

# Office of Mental Health

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## Maximizing Incentives for Individuals With Disabilities

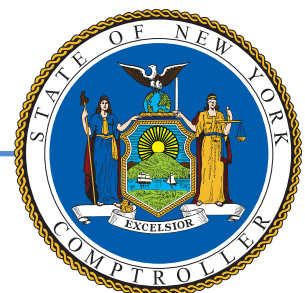
Report 2021-S-26 | August 2022

OFFICE OF THE NEW YORK STATE COMPTROLLER

Thomas P. DiNapoli, State Comptroller

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Division of State Government Accountability



# Audit Highlights

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## Objective

To determine whether the Office of Mental Health (OMH) has ensured that State agencies and employment service providers are taking full advantage of the New York Employment Service System and the Ticket to Work program to promote and place individuals with a disability in competitive employment. The audit covered the period from July 2016 through March 2022.

## About the Program

According to the 2020 American Community Survey (ACS), there were approximately 1 million working-age adults (ages 21–64) with a disability in New York State. The employment rate of working-age adults with a disability was 33% compared to 74% for working-age adults statewide. Further, working-age New Yorkers with a disability are more than twice as likely to be living in poverty than working-age New Yorkers statewide (28% vs. 12%, respectively).

The New York Employment Service System (NYESS), which is administered by OMH, was cited by New York’s 2015 Employment First Commission as a key resource for improving competitive employment opportunities and outcomes for all individuals with a disability who desire services and supports. NYESS is a statewide comprehensive, single point of access to job matching, employment supports coordination, and data warehouse system.

The goals of NYESS include providing a statewide collaborative resource for all things related to disability and employment to promote and improve employment outcomes for individuals with a disability as well as providing a powerful data system offering providers and policy makers access to several data metrics that can be used for policy development, quality control, and outcome measurement. OMH is also responsible for operating the NYESS Administrative Employment Network, which provides employment services and support for individuals including those with a disability in the Ticket to Work program (TTW). TTW is a voluntary program funded by the Social Security Administration (SSA) with the goal of assisting SSA beneficiaries (i.e., Supplemental Security Income and Social Security Disability Insurance recipients) to reach employment goals and reduce reliance on benefits.

Six State agencies in addition to OMH, including the Department of Labor, Office of Addiction Services and Supports, Office for People With Developmental Disabilities, New York State Commission for the Blind, Office for the Aging, and the State Education Department’s Adult Career and Continuing Education Services – Vocational Rehabilitation, are responsible for licensing or contracting with providers for employment-related supports and services.

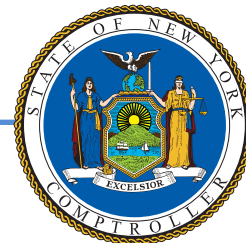
## Key Findings

- We found low utilization of NYESS by State agencies and employment service providers. Of the approximately 621 employment service providers, only about a third (199) participate in NYESS and only one of the seven State agencies uses NYESS. In addition, the TTW provider affiliates do not fully utilize NYESS’ reporting capabilities.
- OMH has not developed written policies and procedures related to NYESS or TTW, nor does it monitor the TTW provider affiliates and their efforts to ensure that customers are provided services as set forth in their individual work plans and that services are properly entered into the NYESS system and tracked to ensure progress toward achieving employment goals.

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- We found data entered into NYESS is not actively monitored or verified for completeness, accuracy, and validity.

## **Key Recommendations**

- Take steps to increase utilization of NYESS such as:
  - Better informing State agencies about NYESS' capabilities and benefits so agency officials may educate their employment service providers about NYESS; and
  - Collaborating with State agencies and employment service providers to assess their needs.
- Ensure TTW provider affiliates have the knowledge and resources available to use NYESS to monitor the TTW program, including periodic refresher trainings on generating reports.
- Develop written policies and procedures related to NYESS and the monitoring and administration of the TTW program.
- Monitor and verify data entered in NYESS to ensure its completeness, accuracy, and validity.



