

Office of the Auditor General  
Performance Audit Report

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**Walter P. Reuther Psychiatric Hospital**  
Michigan Department of Health and Human Services

November 2017

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The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.

*Article IV, Section 53 of the Michigan Constitution*

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# OAG

Office of the Auditor General

## Performance Audit

Walter P. Reuther Psychiatric Hospital  
(WRPH)

Michigan Department of Health and Human  
Services

Report Number:  
391-0230-16

Released:  
November 2017

WRPH is an inpatient psychiatric hospital that provides treatment for adults with mental illness. WRPH's mission is to provide an appropriate range of active inpatient psychiatric treatment services to best meet the needs of adults with severe mental illness in collaboration with community health agencies/authorities. Patients include those who are not guilty by reason of insanity, court ordered, and incompetent to stand trial. As of February 28, 2017, WRPH had 171 patients.

Audit Objective			Conclusion
Objective #1: To assess the sufficiency of WRPH's provision of patient care services.			Sufficient, with exceptions
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
WRPH should track direct care nursing staff overtime and minimize individuals working significant extended hours. From October 2014 through September 2016, 52 direct care nursing staff each worked more than 1,000 hours of overtime ( <u>Finding #1</u> ).	X		Agrees
WRPH needs to improve the completion and documentation of its admissions activities to ensure that proper consent is obtained for treatment, the treatment is provided timely, and the safety of patients and staff is maintained ( <u>Finding #2</u> ).		X	Agrees
WRPH needs to improve controls over the electronic medical record system to help prevent and detect inappropriate access and protect confidential information from unauthorized access, use, disclosure, modification, or destruction. Twenty-six former employees, and 24 active employees whose job responsibilities did not require user access, had system access ( <u>Finding #3</u> ).		X	Agrees
Audit Objective			Conclusion
Objective #2: To assess the effectiveness of WRPH's efforts to provide for the safety and security of its patients, staff, and visitors.			Moderately effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
WRPH did not have sufficient controls over its keys to ensure that access to the hospital was limited to only authorized personnel. WRPH could not account for 470 missing key rings ( <u>Finding #4</u> ).	X		Agrees

<b>Findings Related to This Audit Objective (Continued)</b>	<b>Material Condition</b>	<b>Reportable Condition</b>	<b>Agency Preliminary Response</b>
WRPH needs to improve its procedures to ensure the safety and security of patients, staff, and visitors. We identified several concerns including WRPH's emergency management plan and entrance security ( <a href="#">Finding #5</a> ).		X	Agrees
WRPH employees had not completed all required training, with 44.8% of the employees not receiving hazardous materials and fire protection training and 17.1% not completing first aid/CPR training ( <a href="#">Finding #6</a> ).		X	Agrees

<b>Audit Objective</b>			<b>Conclusion</b>
Objective #3: To assess the effectiveness of WRPH's controls over pharmaceuticals.			Moderately effective
<b>Findings Related to This Audit Objective</b>	<b>Material Condition</b>	<b>Reportable Condition</b>	<b>Agency Preliminary Response</b>
WRPH needs to improve controls over its high-risk noncontrolled medications to ensure that they are protected against loss and misuse. We identified 11 medications purchased in fiscal year 2016 with a cost exceeding \$400 per dosage unit ( <a href="#">Finding #7</a> ).		X	Agrees

<b>Audit Objective</b>			<b>Conclusion</b>
Objective #4: To assess the effectiveness of WRPH's maintenance efforts.			Effective
<b>Findings Related to This Audit Objective</b>	<b>Material Condition</b>	<b>Reportable Condition</b>	<b>Agency Preliminary Response</b>
None reported.	Not applicable.		

<b>Audit Objective</b>			<b>Conclusion</b>
Objective #5: To assess the effectiveness of WRPH's efforts to account for selected State and patient assets.			Effective
<b>Findings Related to This Audit Objective</b>	<b>Material Condition</b>	<b>Reportable Condition</b>	<b>Agency Preliminary Response</b>
None reported.	Not applicable.		

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# OAG

Office of the Auditor General

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**Doug A. Ringler, CPA, CIA**  
Auditor General

November 14, 2017

Mr. Nick Lyon, Director  
Michigan Department of Health and Human Services  
South Grand Building  
Lansing, Michigan

Dear Mr. Lyon:

This is our performance audit report on the Walter P. Reuther Psychiatric Hospital, Michigan Department of Health and Human Services.

We organize our findings and observations by audit objective. Your agency provided preliminary responses to the recommendations at the end of our fieldwork. The *Michigan Compiled Laws* and administrative procedures require an audited agency to develop a plan to comply with the recommendations and submit it within 60 days of the date above to the Office of Internal Audit Services, State Budget Office. Within 30 days of receipt, the Office of Internal Audit Services is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

We appreciate the courtesy and cooperation extended to us during this audit.

Sincerely,

A handwritten signature in black ink that reads "Doug Ringler". The signature is written in a cursive style.

Doug Ringler  
Auditor General



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# AUDIT OBJECTIVES, CONCLUSIONS, FINDINGS, AND OBSERVATIONS

## **PATIENT CARE SERVICES**

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### **BACKGROUND**

Each patient admitted to the Walter P. Reuther Psychiatric Hospital (WRPH) is assigned to a treatment team composed of professional staff appropriate to the patient's individual needs, including a physician/psychiatrist, a registered nurse, and a social worker. WRPH completes activity therapy, nutrition, psychosocial, medical, and nursing assessments to determine the patient's needs and to develop an individual plan of service\* (IPOS). The IPOS documents the patient's problem areas, goals, and strategies to be employed, such as medication, activity programs, and therapy groups.

