



MICHIGAN

OFFICE OF THE AUDITOR GENERAL

AUDIT REPORT



THOMAS H. MCTAVISH, C.P.A.
AUDITOR GENERAL

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– Article IV, Section 53 of the Michigan Constitution

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Michigan
Office of the Auditor General
REPORT SUMMARY

Performance Audit

*Office of Services to the Aging's (OSA's)
Community Services Division (OSA-CSD) and
State Long Term Care Ombudsman (OSA-SLTCO)
Department of Community Health*

Report Number:
391-0645-10

Released:
June 2012

OSA is Michigan's designated State unit on aging as mandated by the federal Older Americans Act. OSA is responsible for addressing older adult issues; facilitating and funding programs and services for older adults; and supervising, monitoring, assessing, and evaluating the services provided to older adults by Michigan's 16 local area agencies on aging (AAAs). OSA-CSD provides direct guidance to the AAAs and monitors the AAAs' oversight activities related to the more than 1,200 local service providers. In addition, OSA houses OSA-SLTCO, which helps address the quality of care and quality of life experienced by residents of licensed long-term care facilities.

Audit Objective:

To assess the effectiveness of OSA-CSD's efforts to monitor AAAs in providing services to older adults in Michigan.

Audit Conclusion:

We concluded that OSA-CSD's efforts to monitor AAAs in providing services to older adults in Michigan were not effective. We noted two material conditions (Findings 1 and 2) and two reportable conditions (Findings 3 and 4).

Material Conditions:

OSA-CSD did not ensure that AAA subcontractors were effectively monitored to help ensure that service programs were operated in accordance with service contracts and in compliance with OSA operating standards for service programs (Finding 1).

OSA had not established effective internal control to help ensure that AAAs always conducted criminal background checks of all service program paid and volunteer staff. In addition, OSA did not provide AAAs with standardized guidelines for assessment of convictions identified during criminal background checks (Finding 2).

Reportable Conditions:

OSA-CSD needs to improve its monitoring of AAA service plans to ensure that the plans meet all OSA requirements. Also, OSA-CSD needs to strengthen controls to help ensure that it always retains complete documentation of AAA compliance and program outcome assessments. In addition, OSA-CSD needs to improve its process for evaluating and analyzing significant information reported by AAAs and following up on reported noncompliance (Finding 3).

OSA-CSD did not monitor the in-service training levels of AAA care managers (Finding 4).

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Audit Objective:

To assess the effectiveness of OSA's State Long Term Care Ombudsman's (OSA-SLTCO's) efforts to monitor the timely and appropriate resolution of complaints relating to services provided to older adults.

Audit Conclusion:

We concluded that OSA-SLTCO's efforts to monitor the timely and appropriate resolution of complaints relating to services provided to older adults were moderately effective. We noted one material condition (Finding 5).

Material Condition:

OSA-SLTCO had not established policies and procedures for monitoring the activities of local long term care ombudsmen (Finding 5).

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Agency Response:

Our audit report contains 5 findings and 8 corresponding recommendations. DCH and OSA's preliminary response indicates that OSA agrees with 3 recommendations (Findings 2, 3, and 4); partially agrees with 1 recommendation (Finding 5); and disagrees with 4 recommendations (Findings 1, 2, and 3).

DCH and OSA management informed us in January 2012, subsequent to our audit fieldwork and the issuance of our draft report to DCH and OSA, that OSA-CSD had been dissolved and former CSD responsibilities were realigned to other areas within OSA.

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A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: <http://audgen.michigan.gov>



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June 6, 2012

Ms. Kari L. Sederburg, Director
Office of Services to the Aging
300 East Michigan Avenue
Lansing, Michigan
and
Ms. Olga Dazzo, Director
Department of Community Health
Capitol View Building
Lansing, Michigan

Dear Ms. Sederburg and Ms. Dazzo:

This is our report on the performance audit of the Office of Services to the Aging's Community Services Division and State Long Term Care Ombudsman within the Department of Community Health.

This report contains our report summary; description of agency; audit objectives, scope, and methodology and agency responses and prior audit follow-up; comments, findings, recommendations, and agency preliminary responses; four exhibits, presented as supplemental information; and a glossary of acronyms and terms.

Our comments, findings, and recommendations are organized by audit objective. The agency preliminary responses were taken from the agencies' response subsequent to our audit fieldwork. The *Michigan Compiled Laws* and administrative procedures require that the audited agencies develop a plan to comply with the audit recommendations and submit it within 60 days after release of the audit report to the Office of Internal Audit Services, State Budget Office. Within 30 days of receipt, the Office of Internal Audit Services is required to review the plan and either accept the plan as final or contact the agencies to take additional steps to finalize the plan.

We appreciate the courtesy and cooperation extended to us during the audit.

Sincerely,

A handwritten signature in black ink that reads "Thomas H. McTavish".

Thomas H. McTavish, C.P.A.
Auditor General

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DEPARTMENT OF COMMUNITY HEALTH

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Description of Agency

Michigan's Office of Services to the Aging* (OSA) is an autonomous type I State agency housed in the Department of Community Health (DCH). OSA was created by executive order in 1973 and is Michigan's designated State unit on aging. OSA is mandated by the federal Older Americans Act of 1965*, as amended, and the Older Michiganians Act of 1981*, as amended. OSA is responsible for addressing older adult* issues, facilitating and funding programs and services in Michigan, and housing the State Long Term Care Ombudsman* (SLTCO).

OSA is the centerpiece of Michigan's Statewide aging network (see Exhibit 1) and provides funding and oversight of services to Michigan's older adults delivered through 16 local area agencies on aging* (AAAs) (see Exhibit 2). OSA provides funding to the 16 local AAAs throughout the State to provide a variety of services that include community-based services, access services, in-home services, senior community service employment and older volunteer programs, caregiver support, institutional care, and nutrition services. The 16 AAAs directly provide some services to older adults, but most often, the AAAs subcontract with local service providers* to deliver the services.

The federal Older Americans Act requires OSA to be primarily responsible for evaluation of all State activities related to the Act. Further, the Older Michiganians Act requires OSA to supervise, monitor, assess, and evaluate AAAs in meeting specific objectives*.

OSA's Community Services Division (OSA-CSD) provides direct guidance to AAAs and monitors the AAAs' oversight activities related to the more than 1,200 local service providers. OSA has developed operating standards for both the activities of AAAs and the local service providers. OSA's operating standards require the AAAs to operate under multi-year plans* (MYPs) and annual implementation plans* (AIPs) approved by the State's Commission on Services to the Aging*. The MYPs and AIPs provide OSA-CSD with detailed documentation of the AAAs' service delivery plans so that OSA-CSD can effectively monitor the AAAs' related activities. OSA-CSD field representatives are responsible for monitoring the activities of each AAA to help ensure compliance with OSA standards and to evaluate AAA program outcomes*. These activities are designed to help OSA ensure that the AAAs' operations are effectively

* See glossary at end of report for definition.

helping OSA meet its goal* of improving the health and nutrition of older adults and providing protection from abuse and exploitation*.

The SLTCO was established within OSA and serves older adults and people with disabilities living in long-term care facilities. Through a network of local offices throughout the State and the SLTCO office housed at OSA, the SLTCO helps long-term care facility residents obtain help with problems and issues they encounter. Michigan's long term care ombudsman services are provided through the 16 AAAs either directly by the AAA or by the AAA subcontracting for the services.

The federal Older Americans Act, as amended, requires the SLTCO to identify, investigate, and resolve complaints made by, or on behalf of, those receiving services from long-term care providers. In addition, it requires the SLTCO to ensure that long-term care residents have regular and timely access to the services provided through the SLTCO and that residents of long-term care facilities and other complainants receive timely responses from representatives of the SLTCO regarding their complaints. The Act allows the SLTCO to designate local entities as local ombudsmen and to investigate complaints; suggest remedies; and assist with resident rights, payment issues, guardianship, and nursing home placement.

Funding for OSA for fiscal year 2008-09 totaled \$93.3 million (see Exhibit 3). Federal funding for OSA totaled \$53.9 million (57.8%) and State General Fund/general purpose funding totaled \$39.0 million (41.8%). During this same period, OSA provided the 16 AAAs with \$79.4 million (85.1%) (see Exhibit 4). During the audit period (October 1, 2006 through September 30, 2009), OSA's expenditures totaled \$274.5 million, of which OSA provided the 16 AAAs with \$234.0 million (85.2 %).

* See glossary at end of report for definition.

Audit Objectives, Scope, and Methodology and Agency Responses and Prior Audit Follow-Up

Audit Objectives

Our performance audit* of the Office of Services to the Aging's (OSA's) Community Services Division (OSA-CSD) and State Long Term Care Ombudsman (OSA-SLTCO), within the Department of Community Health (DCH), had the following objectives:

1. To assess the effectiveness* of OSA-CSD's efforts to monitor area agencies on aging (AAAs) in providing services to older adults in Michigan.
2. To assess the effectiveness of OSA-SLTCO's efforts to monitor the timely and appropriate resolution of complaints relating to services provided to older adults.

Audit Scope

Our audit scope was to examine the program and other records of the Office of Services to the Aging's Community Services Division and State Long Term Care Ombudsman. We conducted this 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Our audit procedures, conducted from May through October 2010 and December 2011, generally covered the period October 1, 2006 through September 30, 2009. However, our review of AAA multi-year plans included plans submitted in June 2010 for the period October 1, 2010 through September 30, 2012.

