

EXECUTIVE DIGEST

SAGINAW COUNTY MENTAL HEALTH CENTER BOARD

INTRODUCTION This report contains the results of our performance audit of the Saginaw County Mental Health Center Board, Department of Mental Health (DMH), for the period October 1, 1993 through October 31, 1995.

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 Saginaw County Mental Health Center Board was established in 1966 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, as amended). The Board is a department of county government and is not a State agency. However, the Board is subject to DMH oversight.

The Board's mission* is to ensure a continuum of community-based services which maximizes the human potential of its citizens who are mentally ill* or developmentally disabled*.

The Board's operations are generally funded by 90% State and 10% local funds. Total expenditures for the fiscal year ended September 30, 1995 were \$22,580,574. As of October 31, 1995, the Board had 235 employees and was serving 2,915 clients.

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

Audit Objective: To assess the Board's effectiveness and efficiency related to the delivery of services, the performance measurement system*, and oversight of contracts with mental health service providers*.

Conclusion: We concluded that the Board was reasonably effective and efficient relating to the delivery of services, the performance measurement system, and oversight of contracts with mental health service providers. However, we noted one material weakness*:

- The Board did not maintain complete and accurate data on its Clinical Service Reporting System (CSRS). CSRS should contain complete and accurate data to help ensure the current status of client treatments, accurate billing and capitation* computations, and reliable data for reporting to DMH and monitoring client/case manager activity. (Finding 1)

The Board concurs with this finding. The Board has contracted with an outside entity to analyze and recommend improvements to CSRS. In the interim, the Board has implemented a daily audit system to ensure the integrity of the "Event" reporting system and financial data, and it will use other audits to ensure the integrity of demographic and clinical information.

We also noted reportable conditions* pertaining to case file documentation, client termination reports, quarterly service reports, and a performance measurement system (Findings 2 through 5).

Noteworthy Accomplishments: During our audit period, the Board eliminated its client waiting list for day program activities. This was accomplished by expanding services provided by existing day programs and developing an additional alternative identified as the Community Inclusion Model. The Model offers persons community-based volunteer, educational, employment, and social opportunities while day programming activities are diminished over time.

Also, at the time of our review, the Board had successfully secured Children's Model II Waivers for 14 children in Saginaw County and was continuing its efforts to obtain more waivers. The Children's Model II Waiver Program works with families, friends, and concerned individuals to ensure that a child who is developmentally disabled is able to stay in the least restrictive placement possible.

Audit Objective: To assess the Board's compliance with selected laws, rules, policies, directives, procedures, and full

management contract* governing community mental health services.

Conclusion: The Board was generally in compliance with selected laws, rules, policies, directives, procedures, and full management contract governing community mental health services. However, we noted reportable conditions pertaining to the administration and monitoring of contracts with mental health service providers (Finding 6).

Audit Objective: To evaluate the effectiveness of the Board's reimbursement system related to rate setting, billings, and collections for mental health services.

Conclusion: The Board's reimbursement system was generally effective in rate setting, billings, and collections for mental health services. However, we noted reportable conditions pertaining to reimbursement rates, accuracy of reimbursements, documentation for Medicaid billings, client financial liability determinations, and collections from clients with the ability to pay (Findings 7 through 11).

**AUDIT SCOPE
AND
METHODOLOGY**

Our audit scope was to examine the program and other records of the Saginaw County Mental Health Center Board for the period October 1, 1993 through October 31, 1995. 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 tested client records and data and conducted client surveys. We tested outcomes* for goals* contained in the annual program plans. We also tested contracts with mental health service providers.

To accomplish our second objective, we interviewed staff and reviewed program and client case files. We also reviewed program and fiscal evaluations for compliance with the full management contract.

To accomplish our third objective, we tested procedures, controls, and rate-setting methodology. We also tested service and billing documentation and reviewed accounts receivable balances.

**AGENCY
RESPONSES**

Our audit contains 11 findings and 12 corresponding recommendations. The Board concurs with all the recommendations and informed us that it has implemented or is in the process of implementing the recommendations.