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**Audit Examines Demise of Mental Health Provider and
Identifies Issues for Review in Mental Health Reform**

RALEIGH, NC – May 15, 2007

State Auditor Leslie Merritt released a performance audit of New Vistas – Mountain Laurel, Inc. (NVML), a local provider of mental health services based in Asheville, NC. Several members of the NC General Assembly and local leaders requested the audit after its closure forced officials to scramble to pull together a plan to address local mental health client needs. NVML ceased operations on October 31, 2006 and the audit's main objective was to determine the causes of NVML's demise.

The audit found that while systemic issues within mental health reform contributed to the closing of NVML, the organization encountered significant business challenges that severely compromised its ability to succeed. Contributing factors included problems originating from NVML's creation as a spin-off organization from the old Blue Ridge Area Authority; financial instability due to inadequate capital resources, cash flows, information and financial management systems; and staffing deficiencies.

"This audit specifically addressed the demise of NVML, but it could become a springboard to examine mental health reform efforts across the State," said State Auditor Leslie Merritt.

A more anticipated piece of the report speaks to global mental health issues that have provided challenges to the State's mental health reform efforts. This process began in 2001 and remains an evolving effort today. Several key items identified by the audit include:

- The need for defining the roles of key players in the mental health reform efforts, particularly at the state and county levels
- The sufficiency of the current private provider format to ensure that adequate services are available and provided in all areas as needed.
- The immediate need for crisis centers to address current needs and the potential increase due to the planned phase-out of State-based facilities.

"The mental health service delivery system is extremely complex and need for reform is urgent," said State Auditor Leslie Merritt. "We hope that this, and future reports, will provide key insight to decision makers as they contemplate the important decisions facing our mental health system." added Merritt.

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