

BUTTE COUNTY

Audit Report

HANDICAPPED AND DISABLED STUDENTS PROGRAM

Chapter 1747, Statutes of 1984,
and Chapter 1274, Statutes of 1985

July 1, 2001, through June 30, 2004



JOHN CHIANG
California State Controller

March 2007



JOHN CHIANG
California State Controller

March 30, 2007

The Honorable David Houser
Auditor-Controller
Butte County
25 County Center Drive
Oroville, CA 95965-3383

Dear Mr. Houser:

The State Controller's Office audited the costs claimed by Butte County for the legislatively mandated Handicapped and Disabled Students Program (Chapter 1747, Statutes of 1984, and Chapter 1274, Statutes of 1985) for the period of July 1, 2001, through June 30, 2004.

The county claimed \$1,706,281 (\$1,707,281 less a \$1,000 penalty for filing a late claim) for the mandated program. Our audit disclosed that \$717,213 is allowable and \$989,068 is unallowable. The unallowable costs occurred because the county overclaimed treatment costs and underclaimed revenue offsets. The State made no payment to the county. The State will pay allowable costs claimed that exceed the amount paid, totaling \$717,213, contingent upon available appropriations.

If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (COSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at COSM's Web site, at www.csm.ca.gov (Guidebook link); you may obtain IRC forms by telephone, at (916) 323-3562, or by e-mail, at csminfo@csm.ca.gov.

If you have any questions, please contact Jim L. Spano, Chief, Compliance Audits Bureau, at (916) 323-5849.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/ams:vb

cc: Bradford L. Luz, Ph.D., Director
Butte County
Department of Behavioral Health
Essence Beam, Fiscal Manager
Butte County
Department of Behavioral Health
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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by Butte County for the legislatively mandated Handicapped and Disabled Students Program (Chapter 1747, Statutes of 1984, and Chapter 1274, Statutes of 1985) for the period of July 1, 2001, through June 30, 2004. The last day of fieldwork was May 8, 2006.

The county claimed \$1,706,281 (\$1,707,281 less a \$1,000 penalty for filing a late claim) for the mandated program. Our audit disclosed that \$717,213 is allowable and \$989,068 is unallowable. The unallowable costs occurred because the county overclaimed treatment costs and underclaimed revenue offsets. The State made no payment to the county. The State will pay allowable costs claimed that exceed the amount paid, totaling \$717,213, contingent upon available appropriations.

Background

Chapter 26 of the *Government Code*, commencing with Section 7570, and *Welfare and Institutions Code* Section 5651 (added and amended by Chapter 1747, Statutes of 1984, and Chapter 1274, Statutes of 1985) require counties to participate in the mental health assessment for "individuals with exceptional needs," participate in the expanded "Individualized Education Program" (IEP) team, and provide case management services for "individuals with exceptional needs" who are designated as "seriously emotionally disturbed." These requirements impose a new program or higher level of service on counties.

On April 26, 1990, the Commission on State Mandates (COSM) determined that this legislation imposed a state mandate reimbursable under *Government Code* Section 17561.

Parameters and Guidelines establishes the state mandate and defines reimbursement criteria. The COSM adopted the *Parameters and Guidelines* on August 22, 1991, and last amended it on August 29, 1996. In compliance with *Government Code* Section 17558, the SCO issues claiming instructions for mandated programs, to assist local agencies and school districts in claiming reimbursable costs.

Parameters and Guidelines states that only 10% of mental health treatment costs are reimbursable. However, on September 30, 2002, Assembly Bill 2781 (Chapter 1167, Statutes of 2002) changed the regulatory criteria by stating that the percentage of treatment costs claimed by counties for fiscal year (FY) 2000-01 and prior fiscal years is not subject to dispute by the SCO. Furthermore, this legislation states that, for claims filed in FY 2001-02 and thereafter, counties are not required to provide any share of these costs or to fund the cost of any part of these services with money received from the Local Revenue Fund established by *Welfare and Institutions Code* Section 17600 et seq. (realignment funds). Furthermore, Senate Bill 1895 (Chapter 493, Statutes of 2004) states that realignment funds used by counties for the Handicapped and Disabled Students Program "are eligible for reimbursement from the state for all allowable costs to fund assessments, psychotherapy, and other mental health services . . ." and that the finding by the Legislature is "declaratory of existing law." (Emphasis added.)