Our audit report includes supplemental information presented as Exhibits 1 through 4 using unaudited data obtained from OSA. Our audit was not directed toward expressing a conclusion on this information and, accordingly, we did not audit the information and express no conclusion on it.

Audit Methodology

We conducted a preliminary review to gain an understanding of OSA's activities and to establish our audit objectives. Our preliminary review included obtaining an

* See glossary at end of report for definition.

understanding of OSA's operations and internal control* by conducting interviews with various OSA staff; examinations and analyses of OSA records; reviews of applicable laws, policies, procedures, manuals, and guidelines; and examinations of reports from various external audits.

To accomplish our first audit objective, we interviewed OSA and AAA management and staff to obtain information regarding OSA's processes and procedures to monitor AAAs and their subcontractors. We reviewed OSA's operating standards for AAAs and service programs. We obtained and analyzed completed AAA multi-year plans, annual implementation plans, and AAA compliance and program outcome assessments. We obtained and reviewed OSA-CSD field representatives' completed AAA subcontractor program assessment observations. We performed an on-site examination of records at three selected AAAs, including a review of the AAAs' programmatic and fiscal assessments for service program subcontractors, criminal history background check documentation, governing board meeting records, and AAA staff in-service training records.

To accomplish our second audit objective, we interviewed OSA management and staff to obtain information regarding OSA's processes and procedures to monitor complaints and resolutions. We reviewed applicable sections of the federal Older Americans Act of 1965. We obtained an understanding of OSA-SLTCO's complaint and resolution processes. We reviewed OSA-SLTCO structure, policies, and procedures related to the monitoring of complaints and resolutions.

When selecting activities or programs for audit, we use an approach based on assessment of risk and opportunity for improvement. Accordingly, we focus our audit efforts on activities or programs having the greatest probability for needing improvement as identified through a preliminary review. Our limited audit resources are used, by design, to identify where and how improvements can be made. Consequently, we prepare our performance audit reports on an exception basis.

Agency Responses and Prior Audit Follow-Up

Our audit report contains 5 findings and 8 corresponding recommendations. DCH and OSA's preliminary response indicates that OSA agrees with 3 recommendations (Findings 2, 3, and 4); partially agrees with 1 recommendation (Finding 5); and disagrees with 4 recommendations (Findings 1, 2, and 3).

* See glossary at end of report for definition.

DCH and OSA management informed us in January 2012, subsequent to our audit fieldwork and the issuance of our draft report to DCH and OSA, that OSA-CSD had been dissolved and former CSD responsibilities were realigned to other areas within OSA.

The agency preliminary response that follows each recommendation in our report was taken from the agency's written comments subsequent to our audit fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and the State of Michigan Financial Management Guide (Part VII, Chapter 4, Section 100) require DCH and OSA to develop a plan to comply with the audit recommendations and submit it within 60 days after release of the audit report to the Office of Internal Audit Services, State Budget Office. Within 30 days of receipt, the Office of Internal Audit Services is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

We released our prior performance audit of the Office of Services to the Aging, Department of Community Health (39-645-02), in May 2003. Within the scope of this audit, we followed up all 4 of the prior audit recommendations. DCH complied with 2 of the 4 prior audit recommendations. The other 2 prior audit recommendations were rewritten for inclusion in Findings 2 and 4 in this report.

COMMENTS, FINDINGS, RECOMMENDATIONS,
AND AGENCY PRELIMINARY RESPONSES

EFFECTIVENESS OF EFFORTS TO MONITOR THE PROVIDING OF SERVICES

COMMENT

Audit Objective: To assess the effectiveness of the Office of Services to the Aging's - Community Services Division's (OSA-CSD's) efforts to monitor area agencies on aging (AAAs) in providing services to older adults in Michigan.

Audit Conclusion: **We concluded that OSA-CSD's efforts to monitor AAAs in providing services to older adults in Michigan were not effective.** Our assessment disclosed two material conditions*:

- OSA-CSD did not ensure that AAA subcontractors were effectively monitored to help ensure that service programs were operated in accordance with service contracts and in compliance with OSA operating standards for service programs (Finding 1).
- OSA had not established effective internal control to help ensure that AAAs always conducted criminal background checks of all service program paid and volunteer staff. In addition, OSA did not provide AAAs with standardized guidelines for assessment of convictions identified during criminal background checks (Finding 2).

Our assessment also disclosed two reportable conditions* related to OSA-CSD's monitoring of AAA multi-year plans (MYPs), annual implementation plans (AIPs), and compliance and program outcome assessments and OSA-CSD's monitoring of in-service training (Findings 3 and 4).

FINDING

1. Monitoring of AAA Subcontractors

OSA-CSD did not ensure that AAA subcontractors were effectively monitored to help ensure that service programs were operated in accordance with service contracts and in compliance with OSA operating standards for service programs.

* See glossary at end of report for definition.

OSA services are delivered through 16 local AAAs. OSA provides funding to the 16 AAAs to provide a variety of services. The AAAs directly provide some services but most often subcontract with local service providers to deliver the services. OSA-CSD has 6 field representatives that are responsible for monitoring the 16 AAAs' operations, including the AAAs' oversight of their subcontractors' activities. During the period October 1, 2006 through September 30, 2009, OSA provided \$234.0 million to the 16 AAAs to provide program services. During the same period, the AAAs reported that they provided \$164.4 million to AAA subcontractors. As a result, it is critical that OSA-CSD ensure that the AAAs perform annual assessments of subcontractors to help ensure effective programmatic and fiscal performance of subcontractors and that the intended benefits are realized by older persons.

OSA operating standards require each of the AAAs to conduct an assessment of each of its subcontractor's programmatic and fiscal performance each year. In addition, OSA-CSD field representatives observe AAA on-site subcontractor assessments for each AAA.

We performed on-site reviews at 3 selected AAAs to review the AAAs' documentation of subcontractor assessments for fiscal years 2006-07, 2007-08, and 2008-09. We also reviewed OSA-CSD's documentation of the field representatives' observations of the AAA subcontractor assessments. In addition, we interviewed OSA-CSD field representatives regarding their monitoring activity of AAA subcontractor assessments. Our review disclosed:

- a. OSA-CSD field representatives did not ensure that the AAAs always performed and/or maintained documentation of the required assessments of their subcontractors.

OSA operating standards require AAAs to conduct an assessment of each contractor's programmatic and fiscal performance each year. In addition, OSA operating standards require that AAA assessments of the subcontractors include compliance with contract specifications, compliance with approved service definitions, compliance with generally accepted accounting principles*, compliance with applicable OSA operating standards for service programs,

* See glossary at end of report for definition.

compliance with applicable licensure requirements, compliance with applicable federal and State statutes, compliance with AAA policies, and the subcontractors' progress on resolving corrective actions required by prior assessments. Further, OSA operating standards require the AAAs to use an assessment tool approved by OSA and to provide subcontractors with a written feedback report within 60 days of the AAA's assessment. We noted:

- (1) OSA-CSD did not ensure that the AAAs maintained documentation to provide evidence that the AAAs always performed required subcontractor assessments. Our on-site review of subcontractor assessment documentation at 3 of the 16 AAAs disclosed that the AAAs could not provide documentation for 50 (10.1%) of 494 annual subcontractor assessments reviewed.
- (2) OSA-CSD did not routinely review AAA subcontractor assessments to ensure that they were complete and contained appropriate conclusions and that the AAA followed up on issues identified during assessments. Our on-site review of 24 AAA subcontractor fiscal and program assessment files at 3 of the 16 AAAs disclosed:
 - (a) The AAAs' subcontractor assessments were not complete and lacked fully filled-out documents for 6 (25.0%) of 24 assessments reviewed.
 - (b) The AAAs' subcontractor assessment files did not include a conclusion for 3 (12.5%) of 24 assessments reviewed. In addition, in 10 (41.7%) of 24 AAA subcontractor assessments reviewed, the conclusion document provided to the subcontractor did not reflect the assessment documentation or the assessment did not contain sufficient data to support the conclusion. For example, one AAA subcontractor assessment indicated that the subcontractor had not performed supervisory in-home evaluations of caregivers as required; however, the assessment documentation did not explain why the AAA concluded that it was not an exception.

- (c) The AAAs' subcontractor assessment files did not include documentation of follow-up by the AAA to ensure that the subcontractor completed any of the needed corrections for 11 (68.8%) of 16 assessments reviewed.
 - (3) OSA did not require the AAAs to directly report findings, corrective action, or resolution to OSA-CSD so that OSA-CSD could help ensure proper resolution of problems noted during the AAAs' subcontractor assessments.
 - (4) OSA did not ensure that OSA-CSD field representatives were familiar with OSA operating standards for AAA subcontractor assessments. OSA-CSD field representatives informed us that they mistakenly believed OSA operating standards required AAAs to ensure that each subcontractor was assessed only once every three years. As a result, OSA-CSD field representatives did not ensure that the AAAs conducted required annual assessments of their subcontractors.
- b. OSA-CSD field representatives did not always perform observations of AAA subcontractor assessments. In addition, OSA-CSD field representatives did not maintain documentation of their AAA subcontractor observations or ensure follow-up of issues noted during the observations.

