

Office of the Auditor General
Performance Audit Report

Grand Rapids Home for Veterans
Michigan Veterans Affairs Agency
Department of Military and Veterans Affairs

June 2019

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Article IV, Section 53 of the Michigan Constitution



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Report Summary

Performance Audit

Grand Rapids Home for Veterans

Michigan Veterans Affairs Agency

Department of Military and Veterans Affairs

Report Number:

511-0170-18

Released:

June 2019

The Grand Rapids Home for Veterans provides nursing care and domiciliary services to military veterans and widows, widowers, spouses, former spouses, and parents of State veterans. The mission of the Home is to provide compassionate, quality, interdisciplinary care for the members to achieve their highest potential of independence, self-worth, wellness, and dignity. As of February 28, 2018, the Home had 259 members receiving nursing care and 24 members residing in the domiciliary units. As of March 7, 2018, the Home had 540 State and contract employees. The Home expended \$43.2 million for fiscal year 2018 (\$23.6 million from State funding, \$14.8 million from federal funding, and \$4.7 million from member assessments and private donations).

Audit Objective			Conclusion
Objective #1: To assess the sufficiency of the Home's provision of member care services.			Sufficient, with exceptions
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
<p>The Home needs to improve its controls over the NetSolutions System (NTT) to help prevent and detect inappropriate access to member medical and financial records. We identified several concerns, including:</p> <ul style="list-style-type: none"> The Home, based on our audit, needed to terminate accounts for 766 (57%) of its 1,338 active NTT users because they were former employees. The existence of system access rights, including privileged system administrator and security manager rights, to employees whose job responsibilities did not require the assigned level of access (Finding #1). 	X		Agrees
<p>The Home could improve its administration of medications prescribed to members. We noted instances of unexplained late prescription refills; missed medication doses; and early, late, and improper medication administration (Finding #2).</p>		X	Agrees

Audit Objective			Conclusion
Objective #2: To assess the sufficiency of the Home's controls over pharmaceuticals.			Sufficient
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
Medication cart passcodes were a simple, easily guessed combination and had not been changed in many years, leaving nonnarcotic medications vulnerable to unauthorized access (<u>Finding #3</u>).		X	Agrees

Audit Objective			Conclusion
Objective #3: To assess the effectiveness of the Home's management of complaints and incidents regarding member care.			Effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
None reported.		Not applicable.	

Audit Objective			Conclusion
Objective #4: To assess the sufficiency of controls over selected business office operations.			Not sufficient
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
See <u>Finding #1</u> .	X		Agrees
Unreconciled differences existed between member subsidiary accounts and external bank balances since at least September 2015 ranging from \$23,286 to \$301,428 (<u>Finding #4</u>).	X		Agrees
Outstanding member assessment balances had not been validated and resolved, resulting in 239 current and former members owing the Home amounts totaling \$1.1 million and 200 current and former members being owed \$451,000 by the Home (<u>Finding #5</u>).		X	Agrees
At least \$56,000 of deceased or discharged members' funds had not been disbursed in a timely manner (<u>Finding #6</u>).		X	Agrees

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June 14, 2019

Major General Paul D. Rogers, Director
Department of Military and Veterans Affairs
3411 North Martin Luther King Jr. Boulevard
Lansing, Michigan
and
Mr. Tim Loney, Deputy Director
Michigan Veterans Affairs Agency
222 North Washington Square
Lansing, Michigan
and
Mr. Robert L. Johnson, Chair
Michigan Veterans Facilities Board of Managers
Grand Rapids Home for Veterans
Grand Rapids, Michigan

Dear General Rogers, Mr. Loney, and Mr. Johnson:

This is our performance audit report on the Grand Rapids Home for Veterans, Michigan Veterans Affairs Agency (MVAA), Department of Military and Veterans Affairs.

We organize our findings and observations by audit objective. MVAA 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 to submit it to the State Budget Director upon completion of an audit. Within 30 days of receipt, the Office of Internal Audit Services, State Budget Office, 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, flowing style.

Doug Ringler
Auditor General

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AUDIT OBJECTIVES, CONCLUSIONS, FINDINGS, AND OBSERVATIONS

PROVISION OF MEMBER CARE SERVICES

BACKGROUND

The Grand Rapids Home for Veterans is responsible for providing care for its members in a manner and in an environment that promotes maintenance or enhancement of each member's quality of life. The Home uses the Minimum Data Set (MDS) assessment tool, care area assessments (CAAs), and domiciliary nursing summaries to develop a comprehensive care assessment of each member's functional capabilities. The assessment process includes member evaluation by a physician, a social worker, a nurse, an activities aide, a dietitian, and a physical therapist to determine the member's abilities and disabilities. The Home uses information obtained from the assessment process to develop comprehensive care plans documenting services to be provided to attain or maintain each member's physical, mental, and psychosocial well-being.

The Home provides the following services to accomplish the comprehensive care plans:

- Skilled nursing care for members with disabilities requiring continuous nursing care and supervision.
- Special needs units for members with Alzheimer's disease or other diseases of aging.
- Domiciliary units for members who do not need nursing care but have some limitations that require a structured environment.
- Professional services for members who need rehabilitation therapy, pharmacy, social intervention, physician, dental, and vision services.

All of the Home's employees, including physicians, nurses, contracted nursing assistants, therapists, and administrative personnel, were collectively responsible for providing member care services.

