

EXECUTIVE DIGEST

SHIAWASSEE COUNTY COMMUNITY MENTAL HEALTH SERVICES  
CENTER

---

**INTRODUCTION** This report, issued December 1996, contains the results of our performance audit of the Shiawassee County Community Mental Health Services Center, Department of Community Health\*.

---

**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** The Shiawassee County Community Mental Health Services Center was established in 1965 and operates under the provisions of the Mental Health Code, being Sections 330.1001 - 330.2106 of the *Michigan Compiled Laws*. The Center is an agency of county government and not a State agency.

However, the Center is subject to oversight by the Department of Community Health.

The Center's mission\* is to ensure a continuum of community-based services which maximize the human potential of its citizens who are developmentally disabled\* and/or mentally ill\*.

The Center's operations are generally funded by 90% State and 10% local funds. Expenditures for the fiscal year ended September 30, 1995 totaled \$4,357,896. As of January 31, 1996, the Center had 102 employees and served approximately 1,000 consumers\*.

---

**AUDIT  
OBJECTIVES  
AND  
CONCLUSIONS**

**Audit Objective:** To assess the Center's effectiveness in establishing meaningful program goals\* and objectives\* and in measuring attainment of its goals and objectives.

**Conclusion:** The Center was generally effective in establishing meaningful program goals and objectives; however, the Center was not effective in measuring attainment of its goals and objectives. We noted one material condition\* related to program evaluation:

- The Center had not established a formal program evaluation system to effectively assess its progress in meeting its program goals and objectives and reporting its progress to the Center's Board (Finding 1).

The Center agrees with the finding and is implementing the corresponding recommendation.

As stated in the audit conclusion on program goals and objectives, the Center was generally effective in establishing meaningful program goals and objectives. The Center regularly used separate systems for measuring attainment of its goals and objectives. The Center had not emphasized statistical analyses/reports or consolidated its systems/processes within one program evaluation system.

**Audit Objective:** To evaluate the effectiveness of the Center's reimbursement system related to mental health services.

**Conclusion:** The Center's reimbursement system was generally effective. However, we noted reportable conditions\* related to reimbursement rates for program services (Finding 2), Medicaid reimbursements (Finding 3), financial liability determinations (Finding 4), and documentation of services provided and billed (Finding 5).

**Audit Objective:** To assess the Center's effectiveness in administering professional service contracts.

**Conclusion:** The Center did not have sufficient controls and procedures to effectively administer its professional

service contracts. We noted one material condition concerning contract administration:

- The Center did not have an effective contract administration process. The Center made payments to contractors prior to executing contracts, did not verify the existence of contractor insurances, did not have executed contracts on file, and made payments exceeding contract limits without appropriate amendments. (Finding 6)

The Center agrees with the finding and is implementing the corresponding recommendation.

The Center has an orderly and effective process for securing contractual services. As required by the Michigan Mental Health Code, the Center's governing board authorizes and approves contracts. There have been substantive changes in the Center's contract administration practices and personnel.

**Audit Objective:** To assess the Center's effectiveness and efficiency in investigating and resolving recipient rights complaints.

**Conclusion:** The Center was generally effective and efficient in investigating and resolving recipient rights complaints. However, we noted reportable conditions related to the Department of Community Health's recipient rights review and consumer satisfaction surveys (Findings 7 and 8).

---

**AUDIT SCOPE  
AND  
METHODOLOGY**

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

To accomplish our objectives, we reviewed goals and objectives reported in the Center's annual program plans and examined performance measurements. We assessed the reliability of the reimbursement system's procedures and controls. In addition, we examined selected professional service contracts and reviewed contract administration. We also reviewed recipient rights assessments and complaints and surveyed consumers and referral sources (survey summaries are presented as supplemental information).

---

**AGENCY  
RESPONSES**

Our audit report contains 8 audit findings and 9 corresponding recommendations. The Center agreed with all of the audit findings and is implementing the corresponding recommendations.