As of October 10, 2015 and October 8, 2016, WRPH employed 204 and 196 direct care nursing staff, respectively. To efficiently and effectively serve and manage patients, WRPH developed standards for minimum direct care nursing staffing levels by unit and shift. WRPH indicated that typical minimum staffing is 3 certified staff (registered nurses or licensed practical nurses) and 4 resident care aides (RCAs) per residential unit, per shift (with the exception of the midnight shift) plus an additional RCA for each patient who requires one-on-one supervision.

### **AUDIT OBJECTIVE**

To assess the sufficiency of WRPH's provision of patient care services.

### **CONCLUSION**

Sufficient, with exceptions.

### **FACTORS IMPACTING CONCLUSION**

- WRPH properly developed patient IPOSs, if applicable, for the 31 patient files that we reviewed.
- WRPH documented that it monitored a patient's progress by completing weekly and monthly progress notes and quarterly reviews for the 31 patient files that we reviewed.
- WRPH administered patients the correct medications at the dosages and dates prescribed for the 30 patients that we reviewed.
- WRPH completed and followed up on incident report\* investigations for the 30 incidents that we reviewed.
- WRPH followed the recommendations of the Office of Recipient Rights' investigations for the 18 substantiated patient complaints involving abuse or neglect.

\* See glossary at end of report for definition.

- Material condition\* related to the direct care nursing staff overtime (Finding #1).
- Reportable conditions\* related to the need to improve admissions documentation and access controls over the electronic medical record system (Findings #2 and #3).

*\* See glossary at end of report for definition.*

**FINDING #1**

**WRPH should track and minimize direct care nursing staff overtime.**

WRPH should track direct care nursing staff overtime and minimize individuals working significant extended hours. From October 2014 through September 2016, 52 direct care nursing staff each worked more than 1,000 hours of overtime.

For overtime assignments, WRPH solicits volunteers; however, it can only mandate staff to work overtime hours in accordance with the union contract. Also, WRPH stated that it had not established a limit on the amount of overtime staff can volunteer for or how many hours an individual can work during any given period. WRPH indicated that it prefers direct care staff overtime to be approximately 5% per year.

The following studies link high levels of staff overtime to negative impacts on operations:

- A December 14, 2011 Sentinel Event Alert publication issued by the Joint Commission\* noted that a substantial number of studies indicate that extended work hours contribute to high levels of worker fatigue and reduced productivity, and that nurses suffer higher rates of occupational injury when working shifts in excess of 12 hours.
- A U.S. National Library of Medicine publication cited studies that reported working shifts greater than 13 hours was linked to patient dissatisfaction and more than doubled the risk for staff burnout and job dissatisfaction.

Our review of WRPH payroll data and overtime hours for direct care nursing staff for fiscal years 2015 and 2016 disclosed that WRPH allowed direct care staff to work a total of 66,575 and 81,151 overtime hours or 16.8% and 19.2% of total direct care hours worked, respectively. Specifically, we noted:

- During the two-year period, 52 direct care nursing staff each worked 1,000 or more overtime hours:

52 direct care nursing staff each worked 1,000 or more overtime hours during the two-year period.

Overtime Hour Range	Number of Employees	Total Overtime Hours Worked	Percent of Non-Overtime Hours <sup>1</sup>	Average Overtime Per Person Per Week <sup>2</sup>
4,000 or more	1	4,727.4	113.6%	45.5
3,000 to 3,999.9	2	6,088.7	73.2%	29.3
2,000 to 2,999.9	6	13,606.6	54.5%	21.8
1,500 to 1,999.9	9	15,939.5	42.6%	17.0
1,000 to 1,499.9	34	43,526.1	30.8%	12.3
<b>Total</b>	<b>52</b>	<b>83,888.3</b>	<b>38.8%</b>	<b>15.5</b>

<sup>1</sup> Based on 4,160 hours in the two-year period.

<sup>2</sup> Based on 104 weeks in the two-year period.

\* See glossary at end of report for definition.

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164 direct care nursing staff worked 1,709 double shifts during a 70-day period.

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- b. During the 70 days from September 25, 2016 through December 3, 2016, 164 direct care nursing staff worked 1,709 double shifts\*, including one staff who worked 50 double shifts, one staff who worked 43 double shifts, and 25 staff who worked 20 or more double shifts.
- c. During fiscal year 2016, 78 direct care nursing staff worked 50 or more hours of overtime in a two-week pay period on 344 occasions, including one staff who worked 140.8 overtime hours in a single 80-hour pay period. On 227 other occasions, 92 direct care nursing staff worked 40 to 49.9 overtime hours in a two-week pay period.

Direct nursing care staff incurred overtime costs of \$2.4 million and \$3.0 million in fiscal years 2015 and 2016, respectively. These overtime costs, including salaries and fringe benefit costs, represented the equivalent of approximately 22 and 28 full-time equated (FTE) positions for fiscal years 2015 and 2016, respectively. WRPH was appropriated 420.8 FTEs for fiscal year 2016. As of September 24, 2016, WRPH had 368 employees; therefore, WRPH may have had the ability to hire additional staff and reduce overtime.

WRPH reviewed total direct care overtime hours for fiscal year 2016; however, it did not review overtime on an individual basis.

We consider this finding to be a material condition because of the negative impact that extended work hours may have on employee fatigue, productivity, or burnout. Studies indicate that working a significant amount of overtime in a stressful environment could impair an individual's abilities to effectively perform his/her duties, jeopardize an individual's health, and jeopardize the safety of patients and staff. Although we did not identify specific examples impacting the quality of care, the significant amount of overtime hours would likely have a negative impact on the staff's ability to function effectively.

## **RECOMMENDATION**

We recommend that WRPH develop a methodology for tracking direct care nursing staff hours to identify individuals who are working significant overtime and implement strategies to mitigate overtime.

