



State of New York
Andrew M. Cuomo
Governor



Office of Mental Health
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Albany, New York 12229
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April 15, 2015

Andrea Inman
Audit Director
Office of the State Comptroller
Division of State Government Accountability
110 State Street, 11th Floor
Albany, NY 12236-0001

Dear Ms. Inman:

The Office of Mental Health has reviewed the Office of the State Comptroller's final audit report (2012-S-17) entitled, "Cost Reporting of Programs Operated by Gateway-Longview, Inc.". Our comments to the findings and recommendations are enclosed.

The Office of Mental Health appreciates the Office of the State Comptroller's efforts to recommend improvements in our operations. Many thanks for your continued help and cooperation.

Sincerely yours,

Ann Marie T. Sullivan, M.D.
Commissioner

Enclosure

cc: Governor – Andrew M. Cuomo
Comptroller – Thomas P. DiNapoli
Lieutenant Governor – Kathleen C. Hochul
Senate Majority Leader – Dean G. Skelos
Senate Minority Leader – Andrea Stewart-Cousins
Assembly Speaker – Carl E. Heastie
Assembly Majority Leader – Joseph Morelle
Assembly Minority Leader – Brian M. Kolb
Chair, Senate Finance Committee – John A. DeFrancisco
Ranking Minority Member of Senate Finance Committee – Liz Krueger
Chair, Assembly Ways and Means Committee – Herman D. Farrell, Jr.
Ranking Minority Member, Assembly Ways and Means Committee – Bob Oaks
Chair, Senate Mental Health & Developmental Disabilities Committee – Robert G. Ort
Chair, Assembly Mental Health Committee – Aileen Gunther
Chair, Assembly Committee on Oversight, Analysis & Investigation – Ellen Jaffee
Director, Division of the Budget – Mary Beth Labate



**OFFICE OF MENTAL HEALTH
RESPONSE TO THE OFFICE OF THE STATE COMPTROLLER
FINAL AUDIT REPORT 2012-S-17
COST REPORTING OF PROGRAMS OPERATED BY
GATEWAY-LONGVIEW, INC**

Overall OMH Comments

OMH has reviewed OSC's final audit report and is appreciative of the work OSC has done in identifying problems with Gateway-Longview's cost reporting. OMH is in the process of following-up on OSC's recommendations and will implement corrective measures as appropriate.

During OSC's three-year audit scope covering July 1, 2008 to June 30, 2011, Gateway operated three MH programs: a family resource center, an intensive case management program and a wrap care program. Of the report's total recommended \$2.4 million of disallowed costs, OSC is attributing approximately 6 percent or \$139,000 to OMH. As the reimbursement for these OMH programs is fee-based rather than based on reported costs, it appears any potential recoveries initiated by OMH will be focused on the areas of administrative and construction costs of the family resource center.

OMH's Responses to OSC's Recommendations

OSC Recommendation No. 1

Follow up on the inappropriate and unsupported expenses identified in our report, revise the reimbursement rates for Gateway and seek restitution, as appropriate. In addition, review the questionable interest costs identified and determine if these costs are reimbursable.

OMH Response

OMH is following up on those areas included in OSC's first recommendation and will recover program overpayments where appropriate. In order to assist OMH in this follow-up and to accurately identify the portion of OSC's disallowance attributable to MH programs, OSC has provided their extensive audit spreadsheets that were compiled during this two-plus year audit. Gateway-Longview has also provided a rebuttal to OSC's findings which must be considered before any action can be taken.

OSC Recommendation No. 2

For the years subsequent to our audit scope, determine if the matters addressed in this report also impact the related Gateway financial reports. Adjust the financial reports as appropriate and determine the corresponding impact on Gateway's reimbursement rates.

OMH Response

OMH will review the financial reports subsequent to the audit scope period and will require Gateway to submit corrected cost reports as necessary.

OSC Recommendation No. 3

Direct Gateway to ensure that board members avoid conflicts of interest and annually file written disclosures of any business involvement with Gateway or related parties.

OMH Response

OMH issued a guidance memorandum to Gateway and to all MH providers and board chairpersons statewide. This memo addressed the need to follow requirements for related-party transactions in order to avoid self-dealing and the prohibition on the misuse of State funds, particularly for improper executive compensation. The memo includes reference to the New York Non-Profit Revitalization Act of 2013 which contains several provisions surrounding related-party transactions, including requirements regarding annual disclosures.

OSC Recommendation No. 4

Take steps to ensure Gateway's reporting of expenses includes only those expenses that comply with all program guidelines and requirements.

OMH Response

OMH will review the reporting requirements of expenses on the Consolidated Fiscal Report (CFR) and will take steps as appropriate to ensure that Gateway's reporting of expenses comply with program guidelines and requirements. One of these steps will be to remind Gateway-Longview of CFR training opportunities available to them and to encourage them to attend.