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Office of the Auditor General

Report Summary

Performance Audit

Grand Rapids Home for Veterans

Michigan Veterans Affairs Agency

Department of Military and Veterans Affairs

Report Number:

511-0170-18

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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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