## **AGENCY PRELIMINARY RESPONSE**

The Michigan Department of Health and Human Services (MDHHS) provided us with the following response:

*WRPH agrees. WRPH agrees that additional analysis could be completed on overtime and double shifts. WRPH cannot arbitrarily limit or restrict the amount of overtime or double shifts worked by employees. To meet the minimum staffing requirements, overtime is utilized from the RCA/LPN pool of*

\* See glossary at end of report for definition.

*AFSCME (American Federation State County Municipal Employees) members. WRPH offers voluntary overtime based on AFSCME employee contract protocols that cannot be changed without negotiations with the Office of State Employer and AFSCME. When shift coverage cannot be obtained voluntarily from employees, supervisors are then required to follow the involuntary overtime protocols as outlined in the contract. AFSCME contract Article 15, Section L defines the overtime procedure, both voluntary and involuntary for union members. AFSCME members accounted for the majority of overtime during the time period analyzed.*

*The studies noted by the OAG recommend that entities be very mindful of overtime risks and mitigate these risks. WRPH closely monitors all staff working overtime to assess worker fatigue as one of the means to mitigate any potential patient care issues. If employees are observed to be fatigued, they are relieved of duty or offered additional breaks as needed. In addition, nursing supervisors monitor all nursing employees on duty and address all safety concerns of the patient, staff, and the environment. WRPH is dedicated to reducing overtime hours, however, the audit did not identify patient care issues related to staff overtime.*

*WRPH is working on various remediation efforts to better monitor and reduce overtime hours; including development of better methods for tracking overtime, hiring additional direct care staff, and schedule adjustments. Schedule adjustments include structuring weekend coverage to allow some staff to have every other weekend off in addition to the regularly scheduled 2 days off in their work week. This will assist with any concerns related to staff fatigue as well as job satisfaction and staff morale.*

## FINDING #2

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### Improved controls over admissions process needed.

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25% of the patient files reviewed did not contain signed consent forms.

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WRPH needs to improve the completion and documentation of its admissions activities to ensure that proper consent is obtained for treatment, the treatment is provided timely, and the safety of patients and staff is maintained.

WRPH's operating policies outline the criteria and procedures that staff must adhere to when admitting a patient.

Our review of files for 30 patients admitted between October 1, 2013 and May 31, 2016 noted:

- a. 7 (25.0%) of the 28 applicable files did not contain required signed consent forms. WRPH Standard Operating Procedure (SOP) 222, procedure 16, requires staff to obtain the patient's, guardian's, or witness's signature on the consent form upon admission.
- b. 6 (20.0%) of the 30 files did not contain the certification of admissions form. WRPH SOP 222, procedure 35, requires the certification of admissions form to be signed by the treating psychiatrist. This form certifies that hospitalization is medically necessary and allows WRPH to pursue reimbursement from Medicare.
- c. 9 (30.0%) of the 30 files did not contain documentation that the patient was searched upon admission. SOP 222, standard H, requires that all admitted patients be searched, and SOP 249, standard B.4, requires that all searches be documented in the patient's progress notes.

WRPH indicated that the introduction of a new electronic medical record system and employee absences and retirements were likely the cause of the documentation errors.

## RECOMMENDATION

We recommend that WRPH improve the completion and documentation of its admissions activities.

## AGENCY PRELIMINARY RESPONSE

MDHHS provided us with the following response:

*WRPH agrees. WRPH has implemented several corrective actions such as:*

- *WRPH has taken steps to re-train Patient Affairs staff on the need to obtain patient consent for treatment at the time of admission by reviewing SOP 222, Admission to the Hospital. Additional steps are taken by the facility Admissions Coordinator if a patient has a guardian and the guardian is not present at time of admission.*
- *WRPH has reviewed each of the required consent forms to determine the frequency of renewal. All consents were required at the time of admission, except for the consent for treatment, which is required annually. WRPH is in the*

*process of modifying SOP 261, Individualized Plan of Services to ensure that the annual consent for treatment is reviewed with and signed by the patient and or guardian at the time of their annual IPOS update.*

- *WRPH has completed a certification compliance audit on all patients that have been admitted since January 1, 2017. WRPH achieved 100% compliance with doctor's signature on the certification forms.*
- *WRPH reviewed and simplified the current certification procedure and determined that reimbursement staff will now send the certification list directly to Clinical Affairs for appropriate routing to physicians.*
- *Future steps include establishing an ongoing audit process to ensure continued compliance with obtaining patient consent forms and physician certifications.*

### FINDING #3

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#### Access controls over the electronic medical record system need improvement.

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26 former employees had access to the electronic medical record system.

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WRPH needs to improve controls over the electronic medical record system to help prevent and detect inappropriate access and protect confidential information from unauthorized access, use, disclosure, modification, or destruction. We identified 26 former employees, and 24 active employees whose job responsibilities did not require user access, who had access to the system.

The State of Michigan Administrative Guide to State Government policy 1340.00 requires agencies to develop security controls to authorize access to and use of their information systems.

Our review of access to WRPH's medical record system as of July 14, 2016 disclosed that 50 (9.4%) of the 533 individuals with access were State or contracted employees who no longer required access to the system, including 26 individuals who had terminated their employment with WRPH between June 30, 2014 and February 12, 2016.

WRPH indicated that there was a lack of communication between its staff and the software coordinator. System access for all 50 individuals was canceled immediately after we brought this issue to WRPH's attention.

### RECOMMENDATION

We recommend that WRPH improve its controls over the electronic medical record system to help prevent and detect inappropriate access.