On May 26, 2005, the COSM adopted a Statement of Decision for the Handicapped and Disabled Students II Program that incorporates the above legislation and identifies medication support as a reimbursable cost effective July 1 2001. The COSM adopted the *Parameters and Guidelines* for this new program on December 9, 2005, and made technical corrections to it on July 21, 2006. *Parameters and Guidelines* for the Handicapped and Disabled Students II Program states that “Some costs disallowed by the State Controller’s Office in prior years are now reimbursable beginning July 1, 2001 (e.g., medication monitoring). Rather than claimants re-filing claims for those costs incurred beginning July 1, 2001, the State Controller’s Office will reissue the audit reports.” Consequently, we are allowing medication support costs commencing on July 1, 2001.

Objective, Scope, and Methodology

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Handicapped and Disabled Students Program for the period of July 1, 2001, through June 30, 2004.

Our audit scope included, but was not limited to, determining whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

We conducted the audit according to *Government Auditing Standards*, issued by the Comptroller General of the United States, and under the authority of *Government Code* Sections 12410, 17558.5, and 17561. We did not audit the county’s financial statements. We limited our audit scope to planning and performing audit procedures necessary to obtain reasonable assurance that costs claimed were allowable for reimbursement. Accordingly, we examined transactions, on a test basis, to determine whether the costs claimed were supported.

We limited our review of the county’s internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

Conclusion

Our audit disclosed instances of noncompliance with the requirements outlined above. These instances are described in the accompanying Summary of Program Costs (Schedule 1) and in the Findings and Recommendations section of this report.

For the audit period, Butte County claimed \$1,706,281 (\$1,707,281 less a \$1,000 penalty for filing a late claim) for costs of the Handicapped and Disabled Students Program. Our audit disclosed that \$717,213 is allowable and \$989,068 is unallowable.

For the FY 2001-02 claim, the State made no payment to the county. Our audit disclosed that \$306,460 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$306,460, contingent upon available appropriations.

For the FY 2002-03 claim, the State made no payment to the county. Our audit disclosed that \$410,753 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$410,753, contingent upon available appropriations.

For the FY 2003-04 claim, the State made no payment to the county. Our audit disclosed that none of the claimed costs are allowable.

**View of
Responsible
Official**

We issued a draft report on January 12, 2007. Essence Beam, Fiscal Manager of the Butte County Department of Behavioral Health, responded by letter dated January 30, 2007, disagreeing with Finding 1 and the revenue offset adjustment related to Victor Treatment Centers. The county agrees with the remaining findings. This final audit report includes the county's response.

Restricted Use

This report is solely for the information and use of Butte County, the California Department of Finance, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

**Schedule 1—
Summary of Program Costs
July 1, 2001, through June 30, 2004**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2001, through June 30, 2002</u>				
Assessment and case management costs	\$ 70,078	\$ 70,078	\$ —	
Administrative costs	9,013	4,514	(4,499)	Finding 1
Less/offsetting revenues:				
Short-Doyle/Medi-Cal funds (FFP)	(20,638)	(26,406)	(5,768)	Finding 2
State Categorical Funds	(5,120)	(5,120)	—	
EPSDT	(13,459)	(22,671)	(9,212)	Finding 2
Insurance, Medicare	(62)	(86)	(24)	Finding 2
Children's Mental Health	—	(867)	(867)	Finding 2
Net assessment and case management costs	<u>39,812</u>	<u>19,442</u>	<u>(20,370)</u>	
Treatment costs	1,659,131	1,491,772	(167,359)	Findings 3, 4
Administrative costs	106,249	70,792	(35,457)	Finding 1
Less/offsetting revenues:				
Short-Doyle/Medi-Cal funds (FFP)	(528,666)	(600,417)	(71,751)	Finding 2
State Categorical Funds	(73,943)	(73,943)	—	
EPSDT	(335,586)	(524,414)	(188,828)	Finding 2
Insurance, Medicare	(2,939)	(4,776)	(1,837)	Finding 2
Children's Mental Health	—	(71,996)	(71,996)	Finding 2
Net treatment costs	<u>824,246</u>	<u>287,018</u>	<u>(537,228)</u>	
Total program costs	<u>\$ 864,058</u>	306,460	<u>\$ (557,598)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 306,460</u>		
<u>July 1, 2002, through June 30, 2003</u>				
Assessment and case management costs	\$ 88,041	\$ 88,041	\$ —	
Administrative costs	11,703	5,698	(6,005)	Finding 1
Less/offsetting revenues:				
Short-Doyle/Medi-Cal funds (FFP)	(31,718)	(28,832)	2,886	Finding 2
EPSDT	(5,621)	(22,798)	(17,177)	Finding 2
Insurance, Medicare	(22)	(22)	—	
Other non-county	(27)	(27)	—	
Net assessment and case management costs	<u>62,356</u>	<u>42,060</u>	<u>(20,296)</u>	
Treatment costs	1,549,425	1,285,541	(263,884)	Findings 3, 4
Administrative costs	105,640	62,994	(42,646)	Finding 1
Less/offsetting revenues:				
Short-Doyle/Medi-Cal funds (FFP)	(578,122)	(513,903)	64,219	Finding 2
EPSDT	(236,718)	(433,032)	(196,314)	Finding 2
Insurance, Medicare	(2,184)	(2,077)	107	Finding 2
Children's Mental Health	—	(17)	(17)	Finding 2
Other non-county	(205,018)	(29,813)	175,205	Finding 2

