



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
MICHIGAN VETERANS AFFAIRS AGENCY
LANSING

JAMES ROBERT REDFORD
DIRECTOR

April 5, 2018

Richard Lowe, Chief Internal Auditor
Office of Internal Audit Services
Office of the State Budget
George W. Romney Building, 8th Floor
Lansing, MI 48913

Dear Mr. Lowe:

In accordance with the State of Michigan, Financial Management Guide, Part VII, attached are our responses and corrective action plans to address the recommendations contained within the Office of the Auditor General's follow-up audit of the Michigan Veterans Affairs Agency covering the period October 1, 2014 through April 30, 2017.

Please direct questions regarding the corrective action plans to Tim Loney at (517) 284-5240.

Sincerely,

Signature Redacted

James Robert Redford, MVAA Director

Enclosure

c: Office of the Auditor General
House Fiscal Agency
Senate Fiscal Agency
House Appropriations Sub-Committee Military and Veterans Affairs
Senate Appropriations Sub-Committee State Police and Military Affairs
Adjutant General Gregory Vadnais, DMVA Director
James Redford, MVAA Director
Tim Loney, MVAA Deputy Director
Kristina Leonardi, MVAA Director of Strategy
Robert Price, MVAA Director of Targeted Outreach
Ronda McCoy, DTMB
Randy Shaffer, DTMB

State of Michigan

Corrective Action Plan for Audit Finding

Agency Code: 511 **Agency Title:** Department of Military and Veterans Affairs (DMVA)/Michigan Veterans Affairs Agency (MVAA)

Section I: Corrective Action Plan Information:	
Audit Report Number:	511-0105-17
Finding Number:	1
Finding Title:	Outreach to Veterans and Their Families; Need for improved outreach efforts to veterans receiving State assistance.
Issue / Problem Defined:	MVAA could improve its efforts to identify and connect with veterans receiving State assistance to ensure that veterans obtain or maximize the benefits for which they may be eligible.
IT Related:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
* Agency Position: Does agency agree with the recommendation? If no or partially, please explain reason(s) why:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Partially agree
Agency Intention Regarding Compliance:	<input type="checkbox"/> Complied <input type="checkbox"/> Partially Complied <input checked="" type="checkbox"/> Will Comply <input type="checkbox"/> Will Partially Comply <input type="checkbox"/> Will Not Comply
Material (per audit finding):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<u>Department assessment:</u>	
Material to the Program:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Material to the Department:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Material to the State of Michigan:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Section II: Corrective Action:	
I. Root Cause Evaluation Identify the issue. What happened? What went wrong? Why did it happen? What is the risk to the SOM as a result of the failure identified?	MVAA did not implement the plan to reach out to Medicaid recipients identified as veterans and who may be eligible for federal veteran health care or other benefits. MVAA indicated that staff turnover, extended employee leave, and programing issues delayed implementation of the processes. At the time of this audit citation, based on a review of other states' systems that were using the PARIS program, MVAA had a plan in place to identify those individuals who are a part of the veteran match file during the audit time line. The goal at the time was to utilize a DHHS web-based system giving Agency staff access to all data fields directly. This web-based system did not have all the necessary data elements based on the plan, and the

	<p>Agency should have taken steps to receive information manually from DHHS. MVAA had inconsistent staff resources available throughout the project life cycle prior to the audit, and as staff resources became available, training was initiated.</p> <p>Veterans that may be eligible for additional benefits are not being contacted to determine if they are in fact eligible. Additionally, DHHS may save dollars out of their state Medicaid budget.</p>
<p>II. Review Authoritative Guidance / Standards</p> <p>Review applicable standards related to the audit finding and relevant State/DTMB/Agency policies and procedures.</p> <p>Document why the specific standard(s) was/were selected.</p> <p>Select the applicable minimum control standard(s) to resolve the audit finding condition and sub-findings.</p>	<p>MVAA's appropriations acts for fiscal years 2015, 2016, and 2017 require MVAA to work with the Michigan Department of Health and Human Services (MDHHS) to identify Medicaid recipients who are veterans and who may be eligible for federal veteran health care or other benefits.</p>
<p>III. Determine Desired Controls</p> <p>Determine the appropriate controls and monitoring that are necessary to meet the requirements of the above standard(s).</p>	<p>MVAA, through continued partnership with DHHS, will identify Medicaid recipients who are veterans and who may be eligible for federal veteran health care and other benefits and provide outreach every quarter to targeted groups. Monthly updates of outreach numbers and corresponding results (if any) will be provided to management.</p>
<p>IV. Complete Gap Analysis</p> <p>Determine the gap between the existing process in place at the time of the audit citation, and the minimum control requirements per the appropriate authoritative guidance.</p>	<p>At the time of this audit citation, based on a review of other states' systems that were using the PARIS program, MVAA had a plan in place to identify those individuals who are a part of the veteran match file during the audit time line. The goal at the time was to utilize a DHHS web-based system giving Agency staff access to all data fields directly. This web-based system did not have all the necessary data elements based on the plan, and the Agency should have taken steps to receive information manually from DHHS. MVAA had inconsistent staff resources available throughout the project life cycle prior to the audit, and as staff resources became available, training was initiated. MVAA has since reevaluated its process to accommodate the resources available and began outreach.</p>
<p>V. Action Steps *</p> <p>Completed or Planned Actions (include cost estimates for additional resources if applicable):</p>	<p>In partnership with DHHS and DTMB, MVAA has received access to all required database field to conduct effective outreach to veterans.</p> <p>MVAA has established five primary groups to whom it will conduct outreach. These groups are those that have been determined by best practices in other states to yield the most beneficial results to the veteran. The groups include:</p> <ul style="list-style-type: none"> • Suspended benefits • Coded receiving long-term care and a reduced pension, but no longer receiving long-term care and potentially eligible for increased pension

