



## I n t e r n a l A u d i t D e p a r t m e n t

O R A N G E C O U N T Y

## AUDIT HIGHLIGHT

JUNE 9, 2015

## INTERNAL CONTROL &amp; COMPLIANCE AUDIT

HEALTH CARE AGENCY  
 MENTAL HEALTH SERVICES  
 SPECIAL REVENUE FUND 13Y  
 Audit No. 1420

## WHAT THE AUDIT DID

We audited internal controls over the Mental Health Services Special Revenue Fund 13Y at the Health Care Agency (HCA) to ensure receipts and disbursements are proper and in compliance with County and HCA procedures and used for the restricted purpose. As of December 31, 2014, the Health Care Agency was responsible for administering Fund 13Y and processed **\$102 million in fund revenues and \$102 million in fund expenditures** during 2014 with total year-end fund balance exceeding **\$229 million**.

## WHY THIS AUDIT IS IMPORTANT

The purpose of a **special revenue fund** is to establish accountability over restricted monies to help ensure the monies are expended only for statutory purposes. Special revenue funds are used to account for and report the proceeds of specific revenue sources (other than debt service or capital projects) that are legally restricted or committed to expenditure for specific purposes.

In early November 2004, California voters passed Proposition 63, the Mental Health Services Act (MHSA). Through the provisions of the MHSA, opportunities to fund a community mental health system that adequately meets the needs of children, adults, and older adults with serious mental illness and reduces the long-term adverse impact resulting from untreated serious mental illness. MHSA provides the State of California, Department of Mental Health (DMH) the opportunity for increased funding, personnel, and other resources in support of county mental health programs. Fund 13Y is used to account for MHSA revenues received from State allocations and used to pay for approved mental health services.

## WHAT THE AUDITORS FOUND

The Health Care Agency has adequate internal controls in place to ensure that Fund 13Y is administered with the established purposes of the restricted fund uses; that special revenue fund transactions are accurate, valid, adequately supported, processed timely, and properly recorded; and that reconciliations of Fund 13Y are accurate, complete and timely in compliance with County and Auditor-Controller policy. We identified **one (1) Control Finding** to enhance internal controls over Fund 13Y.