



STATE OF MICHIGAN  
**MICHIGAN VETERANS AFFAIRS AGENCY**  
LANSING

GRETCHEN WHITMER  
GOVERNOR

ZANETA ADAMS  
DIRECTOR

July 8, 2019

Richard T. Lowe, Chief Internal Auditor  
Office of Internal Audit Services  
Office of the State Budget  
George W. Romney Building  
111 South Capitol, 6<sup>th</sup> Floor  
Lansing, MI 48913

Dear Mr. Lowe:

In accordance with the State of Michigan, Financial Management Guide, Part VII, attached are a summary table identifying our responses and a corrective action plan to address the recommendations contained within the Office of the Auditor General's audit report of the Grand Rapids Home for Veterans.

Questions regarding the summary table or corrective action plan should be directed to Tracey Nelson at (616) 364-5344.

Sincerely,

Military Veterans Affairs Agency

Zaneta Adams, Director

Enclosure

cc: Executive Office  
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  
Major General Paul D. Rogers, DMVA TAG/Director  
Russ Gullett, DMVA Senior Deputy Director of State Operations  
Christine Apostol, DMVA CFO State Operations  
Tim Loney, MVAA Deputy Director  
Steve Potter, MVAA Chief of Staff



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Steve Rolston, Michigan Veteran Health System COO

Tracey Nelson, GRHV Administrator  
 Anne Zerbe, Transition Specialist  
 Jackie Huhn, DTMB Financial Services  
 Randy Shaffer, DTMB Audit Liaison for DMVA

**Responses to the Office of the Auditor General’s Performance Audit of  
 the Grand Rapids Home for Veterans dated June 14, 2019**

<b>Summary Table</b>	
<b>Audit recommendations the agency complied with:</b>	
1. Improved access controls over NTT needed.	
3. Security over medication carts needs improvement.	
4. Member fund accounts and bank accounts need to be reconciled.	
5. Improvements needed to resolve member assessment balances.	
6. Improved controls needed over disbursement of members' funds.	
<b>Audit recommendations the agency will comply with:</b>	
2. Improvements needed for administering prescribed pharmaceuticals.	<b>Expected Compliance Date</b> August 30, 2019

**Corrective Action Plan**

**1. Improved access controls over NTT needed.**

The auditors recommended that the Home improve its controls over NTT to help prevent and detect inappropriate access and protect confidential information.

Agency Preliminary Response

*The Home agrees and has complied with this recommendation.*

*Administration rights have been reviewed and changed to the principle of least privilege, where appropriate.*



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*Cantata has been contacted regarding security manager access. It has been determined it was not possible to have the system changed to allow access to password reset only, versus access to change user and group access. While this is a current system limitation, controls have been implemented to monitor activity.*

*Nursing access has been changed regarding member financial access information. Business office access has been restricted to read only, where appropriate. There are certain features each party must have access to facilitate physician doctor appointments as well as the necessity to verify census activity.*

*The Home has developed a policy to address periodic review of NTT user access rights and monitoring of activity logs quarterly. Additionally, on business days, monitoring reports are pulled and saved to ensure access right changes have not been performed by inappropriate parties.*

*At minimum monthly, State employee and contractor termination lists are reviewed to ensure access rights have been terminated from computer access. Audits are conducted quarterly to ensure only active employees have access; these results are reported at the facility's Quality Assurance and Process Improvement committee meeting.*

## **2. Improvements needed for administering prescribed medications.**

The auditors recommended that the Home improve its administration of medications prescribed to members.