- Have a level of care equal to nursing care and may be eligible for aid and attendance
- Receiving long-term care and are not coded for aid and attendance and may be eligible
- A disability rating of 70% or greater who are not receiving benefits from the VA and may be eligible for such.

MVAA has a process in place by which they will query the web-based data system and then contact the veterans that meet the results of the query.

MVAA will develop a process by which it will send a letter to all veterans not a part of these queries; however, they may not be eligible for additional benefits.

MVAA will have a process in place by which it will track the success of its outreach.

The position at MVAA focused on this project has been filled and another position has been edited to provide back-up to that position.

Deliverables:

- Outreach letters to veterans identified as part of the five outreach groups.
- Further development of specific outreach groups beyond the first five groups to outreach to all veterans identified on state assistance.
- Monitoring of calls received through the Michigan Veteran Resource Service Center (MVRSC) as a result of the outreach letters.
- Increase in VA benefits to those veterans that are eligible, respond to the outreach, and connect with a VSO for a benefit check-up.

The Michigan Veterans Affairs Agency, Director of Strategy is currently responsible for this corrective action plan.

A residual risk is that veterans do not respond to the outreach or do not sign-up for VA benefits and may fail to maximize the VA benefits for which they may be eligible. Some veterans may not be eligible for additional VA benefits.

MVAA now has access to the data within the web system and has begun conducting outreach to the targeted groups.

Goals: Send letters for a benefit check-up to 100% of the veterans in the five queried groups based on the information available in the web-system. Send letters for a benefit check-up to 100% of all veterans identified in the DHHS database based on the information available in the web-system. Monitor the contacts with the MVAA through the MVRSC.

Progress is reported on a bi-weekly basis in an activity report from staff to the Director of Strategy and to the Deputy Director.

Specific Deliverables:

Position Responsible:

Residual Risk:

VI. Improvement Monitoring / Benchmarks

Describe established goals & evidence showing issues are begin addressed; identify frequency of monitoring & position responsible.

Reports regarding the progress of outreach efforts are provided monthly as a part of the strategic plan metrics.

VII. Corrective Action Completed?

Yes No

Date completed or estimated final date of completion:

Date: 10/1/2020

Approvals

Approved by Agency:

James Robert Reedy Director, MUAA 6 April 2018
(Name, Title) (Date)

Approved by OIAS:

Ronda A. Meloy Division Director 4/5/18
(Name, Title) (Date)

* These sections may be included in audit reports as part of the response.

Submit completed form electronically to **SBO-Office-of-Internal-Audit@michigan.gov**

State of Michigan

Corrective Action Plan for Audit Finding

Agency Code: 511 **Agency Title:** Department of Military and Veterans Affairs (DMVA); Michigan Veterans Affairs Agency (MVAA)