OSA did not provide the OSA-CSD field representatives with written policies and procedures regarding the number and type of AAA subcontractor assessments that field representatives were to perform. As a result, OSA-CSD field representatives did not always perform regular observations of AAA subcontractor assessments for all AAAs, and there were significant inconsistencies in the OSA-CSD field representatives' observations,

documentation, and follow-up activity for AAA subcontractor assessments. We noted:

- (1) OSA-CSD field representatives did not always perform subcontractor observations for the 16 AAAs during fiscal years 2006-07, 2007-08, and 2008-09:
 - (a) OSA-CSD field representatives did not perform any subcontractor observations at 2 (12.5%) of the 16 AAAs in fiscal year 2006-07, 2 (12.5%) of the 16 AAAs in fiscal year 2007-08, and 4 (25.0%) of the 16 AAAs in fiscal year 2008-09. Further, the OSA-CSD field representative for 1 AAA did not perform any subcontractor observations during the entire three-year audit period. OSA provided this AAA with \$49.6 million during that three-year period, and the AAA reported that it provided \$36.5 million to subcontractors.
 - (b) OSA-CSD field representatives did not meet the OSA-CSD's generally accepted standard of two subcontractor observations for each AAA annually. OSA-CSD field representatives informed us that they typically observed two AAA subcontractor assessments per year for each of the 16 AAAs. However, our review disclosed that OSA-CSD field representatives did not perform 32 subcontractor observations during any of the three fiscal years we reviewed. We found that OSA-CSD field representatives observed a total of only 17 (53.1%) AAA subcontractor assessments for fiscal year 2006-07, 16 (50.0%) for fiscal year 2007-08, and 16 (50.0%) during fiscal year 2008-09.
- (2) OSA-CSD field representatives did not always maintain documentation of the subcontractor on-site observations that the field representatives performed.

OSA-CSD field representatives used the OSA subcontractor program assessment observation guide to document their observations of the AAAs' subcontractor assessments. For the 15 AAAs where OSA-CSD

field representatives performed observations of subcontractor assessments, our review disclosed:

- (a) The OSA-CSD field representatives could not provide the observation guides to support their on-site subcontractor observations for 5 (33.3%) of 15 AAAs.
 - (b) The OSA-CSD field representative did not complete 1 (10.0%) of 10 observation guides that OSA provided for our review.
- (3) OSA-CSD field representative conclusions in the conclusion documents were not always supported by the corresponding observation documentation and/or OSA-CSD could not provide the conclusion document for the observation. Our review disclosed:
- (a) The OSA-CSD field representatives' conclusions were not supported by comments in the corresponding OSA observation guide provided for review and/or OSA-CSD did not provide the observation guide for 7 (100.0%) of the 7 subcontractor observation conclusion documents reviewed.
 - (b) OSA-CSD was unable to provide 8 (53.3%) of 15 conclusion documents for the OSA on-site AAA subcontractor observations performed.
- (4) OSA-CSD was unable to provide 11 (100.0%) of 11 responses from the AAA when OSA noted issues during the subcontractor observation in either OSA's observation guide or conclusion document.

RECOMMENDATION

We recommend that OSA-CSD ensure that AAA subcontractors are effectively monitored to help ensure that service programs are operated in accordance with service contracts and in compliance with OSA operating standards for service programs.

AGENCY PRELIMINARY RESPONSE

OSA stated:

OSA disagrees that AAA subcontractors were not effectively monitored in accordance with service contracts and operating standards.

Each AAA performs monitoring assessments of their subcontractors differently based on the type of contractual arrangement. OSA has been proactive in providing guidance to AAAs on how to appropriately complete the subcontractor assessments by making all Operating Standards and Transmittal Letters available online for the AAAs, as well as anyone else interested in viewing OSA policies/procedures. In addition, OSA maintains regular contact with AAAs to answer any questions that may arise from AAA staff or AAA subcontractors.

- a. OSA disagrees that they did not ensure that some type of assessment was done on AAA subcontractors on an annual basis, but acknowledge in some cases that the appropriate assessment documentation was not maintained. OSA acknowledges that there were instances where the OAG was inadvertently provided with the wrong policy or not provided the appropriate documentation during the course of the audit; however, subsequent to the audit fieldwork these instances were identified and corrected.
- b. OSA has the field representatives perform observations of AAA subcontractor assessments as often as possible and as resources allow. OSA management believes that the 83% observation rate of AAA subcontractor assessments noted during the audit period is acceptable considering the significant budget constraints and that there are no laws, regulations or OSA standards that require field representatives to perform observations of AAA subcontractor assessments every year. When resources allow the observation of AAA subcontractor assessments, OSA will ensure that they document conclusions, that the conclusions are adequately supported, and that all documentation is retained.

OSA intends to continue to ensure that AAA subcontractors are effectively monitored to help ensure that service programs are

operated in accordance with service contracts and in compliance with OSA's operating standards for service programs.

OFFICE OF THE AUDITOR GENERAL EPILOGUE

OSA's response to part a. states that "OSA disagrees that they did not ensure some type of assessment was done on AAA subcontractors on an annual basis, but acknowledge in some cases that the appropriate assessment documentation was not maintained." As stated in our finding, OSA could not provide evidence of required subcontractor assessments for 50 (10.1%) of 494 sampled subcontractors at 3 AAAs (see part a.(1)). Therefore, OSA cannot be certain that some type of assessment was done on an annual basis.

OSA's response to part b. states that "OSA management believes that the 83% observation rate of AAA subcontractor assessments noted during the audit period is acceptable considering the significant budget constraints and that there are no laws, regulations or OSA standards that require field representatives to perform observations of AAA subcontractor assessments every year."

We agree with OSA's statement that there are no laws, regulations, or formal OSA standards that require the observations, and it is for that reason we recommended that OSA provide the field representatives with written policies and procedures regarding the number and type of AAA subcontractor assessments that should be observed. However, we believe that OSA did have informal standards requiring field representatives to observe 2 subcontractor assessments per year. We identified this informal practice during our fieldwork when OSA field representatives and OSA's deputy director informed us that it was OSA's practice to observe two AAA subcontractor assessments per year. We believed this was a minimal and easily achievable standard, considering there were 6 field representatives for only 16 AAAs.

Further, we disagree with OSA's statement that an 83% observation rate is acceptable because, during our audit period, none of the 6 field representatives were assigned to any more than 3 AAAs, and 2 field representatives were assigned to only 2 AAAs. This means that each field representative would only need to have conducted a total of 4 to 6 observations each year to be in 100% compliance with

the 2 observations per year criteria. In addition, as noted in part b.(1)(a) of our finding, OSA-CSD field representatives did not perform any subcontractor observations at 2 (12.5%) of the 16 AAAs in fiscal year 2006-07, 2 (12.5%) of the 16 AAAs in fiscal year 2007-08, and 4 (25.0%) of the 16 AAAs in fiscal year 2008-09. Further, the OSA-CSD field representative for the largest AAA did not perform any subcontractor observations during the entire three-year audit period. OSA provided this AAA with \$49.6 million during the three-year period, and the AAA reported that it provided \$36.5 million to its subcontractors.

FINDING

2. Monitoring of AAA Criminal History Background Check Procedures

OSA had not established effective internal control to help ensure that AAAs always conducted criminal background checks of all service program paid and volunteer staff. In addition, OSA did not provide AAAs with standardized guidelines for assessment of convictions identified during criminal background checks. Establishing effective internal control over OSA's monitoring of AAA criminal background checks could help OSA ensure that older adults are protected from potential abuse and exploitation.

OSA operating standards for service programs require AAAs to conduct a criminal background review through the Michigan Department of State Police for all paid and volunteer staff. OSA informed us that a felony conviction would not necessarily preclude an individual from working or volunteering for an AAA. However, knowledge of such convictions would enable OSA and the AAA to better ensure that older adults are receiving services in a safe environment.

Annually, each AAA conducts a self-assessment using OSA's AAA annual program assessment guide and submits it to OSA-CSD. Every third year, the OSA-CSD field representative conducts an on-site program assessment visit that includes review and verification of the information provided by the AAAs in their annual self-assessments. The assessment guide contains an item addressing the AAAs' compliance with the criminal background review requirement.

In order to determine the effectiveness of OSA's monitoring of the AAAs' criminal history background check procedures, we performed the following:

- We inspected the criminal background check file documentation at 3 selected AAAs for 119 care managers.
- We performed an aggregate electronic match of all AAA paid staff and volunteers of service programs for all 16 AAAs with the Michigan Department of State Police criminal background information. Based on the results, we performed additional follow-up procedures with 4 AAAs regarding 7 paid staff and volunteers with felony convictions noted in our electronic match results.
- We reviewed the completed OSA annual program assessments for the 7 AAAs.
- We interviewed OSA and AAA staff regarding criminal history background check procedures.

Our review disclosed:

- a. OSA-CSD did not ensure that AAAs conducted and/or maintained documentation to verify that the AAAs performed the required criminal background checks for all service program paid and volunteer staff. All 7 of the AAAs included in our review certified that they had conducted a criminal background review through the Michigan Department of State Police for all paid and volunteer staff as a part of the annual assessment process during the audit period. However, we noted:
 - (1) OSA-CSD field representatives did not routinely inspect AAA criminal background check documentation as a part of the AAA on-site annual assessment verification process. Five (71.4%) of the 7 AAAs reported to us that the OSA-CSD field representative did not verify criminal background check documentation during the on-site assessment process. The remaining 2 AAAs reported that the OSA-CSD field representative sometimes inspected criminal history background check documentation at the AAA during the on-site assessment process.

