



# OAG

Office of the Auditor General

## Report Summary

### *Performance Audit*

**Report Number:**  
511-0170-15

### *Grand Rapids Home for Veterans*

### *Michigan Veterans Affairs Agency*

**Released:**  
February 2016

### *Department of Military and Veterans Affairs*

The Grand Rapids Home for Veterans provides nursing care and domiciliary services to military veterans and widows, widowers, spouses, former spouses, and parents of State veterans. The mission of the Home is to provide compassionate, quality, interdisciplinary care for the members to achieve their highest potential of independence, self-worth, wellness, and dignity. As of August 31, 2015, the Home had 389 members receiving nursing care, 43 members residing in the domiciliary units, and 601 State and contract employees. The Home expended \$49.1 million for fiscal year 2015 (\$14.5 million from State funding, \$19.5 million from federal funding, and \$15.1 million from member assessments and private donations).

Audit Objective			Conclusion
Objective #1: To assess the sufficiency of the Home's provision of member care services.			Not sufficient
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
We confirmed via surveillance video that 43% of the member location checks and 33% of the fall alarm checks in our samples did not occur. However, the Home provided documentation as if the checks occurred 100% and 96% of the time, respectively. Further, supervisory staff certified 17 of the 25 location check sheets for checks that did not actually occur ( <a href="#">Finding #1</a> ).	X		Agrees
The contractor did not meet the required staffing needs 81% of the time during 4 sampled months. Shortages were as much as 22 staff on a given day ( <a href="#">Finding #2</a> ).	X		Agrees
The Home did not properly administer nonnarcotic pharmaceuticals prescribed to members, causing insurance reimbursement inefficiencies and potential quality of care issues. During the 23-month period reviewed, 39% of the nonnarcotic prescriptions were refilled late or more than 5 days early ( <a href="#">Finding #3</a> ).	X		Agrees
The Home did not effectively develop, execute, and monitor all comprehensive care plans. The Home did not timely complete 25% of the Minimum Data Set assessments and did not timely and sufficiently complete 25% and 59% of the comprehensive care plans, respectively ( <a href="#">Finding #4</a> ).		X	Agrees

<b>Audit Objective</b>			<b>Conclusion</b>
Objective #2: To assess the effectiveness of the Home's administration of pharmaceuticals.			Moderately effective
<b>Findings Related to This Audit Objective</b>	<b>Material Condition</b>	<b>Reportable Condition</b>	<b>Agency Preliminary Response</b>
The Home had not established adequate controls over its nonnarcotic pharmaceuticals, valued at an estimated \$5.2 million for the 23-month period reviewed, to ensure that they were properly accounted for and protected against loss and misuse ( <u>Finding #5</u> ).	X		Agrees
The Home did not bill members' insurance companies for all eligible prescriptions dispensed and did not follow up prescriptions billed to and rejected by members' insurance companies. The Home is at risk of losing eligible insurance reimbursements of up to \$883,700 for the 23-month period reviewed ( <u>Finding #6</u> ).		X	Agrees

<b>Audit Objective</b>			<b>Conclusion</b>
Objective #3: To assess the effectiveness of the Home's management of complaints and incidents regarding member care.			Moderately effective
<b>Findings Related to This Audit Objective</b>	<b>Material Condition</b>	<b>Reportable Condition</b>	<b>Agency Preliminary Response</b>
The Home did not track or properly investigate or respond to member complaints, including allegations of abuse and neglect. The Home forwarded all 91 complaints documented during the 23-month period reviewed to the manager of the department against whom the complaints were filed and did not forward 9 of 10 complaints alleging abuse or neglect to the director of nursing ( <u>Finding #7</u> ).	X		Agrees

<b>Audit Objective</b>			<b>Conclusion</b>
Objective #4: To assess the sufficiency of the Home's controls over collection of assessments, donations, and member funds.			Sufficient with exceptions
<b>Findings Related to This Audit Objective</b>	<b>Material Condition</b>	<b>Reportable Condition</b>	<b>Agency Preliminary Response</b>
The Home had not implemented sufficient controls over the disbursement of deceased or discharged members' funds and may not have disbursed up to \$167,700 of members' funds in a timely manner ( <u>Finding #8</u> ).		X	Agrees
The Home did not effectively document and resolve past due member assessments, leaving at least \$248,800 of past due member assessments outstanding for up to 3 years ( <u>Finding #9</u> ).		X	Agrees

A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: [www.audgen.michigan.gov](http://www.audgen.michigan.gov)

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