The Home implemented an integrated electronic medical records (EMR) and member financial activity system, NetSolutions System* (NTT), on September 1, 2015. In relation to member care services, the Home utilizes NTT to document member's medical information, including diagnoses and laboratory results; comprehensive care plans, including approvals and supporting assessments; daily care activities provided by nurses and competency evaluated nursing assistants (CENAs), including medication schedules and administrations; nursing care unit and bed assignments; and as an interface with the Home's pharmacy system to have prescriptions filled and medications delivered to each nursing care unit.

* See glossary at end of report for definition.

AUDIT OBJECTIVE

To assess the sufficiency of the Home's provision of member care services.

CONCLUSION

Sufficient, with exceptions.

**FACTORS
IMPACTING
CONCLUSION**

- The Home appropriately conducted and documented the 612 member location checks that we tested.
- The Home conducted 64 (97%) of the 66 required monthly video audits of member location checks and followed up on issues noted, as it deemed appropriate.
- The Home reexamined and modified its methodology to establish its targeted and minimum required caregiver staffing levels.
- The Home ensured that the contracted CENA staffing met the minimum required levels for the three months that we reviewed and that sufficient supervision was assigned to oversee these caregivers for the three weeks that we reviewed.
- The Home completed all required initial assessments and care conferences for the 10 members admitted during the audit period that we reviewed; quarterly and annual assessments for the 43 members that we reviewed; and discharge assessments for the 24 members that we reviewed.
- The Home completed 384 (96%) of the 398 required medication regimen reviews for the 43 members that we reviewed.
- The Home maintained documentation of proper employee credentials and certifications for the 43 employees that we reviewed.
- The Home maintained support that it conducted background checks for 49 (98%) of the 50 employees or volunteers that we reviewed.
- The Home met all 231 standards for nursing home and domiciliary care in the 2018 annual review conducted by the U.S. Department of Veterans Affairs (VA).
- Material condition* related to the need to improve controls over NTT (Finding #1).
- Reportable condition* related to administering medications, resulting in unexplained late prescription refills; missed medication doses; and early, late, and improper medication administration (Finding #2).

* See glossary at end of report for definition.

FINDING #1

Access controls over the integrated medical record and member financial system need improvement.

The Home needs to improve its controls over NTT to help prevent and detect inappropriate access and protect confidential information from unauthorized access, use, disclosure, modification, or destruction.

State of Michigan Administrative Guide to State Government policy 1340.00 requires agencies to develop security controls to authorize access to and use of its information systems. Also, State of Michigan Technical Standard 1340.00.020.01 requires agencies to establish a process to control and document the assignment of access rights based on current job responsibilities and the principle of least privilege* and to monitor privileged users' activity. Further, the Federal Information System Controls Audit Manual* (FISCAM) indicates that accounts for terminated employees should be disabled or removed in a timely manner, system owners and security managers should periodically monitor user access, access to sensitive or privileged accounts should be restricted to individuals having a legitimate need for business purposes, and the use of sensitive or privileged accounts should be monitored to ensure that inappropriate activity does not go undetected by management.

Our review of access controls over NTT noted that the Home:

- a. Did not periodically review the appropriateness of active NTT user accounts.

Our initial review of the March 6, 2018 NTT user listing identified that only 335 (25%) of the 1,338 individuals with an active NTT user account were active State or contracted employees of the Home. Further review of 40 of the remaining 1,003 active NTT user accounts disclosed that 30 (75%) users were former employees with departure dates from 9 to 776 days prior to March 6, 2018. Although none of the 30 users had logged into NTT subsequent to their departure or contract end dates, the risk of unauthorized access remains until the user accounts are inactivated.

The Home acknowledged that it did not have a process to periodically review the appropriateness of active NTT user accounts. The Home subsequently indicated that it reviewed system access for all 1,338 active users and had terminated 766 (57%) accounts.

- b. Did not grant access rights to NTT based on the principle of least privilege.

Our review of system administrator rights, security manager rights, and rights assigned to 8 user groups containing 1,071 active user accounts noted:

- (1) 14 (74%) of the 19 user accounts with system administrator rights did not need this additional and

Over 700 former employees had access to the member electronic medical and financial record system.

* See glossary at end of report for definition.

privileged level of access to complete their job responsibilities. Further, 3 of the 14 user accounts were generic system accounts not associated with a specific individual. Generic user accounts decrease accountability for actions performed.

- (2) 29 (83%) of the 35 user accounts with full security manager rights did not need this additional level of access. The individuals associated with 11 of the 29 user accounts did not require any security manager rights and the remaining 18 individuals needed only limited security manager rights in order to reset passwords when necessary. Other security manager rights included the ability to change individual user account and user group access rights.
 - (3) 4 (50%) of the 8 user groups, containing 122 individual user accounts, had access rights that were unnecessary for performing their assigned job responsibilities at the Home, including:
 - Nursing staff with access to member financial information.
 - Business office staff with access to member medical records.
- c. Did not periodically review the appropriateness of NTT user access rights or monitor system activity logs to help ensure that rights granted remain appropriate for the user's job responsibilities and that inappropriate activity is identified in a timely manner.

We consider this finding to be a material condition because these weaknesses represent a lack of basic access controls and business processes, and NTT contains sensitive and confidential information, such as personally identifiable information and medical records.

RECOMMENDATION

We recommend that the Home improve its controls over NTT to help prevent and detect inappropriate access and protect confidential information.

AGENCY PRELIMINARY RESPONSE

The Michigan Veterans Affairs Agency (MVAA) provided us with the following 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.

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.

FINDING #2

Improvements needed for administering prescribed medications.

9% of prescriptions refilled more than 5 days late.

The Home could improve its administration of medications prescribed to members. We noted instances of unexplained late prescription refills; missed medication doses; and early, late, and improper medication administration.