### AGENCY PRELIMINARY RESPONSE

MDHHS provided us with the following response:

*WRPH agrees. As noted in the finding, all 50 users were terminated immediately. Each MDHHS psychiatric hospital has a staff person in the role of Application Resource Support Analyst (ARSA); this position is the facility's designated technical specialist for the electronic health record (EHR), AVATAR. WRPH's Human Resources department now notifies the facility's ARSA on all employee long-term medical leaves of absence, transfers, retirements, and terminations. The ARSA then deactivates the staff from AVATAR, thereby removing access to medical record information. In addition to the initial email notification, the Human Resources department periodically sends the ARSA updated staff listings for comparison against the active user report in AVATAR to identify and deactivate any unauthorized users.*

*In addition, WRPH is proposing existing protocols which will serve to strengthen the control the facility has over user access in AVATAR.*

# **SAFETY AND SECURITY OF PATIENTS, STAFF, AND VISITORS**

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## **BACKGROUND**

To help provide a safe and secure environment, WRPH:

- Enforces an emergency management plan.
- Provides training to staff on intervention with disruptive patients, fire protection, first aid, and hazardous materials.
- Completes fire and tornado drills.
- Employs safety staff.
- Uses keys to allow staff access to appropriate areas.
- Utilizes surveillance cameras of residential units and activity areas.
- Conducts an annual security assessment.
- Relies on its environment of care committee to oversee safety and security activities.

WRPH staff are classified as follows:

**Direct Care:** Positions that bear the responsibility of immediate patient supervision and education, such as activity therapy, dietary services, medical services (including clinic, occupational therapy, and physical therapy), nursing, special education teacher, and teacher's aide.

**Non-Direct Care:** Positions that have tasks performed frequently in the environment of the patients, however, are not responsible for the direct care of the patients, such as housekeeping, maintenance, safety, patient affairs, infection control, and unit clerks.

**Indirect Care:** Positions that have little or no patient contact and are not responsible for the direct care of the patients, including accounting, administration, clinical administration, data, medical records, pharmacy, purchasing, reimbursement, and training.

## **AUDIT OBJECTIVE**

To assess the effectiveness\* of WRPH's efforts to provide for the safety and security of its patients, staff, and visitors.

## **CONCLUSION**

Moderately effective.

\* See glossary at end of report for definition.

**FACTORS  
IMPACTING  
CONCLUSION**

- WRPB prepared response and recovery activity plans for emergency situations within its annual environment of care reviews for calendar years 2014, 2015, and 2016.
- WRPB completed its annual security assessment of the buildings and grounds for calendar year 2016 and developed a corrective action plan for identified vulnerabilities.
- WRPB has a comprehensive emergency management plan.
- WRPB conducted criminal history background checks for all 40 employees that we reviewed. Also, we verified that no WRPB staff employed as of March 2017 had a criminal history that would prevent them from being employed at WRPB.
- WRPB completed and followed up on incident report investigations for the 30 incidents that we reviewed.
- WRPB followed the recommendations of the Office of Recipient Rights' investigations for the 18 substantiated patient complaints involving abuse or neglect.
- Material condition related to the need to improve controls over keys (Finding #4).
- Reportable conditions related to the need for enhanced safety and security activities and improvements for ensuring the completion of staff training (Findings #5 and #6).

## FINDING #4

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### Controls over keys needed.

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35.1% of key rings were assigned to former employees, lost, stolen, or destroyed.

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WRPH did not have sufficient controls over its keys to ensure that access to the hospital was limited to only authorized personnel. WRPH could not account for 470 missing key rings.

SOP 301 requires the maintenance department to maintain the records of key and lock assignments.

WRPH's keys inventory indicated that it had 1,358 key rings. However, our review of WRPH's controls over keys noted:

- a. 476 (35.1%) key rings were assigned to former employees, lost, stolen, or destroyed.
- b. 25 (40.3%) of the 62 key rings noted as assigned to the Safety Office were not located in the Safety Office or with Safety Office staff. Also, Safety Office staff were in possession of 22 key rings that were not assigned to them.
- c. 106 (63.5%) of the 167 key rings that we reviewed that were noted as assigned to the maintenance department were not located in the maintenance department or with maintenance department staff. Also, maintenance department staff were in possession of 16 key rings that were not assigned to them.
- d. 9 active employees appropriately possessed a key ring; however, the keys inventory did not reflect these assignments.
- e. The maintenance department had over 4,000 blank or previously issued keys that were not on the keys inventory. WRPH indicated that some of the previously assigned keys were more than 20 years old, and it did not know which locks the keys were associated with.
- f. WRPH had not changed the general access lock cores at least since 1997.
- g. WRPH did not have a backup of its keys inventory. Also, the inventory was maintained on a computer that was reported to be at least 15 years old.

WRPH indicated that it did not have a full-time locksmith to be able to properly maintain the keys inventory and that poor communication existed between departments when individuals terminated employment. WRPH also indicated that it allows staff to remove assigned keys from hospital grounds after each shift, therefore increasing the risk that keys could be lost or not returned.

We consider this finding to be a material condition because the number of keys missing was significant, there was a lack of controls over the existing keys, and WRPH had not replaced its access lock cores for at least 20 years.

**RECOMMENDATION**

We recommend that WRPH establish effective controls over its keys.

**AGENCY  
PRELIMINARY  
RESPONSE**

MDHHS provided us with the following response:

*WRPH agrees. WRPH has implemented several corrective actions such as:*

- *WRPH completed an overall revision of all the locksets in the hospital interior doors and determined that every patient unit is locked and secure. WRPH has changed the access cores to the building and re-keyed entry doors that allow access to the hospital. Employees will be issued new keys matched to the ingress and egress core of the lockset.*
- *WRPH has identified the 25 key rings that were not located in the Safety Office as "loaner" keys. Loaner keys are temporarily issued to staff who need limited access. WRPH now requires staff requesting loaner keys to submit a driver's license or form of ID to obtain the key set. Staff must return the key set at shift end to retrieve identification.*
- *WRPH has identified the 106 key rings that were not located in the maintenance department as old sets that are no longer in use and are being destroyed.*
- *WRPH is using software to update the key control and inventory system for key sets that are in the possession of current and active staff. WRPH will work with the Department of Technology, Management, and Budget to back up this system.*
- *WRPH is destroying all keys that were not in use at the time of this audit.*

## FINDING #5

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### Enhancements needed over safety and security activities.

