

PERFORMANCE AUDIT
OF THE
MT. PLEASANT CENTER
DEPARTMENT OF COMMUNITY HEALTH
March 1999

EXECUTIVE DIGEST

MT. PLEASANT CENTER

INTRODUCTION

This report, issued in March 1999, contains the results of our performance audit* of the Mt. Pleasant Center (MPC), Department of Community Health (DCH).

AUDIT PURPOSE

This performance audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Performance audits are conducted on a priority basis related to the potential for improving effectiveness* and efficiency*.

BACKGROUND

MPC serves developmentally disabled persons from 79 of the 83 counties of Michigan. MPC operates under the jurisdiction and control of DCH. MPC's mission* is to empower individuals through partnerships with community mental health service programs, guardians, and families to achieve independence and personal aspirations. Effective October 1, 1997, MPC transferred control of the alternative intermediate services/mentally retarded homes and other community placement facilities to the community mental health agencies.

As of July 31, 1998, MPC had 495 employees and 198 residents. MPC's inpatient and residential services expenditures for fiscal year 1996-97 were approximately

* See glossary on page 25 for definition.

\$65.7 million, of which \$28.4 million was for facility operations and \$37.3 million was for the homes and placement facilities.

**AUDIT OBJECTIVES,
CONCLUSIONS, AND
NOTEWORTHY
ACCOMPLISHMENTS**

Audit Objective: To assess the effectiveness of MPC's continuous quality improvement initiatives.

Conclusion: We concluded that MPC was generally effective in its continuous quality improvement initiatives. However, we noted a reportable condition* related to continuous quality assurance (Finding 1).

Noteworthy Accomplishments: MPC commissioned an independent survey of the residents' guardians in 1995. The results of the survey noted that most of the respondents felt that MPC was doing a good job of providing services to the residents. In addition, MPC completed a resident satisfaction survey related to food services. The survey results will be used to make changes to the food menu.

Audit Objective: To assess the effectiveness and efficiency of MPC's treatment delivery and discharge planning processes.

Conclusion: We concluded that MPC's treatment delivery and discharge planning processes were generally effective and efficient. However, we noted reportable conditions regarding the restraint* process, admission practices, training practices, drug formulary*, and medication controls (Findings 2 through 6).

Audit Objective: To assess MPC's effectiveness in protecting the rights of its mental health recipients.

* See glossary on page 25 for definition.

Conclusion: We concluded that MPC was effective in protecting the rights of its mental health recipients.

Audit Objective: To assess the effectiveness of MPC's reimbursement function.

Conclusion: We concluded that MPC was generally effective in billing for services. However, we noted a reportable condition pertaining to the cost of service billings (Finding 7).

Audit Objective: To assess the effectiveness and efficiency of MPC's habilitative services* program.

Conclusion: We concluded that MPC was generally effective and efficient in the management of the habilitative services. However, we noted reportable conditions regarding payment reconciliation, resident payments, and contract provisions (Findings 8 through 10).

**AUDIT SCOPE AND
METHODOLOGY**

Our audit scope was to examine the program and other records of the Mt. Pleasant Center. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

We examined MPC's records and activities for the period October 1, 1995 through July 31, 1998. To accomplish our objectives, we surveyed staff regarding goals* and objectives of the continuous quality improvement program. We examined case files to determine if admissions and discharges were completed in accordance with specified

* See glossary on page 25 for definition.

rules, if individuals were identified for placement based on their individual plans of service, if incident reports were correctly completed, and if the restraint process was followed. We analyzed and tested the reliability of procedures and controls related to recipient rights. We reviewed and tested service and billing documentation. We also tested the propriety of the billings and payments related to those habilitative services provided by an independent contractor.

AGENCY RESPONSES

Our audit report includes 10 findings and 10 corresponding recommendations. DCH and MPC concurred with all of the findings and informed us that they have taken action or will take action to implement the recommendations.