Strict adherence to established medication administration policies and procedures would help ensure member privacy, reduce health risks, and avoid potential quality of care issues for members whose health is dependent upon receiving medications in a timely manner.

The Home refilled 27,474 nonnarcotic prescription orders, including prescriptions for schizophrenia, seizures, and bipolar disorders, from March 1, 2017 through February 28, 2018. Our analysis of these prescription orders, excluding prescription refills for items such as eye drops, creams, inhalers, and sprays that potentially could be taken on an as-needed basis, noted that the Home refilled 2,442 (9%) prescriptions more than 5 days late.

Prescriptions may be refilled late for a number of reasons, including members refusing to take their medications, prior early refills, or members being away from the Home for medical, family, or other purposes. Therefore, we conducted a further review of 43 of the prescriptions that were refilled more than 5 days late and observed the Home's administration of 76 time critical and 17 non-time critical narcotic or nonnarcotic medications during 5 separate nursing rounds. We noted:

- a. 17 (40%) prescriptions were refilled late; however, the electronic medication administration records (EMARs) around the time of the late prescription refill indicated that the members received most, if not all, of their prescribed doses. The Home could not explain how that was possible given the dates of the prior refills, the number of doses dispensed by the pharmacy, and the number of doses documented as being administered to members, which brings into question whether members appropriately received their medications.
- b. 1 (2%) prescription was refilled late because of multiple missed medication doses. We reviewed the member's EMARs for a two-month time period around the date of the late refill and noted that 10 of 61 prescribed doses were missed with no documented reason.

Home policy 06-19 requires a documented explanation for missed medication doses.

- c. The Home did not always appropriately administer the prescribed medications according to Home policies. We noted:

- (1) The Home administered 22 (29%) of the 76 time critical medications outside of the 1-hour window, including 21 medications that were administered from 3 to 55

minutes early and 1 medication that was administered 42 minutes late. Also, the Home administered 7 (41%) of the 17 non-time critical medications 1 hour and 35 minutes beyond the 2-hour medication window.

Home policy 06-17 requires medications to be administered at prescribed times, providing a 1-hour or 2-hour before and after window for critical and non-time critical medication, respectively.

The Home's EMR system was not properly designed to identify the appropriate medication window for time-critical medications and, therefore, did not properly notify staff.

- (2) The Home did not appropriately administer 14 (15%) of the 93 medications. We observed medication administration errors, including administering injections and applying topical eye and ear medications in a public setting or without the use of surgical gloves; preparing medications more than an hour prior to administration; documenting that medications were administered to the member without observing that the medications were actually taken; and not informing the member that medications were being administered.

Home policy 06-17 requires that certain medications be administered in a private setting, gloves be worn during injections, medications be administered immediately following preparation, and nurses remain with the member until the medications are taken. Also, the Home's Member Bill of Rights and Responsibilities states that members are entitled to information in advance about care and treatment and that they have the right to refuse treatment.

RECOMMENDATION

We recommend that the Home improve its administration of medications prescribed to members.

AGENCY PRELIMINARY RESPONSE

MVAA provided us with the following 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 cart 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.

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.

CONTROLS OVER PHARMACEUTICALS

BACKGROUND

The Home provides pharmaceutical services to members, including storage, maintenance, and disposition of all medications.

The Home maintained pharmaceuticals in its pharmacy, in each nursing care unit medication room, and in mobile medication carts. When nurses and pharmacy staff were not dispensing pharmaceuticals to members, the Home locked the pharmaceuticals within the pharmacy and the nurses' stations.

From March 1, 2017 through February 28, 2018, the Home issued 38,991 nonnarcotic pharmaceutical prescriptions valued at an estimated \$2.5 million and 5,318 narcotic pharmaceutical prescriptions valued at an estimated \$300,000.

AUDIT OBJECTIVE

To assess the sufficiency of the Home's controls over pharmaceuticals.

CONCLUSION

Sufficient.

FACTORS IMPACTING CONCLUSION

- The Home maintained a perpetual inventory of narcotic pharmaceuticals and nonnarcotic pharmaceuticals that had a high risk for theft or abuse. The inventory records reconciled with our physical count for the 5 narcotic and 1 high-risk nonnarcotic pharmaceuticals that we reviewed.
- The Home properly maintained the 2 emergency medication kits that we reviewed.
- Nonnarcotic prescriptions refilled more than 5 days early were minimal and decreased 79% from the prior audit.
- Nonnarcotic pharmaceuticals were appropriately discarded for the 25 instances that we reviewed.
- The Home billed members' insurance companies for nonnarcotic prescriptions when appropriate.
- The Home followed up 97% of the pharmaceutical claims that were rejected by members' insurance companies, resulting in payment for 31% of the rejected claims.
- Reportable condition related to the need for improvements over the security of medication carts (Finding #3).

FINDING #3

Security over medication carts needs improvement.

The Home could better secure its medication carts to help prevent theft of nonnarcotic medications.

Similar to strong password rules prescribed by FISCAM for securing access to information systems and data, commonly accepted practices provide that passcodes securing physical items should have a certain degree of complexity, be unique, and be periodically changed.

Through observation and discussions with the Home, we noted that the passcode to unlock the medication carts:

- Was a simple, easily guessed combination.
- Was the same for all 10 medication carts.
- Had not been changed in many years.

Although the medication carts were locked, we noted that they were periodically left unattended, leaving them vulnerable to unauthorized access.

RECOMMENDATION

We recommend that the Home improve its security over its medication carts.