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WRPH needs to improve its procedures to ensure the safety and security of patients, staff, and visitors.

Our review of WRPH's fiscal year 2016 emergency management plan and other security measures disclosed:

- a. WRPH did not complete call-in drills during 2015 or 2016, which its emergency management plan requires annually. A call-in drill simulates an emergency situation to practice the procedures required for identifying staff who need to be contacted.
- b. WRPH did not ensure that the Safety Office's January 2017 patient listing identified patients who were on oxygen or using continuous positive airway pressure therapy\* (CPAP) machines, as required by the emergency management plan. This information is essential for ensuring that all patients have access to their medical equipment in an emergency situation. We verified that one patient was on oxygen and two patients were using CPAP machines as of that date, but they were not on the listing.
- c. WRPH's Safety Office did not have an up-to-date listing of employee phone numbers. To ensure that key staff are accessible during an emergency situation, the emergency management plan requires a listing of current employee phone numbers to be provided to the Safety Office monthly. As of January 26, 2017, the employee phone listing maintained by the Safety Office was dated July 21, 2016 and included 22 individuals who had left WRPH employment between May 2016 and December 2016 and did not include 32 active employees (including 2 WRPH physicians). Also, although not specifically required by the emergency management plan, the employee phone listing did not include 5 contracted physicians.
- d. WRPH did not fully secure the main entrance doors to decrease the risk that patients, the majority of whom are committed by court order, leave the premises without approval. We noted that WRPH's first set of main entrance doors did not fully close before the second set opened. We also noted that WRPH's incident reports identified instances during April 2016 and June 2016 in which two patients fled from the facility by timing the opening of the doors. The patient who left in April 2016 was driven away in a waiting car and ultimately left the State.
- e. WRPH did not require all staff to utilize the hospital's main entrance. Safety Office staff observe persons entering

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Two patients fled from the facility by walking out of the main entrance.

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\* See glossary at end of report for definition.

and exiting the hospital through the main entrance to help detect contraband and prevent theft. We were informed that WRPH allowed some employees to enter and exit the hospital through the basement door. Although the basement door is monitored by a surveillance camera, WRPH does not continuously monitor the surveillance video.

- f. WRPH did not require employees to turn in their key rings at the end of their shifts and did not always ensure that employees returned their assigned keys when they left WRPH employment. SOP 301 requires WRPH to obtain keys from employees when they separate from employment. As noted in Finding #4, WRPH classified 228 key rings as lost or stolen, 6 key rings as destroyed, and 242 key rings as assigned to former employees.

WRPH indicated that these deficiencies were due to a lack of communication between WRPH departments, the age of the building, and the use of outdated technology to secure the hospital.

## **RECOMMENDATION**

We recommend that WRPH improve its safety and security procedures.

## **AGENCY PRELIMINARY RESPONSE**

MDHHS provided us with the following response:

*WRPH agrees. WRPH has implemented several corrective actions such as:*

- a. *WRPH updated hospital policy to match emergency management plans and ensure consistent practices related to the bi-annual drills. WRPH analyzed CMS and the Joint Commission drill requirements and determined that neither requires a call-in log or call-in drill. CMS does not require drills and the Joint Commission only requires bi-annual fire drills and emergency response exercises to test the Emergency Operations Plan in response to disaster.*
- b. *WRPH nursing staff maintain equipment listings that are also available to Safety Department staff. Safety Department staff print the listings weekly.*
- c. *The WRPH Human Resources Department maintains key employee telephone numbers on the shared drive and the Safety Department prints the phone numbers weekly. Contractual Physicians are not considered key staff for these purposes.*
- d. *WRPH has implemented a protocol for close monitoring of patient movement when the patients are out of the secure units. Also, WRPH administration is developing a plan to*

*include a capital investment in the budget to replace the main entrance and rear entrance doors.*

- e. WRPB administration determines staff assigned entry and exit sites. Limited authorized use of the rear access door will assist with security. WRPB is not required to continuously monitor basement door entry via video surveillance; however, the hospital has added a requirement for safety staff to monitor live feed video every hour and conduct unannounced bag checks.*
- f. The hospital's plan to mitigate the risk of lost or missing keys has been addressed in the response to finding #4.*

## FINDING #6

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### Improved controls needed over staff training.

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WRPH did not have sufficient controls to ensure that its employees completed all required training necessary to provide safe and appropriate patient care services.

WRPH provided an orientation program for new employees and annual in-service and continuing education training opportunities. Also, WRPH's training committee recommends certain employee training based on job responsibilities, patient needs, and laws and regulations.

WRPH's training coordinator tracks employee training. However, our review of WRPH's training records disclosed:

- a. 152 (44.8%) of the 339 employees reviewed had not completed the hazardous materials and fire protection training in 2016. WRPH's training committee requested that this training be provided to all employees in 2016.
- b. 51 (15.9%) of the 321 direct care and non-direct care employees reviewed had not completed the first aid/CPR training and 4 (1.2%) others completed it in or prior to 2014. WRPH's training procedures require that first aid/CPR training be completed on a bi-annual basis by these employees.
- c. 22 (6.9%) of the 321 direct care and non-direct care employees reviewed had not completed the nonabusive physical and psychological intervention training in 2016. WRPH's training procedures require such training to be completed annually by these employees.

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17.1% of the employees reviewed did not receive required first aid/CPR training during 2015 or 2016.

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WRPH indicated that there was confusion regarding the different training procedures. Also, we noted that the training coordinator did not appear to have authority to require staff to attend training.

## RECOMMENDATION

We recommend that WRPH implement controls to ensure that its employees complete all required training.

