Department of Human Services
Division of Mental Health Services
Senator Garrett W. Hagedorn
Psychiatric Hospital

July 1, 2000 to June 30, 2002

Richard L. Fair
State Auditor
The Honorable James E. McGreevey  
Governor of New Jersey

The Honorable John O. Bennett  
President of the Senate

The Honorable Richard J. Codey  
President of the Senate

The Honorable Albio Sires  
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, Senator Garrett W. Hagedorn Psychiatric Hospital for the period July 1, 2000 to June 30, 2002. If you would like a personal briefing, please call me at (609) 292-3700.

August 27, 2002
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Department of Human Services  
Division of Mental Health Services, Senator Garrett W. Hagedorn  
Psychiatric Hospital  

**Scope**  
We have completed an audit of the Department of Human Services, Division of Mental Health Services, Senator Garrett W. Hagedorn Psychiatric Hospital for the period July 1, 2000 to June 30, 2002. Our audit included financial activities accounted for in the state’s General Fund. The audit does not include the financial transactions of the nonappropriated funds.

Annual expenditures and revenues for the hospital were $29 million and $17 million, respectively. The prime responsibility of the hospital is to provide services for voluntarily and legally committed persons.

**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 systems. We also tested for resolution of significant conditions noted in our prior 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.

**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 hospital. 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, compared expenditures to other state hospitals, and interviewed agency personnel to obtain an understanding of the programs and the internal controls.

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. Transactions were judgmentally and randomly selected.

To ascertain the status of findings included in our prior report, we identified corrective action taken by the hospital and walked through the system to determine if the correction 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 properly recorded in the accounting system. We also found that the hospital has resolved the significant issues noted in our prior report.