AGENCY PRELIMINARY RESPONSE

MVAA provided us with the following 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.

MANAGEMENT OF COMPLAINTS AND INCIDENTS REGARDING MEMBER CARE

BACKGROUND

Members and their families can submit complaints verbally or in writing and may do so anonymously. Incidents related to:

- Allegations of abuse or neglect must be reported by staff within 24 hours of knowledge of the incident and an investigation completed within 5 working days.
- Grievances, missing items, or other non-abuse/neglect concerns must be resolved within 5 working days of the incident.
- Members' medications must be documented and followed up.

AUDIT OBJECTIVE

To assess the effectiveness* of the Home's management of complaints and incidents regarding member care.

CONCLUSION

Effective.

FACTORS IMPACTING CONCLUSION

- The Home properly investigated the 17 abuse and neglect allegations that we reviewed.
- The Home properly investigated the 35 allegations related to grievances, missing items, and other non-abuse/neglect concerns that we reviewed.
- The Home properly documented, reviewed, and followed up 38 (95%) of the 40 medication-related incident reports that we reviewed.

* See glossary at end of report for definition.

CONTROLS OVER SELECTED BUSINESS OFFICE OPERATIONS

BACKGROUND

Member Assessments

The Michigan Veterans Facilities Board of Managers annually establishes a monthly fee assessment* rate for each type of member to cover a portion of the Home's cost of services provided to its members. The types of members include veterans and nonveterans who receive nursing care and those who reside in the domiciliary units.

Members who do not have a 70% to 100% service-connected disability pay a monthly maintenance assessment* based on their financial circumstances, up to the monthly fee assessment rate established by the Board of Managers.

During the 12-month audit period, the Home collected \$6.5 million of member assessments.

Donations

The Home receives, sorts, and distributes donated goods, including shirts, pants, shoes, hats, movies, and games.

The Home also receives and is responsible for ensuring that donated funds are expended in accordance with donor restrictions.

During the 12-month audit period, the Home received \$238,000 and expended \$179,000 of donated funds.

Member Personal Funds

The Home may receive members' personal funds from pensions, social security benefits, and other sources. A portion of these funds is maintained at the Home to provide members with access to personal spending money.

The Home maintains a subsidiary record of personal funds deposited by its members in the following three types of accounts:

- Member trust - Individual members' personal funds. Members can access their personal funds utilizing the Home's on-site bank.
- Member escrow - The balance of individual members' trust accounts transferred upon discharge or death prior to final settlement and distribution.

* See glossary at end of report for definition.

- Medical escrow - A pooled account to pay certain member medical expenses, funded through a monthly contribution by participating members.

The Home established external pooled bank accounts corresponding to each of the three member account types.

The Home utilized a general checking account that reflects deposits and withdrawals for all activity at the Home, including activity associated with the three types of member accounts and member assessments collected.

As of February 28, 2018, the balance of member funds in the member trust, member escrow, and medical escrow accounts reported in NTT totaled approximately \$483,000.

Effective July 1, 2016, MVAA executed a memorandum of understanding with the State Budget Office and Department of Technology, Management, and Budget (DTMB) resulting in the DTMB Accounting Service Center being responsible for handling the Home's accounting functions. Under the terms of the agreement, MVAA and DTMB agreed to jointly develop responses and corrective action plans to address audit findings.

AUDIT OBJECTIVE

To assess the sufficiency of controls over selected business office operations.

CONCLUSION

Not sufficient.

FACTORS IMPACTING CONCLUSION

- Material conditions related to unreconciled differences between the total member account balances and the related external bank balances (Finding #4) and the need to improve controls over NTT (Finding #1).
- Reportable conditions related to the need to resolve past due member assessment balances (Finding #5) and improve controls over the disbursement of deceased or discharged members' funds (Finding #6).
- The Home accurately calculated the 16 assessment amounts for the 10 members that we reviewed.
- For 41 (95%) of the 43 members that we reviewed, the Home reevaluated the member assessments in a timely manner.
- The Home properly accounted for the 50 monetary donations and properly expended the 6 restricted donations that we reviewed.
- The Home's 52 procurement card transactions that we reviewed were properly documented and approved and were for an appropriate business purpose.

FINDING #4

Controls over member fund balances need improvement.

The Home, in conjunction with DTMB, needs to improve controls to ensure that members' fund balances are properly reconciled in a timely manner. We identified significant unreconciled differences between the members' subsidiary account balances and the corresponding external bank account balances dating back at least to September 2015.

The Home's policy 03-02-F1 states that it is responsible for handling and safeguarding members' personal funds entrusted to it. Also, the Home's policies 03-02-B1 and 03-02-M1 require it to maintain separate external bank accounts for member trust, member escrow, and medical escrow funds and ensure that the account balances are accurate.

Unreconciled difference in members' funds of \$301,428 as of February 28, 2018.

We identified the following examples of unreconciled differences during and prior to our audit period:

<u>Member Accounts (Trust, Escrow, and Medical Escrow)</u>			
<u>Date</u>	<u>Subsidiary Balance</u>	<u>External Bank Balance</u>	<u>Difference</u>
September 30, 2015	\$410,417	\$286,188	\$(124,229)
July 31, 2016	\$249,965	\$226,679	\$ (23,286)
January 31, 2018	\$342,758	\$181,662	\$(161,096)
February 28, 2018	\$483,108	\$181,680	\$(301,428)

MVAA identified concerns with business office operations and, in April 2016, requested assistance from DTMB Financial Services and the Office of Internal Audit Services, State Budget Office. In July 2016, MVAA, DTMB, and Internal Audit engaged an accounting firm to provide consultation and advisory services regarding a forensic review and analysis, including proper management of member accounts. After obtaining these services and continued reconciliation efforts by DTMB, the Home indicated that, although it had not completed its validation of the accuracy of the members' subsidiary balances, it executed transfers in August 2018 to the appropriate members' external bank balances to make them whole, utilizing fiscal year 2018 revenue.