## AGENCY PRELIMINARY RESPONSE

MDHHS provided us with the following response:

*WRPH agrees. WRPH is updating the process for tracking, reporting, and ensuring that required training is completed on time. In addition, the Training policy and related exhibits will be updated.*

## PHARMACEUTICAL CONTROLS

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### BACKGROUND

Pharmaceuticals are generally purchased through contracted wholesalers; however, they may be obtained from local retailers if necessary. WRPH's pharmacy department dispenses all prescribed medications.

During fiscal years 2015 and 2016, WRPH purchased medications totaling \$2.36 million and \$2.84 million, respectively.

Pharmacy, medical, and nursing staff utilize a software system to order, dispense, and administer medications. The pharmacist reviews all prescriptions for appropriateness and consults with medical staff as necessary. After medications have been dispensed by the pharmacy, nursing staff will administer the medications to patients with active scripts.

In addition to dispensing medications, the WRPH pharmacy:

- Completes a weekly inventory of controlled medications\*.
- Maintains a stock of noncontrolled medications\* and medications for after-hours situations in a night cabinet room\*.
- Maintains emergency boxes\* in each residential unit for emergency medication dispensing purposes.

### AUDIT OBJECTIVE

To assess the effectiveness of WRPH's controls over pharmaceuticals.

### CONCLUSION

Moderately effective.

### FACTORS IMPACTING CONCLUSION

- WRPH's pharmacy staff inventoried controlled medications on a weekly basis during the three-month period that we reviewed.
- Our review of the controlled medications inventory during the week of December 5, 2016 disclosed that all medications were accounted for.
- The 53 medications that WRPH dispensed to the 30 patients that we reviewed were listed on the pharmacy's formulary.
- Reportable condition related to the need for improved controls over the noncontrolled medications (Finding #7).

\* See glossary at end of report for definition.

## **FINDING #7**

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**Controls over high-risk noncontrolled medications need improvement.**

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98.6% of WRPH pharmaceuticals were not inventoried.

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WRPH had not established adequate controls over its high-risk noncontrolled medications to ensure that they were properly accounted for and protected against loss and misuse.

The State of Michigan Financial Management Guide (Part II, Chapter 12, Section 100) requires State agencies to implement and maintain an inventory accounting system that provides adequate internal control\*.

WRPH operates an on-site pharmacy that orders, receives, and stocks hundreds of prescription and over-the-counter medications. For fiscal year 2016, WRPH purchased 866 noncontrolled medications totaling \$2.8 million, or 98.6% of its total pharmaceutical costs, including 11 medications with a cost exceeding \$400 per dosage unit\* and a total purchase price of \$816,242, making them high risk for loss and misuse. However, our review disclosed that WRPH had not implemented an inventory system to account for its high-risk noncontrolled medications.

WRPH indicated that the software used by pharmacy staff does not allow them to inventory the noncontrolled medications.

## **RECOMMENDATION**

We recommend that WRPH establish adequate controls over its high-risk noncontrolled medications.

## **AGENCY PRELIMINARY RESPONSE**

MDHHS provided us with the following response:

*WRPH agrees. MDHHS has purchased new prescribing, dispensing and administration software known as RxConnect. When this software is installed and implemented, it will have the inventory component that is needed. The RxConnect system functionality will improve the internal controls over all substances both controlled and uncontrolled. Currently, WRPH does not have a confirmed schedule for the GO-LIVE date of RxConnect.*

\* See glossary at end of report for definition.

## **MAINTENANCE**

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### **BACKGROUND**

As of January 2017, WRPB employed 11 staff to maintain its buildings and grounds. WRPB conducts preventative maintenance activities at regular intervals to inspect, detect, correct, and prevent emergent equipment and system failures.

### **AUDIT OBJECTIVE**

To assess the effectiveness of WRPB's maintenance efforts.

### **CONCLUSION**

Effective.

### **FACTORS IMPACTING CONCLUSION**

- WRPB maintenance staff scheduled and completed 98.3% of the 174 preventative maintenance activities that we reviewed in a timely manner.
- WRPB maintenance staff completed 96.7% of the 997 work orders generated from January 2, 2016 through April 30, 2016 in a timely manner.

## STATE AND PATIENT ASSETS

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### BACKGROUND

WRPH maintains medical and other equipment, linens, clothing, emergency housing unit items, and other miscellaneous supplies and bulk items. WRPH also maintains certain valuables and/or personal property belonging to hospital patients. WRPH tags new equipment with an identification number prior to placing it into the inventory system, and WRPH conducts periodic inventory counts of its physical assets.

### AUDIT OBJECTIVE

To assess the effectiveness of WRPH's efforts to account for selected State and patient assets.

### CONCLUSION

Effective.

### FACTORS IMPACTING CONCLUSION

- WRPH has developed procedures to inventory a portion of its tagged equipment inventory each quarter. We verified that WRPH completed quarterly physical inventory counts during the last two quarters of 2016.
- WRPH substantiated the existence of the 34 equipment items that we selected for review from its inventory system.
- WRPH properly maintained and accounted for the valuables belonging to the 5 patients that we reviewed.

## AGENCY DESCRIPTION

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WRPH is located in Westland, Michigan, and is one of five psychiatric hospitals operated under the jurisdiction of MDHHS. WRPH's mission\* is to provide an appropriate range of active inpatient psychiatric treatment services to best meet the needs of adults with severe mental illness in collaboration with community health agencies/authorities. WRPH is accredited by the Joint Commission and is certified as a provider of inpatient psychiatric hospital services by the Centers for Medicare and Medicaid Services.

The majority of WRPH patients are court ordered to receive inpatient psychiatric services.

For fiscal year 2016, WRPH had operating expenditures of \$50.7 million. WRPH had 367 employees and 171 patients (54 not guilty by reason of insanity, 36 incompetent to stand trial, 75 other court ordered, and 6 voluntary) as of January 1, 2017 and February 28, 2017, respectively.