- (2) OSA did not maintain a record of the names of AAA service program employees and volunteers or require each AAA to provide a complete record during on-site assessments. Without a record of names of the AAA service program employees and volunteers, OSA-CSD field representatives could not verify that the AAAs conducted a criminal background check for all service program employees and volunteers. During the period October 1, 2006 through September 30, 2009, the 16 AAAs utilized approximately 1,500 paid employees and 3,100 volunteers to provide services to older adults.
- (3) OSA-CSD did not ensure that the AAAs maintained records to document that the required criminal background checks had been completed.

The AAAs did not maintain a record of a criminal background check for 10 (7.9%) employees of the 126 AAA employees and volunteers we reviewed. We noted the following with regard to the 10 AAA employees with no record of a criminal history background check:

- (a) Nine of the 10 AAA employees were care managers. Care managers serve persons aged 60 years and older who are medically complex and at risk or in need of nursing facility placement. Care managers have access to these individuals in their homes.
- (b) Five of the 10 AAA employees were hired prior to the year 2000 and the AAA reported to us that it was not required to perform a criminal background check for these employees. However, OSA operating standards for service programs do not specifically exempt AAA employees hired prior to a specified date.
- (c) Two of the 10 AAA employees ended service with the AAA and then were subsequently rehired by the AAA; however, the AAA could not provide documentation of a criminal background check at either the initial hire date or the rehire date for these individuals.
- (d) One of the employees had a felony conviction based on our electronic match results.

- b. OSA did not require AAAs to conduct, nor did OSA conduct, periodic criminal background checks of AAA service program employees and volunteers after their service began. Conducting periodic criminal background checks of service program employees and volunteers could help identify convictions that occur while individuals are employed or providing volunteer service and help ensure the continued protection of older adults.
- c. OSA did not provide the AAAs with standardized guidelines for the assessment of criminal background check convictions identified during required criminal background checks. Although OSA reported to us that a felony conviction would not necessarily preclude an individual from working for an AAA or a subcontracted service provider, OSA did not provide the AAAs with guidelines for assessing when a felony should preclude employment or volunteer service. Standardized guidelines for assessment of convictions could help OSA ensure consistency among AAAs Statewide and allow OSA to better monitor the AAAs to help ensure that program clients are receiving services in a safe environment.

RECOMMENDATIONS

We recommend that OSA establish effective internal control to help ensure that AAAs always conduct criminal background checks of all service program paid and volunteer staff.

We also recommend that OSA provide AAAs with standardized guidelines for assessment of convictions identified during criminal background checks.

AGENCY PRELIMINARY RESPONSE

OSA stated:

OSA recognizes the importance of the criminal history background checks and established the current criminal background check procedures to further enhance the protection of older adults even though there are no state or federal laws requiring it. Of the ten employees identified in the finding as not having a record of a criminal background check, only one had a felony conviction. This employee's conviction would not have precluded employment. In addition, since there have been **no** instances of abuse or exploitation of older adults from paid or

volunteer staff, OSA believes they have been very effective in ensuring that older adults are protected. In addition, OSA will work with the AAAs to ensure that they appropriately document everything that is being done to ensure that older adults are protected from potential abuse and exploitation.

OSA will work with the AAAs to further enhance the criminal background check program in the following ways:

- a. OSA will work with the AAAs to ensure that criminal background check results for all paid and volunteer staff are maintained and available for review during on-site assessments. In addition, OSA has reviewed the felony conviction identified by the OAG with the AAA, and the AAA and OSA are in agreement that the offense, which occurred in 1986, does not preclude employment.
- b. DCH is working with the Michigan State Police to obtain access to the Internet Criminal History Access Tool (ICHAT) for all AAAs at no cost. As part of this process, OSA will work with the AAAs to determine if periodic criminal background checks would result in reduced risk to program participants.
- c. OSA will work with the AAAs to develop standardized guidelines for assessment of convictions identified during future ICHAT reviews.

FINDING

3. Monitoring of AAA Multi-Year Plans (MYPs), Annual Implementation Plans (AIPs), and Compliance and Program Outcome Assessments

OSA-CSD needs to improve its monitoring of AAA service plans to ensure that the plans meet all OSA requirements. Also, OSA-CSD needs to strengthen controls to help ensure that it always retains complete documentation of AAA compliance and program outcome assessments. In addition, OSA-CSD needs to improve its process for evaluating and analyzing significant information reported by AAAs and following up on reported noncompliance. The 16 AAAs were responsible for \$234.0 million (85.2%) of OSA's total expenditures of \$274.5 million during the period October 1, 2006 through September 30, 2009.

OSA relies on the activities of the 16 AAAs to provide needed services to older adults in accordance with the federal Older Americans Act of 1965 and the Older Michiganians Act of 1981. The federal Older Americans Act requires that OSA be primarily responsible for the evaluation of all State services related to the Act. In addition, the Older Michiganians Act requires OSA to supervise, monitor, assess, and evaluate all AAAs in meeting specified objectives.

OSA requires each AAA to develop a comprehensive and coordinated service delivery system for supportive social services to older adults and to set specific objectives for providing services to older adults with the greatest economic and social needs. To accomplish this, the AAAs establish detailed multi-year plans (MYPs) and annual implementation plans (AIPs) to outline and describe the AAAs' planned activities related to their service delivery systems. The MYPs and AIPs provide OSA-CSD with detailed documentation of each AAA's plans so that OSA-CSD can effectively monitor the AAA's planned activities and help ensure that the AAA's services are designed to improve the health and nutrition of older adults and provide protection from abuse and exploitation.

OSA-CSD uses AAA compliance and program outcome assessments to evaluate the actual activities of each AAA. Annually, OSA-CSD requires each AAA to complete and submit a compliance assessment and a program outcome assessment to OSA-CSD for review. OSA-CSD uses the program outcome assessments to monitor each AAA's progress in implementing program development objectives found in the AAA's MYPs and AIPs. In addition, OSA-CSD uses the AAA compliance assessments to evaluate each AAA's operations for compliance with OSA operating standards for AAAs. OSA-CSD field representatives review the AAA annual assessments completed and submitted by the AAAs to monitor the AAAs' progress on program development objectives and to determine the AAAs' compliance with OSA operating standards.

Our review of OSA-CSD's monitoring of the 16 AAAs' MYPs, AIPs, and compliance and program outcome assessments disclosed:

- a. OSA-CSD did not ensure that the MYPs and AIPs prepared by the AAAs met all OSA requirements. In addition, OSA-CSD did not always obtain and/or

maintain complete documentation of the AAAs' MYPs and AIPs. Our review of MYPs and AIPs submitted to OSA-CSD disclosed:

- (1) OSA-CSD did not ensure that 9 (56.3%) of the 16 MYPs prepared by the AAAs for fiscal years 2009-10 through 2011-12 met all OSA requirements. It is important for OSA-CSD to ensure that MYPs contain all required information so that OSA-CSD can effectively monitor the AAAs' planned activities.
 - (2) OSA-CSD did not ensure that 6 (46.2%) of the 13 AIP approval criteria documents prepared by AAAs and retained by OSA-CSD for fiscal year 2008-09 were complete. In addition, OSA-CSD did not retain 3 (18.8%) of the 16 approval criteria documents for AIPs prepared by AAAs for fiscal year 2008-09. The AIP approval criteria documents are important because they provide OSA-CSD with an annual and updated description of the AAAs' planned actions to provide services to the older adults in their areas as outlined in the MYP.
- b. OSA-CSD did not always retain complete documentation of AAA compliance and program outcome assessments. OSA-CSD uses annual compliance and program outcome assessments to evaluate the services provided by each of the 16 AAAs. Each of the 16 AAAs is required to complete both compliance and program outcome assessments each year. Our review of AAA compliance and program outcome assessments disclosed:
- (1) OSA-CSD did not retain 10 (10.4%) of the 96 AAA compliance and program outcome assessments submitted by the AAAs for OSA-CSD field representative's annual review process during the audit period. It is important for OSA-CSD to retain the information that AAAs report in the assessments to help OSA-CSD more effectively track the AAAs' long-term progress toward program objectives, identify noncompliance trends, and identify recurring reporting deficiencies. OSA-CSD's records retention schedule requires OSA-CSD to retain program assessments for six years. Subsequent to our audit fieldwork, OSA-CSD submitted documentation of the field representatives feedback report to the AAA for the program assessments; however, OSA-CSD did not retain the detailed assessment information reported by the AAAs as required.

- (2) OSA-CSD did not obtain or retain completed forms from 4 (12.5%) of 32 AAAs to report and certify all potential noncompliance issues related to the AAAs' organization, functions, compliance, service monitoring, and financial assessment questionnaire. OSA required AAAs to submit signed and completed forms to OSA-CSD to report and certify all potential noncompliance issues for these activities as a part of the assessment process during fiscal years 2007-08 and 2008-09.
 - (3) OSA-CSD did not retain a cover sheet signed by the AAA administration for 7 (7.3%) of the 96 AAA compliance and program outcome assessments completed during the audit period. Obtaining and maintaining a signed version of the assessments could help OSA-CSD ensure that the AAA administration reviewed, certified, and approved the assessment responses submitted to OSA-CSD.
- c. OSA-CSD did not always evaluate and analyze significant AAA activity information reported by AAAs in the compliance and program outcome assessments:
- (1) Four AAAs reported significant increases and/or decreases in line-item expenditures (as a percentage of total expenditures) for programs such as adult day care and outreach. For example, one AAA reported an increase of 553% in adult day care expenditures and another AAA reported a decrease in outreach expenditures of 91%; however, the OSA-CSD field representative did not investigate either of the reported fluctuations. OSA-CSD field representatives informed us that OSA-CSD does not require evaluation or analysis of fluctuations reported by the AAAs in the annual assessments.

