

## EXECUTIVE DIGEST

# NORTHEAST MICHIGAN COMMUNITY MENTAL HEALTH SERVICES

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**INTRODUCTION** This report, issued in November 2001, contains the results of our performance audit\* of Northeast Michigan Community Mental Health Services (NEMCMHS), an agency under contract with the Department of Community Health (DCH).

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**AUDIT PURPOSE** This performance audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Performance audits are conducted on a priority basis related to the potential for improving effectiveness\* and efficiency\*.

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**BACKGROUND** NEMCMHS was established as a community mental health board in 1968 and operates under the provisions of the Mental Health Code, being Sections 330.1001 - 330.2106 of the *Michigan Compiled Laws*. NEMCMHS, under provisions of the Mental Health Code (Section 330.1205), held a series of public hearings and was granted community mental health authority\* status in 1998 by each of the four counties in its service area and was recognized as an authority by DCH and the Department of State.

NEMCMHS's mission\* is to facilitate, manage, and provide services for the support and treatment of people with

mental, emotional, and developmental disabilities and to strive to prevent risk factors leading to those conditions.

NEMCMHS's administrative office is located in Alpena and it serves the residents of Alcona, Alpena, Montmorency, and Presque Isle Counties. NEMCMHS's Board of Directors is composed of 12 members, with 2 each residing in Alcona and Montmorency Counties, 3 residing in Presque Isle County, and 5 residing in Alpena County. Board members are appointed to three-year terms.

NEMCMHS's operations are generally funded by State, federal, and local\* funds. Total revenues and expenditures for the fiscal year ended September 30, 2000 were approximately \$18.4 million and \$18.3 million, respectively.

As of April 30, 2001, NEMCMHS had 408 employees and was serving 1,978 consumers\*.

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**AUDIT OBJECTIVES,  
CONCLUSIONS, AND  
NOTEWORTHY  
ACCOMPLISHMENTS**

**Audit Objective:** To assess NEMCMHS's effectiveness and efficiency related to the delivery of services.

**Conclusion:** **NEMCMHS was generally effective and efficient in the delivery of services.** However, we noted reportable conditions\* related to criminal history background checks, a continuous quality improvement\* process, and ability-to-pay determinations (Findings 1 through 3).

**Noteworthy Accomplishments:** NEMCMHS has maintained its accreditation from the Joint Commission on Accreditation of Healthcare Organizations\* (JCAHO) since 1997. In December 2000, JCAHO accredited NEMCMHS as a managed behavioral healthcare organization\*. In addition, in November 2000, DCH's Office of Recipient

Rights found NEMCMHS's recipient rights system to be in substantial compliance with standards established by DCH relative to the promotion and protection of consumer rights. NEMCMHS scored 287 (98%) of the 292 points possible.

NEMCMHS established the Light of Hope Clubhouse in Alpena during April 1995. The clubhouse provides a place for consumer members to acquire skills to enhance their independence, develop new social or vocational interests, and meet new friends. For the period January 2000 through March 2001, 17 consumer members of NEMCMHS's Light of Hope Clubhouse were trained and certified in cardiopulmonary resuscitation and 11 consumer members were trained and certified as job coaches for other members. In addition, during October and November 2000, consumer members of the Light of Hope Clubhouse attended training in Toronto, Ontario, Canada. This event was attended by clubhouse members from Australia, Canada, and England, as well as other facilities in the United States. Further, clubhouse members trained in meal preparation served 5,226 meals during 2000.

**Audit Objective:** To assess NEMCMHS's effectiveness in accounting for program revenues and expenditures.

**Conclusion: NEMCMHS was generally effective in accounting for program revenues and expenditures.**

**Audit Objective:** To assess NEMCMHS's effectiveness in monitoring services provided by contracted organizations.

**Conclusion: NEMCMHS was generally effective in monitoring services provided by contracted organizations.** However, we noted a reportable condition related to contract monitoring activities (Finding 4).

**Audit Objective:** To assess NEMCMHS's effectiveness in providing and monitoring residential services.

**Conclusion:** NEMCMHS was generally effective in providing and monitoring residential services.

**Noteworthy Accomplishments:** NEMCMHS reported that it has greatly enhanced training and personal safety services for consumers living in supported independent settings. As of April 30, 2001, NEMCMHS had 33 consumers living independently of their families or adult foster care facilities with the aid of NEMCMHS staff. To improve the consumers' independence, NEMCMHS has created a teaching model that incorporates consumers and NEMCMHS staff working side by side to learn about such issues as environmental safety. Five consumers have completed these classes and an additional 22 consumers were enrolled as of April 30, 2001. In addition, NEMCMHS has developed an enhanced training curriculum specific to the needs of staff working with consumers living in independent settings. Further, NEMCMHS has implemented an emergency response pager system for the homes of 24 independent living consumers.

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**AUDIT SCOPE AND  
METHODOLOGY**

Our audit scope was to examine the program and other records of Northeast Michigan Community Mental Health Services. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

To accomplish our objectives, we examined NEMCMHS's records and activities for the period October 1, 1998 through April 30, 2001. We reviewed applicable statutes, administrative rules, policies and procedures, and group

home licensing rules. Also, we interviewed NEMCMHS staff, assessed the effectiveness of controls used to manage programs, and reviewed a sample of consumer case files. In addition, we examined performance measures used to evaluate programs and surveyed consumers and referral source providers of NEMCMHS. Further, we obtained criminal history background checks of employees of NEMCMHS, its contractors, and employees of its contractors who had direct contact with consumers.

We reconciled capitated\* and general fund\* payment amounts and reviewed controls to determine whether expenditures were matched to the correct funding source. Also, we analyzed how program rates used to expense services were formulated and reviewed the methods NEMCMHS used to establish, fund, and monitor an internal service fund\*. Further, we reviewed NEMCMHS's controls over accounting for physical inventories.

We analyzed contract language and met with NEMCMHS staff to determine the types of standards utilized to measure contractor performance. Also, we reviewed NEMCMHS's leasing process and analyzed current leases. In addition, we visited six residential providers and two supportive employment providers to determine whether consumer case file records were current and whether NEMCMHS staff were monitoring the terms of the contracts.

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**AGENCY RESPONSES**

Our audit report contains 4 findings and 4 corresponding recommendations. NEMCMHS's preliminary response indicated that it agrees with all of our findings.