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**Office of the New York State Comptroller  
Division of State Government Accountability**

August 30, 2022

Ann Marie T. Sullivan, M.D.  
Commissioner  
Office of Mental Health  
44 Holland Avenue  
Albany, NY 12229

Dear Dr. Sullivan:

The Office of the State Comptroller is committed to helping State agencies, public authorities, and local government agencies manage their resources efficiently and effectively. By so doing, it provides accountability for the tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of State agencies, public authorities, and local government agencies, as well as their compliance with relevant statutes and their observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations. Audits can also identify strategies for reducing costs and strengthening controls that are intended to safeguard assets.

Following is a report of our audit entitled *Maximizing Incentives for Individuals With Disabilities*. This audit was performed pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law.

This audit's results and recommendations are resources for you to use in effectively managing your operations and in meeting the expectations of taxpayers. If you have any questions about this report, please feel free to contact us.

Respectfully submitted,

*Division of State Government Accountability*

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# Glossary of Terms

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<b>Term</b>	<b>Description</b>	<b>Identifier</b>
ACS	American Community Survey	<i>Key Term</i>
AEN	Administrative Employment Network	<i>Key Term</i>
Commission	New York's Employment First Commission	<i>Key Term</i>
DOL	Department of Labor	<i>Agency</i>
IWP	Individual work plan	<i>Key Term</i>
NYESS	New York Employment Services System	<i>System</i>
NYESS AEN	NYESS Administrative Employment Network	<i>Key Term</i>
OMH	Office of Mental Health	<i>Auditee</i>
Provider affiliate	Employment service provider in the NYESS AEN	<i>Key Term</i>
Report	New York State Employment First Commission Report and Recommendations	<i>Key Term</i>
SSA	Social Security Administration	<i>Federal Agency</i>
Standards	Standards for Internal Control in New York State Government	<i>Key Term</i>
TPA	Ticket Program Agreement	<i>Key Term</i>
TTW	Ticket to Work program	<i>Program</i>
TTW enrollee	SSA beneficiary enrolled in TTW through the NYESS AEN	<i>Key Term</i>

# Background

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According to the 2020 American Community Survey (ACS),<sup>1</sup> there were approximately 1 million working-age adults (ages 21–64) with a disability in New York State. The employment rate of working-age adults with a disability was 33% compared to 74% for working-age adults statewide. Further, working-age New Yorkers with a disability are more than twice as likely to be living in poverty than working-age New Yorkers statewide (28% vs. 12%, respectively). With adequate assistance and support, many people with a disability can successfully gain employment in the general workforce. Employment can enrich and enhance quality of life and is associated with improved health outcomes and potentially reduced costs of publicly funded benefits for people with a disability.

The New York Employment Service System (NYESS), which is administered by the Office of Mental Health (OMH), was cited by New York’s Employment First Commission (Commission) as a key resource for improving competitive employment opportunities and outcomes for all individuals with a disability who desire services and supports. In March 2015, the Commission issued its New York State Employment First Commission Report and Recommendations (Report), which set goals of increasing the employment rate of individuals with a disability by 5% while decreasing the poverty rate among this population by 5%. The Report cited 2013 ACS data showing the employment rate of working-age people with a disability (ages 21–64) was 33% compared to 68% for people without a disability. Moreover, more than 31% of individuals with a disability were living in poverty versus only 18% of their peers without a disability. To achieve its goals, the Report made 11 recommendations including the mandated use of NYESS.

NYESS is a statewide comprehensive employment system. NYESS benefits include centralizing employment service/support information, improving coordination of employment supports, identifying and matching individual job seekers to jobs, generating Ticket to Work program (TTW) documentation, and providing employment-related performance reports. It is also fully integrated with the Department of Labor’s (DOL) One-Stop Operating System, and JobZone and CareerZone, which are job search and career planning tools. As such, the Commission touted NYESS as being integral to ending the fragmentation of the employment services system in the State, and recommended that the State mandate its use by all agencies that provide employment supports to people with a disability to “allow data collection and exchange among all state agencies supporting individuals with a disability in employment.”<sup>2</sup> The mandate recommendation, however, was never acted on.

Six State agencies in addition to OMH, including DOL, Office of Addiction Services and Supports, Office for People With Developmental Disabilities, New York State Commission for the Blind, Office for the Aging, and the State Education Department’s Adult Career and Continuing Education Services – Vocational Rehabilitation, are responsible for licensing or contracting with providers for employment-related

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1 The American Community Survey is an ongoing survey conducted by the U.S. Census Bureau that generates vital information each year about our nation and its people.