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2002, through June 30, 2003 (continued)</u>				
Net treatment costs	633,023	369,963	(263,330)	
Subtotal	695,379	411,753	(283,626)	
Less late claim penalty	(1,000)	(1,000)	—	
Total program costs	<u>\$ 694,379</u>	410,753	<u>\$ (283,626)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 410,753</u>		
<u>July 1, 2003, through June 30, 2004</u>				
Assessment and case management costs	\$ 77,851	\$ 77,851	\$ —	
Administrative costs	14,630	8,194	(6,436)	Finding 1
Less/offsetting revenues:				
Short-Doyle/Medi-Cal funds (FFP)	(28,453)	(24,732)	3,721	Finding 2
EPSDT	(17,516)	(19,229)	(1,713)	Finding 2
Insurance, Medicare	(20)	(20)	—	
Children's Mental Health	(248)	(128)	120	Finding 2
Other non-county	(291)	(291)	—	
Net assessment and case management costs	<u>45,953</u>	<u>41,645</u>	<u>(4,308)</u>	
Treatment costs	1,296,833	1,037,858	(258,975)	Findings 3, 4
Administrative costs	135,146	80,132	(55,014)	Finding 1
Less/offsetting revenues:				
Short-Doyle/Medi-Cal funds (FFP)	(427,652)	(403,307)	24,345	Finding 2
EPSDT	(300,012)	(304,007)	(3,995)	Finding 2
Insurance, Medicare	(888)	(933)	(45)	Finding 2
Children's Mental Health	(31,459)	(20,031)	11,428	Finding 2
IDEA	(550,941)	(550,941)	—	
Other non-county	(19,136)	(19,136)	—	
Net treatment costs	<u>101,891</u>	<u>(180,365)</u>	<u>(282,256)</u>	
Subtotal	147,844	(138,720)	(286,564)	
Adjustment to eliminate negative allowable costs	—	138,720	138,720	
Total program costs	<u>\$ 147,844</u>	—	<u>\$ (147,844)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>Summary: July 1, 2001, through June 30, 2004</u>				
Assessment and case management costs	\$ 235,970	\$ 235,970	\$ —	
Administrative costs	35,346	18,406	(16,940)	Finding 1
Less/offsetting revenues:				
Short-Doyle/Medi-Cal funds (FFP)	(80,809)	(79,970)	839	Finding 2
State Categorical Funds	(5,120)	(5,120)	—	
EPSDT	(36,596)	(64,698)	(28,102)	Finding 2
Insurance, Medicare	(104)	(128)	(24)	Finding 2
Children's Mental Health	(248)	(995)	(747)	Finding 2
Other non-county	(318)	(318)	—	
Net assessment and case management costs	<u>148,121</u>	<u>103,147</u>	<u>(44,974)</u>	
Treatment costs	4,505,389	3,815,171	(690,218)	Findings 3, 4
Administrative costs	347,035	213,918	(133,117)	Finding 1
Less/offsetting revenues:				
Short-Doyle/Medi-Cal funds (FFP)	(1,534,440)	(1,517,627)	16,813	Finding 2
State Categorical Funds	(73,943)	(73,943)	—	
EPSDT	(872,316)	(1,261,453)	(389,137)	Finding 2
Insurance, Medicare	(6,011)	(7,786)	(1,775)	Finding 2
Children's Mental Health	(31,459)	(92,044)	(60,585)	Finding 2
IDEA	(550,941)	(550,941)	—	
Other non-county	(224,154)	(48,949)	175,205	Finding 2
Net treatment costs	<u>1,559,160</u>	<u>476,346</u>	<u>(1,082,814)</u>	
Subtotal	1,707,281	579,493	(1,127,788)	
Adjustment to eliminate negative allowable costs	—	138,720	138,720	
Subtotal	1,707,281	718,213	(989,068)	
Less late claim penalty	(1,000)	(1,000)	—	
Total program costs	<u>\$ 1,706,281</u>	717,213	<u>\$ (989,068)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 717,213</u>		

¹ See the Findings and Recommendations section.

