The Honorable Christine Todd Whitman  
Governor of New Jersey

The Honorable Donald T. DiFrancesco  
President of the Senate

The Honorable Jack Collins  
Speaker of the General Assembly

Mr. Albert Porroni  
Executive Director  
Office of Legislative Services

Enclosed is our report on the audit of the Department of Human Services, Division of Mental Health Services Greystone Park Psychiatric Hospital for the period July 1, 1998 to July 7, 2000.

If you would like a personal briefing, please call me at (609) 292-3700.

Thomas R. Meseroll  
Quality Assurance Administrator  

October 24, 2000
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We have completed an audit of the Department of Human Services, Division of Mental Health Services, Greystone Park Psychiatric Hospital for the period July 1, 1998 to July 7, 2000. Our audit included financial activities accounted for in the state’s General Fund.

Annual expenditures and revenues for the hospital were $55 million and $10 million, respectively. The prime responsibility of the hospital is to provide services for voluntarily and legally committed mentally ill persons from the northern counties of the State of New Jersey.

The objectives of our audit were to determine whether financial transactions were related to the hospital’s programs, were reasonable, and were recorded properly in the accounting system. We also tested for resolution of significant issues noted in our prior audit report.

This audit was conducted pursuant to the State Auditor’s responsibilities as set forth in Article VII, Section 1, Paragraph 6 of the State Constitution and Title 52 of the New Jersey Statutes.

Our audit was conducted in accordance with Government Auditing Standards, issued by the Comptroller General of the United States.

In preparation for our testing, we studied legislation, administrative code, circular letters promulgated by the State Comptroller, and policies of the agency. Provisions that we considered significant were documented and compliance with those requirements was verified by interview, observation, and through our samples of financial transactions. We also read the budget message, reviewed financial trends, and
interviewed agency personnel to obtain an understanding of the programs and internal control.

A nonstatistical sampling approach was used. Our samples of financial transactions were designed to provide conclusions about the validity of transactions as well as internal control and compliance attributes. Sample transactions were randomly and judgmentally selected.

To ascertain the status of findings included in our prior report, we identified corrective action, if any, taken by the hospital and we walked through the system to determine if the corrective action was effective.

**Conclusions**

We found that the financial transactions included in our testing were related to the hospital’s programs, were reasonable, and were recorded properly in the accounting system. We also noted that the hospital had resolved the significant issues noted in our prior report.