2 New York State Employment First Commission Report and Recommendations, p. 14

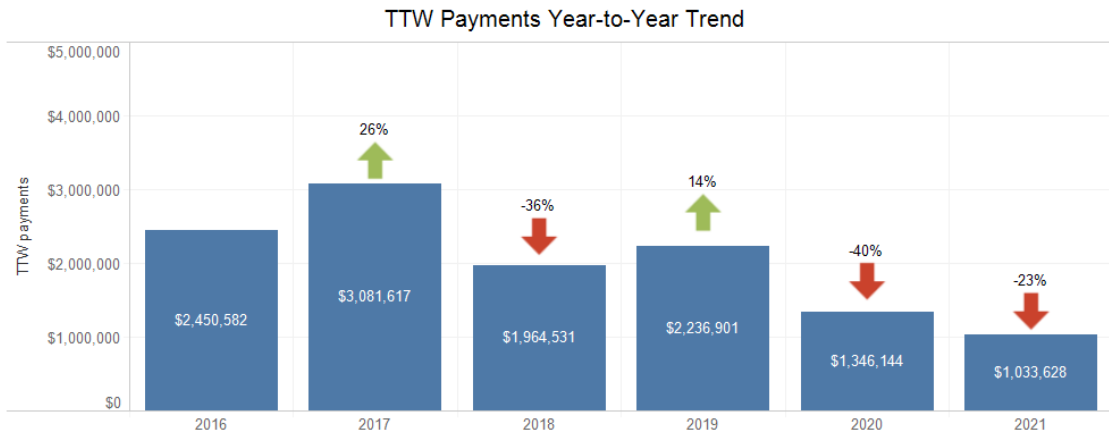
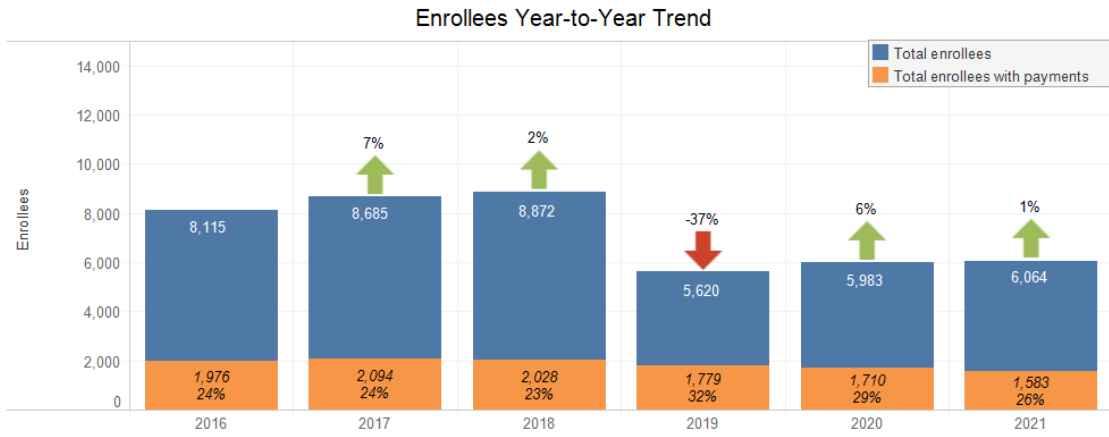
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supports and services. Any of these agencies' approximately 621 employment service providers can sign up to be included in NYESS.

NYESS is also an employment network under the Social Security Administration's (SSA) TTW program. TTW is a voluntary program funded by the SSA with the goal of helping SSA beneficiaries (i.e., Supplemental Security Income and Social Security Disability Insurance recipients) reach employment goals and reduce reliance on benefits. TTW is open to all SSA beneficiaries ages 18 to 64. TTW is supported by an Administrative Employment Network (AEN) of providers that, through their combined resources, provide employment, vocational rehabilitation, and/or support services to SSA beneficiaries with a disability. According to OMH officials, the NYESS AEN operates one of the largest TTW programs in the country, generating revenue that is reinvested in employment services and supporting customers in achieving employment goals.

