



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
MICHIGAN VETERANS AFFAIRS AGENCY
LANSING

JAMES ROBERT REDFORD
DIRECTOR

December 27, 2017

Richard Lowe, Chief Internal Auditor
Office of Internal Audit Services
Office of the State Budget
Romney Building, 8th Floor
Lansing, MI 48909

Dear Mr. Lowe,

SUBJECT: 60 Day OAG Follow-up Response and Corrective Action Plan

Attached please find the summary table identifying our responses and a corrective action plan to address the recommendations contained within the Office of the Auditor General's follow-up audit of the Grand Rapids Home for Veterans covering the period September 1, 2016 through February 28, 2017, in accordance with the State of Michigan, Financial Management Guide, Part VII.

If you have any questions regarding the summary table or corrective action please contact Brad Slagle at (906) 236-2779.

Sincerely,

Signature Redacted

James Robert Redford
Director, MVAA

Attachment

cc: Office of the Auditor General
Margaret O'Brien, Senate MVA Committee Chair
Mike Nofs, Senate MVA Appropriations Subcommittee Chair
Jason Wentworth, House MVA Committee Chair
Dr. John Bizon, House MVA Appropriations Subcommittee Chair
MG Greg Vadnais, DMVA Director
Senate Fiscal Agency
House Fiscal Agency
Daphne Hobson, DTMB
Randy Shaffer, DTMB

**Responses to Office of the Auditor General’s Follow-up Audit of
Grand Rapids Home for Veterans**

Summary Table	
Audit recommendations the agency has partially complied with:	Expected Compliance Date
2. Contractor needs to provide minimum staffing levels	December 8, 2017

Corrective Action Plan

2. Contractor needs to provide minimum staffing levels

The auditors recommended that the Home work with the new contractors to ensure that proper staffing levels are met.

Agency Formal Response

The Home agrees that the contractor did not meet the contractually required number of supervisors. The Home believes that the contractors are complying with the contractually required CENA staffing levels and has reexamined the methodology used and the appropriate degree of flexibility in assessing the contractors’ fulfillment of required staffing levels and provide clarity to the staffing target’s intent.

- a. CENA Supervisors staffing levels were put in place based on a projected need for additional oversight. However, in practice, the state has found that the number of supervisors required by the contracts was greater than actually needed as the State has state-employed licensed nurses responsible for directing patient care.*
- b. We have requested changes in the contract terms to provide an appropriate degree of flexibility by requesting a target or range of CNAs instead of a “required” number. The contracts were also changed to specify that compliance with the target will be measured by whether the contractor has supplied the per member per day (PPD) range. We have developed an operating procedure to specify the preferred number of CENAs with the flexibility of an acceptable range of CENAs.*

We understand that the OAG has to measure compliance with the contracts as they were written during the audit period, but the fact is that the Home experienced excellent outcomes with the number of supervisors provided.

In this regard, it bears mentioning that if the contractor provides fewer staff than requested, the Home is only invoiced for the number provided. We mention this because it is important to us that the public is not led to believe that the Home is being cheated or wasting taxpayer dollars.