OSA-CSD informed us that, as a compensating control, other OSA staff reviewed the quarterly financial status reports for each of the 16 AAAs. However, our single audit of the Department of Community Health for the period October 1, 2007 through September 30, 2009 (391-0100-10) found that OSA could not document that it reviewed 11 (69%) of 16 reports for the third quarter and 9 (56%) of 16 reports for the fourth quarter, respectively, of fiscal year 2008-09.

- (2) One AAA reported a 73% decrease in minorities in the AAA's region from 2006 to 2010; however, the OSA-CSD field representative did not follow up on the reported decrease. OSA operating standards for AAAs (Section C-2, subsection 2) require the AAAs to pay particular attention to low-income minorities in the greatest economic and social need. Therefore, OSA-CSD needs to investigate significant changes reported by AAAs during the assessment process to help ensure AAA compliance with OSA operating standards.

Subsequent to our audit field work, OSA informed us that another division of OSA prepares and submits an annual report to the federal Administration on Aging to analyze and report OSA's service levels to targeted populations through the AAAs. OSA-CSD field representatives could use this readily available information to follow up and validate the information submitted by the AAAs to OSA-CSD during the assessment process regarding these targeted populations.

- (3) One AAA reported to OSA-CSD in the AAA's fiscal year 2005-06 compliance assessment that its Advisory Council did not include a representative of a veterans' health care organization, nutrition providers, or persons in great economic and social need, as required by OSA. OSA-CSD did not follow up, even though the AAA's fiscal year 2009-10 assessment reported no change in this situation.
- d. OSA-CSD did not always ensure that AAA compliance assessments contained all OSA-required information and that OSA-CSD followed up when AAAs did not provide required information or reported noncompliance with OSA operating standards. Our review of 48 compliance assessments disclosed:
- (1) Two AAA compliance assessments did not contain OSA-required information regarding the AAAs' technical assistance to their providers, focus on the needs of low-income minority older persons, and support of State agency-sponsored advocacy programs or positions. The information is required by OSA operating standards for AAAs (Sections C-2 and C-6).

- (2) Two AAA compliance assessments did not contain OSA-required information on no-cost or low-cost postsecondary education to older persons. This information is required by OSA operating standards for AAAs (Section C-2).
- (3) One AAA's compliance assessment reported to OSA-CSD that the AAA's governing board did not complete conflict of interest disclosures. OSA operating standards for AAAs (Section B-3, subsection 1h) require AAA governing board members to complete conflict of interest disclosures. The OSA-CSD field representative reported to us that follow-up was not necessary because OSA has a practice of accepting an oath of office in lieu of a conflict of interest disclosure for elected officials who serve on AAA governing boards.

In addition to the weaknesses noted in this finding in OSA-CSD's monitoring of the AAAs' service plans and assessments, we also identified deficiencies in OSA's monitoring of three specific AAA activities addressed in the AAA service plans and assessments. These deficiencies related to OSA-CSD's monitoring of the AAA's subcontractors (Finding 1), AAA criminal history background check procedures (Finding 2), and AAA in-service training (Finding 4).

RECOMMENDATIONS

We recommend that OSA-CSD improve its monitoring of AAA service plans to ensure that the plans meet all OSA requirements.

We also recommend that OSA-CSD strengthen controls to help ensure that it always retains complete documentation of AAA compliance and program outcome assessments.

We further recommend that OSA-CSD improve its process for evaluating and analyzing significant information reported by AAAs and following up on reported noncompliance.

AGENCY PRELIMINARY RESPONSE

OSA stated:

OSA acknowledges that there are instances in the finding where documentation was not appropriately retained; however, OSA believes that their monitoring of AAA service plans to ensure the plans meet all requirements and their process for evaluating and analyzing significant information reported by the AAAs is sufficient.

- a. OSA acknowledges that there are instances where documentation was not available to support all portions of several MYPs and AIPs. However, an AAA would not receive any funding for services until a plan for local aging programs has been reviewed by OSA and approved by the Commission on Services to the Aging.
- b. OSA acknowledges that they did not always retain complete documentation of AAA compliance and program outcome assessments. However, OSA did retain the compliance and program outcome assessments feedback reports. These reports are the formal communication provided to AAAs summarizing and documenting the results of each assessment, including the formal identification to the AAA for any items of non-compliance. Additionally, these reports document OSA's evaluation of the AAA's services including that they effectively tracked the AAA's long-term progress toward program objectives, identified noncompliance trends, and identified recurring reporting deficiencies. Subsequent to the audit field work, the OSA implemented an electronic record keeping system for compliance and program outcome assessments; therefore, all of these documents will be retained electronically.
- c. OSA believes their process for evaluating and analyzing significant information reported by the AAAs is sufficient. For instance, OSA evaluates and analyzes expenditures each quarter and compiles the data to submit a required semi-annual expenditure report to the federal government. Significant expenditure fluctuations such as the examples outlined in the finding often occur as local AAAs have some discretion on what services are provided each year and how funding is distributed among service categories. In

addition, OSA also annually evaluates and analyzes service levels provided to selected target populations, one of which is services provided to low-income minorities in the greatest economic and social need. This comparison is done on an annual basis for inclusion in OSA's annual NAPIS report that is submitted to the federal Administration on Aging (AoA). Finally, OSA is constantly working with AAAs to ensure compliance with federal, state and OSA standards. For instance, AAAs may be unable to recruit Advisory Council members from specific categories because of lack of interest or availability. In the case cited by OAG, the counties in the AAA region did not nominate an individual with a veteran's health care background for membership on the AAA Advisory Council. Through communication with the AAA, OSA was aware of this condition and was aware of the attempts by the AAA to request that the counties nominate individuals with a veteran healthcare background.

- d. OSA agrees that the items identified in this portion of the finding were not available for the auditors to review; however, OSA feels that the conditions cited do not significantly impact OSA's ability to ensure that the AAA's operations are effective in improving the health and nutrition of older adults and helping protect older adults from abuse and exploitation. The information cited in part 1 and 2 of this section was appropriately included, as required, in 46 of the 48 (96%) compliance assessments reviewed. The information cited in part 3 of this section was appropriately included, as required, in 47 of the 48 (98%) compliance assessments reviewed.

OFFICE OF THE AUDITOR GENERAL EPILOGUE

OSA states in its response that "OSA believes that their monitoring of AAA service plans to ensure the plans meet all requirements and their process for evaluating and analyzing significant information reported by AAAs is sufficient." We disagree with OSA's statement. As stated in the finding, the AAA MYPs, AIPs, and compliance and program outcome assessments are key elements used by OSA-CSD to monitor the activities of the 16 AAAs, and we noted several deficiencies in OSA-CSD's processes related to these key elements, including:

- a. OSA-CSD did not ensure that MYPs and AIPs met all OSA requirements and were always complete (see parts a.(1) and a.(2)).

- b. OSA-CSD could not document the AAA compliance and program outcome assessments (see parts b.(1) through b.(3)).
- c. OSA-CSD did not always evaluate and analyze AAA activity information reported to OSA within the AAA assessments (see parts c.(1) through c.(3)). In addition, as noted in the finding, other potential compensating controls that OSA informed us of were not always effective and/or OSA-CSD was not always utilizing information from other areas of OSA for analysis and comparison to the information submitted by the AAAs during the OSA-CSD assessment process (see parts c.(1) and c.(2)).
- d. OSA-CSD did not always ensure that AAA compliance assessments were complete and that OSA-CSD followed up when AAAs did not provide required information or reported noncompliance with OSA operating standards (see parts d.(1) through d.(3)).

As a result, the OAG believes that these deficiencies significantly impacted OSA's ability to ensure AAA operations were effective.

OSA also stated in its response regarding part c. that "Significant expenditure fluctuations such as the examples outlined in the finding often occur as local AAAs have some discretion on what services are provided each year and how funding is distributed among service categories." The OAG contends that, because AAAs are provided this flexibility, it further supports the need for OSA-CSD field representatives to follow up on the significant increases and decreases in expenditures reported by the AAAs to help ensure that the fluctuations are appropriate.

In addition, OSA stated in its response regarding part c. that "In the case cited by OAG, the counties in the AAA region did not nominate an individual with a veteran's health care background for membership on the AAA Advisory Council. Through communication with the AAA, OSA was aware of this condition and was aware of the attempts by the AAA to request that the counties nominate individuals with a veteran healthcare background." As noted in the finding, the AAA Advisory Council referred to previously also did not have a representative from a health care organization, a representative of a nutrition provider, or a person in great social or economic need. Also, none of the documentation that OSA provided to us for

review indicated that the OSA-CSD field representative followed up regarding attempts by the AAA to seek appropriate representation for the AAA's Advisory Council. In addition, none of the documentation that OSA provided contained an explanation of why the vacancies persisted for an extended period of time, beginning with the AAA reporting the situation to OSA in June 2007 and continuing with the AAA reporting no changes in AAA Advisory Council as of June 2010.

FINDING

4. Monitoring of In-Service Training

OSA-CSD did not monitor the in-service training levels of AAA care managers. As a result, OSA could not ensure that care managers received the required level of in-service training.

