COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

WENDY L. WATANABE
AUDITOR-CONTROLLER

September 18, 2013

TO: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe
Auditor-Controller

SUBJECT: **DEPARTMENT OF MENTAL HEALTH SERVICE PROVIDERS FISCAL MONITORING – FISCAL YEARS 2008-09 AND 2009-10**

The Department of Mental Health (DMH) provides mental health services through DMH-operated clinics and contract service providers (i.e., private clinics, other County departments, and State-operated clinics). The services are paid for with federal, State, and County funds.

At DMH's request in February 2012, we contracted with a Certified Public Accounting firm, Moss, Levy and Hartzheim, CPAs (MLH), to conduct fiscal monitoring of some of its service providers. DMH selected the 70 providers and review periods to be audited as follows:

	Audited Providers		
Fiscal Year	DMH Clinics	Contract Service Providers	Total
2008-09	28	19	47
2009-10	-	23	23
Total	**28**	**42**	**70**

DMH selected the older review periods (above) because DMH clinics and contract service providers can submit service billings and supporting documentation up to 18 months after the end of a fiscal year. The monitoring, which began in April 2012, was intended to ensure the DMH clinics and contract service providers complied with program requirements. MLH

also reviewed the contract service providers' fiscal operations to ensure they had proper controls over funds received from DMH.

Summary of Findings

As indicated in the attachment, MLH identified a total of $1,068,249 in questioned costs; $847,168 for the contract service providers, and $221,081 for DMH-operated clinics. DMH indicated that they have collected $478,653 of the $847,168 from the contract service providers, and is in the process of resolving the remaining $368,515. DMH is also working to resolve the $221,081 in questioned costs for DMH-operated clinics. DMH has indicated that they will reimburse the State for any unresolved questioned costs from contract or DMH-operated clinics.

MLH noted that the questioned costs were primarily due to the following:

- Clinics/contractors not documenting services or not being able to provide the required documentation (e.g., progress notes, daily service logs, etc.) for review.
- Clinics/contractors not being able to provide client folders for review.
- Contractors reporting costs in their cost reports that did not agree with expenditures noted in the contractors' profit and loss statements or general ledgers.

MLH also noted that the clinics/contractors were not always able to provide updated/complete Payor Financial Information forms, which are used to determine the clients' ability to pay. However, these issues did not directly result in any questioned costs.

MLH discussed each report with the respective service providers and DMH. DMH management is requiring the contract service providers and DMH clinics to develop and submit corrective action plans (CAPs) to address the findings and recommendations.

We recommend that DMH provide your Board with periodic updates on their collection efforts, and follow up to ensure service providers implement their CAPs.

Due to the large number of reviews, copies of the individual reports are not enclosed, but are available upon request. Please call me if you have any questions, or your staff may contact Robert Smythe at (213) 253-0101.

WLW:RS:TK

Attachment

c: William T Fujioka, Chief Executive Officer
Marvin J. Southard, D.S.W., Director, Department of Mental Health
Public Information Office
Audit Committee

Fiscal Monitoring of Mental Health Service Providers
Fiscal Years 2008-09 and 2009-10