Mr. James K. Haveman, Jr., Director
Department of Community Health
Lewis Cass Building
Lansing, Michigan

Dear Mr. Haveman:

This our report on the performance audit of the Mt. Pleasant Center, Department of Community Health.

The report contains our executive digest; description of agency; audit objectives, scope, and methodology and agency responses; comments, findings, recommendations, and agency preliminary responses; 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 agency's responses subsequent to our audit fieldwork. The *Michigan Compiled Laws* and administrative procedures require that the audited agency develop a formal response within 60 days after release of the audit report.

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

AUDITOR GENERAL

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Description of Agency

The Mt. Pleasant Center (MPC) serves developmentally disabled persons from 79 of the 83 counties of Michigan. MPC operates under the jurisdiction and control of the Department of Community Health. MPC's mission is to empower individuals through partnerships with community mental health service programs, guardians, and families to achieve independence and personal aspirations. Effective October 1, 1997, MPC transferred control of the alternative intermediate services/mentally retarded homes and other community placement facilities to the community mental health agencies. In September 1997, 60 residents were transferred to MPC when the Caro Center discontinued serving the developmentally disabled.

MPC contracts with an independent provider for a portion of its habilitative services. The remaining services are provided on the grounds.

As of July 31, 1998, MPC had 495 employees and 198 residents. MPC's inpatient and residential services expenditures for fiscal year 1996-97 were approximately \$65.7 million, of which \$28.4 million was for facility operations and \$37.3 million was for the homes and placement facilities.

Audit Objectives, Scope, and Methodology and Agency Responses

Audit Objectives

Our performance audit of the Mt. Pleasant Center (MPC), Department of Community Health (DCH), had the following objectives:

1. To assess the effectiveness of MPC's continuous quality improvement initiatives.
2. To assess the effectiveness and efficiency of MPC's treatment delivery and discharge planning processes.
3. To assess MPC's effectiveness in protecting the rights of its mental health recipients.
4. To assess the effectiveness of MPC's reimbursement function.
5. To assess the effectiveness and efficiency of MPC's habilitative services program.

Audit Scope

Our audit scope was to examine the program and other records of the Mt. Pleasant Center. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

Audit Methodology

Our audit procedures were conducted during May through August 1998 and included examinations of MPC's records and activities for the period October 1, 1995 through July 31, 1998.

To accomplish our first objective, we reviewed the two most recent intermediate care facility/mentally retarded (ICF/MR) surveys, management plans, MPC's overall and individual program goals, and related statutes. Also, we surveyed staff regarding goals and objectives and the implementation of the continuous quality improvement program.

To accomplish our second objective, we reviewed the ICF/MR surveys, related statutes, regulations, and policies. We met with various staff to obtain an understanding of MPC's admissions, discharge, and guardianship procedures. We examined case files to determine if admissions and discharges were completed in accordance with specified rules. We also examined case files to determine if individuals were identified for placement based on their individual plans of service. We obtained an understanding of MPC's person-centered planning^{*}, restraint and incident reporting, and case management processes. In addition, we examined case files to determine if incident reports were correctly completed and if the restraint process was followed. Further, we reviewed the operations of the pharmacy and training unit.

To accomplish our third objective, we analyzed and tested the reliability of procedures and controls related to recipient rights.

To accomplish our fourth objective, we reviewed and tested service and billing documentation, and we reviewed procedures and practices for the collection and write-off of accounts receivable balances.

To accomplish our fifth objective, we reviewed the procedures and controls related to the habilitative services program. Also, we tested the propriety of the billings and payments related to those services provided by an independent contractor.

Agency Responses

Our audit report includes 10 findings and 10 corresponding recommendations. DCH and MPC concurred with all of the findings and informed us that they have taken action or will take action to implement the recommendations.

The agency preliminary response which follows each recommendation in our report was taken from the agency's written comments and oral discussion subsequent to our audit fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and Department of Management and Budget Administrative Guide procedure 1280.02 require DCH to develop a formal response to our audit findings and recommendations within 60 days after release of the audit report.

^{*} See glossary on page 25 for definition.

