing regulations regarding the interest on MHPSA funds has allowed local mental health agencies to amass a growing balance of interest earnings that Health Care Services should have directed them to use to fund MHPSA programs.	DHCS recommends that the CSA report clarify that interest earned on MHPSA funds is included in the \$231 million subject to reversion. This section implies that in addition to the \$231 million subject to reversion, counties are amassing revenue earned from interest on MHPSA funds.	
20	Further, because their MHPSA reserves are not subject to reversion requirements, local mental health agencies can currently direct any unspent MHPSA funds at the end of a fiscal year into their reserves to shelter the funds from reversion.	This statement is not accurate. Statute clearly states that local mental health agencies may only transfer CSS funds into the prudent reserve. Therefore, local mental health agencies may not transfer PEI, INN, Workforce Education and Training component, or Capital Facilities and Technological	Further, because their MHPSA reserves are not subject to reversion requirements, local mental health agencies can currently direct any unspent MHPSA funds allocated to the Community Supports component into their reserves to shelter the funds from reversion.

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DHCS Response to CSA Audit Report Text  
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PAGE	TEXT	COMMENT	PROPOSED AMENDED LANGUAGE
		Needs component funds into the prudent reserve to shelter them from reversion.	
⑰ 23	Health Care Services has not exercised appropriate oversight of the MHS fund balance under its authority, which totals \$225 million, to determine the reason for this fund balance and whether any of this amount is due to local mental health agencies.	DHCS believes this statement is about the \$225 million appropriation balance rather than the MHS fund balance. This statement is not accurate as written.	Health Care Services had not exercised appropriate oversight of the MHS appropriation balance under its authority.
⑨ 23-25	Health Care Services was Unaware of additional MHSA Funds of \$225 million that are Potentially Available to Local Mental Health Agencies	This section of the report is misleading and should be rewritten. The heading should say that Health Care Services was unaware of a \$225 million reserve for unencumbered balances of continuing appropriations. The report should explain what this accounting term means to the lay audience. The report should be careful to not mislead the reader to believe that the MHS Fund balance contains \$225 million that can be distributed to local mental health agencies.	
⑱ 30-31	Health Care Services has been slow to begin conducting local MHSA fiscal audits and program reviews despite having had the	DHCS does not believe it had the funding to begin conducting program reviews until Fiscal	

DHCS Response to CSA Audit Report Text  
Report 2017-117

PAGE	TEXT	COMMENT	PROPOSED AMENDED LANGUAGE
	authority and the funding to fulfill these responsibilities.	Year 2016-17 with the No Place Like Home legislation.	
32-33	Although the law took effect in 2016, Health Care Services has yet to establish a schedule of program reviews and does not anticipate beginning the program reviews until July 2018 at the earliest. However, Health Care Services indicated that it needs to first develop the review process and hire and train staff.	This statement about hiring and training staff isn't accurate. DHCS has hired staff. DHCS is finalizing the review protocol.	

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## COMMENTS

### CALIFORNIA STATE AUDITOR'S COMMENTS ON THE RESPONSE FROM THE CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES

To provide clarity and perspective, we are commenting on the response to our audit from Health Care Services. The numbers below correspond to the numbers we have placed in the margin of Health Care Services' response.

We are disappointed that Health Care Services now states that it intends to submit its proposed regulations to the Office of Administrative Law to begin the process of establishing regulations by January 2019. As recently as January 2018 Health Care Services stated to us that it intended to submit its regulations for review by June 2018. Moreover, as we state on page 13 Health Care Services has spent from \$7.9 million to \$8.6 million annually over the past four fiscal years to administer the MHSA, and has had statutory authority to develop necessary regulations since 2012. However, it only began drafting these regulations in 2016. Given the funding it has received and the amount of time that has elapsed since it became responsible for developing these regulations, we believe Health Care Services should already have taken appropriate action to implement a reversion process.

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Although Health Care Services agrees with our recommendation, its response confuses the issue by making reference to its December 2017 Information Notice No. 17-059. Health Care Services acknowledges in its response that it only developed the fiscal reversion process in response to the 2017 change in state law and that it is an interim process that does not apply to MHSA funds subject to reversion after July 1, 2017.

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We stand by our conclusion that Health Care Services' consultant's range of between 64 percent and 82 percent for prudent reserve maximum level is excessive when compared to the MHSA revenue trends. State law requires local mental health agencies to maintain a prudent reserve to ensure services are not reduced in years when revenues decline below the average of previous years. As we state on page 17, over the past 10 fiscal years we identified 33 percent as the worst decline in this revenue to the local mental health agencies in any one fiscal year, while the average decline—for fiscal years in which declines occurred—was 23 percent. Even adjusting the MHSA decline in revenue for inflation during this time period resulted in nominal changes and far below the consultant's proposed minimum of 64 percent. Specifically, adjusting for inflation over the past 10 years, we identified 33 percent as the

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worst decline in funding and 22 percent as the average decline. Our calculation did not include MHSA expenditures because, as indicated above, state law contemplated declines only in MHSA revenues when establishing a prudent reserve.

- ④ Health Care Services' response does not clarify the key issues related to the \$225 million MHS Fund balance that has existed since at least 2012. As we state on page 20, there is uncertainty as to whether the fund balance represents cash that it could distribute to local mental health agencies or a long-standing accounting error that Health Care Services failed to identify and correct. Therefore, we stand by our recommendation that Health Care Services needs to complete its analysis of the fund balance by May 1, 2018, to determine why this balance existed and if there is any impact on funding to the local mental health agencies. Further, it should establish a process to regularly scrutinize the MHS Fund balance to determine the reasons for any excess fund balance.
- ⑤ We stand by our recommendation that Health Care Services should develop and implement a meaningful MHSA fiscal audit process, independent of the Medi-Cal reviews, to review revenues and expenditures for the most recent fiscal year. Health Care Services made a decision regarding the focus of its fiscal audits that has significantly limited their value and relevance for assessing fiscal controls over the current operations of local mental health agencies. Specifically, as we state on pages 24 to 25, Health Care Services decided to conduct its MHSA fiscal audits in conjunction with its Medi-Cal reviews. However, the backlog of overdue Medi-Cal cost reports has resulted in Health Care Services focusing on significantly outdated data and processes. For example, its Medi-Cal review of San Diego County (San Diego) focused on fiscal year 2008–09 MHSA funding. Thus, the audit's findings and recommendations would be of limited value given the age of the information under review. Moreover, as we state on page 25, Health Care Services acknowledged to us that performing fiscal audits on more recent fiscal years may be needed to ensure more relevant reviews and findings of controls over MHSA funds.
- ⑥ We are concerned that Health Care Services now intends to wait until Spring 2019 to submit its proposed regulations for fiscal audits. As recently as February 2018 Health Care Services stated to us that it intended to submit its regulations for review by September 2018. Moreover, as we state on page 13, Health Care Services has spent from \$7.9 million to \$8.6 million annually over the past four fiscal years to administer the MHSA, and statutory authority to develop necessary regulations for all of these years. Given the funding it has received and the amount of time that has elapsed since it became responsible for developing these regulations, we believe Health Care Services should already have taken appropriate action to implement a fiscal audit process.



During the publication process for the audit report, page numbers shifted. Therefore, the page numbers cited by Health Care Services in its response may not correspond to the page numbers in the final published audit report.

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Health Care Services' inclusion of suggested wording changes in its response to the audit is both surprising and disappointing. As we do in all audits, we provided Health Care Services a five-day period to review and comment on a draft copy of the report, and we asked that if it had any concerns with the text to contact us. However, despite multiple contacts with Health Care Services during this period, including a phone conference to discuss the issue of the fund balance in the MHS Fund, Health Care Services failed to share with us its concerns on the draft report text. However, we carefully considered Health Care Services' comments and suggested text changes, and made changes that we believed were appropriate based on the evidence we obtained during the audit. Further, for several changes that Health Care Services suggested that were related to the issue on the fund balance in the MHS Fund, we had already informed it during the phone conference that we would be making the changes based on information that we received from Health Care Services and the State Controller during the five-day review period.

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We had previously informed Health Care Services that we were changing the text related to the issue of the fund balance in the MHS Fund during the five-day review period.

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We agree with Health Care Services' proposal, and we changed the text as appropriate.

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Although our sentence as originally written was based on testimonial evidence that Health Care Services provided during the audit, we revised the text as Health Care Services proposed because in its response it provided us with a different perspective.

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We clarified our text to more precisely mirror state law. However, the text that Health Care Services proposes is incorrect as state law specifically states that Health Care Services must provide an allocation *methodology* to the State Controller, not an allocation *schedule*.

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We do not believe that the additional detail Health Care Services proposes is necessary. Further, Health Care Services' assertion that its expenditures were \$8.4 million incorrectly includes \$477,000 for the operations of the Mental Health Planning Council, which is a separate entity. Therefore, we stand by our statement that Health Care Services spent \$7.9 million for its staff, salaries, contracts, and operating expenses in fiscal year 2015–16.

⑬

- ⑭ We disagree with Health Care Services' proposed deletion of the sentence, and we do not believe our statement is misleading. Local mental health agencies would not have accumulated \$2.5 billion in unspent MHSAs if Health Care Services had ensured they returned the \$231 million they failed to spend in the appropriate time frame and if it had established a reasonable reserve level for local mental health agencies to follow.
- ⑮ Although Health Care Services included some MHSAs interest in its calculation of the \$231 million that was subject to reversion as of fiscal year 2015–16, its response does not address our concern that it has not established guidance for the local mental agencies on the proper treatment of MHSAs interest. As a result, local mental health agencies reported having accumulated \$81 million in interest earned on MHSAs funds through fiscal year 2015–16.
- ⑯ We edited the text to change “any” to “Community Support.”
- ⑰ We disagree with Health Care Services' proposed change and its assertion that the issue is about “appropriation balance” rather than “fund balance.” According to the State Controller's accounting records, the \$225 million is included in fund balance of the MHS Fund. Because the \$225 million remained in fund balance since Health Care Services assumed significant responsibility for the MHSAs in 2012, the nature of this amount is unknown until Health Care Services performs the appropriate research to determine whether the amount represents funds available to local mental health agencies or a long-standing accounting error.
- ⑱ Health Care Services did not identify the lack of funding as a reason for its delay in implementing a comprehensive MHSAs program review process until submitting its response to this audit. In fact, as we indicate on page 25, although a 2016 change in state law required Health Care Services to conduct these program reviews, it has not established a schedule of program reviews and does not anticipate beginning the program reviews until July 2018 at the earliest. Moreover, Health Care Services indicated to us during the audit that it first needs to develop the review process before it can perform the program reviews.
- ⑲ Although our sentence as originally written was based on testimonial evidence that Health Care Services provided during the audit, we revised the text as Health Care Services has proposed because in its response it provided us with a different perspective. Nevertheless, as indicated in our prior comment, although Health Care Services may have hired staff to conduct MHSAs program reviews, it has not established a schedule of program reviews and it has not developed a review process.



STATE OF CALIFORNIA  
EDMUND G. BROWN JR., Governor



WELLNESS • RECOVERY • RESILIENCE

JOHN BOYD, PsyD  
Chair

February 9, 2018

KHATERA ASLAMI-TAMPLEN  
Vice-Chair

Elaine M. Howle, CPA, State Auditor  
California State Auditor  
621 Capital Mall, Suite 1200  
Sacramento, CA 95814

RENEETA ANTHONY  
Commissioner

MAYRA ALVAREZ  
Commissioner

LYNNE ASHBECK  
Commissioner

Re: Response to State Audit Report 2017-117

JIM BEALL  
Senator  
Commissioner

Dear Ms. Howle:

BILL BROWN  
Sheriff  
Commissioner

The Mental Health Services Oversight and Accountability Commission respectfully submits the following response to the draft of the State Audit Report 2017-117. Please convey our appreciation to your audit team for its hard work and professionalism in preparing this report.

KEYONDRIA D. BUNCH, Ph.D.  
Commissioner

ITAI DANOVITCH, M.D.  
Commissioner

### Overall Response

DAVID GORDON  
Commissioner

The Commission appreciates the fundamental finding that the Commission is implementing processes to evaluate the effectiveness of the Mental Health Services Act (MHSA) and acknowledges that more can be, and is being done, to improve our efforts.

GLADYS MITCHELL  
Commissioner

### Response to Specific CSA Recommendations

LARRY POASTER, Ph.D.  
Commissioner

MARA MADRIGAL-WEISS  
Commissioner

The first recommendation concerns the Commission's continuing efforts to support local mental health agencies to develop, implement, evaluate, and disseminate learnings from robust Innovation projects. The Commission agrees that it is important for local agencies and the Commission to have a shared understanding of the goals of the Innovation component. We are committed to an ongoing process of engagement with county agencies and with stakeholders to improve awareness of Innovative project proposals, approvals, and evaluation results.

TINA WOOTON  
Commissioner

TOBY EWING  
Executive Director

Elaine M. Howle, CPA  
Response to State Audit Report 2017-117  
Page 2 of 2

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The second recommendation concerns the Commission's ongoing efforts to work with county agencies to assess and improve investments in Prevention and Early Intervention (PEI) programming. The Commission agrees with the recommendation that the Commission continue to develop and strengthen its processes for reviewing and analyzing the impact of PEI services. Consistent with that recommendation, Commission staff are providing support to a statewide learning community among county agencies. The first meeting of this learning community, scheduled for March 1, 2018, will focus on policies, procedures, and strategies for counties to gather, report, and evaluate data collected to meet the PEI annual reporting requirements.


The Commission cautions that a July 2018 deadline for the Commission to "finalize" its internal processes in this area may not be feasible, recognizing that we anticipate delays in receiving county reports and that the Commission's analyses of those reports likely will evolve over time.

The third recommendation relates to the statewide evaluation of triage grants. The Commission agrees with the recommendation that our evaluation strategy should include the development of statewide metrics. In January, the Commission authorized \$10 million to contract with a third party to perform statewide evaluations of the triage grants.

The evaluator will work closely with grantees and Commission staff to devise evaluation strategies that will yield important statewide value while still serving the needs of local decision-makers. Recognizing the complexity of this charge, it may not be feasible to establish shared metrics for all triage grants by July 2018. The Commission does expect that a clear evaluation strategy will be in place for each grant prior to July 2019.

Thank you again for the opportunity to provide feedback on the draft report. The Commission is very appreciative of the thorough nature of your staff's engagement in preparation of this work. Most importantly, we agree that state and local agencies can and should do better in service to the people of California.

Respectfully,



John Boyd, PsyD  
Chair



ALCOHOL, DRUG & MENTAL HEALTH SERVICES  
CAROL BURTON, MSW, INTERIM DIRECTOR

2000 Embarcadero Cove, Suite 400  
Oakland, California 94606  
(510) 567-8100 / TTY (510) 533-5018

February 9, 2018

Dear Ms. Elaine Howle, California State Auditor,

Enclosed is Alameda County's response to the draft audit report, titled "Mental Health Services Act: The State Could Better Ensure the Effective Use of Mental Health Services Act Funding".

If you have any questions please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Tracy Hazelton". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Tracy Hazelton, MPH  
MHSA Division Director  
Alameda County Behavioral Health Care Services Agency  
510-639-1285 Tracy.Hazelton@acgov.org

CC: Colleen Chawla, HCSA Director  
Carol Burton, BHCS Interim Director  
James Wagner, BHCS Deputy Director



## Alameda County's Audit Response

### **Auditor's Recommendations:**

To strengthen its monitoring of MHSA projects and ensure it spends MHSA funds appropriately, Alameda should develop and implement MHSA program monitoring guidelines to ensure staff appropriately perform and document their monitoring activities.

### **Alameda County's Response:**

Alameda County agrees with the auditor's comments. We will develop and implement MHSA program monitoring guidelines by having each MHSA program contract manager document the policies and procedures currently used to monitor their respective MHSA programs by June 30, 2018. We will then consolidate these documents into one user manual that will be available to all staff members via our website in FY 18/19. Revisions to the users' manual will be made as needed to ensure the manual is current at all times. The staff will be advised of all revisions.



# Mental Health Services Act (MHSA)

## Program and Fiscal Review

- I. **Date of On-site Review:** November 13, 2017
- II. **Date of Exit Meeting:** January 10, 2018
- III. **Review Team:** Jennifer Bruggeman, Windy Taylor
- III. **Name of Program/Plan Element:** Child Abuse Prevention Council (CAPC)  
2120 Diamond Blvd #120  
Concord, CA 94520
  - Nurturing Parent Program
- IV. **Program Description.** The *Nurturing Parent Program* of Child Abuse Prevention Council (CAPC) is a Prevention program within the category of **Prevention & Early Intervention (PEI)** programs funded through the Mental Health Services Act (MHSA). Per draft regulations put forth by the Mental Health Services Oversight and Accountability Commission (MHSOAC), a Prevention program is a “set of related activities to reduce risk factors for developing a potentially serious mental illness and to build protective factors.” In light of widely accepted research, such as the “Adverse Childhood Experiences Study” that links childhood trauma with negative health and mental health outcomes later in life, the PEI regulations include as examples of risk factors for developing mental illness “adverse childhood experiences” and “family conflict or domestic violence.” Protective factors include healthy bonds within families and the connectedness of vulnerable families to the wider community and community resources. The goals of a prevention program should include the “reduction of applicable negative outcomes listed in the Welfare and Institutions Code Section 5840, subdivision (d) for individuals and members of groups of populations whose risk of developing a serious mental illness is significantly higher than average, and, as applicable, their parents, caregivers, and other family members.” The referenced list of negative outcomes includes suicide, incarcerations, school failure or drop out, unemployment, prolonged suffering, homelessness, and removal of children from their homes.

In accordance with the community program planning process, the original three-year PEI plan for Contra Costa Behavioral Health Services (CCBHS), approved in 2009, set the goal of supporting families within communities that are

disproportionately affected by higher rates of poverty, school drop-out, and involvement in juvenile justice and child and family services programs.

The **Child Abuse Prevention Council** is an organization located in Concord that is focused on preventing maltreatment of children through providing education programs and family support services, linking families to community resources, mentoring, and steering county-wide collaborative initiatives. Prevention services consist of providing four *Nurturing Parenting* classes per fiscal year to Spanish speaking families in Central and East County. The Nurturing Parenting Program is a 22-week curriculum that helps families develop new communication skills, alter behavioral patterns, and strengthen healthy family bonds. Sessions include joint sections for groups of whole families as well as sections for which parents and children are separated. Participants develop skills along five domains of parenting: 1) age-appropriate expectations, 2) empathy, bonding and attachment, 3) non-violent nurturing discipline, 4) self-awareness and self-worth, and 5) empowerment, autonomy & independence. The Nurturing Parenting Programs are listed in the National Registry of Evidenced-Based Programs and Practices.

**V. Purpose of Review.** Contra Costa Behavioral Health Services (CCBHS) is committed to evaluating the effective use of funds provided by the Mental Health Services Act. Toward this end, a comprehensive program and fiscal review was conducted of the above program. The results of this review are contained herein, and will assist in: a) improving the services and supports that are provided, b) more efficiently support the County’s MHSA Three Year Program and Expenditure Plan, and c) ensure compliance with statute, regulations and policy. In the spirit of continually working toward better services we most appreciate this opportunity to collaborate together with the staff and clients participating in this program/plan element in order to review past and current efforts, and plan for the future.

**VI. Summary of Findings.**

Topic	Met Standard	Notes
1. Deliver services according to the values of the MHSA	Yes	Services are community based and provided in a culturally competent manner.
2. Serve the agreed upon target	Yes	Services are provided to



population.		underserved communities.
3. Provide the services for which funding was allocated.	Yes	All MHSA funds directly support the prevention program.
4. Meet the needs of the community and/or population.	Yes	The program is consistent with community planning process and prevention strategies.
5. Serve the number of individuals that have been agreed upon.	Yes	Targeted service numbers are reached.
6. Achieve the outcomes that have been agreed upon.	Yes	Measures of success are met.
7. Quality Assurance	Yes	Program participants testified to high quality of services.
8. Ensure protection of confidentiality of protected health information.	Yes	Program has put measures in place to be consistent with regulations.
9. Staffing sufficient for the program	Yes	Staffing levels are sufficient.
10. Annual independent fiscal audit	Yes	No material or significant weaknesses were noted for FY 14/15. Awaiting 2016 external audit.
11. Fiscal resources sufficient to deliver and sustain the services	Yes	The Child Abuse Prevention Council has significant net assets to withstand significant revenue interruptions.
12. Oversight sufficient to comply with generally accepted accounting principles	Yes	Experienced staff implement sound checks and balance system.
13. Documentation sufficient to support invoices	Yes	Uses established software program with appropriate supporting documentation protocol.
14. Documentation sufficient to support allowable expenditures	Yes	Method of accounting for personnel time and operating costs appear to be supported.
15. Documentation sufficient to support expenditures invoiced in appropriate fiscal year	Yes	No billings noted for previous fiscal year expenses.
16. Administrative costs sufficiently	Yes	All Indirect charged to

justified and appropriate to the total cost of the program		program costs.
17. Insurance policies sufficient to comply with contract	Yes	Necessary insurance is in place.
18. Effective communication between contract manager and contractor	Yes	Regular contact between manager and contractor.

**VII. Review Results.** The review covered the following areas:

**1. Deliver services according to the values of the Mental Health Services Act**

(California Code of Regulations Section 3320 – MHSA General Standards).

Does the program/plan element collaborate with the community, provide an integrated service experience, promote wellness, recovery and resilience, be culturally competent, and be client and family driven?

**Method.** Participant and service provider interviews, and consumer surveys.

The following table summarizes the survey results:

Questions	Responses: 22										
<b>Please indicate how strongly you agree or disagree with the following statements regarding persons who work with you:</b> <i>(Options: strongly agree, agree, disagree, strongly disagree, I don't know)</i>	<table border="1"> <thead> <tr> <th>Strongly Agree</th> <th>Agree</th> <th>Disagree</th> <th>Strongly Disagree</th> <th>I Don't Know</th> </tr> </thead> <tbody> <tr> <td>4</td> <td>3</td> <td>2</td> <td>1</td> <td>0</td> </tr> </tbody> </table>	Strongly Agree	Agree	Disagree	Strongly Disagree	I Don't Know	4	3	2	1	0
	Strongly Agree	Agree	Disagree	Strongly Disagree	I Don't Know						
	4	3	2	1	0						
1. Help me improve my health and wellness	Average score: 3.54 ( <i>n</i> =22) “ <i>n</i> ” denotes the number of respondents who scored the item between 1 and 4. The remainder of respondents either did not score or scored “I don't know.”										
2. Allow me to decide my own strengths and needs.	Average score: 3.52 ( <i>n</i> =21)										
3. Work with me to determine the services that are most helpful.	Average score: 3.45 ( <i>n</i> =22)										
4. Provide services that are sensitive to my cultural background.	Average score: 3.33 ( <i>n</i> =21)										
5. Provide services that are in my preferred language.	Average score: 3.77 ( <i>n</i> =22)										
6. Help me in getting	Average score: 3.35 ( <i>n</i> =20)										

needed health, employment, education and other benefits and services.	
7. Are open to my opinions as to how services should be provided.	Average score: 3.38 (n=21)
8. What does this program do well?	<p>Answers included the following statements:</p> <ul style="list-style-type: none"> <li>• Always makes me feel welcome</li> <li>• Family development resource for being a better parent</li> <li>• I can bring my child and we can come together as a family. Subject matter is informative and they help us become better parents</li> <li>• Respect</li> <li>• Confidence in talking more about the subject</li> <li>• How a child's brain develops and how abuse affects children and their brain development</li> <li>• They allow me to concentrate in class because they provide childcare</li> <li>• The people who are well trained on the subject matter</li> <li>• I like the easy and practical way the lessons are explained, the examples are simple, practical and easy to implement with children, and for families to follow the examples to raise their family based on love</li> <li>• Everything – how to be better parents, understand our children, share different perspectives, good advice is given, program is easy to follow and understand, teachers are great</li> </ul>
9. What does this program need to improve upon?	<p>Answers included the following statements:</p> <ul style="list-style-type: none"> <li>• More variety of classes throughout the year</li> <li>• There is not much publicity about the program</li> <li>• Many families do not want to be in the program for five months</li> <li>• For me, everything was perfect</li> <li>• Revise and update the book/materials</li> <li>• I think everything is very good, and the people who instruct the workshop are very professional</li> </ul>
10. What needed services	Answers included the following statements:

<p>and supports are missing?</p>	<ul style="list-style-type: none"> <li>• More variety of classes throughout the year</li> <li>• There is not much publicity about the program</li> <li>• Many families do not want to be in the program for five months</li> <li>• For me, everything was perfect</li> <li>• Revise and update the book/materials</li> <li>• I think everything is very good, and the people who instruct the workshop are very professional</li> </ul>											
<p>11. How important is this program in helping you improve your health and wellness, live a self-directed life, and reach your full potential. (Options: very important, important, somewhat important, not important)</p>	<table border="1"> <tr> <td>Very Important</td> </tr> <tr> <td>4</td> </tr> </table>	Very Important	4	<table border="1"> <tr> <td>Important</td> </tr> <tr> <td>3</td> </tr> </table>	Important	3	<table border="1"> <tr> <td>Somewhat Important</td> </tr> <tr> <td>2</td> </tr> </table>	Somewhat Important	2	<table border="1"> <tr> <td>Not Important</td> </tr> <tr> <td>1</td> </tr> </table>	Not Important	1
Very Important												
4												
Important												
3												
Somewhat Important												
2												
Not Important												
1												
<p>Average score: 3.5 (n=33)</p>												
<p>12. Any additional comments?</p>	<p>Answers included the following statements:</p> <ul style="list-style-type: none"> <li>• This program helps us become better parents and give our children respect</li> <li>• Thank you for providing the resources for us parents to continue to improve on the beautiful mission of parenting and nurturing</li> <li>• Awesome program, can't wait to finish and see what I will learn for the betterment of myself and my family</li> </ul>											

**Discussion.** Staff and participants both noted that a higher number of couples are enrolling in the parenting classes. They expressed that having an opportunity to attend the class with their partner was an invaluable experience. The fact that child care and dinner for the whole family are provided makes the class much more accessible for families, as noted in many of the comments made by participants. The classes are offered using multimodal teaching strategies (including exercises and role plays), as well as being culturally appropriate and inclusive. The material is presented in a way that parents are able to easily understand and find value in. Participants are able to learn transformative skills that improve family functioning, as well as develop social connections with peers.