As of December 2021, 172 TTW providers (hereafter referred to as provider affiliates) were participating in NYESS. These provider affiliates provide customer supports/services such as assessment, case management, job preparation, job assistance, and training, and assist customers in creating individual work plans (IWPs) documenting their work goals and expectations. Provider affiliates earn revenue based on countable employment service activities, such as résumé development and interviewing skills coaching, provided in accordance with a customer's IWP, that result in a customer achieving certain earnings and employment milestones. Since 2016, SSA payments for the TTW program totaled more than \$12.1 million. As shown in the following table, between 23% and 32% of SSA beneficiaries enrolled in TTW through the NYESS AEN (TTW enrollees) generated revenue for provider affiliates each year from 2016 to 2021. Although the number of TTW enrollees, those generating revenue, and the amount generated fluctuated each year, according to NYESS AEN data, in aggregate for the period, the number of TTW enrollees decreased by 25%, the number of TTW enrollees generating revenue decreased by 20%, and TTW payments decreased by 58%. Since 2016, there have been 11,833 unique customers enrolled in the TTW program through the NYESS AEN.





Note: 2021 data is through October 14, 2021.

# Audit Findings and Recommendations

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Despite the promise of NYESS to transform the delivery of employment supports and services and, in so doing, improving competitive employment opportunities and outcomes for all individuals with a disability who desire services and supports, OMH does not ensure that participating State agencies and employment service providers are taking full advantage of NYESS. It could also do more to encourage participation in TTW to promote and place individuals with a disability in competitive employment.

We found that only one of the seven participating State agencies and only 199 of their 621 employment service providers use NYESS. (Notably, OMH officials were unaware of the low participation rates until we brought it to their attention.) Most of the agencies and their employment service providers use their own case management systems to document employment services and supports rather than NYESS, which defeats the goal of ending the fragmentation of employment supports and services in New York State. Furthermore, we interviewed provider affiliates and they noted disadvantages of the system.

We also found that OMH has not established written policies and procedures to formally guide its administration of NYESS and the TTW program, which introduces the risk of inconsistent, inefficient, and ineffective management, potentially impacting the delivery of supports and services to this vulnerable population. Additionally, inconsistencies in certain TTW metrics and provider affiliate data in NYESS reflect a lack of active monitoring and verification of NYESS data by OMH, which could pose additional disadvantages to State agencies and service providers as well as customers.

Despite the Commission's goals to better support the employment of individuals with a disability and its vision of NYESS as key to achieving them, little progress has been made since then. According to ACS data, between 2013 and 2020, the employment rate of individuals with a disability increased less than 1% while the number of individuals with a disability living in poverty decreased only 3%. Not surprisingly, the nominal increase in employment was short-lived. While the COVID-19 pandemic caused spikes in unemployment rates for both disabled and non-disabled individuals, the rates for individuals with a disability were significantly higher than the general population. According to DOL data, from April 2020 to March 2021, unemployment rates for people with a disability averaged 16.2%, an increase of 8.9% over the prior year. This rate is significantly higher than for the general population. The monthly average unemployment rate for all New Yorkers between April 2020 and March 2021 was 11.3%, an increase of 7.5%. Greater oversight of NYESS, including monitoring of agency and provider access, could go a long way to promote and increase participation in NYESS and the TTW program and ultimately improve these employment and poverty rates – and possibly meet the 5% goals that the Commission set in 2015.

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## NYESS Utilization

### State Agency and Employment Service Provider Use

We interviewed officials from the seven State agencies and four provider affiliates to gain a better understanding of their role in the employment service system and the TTW program and their use of NYESS.

Despite the anticipated benefits of using of NYESS, we found only one of the seven State agencies (DOL) and about a third (199) of their 621 employment service providers use NYESS. Officials at five agencies knew about NYESS and its benefits through OMH; however, for three, NYESS was not useful to them or their employment service providers due to redundancy or lack of required features in the system; one agency acknowledged the benefits of NYESS, including information sharing among agencies, but was hesitant to use NYESS due to privacy and security concerns. Two agencies indicated that there was no communication from OMH promoting the benefits of NYESS participation.

In general, the agencies and their associated employment service providers use their own case management systems to document employment services and supports rather than NYESS, which undermines one of NYESS' key goals of providing an online collaborative employment services case management data and tracking system. It is also contrary to the Commission's recommendation of NYESS as a way to eliminate the fragmentation of the employment services system in New York State.

