



## Department of Mental Health & Addiction Services

### County Board Report Reviews Audit

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**Audit Period: July 2016 through June 2017**

#### Results Summary:

Objective	Conclusion*
Fiscal Monitoring over County Board Reports	Well-Controlled with Improvement Needed

\* Refer to Appendix A for classification of audit objective conclusions.



## **Executive Summary**

### **Background**

The Department of Mental Health and Addiction Services (MHA), was created on July 1, 2013 when the Ohio Department of Mental Health and the Ohio Department of Alcohol and Drug Addiction Services merged. MHA's primary responsibilities include developing clinical evaluation and monitoring services; establishing minimum standards for services; maintaining compliance with standards at six regional psychiatric hospitals (RPH); providing training, consultation, and technical assistance to stakeholders in the mental health and substance abuse support systems; and overseeing a statewide mental health and alcohol and drug addiction service system that consists of 49 community alcohol, drug addiction, and mental health services boards (ADAMHS), one community mental health services board, and one alcohol and drug addiction services board.

Currently, MHA receives the majority of its federal grant funding from the U.S. Department of Health and Human Services (HHS), which is allocated and subgranted out to the boards. MHA requires community plans and fiscal reports throughout the life of the subgrants to monitor the boards. For state fiscal year 2018, approximately \$132 million in federal, state and other funding had been allocated to the local boards.

During the audit, OIA identified opportunities for MHA to strengthen internal controls and improve business operations. OIA conforms with the *International Standards for the Professional Practice of Internal Auditing*. OIA would like to thank MHA staff and management for their cooperation and time in support of this audit.

This report is solely intended for the information and use of agency management and the State Audit Committee. It is not intended for anyone other than these specified parties.

### **Scope and Objectives**

OIA staff was engaged to perform an assurance audit related to the controls over the agency's County Board Reporting process. This work was completed September 2017 through January 2018. The scope of this audit included MHA's monitoring processes over the county ADAMH Boards' reports submitted to MHA during the audit period of July 2016 through June 2017.

The following summarizes the objective of the review:

- Evaluate the design and effectiveness of agency fiscal monitoring controls over county board reports to ensure compliance.

Additionally, as a separate consulting request by MHA, OIA reviewed county board fiscal reports and community plans to identify opportunities for the agency to implement comprehensive programmatic and fiscal monitoring. Opportunities identified were provided to MHA in a separate communication.



## Detailed Observations and Recommendations

The Observations and Recommendations include only those risks which were deemed high or moderate. However, there were no high or moderate comments noted for this engagement. Low risk observations were discussed with individual agency management and are not part of this report. The low risk observations were considered as part of the audit objective conclusions.

Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing the observations and recommendations suggested. However, these observations reflect our continuing desire to assist your department in achieving improvements in internal controls, compliance, and operational efficiencies.



## Appendix A – Classification of Conclusions and Observations

### Classification of Audit Objective Conclusions

Conclusion	Description of Factors
<b>Well-Controlled</b>	The processes are appropriately designed and/or are operating effectively to manage risks. Control issues may exist, but are minor.
<b>Well-Controlled with Improvement Needed</b>	The processes have design or operating effectiveness deficiencies but do not compromise achievement of important control objectives.
<b>Improvement Needed</b>	Weaknesses are present that compromise achievement of one or more control objectives but do not prevent the process from achieving its overall purpose. While important weaknesses exist, their impact is not widespread.
<b>Major Improvement Needed</b>	Weaknesses are present that could potentially compromise achievement of its overall purpose. The impact of weaknesses on management of risks is widespread due to the number or nature of the weaknesses.

### Classification of Audit Observations

Rating	Description of Factors	Reporting Level
<b>Low</b>	Observation poses relatively minor exposure to an agency under review. Represents a process improvement opportunity.	Agency Management; State Audit Committee (Not reported)
<b>Moderate</b>	Observation has moderate impact to the agency. Exposure may be significant to unit within an agency, but not to the agency as a whole. Compensating controls may exist but are not operating as designed. Requires near-term agency attention.	Agency Management and State Audit Committee
<b>High</b>	Observation has broad (state or agency wide) impact and possible or existing material exposure requiring immediate agency attention and remediation.	Agency Management and State Audit Committee