**Results.** Interviews were conducted with three program participants who recently completed the Nurturing Parenting classes, one program facilitator, and one program supervisor. A twelve question survey was given to consumers prior to the site visit. Survey questions provided the opportunity to rate the program

on MHSA general standards and the importance of the program for the participants, as well as to answer open ended questions. Twenty-two surveys were completed.

- 2. Serve the agreed upon target population.** As a Prevention and Early Intervention funded program, does the CAPC/Nurturing Parenting program prevent the development of a serious mental illness or serious emotional disturbance, and help reduce disparities in services? Does the program serve the agreed upon target population of parents of underserved Hispanic communities?

**Method.** Compare the program description and/or service work plan with a random sampling of client charts or case files.

**Discussion.** Services are provided to parents who are referred by agencies such as First Five, Head Start and WIC. Participation in the Nurturing Parenting Program is voluntary. MHSA funded classes in East and Central County are conducted in Spanish, to meet the needs of participants. The program employs bi-lingual / bi-cultural staff to facilitate the Nurturing Parenting Classes.

**Results.** The program serves the agreed upon target population by providing free parenting classes at two locations. Classes are conducted in a culturally appropriate manner that is inclusive of the whole family.

- 3. Provide the services for which funding was allocated.** Does the program provide the number and type of services that have been agreed upon?

**Method.** Compare the service work plan or program service goals with regular reports and match with case file reviews and client/family member and service provider interviews.

**Discussion.** Monthly service summaries as well as semi-annual and annual reports show that the program has consistently provided four 22-week Nurturing Parenting classes per year in East and Central County since the contract was created in 2009. The program offers Nurturing Parenting classes in 13 locations. Two are funded by MHSA.

**Results.** MHSA funds that are directed to the agency cover expenditures associated with supporting the provision of the four Nurturing Parenting classes in East and Central County. The program is providing the services that have been agreed upon.

- 4. Meet the needs of the community and/or population.** Is the program meeting the needs of the population/community for which it was designed? Has the program been authorized by the Board of Supervisors as a result of a community

program planning process? Is the program consistent with the MHSA Three Year Program and Expenditure Plan?

**Method.** Research the authorization and inception of the program for adherence to the Community Program Planning Process. Match the service work plan or program description with the Three Year Plan. Compare with consumer/family member and service provider interviews. Review client surveys.

**Discussion.** This program was included in the original PEI plan that was approved in May 2009 and included in subsequent plan updates. The program has been authorized by the Board of Supervisors and is consistent with the current MHSA Three-Year Program and Expenditure Plan as well as the PEI regulations on prevention programs, and the goals of improving timely access to mental health services for underserved populations, specifically Spanish speaking families in East and Central County. Interviews with service providers and program participants support the notion that the program meets its goals and the needs of the community it serves. Two key program staff are current or former CCBHS employees, so they are well versed in recognizing signs of mental illness and know how to connect clients to county mental health clinics or other resources, should the need arise. The program employs a Spanish-speaking psychologist, Dr. Hector Rivera-Lopez, on a contract basis. He gives presentations to each class approximately once a month, or as appropriate. These are intended to reduce stigma around mental health, as well as educate families about how to access care.

**Results.** The program meets the needs of the community and the population for which it was designated.

5. **Serve the number of individuals that have been agreed upon.** Has the program been serving the number of individuals specified in the program description/service work plan, and how has the number served been trending the last three years?

**Method.** Match program description/service work plan with history of monthly reports and verify with supporting documentation, such as logs, sign-in sheets and case files.

**Discussion.** The Service Work Plan indicates that the program will serve 60 parents and children. During the 16-17 year, the program served 31 parents and 29 children, thus meeting their goal. However, they did encounter a new challenge around enrollment. Their annual report indicates that “parents are afraid to access services in the community” due to the political climate that has developed since the last presidential election. Staff is having to work harder to identify mental health resources for the families they serve, due to increased levels of anxiety and fear. In addition, enrollment in the Brentwood location has been tapering due to participants not being able to afford to live in this area and

public transportation being limited. As a result, the program will be attempting to re-locate this class to Oakley, where it will be more accessible.

**Results.** The program is serving the number of individuals that have been agreed upon.

6. **Achieve the outcomes that have been agreed upon.** Is the program meeting the agreed upon outcome goals, and how has the outcomes been trending?

**Method.** Match outcomes reported for the last three years with outcomes projected in the program description/service work plan, and verify validity of outcome with supporting documentation, such as case files or charts.

**Discussion.** The program identifies the following five outcome indicators: 1) Appropriate Expectations of Children; 2) Empathy, 3) Non-Violent Discipline; 4) Self-Awareness; and 5) Empowerment. Results of the pre- and post-tests given to participants indicate consistent trending in a positive direction and enhancement of these five protective factors to replace risk of abuse behavior with positive parenting skills.

**Results.** The program achieves the agreed upon outcomes.

7. **Quality Assurance.** How does the program assure quality of service provision?

**Method.** Review and report on results of participation in County's utilization review, quality management incidence reporting, and other appropriate means of quality of service review.

**Discussion.** Contra Costa County did not receive any grievances toward the program during the last three years.

**Results.** The program established an internal grievance process during the last program review.

8. **Ensure protection of confidentiality of protected health information.** What protocols are in place to comply with the Health Insurance Portability and Accountability Assurance (HIPAA) Act, and how well does staff comply with the protocol?

**Method.** Match the HIPAA Business Associate service contract attachment with the observed implementation of the program/plan element's implementation of a protocol for safeguarding protected patient health information.

**Discussion.** The program has established practices to ensure the privacy of client information. As a provider of free, voluntary parent education classes, they do not transmit or receive electronic data associated with the provision of health care services. Staff indicated that they review the policies around confidentiality as well as mandated reporting, with participants at the beginning of each new series of classes. Staff also indicated that they have safeguards for keeping

records secure, such as using a password protected database for pre- and post-test data. Only authorized personnel have access to confidential information.

**Results.** The program is in compliance with HIPAA regulations.

9. **Staffing sufficient for the program.** Is there sufficient dedicated staff to deliver the services, evaluate the program for sufficiency of outcomes and continuous quality improvement, and provide sufficient administrative support?

**Method.** Match history of program response with organization chart, staff interviews and duty statements.

**Discussion.** The program employs the following part-time staff to facilitate the Nurturing Parenting classes in East and Central County: 2 parent educators, 3 child care providers, and one supervisor. In addition, the program employs a Spanish speaking child psychologist, Dr. Hector Rivera-Lopez, who gives presentations to each class and is available for consultation, on a contract basis.

**Results:** Staffing is adequate to administer four 22-week classes per year.

10. **Annual independent fiscal audit.** Did the organization have an annual independent fiscal audit performed and did the independent auditors issue any findings?

**Method.** Obtain and review audited financial statements. If applicable, discuss any findings or concerns identified by auditors with fiscal manager. **Discussion.**

The Child Abuse Prevention Council of Contra Costa County, Inc.,(CAPC), is a non-profit corporation incorporated under the laws of California in 1984. CAPC provides services to parents and their children through an evidence-based curriculum of cultural, linguistic, and developmentally appropriate parent education. CAPC's purpose is to promote the safety of children and prevent child abuse and neglect in Contra Costa County.

**Results.** Annual independent fiscal audits for FY 2013-14, 14-15 and 15-16 were provided and reviewed. No material or significant findings were noted.

11. **Fiscal resources sufficient to deliver and sustain the services.** Does organization have diversified revenue sources, adequate cash flow, sufficient coverage of liabilities, and qualified fiscal management to sustain program or plan element?

**Method.** Review audited financial statements and Board of Directors meeting minutes. Interview fiscal manager of program.

**Discussion.** There were no issues identified in the Board of Director's minutes related to the program or organization's fiscal position. Their operating cash balance appears to be sufficient, and they have a daily process to track cash



flows. The organization is conservative with no line of credit, and they indicate that they have a reserve account with an equity ratio of 30%.

**Results.** Fiscal resources appear to be sufficient to deliver and sustain services.

12. **Oversight sufficient to comply with generally accepted accounting principles.** Does organization have appropriate qualified staff and internal controls to assure compliance with generally accepted accounting principles?

**Method.** Interview with fiscal manager.

**Discussion.** The Chief Financial Officer, Wilma Holgerson, and Accounting Manager, Lisa Heinrich, were interviewed. Wilma is a licensed CPA and has a background in non-profit accounting. She trained Lisa on payroll and monthly demand procedures. Both maintain that there is a segregation of financial duties and are cross trained on these various responsibilities. The organization uses QuickBooks software program to track personnel time recordings and aggregation to enable accurate summaries for billings and payments.

**Results.** Sufficient oversight exists to enable compliance with generally accepted accounting principles.

13. **Documentation sufficient to support invoices.** Do the organization's financial reports support monthly invoices charged to the program and ensure no duplicate billing?

**Method.** Reconcile financial system with monthly invoices. Interview fiscal manager of program.

**Discussion.** A randomly selected invoice for each of the last three years was matched with supporting documentation provided by the agency. A clear and accurate connection was established between documented hours worked and invoices.

**Results.** Uses established software program with appropriate supporting documentation protocol to ensure no duplicate billing occurs.

14. **Documentation sufficient to support allowable expenditures.** Does organization have sufficient supporting documentation (payroll records and timecards, receipts, allocation bases/statistics) to support program personnel and operating expenditures charged to the program?

**Method.** Match random sample of one month of supporting documentation for each fiscal year (up to three years) for identification of personnel costs and operating expenditures invoiced to the county.

**Discussion.** Personnel costs reflect staff time based on total amount of allocated hours worked for each program. The accounting system and spreadsheets used

by the program and the associated supporting documentation ensure expenses are tracked and reported appropriately.

**Results.** Method of allocation of percentage of personnel time and operating costs appear to be sufficient to support allowable expenses.

15. **Documentation sufficient to support expenditures invoiced in appropriate fiscal year.** Do organization's financial system year end closing entries support expenditures invoiced in appropriate fiscal year (i.e., fiscal year in which expenditures were incurred regardless of when cash flows)?

**Method.** Reconcile year end closing entries in financial system with invoices. Interview fiscal manager of program.

**Discussion.** The program maintains accounting policies on how to treat month and year end transactions.

**Results.** CAPC appears to be implementing an appropriate year end closing system.

16. **Administrative costs sufficiently justified and appropriate to the total cost of the program.** Is the organization's allocation of administrative/indirect costs to the program commensurate with the benefit received by the program?

**Method.** Review methodology and statistics used to allocate administrative/indirect costs. Interview fiscal manager of program.

**Discussion.** CAPS produced its methodology that justifies the 15% indirect rate charged to the contract. The controller indicated indirect costs are allocated to the different programs based on actual personnel hours associated to each program.

**Results.** At 15% the indirect rate appears justified and reasonable.

17. **Insurance policies sufficient to comply with contract.** Does the organization have insurance policies in effect that are consistent with the requirements of the contract?

**Method.** Review insurance policies.

**Discussion.** The program provided valid proof of insurance covering automotive, general and professional liability, and property coverage.

**Results.** The program is in compliance with insurance requirements.

18. **Effective communication between contract manager and contractor.** Do both the contract manager and contractor staff communicate routinely and clearly regarding program activities, and any program or fiscal issues as they arise?

**Method.** Interview contract manager and contractor staff.

**Discussion.** The program has been submitting invoices, cost reports, and monthly and semi-annual service reports in a timely fashion. Program staff and contract manager meet on an as needed basis to discuss concerns and issues as they may arise. Program staff participates in quarterly PEI provider meetings.

**Results.** The program has good communication with the contract manager and is willing to address any issues as they may arise.

**VIII. Summary of Results.**

Child Abuse Prevention Council (CAPC) is a well-run organization with the clear focus on reducing the incidence of child abuse in Contra Costa County by providing parent education and other family supports. The program adheres to the principles of MHSA by providing culturally and linguistically appropriate services to underserved communities. Services are aimed at reducing risk factors for developing serious emotional disturbance and mental illness by increasing family bonds and family functioning, and reducing the risk of child maltreatment through non-stigmatizing evidenced based parenting classes. Consumers overwhelmingly endorsed the positive impact of the Nurturing Parenting Program on their families and the wider community. Staff running the classes are all experienced, long-time employees who are passionate about their work. The fiscal administration of the program and revenue sources are all sound.

**IX. Findings for Further Attention.**

Due to decreasing enrollment in the Brentwood location, the program will be re-locating this class in the upcoming year, to create greater accessibility for participants.

**X. Next Review Date. 2020**

**XI. Appendices.**

Appendix A – Program Description/Service Work Plan

Appendix B – Service Provider Budget

Appendix C – Yearly External Fiscal Audit

Appendix D – Organization Chart

**XII. Working Documents that Support Findings.**

Consumer Listing

Consumer, Family Member Surveys

Consumer, Family Member, Provider Interviews

County MHSA Monthly Financial Report

Progress Reports, Outcomes

Monthly Invoices with Supporting Documentation (Contractor)

Indirect Cost Allocation Methodology/Plan (Contractor)

Board of Directors' Meeting Minutes (Contractor)

Insurance Policies (Contractor)

MHSA Three Year Plan and Update(s)

**SERVICE WORK PLAN**

Agency: The Child Abuse Prevention Council of Contra Costa

Name of Project: The Nurturing Parenting Program

Fiscal Year: July 2017- June 2018

**I. Scope of Services**

The Child Abuse Prevention Council of Contra Costa will provide an evidence-based curriculum of culturally, linguistically, and developmentally appropriate, Spanish speaking families in East County, and Central County's Monument Corridor. Four classes will be provided for 15 parents each session and approximately 15 children each session 0-12 years of age. The 22 week curriculum will immerse parents in ongoing training, free of charge, designed to build new skills and alter old behavioral patterns intended to strengthen families and support the healthy development of their children in their own neighborhoods.

The dates of the four classes are:

- East County – July 2017-December 2017
- East County- Jan 2018- June 2018
- Central – July 2017 –Dec 2017
- Central – Jan 2018- June 2018

**II. Types of Mental Health Services/Other Service-Related Activities**

During the term of this contract, the Child Abuse Prevention Council of Contra Costa will assist Contra Costa Behavioral Health Services (CCBHS) in implementing the Mental Health Services Act (MHSA), by providing Prevention and Early Intervention services to support healthy parenting skills. Nurturing Parenting staff will be provided with additional training in the Nurturing Parenting curriculum as well as in trauma informed practices. In addition, Dr. Hector Rivera-Lopez will facilitate two 1.5 parent group presentations per session at each site. Dr. Rivera will educate, raise mental health awareness and will offer guidance to parents to help identify early signs of mental health illness or behavioral challenges. Dr. Rivera will offer support and education to parents in understanding mental health illness to help decrease stigma of accessing mental health services. Dr. Rivera-Lopez will evaluate and assess individuals who may struggle with identifying or accepting mental health needs. Dr. Rivera-Lopez will collaborate with the CAPC supervisor to link and refer participants interested in receiving mental/behavioral health support. In addition to presentations Dr. Rivera-Lopez will be available to parents and their children to provide individual sessions to best support and provide linkage to resources in the community that will meet their needs. Dr. Hector Rivera-Lopez has 30+ years of experience offering mental health services to the Latino community, and is a most respected professional within the Latino community.

**III. Program Facilities/Hours of Operation /Staffing**

**A. Program Facilities Location**

2120 Diamond Blvd. # 120  
Concord, CA 94520

Services will be provided at the following off-site locations:

- Brentwood First Five Center 760 First Street, Brentwood, 94513
- Monument Community First 5, 1736 Clayton Rd., Concord 94520

**B. Contact Person, Phone Number, and Email**

Carol Carrillo, MSW, Executive Director  
925-798-0546 capccarol@gmail.com

**C. Program Hours of Operation**

The Child Abuse Prevention Council of Contra Costa will provide services between the hours of 9:00 a.m.–5:00 p.m., Monday thru Friday with some scheduled evening and weekend hours.

**D. Program Staffing (including staffing pattern)**

Initials: \_\_\_\_\_  
County / Contractor

## SERVICE WORK PLAN

Agency: The Child Abuse Prevention Council of Contra Costa  
Name of Project: The Nurturing Parenting Program  
Fiscal Year: July 2017- June 2018

Number: \_\_\_\_\_

Contractor will employ a minimum of 1.175 FTE to provide direct services.

#### **IV. Volume of Services to be Provided**

Contractor will provide services to 60 unduplicated parents and approximately 60 unduplicated children participants on an annual basis. Contractor shall attach to the billing a Monthly Contract Service /Expenditure Summary (Form: MHP029) with the total number of services provided for the month and the additional unduplicated (for the year) number of clients served during the month.

#### **V. Billing Procedure**

Contractor shall submit a Demand for Payment (Form: D15.19) for services rendered to Contra Costa Mental Health. Contractor shall attach to the billing a Monthly Contract Service/Expenditure Summary (Form: MHP029) with actual expenditure information for the billing period.

Demands for payment should be submitted by mail to:

Contra Costa Behavioral Health Services  
1340 Arnold Drive, Suite 200  
Martinez, CA 94553  
Telephone: (925) 957-5118  
Fax: (925) 957-5156

#### **VI. Outcome Statements**

A. Increase in positive parenting skills in the following five areas:

1. Appropriate expectations of children
2. Increase in empathy
3. Reduction in physical punishment
4. Reducing role reversal
5. Understanding appropriate developmental power and independence

B. Increase in competence and confidence in parenting for each parent in attendance.

C. Protective factors are well established for parents upon graduation from the program.

#### **VII. Measures of Success**

Contractor will track the following MHSA outcome measures:

- A. The average group score on four out of five targeted parenting constructs will show improvement between pre- and post- test on the AAPI.
- B. 80% of total instruction hours to parents and children (3,225 hours) in East County
- C. 80% of total instruction hours to parents and children (3,300 hours) in Central County.
- D. The year-end report will include a summary report on referrals of 'at risk' individuals in need for further mental health supports to clinical and other mental health supports.

#### **VIII. Measurement/Evaluation Tools**

Contractor will provide documentation of measure outcomes using the following tools:

Initials: \_\_\_\_\_  
County / Contractor

## SERVICE WORK PLAN

Agency: The Child Abuse Prevention Council of Contra Costa  
Name of Project: The Nurturing Parenting Program  
Fiscal Year: July 2017- June 2018

Number: \_\_\_\_\_

- A. Evidence-based AAPI pre- and post- test administered to parents during the first weeks of the class and again during the last weeks of the class; used to determine an increase in parenting skills. The test is comprised of 40 questions designed to measure the risk factors that have been addressed in the course of the curriculum:
1. Nurturing and attachment
  2. Knowledge of parent and child development
  3. Parental resilience
  4. Social connections
  5. Support for parents

### **IX. Reports Required**

Contractor is asked to complete and submit semi-annual reports on 02/15/2018 and 08/15/2018 to document the program's services and progress, track statistical information (i.e. age, gender, ethnicity, language, and client residence) of the target population(s) actually served, and report on outcomes as defined by the Contractor and approved by the County during contract award and negotiation process.

Please submit all evaluation reports via email to:

Contra Costa Behavioral Health Services  
1340 Arnold Drive, Suite 200  
Martinez, CA 94553  
Telephone: (925) 957-5118  
Fax: (925) 957-5156

### **X. Other**

Promotional materials for the program should identify the funding source: "Funded by the Mental Health Services Act in partnership with Contra Costa Behavioral Health Services". Contractor must attend the Regional Roundtable meetings sponsored by Contra Costa Behavioral Health Services.

Initials: \_\_\_\_\_  
County / Contractor

Appendix B - Service Provider Budget

<b>CONTRA COSTA MENTAL HEALTH -- MHSA -- Prevention &amp; Early Intervention</b> <b>Budget Worksheet -- 7/1/2017 - 6/30/2021</b>						
<b>Project: Empowerment -- LGBTQ Youth Development in East County</b>						
<b>Applicant Name: CENTER FOR HUMAN DEVELOPMENT</b>		<b>Date: 12/9/2016</b>				
		<b>Total Year 1 Request:</b>		<b>\$81,649</b>		
		<b>Total Year 2 Request:</b>		<b>\$83,916</b>		
		<b>Total Year 3 Request:</b>		<b>\$86,079</b>		
<i>Note: Any funds going to a collaborating agency must be clearly identified in Budget Narrative</i>						
		Previous Year MHA Budget	YEAR 1 2017-2018 Budget	YEAR 2 2018-2019 Budget	YEAR 3 2020-2021 Budget	
<b>A. Expenditures</b>						
<b>1. Staffing</b>						
0.075 Existing	Program Director (ED)	1,975	6,096	6,279	6,467	ED will assume responsibilities of Site Director
- Existing	Site Director	4,484	-	-	-	This role discontinued
1.00 Existing	Program Coordinator II	23,762	35,643	36,712	37,814	Includes 5% incr Year 1 for existing staff to work more independently
0.100 TBD	Program Assistant	500	2,808	2,892	2,979	Share of cost for administrative support
	<u>Subtotal</u>	<u>30,222</u>	<u>44,547</u>	<u>45,883</u>	<u>47,260</u>	
	Employee Benefits <i>25% of salary costs</i>	6,044	11,137	11,471	11,815	
	<b>Total Personnel Expenditures (Salaries plus Benefits)</b>	<b>\$36,266</b>	<b>\$55,684</b>	<b>\$57,354</b>	<b>\$59,075</b>	
	<b>Other Personnel Costs</b>					
a.	Consultant - clinical supervision	500	500	500	500	
b.	Consultant - focus group facilitation/evaluation	500	500	600	600	Share of cost incr to \$60 per hr in year 2
c.	Stipends for youth leaders	800	1,250	1,250	1,200	Stipends for 2 peer leaders @ \$600 per yr.
	<b>Total Other Personnel Costs</b>	<b>1,800</b>	<b>2,250</b>	<b>2,350</b>	<b>2,300</b>	
<b>3. Operating Expenditures</b>						
a.	Travel and Transportation	2,400	2699	2699	2699	Assume \$220.75 per mo.+ \$50
b.	General Office Expenditures - including postage	330	330	340	350	Assume .03% incr per yr.
c.	Facility rental & maintenance	2,400	3,744	3,931	4,128	2 FTE per 120 sq. ft. @ 1.30 sq. ft., assuming .5 incr per yr.
d.	Communications Expense - phone, fax, internet	1,000	1,000	1,000	1,000	Assume facility move IT cost
e.	Other Operating Expenses					
	Printing/Copying	200	500	500	500	Colateral materials for outreach per expanded activities
	Program expenses - outreach, food, beverages, incentives	2,800	2,800	2,800	2,800	
	Conferences/Staff Development	250	250	250	250	
	Audit	930	1,395	1,395	1,395	Increase 50% per 2 FTE
	Insurance	180	234	234	234	Adjust 30%
	Payroll Processing	110	113	117	120	
	<b>Total Operating Expenditures</b>	<b>\$10,600</b>	<b>\$13,065</b>	<b>\$13,266</b>	<b>\$13,476</b>	
<b>4. Administrative Costs</b>						
a.	Overhead <i>15%</i>	<b>\$4,869</b>	<b>\$10,650</b>	<b>\$10,946</b>	<b>\$11,228</b>	
	<b>Total Proposed Budget</b>	<b>\$53,535</b>	<b>\$81,649</b>	<b>\$83,916</b>	<b>\$86,079</b>	
<b>B. Other Revenue (estimated)</b>						
a.	Medi-Cal	0	0	0	0	
b.	Other: Donations	1,000	1,000	1,000	1,000	
c.	Other: Grant Funding	5,000	2,500	2,500	2,500	
	<b>Total Other Revenue</b>	<b>\$6,000</b>	<b>\$3,500</b>	<b>\$3,500</b>	<b>\$3,500</b>	
<b>C. Total MHA Operational Funds Requested</b>						
		<b>\$53,560</b>	<b>\$81,649</b>	<b>\$83,916</b>	<b>\$86,079</b>	
<b>In-Kind Applied to Project</b>						
<b>Describe</b>		<b>Estimated Value</b>				
	Meeting space at various community sites	\$2,000	\$2,000	\$2,000	\$2,000	
	Unfunded share of cost for Program Assistant	1,515	\$1,515	\$1,515	\$1,515	
	<b>Total In-Kind</b>	<b>\$3,515</b>	<b>\$3,515</b>	<b>\$3,515</b>	<b>\$3,515</b>	
	<b>Total</b>	<b>\$63,050</b>	<b>\$88,664</b>	<b>\$90,930</b>	<b>\$93,093</b>	



**CHILD ABUSE PREVENTION COUNCIL  
OF CONTRA COSTA COUNTY, INC.  
With Independent Auditor's Report Thereon  
FOR THE YEAR ENDED JUNE 30, 2016  
(With Summarized Financial Information  
For The Year Ended June 30, 2015)**

**CHILD ABUSE PREVENTION COUNCIL  
OF CONTRA COSTA COUNTY, INC.  
JUNE 30, 2016**

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Child Abuse Prevention Council  
of Contra Costa County, Inc.  
Concord, California

We have audited the accompanying statement of financial position of the Child Abuse Prevention Council of Contra Costa County, Inc., as of June 30, 2016, with summarized financial information as of June 30, 2016, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors  
Child Abuse Prevention Council  
of Contra Costa County, Inc.  
Concord, California

***Opinion***

In our opinion, the combining financial statements referred to above present fairly, in all material respects, the financial position of the Child Abuse Prevention Council of Contra Costa County, Inc., as of June 30, 2016, and changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Fechter & Company,  
Certified Public Accountants

A handwritten signature in cursive script that reads "Fechter & Company, CPAs". The signature is written in black ink and is positioned above the printed name of the firm.

