New Jersey State Legislature
Office of Legislative Services
Office of the State Auditor

Department of Human Services
Ancora Psychiatric Hospital

July 1, 2004 to January 31, 2006

Richard L. Fair
State Auditor
The Honorable Jon S. Corzine  
Governor of New Jersey

The Honorable Richard J. Codey  
President of the Senate

The Honorable Joseph J. Roberts, Jr.  
Speaker of the General Assembly

Mr. Albert Porroni  
Executive Director  
Office of Legislative Services

Enclosed is our report on the audit of the Ancora Psychiatric Hospital for the period of July 1, 2004 to January 31, 2006. If you would like a personal briefing, please call me at (609) 292-3700.

Richard L. Fair  
State Auditor  
September 11, 2006
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Scope

We have completed an audit of the Department of Human Services, Ancora Psychiatric Hospital for the period July 1, 2004 to January 31, 2006. Our audit included financial activities accounted for in the state's General Fund. Ancora Psychiatric Hospital's primary responsibility is to provide mental health services to over 700 patients. Residents live in wards in a hospital environment with professional medical staff supervision. Treatment involves medications and there is emphasis on behavior modification. Expenditures were $78 million and revenues were $18 million in fiscal year 2005.

Objectives

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 conditions noted in our prior report dated July 26, 2000.

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.

Methodology

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 Ancora Psychiatric Hospital and Department of Human Services. Provisions that we considered significant were documented and compliance with those requirements were verified by interview, observation, and through our samples of financial transactions. We also read the budget message, reviewed financial trends, and interviewed departmental and hospital personnel to obtain an understanding of the programs and internal controls.
Our samples of financial transactions were designed to provide conclusions about the validity of transactions as well as internal control and compliance attributes. Transactions were judgmentally selected for testing.

Conclusions

We found that the financial transactions included in our testing were related to the hospital programs, were reasonable, and were recorded properly in the accounting system. However, in making this determination, we noted a budgetary control issue meriting management's attention. We also found that Ancora Psychiatric Hospital had implemented recommendations from our prior audit.
Bayside Prison at Ancora

Ancora Psychiatric Hospital receives an annual state appropriation of $1.2 million to cover the cost of 16 correctional officers from Bayside State Prison who oversee inmate work details that are housed at Ancora. The appropriation resulted from an agreement that was made in 1988 when the inmate population was 160 inmates and all inmates provided labor to the hospital. The current inmate population is over 340 and only 80 inmates are assigned to hospital work details. Since the function is primarily one of inmate custody, the appropriation should be made to and costs recorded on the accounts of Bayside State Prison.

Recommendation

We recommend that the appropriation and cost for the 16 correctional officers should be transferred from the hospital to Bayside State Prison.
August 9, 2006

James B. Patterson
Assistant State Auditor
Office of Legislative Services
Office of the State Auditor
125 South Warren Street
PO Box 067
Trenton, NJ, 08625-0067

Dear Mr. Patterson:

The Division of Mental Health Services appreciates the opportunity to respond to the Audit Report dated July 13, 2006 on Ancora Psychiatric Hospital. We respectfully ask that our comments be made part of the Final Report.

The Report contained only one Conclusion/Recommendation related to the Bayside State Prison inmate details at the hospital. Specifically, the Report recommended that the appropriation and cost for the 16 correctional officers overseeing the details should be transferred from Ancora to Bayside State Prison—Department of Corrections.

Since this is a budgetary control issue, we referred it to the Department of Human Services’ Office of Budget Planning, who in turn contacted Treasury’s Office of Management and Budget (OMB). It is OMB’s view that the DOC inmates and guards provide a service to the hospital and that the current funding arrangement with Ancora reimbursing DOC is appropriate. Therefore, they see no reason for a budgetary change.

Sincerely,

Kevin Martone, Assistant Commissioner
Division of Mental Health Services

KM:DR
C: James Smith
    William Cutti
    LaTanya Wood El

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