COMMENTS, FINDINGS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSES

EFFECTIVENESS OF CONTINUOUS QUALITY IMPROVEMENT

COMMENT

Audit Objective: To assess the effectiveness of the Mt. Pleasant Center's (MPC's) continuous quality improvement initiatives.

Conclusion: We concluded that MPC was generally effective in its continuous quality improvement initiatives. However, we noted a reportable condition related to continuous quality assurance.

Noteworthy Accomplishments: MPC commissioned an independent survey of the residents' guardians in 1995. The results of the survey noted that most of the respondents felt that MPC was doing a good job of providing services to the residents. In addition, MPC completed a resident satisfaction survey related to food services. The survey results will be used to make changes to the food menu.

FINDING

1. Continuous Quality Assurance

MPC did not effectively communicate program objectives* to some staff, document the status of prior year unmet objectives, and compile and analyze information obtained from residents regarding the quality of service provided.

Section 330.1116 of the *Michigan Compiled Laws* requires the review and evaluation of mental health services provided by the Department of Community Health (DCH). MPC's implementation plans included identifying its mission statement, core operating values, goals, and program objectives. MPC has expended considerable effort and emphasis on monitoring the plans'

* See glossary on page 25 for definition.

implementation and results. However, our analysis of the plans for fiscal years 1996-97 and 1997-98 disclosed:

- a. Five (42%) of 12 nonsupervisory employees surveyed were not familiar with their program's objectives. These objectives included responding to all service objectives assigned for the habilitative services program. Staff need to know their program objectives to ensure that their activities work toward achieving the objectives.
- b. MPC did not identify in its fiscal year 1997-98 plan the status of 24 (67%) of the 36 unmet fiscal year 1996-97 plan objectives. Management needs to keep staff informed of the status of the prior year's objectives. This provides feedback to staff on their performance in the prior year and what objectives need to be continued.
- c. MPC did not compile and analyze information obtained from resident council meetings. The resident council meetings, involving residents and staff, are held on a regular basis to address treatment problems, environmental concerns, and concerns with other services provided at MPC. The compilation and analysis of this information would help identify potential problems or procedures that should enhance MPC's operations.

Staff knowledge of the program and plan objectives helps ensure that the objectives are incorporated in the treatment plans of residents. Also, effectively obtaining feedback of employee and resident concerns will help MPC address these concerns.

RECOMMENDATION

We recommend that MPC communicate program objectives to staff, document the status of prior year unmet objectives, and compile and analyze information obtained from residents regarding the quality of service provided.

AGENCY PRELIMINARY RESPONSE

DCH and MPC concurred with the finding and the recommendation. MPC is committed to strengthening and enhancing its communication process to facilitate input from all staff in the planning, implementation, and evaluation stages of the

strategic planning process. MPC informed us that it has modified its strategic planning process to include the results of the previous years' objectives, including those that have been completed or those that will be continued in the new strategic plan.

MPC will also analyze the information obtained from various consumer surveys that have been conducted as well as resident council meetings, etc. The information obtained will be used in strategic planning as well as in formulating management objectives to provide quality services to the individuals who reside at MPC. DCH indicated that it intends to comply with this recommendation by March 1999.

EFFECTIVENESS AND EFFICIENCY OF TREATMENT DELIVERY

COMMENT

Audit Objective: To assess the effectiveness and efficiency of MPC's treatment delivery and discharge planning processes.

Conclusion: We concluded that MPC's treatment delivery and discharge planning processes were generally effective and efficient. However, we noted reportable conditions regarding the restraint process, admission practices, training practices, drug formulary, and medication controls.

FINDING

2. Restraint Process

MPC did not sufficiently document the use of restraints. Restraints are to be used under controlled circumstances to protect the residents.

Our review of 11 resident files for the period March 1, 1998 through May 31, 1998 identified 49 incidents reports. Thirty-six (73%) of the 49 incidents resulted in the use of physical or chemical restraints.

A physician signed each restraint record; however, 9 of the 36 approved orders did not include the date and time of the authorization as required by MPC procedures.