Section I: Corrective Action Plan Information:	
Audit Report Number:	511-0105-17
Finding Number:	2
Finding Title:	Assist with benefits and Services; Improved contract monitoring efforts needed.
Issue / Problem Defined:	MVAA could improve its monitoring of the Michigan Veterans Coalition (MVC) contract to help ensure the MVC effectively and efficiently uses State grant funds to maximize assistance provided to veterans.
IT Related:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
* Agency Position: Does agency agree with the recommendation? If no or partially, please explain reason(s) why:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Partially agree
Agency Intention Regarding Compliance:	<input type="checkbox"/> Complied <input type="checkbox"/> Partially Complied <input checked="" type="checkbox"/> Will Comply <input type="checkbox"/> Will Partially Comply <input type="checkbox"/> Will Not Comply
Material (per audit finding):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Department assessment:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Material to the Program:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Material to the Department:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Material to the State of Michigan:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Section II: Corrective Action:	
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<p>I. Root Cause Evaluation</p> <p>Identify the issue. What happened? What went wrong?</p> <p>Why did it happen?</p> <p>What is the risk to the SOM as a result of the failure identified?</p>	<p>MVAA did not ensure MVC submitted annual audits as required, account for claims received from counties separately, validate the accuracy and appropriateness of the claims reported by MVC and did not ensure contracted Veteran Service Officers (VSO) adhered to the approved work schedule.</p> <p>Monitoring efforts were hindered by a lack of contract monitoring education, training, and experience; a lack of a fully developed monitoring and compliance plan; the amount of time involved, and MVAA employee turnover.</p> <p>Insufficient monitoring prevented the MVAA from validating VSO availability to serve veterans and identifying any potential misuse of grant funds.</p>
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<p>II. Review Authoritative Guidance / Standards</p> <p>Review applicable standards related to the audit finding and relevant State/DTMB/Agency policies and procedures.</p> <p>Document why the specific standard(s) was/were selected.</p> <p>Select the applicable minimum control standard(s) to resolve the audit finding condition and sub-findings.</p>	<p>The State of Michigan Administrative Guide to State Government policy 0610 requires departments to manage contracts in a manner that is fiscally responsible and monitor vendors to ensure they meet contractual obligations.</p> <p>Section 406 of PA 268 requires the MVAA to:</p> <p>(1)(a) Ensure each VSO is issued performance standards and (2)(a) Provide services to veterans statewide using a regional service delivery model with services provided at specified locations and times.</p> <p>Ensure performance standards are issued and the agency's schedule of operation is continuously monitored for correctness to make sure veterans have accurate information available to them to connect with a VSO.</p>
<p>III. Determine Desired Controls</p> <p>Determine the appropriate controls and monitoring that are necessary to meet the requirements of the above standard(s).</p>	<p>In November 2017, the Agency established a new contract monitoring program which reviews and validates accuracy of the MVC reports.</p> <p>In January 2018, an updated contract agreement was signed. This agreement includes specific and identifiable goals, measurable standards, and a system to monitor and evaluate customer satisfaction of the claims process from the perspective of the veteran being served.</p>
<p>IV. Complete Gap Analysis</p> <p>Determine the gap between the existing process in place at the time of the audit citation, and the minimum control requirements per the appropriate authoritative guidance.</p>	<p>Monitoring efforts were hindered by a lack of contract monitoring education, training, and experience; a lack of a fully developed monitoring and compliance plan; the amount of time involved, and MVAA employee turnover.</p>
<p>V. Action Steps *</p> <p>Completed or Planned Actions (include cost estimates for additional resources if applicable:</p> <p>Specific Deliverables:</p> <p>Position Responsible:</p> <p>Residual Risk:</p>	<p>The MVAA implemented a new contract monitoring plan and updated the contract to include specific and identifiable goals, measurable standards, and a system to monitor and evaluate customer satisfaction.</p> <p>In addition, the Agency developed and hired a new position identified as the Contract & Grant Compliance Analyst.</p> <p>Deliverables include:</p> <ul style="list-style-type: none"> • Increase accuracy of reporting requirements for validation purposes • Verification of availability of service officers • Increased accountability of service hours <p>MVAA Targeted Outreach Director</p> <p>The Agency's monitoring plan utilizes random checks on a consistent basis for factors such as attendance and claims. Due to this randomization, there is some residual risk since all components are not checked 100% of the time.</p>
<p>VI. Improvement Monitoring / Benchmarks</p> <p>Describe established goals & evidence showing issues are begin addressed; identify frequency of monitoring & position responsible.</p>	<p>The goal is to improve monitoring of the Michigan Veterans Coalition (MVC) contract to help ensure the MVC effectively and efficiently uses State grant funds to maximize assistance provided to veterans.</p>

The MVAA Director of Targeted Outreach will oversee the monthly audit of the MVC in accordance with the monitoring plan, approve the subsequent report, brief the Deputy Director on the results, and engage in regular communication with the MVC regarding the results.

VII. Corrective Action Completed?

Yes No

Date completed or estimated final date of completion:

Date: 1 October, 2018

Approvals

**Approved by
Agency:**

James Robert Reeford Director, MVAA 6 April 2018
(Name, Title) (Date)

**Approved by
OIAS:**

Ronda A. Helby Division Director 4/5/18
(Name, Title) (Date)

* These sections may be included in audit reports as part of the response.

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