

EXECUTIVE DIGEST

**COMMUNITY MENTAL HEALTH BOARD OF  
CLINTON, EATON, AND INGHAM COUNTIES**

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**INTRODUCTION**

This report, issued in March 1997, contains the results of our performance audit of the Community Mental Health Board of Clinton, Eaton, and Ingham Counties, an agency under contract with the Department of Community Health.

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**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\*.

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**BACKGROUND**

The Community Mental Health Board of Clinton, Eaton, and Ingham Counties operates under the provisions of the Mental Health Code, being Sections 330.1001 - 330.2106 of the *Michigan Compiled Laws*, and is subject to oversight by the Department of Community Health.

The Board, established in 1969, consists of 12 members, with seats divided among the three counties in proportion to the counties' populations.

The Board has offices in Clinton County (St. Johns), Eaton County (Charlotte), and Ingham County (Lansing and Mason). It directly administers and/or contracts for the following services: inpatient, outpatient, day program\*, case management\*, prevention, respite, and crisis program services for the mentally ill\* and developmentally disabled\*.

In addition, the Board delivers residential services\* through 71 directly operated or contracted group homes.

For fiscal year 1994-95, the Board expended approximately \$45.4 million. The Board's operations are generally funded by 90% State and 10% local funds. The Board also receives first and third party reimbursement for services from clients, the clients' parents or guardians, Medicaid, and/or insurance companies. As of August 31, 1996, the Board had 715 full-time employees and was serving approximately 8,300 clients through Board-operated and contracted programs.

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

**Audit Objective:** To assess the effectiveness of the Board's efforts to evaluate and improve its delivery of mental health services.

**Conclusion:** The Board was generally effective in its efforts to evaluate and improve its delivery of mental health services. However, we noted reportable conditions\* relating

to case management services and staff-to-client ratios for case managers (Findings 1 and 2).

**Noteworthy Accomplishments:** Since 1976, the Board has utilized client satisfaction surveys to help evaluate various Board services. Surveys have resulted in dietary program improvements, facility renovations, and revised intake procedures. Also, the Board is accredited by the Joint Commission on Accreditation of Healthcare Organizations. The most recent accreditation is effective for three years beginning October 28, 1995.

**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 related to rate setting, billings, and collections for mental health services was generally effective. However, we noted a reportable condition regarding client ability-to-pay determinations (Finding 3).

**Audit Objective:** To assess the effectiveness of the Board's process for administering contracts with mental health service providers.

**Conclusion:** The Board did not have an effective process for administering contracts with mental health service providers. Our review disclosed two material conditions\*:

- The Board's contract administration process had significant weaknesses related to contractor performance, contract payments, and contractual reporting requirements (Finding 4).

The Board agrees with the corresponding recommendation and will prepare both policies and procedures to ensure that contractor performance, contract payments, and contractor reporting are in compliance with contract provisions.

- The Board was not effective in minimizing erroneous financial reporting by providers contracted to deliver residential services to Board clients. As a result, some residential providers reported expenditures and received Board funding for items which were not reimbursable under the terms of their contracts. (Finding 5)

The Board agrees with the corresponding recommendations and will take appropriate steps to ensure improved financial reporting by providers contracted to deliver residential services to Board clients. The Board will also seek restitution from contract providers who have inappropriately received reimbursement.

We also noted reportable conditions regarding delivery of residential services and contract execution (Findings 6 and 7).

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**AUDIT SCOPE  
AND  
METHODOLOGY**

Our audit scope was to examine the program and other records of the Community Mental Health Board of Clinton, Eaton, and Ingham Counties. 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 methodology included examination of the Board's records and activities for the period October 1, 1993 through August 31, 1996.

To accomplish our objectives, we obtained an understanding of the Board's operations by conducting a preliminary survey. This included evaluating the Board's goals and objectives; analyzing program plans; interviewing Board and contractual staff; and obtaining an understanding of the internal control structure\*. Also, we assessed the Board's reimbursement rate-setting methodology and its billing and collection procedures; analyzed contracts with mental health service providers; conducted field visits of residential group homes; interviewed representatives of several advocacy groups; and conducted a survey of selected Board clients. We included a summary of the survey responses in this report as supplemental information.

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**AGENCY  
RESPONSES**

Our audit report contains 7 findings and 8 corresponding recommendations. The Board agreed with all of the audit findings and is implementing the corresponding recommendations.