OSA contracted with 16 AAAs throughout the State to provide various services to older adults, including care management services. Care management is a critical function that provides ongoing coordination and management of in-home and other supportive services to individuals aged 60 and over who are medically complex, at-risk, or in need of nursing facility level of care due to functional and/or cognitive limitations. OSA requires all care managers to receive in-service training at least twice each fiscal year that is specifically designed to increase the care managers' knowledge and understanding of the program and clients and to improve their skills in completion of job tasks.

Our review determined that OSA did not include an assessment of care management training in OSA-CSD's AAA annual assessments. As a result, OSA-CSD field representatives did not typically review the in-service training records of care managers as a part of the annual AAA assessment process.

We reviewed 3 AAAs' in-service training records for care managers for the three-year period October 1, 2006 through September 30, 2009. Our review disclosed that the AAAs' care manager in-service training records did not contain documentation to support attendance at a minimum of two in-service training sessions for 70 (98.6%) of 71 care managers reviewed for the fiscal year ended September 30, 2007, 11 (14.1%) of 78 care managers reviewed for the fiscal year ended September 30, 2008, and 14 (17.3%) of 81 care managers reviewed for the

fiscal year ended September 30, 2009. The management at each of the 3 AAAs informed us that the AAA provided its care managers with in-service training; however, none of the AAAs could provide records to support attendance at a minimum of two in-service training sessions for all care managers for all fiscal years reviewed.

Care managers provide critical services to a vulnerable population. As a result, it is important that OSA-CSD monitor the in-service training requirements to ensure that care managers receive required in-service training targeted at increasing care managers' knowledge and understanding of the program and clients and improving their skills.

RECOMMENDATION

We recommend that OSA-CSD monitor the in-service training levels of AAA care managers.

AGENCY PRELIMINARY RESPONSE

OSA stated:

OSA agrees that they did not monitor the AAAs to ensure the training attended by care managers was adequately documented.

OSA stated that staffing reductions eliminated the position responsible for monitoring of in-service training. OSA also stated that during 2010, OSA established a Care Management Process Action Team to review the Care Management Performance Criteria and the protocols for monitoring AAA compliance with the criteria. OSA also stated that during fiscal year 2010-11, OSA field representatives included these monitoring requirements for in-service training in their site visits.

EFFECTIVENESS OF EFFORTS TO MONITOR THE RESOLUTION OF COMPLAINTS

COMMENT

Audit Objective: To assess the effectiveness of OSA's State Long Term Care Ombudsman's (OSA-SLTCO's) efforts to monitor the timely and appropriate resolution of complaints relating to services provided to older adults.

Audit Conclusion: We concluded that OSA-SLTCO's efforts to monitor the timely and appropriate resolution of complaints relating to services provided to older adults were moderately effective. Our assessment disclosed one material condition:

- OSA-SLTCO had not established policies and procedures for monitoring the activities of local long term care ombudsmen* (LTCOs) (Finding 5).

FINDING

5. Monitoring of Local LTCO Activity

OSA-SLTCO had not established policies and procedures for monitoring the activities of local LTCOs. As a result, OSA-SLTCO did not always monitor local LTCO activity and, therefore, OSA-SLTCO could not ensure that all LTCO complaints were investigated and resolved or that the decisions made by local LTCOs were appropriate and timely.

Section 712(a)(3)(A) of the federal Older Americans Act of 1965, as amended, requires the State to establish an LTCO to identify, investigate, and resolve complaints made by, or on behalf of, those receiving services from long-term care providers. In addition, the Act requires the SLTCO (which is established within OSA) to ensure that residents of long-term care facilities have regular and timely access to the services provided through the LTCO and that residents and complainants receive timely responses from the LTCO. Further, the Act requires the SLTCO to establish policies and procedures for monitoring local LTCO entities.

The Older Michiganians Act of 1981 (Act 180, P.A. 1981, as amended) requires OSA to supervise, monitor, assess, evaluate, and provide technical assistance to

* See glossary at end of report for definition.

AAAs and other agencies receiving funds from OSA in meeting specified objectives. The Act allows the SLTCO to designate local entities as local LTCOs to provide LTCO services locally. Local LTCOs investigate complaints; suggest remedies; and assist with resident rights, payment issues, guardianship, and nursing home placement. Michigan's LTCO services are provided through the 16 local AAAs, either directly by the AAA or by the AAA subcontracting for the LTCO services.

Our review disclosed:

- a. OSA-SLTCO had not established policies and procedures for monitoring local LTCO activity. OSA-SLTCO informed us that it considered its oversight role for local LTCO activity as limited and low-level and that its review of LTCO complaints was more ad hoc and as needed when specific complaints were brought to OSA-SLTCO's attention for review. In addition, OSA-SLTCO informed us that it primarily relied on the AAA annual assessment process, AAA reviews of subcontracted LTCO services, and AAA supervisory and LTCO case reviews to ensure that local LTCOs investigated and resolved complaints and that those decisions were appropriate and timely (see parts b.(1), b.(2), and b.(4) of this finding).
- b. OSA-SLTCO did not perform regular and comprehensive reviews of local LTCO activity to help ensure all LTCO complaints were recorded, investigated, and properly resolved in a timely manner. We noted:
 - (1) OSA-SLTCO did not review the AAAs' processes for recording, investigating, and resolving LTCO complaints; the appropriateness of decisions reached; or the time frames for complaint resolution during its annual assessments of AAAs.
 - (2) OSA-SLTCO did not require the AAAs that subcontracted LTCO services to review the complaints received, decisions reached, or time frames of resolutions for LTCO subcontractors. OSA-SLTCO reported to us that it does not provide the AAAs with standardized guidelines for LTCO subcontractor reviews or require the AAAs to routinely provide OSA-SLTCO with the results of LTCO subcontractor reviews to help OSA-SLTCO identify issues with LTCO subcontractors.

We reviewed the LTCO subcontractor reviews for 3 selected AAAs and determined that LTCO subcontractor reviews for 2 (66.7%) of the 3 AAAs did not include any programmatic assessments of LTCO complaints. The remaining AAA's LTCO subcontractor review indicated that the AAA discussed client file reviews and prioritizing of complaints with the subcontractor, but the AAA's documentation did not indicate that the AAA performed a review of LTCO complaints. During the audit period, 11 (68.8%) of 16 AAAs subcontracted for LTCO services.

- (3) OSA-SLTCO did not perform routine reviews of randomly selected local LTCO complaints. OSA-SLTCO informed us that it reviewed local LTCO complaints that were specifically brought to its attention as potentially problematic; however, OSA-SLTCO did not have a process in place to routinely review randomly selected complaints for propriety and timeliness.
 - (4) OSA-SLTCO did not perform reviews of the supervisory reviews of local LTCO activity. OSA-SLTCO informed us that it did not require LTCO supervisors to perform specific reviews of local LTCO activity and that OSA-SLTCO was not aware of the levels or methods of local supervisory and complaint reviews at the local LTCO offices.
- c. OSA-SLTCO had not established centralized controls to help ensure that all LTCO complaints were recorded, investigated, and properly resolved in a timely manner. For example:
- (1) OSA-SLTCO did not have a system control to help ensure that all LTCO complaints were recorded when received. OSA-SLTCO's electronic data system, Ombudsmanager, was not linked with LTCO e-mail addresses or telephone numbers in order to automatically record and track complaints received by e-mail or telephone. In addition, OSA-SLTCO did not have other centralized controls established to help ensure that all LTCO complaints were recorded and tracked.

OSA-SLTCO informed us that LTCO complaints are received by telephone at various numbers; by e-mail to multiple addresses; via the

U.S. mail to numerous addresses; via the Internet; and in person at the OSA-SLTCO office, the AAAs, or any local LTCO office. Each local LTCO is responsible for manually recording the complaints it receives directly and those complaints referred from OSA-SLTCO or other sources into OSA-SLTCO's Ombudsmanager.

- (2) OSA-SLTCO did not use a systematic risk-based ranking system within Ombudsmanager to prioritize and help identify complaints that required immediate action and review and to help identify more serious complaints that were not addressed in a timely manner. OSA-SLTCO informed us that it encouraged local LTCOs to prioritize complaints; however, OSA-SLTCO did not have a ranking system to help readily identify and monitor the highest risk complaints and the related decisions for review. In order for OSA to achieve its goal of helping protect older adults from abuse and exploitation, it is critical that OSA-SLTCO help ensure that all complaints made to the LTCOs are investigated and resolved appropriately and in a timely manner.

RECOMMENDATION

We recommend that OSA-SLTCO establish policies and procedures for monitoring the activities of local LTCOs.

AGENCY PRELIMINARY RESPONSE

OSA stated:

OSA agrees that monitoring policies and procedures had not been formalized, but disagrees that they did not monitor LTCO activity and ensure that LTCO complaints were investigated and resolved or that decisions made by local LTCO were appropriate and timely.

There are multiple intake points and methods by which consumers contact the local ombudsmen program for assistance. The Federal Older Americans Act (OAA) requires the entry of such data from the local ombudsmen for submission to state and federal officials. The State Long Term Care Ombudsman (SLTCO) has administrative access to all of this data entered by the local ombudsmen and performs ad hoc quarterly reviews of the input of each local ombudsman and

conducts follow up based on the results. These ad hoc reviews of the OmbudsManager database are an important monitoring procedure of local ombudsmen activities. The SLTCO has been conducting these ad hoc reviews since 2005. As part of these reviews, SLTCO staff looks at the amount of time between intake and first response from LTCO staff and for accuracy and completeness of documentation. In addition, the SLTCO staff review whether the complaint narrative matches with the complaint data categories assigned if a logical course of action related to the issues raised was taken. Finally, staff reviews whether the case was completed within a reasonable amount of time. These cases are judgmentally selected from the OmbudsManager database. These reviews provided OSA some assurance that complaints were handled appropriately; however, OSA acknowledges that they could have done a better job documenting these ad hoc reviews.

