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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

October 21, 2010

Dr. Michael Hogan, PhD
Commissioner
NYS Office of Mental Health
44 Holland Ave.
Albany, NY 12229-0001

Re: Report 2010-F-30

Dear Dr. Hogan:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution; and Article II, Section 8 of the State Finance Law, we have followed up on the actions taken by officials of the Office of Mental Health (OMH) to implement the recommendations contained in our audit report, *Kingsboro Psychiatric Center Controls Over Late Separations* (2007-S-109).

Background, Scope and Objective

The New York State Office of Mental Health (OMH) operates 26 psychiatric centers throughout the State. OMH regulates, certifies and oversees more than 2,500 programs serving more than 500,000 individuals each year. These programs include inpatient, outpatient, and emergency services as well as community support, residential and family care. Kingsboro Psychiatric Center (Kingsboro), one of the OMH-operated psychiatric centers, is located in Brooklyn. Kingsboro provides mental health services to adults 18 years of age and older, and operates three community-based outpatient clinics located in the Bushwick, Canarsie and Williamsburg sections of Brooklyn. For fiscal year 2011 (April 1, 2010 - March 31, 2011), Kingsboro Psychiatric center's budget is \$76 million.

Our initial audit report, which was issued February 12, 2009, examined Kingsboro Psychiatric Center's internal controls over late separations. When an employee is not removed from the payroll in a timely manner, a late separation check is generated for the employee and may result in the employee being paid for more than the actual hours worked. We found that Kingsboro officials had not instituted sufficient controls to prevent late separation checks from being issued. The reasons for the late separations included: the employees' failure to provide timely notification to their supervisors of their intention to resign; department supervisors not promptly notifying Kingsboro's Human Resources Office (HR) about employee resignations and terminations; and delays by HR staff in entering required data into the State's payroll system.

The objective of our follow-up was to assess the extent of implementation, as of September 7, 2010 of the six recommendations included in our initial report.

Summary Conclusions and Status of Audit Recommendations

We found that OMH officials have made progress in addressing the matters in our initial audit report as all six of our prior audit recommendations have been implemented.

Follow-up Observations

Recommendation 1

Remind employees to provide two weeks written notice prior to the effective dates of their resignation.

Status - Implemented

Agency Action - Kingsboro Psychiatric Center officials reminded all current employees to provide two weeks written notice prior to the effective dates of their resignation. Employees were notified through an inter-agency memorandum and an email which was sent out to all staff.

Recommendation 2

Instruct supervisors to complete and submit the PTR promptly to HR for any employee who should be removed from the payroll.

Status - Implemented

Agency Action - Kingsboro Psychiatric Center has sent out an inter-agency memorandum and email to all facility supervisors instructing them to submit an email notice to Kingsboro's Director of Human Resources (HR) as soon as they are advised that an employee is resigning, and to also immediately submit a Personnel Transaction Request (PTR) to HR.

Recommendation 3

Remind HR to promptly enter all employee separation information into HRMS.

Status - Implemented

Agency Action - Kingsboro Psychiatric Center officials sent out an email to all HR staff reminding them to promptly enter all employee separation transactions into OMH's Human Resource Management System.

Recommendation 4

Remind the Business Office to return late separation checks to the OSC Payroll Unit at the end of 30 days.

Status - Implemented

Agency Action - Kingsboro Psychiatric Center officials sent an inter-agency memorandum to the Business Officer reminding staff that all withheld separation checks should be returned to the OSC Payroll Unit by the Business Office within 30 days.

Recommendation 5

Improve communication between the Departments and HR to prevent the payment of late separation checks to employees who are not entitled to them.

Status - Implemented

Agency Action - Kingsboro Psychiatric Center officials sent out an inter-agency memorandum reminding all Departments to notify the Director of HR via email as soon as they are advised that an employee is resigning or leaving Kingsboro Psychiatric Center. In addition, an email was sent from the Director of HR to all supervisors to remind them to adhere to the requirement to process a PTR timely for employees leaving service. There has also been a significant reduction in the number of late separation checks, from the 40 issued during the 42-month period reviewed during our prior audit, to the 2 issued during the 19-month period reviewed during our follow up. In addition, Kingsboro officials stated that they plan to train their current staff to further improve communications between HR and the other departments.

Recommendation 6

Recover the overpayment of \$121.

Status - Implemented

Agency Action - Kingsboro Psychiatric Center officials have recouped the overpayment of \$121.

Major contributors to this report were Michael Solomon, Santo Rendon, Orin Ninvalle and Elijah Kim.

We thank the management and staff of the Office of Mental Health and Kingsboro Psychiatric Center for the courtesies and cooperation extended to our auditors during this process.

Very truly yours,

Michael Solomon
Audit Manager

cc: Mr. Thomas Lukacs, Division of the Budget
Mr. Ken Lawrence, Office of Mental Health
Mr. James Russo, Office of Mental Health
Mr. James McCummings, Executive Director, Kingsboro Psychiatric Center