

EXECUTIVE DIGEST

GRAND RAPIDS HOME FOR VETERANS

INTRODUCTION

This report contains the results of our performance audit of the Grand Rapids Home for Veterans, Department of Military Affairs, for the period October 1, 1992 through September 30, 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

Act 152, P.A. 1885, established the Grand Rapids Home for Veterans, which provides domiciliary and nursing care to veterans of the State and to widows, widowers, spouses, former spouses, and parents of State veterans.

Executive Reorganization Order 1991-7 transferred administration of the home from the Department of Public Health to the Department of Military Affairs in September 1991. A Board of Managers establishes operating policies for the home under the direction of the department.

As of September 30, 1994, the home had 84 residents in domiciliary care, 544 residents in nursing care, and 547 employees. The home's operations (expenditures of \$28.9 million in fiscal year 1993-94) are financed primarily from legislative appropriations of State general purpose revenue, cost of care paid by residents, and federal funding from the Veterans Administration and Medicare Program.

**AUDIT
OBJECTIVES
AND
CONCLUSIONS**

Audit Objective: To assess the effectiveness of the home's management of its medical and nursing care programs.

Conclusion: We concluded that the home's management of its medical and nursing care programs was generally effective, particularly considering restrictions on nursing care staffing levels during our audit period and increased nursing care standards associated with DPH licensure requirements. However, we noted that the home had not complied with federal Veterans Administration (VA) and Michigan Department of Public Health (DPH) standards for minimum nursing care staffing levels (Finding 1). We also noted that the home did not document its monitoring of critical nursing care practices that VA and DPH identified as not complying with nursing care standards (Finding 2). In addition, we noted reportable conditions related to completion of initial assessments of health status and care needs, controlled access to residents' self-administered medications, and monitoring of resident and nursing staff injuries (Findings 3 through 5).

Audit Objective: To assess the effectiveness of the home's management of selected operating practices.

Conclusion: We concluded that the home's management of selected operating practices was generally effective. However, the home could enhance effectiveness in the following areas: personal service contracts, payroll processing, inventory, cash management, the Medicare billing process, administrative rules, and nursing home license (Findings 6 through 14).

**AUDIT SCOPE
AND
METHODOLOGY**

Our audit scope was to examine the program and other records of the Grand Rapids Home for Veterans for the period October 1, 1992 through September 30, 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 objectives, we interviewed administrative, medical, and nursing care staff and reviewed statutes, administrative rules, and the home's policies and procedures. We also reviewed the results of the 1992 and 1993 federal VA inspections and the 1994 DPH licensure survey, which was requested by the home in response to licensure requirements established by the VA. In addition, we reviewed documentation of the home's implementation of corrective actions for significant VA and DPH findings that related to the home's medical and nursing care programs.

We also reviewed agency records, board minutes, internal controls, and selected financial records.

**AGENCY
RESPONSES
AND PRIOR AUDIT
FOLLOW-UP**

Our audit report includes 14 findings and 17 corresponding recommendations. The facility's preliminary response indicated that it agreed with all of the recommendations and had implemented or intended to implement them.

The home has complied with 14 of the 23 prior audit recommendations included within the scope of our current audit. We repeated 5 prior audit recommendations in this report and did not repeat the 4 other recommendations.