The Home indicated that the differences occurred because it deposits funds received on behalf of its members into the Home's external general checking account and it had not properly moved those funds to the external member bank accounts. Also, as part of the reconciliation process, the Home determined that its general checking account balance was not sufficient to cover the differences in the member accounts at least in part because it had not properly reduced the monthly assessment revenue that it

submitted to the Department of Treasury for member discharges, furloughs, or miscalculated member assessments.

Although the Home indicated that corrective action was initiated, it was subsequent to our audit field work. Therefore, verification of whether the actions are effective will be subject to our follow-up review process that generally occurs 15 to 18 months after the release of the audit.

We consider this finding to be a material condition because of the length of time that the balances had not been reconciled, the February 28, 2018 unreconciled difference was 62% of the total member subsidiary balance, and the matter represents a breach of the Home's fiduciary responsibilities to appropriately segregate and safeguard the personal funds entrusted to it by its members.

RECOMMENDATION

We recommend that the Home, in conjunction with DTMB, properly maintain and regularly reconcile member personal fund accounts.

AGENCY PRELIMINARY RESPONSE

MVAA provided us with the following 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.

FINDING #5

Process to resolve past due member assessments needs improvement.

239 current and former members had past due member assessment balances totaling nearly \$1.1 million.

The Home, in conjunction with DTMB, did not effectively validate and resolve outstanding member assessment balances and, therefore, had outstanding delinquent balances with a net value of \$592,000.

Section 36.11(1) of the *Michigan Compiled Laws* requires the Home's members to pay a monthly assessment according to their ability to pay. For delinquent accounts, Board of Managers policy BP-005 requires the Home to send a past due notice, reduce the member's monthly personal spending allowance, or discharge and refer the member to the Department of Attorney General for collection. The Department of Military and Veterans Affairs' (DMVA's) appropriations acts for fiscal years 2017 and 2018 required this to occur within 30 days of the account becoming past due.

As of February 28, 2018, NTT indicated that 239 current and former members had past due member assessment balances totaling nearly \$1.1 million and that 200 current and former members had overpaid their assessments by \$451,000.

The Home indicated that it had not reconciled or otherwise validated the accuracy of the outstanding member assessment balances, with a net value of \$592,000, including \$518,000 of potentially inaccurate balances that it had carried forward from its previous accounting system. The Home cited that personnel turnover and a lack of staff and technical knowledge of the new system (NTT) were the primary factors that negatively impacted the reliability of the members' assessment balances within NTT.

In our February 2016 performance audit* of the Grand Rapids Home for Veterans, Department of Military and Veterans Affairs (511-0170-15), we reported that the Home had not effectively documented and that it used a cumbersome manual process to track past due member assessments. In response to that audit report, the Home indicated that it agreed and had implemented a new accounting system with increased capabilities to report, track, and document all collection efforts of past due assessments.

RECOMMENDATION

We again recommend that the Home, in conjunction with DTMB, effectively validate and resolve outstanding member assessment balances.

AGENCY PRELIMINARY RESPONSE

MVAA provided us with the following 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

* See glossary at end of report for definition.

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.

FINDING #6

Controls over disbursement of deceased or discharged members' funds need improvement.

The Home, in conjunction with DTMB, had not implemented sufficient controls over the disbursement of deceased or discharged members' funds. We identified at least \$56,000 of members' funds that the Home had not disbursed in a timely manner.

Section 36.11(3) of the *Michigan Compiled Laws* allows the Board of Managers to require that, as a condition of admission, all members assign any accumulated balance to the Board of Managers upon the death of the member and that all such sums shall first be expended to pay the member's residual maintenance balance*. Also, DMVA's appropriations acts for fiscal years 2017 and 2018 and Home policy 03-02-F1 require that the Home:

- Provide the balance and disposition of the member account within 10 business days (per the appropriations acts) and within 30 days (per the Home's policy) of a member's death.
- Return any remaining funds to discharged members within three business days upon leaving the Home.

In addition, Home policy 03-02-C1 requires that:

- Money received for deceased members be returned to the sender upon receipt, including notification of the date of death.
- Money received for discharged members be returned to the discharged member upon receipt.

Our review of the Home's processes over the disposition of deceased or discharged member's account balances noted:

- a. The Home did not timely disburse approximately \$40,000 received subsequent to the death or discharge of 4 members. The Home received funds from the VA and Social Security Administration on behalf of the deceased or discharged members and did not disburse the funds until contacted by the discharged member or other responsible party, 3 to 17 months after receiving the money.
- b. As of February 28, 2018, the Home had not completed a final accounting and disbursed the escrow balances of at least three members who had died prior to September 1, 2015, totaling approximately \$16,000. Also, the Home could not provide documentation that it had sent letters to the next of kin informing them of the remaining funds.
- c. As of March 27, 2018, the Home had not provided the disposition of 10 (59%) of 17 accounts of members who

* See glossary at end of report for definition.

had died or were discharged from March 2017 through February 2018 to the members' next of kin. The account balances for the 10 (deceased) members totaled approximately \$5,000 and the disposition was outstanding from 37 to 347 days.

