

EXECUTIVE DIGEST

RESIDENTIAL SERVICES PROGRAM OF WAYNE COMMUNITY LIVING SERVICES, INC.

INTRODUCTION

This report, issued in November 1998, contains the results of our performance audit* of the Residential Services Program of Wayne Community Living Services, Inc. (WCLS), an agency under contract with the Detroit-Wayne County Community Mental Health Agency (DWCCMHA).

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

WCLS, located in Wayne, Michigan, is a nonprofit mental health agency under contract with DWCCMHA to provide mental health services to people with developmental disabilities* throughout Wayne County. WCLS provides direct clinical support services* and housing development services* to recipients* and it subcontracts for day program services* and residential services*.

WCLS is governed by a 13-member board of directors selected from Southeastern Michigan.

WCLS's mission* is to enable persons with developmental disabilities to experience a full life with dignity, health, opportunity for personal growth, and self-esteem while residing in the community.

WCLS's operations are funded by State, federal, and local funds. As of September 30, 1997, WCLS had 324 authorized positions and was serving approximately 1,680 recipients. For fiscal year 1996-97, WCLS's revenues and expenditures totaled \$106,095,891 and \$114,055,410, respectively. In addition, WCLS's subcontractors received \$7,759,967 in Supplemental Security Income* on behalf of recipients that WCLS served for fiscal year 1996-97.

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

Audit Objective: To assess the effectiveness of WCLS's residential services contract administration process.

Conclusion: We concluded that WCLS's residential services contract administration process was generally effective. However, our assessment disclosed one material condition* :

- WCLS did not have an effective budgeting process for funding residential services contracts (Finding 1).

WCLS concurs with the finding and informed us that it has established policies and procedures to ensure cost effective budgeting based on historical cost and anticipated need, in keeping with both federal and State standards.

Our assessment also disclosed reportable conditions* related to contract management and program management funding (Findings 2 and 3).

Audit Objective: To assess the effectiveness and efficiency of WCLS's home development and provider selection processes.

Conclusion: We concluded that WCLS's home development process was generally effective but not efficient. Our assessment disclosed one material condition:

- WCLS had not established sufficient control procedures to ensure the efficient purchase of home repairs and renovations (Finding 4).

WCLS concurs with the finding and informed us that it has implemented policies and procedures to ensure appropriate controls over the purchase of home repairs and renovations.

Our assessment also disclosed reportable conditions related to home development, home leasing, and Medicaid billing rates (Findings 5, 6, and 7). We concluded that WCLS's provider selection process was effective and efficient.

Audit Objective: To assess the effectiveness of WCLS's recipient residential placement practices.

Conclusion: We concluded that WCLS's recipient residential placement practices were generally effective.

Audit Objective: To assess whether State funds were used effectively and efficiently in the purchase and delivery of residential services.

Conclusion: We concluded that WCLS generally used State funds effectively and efficiently when purchasing and delivering residential services.

Noteworthy Accomplishments: WCLS was selected as 1 of 3 sites in Michigan to receive a grant from the Robert Wood Johnson Foundation to participate in a demonstration project on Self-Determination*. This project is intended to increase recipient satisfaction rates and outcome levels while simultaneously reducing costs.

**AUDIT SCOPE AND
METHODOLOGY**

Our audit scope was to examine the program and other records of the Residential Services Program of Wayne Community Living Services, Inc. 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.

We examined WCLS's records and activities for the period October 1, 1994 through September 30, 1997.

To accomplish our objectives, we reviewed the Department of Community Health's (DCH's), DWCCMHA's, and WCLS's policies and procedures. We interviewed selected DCH, DWCCMHA, and WCLS personnel. We reviewed and evaluated WCLS's residential services budget development process; cost

settlement and cost settlement appeals processes; and home, home investor, and provider selection processes. We evaluated the appropriateness of WCLS's lease terms, home repair, and renovation purchasing practices, and Medicaid rate calculation process. We assessed the effectiveness of selected WCLS residential placements. We reviewed and evaluated WCLS's efforts at preventing, detecting, and eliminating potential conflicts of interest. We tested for undisclosed conflicts of interest.

AGENCY RESPONSES

Our audit report includes 7 findings and 8 corresponding recommendations. WCLS's preliminary response indicated that it concurs with our findings and has taken steps to implement the recommendations.