



Performance Audit

Adult Foster Care (AFC) and Homes for the Aged Licensing Division

Michigan Department of Health and Human Services (MDHHS)

Report Number:
431-5115-14

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The Division licenses and regulates AFC family, group, and congregate homes and county infirmaries (facilities) and homes for the aged (homes). The Division conducts on-site inspections to determine compliance with State law and licensing rules and policy. In addition, the Division conducts complaint, abuse, and neglect investigations of facilities and homes and pursues disciplinary action on licensees when appropriate. The Division had 71 employees as of November 2013 and expended \$7.8 million during fiscal year 2013.

Executive Order No. 2015-4 transferred the Division to the Department of Licensing and Regulatory Affairs (LARA) effective April 10, 2015. LARA provided the agency preliminary response for this report.

Audit Objective			Conclusion
Objective #1: To assess the effectiveness of MDHHS's efforts to license and regulate facilities and homes.			Moderately effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
The Division did not sufficiently document on-site licensing inspection review procedures and conclusions to assist MDHHS with ensuring proper oversight of facility and home licensees. Inspectors were not required to document their assessments, reviews, verifications, key inspection procedures, and pertinent facility and home information as noted in Exhibits 2 through 4 (Finding #1).	X		Agrees
The Division should maintain documentation of its follow-up of licensees' corrective action plans (CAPs) to verify that licensees corrected rule violations. In over half of the sampled inspections and investigations, the Division did not document follow-up reviews (Finding #2).		X	Agrees
The Division did not timely conduct required annual on-site licensing inspections of homes. Inspections occurred an average of 3 months late for 85% of sampled homes (Finding #3).		X	Agrees

Findings Related to This Audit Objective (Continued)	Material Condition	Reportable Condition	Agency Preliminary Response
The Division did not always enforce, and had not sufficiently developed, incident reporting rules and policies to help protect facility and home residents' health and safety (<u>Finding #4</u>).		X	Agrees
The Division should improve its monitoring of facility and home employee background checks. Sampled facilities and homes did not always perform background checks on all employees or did not always conduct them timely. One employee with a disqualifying offense worked in a facility for over two years (<u>Finding#5</u>).		X	Agrees
MDHHS did not submit statutorily required reports containing AFC licensing information to the Legislature for fiscal years 2011 through 2013 (<u>Finding #6</u>).		X	Agrees
Observation Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
Michigan's facility and home licensing fees are significantly lower than other states. MDHHS should consider a periodic evaluation of fees and the corresponding costs to administer its licensing and regulation program (<u>Observation #1</u>).	Not applicable	Not applicable	Not applicable

Audit Objective			Conclusion
Objective #2: To assess the effectiveness of MDHHS's efforts to appropriately investigate and resolve complaints of alleged administrative rule or State statute violations by facility and home licensees.			Moderately effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
The Division did not consistently notify MDHHS's Adult Protective Services (APS) when it received complaints alleging abuse, neglect, and/or exploitation of facility and/or home residents. No notification occurred in 12 (25%) of 48 sampled complaints (<u>Finding #7</u>).	X		Agrees
The Division did not always complete complaint investigations timely to help ensure that it promptly assessed and addressed potential licensing rule violations. Twenty-five (33%) of 76 sampled complaint investigations were not completed within the required time frames (<u>Finding #8</u>).		X	Agrees

Findings Related to This Audit Objective (Continued)	Material Condition	Reportable Condition	Agency Preliminary Response
The Division did not always timely conduct, or fully document, investigations of unlicensed facilities and homes. Twenty-three (56%) of 41 sampled investigations of unlicensed facilities were not completed within the required time frames (<u>Finding #9</u>).		X	Agrees
The Division did not properly maintain critical coding information of facility and home complaint investigations. Code sheets would allow MDHHS to identify key individuals contained in special investigation reports and protect the confidentiality of residents, resident relatives, and complainants. Code sheets were not properly maintained for 13 (17%) of 76 sampled complaint investigations (<u>Finding #10</u>).		X	Agrees

A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: <http://audgen.michigan.gov>

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