

Audit Report

---

**Department of Health and Mental Hygiene**

**Thomas B. Finan Hospital Center**

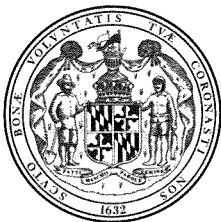
February 2015

---



**OFFICE OF LEGISLATIVE AUDITS**  
DEPARTMENT OF LEGISLATIVE SERVICES  
MARYLAND GENERAL ASSEMBLY

- 
- This report and any related follow-up correspondence are available to the public through the Office of Legislative Audits at 301 West Preston Street, Room 1202, Baltimore, Maryland 21201. The Office may be contacted by telephone at 410-946-5900, 301-970-5900, or 1-877-486-9964.
  - Electronic copies of our audit reports can be viewed or downloaded from our website at <http://www.ola.state.md.us>.
  - Alternate formats may be requested through the Maryland Relay Service at 1-800-735-2258.
  - The Department of Legislative Services – Office of the Executive Director, 90 State Circle, Annapolis, Maryland 21401 can also assist you in obtaining copies of our reports and related correspondence. The Department may be contacted by telephone at 410-946-5400 or 301-970-5400.
-



DEPARTMENT OF LEGISLATIVE SERVICES  
OFFICE OF LEGISLATIVE AUDITS  
MARYLAND GENERAL ASSEMBLY

Karl S. Aro  
Executive Director

Thomas J. Barnickel III, CPA  
Legislative Auditor

February 5, 2015

Senator Guy J. Guzzone, Co-Chair, Joint Audit Committee  
Delegate Craig J. Zucker, Co-Chair, Joint Audit Committee  
Members of Joint Audit Committee  
Annapolis, Maryland

Ladies and Gentlemen:

We have conducted a fiscal compliance audit of the Thomas B. Finan Hospital Center of the Department of Health and Mental Hygiene for the period beginning July 1, 2011 and ending September 21, 2014. The Center provides mental health services to adults in the State of Maryland.

Our audit did not disclose any findings.

We wish to acknowledge the cooperation extended to us during the course of this audit by the Center.

Respectfully submitted,

Thomas J. Barnickel III, CPA  
Legislative Auditor



## **Background Information**

### **Agency Responsibilities**

The Thomas B. Finan Hospital Center, located in Cumberland, Maryland, provides mental health services to adults in the State of Maryland. The Center is accredited by The Joint Commission (formerly the Joint Commission on Accreditation of Healthcare Organizations). During fiscal year 2014, the Center had a licensed capacity of 110 inpatients, a budgeted average daily population of 88 inpatients, and an actual average daily population of 86 inpatients. According to the State's records, the Center's operating expenditures totaled approximately \$18.7 million during fiscal year 2014.

### **Status of Findings From Preceding Audit Report**

Our audit included a review to determine the status of the two findings contained in our preceding audit report dated May 23, 2012. We determined that the Center satisfactorily addressed these findings.

## **Findings and Recommendations**

Our audit did not disclose any significant deficiencies in the design or operation of the Center's internal control. Our audit also did not disclose any significant instances of noncompliance with applicable laws, rules, or regulations.

A draft copy of this report was provided to the Center. Since there are no recommendations in this report, a written response was not necessary.

## **Audit Scope, Objectives, and Methodology**

We have conducted a fiscal compliance audit of the Thomas B. Finan Hospital Center of the Department of Health and Mental Hygiene for the period beginning July 1, 2011 and ending September 21, 2014. The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

As prescribed by State Government Article, Section 2-1221 of the Annotated Code of Maryland, the objectives of this audit were to examine the Center's financial transactions, records and internal control, and to evaluate its compliance with applicable State laws, rules, and regulations.

In planning and conducting our audit, we focused on the major financial-related areas of operations based on assessments of significance and risk. The areas addressed by the audit included disbursements for the Center's operating expenditures, as well as payroll and pharmaceutical inventories. We also determined the status of the findings included in our preceding audit report.

To accomplish our audit objectives, our procedures included inquiries of appropriate personnel, inspections of documents and records, observations of the Center's operations, and tests of transactions. We also performed various data extracts of pertinent information from the State's Financial Management Information System (such as revenue and expenditure data) and the State's Central Payroll Bureau (payroll data), as well as from the contractor administering the State's Corporate Purchasing Card Program (credit card activity). The extracts are performed as part of ongoing internal processes established by the Office of Legislative Audits and were subject to various tests to determine data reliability. We determined that the data extracted from these various sources were sufficiently reliable for the purposes the data were used during this audit. Finally, we performed other auditing procedures that we considered necessary to achieve our objectives. The reliability of data used in this report for background or informational purposes was not assessed.

The Center's management is responsible for establishing and maintaining effective internal control. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records, effectiveness and efficiency of operations including safeguarding of assets, and compliance with applicable laws, rules, and regulations are achieved.

Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

Our reports are designed to assist the Maryland General Assembly in exercising its legislative oversight function and to provide constructive recommendations for improving State operations. As a result, our reports generally do not address activities we reviewed that are functioning properly.

AUDIT TEAM

**Heather A. Warriner, CPA**  
Audit Manager

**Robert W. Lembach, CPA**  
Senior Auditor

**Phillip C. Funkhouser**  
Staff Auditor