

EXECUTIVE DIGEST

ALGER-MARQUETTE COMMUNITY MENTAL HEALTH BOARD

INTRODUCTION

This report contains the results of our performance audit of the Alger-Marquette Community Mental Health Board, Department of Mental Health (DMH), for the period October 1, 1991 through August 31, 1994.

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

The Alger-Marquette Community Mental Health Board was established in 1967 and operates under the provisions of the Mental Health Code, being Sections 330.1001 - 330.2106 of the *Michigan Compiled Laws* (Act 258, P.A. 1974). The board's mission is to locally provide a variety of effective and efficient programs designed to help individuals or families cope with behavioral/emotional problems associated with periods of stress, developmental disabilities, and chronic or severe mental illness. The board is an agency of county government and is not a State agency. However, the board

is subject to oversight by DMH in accordance with the Mental Health Code.

For the fiscal year 1992-93, the board expended approximately \$10.4 million. As of August 31, 1994, the board had 320 employees and delivered services to approximately 2,600 clients.

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

Audit Objective: To assess the board's process of measuring the effectiveness and efficiency of its programs related to delivery of services and administrative oversight.

Conclusion: The board was generally effective and efficient in the delivery of services and administrative oversight. However, our assessment disclosed one material deficiency:

- The board did not establish an effective program evaluation system to monitor and evaluate its efforts to meet program objectives (Finding 1).

The board agreed with our corresponding recommendation. As part of the board's current total quality management program (TQM), individual work group and program indicators are being developed and will be monitored as part of TQM.

Noteworthy Accomplishments: During our audit, the board initiated a quality assurance/quality improvement plan to monitor and evaluate the quality of service provided to clients.

Audit Objective: To assess the board's compliance with selected laws, rules, policies, directives, and procedures governing community mental health board operations.

Conclusion: The board was generally in compliance with selected laws, rules, policies, directives, and procedures governing community mental health board operations. However, we noted that case managers did not always maintain current annual assessments, did not prepare a case management service plan, and did not document Medicaid attributes required to be included in the case management service plan for all clients (Findings 2 and 3). Also, clinical records were not updated in a timely manner (Finding 4). In addition, documentation was not maintained for waiting list totals which were submitted in the spending plan to DMH (Finding 5).

Audit Objective: To evaluate the board's reimbursement system related to billings and collections for mental health services.

Conclusion: The board's reimbursement system was generally effective in billing and collecting for mental health services. However, the board did not periodically update its reimbursement rates to accurately reflect the cost of providing mental health services (Finding 6). Also, the board's determination of clients' financial liability did not accurately reflect the clients' true ability to pay (Finding 7). In addition, the board did not ensure that client fees were determined on a timely basis (Finding 8).

**AUDIT SCOPE
AND
METHODOLOGY**

Our audit scope was to examine the program and other records of the Alger-Marquette Community Mental Health Board for the period October 1, 1991 through August 31, 1994. 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.

To accomplish our first objective, we reviewed and evaluated annual program plans and budget reports submitted to the department, reviewed board program records, reviewed board meeting minutes, and interviewed board personnel.

To accomplish our second objective, we conducted a preliminary survey of board programs and operations. Based on information obtained through our preliminary survey, we selected client case files from three programs (case management, day treatment, and outpatient) to review for compliance with applicable laws, rules, policies, directives, and procedures. To accomplish our third objective, we reviewed the board's rate setting practices, clinical billing files, and the board's efforts to monitor reimbursement activities.

**AGENCY
RESPONSES**

Our audit report includes 8 findings and 9 corresponding recommendations. The board's preliminary response indicated that it agreed with 8 of the recommendations and

had implemented or intended to implement them. The board disagreed with 1 recommendation, which it did not intend to implement.