Findings and Recommendations

FINDING 1— Claimed administrative costs overstated

The county overstated administrative costs by \$150,057 for the audit period. The county claimed administrative costs that did not include offsets for all related sources of revenue. Additionally, the claimed administrative costs did not take into account revisions the county made to its units of treatment services reported on the mandated claims.

Parameters and Guidelines for the Handicapped and Disabled Students Program specifies that only actual increased costs incurred in the performance of the mandated activities are reimbursable.

We recomputed the administrative cost rate based on amounts documented in the county's annual cost reports and adjusted claimed administrative costs as follows.

	Fiscal Year			Total
	2001-02	2002-03	2003-04	
Administrative costs:				
Assessment and case management	\$ (4,499)	\$ (6,005)	\$ (6,436)	\$ (16,940)
Treatment	<u>(35,457)</u>	<u>(42,646)</u>	<u>(55,014)</u>	<u>(133,117)</u>
Audit adjustment	<u>\$ (39,956)</u>	<u>\$ (48,651)</u>	<u>\$ (61,450)</u>	<u>\$ (150,057)</u>

Recommendation

We recommend that the county ensure that applicable revenue sources are offset against claimed administrative costs and that claimed administrative costs are based on actual units of service.

County's Response

The County does not agree with the method used to calculate the SB90 claim administrative costs. Administration costs are generally viewed as a function of the services provided. The types of service included in the SB90 claim are the same types of service reimbursed by Medi-Cal for eligible clients, yet the administration calculation used in the audit results in a much lower calculation for administration than recognized in the Medi-Cal Cost Report.

SCO's Comment

The finding and recommendation remain unchanged.

We computed allowable administrative costs using the county's Detail Cost Report, MH 1922. The allowable costs were based on the county's revised units of treatment services and applicable revenue offsets.

The county's revised units of treatment services caused part of the difference between the audited administration costs and the Medi-Cal administration costs. Also, the county did not provide evidence that it applied the appropriate revenue offsets in computing allowable administrative costs.

**FINDING 2—
Revenue offsets
misstated**

The county understated revenue offsets by \$287,513 for the audit period. The county's claimed revenue offsets were misstated because:

- The county claimed revenue offsets based on claimed units of service, rather than actual units of service.
- The county claimed ineligible crisis intervention service units and in-state residential care treatment costs. The elimination of these treatment costs results in a corresponding reduction to revenue offsets.
- For fiscal year (FY) 2001-02 and FY 2002-03, the county inadvertently omitted Children's Mental Health revenues in its mandated claims.
- For FY 2003-04, the county made a correction to reduce the amount of Children's Mental Health revenues reported on its claim.
- The county revised the claimed revenue amounts for insurance and Medicare in FY 2001-02 and FY 2003-04.

Parameters and Guidelines for the Handicapped and Disabled Students Program specifies that any direct payments received from the State that are specifically allocated to the program, and any other reimbursements received as a result of the mandate, must be deducted from the claims. *Parameters and Guidelines* further specifies that claimed costs shall be based upon actual costs.

As a result, claimed revenue offsets have been adjusted as follows.

	Fiscal Year			Total
	2001-02	2002-03	2003-04	
Assessment and case management costs:				
Short-Doyle/Medi-Cal funds	\$ (5,768)	\$ 2,886	\$ 3,721	\$ 839
State categorical funds	—	—	—	—
EPSDT	(9,212)	(17,177)	(1,713)	(28,102)
Insurance, Medicare	(24)	—	—	(24)
Children's Mental Health	(867)	—	120	(747)
Other non-county funds	—	—	—	—
Treatment costs:				
Short-Doyle/Medi-Cal funds	(71,751)	64,219	24,345	16,813
State categorical funds	—	—	—	—
EPSDT	(188,828)	(196,314)	(3,995)	(389,137)
Insurance, Medicare	(1,837)	107	(45)	(1,775)
Children's Mental Health	(71,996)	(17)	11,428	(60,585)
Other non-county funds	—	175,205	—	175,205
Audit adjustment	<u>\$ (350,283)</u>	<u>\$ (28,909)</u>	<u>\$ 33,861</u>	<u>\$ (287,513)</u>

Recommendation

We recommend that the county ensure that all applicable reimbursements received are offset against costs claimed.