Sacramento, California

November 16, 2016

**CHILD ABUSE PREVENTION COUNCIL  
OF CONTRA COSTA COUNTY, INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2016**

**(With Summarized Financial Information for the Year Ended June 30, 2015)**

<b>ASSETS</b>	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL 2016</u>	<u>SUMMARIZED TOTAL 2015</u>
<b><u>CURRENT ASSETS</u></b>				
Cash and cash equivalents (Note 4 & 5)	\$ 274,564	\$ -	\$ 274,564	\$ 381,571
Accounts and grants receivable (Note 6)	295,046	-	295,046	208,038
Inventory	-	10,475	10,475	9,413
Prepaid expenses	28,711	-	28,711	3,424
<b>TOTAL CURRENT ASSETS</b>	<b>598,321</b>	<b>10,475</b>	<b>608,796</b>	<b>602,446</b>
Furniture and Equipment, net (Note 7)	1,711	-	1,711	3,030
Deposits	1,793	-	1,793	6,496
<b>TOTAL ASSETS</b>	<b>\$ 601,825</b>	<b>\$ 10,475</b>	<b>\$ 612,300</b>	<b>\$ 611,972</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>				
<b><u>CURRENT LIABILITIES</u></b>				
Accounts payable	41,972	-	41,972	8,141
Accrued earned time off (Note 2)	48,772	-	48,772	37,052
Deferred revenue (Note 8)	4,310	-	4,310	60,437
<b>TOTAL CURRENT LIABILITIES</b>	<b>95,054</b>	<b>-</b>	<b>95,054</b>	<b>105,630</b>
<b><u>NET ASSETS</u></b>				
Unrestricted	506,771	-	506,771	496,929
Temporarily restricted	-	10,475	10,475	9,413
<b>TOTAL NET ASSETS</b>	<b>506,771</b>	<b>10,475</b>	<b>517,246</b>	<b>506,342</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 601,825</b>	<b>\$ 10,475</b>	<b>\$ 612,300</b>	<b>\$ 611,972</b>

**CHILD ABUSE PREVENTION COUNCIL  
OF CONTRA COSTA COUNTY, INC.  
STATEMENT OF ACTIVITIES  
JUNE 30, 2016**

**(With Summarized Financial Information for the Year Ended June 30, 2015)**

SUPPORT AND REVENUE	UNRESTRICTED		TEMPORARILY RESTRICTED					TOTAL		SUMMARIZED	
	Fund	Baby Bags	Community Education	Parent Partner	Nurturing Parent Center Based	Nurturing Parenting Connection	Child Safety Awareness	TEMPORARILY RESTRICTED	TOTAL 2016	TOTAL 2015	
<b>SUPPORT:</b>											
Corporations and foundations	\$ 121,000	\$ -	\$ -	\$ -	\$ 20,000	\$ 36,000	\$ 10,000	\$ 66,000	\$ 187,000	\$ 157,951	
Individuals	35,933	-	350	-	-	5,677	-	6,027	41,960	57,149	
In-kind donations	24,164	-	-	-	-	-	-	-	24,164	57,871	
Fundraising	72,323	-	-	-	-	-	-	-	72,323	132,384	
<b>TOTAL SUPPORT</b>	<b>253,420</b>	<b>-</b>	<b>350</b>	<b>-</b>	<b>20,000</b>	<b>41,677</b>	<b>10,000</b>	<b>72,027</b>	<b>325,447</b>	<b>405,355</b>	
<b>REVENUE:</b>											
Government contracts	-	124,256	55,200	686,624	186,828	5,000	-	1,057,908	1,057,908	1,074,998	
Program service revenue	-	-	-	-	-	-	276,191	276,191	276,191	-	
Rental income	6,000	-	-	-	-	-	-	-	6,000	2,000	
Interest income	1,426	-	-	-	-	-	-	-	1,426	1,113	
<b>TOTAL REVENUE</b>	<b>7,426</b>	<b>124,256</b>	<b>55,200</b>	<b>686,624</b>	<b>186,828</b>	<b>5,000</b>	<b>276,191</b>	<b>1,334,099</b>	<b>1,341,525</b>	<b>1,078,111</b>	
Net Assets Released From Restrictions	1,405,064	(123,194)	(55,550)	(686,624)	(206,828)	(46,677)	(286,191)	(1,405,064)	-	-	
<b>TOTAL SUPPORT AND REVENUE</b>	<b>1,665,910</b>	<b>1,062</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,062</b>	<b>1,666,972</b>	<b>1,483,466</b>	
<b>EXPENSES</b>											
Program services	1,279,153	-	-	-	-	-	-	-	1,279,153	1,111,293	
Management and general	215,892	-	-	-	-	-	-	-	215,892	167,615	
Fundraising	161,019	-	-	-	-	-	-	-	161,019	194,566	
<b>TOTAL EXPENSES</b>	<b>1,656,064</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,656,064</b>	<b>1,473,474</b>	
<b>CHANGES IN NET ASSETS</b>	<b>\$ 9,846</b>	<b>\$ 1,062</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,062</b>	<b>\$ 10,908</b>	<b>\$ 9,992</b>	

**CHILD ABUSE PREVENTION COUNCIL  
OF CONTRA COSTA COUNTY, INC.  
STATEMENT OF CASH FLOWS  
JUNE 30, 2016**

**(With Summarized Financial Information for the Year Ended June 30, 2015)**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL 2016</u>	<u>TOTAL 2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Changes in Net Assets	\$ 9,846	\$ 1,062	\$ 10,908	\$ 9,992
Adjustment to reconcile change in net assets to cash (used) by operating activities				
Depreciation	1,319	-	1,319	1,319
<b>CHANGES IN CURRENT ASSETS AND CURRENT LIABILITIES</b>				
(Increase) decrease in accounts and contracts receivable	(87,012)	-	(87,012)	(40,614)
(Increase) decrease in prepaid expenses	(25,287)	-	(25,287)	13,180
(Increase) decrease in inventory	-	(1,062)	(1,062)	(1,653)
(Increase) decrease in deposits	4,703	-	4,703	4,621
Increase (decrease) in accounts payable	33,831	-	33,831	(32,305)
Increase (decrease) in accrued vacation	11,720	-	11,720	2,678
Increase (decrease) in deferred revenue	(56,127)	-	(56,127)	3,098
<b>NET CASH (USED) BY OPERATING ACTIVITIES</b>	<u>(118,172)</u>	<u>(1,062)</u>	<u>(119,234)</u>	<u>(50,995)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Equipment purchases	-	-	-	(2,190)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,190)</u>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(118,172)	(1,062)	(119,234)	(12,236)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>381,571</u>	<u>-</u>	<u>381,571</u>	<u>393,807</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 263,399</u>	<u>\$ (1,062)</u>	<u>\$ 262,337</u>	<u>\$ 381,571</u>

**CHILD ABUSE PREVENTION COUNCIL  
OF CONTRA COSTA COUNTY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
JUNE 30, 2016**

**(With Summarized Financial Information for the Year Ended June 30, 2015)**

	Baby Bags	Community Education	Parent Partner	Nurturing Parenting Center Based	Nurturing Parenting Connection	Child Safety Awareness	TOTAL PROGRAMS	SUPPORT		TOTAL SUPPORT	TOTAL 2016	SUMMARIZED TOTAL 2015
								Administration	Fundraising			
<b>PERSONNEL</b>												
Salaries	\$ 36,327	\$ 59,267	\$ 504,285	\$ 108,086	\$ 60,882	\$ 155,357	\$ 924,205	\$ 155,750	\$ 91,245	\$ 246,995	\$ 1,171,200	\$ 985,910
Payroll taxes	3,321	4,986	43,538	11,676	5,861	14,411	83,793	12,937	7,666	20,603	104,396	85,823
Employee benefits	(626)	920	11,160	3,220	949	2,346	17,969	2,060	1,190	3,250	21,219	7,663
Contract services	-	-	-	-	-	-	-	9,354	675	10,029	10,029	12,881
<b>TOTAL PERSONNEL</b>	<b>39,022</b>	<b>65,173</b>	<b>558,983</b>	<b>122,982</b>	<b>67,692</b>	<b>172,114</b>	<b>1,025,966</b>	<b>180,101</b>	<b>100,776</b>	<b>280,877</b>	<b>1,306,843</b>	<b>1,092,277</b>
Staff development	420	161	4,260	362	53	338	5,594	673	474	1,147	6,741	1,265
Staff mileage expense	40	1,834	41,156	303	5,900	145	49,378	1,378	158	1,536	50,914	58,048
Special needs	-	-	-	-	5,677	-	5,677	-	-	-	5,677	4,704
Education resources	56,480	1,734	-	-	1,168	45,197	104,579	-	52	52	104,631	70,972
Community service	-	-	-	48,394	-	-	48,394	-	-	-	48,394	52,919
Public relations/marketing	-	-	-	-	-	-	-	3,528	-	3,528	3,528	8,891
Occupancy	8,413	4,206	-	4,206	2,103	2,103	21,031	16,825	4,206	21,031	42,062	45,060
Insurance	76	124	1,058	233	128	853	2,472	2,076	190	2,266	4,738	5,115
Telephone	757	378	-	378	309	185	2,007	1,514	378	1,892	3,899	3,669
Office expense	2,091	144	-	1,802	262	1,678	5,977	1,453	1,977	3,430	9,407	9,282
Postage	324	22	-	279	40	266	931	132	847	979	1,910	1,119
Printing	8	1	-	7	22	6	44	3	7	10	54	658
Conferences	-	331	-	-	-	-	331	-	-	-	331	516
Dues, fees, & subscriptions	57	4	-	49	7	45	162	170	53	223	385	800
Equipment & equipment repair	56	4	-	48	7	2,248	2,363	989	51	1,040	3,403	5,326
Board expenses	-	-	-	-	-	-	-	5,234	-	5,234	5,234	6,250
In-kind volunteer services	-	-	-	-	-	-	-	-	24,164	24,164	24,164	57,871
Depreciation	-	-	-	-	-	-	-	1,319	-	1,319	1,319	1,319
Fundraising expense	-	-	-	-	-	-	-	-	27,224	27,224	27,224	44,280
Miscellaneous	197	184	1,523	411	196	541	3,052	497	462	959	4,011	3,130
<b>TOTAL EXPENSES</b>	<b>\$ 107,941</b>	<b>\$ 74,300</b>	<b>\$ 606,980</b>	<b>\$ 179,454</b>	<b>\$ 83,564</b>	<b>\$ 225,719</b>	<b>\$ 1,277,958</b>	<b>\$ 215,892</b>	<b>\$ 161,019</b>	<b>\$ 376,911</b>	<b>\$ 1,654,869</b>	<b>\$ 1,473,471</b>



**CHILD ABUSE PREVENTION COUNCIL  
OF CONTRA COSTA COUNTY, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1: ORGANIZATION**

The Child Abuse Prevention Council of Contra Costa County, Inc., (CAPC), is a non-profit corporation incorporated under the laws of California in 1984. CAPC's purpose is to promote the safety of children and prevent child abuse and neglect in Contra Costa County by raising awareness, influencing public policy, educating our community, and providing resources.

CAPC's programs are primarily funded through grants under contractual agreement with local governments. CAPC implemented a program called Childhelp Speak Up Be Safe (SUBS), a fee for service program providing a school-based program that teaches 1st – 6th grade students skills to help prevent and interrupt child abuse - physical, emotional, sexual and neglect, as well as sexual harassment, bullying, and cyberbullying.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting and Reporting – The Organization maintains its accounting records on the accrual basis of accounting.

Use of Estimates – In preparing combining financial statements in conformity with Generally Accepted Accounting Principles, management must make estimates based on future events that affect the reported amounts of assets and liabilities; the disclosure of contingent assets and liabilities as of the date of the financial statements; and revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents – The Organization's cash and cash equivalents balance consists of amounts held in checking, savings, and certificate of deposit accounts in large financial institutions.

Fair Value of Financial Instruments – Financial instruments consist of financial assets and financial liabilities. The Organization's financial assets are cash and cash equivalents and accounts receivable. The Organization's financial liabilities are accounts payable and deferred revenue.

None of the financial instruments are held for trading. The fair value of these financial instruments approximate the carrying amounts because the value of the short maturity of these instruments. The fair value estimates have not been recorded or reported for financial statement purposes because of the short term maturity of these financial instruments and because the financial instruments are not held for trading.

**CHILD ABUSE PREVENTION COUNCIL  
OF CONTRA COSTA COUNTY, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Prepaid Expenses – Prepaid expenses are amortized over the period of future benefit.

Inventory – Inventory consists of baby bags and informational materials and is recorded at its original cost using the first in first out method of accounting.

Furniture and Equipment – Furniture and equipment are stated at cost. Expenditures for furniture and equipment greater than \$1,500 per unit are capitalized and depreciated over five to ten years using the straight-line method. When assets are retired or sold, the related cost and accumulated depreciation are removed from the accounts and gain or loss arising from such disposition is included as income or expense. Expenditures for repairs and maintenance are charged to expenses as incurred.

Donated Materials and Services – Donated materials are recorded at their fair value on the date of donation. Donated services by individuals providing administration services are not recorded as donated services as there are no special skills required for these services.

Accrued Earned Time Off - Accumulated unpaid employee Earned Time Off (ETO) benefits are recognized as liabilities of the Organization. The liability is recognized in the program to which the liability relates.

Functional Allocation of Expenses – Costs of providing the programs, administrative duties and fundraising activities have been summarized on a functional basis in the accompanying statement of functional expenses. Certain indirect costs have been allocated directly to programs and administration based upon ratios determined by management. These costs primarily include salaries, fringe benefits, occupancy, and other expenses.

Income Taxes – The Organization is a Section 501(c)(3) organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. There was no taxable unrelated business income during 2016.

The Organization has implemented the accounting requirements associated with uncertainty in income taxes. The Financial Accounting Standards Board issued guidance that clarifies the accounting for uncertainty in income taxes recognized in an Organization's financial statements. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more likely than not the positions will be sustained upon examination by the tax authorities.

**CHILD ABUSE PREVENTION COUNCIL  
OF CONTRA COSTA COUNTY, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Income Taxes - continued

For the year ended June 30, 2016, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

The Organization's tax years for 2013 through 2016 remain open and could be subject to examination by the federal tax jurisdiction. For the state tax jurisdiction, the tax years 2012 through 2016 remain open and could be subject to examination.

Contributions and Grant Revenue – The Organization receives contributions and grants from corporations, foundations, charitable organizations, and individuals. Contributions and grants are presented in accordance with presented Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, Not-For-Profit Entities. ASC 958,605 *Not-For-Profit Entities-Revenue Recognition*.

The provisions of ASC 958,605 require the Organization to recognize contributions and grants as either temporarily or permanently restricted support, if they are received with donor stipulations that limit the use of the contribution or grant. When a temporary restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

All other contributions are recognized upon receipt. Amounts received but not yet earned are reported as deferred revenue.

Financial Statement Presentation

The Organization's financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, Not-For-Profit Entities. Under FASB ASC Topic 958, the Organizations are required to report information regarding its financial position and activities according to three classes of net assets based upon the existence or absence of donor imposed restrictions, as follows:

Unrestricted Net Assets – represent resources over which the Board of Directors has discretionary control and that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

**CHILD ABUSE PREVENTION COUNCIL  
OF CONTRA COSTA COUNTY, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Temporarily Restricted Net Assets – represent resources whose use by the Organization are limited by donor imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

When a donor restriction expires, that is, when a stipulated purpose is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets. The Organization's temporarily restricted net assets consists of inventory temporarily restricted for the Baby Bag program.

Permanently Restricted Net Assets – represent resources whose use by the Organization is limited by donor imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization has no permanently restricted net assets.

Generally, the donor of these assets permits the recipient organization to unrestrictive use of earnings from these assets to support the general operations of the recipient organization. There were no permanently restricted net assets as of June 30, 2016.

Summarized Financial Information for 2015 – The financial information for the year ended June 30, 2015, is presented for comparative purposes, and is not intended to be a complete financial statement presentation.

Reclassifications – Certain reclassifications have been made in the 2015 comparative totals to conform to the classifications used in 2016.

**NOTE 3: CONCENTRATION OF RISK**

This provision provides a framework for measuring fair value of certain financial instruments under GAAP. It defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

It requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. It also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels: a market approach, a cost approach, and an income approach.

**CHILD ABUSE PREVENTION COUNCIL  
OF CONTRA COSTA COUNTY, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 3: CONCENTRATION OF RISK (Continued)**

The financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash and temporary cash investments.

The Organization place their temporary cash investments with high-credit, high quality financial institutions, and by policy, limits the amount of credit exposure to any one financial institution. The Organization maintains their operating cash accounts in one financial institution and maintains its cash/money market accounts and certificate of deposit accounts in another financial institution. The cash deposits maintained at each financial institution is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The operating cash account balance was below the federally insured limit at June 30, 2016. The cash, money market and certificates of deposit balances were above the federally insured limit as of June 30, 2016. The Organization believes no significant concentration of credit risk exists with respect to these cash investments.

The Organization received significant amounts of revenue from governmental grants. Should funding from these grants be changed due to a change in budgeting or due to cutbacks, such reduction in funding might have an adverse effect on the Organization's programs and activities.

**NOTE 4: FAIR VALUE OF FINANCIAL INSTRUMENTS**

ASC 820, *Fair Value Measurements*, defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. ASC 820 establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes the following three levels of inputs that may be used to measure fair value:

**Level 1** Quoted prices in active markets for identical assets.

**Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets.

**Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets. The following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying statement of position, as well as the general classification of such assets pursuant to the valuation hierarchy.

**CHILD ABUSE PREVENTION COUNCIL  
OF CONTRA COSTA COUNTY, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 4: FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

**Investments** - Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. Level 1 investment includes money market funds and certificate of deposits. The Organization has no Level 2 or 3 investments.

The following table presents the fair value measurements of assets recognized in the accompanying statement of financial position measured at fair value on a recurring basis and at the level within the ASC 820 fair value hierarchy in which the fair value measurements fall at June 30, 2016:

	Fair Value Measurements Using			
	Fair Value	Level 1	Level 2	Level 3
Operating Cash	\$ 33,960	\$ 33,960	\$ --	\$ --
Auxiliary	1,727	1,727	--	--
Certificate of Deposits	238,877	238,877	--	--
Totals	\$ 274,564	\$ 274,564	\$ --	\$ --

**NOTE 5: CASH HELD WITH OTHERS**

CAPC functions as custodian for a cash account maintained by the Auxiliary. The Auxiliary's cash balances are segregated from the operating cash accounts of CAPC and are restricted for the Auxiliary's related activities. The amount of cash restricted for the Auxilliary for the fiscal year ended June 30, 2016, was \$1,726.

**NOTE 6: ACCOUNTS AND GRANTS RECEIVABLE**

Accounts and grants receivable at June 30, 2016, represent funds earned but not yet received from current contracts and grants as follows:

Contra Costa County Health Services	\$ 23,556
Contra Costa County	181,021
First 5 Contra Costa	7,424
Child Safety Programs	58,051
Family and Children's Program	7,786
Other receivables	17,208
Total	\$ 295,046

The Organization does not believe that an allowance for doubtful accounts is required for any of the accounts and grants receivable as of June 30, 2016.

**CHILD ABUSE PREVENTION COUNCIL  
OF CONTRA COSTA COUNTY, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 7: FURNITURE AND EQUIPMENT**

Furniture and equipment consists of the following at June 30, 2016:

Equipment	\$ 33,845
Leasehold improvements	921
Furniture and fixtures	1,576
Total furniture and equipment	36,342
Less: Accumulated depreciation	(34,631)
Total	\$ 1,711

Depreciation expense for the years ended June 30, 2016, and June 30, 2015, was \$1,319 and \$1,319, respectively.

**NOTE 8: DEFERRED REVENUE**

Deferred revenue consists of the following at June 30, 2016:

Child Safety Program	4,200
Special Needs Funds	110
Total amount classified as temporarily restricted	\$ 4,310

**NOTE 9: DEFINED CONTRIBUTION PLAN**

CAPC has a defined contribution plan (the Plan) covering all employees who have completed 90 days of service. Eligible employees may contribute any amount up to the legal limit on a voluntary payroll deduction basis. The Organization does not make any contributions to the Plan.

**NOTE 10: PUBLIC RELATIONS/MARKETING COSTS**

The Organization used advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2016, and June 30, 2015, was \$3,528 and \$8,891, respectively.

**CHILD ABUSE PREVENTION COUNCIL  
OF CONTRA COSTA COUNTY, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 11: COMMITMENTS**

CAPC leases office space in Concord, California under an office lease agreement. The terms of the office lease agreement start December 1, 2010, through March 30, 2017. The monthly rent of \$3,390 increased to \$3,507 due on the first day of each month. CAPC subleases an office to an unrelated party for under a sublease agreement for \$500 a month. CAPC is currently negotiating a five year lease extension.

Rent (including utilities) expense, for the years ended June 30, 2016, and June 30, 2015, was \$42,062, and \$45,060, respectively.

On June 14, 2014, CAPC executed a two year lease agreement for a copier machine. The lease agreement requires minimum lease payments of \$196 per month.

Lease expense, for the years ended June 30, 2016, and June 30, 2015, was \$1,800 and \$1,800, respectively.

Minimum future lease and rent payments are as follows:

Year ended June 30,	Amount
2017	8,769
2018	--
2019	--
2020	--
2021	--

**NOTE 12: CONTINGENCIES**

Grant awards require the fulfillment of certain conditions as set forth in the instruments of the grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms it has accommodated the objectives of the Organization to the provisions of the grant. Management is of the opinion that the Organization has complied with the terms of all grants.

**NOTE 13: EVALUATION OF SUBSEQUENT EVENTS**

The Organization has reviewed the results of operations for the period of time from its year end June 30, 2016, through November 16, 2016, the date which the financial statements were available to be issued and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.