The Home did not have a process to properly handle funds receipted for deceased or discharged members and stated that it was unable to locate the documentation related to letters being sent to the next of kin for the three members mentioned in part b. who died prior to September 2015. The Home stated that it was unable to locate the documentation because of turnover in staff responsible for completing the letters. Also, although the Home applied the \$5,000 mentioned in part c. to the members' escrow account or residual maintenance balance, the Home indicated that it had not provided the disposition of the account balances to the members' next of kin because it had not reconciled the outstanding member assessment balances (as discussed in Finding #5).

We noted a similar condition related to the disbursement of member funds in our prior audit. The Home agreed with the recommendation and indicated that it would revise and monitor its policies and procedures to implement sufficient notifications and timely disbursement.

RECOMMENDATION

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

AGENCY PRELIMINARY RESPONSE

MVAA provided us with the following 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.

AGENCY DESCRIPTION

The Grand Rapids Home for Veterans has been in operation since 1886, is approved by the VA, and operates under Sections 36.1 - 36.71 of the *Michigan Compiled Laws*. The Home provides nursing care and domiciliary services to military veterans and widows, widowers, spouses, former spouses, and parents of State veterans. The VA provides financial assistance to the Home on a per diem basis and ensures that quality care is provided through an annual inspection, audit, and reconciliation of records.

The Home is operated by DMVA under the direct supervision of MVAA's Michigan Veteran Health System Division. The Michigan Veterans Facilities Board of Managers plays a general advisory role, establishes some operating policies for the Home, and is composed of seven veterans who are appointed by the Governor for a term of three years.

The mission* of the Home is to provide compassionate, quality, interdisciplinary care for the members to achieve their highest potential of independence, self-worth, wellness, and dignity. The Home is a symbol of America's promise to her veterans that, in return for their sacrifices and call to duty, they would be cared for in their time of need.

The Home receives a full per diem reimbursement from the VA for members who have a 70% to 100% service-connected disability and partial per diem reimbursement for the other members. Also, the other members pay a monthly maintenance assessment based on their ability to pay, up to the monthly fee assessment rate established by the Board of Managers.

For fiscal year 2018, the Home expended \$43.2 million (\$23.6 million from State funding, \$14.8 million from federal funding, and \$4.7 million from member assessments and private donations). As of February 28, 2018, the Home had 259 members receiving nursing care and 24 members residing in the domiciliary units. As of March 7, 2018, the Home had 540 State and contract employees.

* See glossary at end of report for definition.

AUDIT SCOPE, METHODOLOGY, AND OTHER INFORMATION

AUDIT SCOPE

To examine the program and other records of the Home. 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.

Our audit was not directed toward examining medical decisions made by healthcare professionals, including contracted healthcare professionals, concerning member treatment and prescribed medications or expressing conclusions on those medical decisions; accordingly, we express no conclusion on those medical decisions.

PERIOD

Our audit procedures, which included a preliminary survey, audit fieldwork, report preparation, analysis of agency responses, and quality assurance, generally covered March 1, 2017 through February 28, 2018.

METHODOLOGY

We conducted a preliminary survey to gain an understanding of the Home's operations and activities in order to establish our audit objectives, scope, and methodology. During our preliminary survey, we:

- Interviewed the Home's management and staff regarding their functions and responsibilities.
- Observed the Home's operations and activities.
- Reviewed applicable State laws, federal regulations, and the Home's policies and procedures.
- Reviewed VA inspection reports of the Home.

OBJECTIVE #1

To assess the sufficiency of the Home's provision of member care services.

To accomplish this objective, we:

- Reviewed member medical records for 43 of the 384 members who resided at the Home during the audit period to determine whether the Home:
 - Completed required admission assessments, discharge assessments, annual and quarterly MDS assessments and CAAs, and domiciliary nursing summaries.

- Effectively developed, implemented, and monitored comprehensive care plans.
- Properly completed required annual and quarterly nutrition assessments.
- Performed required monthly or quarterly medication regimen reviews and determined whether recommendations involving medication irregularities were addressed in a timely manner.

We randomly selected the members to eliminate bias and to enable us to project the results into the entire population.

- Reviewed medical records for 10 of the 45 members admitted during the audit period to ensure that initial MDS assessments and care conferences were completed in a timely manner. We randomly selected our samples to eliminate bias and to enable us to project the results into the entire population.
- Compared our review of the surveillance video with member location sheets for 612 member location checks required from December 11, 2017 through February 28, 2018 for 4 randomly selected nursing care units, for 3 randomly selected nights each, to determine whether the member location checks were conducted and documented. The night shift was judgmentally selected to review because members should have been in their rooms; the checks could have been easily conducted; and fewer employees would have been in the immediate vicinity for member assistance, making the night shift higher risk. The nights were selected within 45 days of the time of review because the Home maintains video footage for only 45 days. Therefore, we could not project our results into the entire population.
- Reviewed supporting documentation related to the surveillance video audits of member location checks required from March 2017 through February 2018.
- Reviewed medical records and discharge assessments for 15 of the 102 members who died or were discharged from the Home during the audit period for proper documentation. We randomly selected the members to eliminate bias and to enable us to project the results into the entire population.
- Observed the Home's administration of medications to members from 4 of the 10 nursing care units.
- Scanned 2 consecutive months of EMARs for 43 members to analyze the number of missed medication doses. We randomly selected our samples to eliminate

bias and to enable us to project the results into the entire population.