Section 330.1740 of the *Michigan Compiled Laws* states a resident may be temporarily restrained for a maximum of 30 minutes without an order or authorization in an emergency. Immediately after the temporary restraint, a physician shall be contacted. If, after being contacted, the physician does not order or authorize the restraint, the restraint shall be removed.

Without the date and time, MPC cannot support the authorization for continued use of restraints beyond the 30-minute limit.

Completing the restraint authorizations helps ensure policies for protecting residents and staff are complied with.

RECOMMENDATION

We recommend that MPC sufficiently document the use of restraints as required by policy.

AGENCY PRELIMINARY RESPONSE

DCH and MPC concurred with the finding and recommendation. MPC informed us that it has modified its procedure to ensure documentation of all restraints, as required by policy. DCH indicated that its monitoring of restraint documentation has not noted any similar occurrences. DCH also indicated that it complied with this recommendation in October 1998.

FINDING

3. Admission Practices

MPC did not ensure that some newly admitted residents received required comprehensive mental examinations and did not document the notification of resident restrictions.

A review of files for 7 of the 53 individuals admitted to MPC between July 1, 1997 and July 31, 1998 noted:

- a. As a general practice, MPC did not conduct comprehensive mental examinations within 24 hours of admissions. For 3 of the 7 residents, MPC did not conduct the examinations until 17 days, 21 days, and 68 days after

admission. Section 330.1710 of the *Michigan Compiled Laws* requires that each resident of a hospital or center shall receive a comprehensive physical and mental examination within 24 hours of admission.

MPC personnel stated that the medical doctor evaluated the individual's psychological state during the initial physical examination. However, MPC did not consider this brief examination as comprehensive.

- b. MPC did not document that it informed residents or their guardians prior to admission that the individuals may be placed in a locked facility. MPC Administrative Manual, Chapter 1, Subject 011, requires that, prior to or at the time of admission, the individuals or their guardians be informed of the possibility that the individuals may reside in a locked unit.

MPC staff stated that they had overlooked presenting this information as part of their admission process.

MPC's adherence to these admission policies would help ensure that MPC has current information on the residents' mental status for planning purposes and that the rights of the residents and staff are protected and supported.

RECOMMENDATION

We recommend that MPC ensure that all newly admitted residents receive required comprehensive mental examinations and documented notification of resident restrictions.

AGENCY PRELIMINARY RESPONSE

DCH and MPC concurred with the finding and recommendation. MPC indicated that it will comply by March 1999 with current regulations relating to newly admitted residents, ensuring the provision of comprehensive examinations and documented notification of resident restrictions.

Additionally, DCH indicated that it expects to have the statutory language revised that would clarify current best practices by September 1999.

FINDING

4. Training Practices

MPC did not ensure that some direct care staff received training to enhance the performance of their essential functions. Properly trained staff are essential to effectively care for MPC residents.

To help ensure that all direct care staff receive proper training, DCH and MPC developed specific amounts of time that should be devoted to training for various disciplines. A review of training records for 13 individuals for the 1996-97 fiscal year noted:

- a. Six individuals from the population of licensed practical nurses (LPNs) and activity therapy aides (ATAs) staff had not received the required amount of annual training. MPC Administrative Manual, Chapter 1, Subject 008, requires LPNs and ATAs to have 60 hours of annual training once they have reached the journeyman level. The amount of training these individuals received for the year ranged from 19.7 to 51.0 hours.
- b. Seven individuals from the population of resident care aides (RCAs) had not received the required amount of annual training. In 1980, DCH established guidelines for RCA progression. The guidelines state that RCAs are required to receive 60 hours of annual training once they have reached the journeyman level. The amount of training these individuals received for the year ranged from 13.8 to 27.0 hours.

The completion of training requirements helps to improve employees' skills, to familiarize employees with new developments and techniques, and to reinforce the employees' knowledge and understanding of their jobs.

RECOMMENDATION

We recommend that MPC ensure that direct care staff receive training to enhance the performance of their essential functions.