### Agency Preliminary Response

*The Home agrees with this finding and has partially complied with this recommendation.*

*Education was provided to nursing staff regarding medication pass techniques and etiquette with the requirement of return demonstration by the nursing staff. This was effective as was evidenced by receiving no citations during the annual VA survey in April 2018 as well as April 2019. Complete medication administration training with the requirement of return demonstration is a part of orientation for all newly hired nursing staff. Audits continue on a regular basis to ensure compliance has been retained.*

*Education was also provided to nursing staff regarding documentation requirements and the necessity to document reasons medications are not administered. Missed medication reports are run and reviewed at the daily Interdisciplinary Team for follow up and ensured continued compliance.*

*Additionally, the Home has recently participated in a LEAN process, facilitated by Boost Value Consulting, to improve the efficiency and economy of medication administration. The Home is pursuing a fill cad medication distribution for all medications throughout the Home. A liberalized medication pass will allow for independent preferences to be honored and the fill cart will help dramatically reduce the need for fill requests from nurses and provide real time feedback on all dispensed medications to assist with more in-depth monitoring.*



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*The Home is in the process of reviewing and revising the Medication Administration policy to reflect a more member centered approach to include a liberalized medication pass. This will enable the window of time to expand for non-critical medications to protect members' freedoms and preferences. This will also enable the Home to schedule truly time critical medications in a manner to ensure the electronic medical record (EMR) may alert nursing staff of important time frames.*

### **3. Security over medication carts needs improvement.**

The auditors recommended that the Home improve its security over its medication carts.

#### Agency Preliminary Response

*The Home agrees and has complied with this recommendation. While the Home acknowledges that there was a potential risk for unauthorized access to the medication carts for non-narcotics, there were no known instances of unauthorized access.*

*The Home has replaced the key code entry to the medication carts with lock and key. Nursing staff are required to keep keys on their person while on duty.*

### **4. Member fund accounts and bank accounts need to be reconciled.**

The auditors recommended that the Home, in conjunction with DTMB, properly maintain and regularly reconcile member personal fund accounts.

#### Agency Preliminary Response

*The Home and DTMB agree with this recommendation and have already complied. DTMB developed new processes, implemented between July 2016 and December 2018, to ensure accuracy of member personal fund accounts. DTMB implemented new processes, in early 2018, to regularly reconcile and move funds between the general checking account and the proper external bank accounts.*

*In August 2018, DTMB executed transfers between the external bank accounts for any differences that existed at that time between members' bank balances recorded in NTT and the corresponding external bank balances. The validation and resolution of members' balances was completed by December 31, 2018. The new processes DTMB implemented helped ensure alignment between members' bank balances recorded in NTT and external bank balances, as corrections occurred. The alignment between the members' bank balances recorded in NTT and external bank balances had no impact on the availability of members' personal funds.*

*Furthermore, DTMB has implemented additional processes and controls to ensure correct amounts are submitted to the Department of Treasury for all activity, including member discharges, furloughs, or miscalculated member assessments.*



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**5. Improvements needed to resolve member assessment balances.**

The auditors again recommended that the Home, in conjunction with DTMB, effectively validate and resolve outstanding member assessment balances.

Agency Preliminary Response

*The Home and DTMB agree with this recommendation and have already complied. DTMB developed new processes, implemented between July 2016 and December 2018, to ensure the accuracy of member balances and pursue collections on current and past due member balances. DTMB implemented new processes and controls to help ensure accuracy of members' detailed transactions. As of December 31, 2018, reconciliations were completed for all active members on all transactions dating back to September 1, 2015 (the implementation of NTT). Beginning in January 2019, DTMB began sending monthly member statements and pursuing collections on delinquent balances.*

**6. Improved controls needed over disbursement of members' funds.**

The auditors again recommended that the Home, in conjunction with DTMB, implement sufficient controls over the disbursement of deceased and discharged members' funds.

Agency Preliminary Response

*The Home and DTMB agree with this recommendation and have already complied. The Home, in conjunction with DTMB, implemented new processes, in July 2018, that ensure timely and accurate disposition and disbursement of deceased and discharged members' funds. Furthermore, by resolving and reconciling outstanding member's assessment balances (as discussed in Finding #5), DTMB addressed all deceased and discharged members' funds. Related to item a., it is the member or responsible party's obligation to re-direct income after the date of death or discharge. The Home is not permitted to re-direct funds received from the VA, Social Security Administration, or other third-party retirement plans on behalf of the deceased or discharged members. DTMB has implemented improved processes to reduce the number of receipts occurring after the date of death or discharge.*