The provider affiliates we interviewed mainly use NYESS to perform TTW-related tasks. According to the provider affiliates, NYESS is used as a resource to connect with other providers and search employment history and supports, and they cited several related advantages. For instance, NYESS enables them to track data for TTW; coordinate services, since it provides a complete picture of a customer's work history; and educate customers on work incentives and available benefits. However, these advantages diminish significantly when employment service providers' participation in NYESS is low. As one provider affiliate stated, if more employment service providers used NYESS, they would have access to a more complete customer history of services, which would enable them to better assist the customer. The provider affiliates also cited several disadvantages of NYESS, such as being redundant and duplicative with their own internal systems, not user-friendly, difficult to log in, and operationally slow. Had OMH established a process for monitoring NYESS access and soliciting usage input from providers, it could have made necessary adjustments to improve its value to agencies and employment service providers. OMH stated that a new version of NYESS will be implemented in the coming months to speed up data processing. OMH is also currently testing an application tool that will streamline data entry processes.

Increased utilization of NYESS by all State agencies and employment service providers would help end the fragmentation of employment services by providing a comprehensive history of all employment supports provided to individuals with a

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disability. With this information in hand, the employment service provider would have a baseline understanding of prior approaches taken by other employment service providers, thus decreasing the likelihood of duplicative services and enabling the provider to create more individualized supports. Ultimately, it could also help to increase the employment rate and decrease the poverty rate of individuals with a disability – and possibly meet the 5% goals that the Commission set in 2015.

In addition, the use of NYESS by provider affiliates to educate customers on work incentives and available benefits could promote and increase participation in the TTW program, which in turn could generate increased revenue for reinvesting in employment services and supporting customers in achieving employment goals. As discussed earlier, according to NYESS AEN data, TTW enrollees decreased by 25%, enrollees generating revenue decreased by 20%, and TTW payments decreased by 58% between 2016 and 2021.

Despite the Commission's recommendation to mandate the use of NYESS by all disability service providers, OMH officials stated they lacked the authority to implement it. Consequently, participation is voluntary, which has resulted in varying degrees of buy-in and participation by the employment services community.

As the report suggests, OMH has not undertaken a strong proactive campaign to promote the benefits of both NYESS and TTW among State agencies and employment service providers. We believe better communication and outreach to these entities, as well as solicitation of feedback on how to improve the system based on users' needs, could facilitate collaboration and increase utilization of NYESS and participation in TTW.

## TTW Reports in NYESS

NYESS offers a range of report features. Multiple reports are available that allow the user to, for example, monitor and assess customer status, evaluate TTW program effectiveness, and track revenue. However, our interviews with the provider affiliates revealed that they did not fully utilize NYESS reporting capabilities.

Of the four provider affiliates, only one stated they regularly generate reports to monitor TTW progress; two indicated that, while they've used NYESS to run reports, they do not do so routinely; and one provider affiliate did not have access to reporting features in NYESS. During one site visit to a provider affiliate, officials had difficulty using NYESS' reporting features. We concluded that provider affiliates could be more proficient in using NYESS and would benefit from additional guidance and training on the reports available in NYESS that help monitor customer progress, TTW program effectiveness, and revenue.

In responding, OMH officials stated they provide training for new provider affiliates and for any provider affiliates that request a refresher training; however, provider affiliates must seek this assistance. They also stated that OMH is in the process of developing the NYESS Learning Center, which will be a resource for users of NYESS, as well as the employment services network as a whole. Further, OMH has

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enhanced the data and security infrastructure to ensure that all provider affiliates now have secure access to the reporting features.

## Internal Control Weaknesses

According to the Standards for Internal Control in New York State Government (Standards), internal controls are a process designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance. Control activities are one of the five basic components of internal control and are actions established through policies and procedures that help mitigate risks to the achievement of organizational objectives. Documentation is a control activity that is used to preserve evidence to substantiate a decision, event, transaction, or system. Documentation of policies and procedures is critical to the daily operations of an organization. The organization deploys control activities through policies that establish what is expected and through procedures that put policies into action.