AGENCY PRELIMINARY RESPONSE

DCH and MPC concurred with the finding and recommendation. MPC will review and revise its current policy concerning LPN and ATA staff training to ensure that

training focuses on the enhancement of staff competency relating to their essential job functions. DCH indicated that it intends to complete its review and revision of the 1980 guideline by September 1999.

Additionally, DCH will review and revise the referenced 1980 guideline for RCA staff training to ensure that training focuses on the enhancement of staff competency in accordance with current best practices.

FINDING

5. Drug Formulary

MPC did not provide medical staff with a complete and current drug formulary.

MPC's drug formulary included 100 of the 900 medications used at MPC. MPC Administrative Manual, Chapter 4, Subject 433, requires that the drug formulary include a list of all medications used. The incomplete formulary resulted from MPC not having revised it since 1991.

A complete and current formulary would provide authorized medical personnel with a ready list of medications available for emergency prescriptions. Medical personnel periodically prescribe a medication which is not in the pharmacy, even though an alternate medication is available there, because they are not aware of the available medications. Because of the outdated drug formulary, several times each week staff went off site to get prescriptions. This results in a delay in the residents getting the prescribed medications, reduction of staffing levels in the units, and potentially higher medication costs because these medications are not on contract.

RECOMMENDATION

We recommend that MPC provide their medical staff with a complete and current drug formulary.

AGENCY PRELIMINARY RESPONSE

DCH and MPC concurred with the finding and recommendation. MPC revised the drug formulary during the period that the auditors were at MPC. MPC will also ensure that the drug formulary remains updated and current. Copies of the drug

formulary have been distributed to all physicians, and copies are maintained in clinical nursing areas. DCH complied with this recommendation during the audit.

FINDING

6. Medication Controls

MPC did not have effective controls over prescription medications. Controls over prescription medications help ensure their proper dispensing and disposal.

Our review of pharmacy operations noted:

- a. MPC did not account for all dispensed controlled substance* prescriptions. A review of 6 controlled substance prescriptions dispensed between January and May 1998 noted that 1 prescription was not recorded in the manual control log.

Michigan Administrative Code R 338.3153(4) states that the pharmacist shall keep a record of all controlled substances dispensed.

- b. MPC did not maintain records of all prescription medications returned to the pharmacy. MPC complied with its procedures for unused prescriptions that required those in unit dose packages to be logged in and added back to the inventory. However, for the remaining unused prescriptions, MPC did not maintain any records of the quantity or specific medications involved or their ultimate disposition. As a result, MPC could not ensure that all prescriptions that should have been returned to the pharmacy were actually returned and disposed of properly.

Effective administration of the pharmacy should ensure that all prescription medications returned are properly dispensed and disposed of.

RECOMMENDATION

We recommend that MPC develop effective controls over prescription medications.

* See glossary on page 25 for definition.

AGENCY PRELIMINARY RESPONSE

DCH and MPC concurred with the finding and recommendation. MPC has established an efficient control process relating to prescription and controlled substances to ensure that all prescription medications returned are properly dispensed and disposed of. MPC has monitored that system for compliance and has not identified any deficiencies. DCH indicated that it complied with this recommendation in August 1998.

EFFECTIVENESS IN PROTECTING RECIPIENTS' RIGHTS

COMMENT

Audit Objective: To assess MPC's effectiveness in protecting the rights of its mental health recipients.

Conclusion: We concluded that MPC was effective in protecting the rights of its mental health recipients.

EFFECTIVENESS OF THE REIMBURSEMENT FUNCTION

COMMENT

Audit Objective: To assess the effectiveness of MPC's reimbursement function.

Conclusion: We concluded that MPC was generally effective in billing for services. However, we noted a reportable condition pertaining to the cost of service billings.

FINDING

7. Cost of Service Billings

MPC did not ensure the accuracy of the records used for billing the cost of services.

