

EXECUTIVE DIGEST

GRAND RAPIDS HOME FOR VETERANS

INTRODUCTION

This report, issued in June 2000, contains the results of our performance audit* of the Grand Rapids Home for Veterans, Department of Military and Veterans Affairs.

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 military veterans of the State and to widows, widowers, spouses, former spouses, and parents of State veterans.

The Home is administered by the Veterans Affairs Directorate, Department of Military and Veterans Affairs. The Michigan Veterans Facilities' Board of Managers, consisting of seven members appointed by the Governor for staggered terms of six years, establishes operating policies for the Home.

As of September 30, 1999, the Home had 95 residents and 140 beds in domiciliary care, 612 residents and 615 beds in nursing care, and 530 employees. The Home expended \$37.9 million for operations in fiscal year 1998-99. Major funding sources included the State's General Fund, cost of care paid by members, and federal funding from the U.S. Department of Veterans Administration (VA) and the 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. However, we noted reportable conditions* related to quality assurance program and pharmacy controls (Findings 1 and 2).

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, we noted reportable conditions related to the medical escrow account, member maintenance assessments, member valuables, cash controls, member banking, Personnel-Payroll Information System for Michigan (PPRISM) transactions, and contract approvals (Findings 3 through 9).

AUDIT SCOPE AND
METHODOLOGY

Our audit scope was to examine the program and other records of the Grand Rapids Home for Veterans. 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.

Our audit procedures included the testing of records primarily covering the period October 1, 1994 through September 30, 1999.

To assess the effectiveness of the Home's management of its medical and nursing care programs, 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 VA inspections completed in 1995 through 1998 and Department of Consumer and Industry Services (CIS) licensure surveys conducted in 1995 through 1999. The VA and CIS review selected programs and operating practices at the Home. We reviewed documentation of the Home's implementation of corrective actions, which may have been necessary to address VA and CIS findings, that related to our audit of the Home's medical and nursing care programs and selected operating practices.

We also surveyed members and volunteer organizations to obtain a better understanding of the Home's effectiveness in carrying out its programs and to obtain the members' and organizations' views on the care provided by the Home.

To assess the effectiveness of the Home's management of selected operating practices, we interviewed administrative and nursing care staff and reviewed agency records, board minutes, internal control, selected financial records, and applicable statutes and regulations.

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

Our audit report contains 9 findings and 9 corresponding recommendations. The Home's preliminary response indicated that the Home has complied or will comply with all of the recommendations.

The Home complied with 11 of the 14 prior audit recommendations that were included within the scope of our current audit. We repeated 1 prior audit recommendation and rewrote another, but we did not repeat the remaining recommendation because it was already addressed in another audit report.