\* See glossary at end of report for definition.

## AUDIT SCOPE, METHODOLOGY, AND OTHER INFORMATION

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### AUDIT SCOPE

To examine the program and other records related to WRPB. We conducted this performance audit\* in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Within the scope of the audit, we reviewed various compliance activities related to a patient's admission to WRPB, services and care provided while a resident at WRPB, and discharge activities. Because we do not possess expertise in the medical or psychiatric fields, we did not review or conclude on the appropriateness of the professional medical and psychiatric opinions related to a patient's condition, the reasonableness of the medications prescribed, the medically recommended treatment plan, or the length of stay.

### PERIOD

Our audit procedures, which included a preliminary survey, audit fieldwork, report preparation, analysis of agency responses, and quality assurance, generally covered October 1, 2013 through February 28, 2017.

### METHODOLOGY

We conducted a preliminary survey to gain an understanding of WRPB's operations and internal control to formulate a basis for establishing our audit objectives, scope, and methodology. During our preliminary survey, we:

- Interviewed WRPB staff.
- Observed a WRPB environment of care performance improvement meeting.
- Reviewed *Michigan Compiled Laws*, WRPB's policies and procedures, and the Joint Commission Accreditation Survey.
- Reviewed WRPB's annual environment of care reports for 2014, 2015, and 2016.
- Examined patient files for admission and discharge criteria.
- Analyzed WRPB's fiscal year 2015 and 2016 expenditures.

\* See glossary at end of report for definition.

- Analyzed procurement card expenditures for October 1, 2013 through April 30, 2016 and reviewed a sample of procurement card transactions.
- Toured the hospital and observed security and general operations.
- Analyzed maintenance work orders for completion.

## **OBJECTIVE #1**

To assess the sufficiency of WRPH's provision of patient care services.

To accomplish this objective, we:

- Reviewed the files for 30 of the 323 patients admitted from October 1, 2013 through May 31, 2016 to determine whether WRPH had complied with required admission procedures. Our sample was randomly selected to eliminate bias and to enable us to project our testing results to the entire population.
- Reviewed the files for 30 of the 337 patients discharged from October 1, 2013 through May 31, 2016 to determine whether WRPH had complied with required discharge procedures. Our sample was randomly selected to eliminate bias and to enable us to project our testing results to the entire population.
- Reviewed the files of 31 patients treated during the period June 1, 2015 through May 31, 2016 for compliance with procedures related to the development and updates of IPOS. We judgmentally selected these patient files based on the patient's admission and discharge dates. Therefore, we could not project the results to the entire population.
- Reviewed 30 of the 1,830 incidents reported during calendar year 2016 to ensure that WRPH investigated the incidents in a timely manner and in compliance with WRPH's standard operating procedures. Our sample was randomly selected to eliminate bias and to enable us to project the results to the entire population.
- Reviewed the 18 substantiated abuse and neglect complaints that occurred between October 1, 2014 and May 4, 2016 to ensure that WRPH followed the Office of Recipient Rights recommendations.
- Reviewed up to 5 medications administered to 30 randomly selected patients to determine if the medications were administered as prescribed. The medications were judgmentally selected based on our analysis of the patient's diagnosis, the purpose of the medication prescribed, and the time period of the

prescription. Therefore, we could not project the results to the entire population.

- Reviewed staff and contractor access to WRPB's electronic medical record system.
- Observed the kitchen area to determine if staff monitored the prepared food temperature and for evidence of any expired food items.
- Reviewed direct care staffing levels for each residential unit for October and November 2016 to determine if minimum staffing levels were met on each shift.
- Reviewed direct care staff hours worked from September 25, 2016 through December 3, 2016 to analyze double shifts worked.
- Analyzed direct care staff overtime hours worked for fiscal years 2015 and 2016.

## **OBJECTIVE #2**

To assess the effectiveness of WRPB's efforts to provide for the safety and security of its patients, staff, and visitors.

To accomplish this objective, we:

- Reviewed WRPB's annual security and safety management plan assessments and its security assessment of the facility and grounds.
- Reviewed WRPB's compliance with selected aspects of its emergency management plan.
- Reviewed WRPB's criminal history background check records for 40 of the 355 staff employed as of April 25, 2016. Our sample was randomly selected to eliminate bias and to enable us to project the results to the entire population. Also, we conducted criminal history background checks of all WRPB staff employed as of March 2017.
- Performed a walkthrough of the hospital to identify security issues that could impact worker, patient, and visitor safety.
- Reviewed 30 of the 1,830 incidents reported during calendar year 2016 to ensure that WRPB investigated the incidents in a timely manner and in compliance with WRPB's standard operating procedures. Our sample was randomly selected to eliminate bias and to enable us to project the results to the entire population.
- Reviewed the 18 substantiated abuse and neglect complaints that occurred between October 1, 2014 and

May 4, 2016 to ensure that WRPB followed the Office of Recipient Rights recommendations.

- Reviewed documentation and controls over the assignment of keys and completed a partial inventory of blank and previously assigned keys.
- Reviewed workplace safety training records related to all staff employed as of January 14, 2017.

**OBJECTIVE #3**

To assess the effectiveness of WRPB's controls over pharmaceuticals.

To accomplish this objective, we:

- Analyzed controlled and noncontrolled pharmaceutical expenditures for fiscal years 2014, 2015, and 2016 and reviewed pharmaceutical purchases and refunds.
- Reviewed up to 5 medications administered to 30 randomly selected patients to determine if the medications were listed within WRPB's pharmaceutical formulary. The medications were judgmentally selected based on our analysis of the patient's diagnosis, the purpose of the medication prescribed, and the time period of the prescription. Therefore, we could not project the results to the entire population.
- Reviewed pharmaceutical inventory procedures and verified a physical inventory count for 8 judgmentally selected medications maintained in the night cabinet.

