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Office of the Auditor General

Report Summary

Performance Audit

Report Number:
431-0246-16

Michigan Rehabilitation Services (MRS)

Michigan Department of Health and Human Services (MDHHS)

Released:
May 2018

MRS's mission is to partner with individuals and employers to achieve quality employment outcomes and independence for individuals with disabilities by helping its customers to obtain and/or retain suitable employment. From October 1, 2013 through April 30, 2016, MRS expenditures totaled \$267.2 million, including \$89.0 million for goods and services provided to 38,655 customers.

Audit Objective			Conclusion
Objective #1: To assess the effectiveness of MRS's efforts to ensure the propriety of expenditures for goods and services provided to its customers.			Moderately effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
MRS needs to improve its process and documentation for payments issued directly to customers. Because of a daily maximum of \$500, MRS made multiple payments for the same good or service. Also, MRS did not obtain receipts of the good or service purchased in 18% of the direct payments to customers we tested (<u>Finding #1</u>).		X	Agrees
MRS did not sufficiently document that it pursued comparable benefits and services from other sources. Of the 444 purchases we reviewed, 49% did not have an explanation of other sources pursued as required. MRS could be underutilizing other payment sources that may result in savings (<u>Finding #2</u>).		X	Agrees
MRS did not document bids or price quotations for 25 (54%) of 46 purchases sampled to support that it obtained the best value (<u>Finding #3</u>).		X	Agrees
MRS did not consistently and timely obtain the customers' consent to extend the completion of their Individualized Plans for Employment (IPEs) beyond 90 days to help them timely achieve employment outcomes. Of 9 IPEs completed untimely, 6 did not have extension documentation and 2 extensions were not completed timely (<u>Finding #4</u>).		X	Agrees

Audit Objective			Conclusion
Objective #2: To assess the sufficiency of MRS's customer complaint and appeals resolution process.			Sufficient, with exceptions
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
MRS needs to improve its management of appeal documentation. Of 81 appeals reviewed, 46 lacked sufficient information on MRS's tracking log to readily identify the appeal status; 13 appeals had untimely resolutions; and 17 appeals had disorganized documentation, making it difficult for MRS to provide full support (<u>Finding #5</u>).		X	Agrees

Audit Objective			Conclusion
Objective #3: To assess the sufficiency of MRS's efforts to monitor funding provided to Centers for Independent Living (CILs).			Sufficient, with exceptions
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
MRS needs to improve its CIL monitoring to help provide greater assurance that funds are used to support, develop, and expand services for disabled individuals. MRS had not fully completed any compliance reviews as of June 2016 and did not trace CIL expenditures to underlying supporting documentation in its financial reviews (<u>Finding #6</u>).		X	Agrees

Audit Objective			Conclusion
Objective #4: To assess the effectiveness of MRS's efforts to ensure that it meets its outcome targets.			Effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
None reported.			Not applicable.

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