



STATE OF MICHIGAN
DEPARTMENT OF COMMUNITY HEALTH
LANSING

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TO: CMHSP Executive Directors
FROM:  Tom Renwick
SUBJECT: Consumer Funds and Compliance Examinations

A number of questions about the appropriate scope and breadth of CMHSP monitoring of consumer funds and the role of Compliance Examinations in assessing CMHSP oversight in that area have recently arisen. Subsequent discussion of these questions and issues by the DCH Office of Audit and the Behavioral Health and Developmental Disabilities Administration (BHDDA) led to proposed FY14 contract changes in this area. The remainder of this memorandum will explain the change for the FY14 contract and the impact on the Compliance Examination process.

As you are likely aware, the CMH Compliance Examination Guidelines (CMHSP Contract Attachment C 7.6.1) contained the following requirement:

J. Consumer Fund Review

The PIHP or CMHSP has policies and procedures that address residents' property and funds as required by MCL 330.1752. The policies and procedures should address the proper handling of consumer funds by the agency, if applicable, and any applicable service provider; and require PIHP/CMHSP monitoring of resident funds and valuables for compliance with the Licensing Rules for Adult Foster Care Small Group Homes (R 400.14315). Consumer funds must be maintained separate from other agency funds, revenues and expenditures must be properly tracked, consumer's funds cannot be commingled and used for each others' expenses, and sufficient controls must exist to protect the consumers' funds. The auditor should verify that the PIHP or CMHSP performed monitoring of their employees and/or service providers for compliance with the Licensing Rules for Adult Foster Care Small Group Homes (R 400.14315).

A number of CMHSP compliance examinations contained findings that CMHSPs did not adequately meet this requirement. Some of the findings described an expectation that the CMHSP conduct a formal audit of the consumer funds. As noted above, these findings prompted internal discussion between BHDDA and the Office of Audit about the underlying expectation for CMHSP monitoring of consumer funds. In addition, the Contract and Financial Issues subcommittee of the Michigan Association for Community Mental Health Boards proposed contractual changes in this area for the FY14 CMHSP contract.

The result of these internal discussions and the FY 14 contract negotiations is as follows:

1. DCH has agreed to remove the requirement from the Compliance Examination Guidelines.

2. DCH will insert the following language into the FY14 CMHSP contract:
The Community Mental Health Services Program shall assure that it has policies and procedures that address residents' property and funds as required by MCL 330.1752. The policies and procedures should address the proper handling of consumer funds by the agency, if applicable, and any applicable service provider; and require Community Mental Health Services Program monitoring of resident funds and valuables for compliance with the Licensing Rules for Adult Foster Care Small Group Homes (R 400.14315).
3. This contract language continues to require that the CMHSP have a policy that addresses the protection of consumer property and funds and a process for ensuring that the policy is implemented and effective. However, the scope of future Compliance Examinations will not include an evaluation of a CMHSP's activities in this area. A CMHSP's adherence to the underlying Mental Health Code and CMHSP contract requirements concerning the safeguarding and protection of resident's property and funds will be assessed through routine Office of Recipient Rights and DCH contract monitoring processes.

Though this contract language change is occurring with the FY14 contract, it also has implications on the scope of FYE13 Compliance Examinations. In accordance with the FY14 contract language change, the Department has decided that an examination of this requirement can be eliminated from the FYE13 Compliance Examinations. Please share this change with your compliance examination practitioners.

Feel free to contact me if you have any questions regarding this.

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