Verification is a control activity that is used to determine the completeness, accuracy, authenticity, and/or validity of transactions, events, or information. Verification enables management to ensure activities are being done in accordance with directives. Monitoring is the ongoing evaluation of internal control components, either individually or as a whole system, to ascertain whether they are present and functioning. Monitoring provides management with opportunities to measure activities and their associated outcomes. These opportunities are created when monitoring systems routinely produce accurate and meaningful internal management reports on a periodic basis. Management, having accurate, factual data, is then provided with a basis to make informed decisions for the entity's future.

OMH does not have written policies and procedures related to NYESS or the monitoring and administration of the TTW program. Lacking these controls, there is the risk of inconsistent, inefficient, and ineffective management, potentially impacting the delivery of supports and services to this vulnerable population.

## Policies and Procedures and Monitoring of TTW Provider Affiliates

OMH is responsible for not only administering NYESS but also operating the NYESS AEN in accordance with its Ticket Program Agreement (TPA) with SSA. An AEN functions as an employment network of record for ticket assignments, payments, and administrative requirements, with actual employment services provided by provider affiliates. The AEN defines the terms and conditions of the relationship with its provider affiliates through individual professional services agreements with those provider affiliates. The AEN is responsible and accountable for the actions of its provider affiliates in satisfying all of the requirements, terms, and conditions of the TPA.

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OMH does not have written policies and procedures guiding its administration of NYESS or the TTW program. Nor does it monitor TTW provider affiliates' activities for compliance with the TPA. As such, it has no assurance that provider affiliates are meeting TPA requirements or that customers are receiving the services set forth in their IWPs and that services are properly entered into the NYESS system and tracked as a means to guide progress toward employment goals.

OMH stated that monitoring of NYESS and the TTW program is done at a high level, and most of the monitoring is automated by the system. Currently, its monitoring activities include onboarding, discussing responsibilities with the provider affiliates, providing training and technical assistance, and answering any questions provider affiliates may have regarding TTW or NYESS. However, these activities are not formally documented in written policies and procedures.

We reviewed IWPs for 32 TTW customers of the provider affiliates we interviewed to determine if the IWPs contained all information required by SSA regulations. We also tested to determine whether provider affiliates' services aligned with the customer's IWP, services were provided as documented in NYESS, the customer's progress toward employment goals was tracked, and TTW revenue was recorded. We found the provider affiliates were generally in compliance with these requirements and data entered into NYESS was recorded correctly and supported.

However, we found one customer generated TTW revenue for a provider affiliate during our scope period, but the countable activities (the services provided) were not rendered during the same period. OMH indicated that the services were provided prior to our scope period, but the customer later met their milestones, and the provider affiliate was therefore entitled to a percentage of the revenue. OMH explained that, currently, the time frame for TTW revenue analysis is 2 years. When asked if this policy had been formally documented, OMH indicated that it had not, but will be included in the policies and procedures currently being drafted.

Documentation of policies and procedures is a critical control: policies establish what is expected and procedures put policies into action. OMH should formally document written policies and procedures related to the NYESS and TTW to ensure operations are being managed consistently, efficiently, and effectively in order to achieve their goals. In addition, OMH should monitor provider affiliates to ensure their compliance with these policies and procedures and to ensure services are provided to customers to achieve their milestones and properly recorded in NYESS.

According to OMH officials, they have already initiated the development of a formal policies and procedures document, which they expected would be completed by May 31, 2022. Additionally, in February 2022, OMH initiated reviews of provider affiliates that focus heavily on adherence to the TPA, data reliability, best practices, and maximizing TTW revenue and engagement opportunities. The initial plan is for each provider affiliate to be reviewed annually.

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## Data Reliability

According to the Standards, management should have relevant and high-quality information to make informed decisions and evaluate the organization's performance in achieving key objectives. For information to be relevant, it must come from reliable sources in a timely manner based on the identified information requirements. Quality information must be appropriate, current, complete, accurate, accessible, and provided on a timely basis. One program goal of NYESS is to offer a powerful data system to provider affiliates and policy makers, providing them access to several data metrics for purposes of policy development, quality control, and outcome measurement. Therefore, OMH should ensure the data in NYESS is complete, accurate, and valid.