Number	Service Providers	Total Questioned Costs
CONTRACT SERVICE PROVIDERS FY 2008-09		
1	1736 Family Crisis Center	$4,936
2	Bienvenidos Children's Center, Inc.	$29,128
3	Braswell Rehabilitation Institute for Development of Growth and Educational Services, Inc.	$24,718
4	California Institute of Health & Social Services, Inc. (dba Alafia Mental Health Institute)	$9,367
5	City of Gardena	$1,462
6	Counseling4Kids	-
7	Department of Health Services - LAC+USC Medical Center	$113,815
8	For the Child, Inc.	$4,128
9	New Directions, Inc.	$6,752
10	Pediatric and Family Medical Center (dba Eisner Pediatric & Family Medical Center)	$1,861
11	Personal Involvement Center, Inc.	$96,870
12	Prototypes, Centers for Innovation in Health, Mental Health and Social Services	$8,802
13	Social Model Recovery Systems, Inc. (dba The River Community)	$11,285
14	Star View Adolescent Center, Inc.	$19,427
15	Tarzana Treatment Centers, Inc.	$39,042
16	The Help Group Child and Family Center	$9,598
17	The Saban Free Clinic, Inc.	$3,453
18	Tri-City Mental Health Center	$855
19	White Memorial Medical Center	-
CONTRACT SERVICE PROVIDERS FY 2009-10		
20	Amanecer Community Counseling Services, Inc.	$166
21	Asian American Drug Abuse Program, Inc.	$365
22	Aurora Charter Oak, LLC	-
23	Clontarf Manor, Inc.	$31,993
24	College Hospital - Cerritos	-
25	David & Margaret Home, Inc.	$2,019
26	Hamburger Home (dba Aviva Family and Children's Services)	$2,629
27	HealthView Inc. (dba Harbor View House)	$88,253
28	Leroy Haynes Center for Children and Family Services, Inc.	$86,551
29	Maryvale	$462
30	McKinley Children's Center, Inc.	-
31	Mental Health America of Los Angeles	$20,368
32	Ocean Park Community Center	$345
33	One in Long Beach, Inc.	$17,365
34	Pacific Asian Counseling Services	-
35	Pacific Lodge Youth Services	$32,368
36	St. Joseph Center	$9,140

Number	Service Providers	Total Questioned Costs
37	Stirling Academy, Inc. (dba Stirling Behavioral Health Institute)	$466
38	Tessie Cleveland Community Services Corporation	$100,000
39	The Los Angeles Gay and Lesbian Community Services Center (dba L.A. Gay and Lesbian Center)	$19,627
40	The Regents of the University of California, Los Angeles (UCLA Ties for Adoption Program)	$1,045
41	Watts Labor Community Action Committee	$48,507
42	Westside Center for Independent Living, Inc.	-
	Total Questioned Costs for Contract Service Providers	**$847,168**
DMH - OPERATED CLINICS FY 2008-09		
43	AB3632 Assessment Unit - CMS	$3,630
44	AB3632 Residential Placement/Children's Countywide Case Management	$1,161
45	ACCESS Center	-
46	American Indian Counseling Center	$1,640
47	Antelope Valley Mental Health Center	$11,663
48	Arcadia Mental Health Center	$868
49	Augustus F. Hawkins Mental Health Center - CRS/FSP/FCC/PEARLS	$2,974
50	Augustus F. Hawkins Mental Health Center - Crisis Resolution Services	$5,915
51	Barry J. Nidorf Juvenile Hall	$4,774
52	Central Juvenile Hall	$387
53	Challenger Mental Health Unit - Outpatient	$7,423
54	Compton Family Mental Health Center	$13,572
55	Department of Mental Health at Harbor-UCLA Medical Center	$2,040
56	DMH/DPSS Co-Located and CalWORKs	$11,515
57	Dorothy F. Kirby Center	$1,161
58	Edmund D. Edelman Westside Mental Health Center - Adult	$6,954
59	Genesis Older Adult Programs	$2,886
60	Hollywood Mental Health Center	$2,499
61	Juvenile Court Mental Health Services	$8,357
62	Long Beach Child & Adolescent Program	$3,279
63	Los Padrinos Juvenile Hall	$3,167
64	Metro - Continuing Care Unit	$656
65	Northeast Mental Health Center	$1,302
66	Rio Hondo Community Mental Health Center	$522
67	San Antonio Mental Health Center	$169
68	San Pedro Mental Health Center	$35,636
69	South Bay Mental Health Center	$5,021
70	West Central Family Mental Health Center	$81,910
	Total Questioned Costs for DMH - Operated Clinics	**$221,081**
	Total Questioned Costs for All Service Providers	**$1,068,249**