The records used to track the residents' relocation noted variances in the number of residents on site at a given time. The on-grounds list* is used for determining the number of days to charge to the resident accounts and for billing the cost of services. However, the ward tally sheets*, which document the physical count of the residents on site at midnight, disagreed by one person on 12 of the 62 days tested with the number of residents reported on the on-grounds list. Some of the differences may have resulted from MPC not accurately recording all resident movement between housing units. We attempted to use census check sheets* to resolve the differences. However, because many of the sheets were either missing or incomplete, we could not resolve the differences. These differences of one person each day can affect the revenue received by over \$300 each day.

A uniform method to obtain accurate and consistent census information would help ensure the accuracy and propriety in cost of services billings.

RECOMMENDATION

We recommend that MPC ensure the accuracy of the records used for billing the cost of services.

AGENCY PRELIMINARY RESPONSE

DCH and MPC concurred with the finding and recommendation. MPC indicated that it has revised its system to ensure accurate and consistent census information in order to ensure the accuracy of cost of service billings. DCH indicated that subsequent monitoring has disclosed no discrepancies. DCH also indicated that it complied with this recommendation in August 1998.

* See glossary on page 25 for definition.

EFFECTIVENESS OF HABILITATIVE SERVICES PROGRAM

COMMENT

Audit Objective: To assess the effectiveness and efficiency of MPC's habilitative services program.

Conclusion: We concluded that MPC was generally effective and efficient in the management of habilitative services. However, we noted reportable conditions regarding payment reconciliation, resident payments, and contract provisions.

FINDING

8. Payment Reconciliation

MPC did not routinely reconcile its records with invoices from the habilitation provider. MPC expended over \$16,000 each month to allow approximately 50 residents to participate in paid work services* programs.

Department of Management and Budget (DMB) Administrative Guide procedure 510.08 requires the agency's contract administrator to certify that work has been performed in conformance with the terms and conditions of the contract, which includes reviewing vendor invoices.

In February 1998, MPC discontinued reconciling the provider's invoices to separate attendance records, which the direct care staff sometimes did not complete as required. When attendance records were available and differences in the records did exist, MPC relied on the provider's information to make payment.

We noted that census check sheets showed lower attendance at the provider's worksite than did the provider's detail invoices. Of the 12 sheets reviewed, 7 had differences that totaled 21 days. MPC paid the provider over \$29 for each day of attendance. During our fieldwork, MPC reconciled the differences by using various information contained in the residents' files.

* See glossary on page 25 for definition.

The reimplementation of the reconciliation process, including accurate recordkeeping by MPC, would help ensure the propriety of the billings.

RECOMMENDATION

We recommend that MPC routinely reconcile its records with invoices from the habilitation provider.

AGENCY PRELIMINARY RESPONSE

DCH and MPC concurred with the finding and recommendation. MPC informed us that it has revised its reconciliation procedure to ensure that accurate payments are made for the cost of services. DCH indicated that monitoring has shown that the payment for services is accurate. DCH also indicated that it complied with this recommendation in September 1998.

FINDING

9. Resident Payments

MPC did not effectively monitor payments made to residents in the outside work services program.

Section 330.1734 of the *Michigan Compiled Laws* states that MPC may serve as a representative payee or fiduciary for payments to the residents. MPC does serve as representative payee for a majority of the residents who are employed at the work services program and also receive government checks. The acceptance of the representative payee role makes MPC responsible for protecting the financial interests of the residents it serves.

We noted that MPC did not ensure that all residents who participated in work services programs received checks from the service provider. In addition, MPC did not periodically verify the accuracy of the amounts of the checks received by residents from the provider. Monthly, the provider sends MPC a report of the amount paid to each resident. However, for the two months reviewed, the reports did not include 11 (34%) of the 32 residents participating in one of the programs.

MPC stated that it relies on the provider to ensure that all residents are paid correctly. MPC believes that, because the provider has received an unqualified

opinion on its annual financial audit and the U.S. Department of Labor has not noted any problems in its desk review of the wage scale used, any additional review by its staff is unnecessary. However, because of the differences noted in the information sent by the provider to MPC regarding resident payroll, it is apparent that limited reliance can be placed on the provider's information. These differences make it even more important that MPC ensure the propriety of the payments to the residents by conducting additional work.