**OBJECTIVE #4**

To assess the effectiveness of WRPB's maintenance efforts.

To accomplish this objective, we:

- Reviewed maintenance staff overtime levels for fiscal year 2016.
- Reviewed 174 preventative maintenance activities required during calendar year 2016 to determine if these activities were scheduled and completed in a timely manner. Our sample was randomly selected to eliminate bias and to enable us to project our testing results to the entire population.
- Analyzed the timely completion of the 997 work orders created from January 1, 2016 through April 30, 2016.

**OBJECTIVE #5**

To assess the effectiveness of WRPB's efforts to account for selected State and patient assets.

To accomplish this objective, we:

- Reviewed WRPH's tagged equipment inventories performed for the last two quarters of calendar year 2016.
- Inventoried WRPH's 34 equipment inventory items with the highest purchase price, valued between \$4,159 and \$118,405.
- Reviewed WRPH's processes for safeguarding valuables and personal property for 5 patients. We randomly selected the 5 patients to eliminate bias and to enable us to project the results to the entire population.
- Reviewed WRPH's process to secure tools and equipment while working in an area with patients.

## **CONCLUSIONS**

We base our conclusions on our audit efforts and any resulting material conditions or reportable conditions.

When selecting activities or programs for audit, we direct our efforts based on risk and opportunities to improve State government operations. Consequently, we prepare our performance audit reports on an exception basis.

## **AGENCY RESPONSES**

Our audit report contains 7 findings and 7 corresponding recommendations. MDHHS's preliminary response indicates that WRPH agrees with all 7 of the recommendations.

The agency preliminary response that follows each recommendation in our report was taken from the agency's written comments and oral discussion at the end of our audit fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and the State of Michigan Financial Management Guide (Part VII, Chapter 4, Section 100) require an audited agency to develop a plan to comply with the recommendations and submit it within 60 days after release of the audit report to the Office of Internal Audit Services, State Budget Office. Within 30 days of receipt, the Office of Internal Audit Services is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

## GLOSSARY OF ABBREVIATIONS AND TERMS

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<b>continuous positive airway pressure therapy (CPAP)</b>	Helps a person who has obstructive sleep apnea breathe more easily during sleep. A CPAP machine increases air pressure in the person's throat so that his/her airway does not collapse when he/she breathes in.
<b>controlled medication</b>	A drug or other substance, or immediate precursor, included in Schedule I, II, III, IV, or V of the federal Controlled Substances Act (i.e., Title 21, section 801, et seq., of the <i>United States Code</i> , which controls the manufacture, distribution, and dispensing of controlled substances).
<b>dosage unit</b>	As used in this report, an individually packaged one-time use medication or individual unit within a larger package (e.g., a single medication capsule within a bottle of 90 capsules; a single-dose pre-filled syringe; or a single vial within a package of 12 vials.)
<b>double shift</b>	A shift of at least 12 consecutive hours worked.
<b>effectiveness</b>	Success in achieving mission and goals.
<b>emergency box</b>	A medication box maintained in patient residential units containing cardiac arrest, blood sugar, and other essential emergency medications to treat patients in an emergency situation.
<b>FTE</b>	full-time equated.
<b>incident report</b>	Patient occurrences that deviate from the routine care of a patient or that disrupt or adversely affect the course of treatment or care of an individual.
<b>individual plan of service (IPOS)</b>	The fundamental document in the patient's record developed in partnership with the individual using a person-centered planning process that establishes meaningful goals and measurable objectives. The plan must identify services, supports, and treatment as desired or required by the patient.
<b>internal control</b>	The plan, policies, methods, and procedures adopted by management to meet its mission, goals, and objectives. Internal control includes the processes for planning, organizing, directing, and controlling program operations. It also includes the systems for measuring, reporting, and monitoring program performance. Internal control serves as a defense in safeguarding assets and in preventing and detecting errors; fraud; violations of laws,

regulations, and provisions of contracts and grant agreements; or abuse.

**Joint Commission**

An independent, not-for-profit organization that accredits and certifies more than 21,000 health care organizations and programs in the United States. Joint Commission accreditation and certification are recognized nationwide as a symbol of quality that reflects an organization's commitment to meeting certain performance standards.

**material condition**

A matter that, in the auditor's judgment, is more severe than a reportable condition and could impair the ability of management to operate a program in an effective and efficient manner and/or could adversely affect the judgment of an interested person concerning the effectiveness and efficiency of the program.

**MDHHS**

Michigan Department of Health and Human Services.

**mission**

The main purpose of a program or an entity or the reason that the program or the entity was established.

**night cabinet room**

A medication room that can be accessed after the pharmacy has closed that contains controlled and noncontrolled medications that physicians can administer to patients. A nurse and physician are required to be present to enter the room. The night cabinet contains approximately 230 various medications.

**noncontrolled medication**

A drug or other substance, or immediate precursor, that is not included in Schedule I, II, III, IV, or V of the federal Controlled Substances Act (i.e., Title 21, section 801, et seq., of the *United States Code*, which controls the manufacture, distribution, and dispensing of controlled substances).

**performance audit**

An audit that provides findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria. Performance audits provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision-making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

**RCA**

resident care aide.

**reportable condition**

A matter that, in the auditor's judgement, is less severe than a material condition and falls within any of the following categories: an opportunity for improvement within the context of the audit objectives; a deficiency in internal control that is significant within the context of the audit objectives; all instances of fraud; illegal acts unless they are inconsequential within the context of the audit objectives; significant violations of provisions of contracts or grant agreements; and significant abuse that has occurred or is likely to have occurred.

**SOP**

Standard Operating Procedure.

**WRPH**

Walter P. Reuther Psychiatric Hospital.





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