## **ADDITIONAL REPORTS**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Child Abuse Prevention Council  
of Contra Costa County, Inc.  
Concord, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Child Abuse Prevention Council of Contra Costa County (a nonprofit organization) (the Organization), which comprise the statement of financial position as of June 30, 2016, and the related statement of activities, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated November 16, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors  
Child Abuse Prevention Council  
of Contra Costa County, Inc.  
Concord, California

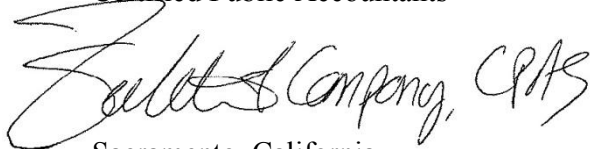
**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

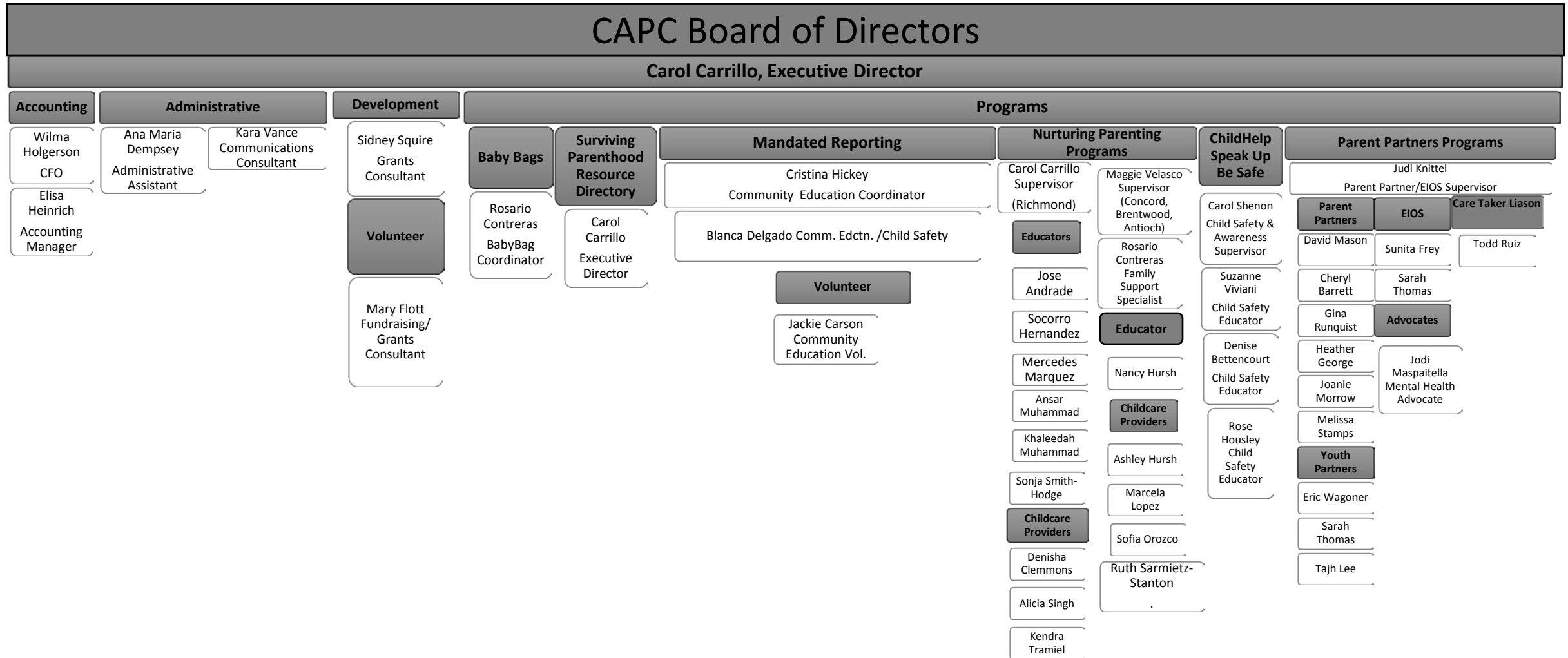
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fechter & Company,  
Certified Public Accountants

A handwritten signature in cursive script that reads "Fechter & Company, CPAs". The signature is written in black ink and is positioned to the left of the printed name and title.

Sacramento, California  
November 16, 2016

# Organization Chart



# Mental Health Services Act (MHSA)

## Program and Fiscal Review

- I. **Date of On-site Review:** November 8, 2017  
**Date of Exit Meeting:** January 29, 2018
  
- II. **Review Team:** Stephanie Chenard, Jennifer Bruggeman, Windy Taylor, Robin O'Neill, Chad Pierce
  
- III. **Name of Program:** Fred Finch Youth Center –  
(CCTAY Full Service Partnership)  
2523 El Portal Drive, Suite 201  
San Pablo, CA 94806
  
- IV. **Program Description.**  
Fred Finch Youth Center (Fred Finch) seeks to provide innovative, effective, caring mental health and social services to children, young adults, and their families that allow them to build on their strengths, overcome challenges, and live healthy and productive lives. Fred Finch serves children, adolescents, young adults, and families facing complex life challenges. Many have experienced trauma and abuse; live at or below the poverty line; have been institutionalized or incarcerated; have a family member that has been involved in the criminal justice system; have a history of substance abuse; or have experienced discrimination or stigma. Fred Finch Youth Center is the lead agency that collaborates with the Contra Costa Youth Continuum of Services, The Latina Center, and Contra Costa Behavioral Health Services to provide a full service partnership program for transition age youth in West and Central Contra Costa County.
  
- V. **Purpose of Review.** Contra Costa Behavioral Health Services (CCBHS) is committed to evaluating the effective use of funds provided by the Mental Health Services Act (MHSA). Toward this end a comprehensive program and fiscal review was conducted of Fred Finch Youth Center's Full Service Partnership Program (FSP). The results of this review are contained herein, and will assist in a) improving the services and supports that are provided; b) more efficiently support the County's MHSA Three Year Program and Expenditure Plan; and c) ensure compliance with statute, regulations and policy. In the spirit of continually working toward better services we most appreciate this opportunity to collaborate

together with the staff and clients participating in this program in order to review past and current efforts, and plan for the future.

**VI. Summary of Findings.** The review covered 18 topics related to MHSA guidelines, quality programming and fiscal responsibility.

<b>Topic</b>	<b>Met Standard</b>	<b>Notes</b>
1. Deliver services according to the values of the MHSA	Met	Consumers and family members indicate the program meets the values of MHSA
2. Serve the agreed upon target population.	Met	Program only serves clients that meet criteria for the County's full service partnership admission criteria.
3. Provide the services for which funding was allocated.	Met	MHSA only funds services consistent with the Three Year Plan
4. Meet the needs of the community and/or population.	Met	Services are consistent with the Three Year Plan
5. Serve the number of individuals that have been agreed upon.	Partially Met	Program is close to their target number range, but should work on being fully staffed, and strengthen referral relationships.
6. Achieve the outcomes that have been agreed upon.	Met	Program meets its outcomes
7. Quality Assurance	Met	Utilization review indicated program meets quality assurance standards.
8. Ensure protection of confidentiality of protected health information.	Met	The program is HIPAA compliant
9. Staffing sufficient for the program	Partially Met	Current staffing provides full services, but cannot meet their target number of consumers at current staffing levels.
10. Annual independent fiscal audit	Met	No material or significant weaknesses were noted.

11. Fiscal resources sufficient to deliver and sustain the services	Met	Fred Finch has significant net assets to withstand significant revenue interruptions.
12. Oversight sufficient to comply with generally accepted accounting principles	Met	Staff is well qualified and program has good internal controls and monthly review processes.
13. Documentation sufficient to support invoices	Met	Organization provided documentation that reconciles to monthly invoices.
14. Documentation sufficient to support allowable expenditures	Met	Method of accounting for personnel time and operating costs appear to be supported.
15. Documentation sufficient to support expenditures invoiced in appropriate fiscal year	Met	No billings noted for previous fiscal year expenses and documentation supports that funds are invoiced in the appropriate fiscal year.
16. Administrative costs sufficiently justified and appropriate to the total cost of the program	Met	Contract budget reflects appropriate indirect rate.
17. Insurance policies sufficient to comply with contract	Met	Necessary insurance is in place
18. Effective communication between contract manager and contractor	Partially Met	The County and program meet semi-regularly.

**VII. Review Results.** The review covered the following areas:

**1. Deliver services according to the values of the Mental Health Services Act** (California Code of Regulations Section 3320 – MHSA General Standards).

Does the program collaborate with the community, provide an integrated service experience, promote wellness, recovery and resilience, be culturally competent, and be client and family driven.

**Method.** Consumer, family member and service provider interviews and consumer surveys.

**Discussion.** Interviews were conducted with six consumer/family members (four youth program participants, two family members), seven line staff (three Personal Service Coordinators, one Peer Specialist, one Community Support Worker, one

Employment Specialist, and one Family Partner), and four program management staff (Northern California Regional Vice President, Senior Director, Program Director, and Clinical Supervisor).

#### Consumer Interview/Surveys:

A 12-question survey was given to clients. The first seven questions addressed the MHSA general standards and the remaining five questions asked about the overall quality and importance of the program. Surveys were received from three program participants. The majority of the survey responses were consistent with consumer interviews; namely, they show a positive evaluation of the program; and that the program adheres to MHSA values.

Surveys and interviews indicated the program does well in the following areas:

- The program staff make the participants feel very well supported
- Flexibility – able to provide services in the community
- The family partner provides peer support and advocacy to family members
- The program has been very key in helping families to learn more about mental illness and get support in crisis
- The program has bi-lingual staff to assist Spanish-speaking consumers and families
- Job preparation and support is vital to recovery
- Groups and activities are very helpful in building social skills, and reduce isolation.
- The Youth Advisory Council enables the participants to identify needs of the participants, and provides them with opportunities for leadership

These positives clearly speak to several of the MHSA values. When compared to the last Program Review conducted in March of 2014, these positives show that the program is continuing many of its established strengths (bi-lingual capacity, Youth Advisory Council, and services in the community), in addition to new aspects (job preparation). The consumers expressed that overall they were very happy with the program; however, they also identified areas of improvement: some consumers noticed that staff often appear to be over-stressed, and one consumer expressed a desire to see more male staff members.

#### Staff Interview:

Overall, 11 individual program staff were interviewed in two sessions: a program management session and a line staff group interview. Staff shared that the program receives their referrals primarily from the West County Adult Clinic, with



additional referrals from Seneca, Catalyst Academy, self-referrals, community engagement, and word of mouth. Fred Finch staff provide care as a team and offer case management, referrals to community resources, social and life skills training, job preparation, and housing supports. Program staff reported spending much of their time working with their clients through daily challenges, such as reducing their isolation and re-integrating them into the community, providing ongoing support to increase independent livings skills, and engaging families when possible. Moreover, program staff reported some of the strengths of the program are the team approach, ability to work in the community, and group sessions that help build social skills and reduce isolation.

During the interview, both program staff and program management also shared hindrances they faced in providing services to the youth. Program management and staff conveyed that they have recently started serving consumers who were also Regional Center consumers, often with developmental challenges in addition to mental health challenges. These clients often need a higher and different level of care and services than consumers they had previously served. Additionally, staff expressed that the time required to complete their administrative tasks encroaches on the time allotted for preparing for services (e.g., groups and other activities). Staff indicated this was linked to turnover and burn-out, and may contribute to the “over-stressed” quality that consumers have observed. This also mirrors concerns expressed by program management. It is recommended that Fred Finch review ways to streamline administrative tasks to optimize the administrative vs. services duties balance. Staff also faced difficulty coordinating aftercare, step-down services, or day services geared towards TAY consumers. However, staff did indicate that overall they felt like they were meeting the needs of their clients, and appreciated the flexibility to tailor treatment to their client’s cultural background.

**Results.** Interviews with program participants and service providers and program participant survey results all support that the program meets the values of MHSA.

2. **Serve the agreed upon target population.** For Community Services and Supports, does the program serve adults with a serious mental illness or children or youth with a serious emotional disturbance. Does the program serve the agreed upon target population (such as age group, underserved community).

**Method.** Compare the program description and/or service work plan with a random sampling of client charts or case files.

**Discussion.** The Fred Finch Youth Center Full Service Partnership program accepts referrals upon receiving approval from the West County Adult Clinic.

The FSP program undergoes regular utilization reviews conducted by the West County Adult Mental Health Clinic's utilization review staff to ensure all clients meet the criteria for both specialty mental health services and adult full service partnerships. The MHSA chart review conducted by the MHSA Program and Fiscal Review team confirms that the five charts reviewed met the agreed upon target population for full service partnerships.

**Results.** The program serves the agreed upon population.

- 3. Provide the services for which funding was allocated.** Does the program provide the number and type of services that have been agreed upon.

**Method.** Compare the service work plan or program service goals with regular reports and match with case file reviews and client/family member and service provider interviews.

**Discussion.** Monthly service summaries and 931 and 864 Reports from Contra Costa County Behavioral Health's billing system, and a randomly selected chart review show that the Fred Finch Youth Center Full Service Partnership program is providing the number and type of services that have been agreed upon in the service work plan. Program staff interviews, program participant interviews, and family member interviews demonstrated staff available 24 hours a day, 7 days a week for Full Service Partnership clients. Services include outreach and engagement, case management, individual outpatient mental health services, group therapy/rehab, medication evaluation, crisis intervention, collateral, housing, and employment/vocational support. Nonetheless, one area that Fred Finch found a challenge to grapple with was money management. While money management is a service included in Service Work Plans for Full Service Partnerships, Fred Finch has found it more advantageous to their therapeutic outcomes to contract with a third party for money management. They previously subcontracted with Rubicon, but when that agency discontinued their money management services, they considered CrissCross and County money management services. However, the \$40 monthly charge that CrissCross leverages for their services has created a concern and hindrance from engaging with those services, as this is a significant percentage of the consumers' monthly payments. Therefore, most consumers requiring money management utilize the County's money management services. It is recommended that Fred Finch continue to work closely with the County to determine the best way to facilitate the money management services for their consumers.

**Results.** Interviews and chart reviews demonstrate that MHSA funds are directed to the agency to cover expenditures associated with supporting the provision of the Fred Finch Youth Center's Full Service Partnership program.

4. **Meet the needs of the community and/or population.** Is the program meeting the needs of the population/community for which it was designed. Has the program been authorized by the Board of Supervisors as a result of a community program planning process. Is the program consistent with the MHSA Three Year Program and Expenditure Plan.

**Method.** Research the authorization and inception of the program for adherence to the Community Program Planning Process. Match the service work plan or program description with the Three Year Plan. Compare with consumer/family member and service provider interviews. Review client surveys.

**Discussion.** The Full Service Partnership programs were included in the original Community Services and Supports plan that was approved in May 2006 and included in subsequent plan updates. The Fred Finch CCTAY program was originally authorized by County Board of Supervisors in fiscal year 2009/10. The service work plan is consistent with the current MHSA Three-Year Program and Expenditure Plan. Interviews with program staff, program participants and family members indicate services provided by program are consistent with the service work plan.

**Results.** Services delivered through program are consistent with service work plan and three year program and expenditure plan.

5. **Serve the number of individuals that have been agreed upon.** Has the program been serving the number of individuals specified in the program description/service work plan, and how has the number served been trending the last three years.

**Method.** Match program description/service work plan with history of monthly reports and verify with supporting documentation, such as logs, sign-in sheets and case files.

**Discussion.** Fred Finch has a target enrollment goal of an average 70 consumers per month. They have been hovering around 50-60% capacity for the past two years. Several reasons have been identified, with the primary ones being the higher acuity level of clients and difficult referral process. Program management indicated that this may be due to a shift in the past few years in how the County utilizes FSP programs, as well as the need for consumers to stay in the program longer due to a gap in the availability of step-down care. Additionally, Fred Finch has recently started accepting consumers from the Regional Center, which require a more intensive level of care. Fred Finch also indicated that they currently have a wait list for consumers to enroll in their program; however, the reason disclosed for this was that recent staff turnover has resulted in a temporary lack of staff availability.

**Results.** Annually the program has served the number of individuals specified in the service work plan. Fred Finch and County staff may need to examine the current program caseload and re-evaluate appropriate staff-to-client ratios in the Service Work Plan to reflect the complexity of the clients being served.

6. **Achieve the outcomes that have been agreed upon.** Is the program meeting the agreed upon outcome goals, and how has the outcomes been trending.

**Method.** Match outcomes reported for the last three years with outcomes projected in the program description/service work plan, and verify validity of outcome with supporting documentation, such as case files or charts. Outcome domains include, as appropriate, incidence of restriction, incidence of psychiatric crisis, meaningful activity, psychiatric symptoms, consumer satisfaction/quality of life, and cost effectiveness. Analyze the level of success by the context, as appropriate, of pre- and post-intervention, control versus experimental group, year-to-year difference, comparison with similar programs, or measurement to a generally accepted standard.

**Discussion.** The program has five program objectives as part of the service work plan. The program provides an annual report summarizing their progress towards meeting the five outcomes. The program has continually met or exceeded the three primary objectives (including reduction in psychiatric emergency services and inpatient psychiatric services). Data provided by the County comes from (1) service data generated from the Contra Costa County claims processing system, (2) data collected by the program, and (3) the County's data system.

The County is also currently working with the Full Service Partnership programs to start capturing "meaningful activity" days for participants, particularly as it relates to vocational activities. Fred Finch currently engages in the IPS (Individual Placement and Support) Supported Employment evidence-based practice. It is suggested that Fred Finch may want work with the County to help streamline some of the principals of this practice with the Meaningful Activity outcome being developed.

**Results.** Overall, the program achieves its primary objectives.

7. **Quality Assurance.** How does the program assure quality of service provision.

**Method.** Review and report on results of participation in County's utilization review, quality management incidence reporting, and other appropriate means of quality of service review.

**Discussion.** Contra Costa County did not receive any grievances associated with Fred Finch's Full Service Partnership program. The program has an internal

grievance procedure in place and clients receive information on how to file complaints as part of the agency's Notice of Privacy Practices. The program undergoes regular Level 1 and Level 2 utilization reviews conducted by the County Mental Health utilization review teams to ensure that program services and documentation meet regulatory standards. However, the County's Utilization Review department has indicated that they have not conducted a Centralized Review in the past three years. In the meantime, the program relies on its Level 1 reviews conducted by the West County Clinic staff for guidance in County billing requirements. During the last program review, it was noted that the previous Centralized Review noted a minor issue associated with late billing. During this review process, it was clearly demonstrated that Fred Finch has corrected that issue in its regular practice. It is recommended that the County schedule a Centralized Review for Fred Finch's CCTAY program to support the clinical Level 1 review.

**Results.** The program has a quality assurance process in place.

8. **Ensure protection of confidentiality of protected health information.** What protocols are in place to comply with the Health Insurance Portability and Accountability Assurance (HIPAA) Act, and how well does staff comply with the protocol.

**Method.** Match the HIPAA Business Associate service contract attachment with the observed implementation of the program's implementation of a protocol for safeguarding protected patient health information.

**Discussion.** Fred Finch has written policies and provides staff training on HIPAA requirements and safeguarding of patient information. The program has recently adopted a new electronic health record, where new charting is done. Paper charts are still kept on each client, and stored in a locked cabinet in an administrative office. The program has an internal auditing process that takes place every six months, to ensure sound record keeping practices. Clients and program participants are informed about their privacy rights and rules of confidentiality.

**Results.** The program complies with HIPAA requirements.

9. **Staffing sufficient for the program.** Is there sufficient dedicated staff to deliver the services, evaluate the program for sufficiency of outcomes and continuous quality improvement, and provide sufficient administrative support.

**Method.** Match history of program response with organization chart, staff interviews and duty statements.

**Discussion.** At the time of the site visit, Fred Finch indicated that there had been some recent turnover and they had two clinician vacancies on the CCTAY

team. However, the nature of the team approach Fred Finch's program and staff training allows Fred Finch to provide the services outlined in the Service Work Plan with current staffing. However, as mentioned above, they are currently unable to match the numbers in the Service Work Plan, and had a wait list at the time of this review. The experience level of the treatment team varied from a few years of experience in mental health to this being their first position in mental health. Fred Finch has a robust internal training program aimed at identifying and addressing a variety of mental health issues in their training process. However, staff indicated that they often do not have the capacity to take advantage of the trainings due to the amount of administrative tasks.

**Results.** Staffing is in place to provide the full range of services, but not serve the number of clients outlined in the Service Work Plan. Moreover, the turnover of program staff is a potential cause for concern as it may affect the program's ability to effectively serve clients. It takes time for service providers to learn about the various resources available through Contra Costa Behavioral Health's System of Care, and knowledge of the System of Care is critical when serving clients with complex behavioral health service needs who may need to be referred to other providers for additional care. Fred Finch may want to examine how it recruits and retains staff and consider offering additional incentives to ensure qualified individuals are retained and able to offer the full spectrum of services.

10. **Annual independent fiscal audit.** Did the organization have an annual independent fiscal audit performed and did the independent auditors issue any findings.

**Method.** Obtain and review audited financial statements. If applicable, discuss any findings or concerns identified by auditors with fiscal manager.

**Discussion.** Fred Finch Youth Center (FFYC) is a 501(c)3 tax exempt non-profit organization providing mental health and social services to children, young adults, and their families. Services are provide in three major settings: residential services at its campuses in Oakland and San Diego, California; community based programs in Alameda, Contra Costa, San Diego, San Francisco, and San Mateo counties; and services in schools in Alameda and Contra Costa counties. Funding is received substantially from local, county, and state agencies with certain portion of its funding originating with the federal government.

**Results.** Annual independent fiscal audits for FY 2013- 14, 2014-15 and 15-16 were provided and reviewed. Fred Finch has complied with annual audit requirements and no material or significant findings were noted.

- 11. Fiscal resources sufficient to deliver and sustain the services.** Does organization have diversified revenue sources, adequate cash flow, sufficient coverage of liabilities, and qualified fiscal management to sustain program.  
**Method.** Review audited financial statements. Review Board of Directors meeting minutes. Interview fiscal manager of program.  
**Discussion.** The Board of Director meeting minutes indicate regular attention to the organization's fiscal well-being, as demonstrated by regular reports on the indicator of sufficient liquid fiscal reserves to carry on operations for over 90 days without revenue.  
**Results.** Fred Finch's fiscal resources are currently sufficient to deliver and sustain services.
- 12. Oversight sufficient to comply with generally accepted accounting principles.** Does organization have appropriate qualified staff and internal controls to assure compliance with generally accepted accounting principles.  
**Method.** Interview with fiscal manager of program.  
**Discussion.** The Northern California Regional Vice President and Accounting Manager were interviewed. Both maintain that there is a segregation of financial duties. The Accounting Manager is a licensed CPA and confirmed that a total of nine staff are currently performing a variety of various duties, such as payroll, expense processing, billing and bank reconciliation. All duties are reviewed, approved and finalized by the Accounting Manager. The organization uses Financial Edge to track personnel time entry and aggregation to enable accurate summaries for billing and payment.  
**Results.** Sufficient oversight exists to enable compliance with generally accepted accounting principles.
- 13. Documentation sufficient to support invoices.** Do the organization's financial reports support monthly invoices charged to the program and ensure no duplicate billing.  
**Method.** Reconcile financial system with monthly invoices. Interview fiscal manager of program.  
**Discussion.** A randomly selected invoice for each of the last three years was matched with supporting documentation provided by the agency. The amounts on each of the invoices were reconciled with the amounts shown in the detailed chart of accounts. A clear and accurate connection was established between documented hours worked and submitted invoices.  
**Results.** The organization uses an established software program with appropriate supporting documentation protocol to ensure that there is no duplicate billing.

**14. Documentation sufficient to support allowable expenditures.** Does organization have sufficient supporting documentation (payroll records and timecards, receipts, allocation bases/statistics) to support program personnel and operating expenditures charged to the program.

**Method.** Match random sample of one month of supporting documentation for each fiscal year (up to three years) for identification of personnel costs and operating expenditures invoiced to the county.

**Discussion.** Fred Finch Youth Center has a cost based contract with the county, and should be billing for actual allowable costs incurred and paid. Each staff position is assigned solely to the Contra Costa CCTAY FSP program and there are no other programs operated at that location, with the exception of Senior Director, whose salary is divided up among the programs he manages. Operating expenses are posted directly to the Contra Costa CCTAY FSP program. Line item personnel and operating costs were reviewed for appropriateness. All line items submitted were consistent with line items that are appropriate to support the service delivery.

**Results.** Method of allocation of percentage of personnel time and operating costs charged to this contract appear to be justified and documented.

**15. Documentation sufficient to support expenditures invoiced in appropriate fiscal year.** Do organization's financial system year end closing entries support expenditures invoiced in appropriate fiscal year (i.e., fiscal year in which expenditures were incurred regardless of when cash flows).