RECOMMENDATION

We recommend that MPC improve its monitoring of payments to residents in the outside work services program.

AGENCY PRELIMINARY RESPONSE

DCH and MPC concurred with the finding and recommendation. MPC informed us that, on a quarterly basis, MPC staff review a sample of checks received by residents to determine whether the amounts received by the individuals are accurate. The determination of accuracy is based on the number of hours worked multiplied by the deviated wage that person receives or the number of units or pieces produced multiplied by the rate established for each unit of work. DCH indicated that subsequent monitoring has confirmed the accuracy of resident checks received for work performed.

FINDING

10. Contract Provisions

MPC did not include provisions in the contract with the habilitative services provider that are essential for the effective management of the contract.

DMB Administrative Guide policy 610 requires that the agency contract administrator manage agency contracts in a manner that is fiscally responsible. This includes requiring the vendor to commit to measurable and auditable outcomes.

The contract did not contain provisions to:

- a. Allow authorized representatives of the agency or the State to visit and/or review the activities and records of the provider as may be necessary to satisfy financial audit and program evaluation needs. MPC relies on the provider's data to evaluate resident progress at the worksite.
- b. Resolve billing and other contract related disputes. Such a provision would help ensure that a uniform method is in place to resolve disputes between the provider and MPC.

Contract provisions that provide MPC and authorized representatives access to the provider's records and identify and clarify issues are essential for effective contract administration.

RECOMMENDATION

We recommend that MPC include provisions in the contract with the habilitative services provider that are essential for the effective management of the contract.

AGENCY PRELIMINARY RESPONSE

DCH and MPC concurred with the finding and recommendation. MPC submitted a revised contract format to the DCH Office of Contracts and Grants that addressed the auditors' concerns. DCH approved the revised contract language. MPC is now utilizing the revised contract for the 1998-99 contract year with the habilitative services provider. DCH indicated that it complied with this recommendation in October 1998.

Glossary of Acronyms and Terms

ATA	activity therapy aide.
census check sheets	A listing that indicates where the residents are and when they left or returned on an hourly basis.
controlled substance	A drug, substance, or immediate precursor included in schedules 1 to 5 of part 72 of the Public Health Code.
DCH	Department of Community Health.
DMB	Department of Management and Budget.
drug formulary	A list of all medication used in the agency.
effectiveness	Program success in achieving mission and goals.
efficiency	Achieving the most outputs and outcomes practical for the amount of resources applied or minimizing the amount of resources required to attain a certain level of outputs or outcomes.
goals	The agency's intended outcomes or impacts for a program to accomplish its mission.
habilitative services	Activities training, recreation and social development, and pre-vocational and vocational training.
ICF/MR	intermediate care facility/mentally retarded.
LPN	licensed practical nurse.

mission	The agency's main purpose or the reason the agency was established.
MPC	Mt. Pleasant Center.
objectives	Specific outputs a program seeks to perform and/or inputs a program seeks to apply in its efforts to achieve its goals.
on-grounds list	A daily list maintained by MPC that summarizes movement of residents each day. This includes transfers, admissions, discharges, and leaves of absence.
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 public accountability and to facilitate decision making by parties responsible for overseeing or initiating corrective action.
person-centered planning	A process for planning and supporting an individual who is receiving services that builds upon the individual's capacity to engage in activities that promote community life and that honors the individual's preferences, choices, and abilities.
RCA	resident care aide.
reportable condition	A matter coming to the auditor's attention that, in his/her judgment, should be communicated because it represents either an opportunity for improvement or a significant deficiency in management's ability to operate a program in an effective and efficient manner.
restraints	A last resort physical or chemical intervention which is used in a situation of imminent serious harm to self or others and/or significant property damage.

ward tally sheet

A summary of the daily midnight bed count sheets.

work services

Those services provided to residents, in accordance with their individual plans of service, that have vocational components.