



**Office of  
Mental Health**

# **Audits of OMH Supported Housing**

# Fiscal Findings



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# Supported Housing Audits

## Fiscal Findings and how they will be addressed

- 1) **Fiscal Oversight** (Establish effective fiscal controls to ensure that providers' use of program funds is appropriate, allowable and documented. Controls should include but not be limited to expanded desk reviews of provider CFR's to include review, utilizing risk-based approach, or supporting documentation to ensure that claimed program expenses are reasonable, necessary and allowable)

Response: OMH fiscal and programmatic monitoring programs require providers to report accurately and appropriately and to maintain documentation of program expenditures. OMH will request supporting documentation from providers as part of the desk review process.

# Supported Housing Audits

## Fiscal Findings and how they will be addressed

- 2) Competitive Bidding** (Over \$300,000 was identified as contracts that exceeded \$25,000 were not competitively bid)

Response: General Guidelines (7) in OMH Fiscal Contracting Guidelines state that direct contract and subcontract agencies who receive funding from the OMH shall adhere to the “prudent buyer concept” whereby the purchase or rental of property, materials, supplies or services and the like, may not exceed the cost that a prudent person would pay in the open market to obtain these items under the circumstances prevailing at that time.

Competitive bidding must be adhered to when procuring goods and/or services valued at \$25,000 or higher. A written record (i.e., documentation) of the procurement, including bids and quotes, shall be maintained and made available for review upon request by appropriate oversight agencies.



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## Fiscal Findings and how they will be addressed

### **3) Food** (Parties for staff, family members and friends, including the purchase of alcohol)

Response: Consistent with Appendix X of the CFR Manual, Section 57.1, costs that are not properly related to program/site participant care or treatment and which principally afford diversion, entertainment, or amusement to owners, operators or employees is a non-allowable cost.

### **4) Allocation Methodology** (To the extent possible, require service providers to charge expenses directly to programs rather than allocate them amongst various programs)

Response: Page 42.2 of the CFR Manual (Appendix I) states that all attempts should be made to directly charge an expense to the appropriate cost center. Page 43.0 (Appendix J) of the CFR Manual states that allocation guidelines should be used only after all attempts to directly charge an expense.

# Supported Housing Audits

## Fiscal Findings and how they will be addressed

### 5) **Inappropriate/Unsupported Expenses** (Insufficient supporting documentation CFR)

Response: OMH fiscal and programmatic monitoring programs require providers to report accurately and appropriately and to maintain documentation of program expenditures. OMH will request supporting documentation from providers as part of the desk review process.



## Fiscal Findings / Responses Cont'd

### 6) **Related Party Transactions** (Improper reporting on CFR)

Response: Section 18.0 of the CFR Manual requires that all related-party transactions be included on the CFR-5. The CFR-5 schedule is used to report all transactions, including compensation, between the reporting entity, its affiliates, principal owners, management and members of their immediate family and any other party (including an organization) with which the reporting entity may deal when one party has the ability to significantly influence management or operating policies of the other to the extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. Annual filings of written disclosures should be made where Related Party Transactions exist.

## Fiscal Findings / Responses Cont'd

- 7) **Executive Compensation** (Review and revise the amounts of executive compensation costs eligible for reimbursement, as warranted, if the study did not provide an adequate basis for the amounts of executive compensation)

Response: OMH will take appropriate action based on EO 38 Guidelines. Individuals or entities receiving State Funds or State Authorized Payments to provide program services may be subject to limitations on administrative expenses and executive compensation.





## Fiscal Findings / Responses Cont'd

- 8) **Agency Vehicles:** (Require service providers to use mileage or other vehicle use logs to document their use of Program vehicles. Date, destination and mileage should be a best business practice)

Response: Appendix J of the CFR Manual recommends the use of mileage or trip logs as the referred allocation method in determining the transportation related program expenses. Costs associated with the acquisition or lease, operation, and maintenance of an agency owned vehicle used for agency related business are eligible for reimbursement. Vehicles considered lavish or extravagant when compared to the prudent buyer concept are not eligible for reimbursement.