**Method.** Reconcile year end closing entries in financial system with invoices. Interview fiscal manager of program.

**Discussion.** Fred Finch uses the accrual basis of accounting with a 12 month fiscal year end of June 30. Total contract billing was within contract limits, with no billing by this agency for expenses incurred and paid in a previous fiscal year.

**Results.** Fred Finch appears to be implementing an appropriate year end closing system.

**16. Administrative costs sufficiently justified and appropriate to the total cost of the program.** Is the organization's allocation of administrative/indirect costs to the program commensurate with the benefit received by the program.

**Method.** Review methodology and statistics used to allocate administrative/indirect costs. Interview Accounting Manager for program.

**Discussion.** The Accounting Manager indicated indirect costs are allocated to the different programs based on the gross cost of each program. The current allocation is approximately 14-18%. This is an acceptable approach for



allocation consistent with Office of Management and Budget Circular A-133, Cost Principles for Non Profit Organizations.

**Results.** The organization allocates indirect costs using an appropriate methodology.

**17. Insurance policies sufficient to comply with contract.** Does the organization have insurance policies in effect that are consistent with the requirements of the contract.

**Method.** Review insurance policies.

**Discussion.** Fred Finch provided evidence that sufficient commercial general liability insurance, umbrella liability, workers compensation insurance, automobile insurance, and professional liability insurance was in place at the time of the site review.

**Results.** The organization is in compliance with the insurance requirements of the contract.

**18. Effective communication between contract manager and contractor.** Do both the contract manager and contractor staff communicate routinely and clearly regarding program activities, and any program or fiscal issues as they arise.

**Method.** Interview contract manager and contractor staff.

**Discussion.** Fred Finch staff has semi-frequent communication with the County Contract Manager and MHSA staff to discuss outcomes and any fiscal challenges to the program. Additionally, the West County clinic staff meets with contract staff regularly to discuss referrals and outcomes. The contract manager tracks the outcome measures. However, increased regularity in communication between the contract manager and the program may be more beneficial to both CCBHS and Fred Finch. It is recommended that more regular communication occur between Fred Finch, the County contract monitor, and clinical staff to help ensure smoother referral process and help identify and address possible administrative and programming issues.

**Results.** The program has historically had relatively good communication with the contract manager and is receptive to feedback and willing to address concerns that may arise.

## **VIII. Summary of Results.**

Fred Finch is committed to providing innovative, effective, caring mental health and social services to children, young adults, and their families that allow them to build on their strengths, overcome challenges, and live healthy and productive lives. The Fred Finch Transition-Age Youth Full Service Partnership in West Contra Costa County serves their target population, meets the outcomes detailed in their contract, and adheres to the values of MHSA. The program staff and program participants believe the program is valuable. Fred Finch appears to be a financially sound organization that follows generally accepted accounting principles, and maintains documentation that supports agreed upon service expenditures.

## **IX. Findings for Further Attention.**

- It is recommended that Fred Finch review ways to streamline administrative tasks to optimize time for direct services. Fred Finch may want to examine how it recruits and retains staff and consider offering additional incentives to ensure qualified individuals are retained and able to offer the full spectrum of services.
- Fred Finch and County staff may need to examine the current program caseload and re-evaluate staff-to-client ratios to appropriately reflect the complexity of the clients being served.
- It is recommended that Fred Finch continue to work closely with the County to determine the best way to facilitate money management services for their consumers.
- It is recommended that the County schedule a Centralized Review for Fred Finch's CCTAY program to support the clinical Level 1 review.
- It is recommended that more regular communication occur between Fred Finch, the County contract monitor, and clinical staff to help ensure a smoother referral process and help identify and address possible administrative and programming issues.

## **X. Next Review Date.** November 2020

## **XI. Appendices.**

Appendix A – Program Description/Service Work Plan

Appendix B – Service Provider Budget

Appendix C – Yearly External Fiscal Audit

Appendix D – Organization Chart

## **XII. Working Documents that Support Findings.**

Consumer Listing

Consumer, Family Member Surveys

Consumer, Family Member, Provider Interviews

County MHSA Monthly Financial Report

Program and Fiscal Review from March 2014

Progress Reports, Outcomes

Monthly Invoices with Supporting Documentation

Indirect Cost Allocation Methodology/Plan

Board of Directors' Meeting Minutes

Insurance Policies

MHSA Three Year Plan and Update(s)

# Mental Health Services Act (MHSA)

## Program and Fiscal Review

- I. **Date of On-site Review:** December 19, 2017 (Probation Liaisons)  
January 16, 2018 (Orin Allen Youth Ranch Facility)  
**Date of Exit Meeting:** February 14, 2018

II. **Review Team:** Warren Hayes, Jennifer Bruggeman

III. **Name of Program/Plan Element:** Families Experiencing Juvenile Justice

IV. **Program Description.**

The *Probation Liaisons* and *Clinicians at the Orin Allen Youth Ranch Facility (OAYRF)* are **Prevention** program components of *Mental Health and Probation Services (MHAPS)* at Contra Costa Behavioral Health Services (CCBHS). These components are part of the County's Prevention and Early Intervention (PEI) plan to serve *Families Experiencing Juvenile Justice*. In accordance with the community program planning process and responding to findings that establish a significant overlap between juvenile justice involvement and incidence of mental illness, the original three-year PEI plan for Contra Costa Mental Health (CCMH), approved in 2009, as well as subsequent plans, set the goal of supporting children and youth at risk of experiencing juvenile justice involvement.

The PEI program components at MHAPS consist of five Mental Health Clinical Specialist positions. These include: three Mental Health Probation Liaisons and two clinicians at the Orin Allen Youth Ranch Facility (OAYRF).

The **Probation Liaisons** provide a broad range of mental health services for juveniles on probation, including mental health screenings and assessments, short term treatment, consultation to the probation department, family support, and linkage to mental health, behavioral health, and other supports for juveniles on probation. A liaison is located in probation offices in East, Central and West County.

The **Clinicians at OAYRF** provide mental health assessment and treatment to youth (ages 13-21) who have been placed at the ranch. Treatment ranges from

supportive therapy to family interventions and specialized treatment for trauma related symptoms and traumatic grief. The clinicians work closely with the probation liaisons in helping their clients access further supports once they exit the ranch.

**V. Purpose of Review.** Contra Costa Behavioral Health Services (CCBHS) is committed to evaluating the effective use of funds provided by the Mental Health Services Act (MHSA). Toward this end a comprehensive program and fiscal review was conducted of *Families Experiencing Juvenile Justice*. The results of this review are contained herein, and will assist in a) improving the services and supports that are provided; b) more efficiently support the County’s MHSA Three Year Program and Expenditure Plan; and c) ensure compliance with statute, regulations and policy. In the spirit of continually working toward better services we most appreciate this opportunity to collaborate together with the staff and clients participating in this program in order to review past and current efforts, and plan for the future.

**VI. Summary of Findings.**

Topic	Met Standard	Notes
1. Deliver services according to the values of the MHSA	Met	Staff interviews, consumer surveys and interviews indicate program meets the values of MHSA, including being integrative and promoting wellness and resilience.
2. Serve the agreed upon target population.	Met	The program provides access and linkage to treatment for youth at risk of developing a serious mental illness.
3. Provide the services for which funding was allocated.	Met	Services are aimed at preventing development of severe mental illness and facilitating access and linkage to appropriate services.
4. Meet the needs of the community and/or population.	Met	Program is consistent with community program

		planning process.
5. Serve the number of individuals that have been agreed upon.	Partially Met	There have been some challenges in getting accurate consumer counts, especially for Probation Liaisons.
6. Achieve the outcomes that have been agreed upon.	Partially Met	Agreed upon success indicators are not fully tracked.
7. Quality Assurance	Met	Programmatic and clinical oversight by county.
8. Ensure protection of confidentiality of protected health information.	Met	Program complies with HIPAA regulations, program separates probation and mental health records.
9. Staffing sufficient for the program	Met	Staffing is sufficient with two FTE clinicians at OAYRF, and three FTE clinicians stationed in probation offices across the county. The five allocated positions are filled.
10. Annual independent fiscal audit	N/A	Not Applicable
11. Fiscal resources sufficient to deliver and sustain the services	Met	Sufficient funds are allocated
12. Oversight sufficient to comply with generally accepted accounting principles	N/A	Not Applicable
13. Documentation sufficient to support invoices	Met	Documentation supports the amount charged to the program
14. Documentation sufficient to support allowable expenditures	Met	The process has sufficient quality control to support expenditures
15. Documentation sufficient to support expenditures invoiced in appropriate fiscal year	Met	Documentation supports that funds are expended in the appropriate fiscal year
16. Administrative costs sufficiently justified and appropriate to the	N/A	The program does not receive an allocation for

total cost of the program		County indirect costs
17. Insurance policies sufficient to comply with contract	N/A	County Program
18. Effective communication between contract manager and contractor	Met	Regular communication, as needed, between PEI coordinator and Program Manager

**VII. Review Results.** The review covered the following areas:

**1. Deliver services according to the values of the Mental Health Services Act**

(California Code of Regulations Section 3320 – MHSa General Standards).

Does the program/plan element collaborate with the community, provide an integrated service experience, promote wellness, recovery & resilience, is it culturally competent, and client & family driven?

**Method.** Consumer, family member and service provider interviews and consumer surveys.

**Discussion.**

Interviews were conducted with eight consumers, five line staff (the two clinicians at OAYRF and the three mental health probation liaisons), the program director, and collaborative partners from probation, truancy court and CBO's.

Questions	Responses:				
<b>Please indicate how strongly you agree or disagree with the following statements regarding persons who work with you:</b> <i>(Options: strongly agree, agree, disagree, strongly disagree, I don't know)</i>	<b>Strongly Agree</b>	<b>Agree</b>	<b>Disagree</b>	<b>Strongly Disagree</b>	<b>I don't know</b>
	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>0</b>
	1. Help me improve my health and wellness Average score: 3.25 (n=4) "n" denotes the number of respondents who scored the item between 1 and 4. The remainder of respondents either did not score or scored "I don't know."				
2. Allow me to decide	Average score: 3.50 (n=4)				

what my own strengths and needs					
3. Work with me to determine the services that are most helpful	Average score: 3.25 (n=4)				
4. Provide services that are sensitive to my cultural background.	Average score: 3.25 (n=4)				
5. Provide services that are in my preferred language	Average score: 3.75 (n=4)				
6. Help me in getting needed health, employment, education and other benefits and services.	Average score: 3.25 (n=4)				
7. Are open to my opinions as to how services should be provided	Average score: 3.33 (n=3)				
8. What does this program do well?	<p>Answers included the following statements:</p> <ul style="list-style-type: none"> <li>• It actually makes you think about your life in the future</li> <li>• Helps get a plan for when I'm released</li> <li>• I don't need help but I do in fact enjoy discussing multiple topics with the instructor</li> <li>• It helps me realize things because you really have to think, and when you think you can't believe you're away from your family</li> </ul>				
9. What does this program need to improve upon?	<ul style="list-style-type: none"> <li>• Nothing really; everything (clinician) did helped me really think about a lot of things</li> <li>• More therapy sessions</li> <li>• Having more time to work with us than once a week</li> </ul>				
10. What needed services and supports are missing?	<ul style="list-style-type: none"> <li>• Family therapy</li> <li>• Actually talking about life and future goals because most people don't believe their goals will be good enough in life</li> </ul>				
11. How important is this program in	<table border="1"> <tr> <td>Very Important</td> <td>Important</td> <td>Somewhat Important</td> <td>Not Important</td> </tr> </table>	Very Important	Important	Somewhat Important	Not Important
Very Important	Important	Somewhat Important	Not Important		



	4	3	2	1
helping you improve your health and wellness, live a self-directed life, and reach your full potential? <i>(Options: Very important, Important, Somewhat important, Not Important.)</i>	Average score: 4.00 (n=3)			
12. Any additional comments?	N/A			

Consumer Interview/Surveys:

A 12-question survey was given to clients. The first seven questions addressed the MHSA general standards and the remaining five questions asked about the overall quality and importance of the program. Surveys were received from four program participants at OAYRF, a relatively small sample. A group interview was conducted with eight youth at OAYRF. The majority of the survey responses were consistent with consumer interviews; namely, they show a positive evaluation of the mental health program; and that the program adheres to MHSA values.

Consumer surveys and interviews indicated the program does well in the following areas:

- The program staff help youth with future oriented goals and planning
- Youth are able to earn school credits (high school and community college)
- Guest speakers who have come and shared their own experiences have been very well received by youth
- Job preparation and support is vital to recovery, including resume building and job interviewing skills
- Groups and activities are helpful in building social skills, self-discipline and anger management
- The point system at OAYRF motivates youth; good behavior leads to increased privileges including off campus visits with family and other outings

These positives clearly speak to several of the MHSVA values. When compared to the last Program Review conducted in November of 2014, these positives show that the program is continuing many of its established strengths. The consumers expressed that overall they were happy with the mental health services they receive. Complaints and negative comments were not related to mental health services, but more to the conditions at the Ranch, such as uncomfortable furniture, poor plumbing, spiders, and specific complaints about the food, including a desire for more food.

#### Staff Interviews:

Six individual program staff were interviewed in two sessions (all five mental health clinicians and the program manager), as well as collaborative partners from probation, the community and the courts. Staff spoke of the integral role that mental health services play in the rehabilitation process for youth involved in the juvenile justice system, due to the significance of poverty, trauma, loss, grief and violence in the lives of these individuals and their families. As the program is embedded in probation, the staff have created good relationships within that system that allow for youth to move to the appropriate level of care through warm hand offs and on-going collaboration. Mental health probation liaisons are now working very closely with the Truancy Courts (both for parents with younger children and for teens). Liaisons are present at all truancy court hearings where they are able to refer families to appropriate community services that may aid in the prevention of further involvement with the juvenile justice system. Referrals are made to Full Service Partnership (FSP) programs, and other CBO's. Liaisons serve as a feedback loop between probation and mental health programs. Community partners who were present at the staff interviews expressed that the probation liaisons are extremely important in helping youth and families navigate the system, and that they play a key role in the integration of services. When asked about gaps or areas of need, mental health liaisons spoke to the significant lack of outpatient AOD programs for youth. They indicated that approximately 90% of the population they work with have AOD related issues, so this presents a huge problem when trying to re-integrate or maintain youth in the community. Additionally, they would like to see more youth outpatient services to address anger management. Staff at OAYRF also spoke to their positive relationship with probation, and with the mental health probation liaisons, as they help coordinate the discharge planning process as youth leave the program and return to the community. They expressed a desire to receive more clinical training, particularly around trauma related care and service delivery. Clinical staff at the Ranch spoke to their physical isolation from the rest of Behavioral Health, and to some of the challenges with the physical space,

such as lack of office space, equipment and technology. They play a key role in access to mental health services, and are able to see new clients within the first seven days of arrival at the Ranch.

**Results.** The program delivers services according to the values of MHSA. Services are delivered according to community and client needs and in a manner that takes into account client feedback. Services are provided in the language(s) of the clients, from a trauma informed perspective, and with an emphasis toward providing access and linkage to appropriate, culturally relevant services.

- 2. Serve the agreed upon target population.** As Prevention and Early Intervention funded program components, do the *Probation Liaisons* and *Ranch Clinicians* prevent the development of a serious mental illness or serious emotional disturbance, and help reduce disparities in service? Does the program serve the agreed upon target population (such as age group, underserved community)?

**Method.** Compare the program description with a random sampling of client charts or case files.

**Discussion.** Services are provided to youth (and their families) who are involved in the juvenile justice system. This includes youth residing at the Orin Allen Youth Ranch Facility (OAYRF) in Byron, or youth recently discharging from OAYRF or those who've recently touched the juvenile justice system and are at risk of further involvement. Youth receiving services are identified as having significant mental health needs by way of carrying a diagnosis and/or undergoing a mental health assessment upon entering the program. Most youth have experienced significant trauma, including community violence and losses to violence.

**Results.** The program serves the agreed upon population.

- 3. Provide the services for which funding was allocated.** Does the program provide the number and type of services that have been agreed upon?

**Method.** Compare the program service goals with regular reports and match with case file reviews and client/family member and service provider interviews.

**Discussion.** The program description, as well as client and staff interviews, show that program and staff activities are consistent with the goal of providing mental health supports to youth involved with the juvenile justice system. Roles of the staff positions are clearly defined, and located in distinct regions. The program has had some challenges around collecting and reporting accurate numbers. This is primarily due to all clinicians not yet being fully rolled into the new electronic health record (EHR) that the county implemented in fall 2017.

They expect to be trained within the next year, in the second wave of the roll out. This will improve their ability to track data and more efficiently obtain client information (such as historical information and services received). In consultation with County Provider Services, it was recently determined that once clinicians are trained in the EHR, all documentation will be done in that centralized system and Medi-Cal will be billed as appropriate. A specific reporting unit has been identified for use by the five clinicians.

**Results.** Staff activities are consistent with the goals of the program, and the agreed upon services are being provided. Pending administrative changes may make billing and documentation more efficient, and improve the program's ability to quantify services.

4. **Meet the needs of the community and/or population.** Is the program meeting the needs of the population/community for which it was designed? Has the program or plan element been authorized by the Board of Supervisors as a result of a community program planning process? Is the program consistent with the MHSA Three Year Program and Expenditure Plan?

**Method.** Research the authorization and inception of the program for adherence to the Community Program Planning Process. Match the service work plan or program description with the Three Year Plan. Compare with consumer/family member and service provider interviews. Review client surveys.

**Discussion.** The initial PEI three year plan includes a project for serving families experiencing juvenile justice. Subsequent plan updates and the current three year plan have continued to provide funding for probation related mental health services to pursue the goal of youth "less likely to become chronically involved in the adult justice system and/or mental health systems" (from initial PEI Three Year Plan, May 2009). As determined through client and staff interviews, services are consistent with the initial PEI Three Year Plan, subsequent plan updates, and the current 2017-2020 Three Year Plan. Positions were vetted through the plan update process and approved by the Board of Supervisors.

**Results.** The program meets the needs of the community and population.

5. **Serve the number of individuals that have been agreed upon.** Has the program been serving the number of individuals specified in the program description, and how has the number served been trending the last three years?

**Method.** Match program description with history of monthly reports and verify with supporting documentation, such as logs, sign-in sheets and case files.

**Discussion.** The previous triennial program evaluation in November 2014 suggested that an expected annual number of individuals served should be established against which the actual number is compared. The current Three

Year Program and Expenditure Plan (2017-2020) indicates that the program will seek to serve 300 youth per year. While the program is likely meeting this target, there are challenges in their ability to accurately report on this.

**Results.** The program is likely serving the target number of individuals, but has had challenges with reporting actual numbers. The annual goal for 2017-2018 is 300 clients. The program is currently fully staffed with an experienced and consistent team.

6. **Achieve the outcomes that have been agreed upon.** Is the program meeting the agreed upon outcome goals, and how have the outcomes been trending?

**Method.** Match outcomes reported for the last three years with outcomes projected in the program description/service work plan, and verify validity of outcome with supporting documentation, such as case files or charts. Outcome domains include, as appropriate, incidence of psychiatric crisis, meaningful activity, psychiatric symptoms, consumer satisfaction/quality of life, and cost effectiveness. Analyze the level of success by the context, as appropriate, of pre- and post-intervention, control versus experimental group, year-to-year difference, comparison with similar programs, or measurement to a generally accepted standard.

**Discussion.** During the last triennial program review in November 2014, it was noted that there were no outcome reports available. The program continues to face challenges in this area. Barriers are at least partially due to issues with the county's infrastructure and lack of electronic record keeping system (until very recently), which will allow clinicians to more accurately track client's movement through the system and progress, as well as numbers of clients served. This is expected to improve with the implementation of Epic. Once fully rolled out, all clinicians will chart in Epic. An appropriate reporting unit has been identified.

**Results.** Clinicians to be trained in Epic. All charting to be done in the new EHR. Clear method for reporting outcomes to be established.

7. **Quality Assurance.** How does the program assure quality of service provision?

**Method.** Review and report on results of participation in County's utilization review, quality management incidence reporting, and other appropriate means of quality of service review.

**Discussion.** No grievances were filed regarding this program in the past three years. Program staff will be trained in use of the county's new electronic health record (EHR) within the next year. All billable services will be documented according to county standards and subject to the county's utilization review process. Quality review and monitoring is provided by Children's Behavioral Health program management.

**Results.** Quality of services is monitored and meets the standard.

8. **Ensure protection of confidentiality of protected health information.** What protocols are in place to comply with the Health Insurance Portability and Accountability Assurance (HIPAA) Act, and how well does staff comply with the protocol?

**Method.** Match the HIPAA requirements with the observed implementation of the program's implementation of a protocol for safeguarding protected patient health information.

**Discussion.** Staff observe HIPAA requirements, and the program has put adequate measures in place to keep mental health and probation records separate. Staff are required to complete annual HIPAA training. The County also has a privacy officer in charge of protecting client information.

**Results.** The program protects client health information.

9. **Staffing sufficient for the program.** Is there sufficient dedicated staff to deliver the services, evaluate the program for sufficiency of outcomes and continuous quality improvement, and provide sufficient administrative support?

**Method.** Match history of program response with organization chart, staff interviews and duty statements.

**Discussion.** All positions for which funding was allocated are currently filled.

**Results.** There is sufficient staffing for the program.

10. **Annual independent fiscal audit.** Did the organization have an annual independent fiscal audit performed and did the independent auditors issue any findings?

**Method.** Obtain and review audited financial statements. If applicable, discuss any findings or concerns identified by auditors with fiscal manager.

**Discussion.** The program is County operated and does not conduct an annual financial audit.

**Results.** Not applicable.

11. **Fiscal resources sufficient to deliver and sustain the services.** Does organization have diversified revenue sources, adequate cash flow, sufficient coverage of liabilities, and qualified fiscal management to sustain program or plan element.

**Method.** Review financial reports.

**Discussion.** The program has been authorized by the Board of Supervisors. The current Three Year Plan allocates sufficient funding to field the five positions

authorized to support the behavioral health services that are offered by this program.

**Results.** Sufficient funds are allocated to fully support the five positions assigned to this program.

- 12. Oversight sufficient to comply with generally accepted accounting principles.** Does organization have appropriate qualified staff and internal controls to assure compliance with generally accepted accounting principles.

**Method.** Interview with fiscal manager of program.

**Discussion.** This is a county operated program, and complies with generally accepted accounting principles.

**Results.** Not applicable.
- 13. Documentation sufficient to support invoices.** Do the organization's financial reports support monthly invoices charged to the program and ensure no duplicate billing.

**Method.** Reconcile financial system with monthly invoices. Interview fiscal manager of program.

**Discussion.** Fiscal documents are maintained by the County.

**Results.** Documentation maintained by the County supports the amount charged to the program.
- 14. Documentation sufficient to support allowable expenditures.** Does organization have sufficient supporting documentation (payroll records and timecards, receipts, allocation bases/statistics) to support program personnel and operating expenditures charged to the program.

**Method.** Match random sample of one month of supporting documentation for each fiscal year (up to three years) for identification of personnel costs and operating expenditures charged to the county cost center.

**Discussion.** Documentation shows that five behavioral health positions are charged to the correct MHSA cost center.

**Results.** Documentation maintained by the County supports the personnel costs charged to the program.
- 15. Documentation sufficient to support expenditures invoiced in appropriate fiscal year.** Do organization's financial system year end closing entries support expenditures invoiced in appropriate fiscal year (i.e., fiscal year in which expenditures were incurred regardless of when cash flows).

**Method.** Reconcile year end closing entries in financial system with invoices. Interview fiscal manager of program.

**Discussion.** The program is part of the County's accounting system, and complies with the accrual basis of accounting.

**Results.** There is sufficient documentation to support expenditures charged to the appropriate year.

16. **Administrative costs sufficiently justified and appropriate to the total cost of the program.** Is the organization's allocation of administrative/indirect costs to the program commensurate with the benefit received by the program.

**Method.** Review methodology and statistics used to allocate administrative/indirect costs. Interview fiscal manager of program.

**Discussion.** The County has opted not to charge any indirect cost to the program.

**Results.** No indirect costs have been charged to the program.

17. **Insurance policies sufficient to comply with contract.** Does the organization have insurance policies in effect that are consistent with the requirements of the program?

**Method.** Review insurance policies.

**Discussion.** The program is part of the County and is not subject to maintaining separate insurance policies.

**Results.** Not applicable.

18. **Effective communication between program manager and community organizations participating in the program.** Do the program manager and MHSA Program Manager communicate routinely and clearly regarding program activities, and any program or fiscal issues as they arise?

**Method.** Interview program manager.

**Discussion.** MHAPS Program Manager and PEI coordinator communicate on a regular basis regarding program activities or other matters, as appropriate. PEI coordinator provides a link to MHSA Program Manager.

