

STATE OF NEW JERSEY  
DEPARTMENT OF HUMAN SERVICES

**To:** Manual Holders  
**Date:** August 1, 2000  
**Subject:** Auditors Access to Client Records

**Scope:**

This interpretation applies to all Departmental Components.

**Situation:**

A DYFS Provider Agency refused to allow auditors to review client records, using the Division of Mental Health Services regulation N.J.A.C. 10:37-6.79, Confidentiality of Records, as the basis for the refusal.

**Policy Query:**

Does an audit firm have the right to access client records during the course of its work on a Provider Agency's single or other legitimate audit? Does Division of Mental Health Services regulation N.J.A.C. 10:37-6.79, Confidentiality of Records, preclude access to client records by a CPA during the course of an audit?

**Policy Interpretation:**

In order to produce a complete and accurate audit, auditors must be provided access to all Departmental Component client records in the course of the audit to test compliance with laws, regulations and contract specifications. CPAs are held to a code of ethics requiring that information obtained through an audit be kept confidential.

The Division of Mental Health Services (DMHS) regulation, N.J.A.C. 10:37-6.79, Confidentiality of Records, generally prohibits the release of client records except as indicated in the regulation. The intent of the N.J.A.C. 10:37-6.79, Confidentiality of Records, is not to prohibit auditors from reviewing client records in the course of their audit. The Division, the State and the federal government require audits; and consequently, section 6.79 (a) 1.iv.(1) of the regulation allows disclosure of records to auditors who have been designated as monitoring and site review staff by DMHS. When

required, the auditor must present appropriate identification to providers' representatives or state officials.

In addition, P8.01, Access to Records and Facilities, Retention of Contract Records, Confidentiality, states in section II.B.2. that client records relating to the Contract must be made available in order to permit audit examination. Section II.D.1. of the policy indicates further that such audits shall be conducted in accordance with generally accepted standards of privilege and confidentiality.

The development of this interpretation was in conjunction with the Department of Human Services Office of Auditing, Office of Legal and Regulatory Liaison and the Division of Mental Health Services.

Issued by:

  
Henrietta Small, Manager  
Contract Policy and Management Unit