## Fiscal Findings / Responses Cont'd

- 9) **Documentation Management/Maintenance** (Pursuant to the CFR Manual, to be eligible for reimbursement, NPS costs must be reasonable and necessary, and be supported with appropriate documentation)

Response: The contractor shall submit supporting fiscal documentation, as requested by OMH, for expenses claimed. The contractor must retain for a period of six years from the date of Master Contract, or the most recent renewal of the Master Contract, whichever is later, any and all records necessary to substantiate upon audit the proper expenditure of funds received, including “original invoices/receipts, cancelled checks and related bank statements.”

## Fiscal Findings / Responses Cont'd

- 10) **Consolidated Fiscal Reporting (CFR)** (Ensure that service providers are current in the submission of year-end fiscal reports)

Response: Sections 18.2 and 18.3 of the CFR Manual outline Service Provider Responsibilities and reporting periods. For each fiscal reporting period, OMH direct contract funded service providers are required to prepare a final Consolidated Fiscal Report (CFR). The CCR for OMH consists of the DMH-2 and DMH-3 claiming schedules in the service provider's completed Consolidated Fiscal Report.



# Programmatic Findings



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## Programmatic Findings and How They Will Be Addressed

### 1) **Client contribution** (Found examples of rent exceeding 30% of income)

Response: Revised SH Guidelines require OMH approval; justification; attestation by consumer; reevaluation at lease renewal.

### 2) **Home visits and documentation**

Response: SH Guidelines clarify expectations regarding progress notes and client visits



## Programmatic Findings/ Responses Cont'd

### 3) **Assessing and assisting consumers in crisis**

Response: SH Guidelines emphasize communication between the Provider and the involved Health Home care coordinator and/or mental health services provider.

### 4) **Landlord relationships and apartment maintenance**

Response: SH Guidelines emphasize advocacy with landlords regarding prompt repairs.

# Programmatic Findings/ Responses Cont'd

## 5) Oversight – Performance measures, corrective action plans

Response: Maintain 90% occupancy rate benchmark and LOS as measures. SH Guidelines indicate that FOs and/or LGU will monitor at least once during term of contract.

## 6) Contingency funds - Usage, documentation

Response: SH Guidelines removes reference to contingency. Expands list of eligible expenditures to include emergency situations and other expenses that if not addressed would put clients at risk of losing housing.

# Programmatic Findings/ Responses Cont'd

## 7) Rental stipend worksheets – Consistent use

Response: SH Guidelines modify rent stipend worksheets, include clarifications on household composition, rent calculations and offer sample worksheets for common situations (PA, roommates, etc.)

## 8) Gift cards

Response: “Providers must document the recipients of the gift cards, amounts, and retain receipts/ records of the items purchased for auditing and claiming purposes.”



# Provider Resources



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# Provider Resources

OMH Audit Liaison:

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# Provider Resources

## OMH Website Resources:

Main website: [www.omh.ny.gov](http://www.omh.ny.gov)

Audit Best Practices:

[www.omh.ny.gov/omhweb/resources/internal\\_control\\_top\\_ten.html](http://www.omh.ny.gov/omhweb/resources/internal_control_top_ten.html)

Executive Order #38 (E0 38): <https://executiveorder38.ny.gov/>

Spending Plan Guidelines: [www.omh.ny.gov/omhweb/spguidelines/](http://www.omh.ny.gov/omhweb/spguidelines/)



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# Provider Resources

## OMH Website Resources:

### Supported Housing Guidelines:

[www.omh.ny.gov/omhweb/adults/SupportedHousing/supportedhousingguidelines.html](http://www.omh.ny.gov/omhweb/adults/SupportedHousing/supportedhousingguidelines.html)

### Consolidated Fiscal Report:

[www.omh.ny.gov/omhweb/finance/main.htm](http://www.omh.ny.gov/omhweb/finance/main.htm)