**Results.** PEI coordinator and MHAPS Program Manager will continue to communicate on a regular basis, as needed.

## VIII. **Summary of Results.**

The *Probation Liaisons* and *Clinicians at OAYRF* at Mental Health and Probation Services (MHAPS) provide Prevention services as outlined in the original PEI Three Year Plan (2009), subsequent plan updates, and the current Three Year Plan. The program components are fully staffed and its mission and practices are consistent with the PEI regulations and core values of MHSA. Consumers and program partners fully endorsed the positive impact the clinicians have on



the system and the lives of the consumers. Since the last triennial review, the program has created a program description that outlines the components of the program. The program has also been successful in integrating mental health services into the probation system, thereby enhancing access and linkage for consumers and family members and improving their overall experience with the juvenile justice system.

**IX. Findings for Further Attention.**

- The program should seek to train all staff in Epic. At that point, all charting should be done in Epic for probation liaisons and clinicians at OAYRF to allow for appropriate Medi-Cal billing. The designated reporting unit shall be used.
- The program needs to identify and define performance measures so as to continually improve and maintain fidelity to the values of MHSA.
- The program needs to construct a system that allows for appropriate data collection.

**X. Next Review Date.** December 2020

**XI. Appendices.**

Appendix A – Program Description

Appendix B – Previous Program Review Report

**XII. Working Documents that Support Findings.**

Consumer Listing

Consumer, Family Member Surveys

Consumer, Family Member, Provider Interviews

County MHSA Monthly Financial Report

Progress Reports, Outcomes

MHSA Three Year Plan and Update(s)



Contra Costa Mental Health  
Mental Health Services Act  
Prevention Early Intervention Services



## Appendix A

# Mental Health and Probation Services (MHAPS)

### Description of PEI Funded Program Components

The Contra Costa Mental Health Services Act (MHSA) Three-Year Program and Expenditure Plan (FY 2017-18 through 2020-21) provides funding for **Probation Liaisons** and **Clinicians at the Orin Allen Youth Ranch Facility (OAYRF)**. The mission of these Prevention and Early Intervention (PEI) plan elements is to assist the Probation Department in meeting the mental health needs of youth involved in the juvenile justice system. This PEI plan elements consists of five Mental Health Clinical Specialist positions; three Mental Health Probation Liaisons and two clinicians at the Orin Allen Youth Ranch Facility (OAYRF, the Ranch). Services are provided irrespective of insurance status of the juveniles.

The **Probation Liaisons** provide a broad range of mental health services for juveniles on probation, including mental health screenings and assessments, short term treatment, consultation to the probation department, family support, linkage to behavioral health and other supports. The Liaisons are a vital link between the justice system, the larger mental health system of care, families, and the community: They educate the justice system about the mental health needs of youth and help juvenile justice involved families navigate the system. Liaisons receive requests for services from various sources: from the detention system for linkage when a juvenile is discharged into the community; from the court to provide mental health assessments and treatment recommendations; from probation officers for assessments, consultation and linkage to mental health resources. Staying abreast of resources in the community, liaisons help juvenile investigation officers make accurate recommendations to the court and link youth to the right resources. Liaisons extend their reach into the community to help at-risk youth link to resources aimed at avoiding further involvement with the justice system. Toward that end Liaisons work with schools and Student Attendance Review Boards (SARB) and Truancy Court to intervene early and preventively by identifying and meeting underlying mental health needs of at-risk youth. While Liaisons may occasionally provide short term treatment for youth, they more frequently work with care takers centrally involved with youth: the parents, probations officers, teachers, school administrators, and clinicians. In addition, liaisons are involved in mental health outreach activities, such as suicide prevention classes and parent education programs.

The **Clinicians at OAYRF** provide mental health assessment and treatment to youth placed at the youth ranch. Many youths at the Ranch have experienced community violence, traumatic loss, and dysfunctional family situations. For many, the Ranch provides an opportunity for learning basic social-emotional skills. The clinicians ensure that the Ranch provides an environment for such learning by adding a mental health perspective to the team. They assist



## Contra Costa Mental Health Mental Health Services Act Prevention Early Intervention Services



probation staff to understand and support the mental health needs of youth attending the program. Treatment provided by clinicians range from supportive therapy to family intervention and specialized treatment for trauma related symptoms and grief. The clinicians work closely with the probation liaisons in helping their clients get linked to further supports once they exit the ranch. Clinicians at the Ranch participate in additional activities, such as providing parent education classes and outreach presentations.

### **Number Served**

The Liaisons will annually serve approximately 200 youth involved with, or at risk of, becoming involved with the juvenile justice system. The clinicians at the Ranch will serve approximately 100 youth per fiscal year.

In addition, liaison and Ranch clinicians provide annual demographic reports on youth served.

### **Outcomes**

#### **Goals for Liaisons**

- Increased involvement in treatment due to liaison services

#### **Method of Tracking**

- Tracking youth involvement in post-release services through the Contra Costa County Electronic Medical Record System (EPIC)

#### **Goals for Ranch Clinicians**

- Increased mental health functioning of at-risk youth exiting Ranch program

#### **Method of Tracking**

- Pre- and post- Functional Impairment measures as determined by Contra Costa County (currently CALOCUS, possibly migrating to CANS).

# Appendix B

## Mental Health Services Act (MHSA)

### Program and Fiscal Review

- I. **Date of On-site Review:** November, 13 and November 14  
**Date of Exit Meeting:** January 5, 2015
- II. **Review Team:** Erin McCarty, Michelle Nobori, Louis Buckingham, Gerold Loenicker
- III. **Name of Program/Plan Element:** Families Experiencing Juvenile Justice
- IV. **Program Description.**

The *Probation Liaisons and Clinicians at the Orin Allen Youth Ranch Facility (OAYRF)* are **Prevention** program components of *Mental Health and Probation Services (MHAPS)* at Contra Costa Mental Health (CCMH). These components are part of the County's Prevention and Early Intervention (PEI) plan to serve *Families Experiencing Juvenile Justice*. Per draft regulations put forth by the Mental Health Services Oversight and Accountability Commission (MHSOAC), a **Prevention** program is a "set of related activities to reduce risk factors for developing a potentially serious mental illness and to build protective factors". The goals of a prevention program should include the "reduction of applicable negative outcomes listed in the Welfare and Institutions Code Section 5840, subdivision (d) for individuals and members of groups of populations whose risk of developing a serious mental illness is significantly higher than average, and, as applicable, their parents, caregivers, and other family members". The referenced list of negative outcomes includes suicide, incarcerations, school failure or drop out, unemployment, prolonged suffering, homelessness, and removal of children from their homes. The draft regulations list the creation of Access and Linkage for mentally ill individuals and severely emotionally disturbed children and youth as a core strategy for Prevention programs.

In accordance with the community program planning process and responding to findings that establish a significant overlap between juvenile justice involvement and incidence of mental illness, the original three-year PEI plan for Contra Costa Mental Health (CCMH), approved in 2009, set the goal of supporting children and youth at risk of experiencing juvenile justice involvement.

The PEI program components at MHAPS consist of five Mental Health Clinical Specialist positions, three Mental Health Probation Liaisons and two clinicians at the Orin Allen Youth Ranch Facility (OAYRF).

The **Probation Liaisons** provide a broad range of mental health services for juveniles on probation, including mental health screenings and assessments, short term treatment, consultation to the probation department, family support, and linkage to mental health, behavioral health, and other supports for juveniles on probation.

The **Clinicians at OAYRF** provide mental health assessment and treatment to youth placed at the youth ranch. Treatment ranges from supportive therapy to family interventions and specialized treatment for trauma related symptoms and traumatic grief. The clinicians work closely with the probation liaisons in helping their clients link up to further supports once they exit the ranch.

**V. Purpose of Review.** Contra Costa Mental Health is committed to evaluating the effective use of funds provided by the Mental Health Services Act. Toward this end a comprehensive program and fiscal review was conducted of the above plan element. The results of this review are contained herein, and will assist in a) improving the services and supports that are provided, b) more efficiently support the County's MHSA Three Year Program and Expenditure Plan, and c) ensure compliance with statute, regulations and policy. In the spirit of continually working toward better services we most appreciate this opportunity to collaborate together with the staff and clients participating in this plan element in order to review past and current efforts, and plan for the future.

**VI. Summary of Findings.**

Topic	Met Standard	Notes
1. Deliver services according to the values of the MHSA	yes	Services are delivered where they are needed, the type of services is dependent on consumer need
2. Serve the agreed upon target population.	yes	Services target youth involved in juvenile justice
3. Provide the services for which	yes	All services are aimed at

funding was allocated.		preventing development of severe mental illness or facilitating access to services
4. Meet the needs of the community and/or population.	yes	Program is consistent with community planning process
5. Serve the number for individuals that have been agreed upon.	yes	While there is no annual target number, the program exceeds target numbers formulated in the initial PEI Three-Year-Plan
6. Achieve the outcomes that have been agreed upon.	--	Currently, there are no outcome measures established. Measures need to be put in place.
7. Quality Assurance	yes	Programmatic and clinical oversight by county
8. Ensure protection of confidentiality of protected health information.	yes	Program complies with HIPAA regulations, programs separates probation and mental health records
9. Staffing sufficient for the program	yes	All allocated positions are filled.
10. Annual independent fiscal audit	n/a	County program
11. Fiscal resources sufficient to deliver and sustain the services	no	Program budget in current MHSA Three-Year-Plan not sufficient to fund all positions
12. Oversight sufficient to comply with generally accepted accounting principles	n/a	County program
13. Documentation sufficient to support invoices	yes	Sufficient MHSA funds are allocated
14. Documentation sufficient to support allowable expenditures	yes	County provides sufficient programmatic oversight to support expenditures
15. Documentation sufficient to support expenditures invoiced in appropriate fiscal year	yes	Documentations supports that funds are expended in appropriate

		fiscal year
16. Administrative costs sufficiently justified and appropriate to the total cost of the program	yes	There is no allocation of indirect cost to plan element
17. Insurance policies sufficient to comply with contract	n/a	County program
18. Effective communication between contract manager and contractor	yes	Regular communication between PEI coordinator and Program Manager

**VII. Review Results.** The review covered the following areas:

**1. Deliver services according to the values of the Mental Health Services Act**

(California Code of Regulations Section 3320 – MHSa General Standards).

Does Families Experiencing Juvenile Justice collaborate with the community, provide an integrated service experience, promote wellness, recovery and resilience, be culturally competent, and be client and family driven?

**Method.** Consumer, family member and service provider interviews and consumer surveys.

**Results.** Consumer surveys were made available. At the Youth Ranch, the team interviewed program staff, including the two clinicians, the program manager, and probation supervisor. The team also spoke to seven youth placed at the Ranch, all recipients of mental health services. For the Probation Liaison program element, the team interviewed the liaisons and their program manager. The team then met with recipients of liaison services, including probation officers, clinical staff from community organizations to which clients are referred, and one parent.

The following table summarizes the survey results:

Questions	Responses: 11 (Orin Allen Youth Ranch)				
Please indicate how strongly you agree or disagree with the following statements regarding persons who work with you: (Options: strongly agree, agree, disagree, strongly disagree, I don't know)	Strongly Agree	Agree	Disagree	Strongly disagree	I don't know
	1. Help me improve my health and wellness	4	5	1	1
2. Allow me to decide what my own strengths and needs	3	6	1	-	1
3. Work with me to determine the services that are most helpful	7	3	-	-	1

4. Provide services that are sensitive to my cultural background.	3	4	3	-	1
5. Provide services that are in my preferred language	3	6	1	-	1
6. Help me in getting needed health, employment, education and other benefits and services.	5	3	1	-	2
7. Are open to my opinions as to how services should be provided	4	5	-	-	2
<b>Your response to the following questions is appreciated:</b>					
8. What does this program do well?	Staff always helpful and responsive, helps getting life on track, substance abuse counseling and education, provides space to share things that youth would otherwise not share, one can ask questions about personal life, helps open up, help me with my problems and solve them				
9. What does this program need to improve upon?	Help with getting sports scholarship, relate to “patients” on a more real level, more time for some people				
10. What needed services and supports are missing?	Physical proximity to other residents with whom there are conflicts, help with feeling connected to the world outside, more online help with jobs				
11. How important is this program in helping you improve your health and wellness, live a self-directed life, and reach your full potential? (Options: <i>Very important, Important, Somewhat important, Not Important.</i> )	Very Important	Important	Somewhat Important	Not Important	
	5	4	2	-	
12. Any additional comments?	“I like receiving help from this program, it is very helpful”, “this program can help me get ahead in life”, “[staff name] is a very nice lady”				

### Interviews at the Orin Allen Youth Ranch

**Youth** at the Ranch overwhelmingly testified to the importance of mental health services for their recovery. Youth participants pointed to treatment programs like “Aggression Replacement Therapy” and “Thinking for Change” as opportunities that help them with their automatic reactions, ways of thinking, and making changes in how they act in social situations. Some participants pointed out that at the Ranch, with the help of Mental Health, they learn “how to be a man” and develop an outlook to the future that did not seem possible in the past, such as applying to college or job training. The great majority of participants spoke to the role violence, loss, and lack of opportunity has played in their lives. Some valued the trusting relationship to the therapist as a new experience that allows them develop a language for feelings and develop a different self-image. Others spoke to the help they get around taking the SAT and applying for college. Some spoke about the family therapy that is available to them and that some participants experience quality time with their families for the first time at the Ranch.



Complaints and negative comments were mostly related to some of the restrictive conditions in the Ranch, such as limited phone time, grievances not being heard, shower conditions, etc. None of the negative comments or suggestions for improvements related to mental health supports.

**Staff** talked about the integral role of mental health services for the success of the Ranch as a whole, the mission of which is to help youth toward full rehabilitation. They pointed out that supports are available to everybody who screens positive for mental health risk factors and symptoms. Staff reported on the overwhelming and persistent role of poverty, loss and grief, and violence in the lives of the youth at the Ranch. Probation staff and mental health clinicians stressed that they work hand in hand, while respecting their different roles and confidentiality. Staff pointed out that all mental health supports are voluntary. All arrivals at the Ranch are screened for mental health needs and referred for further services if indicated. Referrals are also made based on behavioral incidents. Mental health staff works closely with the Probation Mental Health Liaisons to set up post release services. Asked about areas of unmet need, staff named better identification of learning disabilities, more specialized support for grief, psychiatry services, and gang intervention programming.

#### Interviews with Mental Health Probation Liaisons, Probation Officers, parent, and community partners

Probation officers emphasized how critical mental health liaisons are to quickly assess youth on probation for mental health needs and add suggestions for mental health supports during the short window of time probations officers have to formulate recommendations to the court. The presence of probation liaisons shortens the time considerably that it takes to connect youth with needed mental health supports to successfully comply with probation requirements. With probation liaison spending some of their time staying abreast of available resources and developments in the field, probation officers can confidently connect youth with the right types of services. Many of the referrals are made to Full Service Partnership (FSP) programs, specifically Multi-Systemic Therapy (MST), Multi-Dimensional Family Therapy (MDFT), and the Transition Age Youth FSPs in Contra Costa County, but also to less formal and less intensive treatment options. The two clinicians from Youth Homes (TAY FSP) and COFY (MST), respectively, reported that the probation liaisons facilitate the constant feedback loop between mental health organizations and probation re: clients, adequacy of referrals, and probation processes and requirements. The participating parent spoke to the crucial role the liaison had helping her family navigate the system and helping her child accept the need for services. When

asked about gaps and what is missing, interviewees listed homeless services and alcohol/other drug services as their first priorities.

The probation liaison reported that in addition to providing linkage and consultation to probation, they conduct court ordered assessments, brief therapy, and parent education groups. They also participate in initiatives to keep youth in school, by attending School Attendance Review Board (SARB) meetings and providing mental health consultation to SARB, and by collaborating with officers who are stationed at high schools.

**Discussion.** The program delivers services according to the values of the MHSA. Services are delivered according to community and client needs and in a manner that takes into account client feedback. Services are provided in the language(s) of the clients, from a trauma informed perspective, and with an emphasis toward linking clients to appropriate, culturally competent services

2. **Serve the agreed upon target population.** As Prevention and Early Intervention funded program components, do the *Probation Liaisons* and the *Ranch clinicians* prevent the development of a serious mental illness or serious emotional disturbance, and help reduce disparities in service? Does the program serve the agreed upon target population?

**Method.** Compare the program description and/or service work plan with a random sampling of client charts or case files.

**Results.** Services are provided to youth who are involved in the juvenile justice system, and their families. Youth receiving services are identified as having significant mental health needs by way of carrying a diagnosis and/or undergoing a mental health assessment upon commencement of services. Most youth have experienced significant trauma, including community violence and losses to violence.

**Discussion.** The program serves the agreed upon target population.

3. **Provide the services for which funding was allocated.** Do the program components provide the number and type of services that have been agreed upon?

**Method.** Compare program service goals as outlined in the three-year-plan and plan updates with regular reports, client/family member interviews, and service provider interviews.

**Results.** While there is no formal program description associated with the staff positions, client and staff interviews show that program and staff activities are consistent with the goal of providing mental health supports to youth involved with juvenile justice. Roles of the staff positions are clearly defined. The program

has provided demographic data for number of individuals served on a regular basis.

**Discussion.** A formal program description should be developed.

4. **Meet the needs of the community and/or population.** Are the programs components meeting the needs of the population/community for which it was designed? Have the program components been authorized by the Board of Supervisors as a result of a community program planning process? Are the program components consistent with the MHSA Three Year Program and Expenditure Plan?

**Method.** Research the authorization and inception of the program for adherence to the Community Program Planning Process. Match the service work plan or program description with the Three Year Plan. Compare with consumer/family member and service provider interviews. Review client surveys.

**Results.** The initial PEI three-year-plan includes a project for serving families experiencing juvenile justice. Subsequent plan updates and the current three-year-plan have continued to provide funding for probation related mental health services to pursue the goal of youth “less likely to become chronically involved in the adult justice system and/or mental health systems” (from initial PEI Three-Year-Plan, May 2009). As determined through client and staff interviews, services are consistent with the initial PEI Three-Year-Plan, subsequent plan updates, and the current 2014-2017 Three-Year-Plan. Positions were vetted through plan update process. Two of the positions were newly created and authorized by the Board of Supervisors, and three previously authorized positions were moved into the PEI cost center.

**Discussion.** The program meets the needs of the community.

5. **Serve the number of individuals that have been agreed upon.** Have the program components been serving the number of individuals specified in the program description, and how has the number served been trending the last three years?

**Method.** Match program description with history of demographic reports.

**Results.** The initial target for this plan element was to serve 250 individuals (PEI Three-Year-Plan, May 2009). In FY 11-12, 128 individual were served (program not fully staffed); in FY 12-13, 302 individuals were served; in FY 13-14, 413 individuals were served.

**Discussion.** An expected annual number of individual served should be established against which the actual number is compared.

6. **Achieve the outcomes that have been agreed upon.** Have the program components been meeting the agreed upon outcome goals, and how have the outcomes been trending?

**Method.** Match outcomes reported for the last three years with outcomes projected in the program description/service work plan, and verify validity of outcome with supporting documentation, such as case files or charts. Outcome domains include, as appropriate, incidence of restriction, incidence of psychiatric crisis, meaningful activity, psychiatric symptoms, consumer satisfaction/quality of life, and cost effectiveness. Analyze the level of success by the context, as appropriate, of pre- and post-intervention, control versus experimental group, year-to-year difference, comparison with similar programs, or measurement to a generally accepted standard.

**Results.** While the numbers served also indicate the volume of linkages provided (one of the expected outcomes), there are no outcome reports available beyond numbers.

**Discussion.** Establish method for reporting outcomes

7. **Quality Assurance.** How do the program components assure quality of service provision?

**Method.** Review and report on results of participation in County's utilization review, quality management incidence reporting, and other appropriate means of quality of service review.

**Results.** No grievances were filed related to the probation related mental health services that are subject to this review. For Probation Liaison services, billable services are documented according to County standards and are subject to the County's utilization review. At OAYR, charts are kept according to County clinical standards. Quality review and monitoring is provided by Children's Mental Health program management.

**Discussion.** Quality of services is monitored. The program provides quality services as evidenced by the above.

8. **Ensure protection of confidentiality of protected health information.** What protocols are in place to comply with the Health Insurance Portability and Accountability Assurance (HIPAA) Act, and how well does staff comply with the protocol?

**Method.** HIPAA compliance was reviewed by observing implementation of the County's policies for safeguarding protected patient health information.

**Results.** Staff are observing HIPAA requirements. The program has put adequate measures in place to keep mental health and probation records

separate. All staff are required to complete HIPAA training annually. The County has also a Privacy Officer in charge of protecting client information.

**Discussion.** The program protects client health information.

9. **Staffing sufficient for the program.** Is there sufficient dedicated staff to deliver the services, evaluate the program for sufficiency of outcomes and continuous quality improvement, and provide sufficient administrative support?

**Method.** Match history of program response with organization chart, staff interviews and duty statements.

**Results.** All positions for which funding was allocated are filled.

**Discussion.** There is sufficient staffing for the program.

10. **Annual independent fiscal audit.** Did the organization have an annual independent fiscal audit performed and did the independent auditors issue any findings.?

**Method.** Obtain and review audited financial statements. If applicable, discuss any findings or concerns identified by auditors with fiscal manager.

**Results.** The program is County operated and does not conduct an annual financial audit.

**Discussion.** Not applicable.

11. **Fiscal resources sufficient to deliver and sustain the services.** Does the program have diversified revenue sources, adequate cash flow, sufficient coverage of liabilities, and qualified fiscal management to sustain program or plan element.?

**Method.** Review financial reports.

**Results.** The program is authorized by the County. However, currently, insufficient resources are authorized to maintain the program. The current Three-Year Plan allocates \$500,000 to the program. Per MHSA monthly budget report, the program expenses are projected to amount to \$643,535 in FY14-15.

**Discussion.** In the next plan update, projected program cost and allocated funds need to be matched.

12. **Oversight sufficient to comply with generally accepted accounting principles.** Does organization have appropriate qualified staff and internal controls to assure compliance with generally accepted accounting principles?

**Method.** Interview with fiscal manager of program.

**Results.** The program is part of the County and by definition complies with generally accepted accounting principles.

**Discussion.** Not applicable.

13. **Documentation sufficient to support invoices.** Do the organization's financial reports support monthly invoices charged to the program and ensure no duplicate billing?
- Method.** Reconcile financial system with monthly invoices. Interview fiscal manager of program.
- Results.** Review of fiscal documents maintained by the County.
- Discussion.** Documentation maintained by the County supports the amount charged to the program.
14. **Documentation sufficient to support allowable expenditures.** Does organization have sufficient supporting documentation (payroll records and timecards, receipts, allocation bases/statistics) to support program personnel and operating expenditures charged to the program?
- Method.** Match one month of supporting documentation (MHSA Monthly Budget Report) for identification of personnel costs and operating expenditures charged to the cost center.
- Results.** Documentation shows that five probation mental health positions are charged against the PEI center.
- Discussion.** Documentation maintained by the County supports the personnel costs charged to the program.
15. **Documentation sufficient to support expenditures invoiced in appropriate fiscal year.** Do organization's financial system year end closing entries support expenditures invoiced in appropriate fiscal year (i.e., fiscal year in which expenditures were incurred regardless of when cash flows)?
- Method.** Reconcile year end closing entries in financial system with invoices. Interview fiscal manager of program or plan element.
- Results.** The program is part of the County and by definition complies with the accrual basis of accounting.
- Discussion.** There is sufficient documentation to support expenditures invoiced in the appropriate year.
16. **Administrative costs sufficiently justified and appropriate to the total cost of the program.** Is the program's allocation of administrative/indirect costs to the program or plan element commensurate with the benefit received by the program or plan element?
- Method.** Review methodology and statistics used to allocate administrative/indirect costs. Interview fiscal manager of program or plan element.

**Results.** The County has opted not to charge any indirect cost to the program.  
**Discussion.** The County could have charged indirect costs to the program consistent with Office of Management and Budget Circular A-87, but has opted not to do so.

17. **Insurance policies sufficient to comply with contract.** Does the program have insurance policies in effect that are consistent with the requirements of the contract?

**Method.** Review insurance policies.

**Results.** The program is part of the County and is not subject to maintaining separate insurance policies.

**Discussion.** Not applicable.

18. **Effective communication between contract manager and contractor.** Do both the MHAPS program manager and the MHSA Program Manager communicate routinely and clearly regarding program activities, and any program or fiscal issues as they arise?

**Method.** Interview PEI coordinator and Mental Health and Probation (MHAPS) Program Manager.

**Results.** MHAPS Program Manager and PEI coordinator communicate on regular basis re: program activities. PEI coordinator provides a link to MHSA Program Manager.

