

 Official Policy Manual	Date issued 8/29/24	Page 1 of 5	Section # A-800
	Section: Administration – Reviews and Inspections		
	Directive: Audits of OMH Facilities, Programs or Units		
	Policy Owner: Bureau of Audit		

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 are also used as a tool to assist management in carrying out its responsibilities. Generally, audits fall into one of the following categories:

Financial Audits address questions of accounting, recording, and reporting of financial transactions. Reviewing the adequacy of internal controls also falls within the scope of financial audits.

Compliance Audits seek to determine if departments are adhering to applicable laws, rules, regulations, policies, and procedures.

Performance Audits typically examine the effectiveness, economy or efficiency of a program, function, operation, or management system. This type of review may include elements of a compliance audit and a financial audit. Auditors might analyze the services of an entire agency or division, compare actual practices against those called for in appropriate guidance documents, seek possible cost savings, or identify the outcomes achieved by a program or service.

Investigative Audits are performed when appropriate. These audits focus on alleged violations of OMH guidance. Internal theft, misuse of assets, and conflicts of interest are examples of investigative audits.

Such audits may be conducted by OMH's Bureau of Audit & Compliance Services, 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 Audit & Compliance Services, Office of the State Comptroller, and other external reviewers. This policy directive applies to audits of State-operated psychiatric facilities, programs, or units (including Central Office operations).

B. Relevant Statutes and Standards

Mental Hygiene Law, § 7.15, Programs of the Office of Mental Health
State Constitution Article V Section 1, Comptroller and Attorney-General, Election,
Qualifications and Duties; Payment of state Moneys Without Audit Void
State Finance Law Article 2 Section 8, Duties of the Comptroller
Executive Law § 170, Audit of Agencies by the State Comptroller; Reports of Corrective
Action
14 NYCRR 552, Audits of Office of Mental Health Licensed or Operated Facilities,
Programs or Units

C. Definitions

1. Audit means a review and evaluation of a facility, program or unit by an objective and independent individual or team to determine whether 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

This policy directive consists of three components:

1. Responding to Audits Conducted by the OMH Bureau of Audit & Compliance Services
2. Responding to Audits Conducted by the Office of the State Comptroller
3. Responding to Audits Conducted by Other External Entities

1) Responding to Audits Conducted by the OMH Bureau of Audit & Compliance Services

(a) Draft Audit Report

(1) Facility Director/Central Office Director

- i. Upon receiving a draft audit report regarding a unit or program of the facility or Central Office unit, the director must prepare and submit a response to the draft report directly to the OMH Bureau of Audit & Compliance Services. The response must be submitted within the time frames established by the Bureau and 14 NYCRR §552.
- ii. The response should address all findings and recommendations cited in the report. If the findings are disputed, the director must provide a rationale for the dispute. The response may also include a detailed plan of corrective action, including dates of implementation.

- iii. The director's response to the draft audit report shall be the mechanism through which the dispute resolution process is initiated. Whenever possible, disputes shall be resolved at the facility/Central Office unit and Bureau level. Items requiring resolution at other than this level will be addressed by the assigned Central Office division in conjunction with the staff of the Bureau, on an item-by-item basis.

(2) Central Office - Bureau of Audit & Compliance Services

- i. The director of the Bureau must provide a copy of the draft audit report to the executive level and/or other units of the Office of Mental Health as appropriate.
- ii. The director of the Bureau must establish time frames for the submission of responses to draft audit reports and must assure that Bureau staff are available to participate actively in the resolution of disputed issues related to the audit report.

(3) 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

(1) Facility/Central Office Unit Director

The director must review the final audit report prepared and submitted by the Bureau. If not provided in the response to the draft report, the director must assure that a detailed plan of corrective action for all recommendations, including dates of implementation, is included with the response to the final audit report.

(2) Central Office - Bureau of Audit & Compliance Services

- i. The director of the Bureau must provide a copy of the final audit report to the executive level and/or other units of the Office of Mental Health as appropriate.
- ii. The director of the Bureau must establish time frames for the submission of responses to final audit reports and must assure that Bureau staff are available to participate actively in the resolution of disputed issues related to the audit report.

(3) 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 (OSC) will issue preliminary audit findings which address observations made during an audit. The OMH external audit liaison will work with appropriate OMH staff on the response to the preliminary report(s) and will submit them to OSC and share with appropriate OMH staff. Responses to the preliminary report(s) are generally used to provide additional clarity and are often incorporated into the OSC's draft audit report.

(b) Draft and Final Reports

- i. OMH's external audit liaison will work with appropriate OMH staff to prepare the agency's response to OSC audit reports using the response process described in this section. The response will be reviewed and approved by the necessary individuals in accordance with established procedures including but not limited to the: Director of the Bureau of Audit & Compliance Services; Counsel's Office; Associate/Deputy Commissioner overseeing the area under audit; the Executive Deputy Commissioner; and the Commissioner.
- ii. Written responses to the draft audit report are due within 30 days from the date of issuance. Prior to submission, the response must be reviewed by the Division of the Budget and any other required external entities. Budget Bulletin L-0100 requires that the proposed response be submitted to the Division of the Budget for review and approval at least seven days before the response is due to OSC.
- iii. Once approval has been obtained by the Division of the Budget and any other external entities, the response will be submitted to the executive deputy commissioner for signature. The response to the draft audit report is included in the State Comptroller's final audit report as an appendix.
- iv. Upon receipt of the final report, OMH must submit a written plan of corrective action to OSC within 180 days as required by Section 170 of the Executive Law. The response will be assembled and go through the same approval process outlined in items 2bii and 2biii above and will be signed by the Commissioner. The law also requires that a copy of the plan of corrective action also be sent to the Governor, Comptroller, certain legislative leaders, and the Director of the Division of the Budget within the 180-day time frame.

3) Responding to Audits Conducted by Other External Entities

(a) Other Types of External Audits

- i. OMH facilities, programs, or units may also get audited by other outside entities, including but not limited to the Office of the Medicaid Inspector General; the Department of Health & Human Services Office of Inspector General; the Social Security Administration; managed care organizations; or other insurers. If an audit notification is received and it is unclear if the external audit liaison has been notified, please forward to OMH's external audit liaison at OMHAudit@omh.ny.gov .
- ii. At the conclusion of the audit, the external entity will generally issue a summary document (e.g., audit report, summary letter) to present the findings. A written response within specific timeframes is generally required and may become public information based on the type of review. This document should be shared with OMH's external audit liaison at the address above who can assist in drafting a cohesive response to address each of the findings and recommendations.
- iii. Responses should not be submitted to the auditing entity without a review by the external audit liaison, OMH counsel, and the executive deputy commissioner, at a minimum.