

State of New York OFFICE OF MENTAL HEALTH <hr/> OMH OFFICIAL POLICY MANUAL	Date Issued	T. L.	Section #
	04/11/84	84-3	A-800
	Section		
	Administration - Reviews and Inspections		
	Directive		
	Audits of OMH Facilities, Programs or Units		

A. Policy Statement

The Office of Mental Health (OMH) is accountable to the public for the resources provided to carry out services within State operated psychiatric facilities, programs, or units that fall under its auspice. OMH has the responsibility to apply resources efficiently, economically, and effectively to achieve the purposes for which the resources were appropriated.

Audits are conducted to measure the extent of compliance with established standards. They also are used as a tool to assist management in carrying out its responsibilities. Generally, audits focus on one of the following three aspects of a facility, program, or unit: financial and compliance aspects which determine whether or not the financial statements of an audited entity present fairly the financial position and the results of financial operations in accordance with generally accepted accounting principles or other applicable standards and whether or not the entity has complied with laws and regulations that may have a material effect upon the financial statements; economy and efficiency aspects which determine whether or not the entity is managing and utilizing its resources (such as personnel, property, space) economically and efficiently, the causes of inefficiencies or uneconomical practices, and whether or not the entity has complied with laws and regulations concerning matters of economy and efficiency; program results aspects which determine whether or not the desired results or benefits established by the legislature or other authorizing body are being achieved and whether or not the agency has considered alternatives that might yield desired results at a lower cost.

Such audits may be conducted by OMH's Bureau of Management and Fiscal Audit (BMFA), the Office of the State Comptroller, or other State and federal organizations.

This policy directive addresses the responsibility of staff at various levels of the Office of Mental Health to respond to audits conducted by the OMH Bureau of Management and Fiscal Audit and the Office of the State Comptroller, as well as to audits conducted by other State and federal organizations. This policy directive applies to audits of State operated psychiatric facilities, programs or units, and not to audits of contract agencies, certified services, programs or other components of the Office of Mental Health.

B. Relevant Statutes and Standards

Mental Hygiene Law Section 7.15
State Constitution Article V Section 1
State Finance Law Article 2 Section 8
Executive Law Section 170
Budget Policy and Reporting Manual, Item B-410

C. Definitions

Audit - a review and evaluation of a facility, program or unit by an objective and independent individual or team to determine whether or not resources and/or funds are being utilized in an appropriate and effective manner or to determine whether or not the expected results established

by the Office of Mental Health, control agencies, the legislature or other identified standard setting bodies are being achieved.

D. Body of Directive

1) Responding to Audits Conducted by the OMH Bureau of Management and Fiscal Audit

a) Draft Audit Report

i) Facility Director

- (1) Upon receiving a draft audit report regarding a unit or program of the facility, the facility director must prepare and submit a response to the draft report directly to the OMH Bureau of Management and Fiscal Audit (BMFA). The response must be submitted within the time frames established by BMFA. Copies of the response must be simultaneously submitted to the regional director* and the deputy commissioner for the Operations Division.*
- (2) The response should be limited to those findings and recommendations with which the facility director disagrees, while acknowledging concurrence with the remainder of the report. If the findings are disputed, the facility director must provide a rationale for the dispute.
- (3) The facility director's response to draft audit report shall be the mechanism through which the dispute resolution process is initiated. Whenever possible, disputes shall be resolved at the facility and regional office level. Items requiring resolution at other than the facility level will be addressed by assigned central office Operations Division and regional office staff, in conjunction with the staff of BMFA, on an item-by-item basis.

ii) Regional Director

- (1) The regional director must assure that regional office staff are available to assist in the preparation of the response to the draft report as well as to participate in the resolution of disputed items.

* The director of the Bureau of Forensic Services serves in the role of regional director for Central New York Psychiatric Center and Mid-Hudson Psychiatric Center and the forensic units at State operated psychiatric facilities. The deputy commissioner for the Research Division serves in the role of the regional director and deputy commissioner for the Operations Division for New York Psychiatric Institute, and Nathan S. Kline Research Institute.

- (2) The regional director must facilitate the resolution of any disputes identified in the facility director's response and must provide any additional information or comments that s/he deems appropriate.

iii) Central Office - Operations Division

- (1) The deputy commissioner for the Operations Division must assure that staff are available to assist facility and regional office staff, as needed, in the preparation of the response to the draft report as well as to participate in the resolution of disputed items.
- (2) The deputy commissioner for the Operations Division must monitor the audit response and resolution process to assure that required reports and necessary follow up action are completed in a timely and comprehensive manner.
- (3) The deputy commissioner for the Operations Division must review and make decisions regarding any issue that cannot be resolved at the facility or regional office level. The deputy commissioner should, if appropriate, consult with the executive level and/or other units of the Office of Mental Health to receive input regarding specific issues.

iv) Central Office - Bureau of Management and Fiscal Audit (BMFA)