**Discussion.** There needs to be regular communication between MHSA Program Manager and the MHAPS Manager in order to standardize program expectations and mutually agreed upon outcomes.

## VIII. **Summary of Results.**

The *Probation Liaisons* and *Clinicians at OAYRF* at Mental Health and Probation Services (MHAPS) provide Prevention services as outlined in the PEI Three-Year-Plan (2009), subsequent plan updates, and the current Three-Year-Plan. The program components are fully staffed and its mission and practices are consistent with draft PEI regulations and principles of the MHSA. Consumers and program partners fully endorsed the positive impact the clinicians on the overall system and the lives of consumers.

## IX. **Findings for Further Attention.**

- The program needs to formalize a program description that outlines the functions fulfilled by PEI funded positions
- The program needs to identify and define performance measures so as to continually improve and maintain fidelity to the values of the MHSA.

- The program needs to construct a system that allows to gather data required by PEI regulations
- In the next MHSA Plan Update, allocation of funds and expected programs expenses need to be matched.

**X. Nov 2017**

**XI. Appendices.**

Appendix A – Program Description/Service Work Plan

Appendix B – Service Provider Budget (Contractor)

Appendix C – Yearly External Fiscal Audit (Contractor)

Appendix D – Organization Chart

**XII. Working Documents that Support Findings.**

Consumer Listing

Consumer, Family Member Surveys

Consumer, Family Member, Provider Interviews

County MHSA Monthly Financial Report

Progress Reports, Outcomes

Monthly Invoices with Supporting Documentation (Contractor)

Indirect Cost Allocation Methodology/Plan (Contractor)

Board of Directors' Meeting Minutes (Contractor)

Insurance Policies (Contractor)

MHSA Three Year Plan and Update(s)



# Overcoming Transportation Barriers Project

## “Fostering Transportation Independence”



AN MHSA INNOVATION PROJECT



# Background



- 5 Year Innovation Project
- Funded by Mental Health Services Act
- Developed by Contra Costa Behavioral Health to address transportation and access challenges and recommendations identified by Transportation and Systems of Care Committees.
- Project based at Office for Consumer Empowerment in Martinez

# Goals



- Foster transportation independence
- Improve access to mental health services
- Improve transit system navigation
- Improve independent living and self-management skills among our peers in the behavioral health system

# Target Population



- Piloting in East County
- Patients & family members served by county-operated Behavioral health clinics
- Plans to extend to AODs and potentially CBOs.

# Staff Roles



- Commute Navigation Specialists/ Community Support Workers
- Currently have 2 Staff, plan to have 3- one for each region.
- Trainings on: navigation, skill building, Independent living skills
- Enhance linkages: transit agencies, transportation Info. Resources (511), discount programs
- Analyze & Coordinate existing transportation resources

# Staff Roles



- Weekly workgroup meeting- 7 BH Staffs including peers, family members, and administration.

# Tasks



- Liaison between Svc. Providers, families affected by, mental illness, transit agencies/authorities.
- Facilitate quarterly transportation Subcommittee
- Organize travel trainings
- Provide transportation resources to public
- Facilitate community input into the project
- Transportation-related peer support
- Map bus routes
- Create Transportation Resource Guides

# Progress



- Completed East County transportation Guides in English & Spanish
- Field peer support calls from target population and others
- Organized two Travel Training Programs
- Attended MHSA Community Forum & brought stakeholder input from Central County



# Contact Information



- Candace Collier- Commute Navigation Specialist  
925-957-5172
- Kristin Visbal- Commute Navigation Specialist  
925-957-5110

# Questions & Comments?



# Contra Costa County Behavioral Health Mental Health Services Act (MHSA) Program and Fiscal Review

- I. **Date of On-Site Review:** October 26, 2017  
**Date of Exit Interview:** December 14, 2017
  
- II. **Review Team:** Jennifer Bruggeman, Warren Hayes, Windy Taylor
  
- III. **Program:** RYSE, Inc.  
205 41<sup>st</sup> Street  
Richmond, CA 94805
  
- IV. **Program Description.** RYSE is a youth center in Richmond that offers a wide range of activities, programs, and classes for young people, including media arts, health education, career and educational support, and youth leadership and advocacy. RYSE operates within a community behavioral health model and employs trauma informed and healing centered approaches in all areas of engagement, including one-on-one, group and larger community efforts. In these areas, RYSE focuses on the conditions, impact and strategies to name and address community distress, stigma, and mental health inequities linked to historical trauma and racism, as well as complex, chronic trauma. This focus enables RYSE to provide culturally relevant, empathetic, and timely community mental health and wellness services, resources, and supports across all program areas and levels of engagement.

Prevention and Early Intervention (PEI) services include the following program components: A) Trauma Response and Resilience System (TRRS): develop and implement trauma and healing learning for key system partners, facilitate development of a coordinated community response to violence and trauma, evaluate impact of trauma informed practices, and provide critical response and crisis relief for young people experiencing acute incidents of violence. B) Health and Wellness: support young people (ages 13 to 21) from the diverse communities of West County to become better informed consumers and active agents of their own health and wellness, support young people in expressing and addressing the impact of stigma, discrimination and community distress; and foster healthy peer and youth-adult relationships. Activities include mental health counseling and referrals, outreach to schools, workshops and 'edutainment'

activities that promote inclusion, healing and justice, and youth assessment and implementation of partnership plans (Chat it Up Plans). C) Inclusive Schools: facilitate collaborative work with West Contra Costa (WCC) schools and organizations working with and in schools aimed at making WCCUSD an environment free of stigma, discrimination, and isolation for LGBTQ students. Activities include assistance in provision of LGBTQ specific services, conducting organizational assessments, training for adults and students, engaging students in leadership activities, and providing support groups at target schools.

**V. Purpose of Review.** Contra Costa Behavioral Health Services (CCBHS) is committed to evaluating the effective use of funds provided by the Mental Health Services Act. Toward this end, a comprehensive program and fiscal review was conducted of the above program. The results of this review are contained herein, and will assist in a) improving the services and supports that are provided, b) more efficiently supporting the County’s MHSa Three Year Program and Expenditure Plan, and c) ensuring compliance with statute, regulations and policy. In the spirit of continually working toward better services, we most appreciate this opportunity to collaborate together with the staff and clients participating in this program in order to review past and current efforts, and plan for the future.

**VI. Executive Summary of Findings.** The review covered 18 topics related to MHSa guidelines, quality programming and fiscal responsibility.

Topic	Met Standard	Notes
1. Deliver services according to the values of the MHSa	Yes	Program has referred many participants to the CCMH system
2. Serve the agreed upon target population	Yes	Program serves participants that have been exposed to risk factors associated with developing mental illness
3. Provide the services for which funding was allocated	Yes	The entire RYSE program is a prevention service, with MHSa only a partial funding source
4. Meet the needs of the community and/or population	Yes	Program is consistent with CCMH prevention strategy
5. Serve the number of individuals that have been agreed upon	Yes	Program meets or exceeds the targeted number of participants
6. Achieve the outcomes that have been agreed upon	Yes	Success indicators should be refined and simplified based on program’s experience
7. Quality Assurance	Yes	Participants indicated program

Topic	Met Standard	Notes
		provides quality services
8. Ensure protection of confidentiality of protected health information	Yes	The program is HIPAA compliant but should develop written policies and procedures
9. Staffing sufficient for the program	Yes	Participants indicate staffing is sufficient
10. Annual independent fiscal audit	Yes	No concerns indicated by independent auditor for last 3 years
11. Fiscal resources sufficient to deliver and sustain the services	Yes	Program receives funding from multiple sources
12. Oversight sufficient to comply with generally accepted accounting principles	Yes	It is suggested that the program's written accounting policies and procedures be updated to reflect current practices
13. Documentation sufficient to support invoices	Yes	MHSA funds less than 25% of the program
14. Documentation sufficient to support allowable expenditures	Yes	It is suggested that staffing time directly attributable to mental health care be depicted in the contract with CCBHS
15. Documentation sufficient to support expenditures invoiced in appropriate fiscal year	Yes	Documentation supports that funds are fully expended prior to the end of the fiscal year
16. Administrative costs sufficiently justified and appropriate to the total cost of the program	Yes	The program follows an accepted allocation approach for indirect costs
17. Insurance policies sufficient to comply with contract	Yes	Organization maintains appropriate insurance policies
18. Effective communication between contract manager and contractor	Yes	Contract manager and contractor meet at least quarterly

**VII. Review Results.** Results for each of the 18 elements/topics listed above are described below.

- 1. Deliver services according to the values of the Mental Health Services Act** (California Code of Regulations Section 3320 – General Standards). Does the program collaborate with the community, provide an integrated service experience, promote wellness, recovery and resilience, and are services culturally relevant and client & family driven?

**Method.** Consumer and service provider interviews and consumer surveys.

**Discussion.** Interviews were conducted with six program participants and six program staff. A 12-question survey was given to participants. We received a total of 34 surveys. The following table summarizes the survey results. Responses are consistent with consumer interviews, show an overwhelmingly positive evaluation of the program by participants, and show adherence to MHSA values.

Questions	Responses: 34														
<p><b>Please indicate how strongly you agree or disagree with the following statements regarding persons who work with you:</b>  <i>(Options: strongly agree, agree, disagree, strongly disagree, I don't know)</i></p>	<table border="1" data-bbox="748 596 1446 743"> <thead> <tr> <th data-bbox="748 596 907 705">Strongly Agree</th> <th data-bbox="907 596 1021 705">Agree</th> <th data-bbox="1021 596 1180 705">Disagree</th> <th data-bbox="1180 596 1339 705">Strongly Disagree</th> <th data-bbox="1339 596 1446 705">I Don't Know</th> </tr> </thead> <tbody> <tr> <td data-bbox="748 705 907 743">4</td> <td data-bbox="907 705 1021 743">3</td> <td data-bbox="1021 705 1180 743">2</td> <td data-bbox="1180 705 1339 743">1</td> <td data-bbox="1339 705 1446 743">0</td> </tr> </tbody> </table>					Strongly Agree	Agree	Disagree	Strongly Disagree	I Don't Know	4	3	2	1	0
Strongly Agree	Agree	Disagree	Strongly Disagree	I Don't Know											
4	3	2	1	0											
1. Help me improve my health and wellness	Average score: 3.4 (n=32) “n” denotes the number of respondents who scored the item between 1 and 4. The remainder of respondents either did not score or scored “I don’t know.”														
2. Allow me to decide my own strengths and needs.	Average score: 3.3 (n=32)														
3. Work with me to determine the services that are most helpful.	Average score: 3.3 (n=33)														
4. Provide services that are sensitive to my cultural background.	Average score: 3.4 (n=31)														
5. Provide services that are in my preferred language.	Average score: 3.5 (n=33)														
6. Help me in getting needed health, employment, education and other benefits and services.	Average score: 3.6 (n=33)														
7. Are open to my opinions as to how services should be provided.	Average score: 3.5 (n=30)														
8. What does this program do well?	Answers included the following statements: <ul style="list-style-type: none"> <li>• They are very good with advice, you can count on them for anything</li> </ul>														

	<ul style="list-style-type: none"> <li>• Feed us</li> <li>• Computers, homework</li> <li>• Keeping you safe and entertained</li> <li>• Provide space to do work</li> <li>• Keep me off the street and connect with people</li> <li>• Help me find my voice</li> <li>• Provide safe spaces, educational and artistic classes</li> <li>• RYSE makes you feel more like yourself, they bring out the real you!</li> <li>• Listen to our needs, try to provide us with answers</li> <li>• They make people feel safe and they have something for everyone</li> <li>• Makes everyone feel welcome</li> <li>• Helps out with school/life problems</li> <li>• Speak with me about my health</li> <li>• RYSE is good at providing us with a space to heal and talk about our feelings, which we may not get at home</li> <li>• They don't turn away anyone</li> </ul>
<p>9. What does this program need to improve upon?</p>	<p>Answers included the following statements:</p> <ul style="list-style-type: none"> <li>• More cooking classes along with more financial help with events, and financial help with transportation for kids who might need help to get home</li> <li>• Maintenance</li> <li>• The kitchen area and the food</li> <li>• If a person doesn't want a check-in, they shouldn't get one</li> <li>• Be more strict on making sure no one gets bullied</li> <li>• More Tasty Tuesdays</li> <li>• Member attitudes</li> </ul>
<p>10. What needed services and supports are missing?</p>	<p>Answers included the following statements:</p> <ul style="list-style-type: none"> <li>• A chill-out room for members to hang and have a bonding area zone with no staff</li> <li>• Space to lounge</li> <li>• Communication</li> <li>• Provide mental health classes, self-defense classes, job searching classes</li> <li>• Services for people with mental illness</li> <li>• Sports programs</li> </ul>

11. How important is this program in helping you improve your health and wellness, live a self-directed life, and reach your full potential. (Options: very important, important, somewhat important, not important)	Very Important	Important	Somewhat Important	Not Important
	4	3	2	1
Average score: 3.5 (n=33)				
12. Any additional comments?	Answers included the following statements: <ul style="list-style-type: none"> <li>• RYSE is a place for others to come and have something to do when members don't have any other plans</li> <li>• Helps understand what you'll need in life</li> <li>• I love RYSE, RYSE should have more recommendations</li> <li>• I come to RYSE everyday</li> </ul>			

Most of the six staff interviewed are former RYSE members. They reported feeling that RYSE promotes their career growth and is a supportive environment to work in. Staff get to vote on what trainings are provided, and they receive two weeks per year of staff development time. They acknowledged that while the trauma and healing focused work they do is intense, they identified means of self-care and reported that the administration supports this by offering things such as: Restoration Week, a quality health plan (that includes acupuncture), and an infrastructure that speaks to overall wellness.

Positive feedback from the six youth interviewed included a collective feeling that RYSE is a safe place to come where everyone is welcome and wanted just as they are. They spoke to the many positive activities (including cooking, art, dance, music) as well as the opportunity to connect with people and make friends. They indicated that RYSE offers a non-judgmental space, and that the staff meets members where they are at. They said that RYSE has opened doors for them to better themselves and find out what motivates them.

**Results.**

The program delivers services according to the values of the MHSA, as staff and consumers both report a healing atmosphere that promotes wellness and recovery for youth in West Contra Costa County who experience persistent atmospheric trauma. RYSE provides an integrated service by referring members



to Contra Costa Children's Mental Health Services or Seneca's Mobile Response Team, when the need arises. In addition, through their hospital linked violence intervention program, they have taken many referrals from John Muir hospital this year.

2. **Serve the agreed upon target population.** For Prevention and Early Intervention, does the program prevent the development of a serious mental illness or serious emotional disturbance, and help reduce disparities in service? Does the program serve the agreed upon target population (such as age group, underserved community)?

**Method.** Compare the program description and/or service work plan with results of client and staff interviews.

**Discussion.** The program applies an integrated approach to identifying youth who may be seriously mentally ill or seriously emotionally disturbed and whom staff can refer to a case conference or a counselor. This program is a model of what a prevention program should be in terms of serving a target population that is exposed to many risk factors associated with developing mental illness (such as community violence and poverty). The program also provides outreach services to individuals outside and inside the program. The program is able to make appropriate referrals because it is well connected to different systems (hospitals, probation, schools). The facility is located in the heart of an underserved community. The program models a safe, healthy environment in an area challenged by violence, poverty and lack of opportunity.

**Results.** The program serves the agreed upon population.

3. **Provide the services for which funding was allocated.** Does the program provide the number and type of services that have been agreed upon?

**Method.** Compare the service work plan or program goals with regular reports and match with client and service provider interviews.

**Discussion.** Contra Costa Mental Health currently funds \$474,144 of a \$2.2 million total budget (approximately 22 percent). The following RYSE programs are funded by MHSA: Health and Wellness, Trauma Response and Resiliency, and Inclusive Schools.

**Results.** Monthly service summaries as well as semi-annual reports are provided by the program. Services are offered both on site, as well as offsite through events, trainings and workshops at local schools, partner agency sites and within juvenile hall. The program is providing services for which funding was allocated.

4. **Meet the needs of the community and/or population.** Is the program meeting the needs of the population/community for which it was designed? Has the program been authorized by the Board of Supervisors as a result of a community program planning process? Is the program consistent with the MHSA Three Year Program and Expenditure Plan?

**Method.** Research the authorization and inception of the program for adherence to the Community Program Planning Process. Match the service work plan and program description with the MHSA Three Year Plan. Compare with consumer member and service provider interviews. Review client surveys.

**Discussion.** This program was included in the original PEI plan that was approved by the state in May 2010. The program has been authorized by the Board of Supervisors and is consistent with the current three year program and expenditure plan as well as the PEI regulations on prevention programs. RYSE has plans for expansion in the upcoming triennial cycle, which will further meet the needs of consumers and provide much needed space for additional programming. Interviews with program participants and service providers support the service work plan as an MHSA Prevention strategy.

**Results.** The program meets the needs of the community and the population for which it is designed.

5. **Serve the number of individuals that have been agreed upon.** Has the program been serving the number of individuals specified in the program description/service work plan, and how has the number served been trending the last three years?

**Method.** Match program description/service work plan with history of monthly reports and verify with supporting documentation, such as logs, sign-in sheets and case files.

**Discussion.** The program provides monthly and semiannual reports which are reviewed by the contract manager. Per discussion, they have calculated the number of individuals served differently than in previous years in order to determine unduplicated numbers. Individuals are served on site, as well as offsite through various outreach efforts.

**Results.** It is recommended that the Service Work Plan be modified to reflect the actual number of clients being served.

6. **Achieve the outcomes that have been agreed upon.** Is the program meeting the agreed upon outcome goals, and how have the outcomes been trending.

**Method.** Match outcomes reported for the last three years with outcomes projected in the program description/service work plan, and verify validity of outcome with supporting documentation, such as case files or charts. Outcome

domains include, as appropriate, incidence of restriction, incidence of psychiatric crisis, meaningful activity, psychiatric symptoms, consumer satisfaction/quality of life, and cost effectiveness. Analyze the level of success by the context, as appropriate, of pre- and post-intervention, control versus experimental group, year-to-year difference, comparison with similar programs, or measurement to a generally accepted standard.

**Discussion.** The service work plan describes numerous agreed upon measures of success. Measurement is conducted through member surveys and number of clients served. The service work plan had a total of nine success indicators and the program met or exceeded all of the indicators.

**Results.** The program reduced the number of indicators reported during the last triennial review, per recommendation. The indicators are focused on improving mental health and overall wellness, increasing positive relationships and self-efficacy, and are offered through culturally relevant and trauma informed practices.

7. **Quality Assurance.** How does the program assure quality of service provision?

**Method.** Review and report on results of participation in County's utilization review, quality management incidence reporting, and other appropriate means of quality of service review.

**Discussion.** Contra Costa County did not receive any grievances towards the program. The program has an internal grievance process and allows program participants to address issues during house meetings.

**Results.** Interviews with program staff and participants indicated the program provides quality services.

8. **Ensure protection of confidentiality of protected health information.** What protocols are in place to comply with the Health Insurance Portability and Accountability Assurance (HIPAA) Act, and how well does staff comply with the protocol?

**Method.** Match the HIPAA Business Associate service contract attachment with the observed implementation of the program's implementation of a protocol for safeguarding protected patient health information.

**Discussion.** The program does not have established written policies, as the program is not a Medi-Cal provider. All staff receive training around confidentiality practices. Files and documents containing protected health information (PHI) are stored in a double locked cabinet.

**Results.** The program complies with appropriate confidentiality guidelines and protocols.

9. **Staffing sufficient for the program.** Is there sufficient dedicated staff to deliver the services, evaluate the program for sufficiency of outcomes and continuous quality improvement, and provide sufficient administrative support?

**Method.** Match history of program response with organization chart, staff interviews and duty statements.

**Discussion.** Program staffing is fairly robust due to the diversity of funding streams. Since the previous triennial review, RYSE has expanded its staffing in both fiscal and programming (direct services) departments.

**Results.** Interviews with program participants and staff indicate the program has sufficient staffing.

10. **Annual independent fiscal audit.** Did the organization have an annual independent fiscal audit performed and did the independent auditors issue any findings.

**Method.** Obtain and review audited financial statements. If applicable, discuss any findings or concerns identified by auditors with fiscal manager.

**Discussion.** The organization provided single audit reports for the last three years. The auditors did not identify any material concerns and stated the financial statements fairly represent the consolidated financial position of RYSE. RYSE's revenues significantly increased this last year. In particular, fund raising increases have enabled RYSE to responsibly expand goods and services that directly benefit the youth who participate in their programming.

**Results.** RYSE complied with the annual audit requirement and there were no findings or concerns expressed by the independent auditors. The reliance on Contra Costa County funding is not considered a concern given the fairly significant assets on hand.

11. **Fiscal resources sufficient to deliver and sustain the services.** Does the organization have diversified revenue sources, adequate cash flow, sufficient coverage of liabilities, and qualified fiscal management to sustain program or plan element.

**Method.** Review audited financial statements. Review Board of Directors meeting minutes. Interview fiscal manager of program.

**Discussion.** The financial statements indicated fairly significant assets on hand which could be used to sustain services. The Board of Directors minutes did not identify any issues related to the fiscal operations. The program is fairly well diversified with respect to revenues and management and appears to have the ability to obtain additional funding as needed. RYSE has a significant line of credit that they have not needed to use for cash flow purposes.

**Results.** RYSE has sufficient fiscal resources to deliver and sustain the services.

**12. Oversight sufficient to comply with generally accepted accounting principles.** Does organization have appropriate qualified staff and internal controls to assure compliance with generally accepted accounting principles.

**Method.** Interview with fiscal manager of program.

**Discussion.** The program has doubled their fiscal staff in the last three years, and utilizes considerably more sophisticated software programming to track and manage staff time and operating costs. It was noted that this significant improvement in the last three years has understandably adjusted accounting policies and procedures. It is suggested that RYSE re-visit and revise, if necessary, their written fiscal policies and procedures. Fiscal staff have extensive accounting experience, and have appropriate checks and balances in place to ensure segregation of duties.

**Results.** RYSE has sufficient qualified personnel and oversight protocols to appropriately follow generally accepted accounting principles.

**13. Documentation sufficient to support invoices.** Do the organization's financial reports support monthly invoices charged to the program and ensure no duplicate billing.

**Method.** Reconcile financial system with monthly invoices. Interview fiscal manager of program.

**Discussion.** The program invoices for actual personnel and operating expenditures and provides the supporting summary documentation as part of the monthly invoice. The supporting documentation, such as time tracking and operating cost receipts, reconciled with the monthly invoices.

**Results.** The documentation is sufficient to support the amount of expenditures charged to the program.

**14. Documentation sufficient to support allowable expenditures.** Does organization have sufficient supporting documentation (payroll records and timecards, receipts, allocation bases/statistics) to support program personnel and operating expenditures charged to the program.

**Method.** Match random sample of one month of supporting documentation for each fiscal year (up to three years) for identification of personnel costs and operating expenditures invoiced to the county.

**Discussion.** Personnel costs are charged to the program based on the actual personnel costs by position for the month multiplied by the percentage of time allocated to the program in the budget for each position. The percentage of time

by position was developed based on the initial program inception and has not been revised in recent years to reflect actual experience. Also, the total actual costs of the program exceed what is paid for by MHSA and is supported by other funding sources. All staff materially contribute to the prevention and early intervention mission of reducing risk for developing a serious mental illness. However, RYSE is strategically planning on continued expansion, and will be adding to their community activism and social justice efforts.

**Results.** While documentation is sufficient to support allowable expenses it is suggested that the program align the activities of each position more closely with the amount of time spent on activities directly related to mental health care, crisis intervention, and warm handoffs to programs providing a higher acuity of behavioral health care.

- 15. Documentation sufficient to support expenditures invoiced in appropriate fiscal year.** Do organization's financial system year end closing entries support expenditures invoiced in appropriate fiscal year (i.e., fiscal year in which expenditures were incurred regardless of when cash flows).

**Method.** Reconcile year end closing entries in financial system with invoices. Interview fiscal manager of program.

**Discussion.** The program maintains written accounting policies on how to treat year end transactions. For the last three years RYSE has not billed the County for expenses that were incurred in the previous fiscal year.

**Results.** The program invoices for expenditures in the appropriate fiscal year.

- 16. Administrative costs sufficiently justified and appropriate to the total cost of the program.** Is the organization's allocation of administrative/indirect costs to the program commensurate with the benefit received by the program.

**Method.** Review methodology and statistics used to allocate administrative/indirect costs. Interview fiscal manager of program.

**Discussion.** Indirect costs consist of all costs that cannot be directly charged to a funding source. The auditor has reviewed the approach and has not indicated any concerns. The agreed upon amount of 10 percent of actual expenses is what has been charged to the program on a monthly basis.