County's Response

When residential costs for Victor Treatment Centers were removed from the claim during the audit, corresponding revenue offsets were not adjusted as expected. In FY 2003/04 the Victor cost of \$225,963 was removed from the claim and \$175,205 in corresponding non county revenue offsets were not removed.

The county agrees with the remaining revenue offset adjustments.

SCO's Comment

We concur with the county's response related to ineligible residential treatment costs for Victor Treatment Centers. Finding 3 of the draft report identified an adjustment of \$225,963 for FY 2002-03; however, the report did not reflect an adjustment for the related offsetting revenues of \$175,205. Consequently, we reduced this adjustment by \$175,205, from \$462,718 to \$287,513.

**FINDING 3—
Ineligible treatment
costs**

The county overstated treatment costs by \$670,937 for the audit period. The county claimed treatment costs for crisis intervention that are not reimbursable under program guidelines. The county also claimed treatment costs for in-state residential care that are not reimbursable prior to July 1, 2004.

Parameters and Guidelines for the Handicapped and Disabled Students Program for the mandated program specifies that only the following treatment services are reimbursable: one-time revision of interagency agreements related to individual education plans (IEP), mental health referrals and assessments, transfers and interim placements, IEP participation, case management of residential care pupils, payment authorization for out-of-home residential care providers, and psychotherapy. The Handicapped and Disabled Students II Program allows medication monitoring beginning with FY 2001-02.

As a result, we have adjusted claimed treatment costs as follows.

	Fiscal Year			Total
	2001-02	2002-03	2003-04	
Residential care	\$ (130,782)	\$ (225,963)	\$ (221,573)	\$ (578,318)
Other treatment costs	(28,503)	(35,649)	(28,467)	(92,619)
Total	<u>\$ (159,285)</u>	<u>\$ (261,612)</u>	<u>\$ (250,040)</u>	<u>\$ (670,937)</u>

Recommendation

We recommend that the county ensure that costs claimed are eligible increased costs incurred as a result of the mandate.

County's Response

The County recognizes the difficulty of complying with the program reimbursement guidelines and will make every effort to ensure costs claimed are eligible.

The County agrees with the adjusted treatment costs.

SCO's Comment

The finding and recommendation remain unchanged.

**FINDING 4—
Overreported units
of treatment services**

The county overreported the units of treatment services provided in FY 2001-02, FY 2002-03, and FY 2003-04, resulting in overstated treatment costs of \$19,281 for the audit period. The units of service were overstated because the county made revisions to the units of service subsequent to the submission of its mandated claims.

Parameters and Guidelines for the Handicapped and Disabled Students Program specifies that the actual increased costs incurred to provide eligible mental health services are reimbursable.

As a result, we have adjusted claimed treatment costs as follows.

	Fiscal Year			Total
	2001-02	2002-03	2003-04	
Treatment costs	\$ (8,074)	\$ (2,272)	\$ (8,935)	\$ (19,281)

Recommendation

We recommend that the county ensure costs claimed are eligible increased costs incurred as a result of the mandate and are supported by appropriate documentation.

County’s Response

The County agrees with the adjusted units.

SCO’s Comment

The finding and recommendation remain unchanged.

**OTHER ISSUE—
Time frame for filing
SB 90 claims**

The county’s response included comments regarding filing SB 90 claims within the required time frame. The county’s and SCO’s comments are as follows.

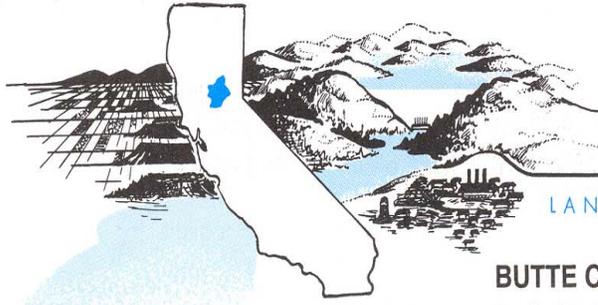
County’s Response

Medi-Cal units of service continue to be processed by the State after the filing date for the SB90 claims. The County used the best available revenue and unit information to file the SB90 claims within the required time frame. The County provided revised Children’s Mental Health revenues, and Insurance and Medicare revenues during the audit. This is a normal part of the annual Department of Mental Health audit process, where units of service and revenues are updated at the time of the audit to reflect final figures. If there is an alternative method that should be used to update SB90 claim revenue offsets prior to the audit, the County requests clarification on how this should be done.

