



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF MILITARY & VETERANS AFFAIRS
GRAND RAPIDS HOME FOR VETERANS

MG GREGORY J. VADNAIS
THE ADJUTANT GENERAL AND DIRECTOR

June 25, 2013

Doug Ringler, Director
Office of Internal Audit Services
Office of the State Budget
George W. Romney Building
111 South Capitol, 6th Floor
Lansing, Michigan 48913

Dear Director:

In accordance with the State of Michigan, Financial Management Guide, Part VII, the following attached is a summary table identifying our responses and corrective action plans to address recommendations contained within the Office of the Auditor General's audit report of the Department of Military and Veterans Affairs, Grand Rapids Home for Veterans (GRHV).

Questions regarding the summary table or corrective action plans should be directed to Sara Dunne, Administrator, GRHV at 616-364-5344.

Sincerely,

Signature Redacted

Jamés Dunn, Deputy Director, Michigan Veterans Affairs Agency, DMVA

CC: Executive Office
Office of the Auditor General
House Fiscal Agency
Senate Fiscal Agency
House Appropriation Sub-Committee for Military and Veterans Affairs
Senate Appropriation Sub-Committee for Military and Veterans Affairs
House Committee for Military and Veterans Affairs and Homeland Security
Senate Committee for Military and Veterans Affairs and Homeland Security
Major General Gregory Vadnais, The Adjutant General, Director DMVA
Jeff Barnes, Director, Michigan Veterans Affairs Agency, DMVA
Al Christian, CFO, DMVA
Sara Dunne, Administrator, Grand Rapids Home for Veterans

Grand Rapids Home for Veterans

Department of Military and Veterans Affairs

Audit Period: October 1, 2009 – September 30, 2012

Recommendations the agency has complied with:

- 2) The Home must ensure that it effectively develops, executes, and monitors all comprehensive care plans in accordance with federal regulations and Home policies. (partial compliance)

GRHV has implemented a monitoring system by the dietary, social services, and activities departments to improve compliance with the federal regulations for the care plans. The various disciplinary managers report quarterly at the Home's Continuous Quality Improvement Committee meeting regarding the compliance of their staff. The administrator also performs random monitoring to ensure that care plans are being executed properly. The United States Department of Veterans Affairs annually inspects the Home and has concluded that the Home is proficient in completing the comprehensive care plans.

- 5) The Home must establish sufficient controls over monetary donations received from outside parties.

Every two weeks, donations received are reconciled with the donations recorded in MAIN. A report indicating the amount of donations received for a month and the expenditures is given to the Board of Managers on a monthly basis. Frequently monetary donors do not specify precisely how their donations are to be used. When this occurs, the funds are utilized by expending them in the category with the highest need. Checks for a specific donation are attached to the GRHV request for purchase, utilizing specific donations as backup to the use of the donated funds.

- 6) The Home should establish sufficient controls over the receipt and disposition of donated goods.

In April 2013 the Home established a more secure donation center with posted hours indicating acceptable times to receive donations. Security cameras have been ordered for the donation center and clothing room to monitor these areas to help ensure accountability. These cameras will be installed prior to the end of the year.

DMVA partially disagreed with this overall finding.

- 7) The Home shall establish sufficient controls to ensure that it addresses all past due member assessments in a timely manner.

GRHV is noting past due accounts and sending past due notices out to families and documenting these notices in the internal financial software. The implementation of a new financial package as part of an Electronic Medical Record (EMR) package will allow the Home to monitor past due accounts and will establish a timely method for notice and collection.

- 8) The Home shall establish sufficient controls for calculating member maintenance assessments.

The Home has developed and implemented a procedure for determining that the initial assessment has been calculated correctly by designating that the initial assessment be calculated by administrative support staff; with the added control that the accounting manager review and sign off on maintenance assessments while ensuring that necessary supporting documentation is present in the file. The new EMR package will contain a calculation component that will automate and track this process in a more efficient manner.

- 9) The Home shall implement sufficient controls over the handling of member funds.

The Home has implemented a control process for executing random monthly reviews of cash financial transactions to determine their appropriateness; including ensuring that there are legitimate signatures on the bank receipts. The Home has installed three security cameras in the bank to monitor actions in the bank to assist in the secure control of member money.

Recommendations the agency agrees with and will comply:

- 1) The Home provide on-site, board-certified, psychiatric care for members with mental health disorders

The Legislature sent to the Governor a budget for signature with a FY14 appropriation for DMVA containing \$500,000 in additional GF funding for psychiatric care for the members. In June, the GRHV placed on Bid4Michigan an RFP for psychiatric care. The bids are due in late July. GRHV will have a contract in place for FY14.

- 2) The Home must ensure that it effectively develops, executes, and monitors all comprehensive care plans in accordance with federal regulations and Home policies.

The Legislature sent to the Governor a budget for signature with a FY14 appropriation for DMVA which contains \$1,200,000 in additional GF funding for 12 registered nurse supervisors who will be in part responsible for ensuring care plans are completed. When this funding becomes available the Home will begin hiring the supervisors. This is a process that could be completed by April 2014.

The new electronic medical records (EMR) system scheduled to be implemented within the next two years will improve the monitoring of the care plans by allowing all supervisors concerned to be alerted when care plans are not being completed properly. Contingent on available funding, the EMR may not be available until FY2015.

- 3) The Home should implement controls over food, maintenance, and medical supplies inventories.

The GRHV has been working with DTMB's Office of Infrastructure Protection and Office of Design and Construction since 2012 to plan, bid out, and install a new security system that will include proxy-card access control over rooms where supplies are stored and are vulnerable to theft. DTMB is working on the RFP for the system and GRHV hopes it will be installed in 2014. GRHV has already installed more security cameras in the kitchen area to monitor the food storage and preparation. The GRHV has been working with DTMB IT since October 2012 to evaluate inventory control software and anticipates

implementing a UPC inventory control system that will in part allow the home to more effectively perform monthly inventories. In March, the GRHV and DTMB have agreed on a software system that will benefit the Home. The purchasing process has been moving since that time. The GRHV hopes to have the system installed by late 2013.

4) The Home should fully establish controls over pharmaceutical inventory

In May the GRHV hired a new pharmacy manager to fully implement the changes necessary to comply with the audit. The GRHV has indicated that in order to comply with this finding several things will occur. The pharmacy will maintain a perpetual inventory of nonnarcotic pharmaceuticals through utilizing current software. The software company, QS1, estimates this could be implemented around August 2013. A monthly inventory assessment can begin with the full implementation of Pyxis floor units including the 2 week cart fill, which should be in place by October 2013. The separation of employee duties between those ordering meds and those receiving meds is partially in place for narcotic prescriptions and will be fully in place for other Rx areas in June 2013. The implementation and maintenance of a waste log will be in place in June 2013. The new policy governing the control of refill requests that are more than five days early is internal policy #08-05-T1 and took effect June 1, 2013.

Recommendations the agency disagrees with:

6) The Home should establish sufficient controls over the receipt and disposition of donated goods.

The volume and diverse amounts of donations received by the Home, in combination with the turnover and age of some of the items, preclude the routine physical inventory referred to in this finding. Many of the donated goods the Home receives for the members are unusable due to age or suitability. Goods of this nature are referred to an appropriate non-profit agency, such as Goodwill Industries, for assessment of value, use, and if necessary, disposal by that agency.