

EXECUTIVE DIGEST

RECIPIENT FUNDS AND PROPERTY OF THE SPECIALIZED RESIDENTIAL SERVICES PROGRAM

INTRODUCTION This report contains the results of our performance audit of the Recipient Funds and Property of the Specialized Residential Services Program, Department of Mental Health (DMH), for the period October 1, 1991 through September 30, 1993.

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.

BACKGROUND DMH established the Specialized Residential Services Program to utilize group homes as a less restrictive alternative to inpatient programs. DMH is responsible for ensuring the overall administration of mental health services, including the protection of the rights of the recipients of the services. DMH facilities and community mental health services boards (CMHSB's), acting as the responsible mental health agencies (RMHA's), are responsible for contracting for the provision of the specialized services in group homes and the placement of the recipients into the homes. The RMHA's perform the direct monitoring of the specialized residential services provided to the recipients. This is to both ensure that services provided are those defined in the service plan as appropriate to the needs of the recipients, and that the rights of the recipients are adequately protected.

The actual accounting and safeguarding of recipient funds and property takes place at the individual group homes and at the offices of the group home operators.

The Department of Social Services (DSS) is responsible for licensing group homes and for the promulgation and enforcement of licensing regulations. DSS licensing regulations prescribe the controls and requirements of licensed group home operator's for the persons' funds they hold in trust.

Most homes licensed by DSS to provide adult foster care (AFC) services do not have residents receiving mental health services. Our audit, however, focused only on those AFC licensed homes that had been contracted by the mental health system to provide specialized residential services to the recipients in the homes. The Mental Health Code prescribes the general powers and duties of DMH including responsibilities related to recipient property and funds.

**AUDIT OBJECTIVE
AND
CONCLUSION**

Audit Objective: To assess the effectiveness of controls, procedures, and records in ensuring the accountability for and safeguarding of recipient funds and property in order to determine if recipients' rights were adequately protected.

Conclusion: There were not effective controls, procedures, and records to provide accountability and safeguards over recipient funds and property in order to protect the rights of recipients.

Also, DMH did not have in place any procedure or practice to determine the extent that DSS reviewed the controls and safeguards over resident funds and property, when group home licenses have been approved or renewed, in order to ensure that the rights of recipients in the group homes were adequately protected (Finding 1).

Our report also addresses specific deficiencies and weaknesses relating to controls over administering recipient funds, appropriate uses of recipient funds, records and documentation of recipient fund transactions, and controls over recipients property (Findings 2 through 9).

We found that some RMHA's and group home operators had established effective supplemental controls and safeguards over recipient funds and property beyond those required by DSS, and that some RMHA's did adequately review the accountability and safeguarding of recipient funds and property.

**AUDIT SCOPE
AND
METHODOLOGY**

Our audit scope was to examine the program and other records relating to recipient funds and property for only those residents in AFC licensed homes that were under contract with either the Department of Mental Health or community mental health services boards to provide specialized residential services, for the period October 1, 1991 through September 30, 1993. Our audit was conducted in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and other such auditing procedures as we considered necessary in the circumstances.

We interviewed staff from DMH facilities, CMHSB's, and group homes. We reviewed controls, safeguards, and accounting and inventory records at the individual group homes that we selected for audit.

**AGENCY
PRELIMINARY
RESPONSES**

Our audit report includes 9 findings and 11 recommendations. The agency's preliminary response indicated that the agency agreed with 3 of our findings. The agency also stated that it will provide the remaining recommendations to the Department of Social Services.

The agency preliminary response which follows each recommendation in our report was taken from the agency's written comments and oral discussions subsequent to our audit fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and Department of Management and Budget Administrative Guide procedure 1280.02 require the department to develop a formal response to our audit findings and recommendations within 60 days after release of the audit report.