SCO’s Comment

We are aware that the county faces a statutory time limit in which to file its mandated claim, per *Government Code* Section 17568. The filing deadline is prior to the finalization of Medi-Cal units of service and revenue offsets. It is customary for this information to be revised during the audit process, when the final figures are known.

**Attachment—
County's Response to
Draft Audit Report**



Butte County

LAND OF NATURAL WEALTH AND BEAUTY

BUTTE COUNTY DEPARTMENT OF BEHAVIORAL HEALTH

Bradford R. Luz, Ph.D., Mental Health Director - Alcohol and Drug Abuse Administrator

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January 30, 2007

Jim L. Spano, Chief
Compliance Audits Bureau
State Controller's Office
Division of Audits
P.O. Box 942850
Sacramento, CA 94250-5874

Mr. Spano,

We have reviewed the draft audit of the Butte County legislatively mandated Handicapped and Disabled Students Program for the period of July 1, 2001 through June 30, 2004. The following are our comments:

County concern regarding accuracy

When residential costs for Victor Treatment Centers were removed from the claim during the audit, corresponding revenue offsets were not adjusted as expected. In FY2003/04 the Victor cost of \$225,963 was removed from the claim and \$175,205 in corresponding non county revenue offsets were not removed. A schedule is attached to clarify this item.

County response to audit findings

Finding 1 - Claimed administrative costs overstated

The County does not agree with the method used to calculate the SB90 claim administrative costs. Administration costs are generally viewed as a function of the services provided. The types of service included in the SB90 claim are the same types of service reimbursed by Medi-Cal for eligible clients, yet the administration calculation used in the audit results in a much lower calculation for administration than recognized in the Medi-Cal Cost Report.

Finding 2 - Revenue offsets misstated

Medi-Cal units of service continue to be processed by the State after the filing date for the SB90 claims. The County used the best available revenue information to file the SB90 claims within the required time frame. The County provided revised Children's Mental Health revenues, and Insurance and Medicare revenues during the audit. This is a normal part of the annual Department of Mental Health audit process, where units of service and revenues are updated at the time off the audit to reflect final figures. If there is an alternative method that should be used to update SB90 claim revenue offsets prior to the audit, the County requests clarification on how this should be done.

The County agrees with the adjusted revenue offset.

Finding 3 - Ineligible treatment costs

The County recognizes the difficulty of complying with the program reimbursement guidelines and will make every effort to ensure costs claimed are eligible.

The County agrees with the adjusted treatment costs.

Finding 4 - Overreported units of treatment services

Medi-Cal units of service continue to be processed by the State after the filing date for the SB90 claims. The County used the best available units information to file the SB90 claims within the required time frame. The County provided revised units during the audit. This is a normal part of the annual Department of Mental Health audit process, where units of service and revenues are updated at the time off the audit to reflect final figures. If there is an alternative method that should be used to update SB90 claim revenue offsets prior to the audit, the County requests clarification on how this should be done.

The County agrees with the adjusted units.

If you have any questions or need additional information, please contact me at (530) 891-2984 or ebeam@buttecounty.net.

Sincerely,



Essence Beam
Fiscal Manager

Cc: Bradford R. Luz, Ph.D. – Director
Amy Wilner, MPA – Assistant Director, Administration
County Administrative Offices

BUTTE COUNTY DEPARTMENT OF BEHAVIORAL HEALTH
FY2002-03 SB90 Claim - Other Non County Revenue summary

Mental Health Treatment

\$ (1,337) Families First
\$ (10,707) Milhous Children's Services
\$ - North Valley Schools
\$ (17,769) Youth For Change
\$ - North Valley Parent Education Network
\$ - Victor Community Support Services
\$ (175,205) Victor Treatment Centers, Inc.
\$ (205,018) Draft Audit Total

\$ 175,205 Adjustment to remove Victor Treatment Centers
Revenue Offset corresponding to disallowed
in-state residential care.

\$ (29,813) Corrected Total

**State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, California 94250-5874**

<http://www.sco.ca.gov>