- Analyzed the timeliness of nonnarcotic prescriptions refilled during the audit period.
- Reviewed the reasonableness of 43 of the 2,442 nonnarcotic and non as-needed prescriptions refilled more than 5 days late. We randomly selected these prescriptions to eliminate bias and to enable us to project the results into the entire population.
- Compared CENA staffing levels provided by the caregiving services contractors with those required by the Home for 3 judgmentally selected months. Also, we reviewed contractor invoices and sign-in sheets for 1 randomly selected week for each of the 3 months to verify the accuracy of the staffing levels and that CENA supervisors or State nurses were assigned to oversee the caregivers on each shift. We judgmentally selected the months because of changes to the process related to calculating required staffing levels. Therefore, we could not project our results into the entire population.
- Reviewed the State of Michigan Nurse Aid directory, the Department of Licensing and Regulatory Affairs licensing directory, and documentation provided by the Home for 43 State and contract employees of the Home requiring a medical license or certification to determine that their credentials were appropriate and up to date. We randomly selected the employees reviewed to eliminate bias and to enable us to project the results into the entire population.
- Reviewed background checks conducted by the Home for 50 of the 1,157 State and contract staff and volunteers identified as active in listings provided by the Home in March and April 2018. We randomly selected the staff and volunteers to eliminate bias and to enable us to project the results into the entire population.
- Matched all active volunteers against the Michigan Department of State Police criminal history database.
- Compared listings of active Home employees with the 1,338 active NTT users as of March 6, 2018 and tested 40 of the 1,003 unmatched active NTT users to verify whether they were active employees. We randomly selected the 40 users to eliminate bias and to enable us to project the results into the entire population.
- Reviewed the appropriateness of access rights for users within 8 NTT user groups and active NTT users with privileged accounts as of March 6, 2018. We judgmentally selected the high-risk and high-volume

user groups. Therefore, we could not project our results into the entire population.

- Interviewed 27 members or their guardians who were willing and able to meet from a randomly selected sample of 43 members regarding their satisfaction with, and any concerns they had related to, the services provided by the Home.

OBJECTIVE #2

To assess the sufficiency of the Home's controls over pharmaceuticals.

To accomplish this objective, we:

- Observed the Home's security over medication carts.
- Observed the Home's process for inventorying narcotic pharmaceuticals stored in the medication carts during 2 nursing shift changes.
- Reviewed documentation of medication cart narcotic pharmaceutical inventory related to 25 nursing shift changes for 2 of the 10 nursing care units. We randomly selected the shift changes and nursing care units to eliminate bias and to enable us to project the results into the entire population.
- Verified that 5 narcotic medications and 1 high risk for theft or abuse nonnarcotic medication were inventoried, securely stored, and reconciled with our medication counts. We arbitrarily selected our sample items and, therefore, could not project our results into the population.
- Reviewed 2 of the 10 emergency medication kits to confirm that the medications were properly maintained. We randomly selected the medication kits to eliminate bias and to enable us to project the results into the entire population.
- Reviewed 25 of the 254 nonnarcotic medications returned to the pharmacy and discarded during August 2017 and February 2018 to determine whether the Home could restock the medications rather than discard. We randomly selected the months and medications to eliminate bias and to enable us to project the results into the entire population.
- Analyzed the timeliness of nonnarcotic prescriptions refilled during the audit period.
- Analyzed the prescriptions dispensed during the audit period that had not been billed to, or that had been rejected by, the members' insurance companies. Also,

we reviewed member records for 27 of the 311 non-domiciliary members with prescriptions dispensed from March 1, 2017 through February 28, 2018 that were identified as not billed to insurance companies to determine whether the member had insurance that the Home could have billed. We judgmentally selected the members based on the number of their unbilled prescriptions. Therefore, we could not project our results into the entire population.

OBJECTIVE #3

To assess the effectiveness of the Home's management of complaints and incidents regarding member care.

To accomplish this objective, we:

- Reviewed the 7 substantiated and 10 of the 40 unsubstantiated allegations of abuse or neglect received by the Home from March 1, 2017 through February 28, 2018 for proper documentation, notification of management, timely investigation and resolution, and notification of regulatory bodies. We randomly selected the 10 unsubstantiated allegations to eliminate bias and to enable us to project our results into the remaining population.
- Reviewed 35 of the 350 member complaints related to grievances, missing items, and other non-abuse/neglect concerns for proper documentation, notification of appropriate staff, and timely review and resolution. We randomly selected the complaints to eliminate bias and to enable us to project the results into the entire population.
- Reviewed 40 of the 164 medication-related incidents reported from March 1, 2017 through February 28, 2018 for proper documentation of review and follow-up. We randomly and judgmentally selected the medication-related incidents based on the type of incident. Therefore, we could not project our results into the entire population.

OBJECTIVE #4

To assess the sufficiency of controls over selected business office operations.

To accomplish this objective, we:

- Reviewed policies and procedures, examined records, and assessed the sufficiency of the Home's controls over business office operations.