Throughout the audit, we requested information from OMH such as the number of provider affiliates in the NYESS AEN, number of customers served, services provided to the customers selected in our sample, and amount of TTW revenue generated during our scope period. We tested the data provided by OMH and determined that, while the data was sufficiently reliable for our purposes, there were some inconsistencies. For example, one report overstated the number of TTW customers enrolled through the NYESS AEN by about 1,000. OMH explained that the overstated customer total was caused by a query error when matching data from multiple sources. In reference to data reliability, OMH stated there is an inherent control since the revenue is based on the evidence of supports (countable activities) entered into NYESS, meaning provider affiliates won't get paid if the data to support the services they provided is not in the system. Because of this control, data entered into NYESS is not actively monitored or verified for completeness or accuracy. As previously stated, we found that data entered into NYESS was generally recorded correctly and supported. However, OMH should take continuous steps to verify that the data in NYESS is complete, accurate, and valid to ensure NYESS meets its program goal as a robust tool for policy development, quality control, and outcome measurement.

## Recommendations

1. Take steps to increase utilization of NYESS such as:
  - Better informing State agencies about NYESS' capabilities and benefits so agency officials may educate their employment service providers about NYESS; and
  - Collaborating with State agencies and employment service providers to assess their needs.
2. Ensure TTW provider affiliates have the knowledge and resources available to use NYESS to monitor the TTW program, including periodic refresher trainings on generating reports.

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3. Develop written policies and procedures related to NYESS and the monitoring and administration of the TTW program.
  4. Monitor and verify data entered in NYESS to ensure its completeness, accuracy, and validity.



# Audit Scope, Objective, and Methodology

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The objective of our audit was to determine whether OMH has ensured that State agencies and employment service providers are taking full advantage of NYESS and the TTW program to promote and place individuals with a disability in competitive employment. The audit covered the period from July 2016 through March 2022.

To accomplish our objective and assess related internal controls, we reviewed federal laws and regulations as TTW is a federal program. We also interviewed OMH officials, other State agency officials, and provider affiliate officials to obtain an understanding of how they fit into the employment service system, their oversight of employment programs and providers, their role in the TTW program, and their knowledge and utilization of NYESS.

To test compliance with SSA regulations, we selected a judgmental sample of four provider affiliates out of the population of 172 and a random sample of 60 TTW customers out of 1,075 customers enrolled in the TTW program with these four provider affiliates. Factors used in our judgmental sample of provider affiliates included the organization's fiscal viability, number of assigned customers, geographic location, provider affiliate type (e.g., not-for-profit or workforce development board), and associated State agency. Of the 60 TTW customers, we reviewed progress notes and countable activities entered into NYESS for the 47 customers who received services during our scope period. Of those 47, we examined IWPs for the 32 customers whose IWP was on site at the provider affiliate. We reviewed the 32 IWPs to determine if they contained the required information in SSA regulations. We also determined whether the services provided to each customer aligned with their IWP, if progress had been made, and if the customer had generated revenue for the provider affiliate.

We analyzed data contained in NYESS for accuracy and completeness and found some inconsistencies in provider affiliate information, but determined that the data was sufficiently reliable for the purposes of this audit.

The findings and conclusions drawn as the result of our judgmental and random samples cannot and were not intended to be projected to the population as a whole.

# Statutory Requirements

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## Authority

The audit was performed pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law.

We conducted our performance audit 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds, and other payments. These duties could be considered management functions for purposes of evaluating organizational independence under generally accepted government auditing standards. In our professional judgment, these duties do not affect our ability to conduct this independent performance audit of OMH's oversight and administration of certain employment service programs to maximize incentives for individuals with a disability.

## Reporting Requirements

We provided a draft copy of this report to OMH officials for their review and formal comment. We considered their comments in preparing this final report and have included them in their entirety at the end of it. In their response, OMH officials agreed with our recommendations and indicated that actions have been and will be taken to address them.

Within 180 days after final release of this report, as required by Section 170 of the Executive Law, the Commissioner of the Office of Mental Health shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons why.

# Agency Comments

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KATHY HOCHUL  
Governor

ANN MARIE T. SULLIVAN, M.D.  
Commissioner

MOIRA TASHJIAN, MPA  
Executive Deputy Commissioner

August 12, 2022

Nadine Morrell  
Audit Director  
Office of the State Comptroller  
Division of State Government Accountability  
110 State Street – 11<sup>th</sup> Floor  
Albany, NY 12236-0001

Dear Ms. Morrell:

In accordance with Executive Law § 170, the following are the responses from the Office of Mental Health (OMH) to the Office of the State Comptroller's (OSC's) draft audit report entitled, "*Maximizing Incentives for Individuals with Disabilities*" (2021-S-26).