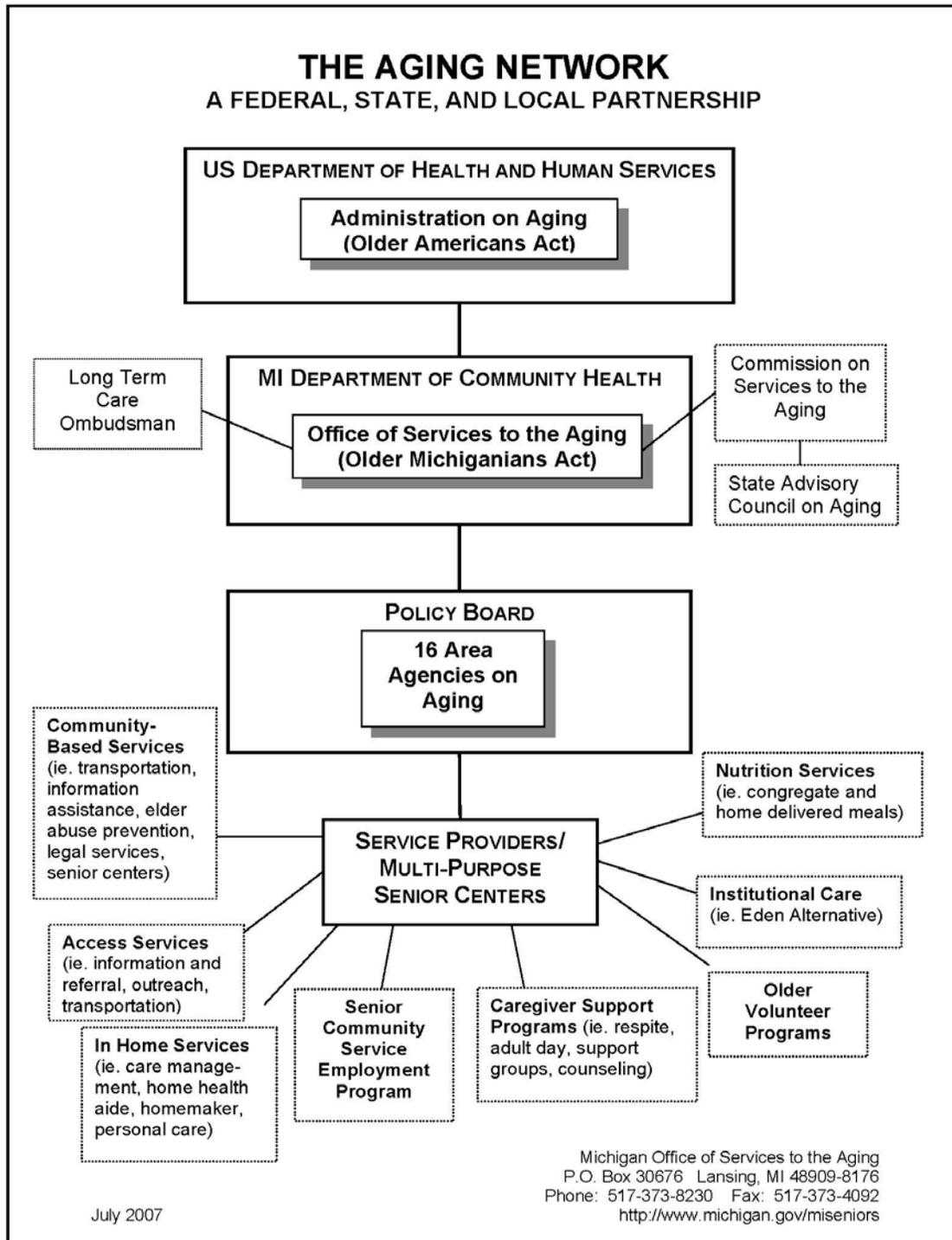
Subsequent to the audit period, SLTCO staff formalized policies and procedures that were adopted by the Commission on Services to the Aging to establish uniform standards for ombudsmen programs in all parts of Michigan. These new policies specify eligibility for individuals (a certification process) and for entities (a designation process) that wish to provide local ombudsmen services. The policies not only provide standards for local ombudsmen, but also meet requirements in the Federal Older Americans Act [42 USC 3058g (a)(5)(D)(ii)]. The designation and certification policies provide the framework for increased monitoring of local ombudsmen activities.

OFFICE OF THE AUDITOR GENERAL EPILOGUE

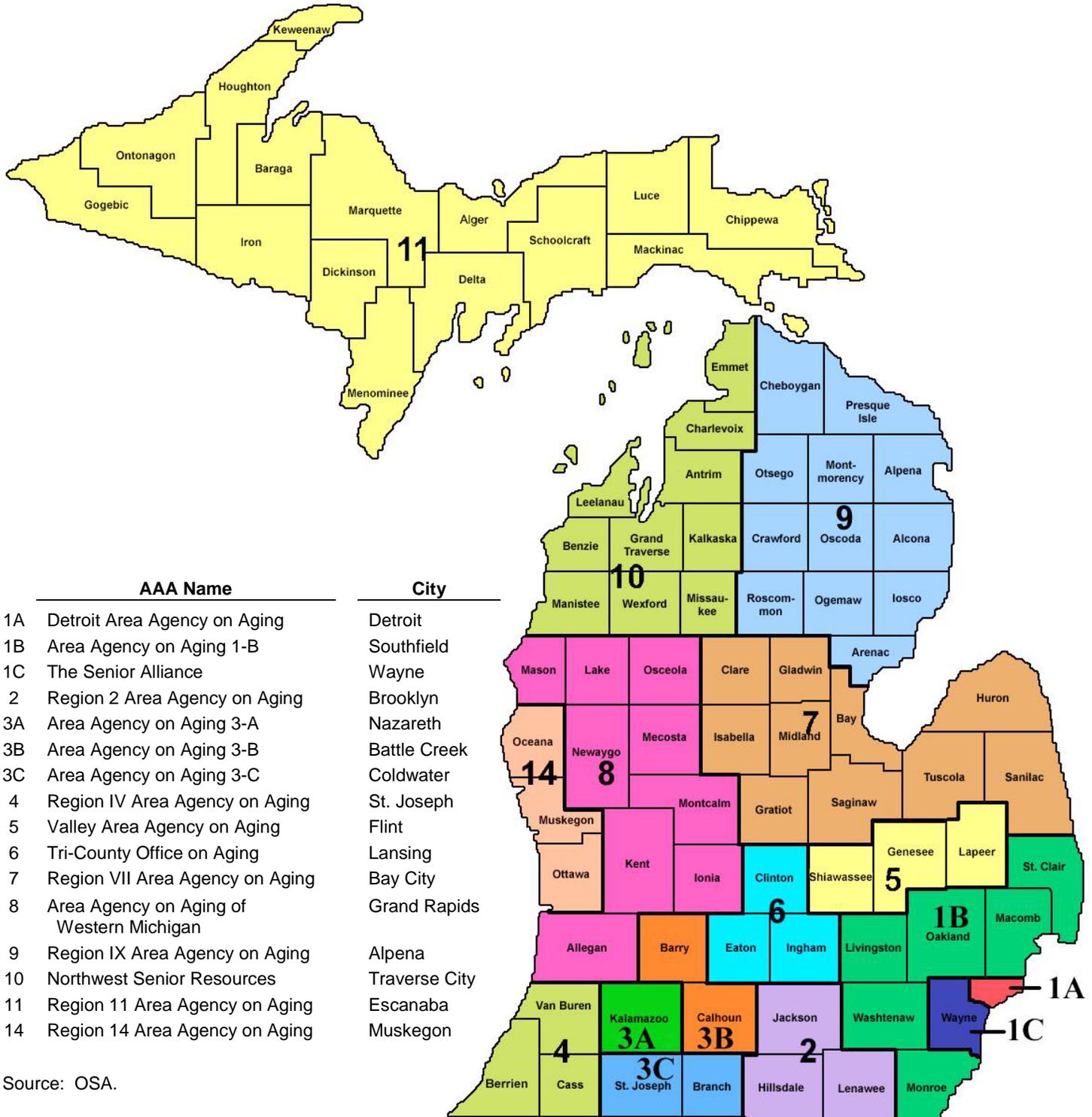
OSA states in its response that OSA "disagrees that they did not monitor LTCO activity and ensure that LTCO complaints were investigated and resolved or that decisions made by local LTCO were appropriate and timely." The OAG disagrees with OSA's statement because the SLTCO informed us that it had no documentation of any ad hoc reviews it may have conducted between October 2006 and September 2009 and further stated that it did not begin monthly reviews of the Ombudsmanager information until January 2010, subsequent to our audit period.