**Results.** Administrative costs are sufficiently justified and appropriate to the total cost of the program.

- 17. Insurance policies sufficient to comply with contract.** Does the organization have insurance policies in effect that are consistent with the requirements of the contract.

**Method.** Review insurance policies.

**Discussion.** The program provided general liability insurance policies, auto insurance policies and workers compensation policies that were in effect at the time of the site visit.

**Results.** The program complies with the contract insurance requirements.

18. **Effective communication between contract manager and contractor.** Do both the contract manager and contractor staff communicate routinely and clearly regarding program activities, and any program or fiscal issues as they arise.

**Method.** Interview contract manager and contractor staff.

**Discussion.** The program has complied with PEI Regulations imposed by the state in 2016 that require the collection of new data. The program participates in quarterly PEI Roundtable meetings, and additional as needed meetings with the contract manager. The program submits documentation in a timely fashion.

**Results.** The program has good communication with the contract manager and appears to be willing to address data issues and other concerns of the contract manager, as they may arise.

## VIII. **Summary of Results.**

The RYSE Center is a much needed, well run program in an economically disadvantaged area of Contra Costa County. The program adheres to the principles of Prevention as defined by MHSA. RYSE provides a safe and healing space for youth in Richmond to receive trauma informed services, activities and supports, including academic and employment counseling, health advocacy, mental health care, engagement in a wide range of creative activities, as well as opportunities for youth leadership and advocacy. MHSA funding covers approximately 22 percent of the costs of the program. The fiscal administration of the program is sound. The program has good linkages to other services within the community, including specialty mental health services, and can make referrals when program participants are identified as needing such services. The program participants and staff see the program as a model in the community. The program has plans to expand through the purchase of the adjacent lot where they will build "RYSE Commons", an indoor/outdoor space for additional programming. The program plans to hire up to 32 additional staff under this expansion.

## IX. **Findings for Further Attention.**

Fiscal. It is suggested that RYSE 1) review and update their written fiscal policies and procedures, and 2) review staff allocated time to the MHSA contract, and for FY 2018-19 align the percentage budgeted for each position to more

closely align with the amount of time spent on activities directly related to mental health care, crisis intervention, and warm handoffs to programs providing a higher acuity of behavioral health care.

This program models appropriate use of MHSA funds to field an effective prevention strategy. The culturally appropriate outreach and engagement strategies and subsequent linkage to mental health care for at-risk youth are exemplary.

**X. Next Review Date.** Fiscal Year 2020-21

**XI. Appendices.**

Appendix A – Program Description/Service Plan

Appendix B – Yearly External Fiscal Audit

Appendix C – Organization Chart

**XII. Working Documents that Support Findings.**

Consumer, Family Member, Provider Surveys

Consumer, Family Member, Provider Interviews

County MHSA Monthly Financial Report

MHSA Three Year Plan and Update(s)

Monthly Invoices (Contractor)

Board of Directors' Meeting Minutes



## Appendix A

### **RYSE Center**

Point of Contact: Kanwarpal Dhaliwal

Contact Information: 205 41<sup>st</sup> Street, Richmond. CA 94805 (925) 374-3401

[Kanwarpal@rysecenter.org](mailto:Kanwarpal@rysecenter.org) <http://www.rysecenter.org/>

#### **1. General Description of the Organization**

RYSE is a youth center in Richmond that offers a wide range of activities, programs, and classes for young people including media arts, health education, career and educational support, and youth leadership and advocacy. RYSE operates within a community Behavioral health model and employs trauma informed and healing centered approaches in all areas of engagement, including one-on-one, group and larger community efforts. In these areas, RYSE focuses on the conditions, impact, and strategies to name and address community distress, stigma, and mental health inequities linked to historical trauma and racism, as well as complex, chronic trauma. This focus enables RYSE to provide culturally relevant, empathetic, and timely community mental health and wellness services, resources, and supports across all our program areas and levels of engagement.

#### **2. Program: Supporting Youth - PEI.**

##### **a. Scope of Services:**

- i. Trauma Response and Resilience System (TRRS): develop and implement Trauma and Healing Learning Series for key system partners, facilitate development of a coordinated community response to violence and trauma, evaluate impact of trauma informed practice, provide critical response and crisis relief for young people experiencing acute incidents of violence (individual, group, and community-wide).
- ii. Health and Wellness: support young people (ages 13 to 21) from the diverse communities of West County to become better informed (health services) consumers and active agents of their own health and wellness, support young people in expressing and addressing the impact of stigma, discrimination, and community distress; and foster healthy peer and youth-adult relationships. Activities include mental health counseling and referrals, outreach to schools, workshops and 'edutainment' activities that promote inclusion, healing, and justice, youth assessment and implementation of partnership plans (Chat it Up Plans).
- iii. Inclusive Schools: Facilitate collaborative work with West Contra Costa schools and organizations working with and in schools aimed at making WCCUSD an environment free of stigma, discrimination, and isolation for LGBTQ students. Activities include assistance in provision of LGBTQ specific services, conducting organizational assessments, training for adults and students, engaging students in leadership activities, and providing support groups at target schools, etc.

- b. Target Population: West County Youth at risk for developing serious mental illness.
- c. Payment Limit: FY 15-16: \$474,144
- d. Unique Number served: For FY 15/16: 408 youths
- e. Outcomes:
  - iv. Trauma and Resilience
    - RYSE Youth Restorative Justice (formerly Justice Project) served young people through probation referrals, community service, juvenile hall workshops and/or presentations, and drop-in programming
    - 90% of total number of youth involved in the Youth Restorative Justice Project reported increased and/or strong sense of self-efficacy, hope, and community engagement
    - Participants in each session report increased understanding of trauma-informed youth development.
    - 200 stakeholders and 87 organizations participated in Trauma and Healing Learning Series local sessions.
  - v. Health and Wellness/Youth Development
    - Members will complete wellness plans
    - Members will participate in at least 2 program activities aimed at supporting healthy peer relationships, community engagement, and leadership
    - RYSE youth members will report positively on indicators of social-emotional well-being such as increased feelings of hope, control over their lives, and a sense of stability and safety, and reduced feelings of isolation.
    - 100% of RYSE staff (youth and adults) were trained to utilize RYSE social media as a means to address stigma and inequity, elevate stories of resiliency, and foster peer-lead/consumer-lead information sharing and education around mental health issues impacting young people in West Contra Costa County
  - vi. Inclusive Schools
    - Youth members who identify as LGBTQQ report positive sense of self-efficacy, positive peer relations, youth-adult relations, and agency consistent with all survey respondents (see above).
    - Stakeholders involved in the Inclusive Schools Coalition (renamed West Contra Costa LGBTQQ Youth Advocacy Network) will report increased understanding of the priorities and needs of LGBTQ youth and their peers.

**Appendix B**

**RYSE, INC.**

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**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

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**For the Year Ended June 30, 2016**

**(With Comparative Totals for 2015)**

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# CLARIDAD & CROWE

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
RYSE, Inc.  
Richmond, California

### *Report on the Financial Statements*

We have audited the accompanying financial statements of RYSE, Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements. We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

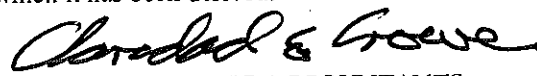
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RYSE, Inc. as of June, 30, 2016 and the results of its changes in net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

### *Report on Summarized Comparative Information*

We have previously audited RYSE, Inc.'s 2015 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated October 2, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent in all material respects, with the audited financial statements from which it has been derived.

  
CERTIFIED PUBLIC ACCOUNTANTS  
Mill Valley, California

March 6, 2017

**RYSE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2016**  
**(With Comparative Totals as of June 30, 2015)**

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 1,360,543	\$ 961,486
Grants and contracts receivable	761,208	1,191,154
Prepaid expenses	4,606	23,216
Furniture and equipment, net	<u>219,758</u>	<u>245,378</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,346,115</u></b>	<b><u>\$ 2,421,234</u></b>
<b>LIABILITIES</b>		
Accounts payable	\$ 17,594	\$ 9,864
Deferred revenue	1,500	
Vacation payable	<u>54,591</u>	<u>54,706</u>
<b>TOTAL LIABILITIES</b>	<b>73,685</b>	<b>64,570</b>
<b>NET ASSETS</b>		
Unrestricted	1,094,879	831,753
Temporarily restricted	<u>1,177,551</u>	<u>1,524,911</u>
<b>TOTAL NET ASSETS</b>	<b><u>2,272,430</u></b>	<b><u>2,356,664</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 2,346,115</u></b>	<b><u>\$ 2,421,234</u></b>

See notes to financial statements.

**RYSE, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2016**  
**(With Comparative Totals for 2015)**

	<u>2016</u>	<u>2015</u>
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
Revenue and Support		
Foundation grants	\$ 657,710	\$ 319,171
Government contracts	974,181	750,128
Contributions	93,455	33,223
Program service fees		1,000
Other income	<u>10,672</u>	<u>9,525</u>
Total unrestricted revenues and support	1,736,018	1,113,047
Net assets released from restrictions		
Satisfaction of program restrictions	<u>868,621</u>	<u>713,135</u>
Total revenues and support	2,604,639	1,826,182
Expenses		
Program services	2,097,721	1,574,984
Supporting services		
Management and general	64,164	85,491
Fund-raising	<u>179,629</u>	<u>125,121</u>
	<u>243,793</u>	<u>210,612</u>
Total expenses	<u>2,341,514</u>	<u>1,785,596</u>
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	<u>263,125</u>	<u>40,586</u>
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>		
Foundation grants	521,262	1,279,099
Satisfaction of program restrictions	<u>(868,621)</u>	<u>(713,135)</u>
<b>(DECREASE) INCREASE IN TEMPORARILY RESTRICTED NET ASSETS</b>	<u>(347,359)</u>	<u>565,964</u>
<b>(DECREASE) INCREASE IN NET ASSETS</b>	(84,234)	606,550
NET ASSETS, beginning of year	<u>2,356,664</u>	<u>1,750,114</u>
NET ASSETS, end of year	<u>\$ 2,272,430</u>	<u>\$ 2,356,664</u>

See notes to financial statements.

**RYSE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2016**  
**(With Comparative Totals for 2015)**

	<u>2016</u>				
	<u>Program</u>	<u>Supporting Services</u>			
	<u>Services</u>	<u>Management</u>	<u>Fund</u>	<u>Total</u>	<u>2015</u>
		<u>and General</u>	<u>Raising</u>		<u>Total</u>
Salaries	\$ 1,191,001	\$ 39,252	\$ 126,974	\$ 1,357,227	\$ 1,137,221
Employee benefits	261,412	9,887	23,381	294,680	236,414
Occupancy - other	40,697	1,680	4,157	46,534	34,709
Subcontractors	197,363			197,363	71,861
Consultants	28,049	1,134	2,865	32,048	27,400
Stipends	27,958			27,958	35,775
Office expenses	21,444	736	2,062	24,242	15,150
Other program expenses	236,813	5,813	6,093	248,719	126,316
Depreciation	41,699	3,175	481	45,355	49,981
Other expenses	<u>51,285</u>	<u>2,487</u>	<u>13,616</u>	<u>67,388</u>	<u>50,769</u>
	<u>\$ 2,097,721</u>	<u>\$ 64,164</u>	<u>\$ 179,629</u>	<u>\$ 2,341,514</u>	<u>\$ 1,785,596</u>

See notes to financial statements.



**RYSE, INC.**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2016**  
**(With Comparative Totals for 2015)**

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (84,234)	\$ 606,550
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	45,355	49,981
Inkind donation- equipment		
(Increase) decrease in:		
Grants and contracts receivable	429,946	(472,534)
Prepaid expenses	18,610	(15,768)
Increase (decrease) in:		
Accounts payable	7,730	(31,218)
Deferred revenue	1,500	
Vacation payable	<u>(115)</u>	<u>13,925</u>
Total adjustments	<u>503,026</u>	<u>(455,614)</u>
Net cash provided by operating activities	<u>418,792</u>	<u>150,936</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash payments for purchase of equipment and leasehold improvements	<u>(19,735)</u>	<u>(47,694)</u>
Net cash used by investing activities	<u>(19,735)</u>	<u>(47,694)</u>
Net increase in cash and cash equivalents	399,057	103,242
CASH AND CASH EQUIVALENTS, beginning of year	<u>961,486</u>	<u>858,244</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,360,543</u>	<u>\$ 961,486</u>

See notes to financial statements.

**RYSE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**  
**(With Comparative Totals for 2015)**

NOTE A – General and Summary of Significant Accounting Policies

Background and General

RYSE, Inc. (RYSE)(the Organization), emerged out of the needs articulated by local youth organizers after the tragic killing of four high school students in December, 2000. The deaths galvanized youth and adult allies to address the root causes of violence in and around their communities. In 2002, Youth Together, a community based leadership development and educational justice organization, organized a forum to acknowledge the experiences and insights of young people in the community. In the following months, Youth Together conducted a community-wide survey to gather information about resources needed in the community.

In late 2005, almost three years after the survey was published and after dozens of presentations to public officials and agencies on the identified need for such space, Contra Costa County Supervisor John Gioia identified a 6,600 square foot vacant county building in Richmond near a major bus line and County Health Center. In partnership with city, county, school district, community and youth partners, Supervisor Gioia and Youth Together spearheaded a three year effort to plan and secure resources for the building's conversion into a comprehensive youth center. RYSE's facilities are located within the center. (See Note J)

RYSE became a fiscally sponsored project under Youth Together on September 15, 2006. RYSE was incorporated in California in July, 2007 and granted its tax exemption in February, 2008. As of October 1, 2008, RYSE (the Organization) commenced operations as an independent entity and is no longer a fiscal sponsored project of Youth Together.

RYSE supports the healthy development of young people through a holistic approach that engages young people in programs and services grounded in principles of youth leadership and social justice. RYSE contributes to the health and economic vitality of youth and the communities they live in by reducing violence, increasing youth participation and leadership in civic activities, improving physical and mental health, increasing educational attainment and expanding career options for Richmond and West Contra Costa youth.

RYSE's integrative program model allows young people to engage in services and programs and through multiple points of entry. We do this by meeting and welcoming young people wherever they are in their lives, continually assessing their interests and priorities, and developing and adjusting programs and services so that we are relevant and responsive to our constituents. In addition to serving as a drop-in space, RYSE offers the following structured programs: intensive case management, and direct health services and linkages; education and career advancement courses and supports; leadership, advocacy, and civic engagement; health education workshops and wellness programs including cooking, gardening and dance; and media, arts, and culture programming including visual, video, music and performing arts.

**RYSE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**  
**(With Comparative Totals for 2015)**

NOTE A – General and Summary of Significant Accounting Policies (Continued)

Income Tax Status

The Organization is tax exempt as an organization under section 501(c)(3) of the Internal Revenue Code and similar statutes of the State of California.

GAAP provides accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

Furniture, Equipment and Leasehold Improvements

Furniture and equipment are recorded at cost and depreciated using the accelerated methods over the estimated useful life (5 to 7 years) of the assets. The Organization's policy is to capitalize furniture and equipment purchases greater than \$500. Leasehold improvements are amortized over 15 years.

Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Basis of Accounting and Reporting Accounting Method

The Organization maintains its accounting records on the accrual basis.

Support and Revenue Recognition

Support and revenue are recognized when the donor or grantee makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**RYSE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**  
**(With Comparative Totals for 2015)**

NOTE A – General and Summary of Significant Accounting Policies (Continued)

Grants and Contracts Receivable

Grants receivable consist primarily of amounts due from Contra Costa Health Services and other nonprofit organizations under contractual agreements. The Organization believes that all receivables will be fully collected within one year. Accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and support services benefitted based on management's estimates.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Description of Net Assets:

Unrestricted

Support is provided to the Organization from grants, individuals and foundations.

Temporarily restricted

The Organization reports contributions as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When donor imposed restrictions are accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Financial Instruments

The Organization's financial instruments consist of cash, grants receivables and accounts and vacation payable. It is management's opinion that the Organization is not exposed to significant interest rate or credit risk arising from these instruments. Unless otherwise noted, the fair values of these financial instruments are the market values of these financial instruments and approximate their carrying values.

**RYSE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**  
**(With Comparative Totals for 2015)**

NOTE A – General and Summary of Significant Accounting Policies (Continued)

Inkind Contribution

The value of the donated facilities, if any, is recorded at the estimated fair market value determined by the donor in the period in which the facilities are provided. Donated furniture and equipment, when received, is reflected in the accompanying statements as in-kind donations at their estimated fair market values at date of receipt.

NOTE B – Concentration of Credit Risk

The Organization maintains cash balances at one financial institution. Accounts which are insured by the Federal Deposit Insurance Corporation up to \$250,000 exceeded this limitation at June 30, 2016 and 2015 by \$1,151,186 and \$779,439, respectively.

NOTE C – Grants and Contracts Receivable

Grants and contracts receivable at June 30 consist of the following:

	<u>2016</u>	<u>2015</u>
The California Endowment	\$ 50,000	\$ 383,000
Sutter East Bay Hospitals	14,079	73,382
The William & Flora Hewlett Foundation	100,000	
John Muir Health		40,000
The ELMA Music Foundation	190,000	
Thomas J. Long Foundation	230,000	465,000
Cal OES	24,426	
City of Richmond – CalGRIP	20,375	
Contra Costa Mental Health Services	44,072	20,000
Contra Costa Health Services	76,376	81,355
Contra Costa CDBG		106,481
Other	<u>11,739</u>	<u>21,936</u>
	<u>\$ 761,067</u>	<u>\$1,191,154</u>

**RYSE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**  
**(With Comparative Totals for 2015)**

NOTE D – Furniture and Equipment

Furniture and equipment consist of the following:

	<u>2016</u>	<u>2015</u>
Equipment and furniture	\$211,894	\$192,519
Building improvements	233,992	233,992
Less accumulated depreciation	<u>(226,128)</u>	<u>(180,773)</u>
	<u>\$219,758</u>	<u>\$245,378</u>

NOTE E – Grant Contingencies

Grant awards require the fulfillment of certain conditions as set forth in the instruments of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization considers this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. Management is of the opinion that the Organization has complied with the terms of all grants.

NOTE F – Retirement Plan

The Organization provides retirement benefits to eligible employees, by discretionary contributions to a Savings Incentive Match Plan for Employees of Small Employers retirement plan (SIMPLE). The amount contributed by the Organization to the plan for the years ended June 30, 2016 and 2015 was \$24,087 and \$10,535, respectively.

NOTE G – Economic Dependence

The Organization receives a significant portion of its total revenues and support (41% and 42% for the years ended June 30, 2016 and 2015, respectively) from government contracts with Contra Costa County. Reductions in this support could have a significant impact on the Organization's operations.

**RYSE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**  
**(With Comparative Totals for 2015)**

NOTE H – Temporarily Restricted Net Assets

At June 30, temporarily restricted net assets were available for the following purposes:

<u>Source</u>	<u>Purpose</u>	<u>2016</u>	<u>2015</u>
The ELMA Music Foundation	MAC Program	\$ 190,000	\$
The California Wellness Foundation	Health and Wellness	70,000	
The San Francisco Foundation	Education and Career Programs	13,333	
The William & Flora Hewlett Foundation	MAC Program	100,000	10,417
The California Endowment	Youth Justice	20,000	
The California Endowment	Health and Wellness	100,000	127,170
The California Endowment	MAC Program	13,179	47,006
The California Endowment	Administration	197,917	447,917
Irene S. Scully Family Foundation	Education and Career Programs	10,000	
John Muir Health	Health and Wellness	20,000	60,000
Kaiser East Bay Community Benefit	Health and Wellness		45,035
Kaiser Northern CA Community Benefit	Health and Wellness		
Various foundations	Health and Wellness		6,433
Sutter East Bay Hospitals	Health and Wellness	10,594	49,970
Thomas J. Long Foundation	Administration	427,778	661,111
Richmond Arts & Culture Commission	MAC Program		2,500
East Bay Community Funds	Various programs		55,686
Morris Stulsaft Foundation	Education and Career Programs		8,333
Various Donors	Various programs	4,750	
Various Donors	RAW Talent Program	-	3,333
		<u>\$1,177,551</u>	<u>\$1,524,911</u>

**RYSE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**  
**(With Comparative Totals for 2015)**

NOTE I – Line of Credit

The Organization is subject to a revolving line of credit agreement with a bank, which renews annually. The terms of the agreement allow the Organization to borrow up to \$100,000, with interest at prime plus 6.75% (10.25% at June 30, 2016). During the years ended June 30, 2016 and 2015, no amounts were borrowed under this agreement.

NOTE J – Lease Commitment

Effective July 1, 2014, the Organization executed an extended lease agreement with the County of Contra Costa for its facilities located at 205 – 41<sup>st</sup> Street in Richmond, California for the period July 1, 2014 through June 30, 2019. During the extended lease term, minimum lease payments under the non-cancelable operating lease will be \$10,800 annually through the year ended June 30, 2019 for a total lease commitment of \$32,400 as of June 30, 2016.

NOTE K – Evaluation of Subsequent Events

Subsequent to the initial release of the financial statements with a report date of November 17, 2016, management discovered that the total of net assets released from restrictions and corresponding satisfaction of program restrictions in the changes in temporarily restricted net assets in the statement of activities was understated by \$212,332. The statement of activities has been revised to report the correct total of \$868,621. The decrease in net assets for the year ended June 30, 2016 remains unchanged.

The Organization has evaluated subsequent events through March 6, 2017, the date which the financial statements were available to be issued.



# Appendix C

**Board of Directors**  
 (Chair: S.Ahuja, Treasurer: A. Fuentes, Secretary: A.Clausen, L.Tate, T. Hester, T. Samuelu, M. Seville, S. Bustamante)

**Executive Director**  
 (1 FTE)  
 K. Aceves

**Associate Director**  
 (1 FTE)  
 K. Dhaliwal

**Director of Finance and Operations**  
 (.8 FTE)  
 J. Chien

**Youth Organizing Director**  
 (1 FTE)  
 J. Ebrahimi

**Education & Justice Director**  
 (1FTE)  
 S. Medley

**Director of Community Health**  
 (1 FTE)  
 J.Kim

**Director of Media Arts**  
 (1 FTE)  
 TBD

**Innovations Director/  
 RYSE Commons**  
 (1 FTE)  
 D. Reilly

**Senior Accountant**  
 R. Alejandrino  
 (1 FTE)

**Youth Justice Program Manager**  
 (1 FTE)  
 A. Murdock

**Economic Justice Program Manager**  
 (1 FTE)  
 A. Yeung

**Lead Therapist**  
 (1 FTE)  
 M. Snoddy

**Community Health Program Manager**  
 B. Villa  
 (1 FTE)

**Media Arts Program Manager**  
 C. Gordon  
 (1 FTE)

**Grassroots Fundraising Manager**  
 (1 FTE)  
 M. Lin

**Grants Manager/  
 Storyteller**  
 1 FTE  
 L. Tilley

**Administrative Manager**  
 (1 FTE)  
 M. Diaz

**Oversight of:  
 Bookkeeper  
 Auditor  
 Accountant**

**Youth Organizing Coord.**  
 (1 FTE)  
 D. Diaz

**Youth Success Counselor**  
 (1 FTE)  
 B. Urrutia

**Education Justice Coordinator**  
 (1 FTE)  
 V. Jameson

**College Access Coord**  
 (1 FTE)  
 D. Iwuoma

**Career Pathways Coord.**  
 (1FTE)  
 M. Wilburn

**Trauma Response Specialist/  
 Victim Advocate**  
 (1 FTE)  
 L. Vaughn

**Clinical Case Manager**  
 (1 FTE)  
 D. Scott

**Member Engagement Coord.**  
 (1 FTE)  
 R. Joseph  
 (1FTE)  
 D. Ramos

**Community Health Coordinator**  
 TBD  
 (1 FTE)

**Video Coord.**  
 (1 FTE)  
 G. Henderson

**Music & Performing Arts Coord.**  
 (1 FTE)  
 TBD

**Visual Arts Coordr**  
 (1 FTE)  
 V. Espinoza

**Fellow(s)/  
 RYOT  
 interns**

**Fellows**

**Fellows**

**Member Engagement Assistant**  
 (.75 FTE)

**Community Health Assistant**  
 (.6 FTE)  
 J.Mendoza

**Studio Technician**  
 (1 FTE)  
 TBD

**Creative & Healing Arts Assistant**  
 (1 FTE)  
 N. McDowell

**Visual Arts Assistant**  
 (.6 FTE)  
 F. Rojas

**AMP  
 Fellows**

**Instructors, Program Consultants, Technical Assistants, Community Program Partners, Partner Interns**