As noted in OSC's report, the Employment First Commission issued a report in March 2015 which made eleven recommendations, including one to mandate the use of the New York Employment Service System (NYESS) by all disability service providers that provide employment services. However, the Employment First Commission recommendations did not coincide with any statutory changes, or mandates for state agencies or their provider affiliates to utilize NYESS. As a result, participation in NYESS is voluntary for all potential partners, which has resulted in various degrees of buy-in and participation by the employment services community.

The Employment First Commission, which offered an ideal setting to discuss the specific benefits of NYESS utilization, how it relates to an Employment First culture, and address agency concerns directly, has not convened in a few years. During that time, the NYESS administration has conducted significant infrastructure work to improve data security, streamline operations, improve reporting tools, and reduce potential data entry burden for existing and potential providers, while also enduring significant leadership changes, staff downsizing, and stabilizing a budget in crisis. These enhancements to both infrastructure and the data interface directly address common concerns of state agency partners, including security, duplication of data entry, and access to subsequent data reports.

The NYESS administration communicates regularly with state agency partners and collaborates on a number of employment related initiatives. For example, until the establishment of the Office of the Chief Disability Officer, OMH led the Most Integrated Setting Coordinating Council, (MISCC), and plays a major role on the Employment Sub-Committee. State partners agree that there is value to NYESS but have been reticent to fully commit to its use, or raise expectations of use by their providers, preferring to use their own internal tracking mechanisms. This leads to general ambivalence in the provider community, who, without a mandate, must decide whether there is value enough to participate. The initial campaign to promote the use of NYESS was successful for a subset of the target provider and state agency population. With the advent of new system changes and enhanced benefits of participation, the timing is positive to reinvigorate partnership efforts.

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OMH's responses to the recommendations are as follows:

**OSC Recommendation 1:** Take steps to increase utilization of NYESS such as:

- better informing State agencies about NYESS' capabilities and benefits so agency officials may educate their employment service providers about NYESS; and
- collaborating with State agencies and employment service providers to assess their needs.

**OMH 30-Day Response:** The NYESS administration will continue to inform state agency partners about the benefits and capabilities of the system and will highlight recent application and infrastructure enhancements. NYESS will also develop updated information materials for provider and state agency education about the benefits of utilizing NYESS.

Additionally, although the NYESS administration currently communicates with other agency partners regularly, we will strategize how to enhance stakeholder engagement to assess needs and take steps to increase participation.

**OSC Recommendation 2:** Ensure TTW provider affiliates have the knowledge and resources available to use NYESS to monitor the TTW program, including periodic refresher trainings on generating reports.

**OMH 30-Day Response:** The NYESS administration will continue to ensure that the necessary training and technical assistance is available for all existing and prospective provider partners. A quarterly newsletter was initiated on May 5, 2022, which is being used to send reminders and alerts regarding available training and technical assistance as well as important FAQs. In addition, the NYESS Learning Center has been deployed on the NYESS website and will be continuously built upon.

**OSC Recommendation 3:** Develop written policies and procedures related to NYESS and the monitoring and administration of the TTW program.

**OMH 30-Day Response:** A new NYESS Policy and Procedures Manual has been developed and was approved for distribution beginning on July 20, 2022. It will now be distributed at onboarding, after each training, and on demand. Additionally, the policy and procedure manual was distributed via e-mail blast to all NYESS Provider Affiliates on July 22, 2022.

**OSC Recommendation 4:** Monitor and verify the data entered in NYESS to ensure its completeness, accuracy, and validity.

**OMH 30-Day Response:** NYESS Administrators will use the ongoing provider reviews to oversee data reliability. Reviews will focus heavily on adherence to the Ticket Program Agreement, data fidelity, best practices, and maximizing TTW revenue and engagement opportunities. NYESS started these provider reviews in February 2022.

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Please let us know if you have any questions or require additional information concerning the above.

Sincerely,



Moira Tashjian  
Executive Deputy Commissioner

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