- (1) The director of BMFA must provide a copy of the draft audit report to the facility director, regional director, deputy commissioner of the Operations Division, and, as appropriate, the executive level and/or other units of the Office of Mental Health.
- (2) The director of BMFA must establish time frames for the submission of responses to draft audit reports and must assure that BMFA staff are available to participate actively in the resolution of disputed issues related to the audit report.
- (3) The director of BMFA must notify the deputy commissioner of the Operations Division of any disputed items that have not been resolved. If disputed items are not resolved at this level, the director of BMFA must submit a report regarding the disputed item(s) to the executive deputy commissioner.

v) Central Office - Executive Deputy Commissioner

The executive deputy commissioner shall have final authority to resolve any disputed items related to the draft audit report.

b) Final Audit Report

i) Facility Director

- (1) The facility director must review the final audit report prepared and submitted by BMFA. The facility director must assure that a detailed plan of corrective action, for all recommendations not fully

implemented when the final report is issued is developed by the facility staff in conjunction with staff from the regional office and BMFA. The plan, which must include an implementation schedule, is to be finalized by the facility director and approved by the regional director.

- (2) The facility director must submit periodic written status report regarding compliance with the implementation schedule to the regional director with copies to the deputy commissioner of the Operations Division and the director of BMFA until all issues have been resolved. The timetables for such reports shall be established by the regional director.

ii) Regional Director

- (1) The regional director must assure that staff are available to assist in the preparation of the facility's plan of corrective action.
- (2) The regional director must review and approve the facility's plan of corrective action. S/he will then submit the plan to the director of BMFA, with a copy to the deputy commissioner of the Operations Division within the specified time frames.
- (3) The regional director must assure that the facility submits periodic progress reports until each recommendation that can be implemented at the facility level is completed.

Any issue that cannot be resolved at the facility or regional office level must be referred to the deputy commissioner of the Operations Division for resolution.

- (4) The regional director must assure that the implementation status for the approved plan of corrective action is appropriately reviewed until all issues have been satisfactorily addressed.

iii) Central Office - Operations Division

- (1) The deputy commissioner for the Operations Division must assure that staff are available to assist facility and/or regional office staff, as needed, in the preparation of the facility's plan of corrective action.
- (2) The deputy commissioner for the Operations Division must monitor the plan of corrective action to assure that the plan is submitted within specified time frames and that any future target dates for implementation are reasonable.
- (3) The deputy commissioner for the Operations Division of any disputed items that have not been resolved or of any other items that will not be corrected within a reasonable period of time. If disputed items are not resolved at this level, the director of BMFA must submit a report regarding the disputed item(s) to the

executive deputy commissioner.

(iv) Central Office - Executive Deputy Commissioner

The executive deputy commissioner shall have final authority to resolve any disputed items related to the final audit report.

2) Responding to Audits Conducted by the Office of the State Comptroller

a) Preliminary Audit Findings

The Office of the State Comptroller will issue preliminary audit findings directly to the facility, program, or unit director which address observations made during the course of an audit. The facility, program or unit director will be requested to respond in writing directly to the Office of the State Comptroller regarding the preliminary audit findings. A copy of his/her response should be sent to the regional director, deputy commissioner of the Operations Division and director of the BMFA. Such responses are generally incorporated into the Office of the State Comptroller draft audit report which will be issued subsequent to the audit field work. Staff from the regional office and/or the BMFA will provide consultation and assistance to facility staff, as requested, in preparing responses to the Office of the State Comptroller.

b) Draft and Final Reports

- i) The requirements outlined in section D.1)a) and b) for facility directors, regional directors, the deputy commissioner of Operations and the BMFA director will also apply to audits by the Office of the State Comptroller.
- ii) The director of BMFA must prepare the Commissioner's response to the State Comptroller's audit reports from the information provided through the response process described in this section. The response will be cleared by appropriate deputy commissioners in accordance with established procedures, and then submitted to the executive deputy commissioner for review and approval prior to being submitted to the Commissioner for signature.
- iii) By law, the Commissioner of the Office of Mental Health is required to submit a written response within thirty days to draft audit reports issued by the State Comptroller. In addition, as required by Item B=410 of the Budget Policy and Reporting Manual issued by the Division of the Budget, the proposed OMH response to the draft audit report must be submitted to the Director of the Budget for review and clearance at least eight days before the response is due to the State Comptroller. The Commissioner's response to the draft audit report is usually included in the State Comptroller's final audit report as an appendix.
- iv) Upon receipt of the Office of the State Comptroller final report, the Office of Mental Health must submit a written plan of corrective action within ninety days to the Office of the State Comptroller. State law requires that a copy of the plan of corrective action must be sent to the Governor, Comptroller, certain legislative leaders and the Director of the Budget within the ninety day time frame.

3) Responding to Audits by Outside State and Federal Agencies - Other than the Office of the State Comptroller

there are several organizations empowered to conduct audits of Office of Mental Health facilities, programs or units. Requests to conduct audits originating from State and federal agencies must be submitted to the Commissioner unless such agency has statutory authority to conduct an audit without prior notification to the Office of Mental Health. If a facility, program or unit director receives a direct request to conduct an audit, the Commissioner must be notified and a copy of such notification should be forwarded to the regional director and deputy commissioner of the Operations Division or other deputy commissioner as appropriate, and the director of BMFA.

The Commissioner shall determine the method of responding to such audits by other State and federal agencies.