- Interviewed DTMB's and the Home's staff regarding the process for collecting members' past due maintenance balances and analyzed the corresponding NTT balances.
- Reviewed documentation of the Home's efforts to resolve accounts and disburse funds for 17 of the 102 members who died or were discharged from the Home during the audit period. We judgmentally selected the 2 members who had the largest personal fund balances at discharge and randomly selected the other 15 members to reduce bias and to enable us to project the results into the remaining population.
- Reviewed records relating to 40 current and former members for whom NTT reported personal fund balances in excess of \$1,500 as of February 28, 2018 to confirm that the members were not fictitious.
- Reviewed supporting documentation for 56 of 21,860 Member Trust Fund transactions for proper documentation, including member signatures when applicable. We judgmentally selected the 23 transactions of \$5,000 or more and the 8 cash withdrawal transactions of \$1,000 or more. We randomly selected the remaining 25 transactions from the 615 cash withdrawal transactions for members who had more than \$10,000 in total cash withdrawal transactions during the audit period to reduce bias and to enable us to project the results into that population. We did not project the results into the remaining population.
- Compared the external bank statement balances of accounts held for member personal funds with NTT balances as of February 28, 2018.
- Compared listings of active Home employees with the 1,338 active NTT users as of March 6, 2018 and tested 40 of the 1,003 unmatched active NTT users to verify whether they were active employees. We randomly selected the 40 users to eliminate bias and to enable us to project the results into the entire population.
- Reviewed the appropriateness of access rights for users within 8 NTT user groups and active NTT users with privileged accounts as of March 6, 2018. We judgmentally selected the high-risk and high-volume user groups. Therefore, we could not project our results into the entire population.
- Reviewed the Home's calculation of member maintenance assessments for 10 of the 45 members admitted to the Home during the audit period. We

randomly selected our sample to eliminate bias and to enable us to project the results into the entire population.

- Reviewed the timeliness of the Home's reevaluation of member maintenance assessments for 43 of the 384 members residing at the Home during the audit period. We randomly selected our sample to eliminate bias and to enable us to project the results into the entire population.
- Reviewed all 50 monetary donations and the related expenditure of 6 restricted donations for one randomly selected month within the audit period. We determined that reviewing one month's worth of transactions would be most efficient based on how the documentation was filed. We randomly selected the one month to eliminate bias and to enable us to project the results into the entire population.
- Reviewed supporting documentation for 52 of the 1,095 procurement card transactions from March 1, 2017 through February 28, 2018. We judgmentally selected 12 transactions based on their high-dollar value and/or vendor name and purchase descriptions. We randomly selected the additional 40 transactions to eliminate bias and to enable us to project the results into the remaining population.

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 6 findings and 6 corresponding recommendations. MVAA's preliminary response indicates that it agrees with all of the recommendations.

The agency preliminary response that follows each recommendation in our report was taken from MVAA's written comments and oral discussion at the end of our 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 to submit it to the State Budget Director upon completion of an audit. Within 30 days of receipt, the Office of Internal Audit Services, State Budget Office, 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.

PRIOR AUDIT FOLLOW-UP

Following is the status of the reportable conditions from our February 2016 performance audit of the Grand Rapids Home for Veterans, Michigan Veterans Affairs Agency, Department of Military and Veterans Affairs (511-0170-15), and from our August 2017 follow-up report on prior audit recommendations (511-0170-17F):

Prior Audit Project Number	Prior Audit Finding Number	Topic Area	Current Status	Current Finding Number
511-0170-15	4	Improvements needed over comprehensive care plans.	Complied	Not applicable
511-0170-15	6	Improvements needed to collect insurance reimbursements.	Complied	Not applicable
511-0170-15	8	Improved controls needed over disbursement of members' funds.	Repeated*	6
511-0170-15	9	Improvements needed to resolve past due member assessments.	Repeated	5
511-0170-17F	2	Contractor needs to provide minimum staffing levels.	Complied	Not applicable

Note: The status of the material conditions from our February 2016 performance audit of the Grand Rapids Home for Veterans (511-0170-15) was initially followed up and reported in our December 2016 follow-up report on prior audit recommendations (511-0170-15F) and again in our August 2017 follow-up report (511 0170-17F).

* See glossary at end of report for definition.

GLOSSARY OF ABBREVIATIONS AND TERMS

CAA	care area assessment.
CENA	competency evaluated nursing assistant.
DMVA	Department of Military and Veterans Affairs.
DTMB	Department of Technology, Management, and Budget.
effectiveness	Success in achieving mission and goals.
EMAR	electronic medication administration record.
EMR	electronic medical records.
Federal Information System Controls Audit Manual (FISCAM)	A methodology published by the U.S. Government Accountability Office (GAO) for performing information system control audits of federal and other governmental entities in accordance with <i>Government Auditing Standards</i> .
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. Our assessment of materiality is in relation to the respective audit objective.
MDS	Minimum Data Set.
mission	The main purpose of a program or an entity or the reason that the program or the entity was established.
monthly fee assessment	An annual rate established by the Michigan Veterans Facilities Board of Managers to cover a portion of the Home's cost of services. The Board of Managers establishes a separate rate for each type of member, including veterans and nonveterans who receive nursing care and veterans and nonveterans who reside in the domiciliary units.

monthly maintenance assessment	The portion of the monthly fee assessment that the Home charges to members who do not have a 70% to 100% service-connected disability. The Home calculates the maintenance assessment based on the member's financial circumstances. Based on the Home's calculation, the member may pay none of, a portion of, or the entire amount of the monthly fee assessment.
MVAA	Michigan Veterans Affairs Agency.
NetSolutions System (NTT)	Web-based system of integrated financial and clinical software.
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.
principle of least privilege	The practice of limiting access to the minimal level that will allow normal functioning. Applied to employees, the principle of least privilege translates to giving people the lowest level of user access rights that they can have and still do their jobs. The principle is also applied to things other than people, including programs and processes.
repeated	The same problem was noted in the current audit, and the wording of the current recommendation remains essentially the same as the prior audit recommendation.
reportable condition	A matter that, in the auditor's judgment, 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.
residual maintenance balance	The sum of the member's accumulated difference between the monthly fee assessment and their monthly maintenance assessment amount, plus any unpaid monthly maintenance assessment balance.
VA	U.S. Department of Veterans Affairs.



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