SUPPLEMENTAL INFORMATION

OFFICE OF SERVICES TO THE AGING'S (OSA'S)
COMMUNITY SERVICES DIVISION AND STATE LONG TERM CARE OMBUDSMAN
Department of Community Health
The Aging Network Flow Chart



OFFICE OF SERVICES TO THE AGING'S (OSA'S)
COMMUNITY SERVICES DIVISION AND STATE LONG TERM CARE OMBUDSMAN
Department of Community Health
Michigan Aging Network - Planning and Service Areas

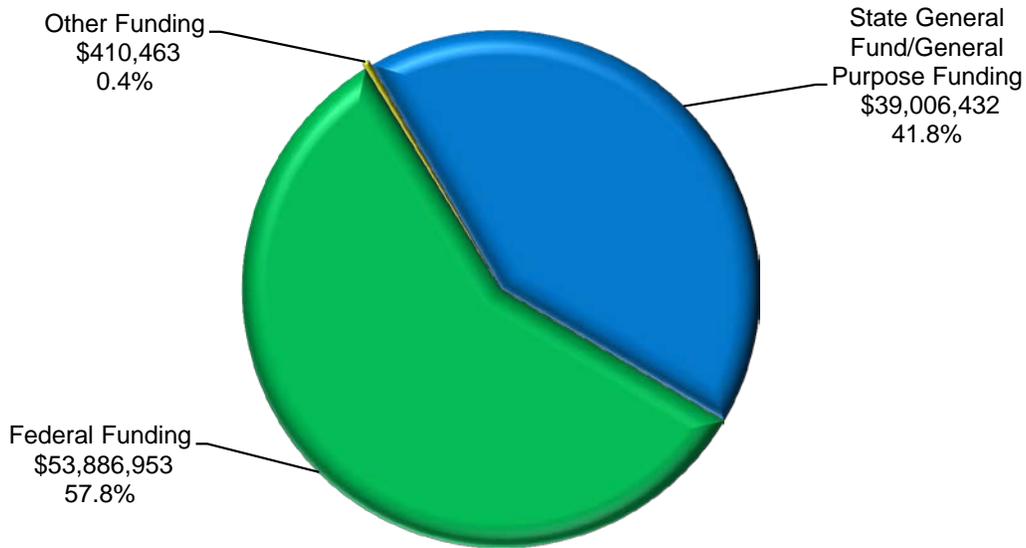


Source: OSA.

OFFICE OF SERVICES TO THE AGING'S (OSA'S)
COMMUNITY SERVICES DIVISION AND STATE LONG TERM CARE OMBUDSMAN
Department of Community Health
OSA Funding Sources and Expenditure Breakdown
For Fiscal Year 2008-09

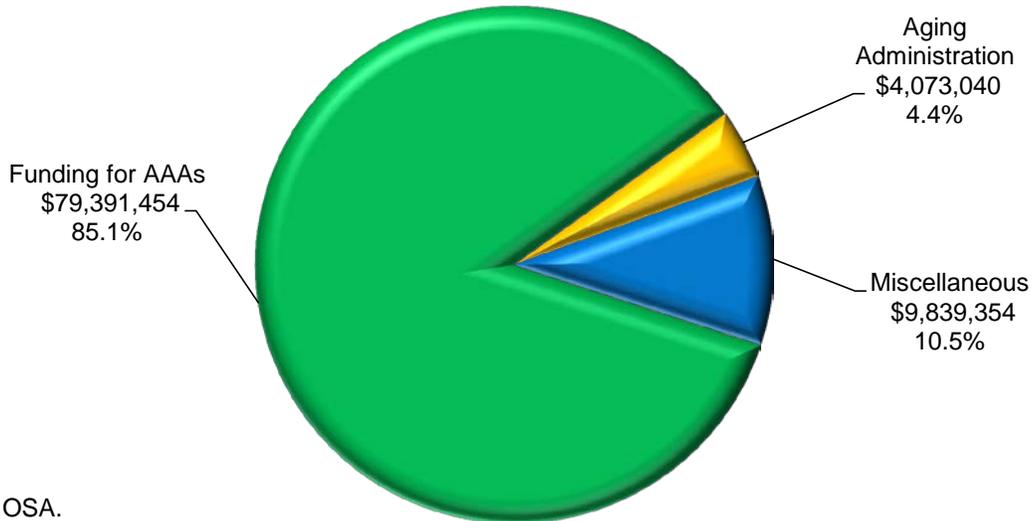
OSA Funding Sources

\$93,303,848



OSA Expenditure Breakdown

\$93,303,848



Source: OSA.

OFFICE OF SERVICES TO THE AGING'S (OSA'S)
COMMUNITY SERVICES DIVISION AND STATE LONG TERM CARE OMBUDSMAN
Department of Community Health
OSA Funding to Area Agencies on Aging
For Fiscal Year 2008-09

Area Agency on Aging 1-B	\$ 16,565,320
Detroit Area Agency on Aging (1-A)	9,632,578
The Senior Alliance (1-C)	7,341,362
Area Agency on Aging of Western Michigan (8)	7,032,680
Region VII Area Agency on Aging (7)	6,863,119
Region 11 Area Agency on Aging (11)	4,821,783
Valley Area Agency on Aging (5)	4,316,588
Region IX Area Agency on Aging (9)	3,842,652
Northwest Senior Resources (10)	3,276,130
Region IV Area Agency on Aging (4)	2,930,650
Region 14 Area Agency on Aging (14)	2,910,732
Tri-County Office on Aging (6)	2,746,979
Region 2 Area Agency on Aging (2)	2,635,344
Area Agency on Aging 3-B	1,818,355
Area Agency on Aging 3-A	1,672,425
Area Agency on Aging 3-C	984,757
	<u>\$ 79,391,454</u>

Source: OSA.

GLOSSARY

Glossary of Acronyms and Terms

annual implementation plan (AIP)	A plan prepared annually by an AAA that describes all activities undertaken for the development or enhancement of coordinated and comprehensive delivery systems to older persons in the planning and service delivery area.
area agency on aging (AAA)	An agency designated by the Commission on Services to the Aging (see definition) as being responsible for assessing the needs of the aging within a single planning and service area and for implementing programs to address those needs.
Commission on Services to the Aging	A 15-member commission appointed by the Governor, by and with the advice and consent of the Senate, to act as an effective and visible advocate for aging and older persons in all government decisions.
DCH	Department of Community Health.
effectiveness	Success in achieving mission and goals.
exploitation	The fraudulent or otherwise illegal, unauthorized, or improper act or process of an individual, including a caregiver or fiduciary, that uses the resources of an older individual for monetary or personal benefit, profit, or gain or that results in depriving an older individual of rightful access to, or use of, benefits, resources, belongings, or assets.
generally accepted accounting principles (GAAP)	A technical accounting term that encompasses the conventions, rules, guidelines, and procedures necessary to define accepted accounting practice at a particular time; also cited as "accounting principles generally accepted in the United States of America."

goal	An intended outcome of a program or an agency to accomplish its mission.
internal control	The plan, policies, methods, and procedures adopted by management to meet its mission, goals, and objectives. Internal control includes the processes for planning, organizing, directing, and controlling program operations. It includes the systems for measuring, reporting, and monitoring program performance. Internal control serves as a defense in safeguarding assets and in preventing and detecting errors; fraud; violations of laws, regulations, and provisions of contracts and grant agreements; or abuse.
long term care ombudsman (LTCO)	Person who works with individual residents of long-term care facilities to resolve the residents' problems.
material condition	A reportable condition that could impair the ability of management to operate a program in an effective and efficient manner and/or could adversely affect the judgment of an interested person concerning the effectiveness and efficiency of the program.
mission	The main purpose of a program or an agency or the reason that the program or the agency was established.
multi-year plan (MYP)	A plan prepared every third year by an AAA that provides for the development of a comprehensive and coordinated service delivery system for supportive social services.
objective	A specific outcome that a program or an agency seeks to achieve its goals.
Office of Services to the Aging (OSA)	The State agency responsible for administering aging programs funded by the federal Older Americans Act of 1965 and the Older Michiganians Act of 1981 (see Act definitions).

older adult	A State resident who is 60 years of age or older and the spouse of the older person, regardless of age.
Older Americans Act of 1965	Federal law that provides grants to the states for community planning and service programs for the aging.
Older Michiganians Act of 1981	Act 180, P.A. 1981, which created the Commission on Services to the Aging, Office of Services to the Aging, and area agencies on aging.
OSA-CSD	OSA's Community Services Division.
OSA-SLTCO	OSA's State Long Term Care Ombudsman.
outcome	An actual impact of a program or an agency.
performance audit	An economy and efficiency audit or a program audit that is designed to provide an independent assessment of the performance of a governmental entity, program, activity, or function to improve program operations, to facilitate decision making by parties responsible for overseeing or initiating corrective action, and to improve public accountability.
reportable condition	A matter that, in the auditor's judgment, is less severe than a material condition and falls within any of the following categories: an opportunity for improvement within the context of the audit objectives; a deficiency in internal control that is significant within the context of the objectives of the audit; all instances of fraud; illegal acts unless they are inconsequential within the context of the audit objectives; significant violations of provisions of contracts or grant agreements; and significant abuse that has occurred or is likely to have occurred.

service providers

Not-for-profit agencies, government agencies, and for-profit businesses that contract with the AAAs to identify seniors in need of services and to provide services to help seniors remain as independent as possible.

State Long Term Care
Ombudsman (SLTCO)

Program authorized by the federal Older Americans Act and the Older Michiganians Act to help address the quality of care and quality of life experienced by residents of licensed long-term care facilities such as nursing homes, homes for the aged, and adult foster care facilities; also referred to in this report as the Office of Services to the Aging's State Long Term Care Obmbudsman (OSA-SLTCO).

