

Office of the Auditor General
Follow-Up Report on Prior Audit Recommendations

Grand Rapids Home for Veterans
Michigan Veteran Homes
Department of Military and Veterans Affairs

January 2020

The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.

The auditor general may make investigations pertinent to the conduct of audits.

Article IV, Section 53 of the Michigan Constitution



Follow-Up Report

Grand Rapids Home for Veterans

Michigan Veteran Homes

Department of Military and Veterans Affairs

Report Number:
511-0170-18F

Released:
January 2020

We conducted this follow-up to determine whether the Grand Rapids Home for Veterans and the Department of Technology, Management, and Budget had taken appropriate corrective measures in response to the two material conditions and four reportable conditions noted in our June 2019 audit report.

Prior Audit Information	Follow-Up Results		
	Conclusion	Finding	Agency Preliminary Response
<p>Finding #1 - Material condition</p> <p>Improved access controls over NetSolutions System (NTT) needed.</p> <p>Agency agreed.</p>	Substantially complied	Not applicable	
<p>Finding #2 - Reportable condition</p> <p>Improvements needed for administering prescribed medications.</p> <p>Agency agreed.</p>	Partially complied	Reportable condition still exists. See Finding #2 .	Agrees
<p>Finding #3 - Reportable condition</p> <p>Security over medication carts needs improvement.</p> <p>Agency agreed.</p>	Complied	Not applicable	

Prior Audit Information (Continued)
<p>Finding #4 - Material condition</p> <p>Member fund accounts and bank accounts need to be reconciled.</p> <p>Agency agreed.</p>
<p>Finding #5 - Reportable condition</p> <p>Improvements needed to resolve member assessment balances.</p> <p>Agency agreed.</p>
<p>Finding #6 - Reportable condition</p> <p>Improved controls needed over disbursement of members' funds.</p> <p>Agency agreed.</p>

Follow-Up Results		
Conclusion	Finding	Agency Preliminary Response
Complied	Not applicable	
Partially complied	Reportable condition still exists. See <u>Finding #5</u> .	Agrees
Substantially complied	Not applicable	

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January 30, 2020

Major General Paul D. Rogers, Director
Department of Military and Veterans Affairs
3411 North Martin Luther King Jr. Boulevard
Lansing, Michigan

and

Ms. Anne Zerbe, Executive Director
Michigan Veteran Homes
222 North Washington Square
Lansing, Michigan

Mr. David Henry, Chair
Michigan Veteran Homes Board of Directors
222 North Washington Square
Lansing, Michigan

and

Mr. Robert L. Johnson, Chair
Michigan Veterans Facilities Board of Managers
Grand Rapids Home for Veterans
Grand Rapids, Michigan

Dear General Rogers, Ms. Zerbe, Mr. Henry, and Mr. Johnson:

This is our follow-up report on the two material conditions (Findings #1 and #4); four reportable conditions (Findings #2, #3, #5, and #6); and six corresponding recommendations reported in the performance audit of the Grand Rapids Home for Veterans, Michigan Veterans Affairs Agency, Department of Military and Veterans Affairs. That audit report was issued and distributed in June 2019. Additional copies are available on request or at audgen.michigan.gov.

Michigan Veteran Homes provided preliminary responses to the follow-up recommendations included in this report. The *Michigan Compiled Laws* and administrative procedures require an audited agency to develop a plan to comply with the recommendations and to submit it to the State Budget Office upon completion of an audit. Within 30 days of receipt, the Office of Internal Audit Services, State Budget Office, is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

We appreciate the courtesy and cooperation extended to us during our follow-up. If you have any questions, please call me or Laura J. Hirst, CPA, Deputy Auditor General.

Sincerely,

Doug Ringler
Auditor General

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INTRODUCTION, PURPOSE OF FOLLOW-UP, AND AGENCY DESCRIPTION

INTRODUCTION

This report contains the results of our follow-up of the two material conditions* (Findings #1 and #4); four reportable conditions* (Findings #2, #3, #5, and #6); and six corresponding recommendations reported in our performance audit* of the Grand Rapids Home for Veterans, Michigan Veterans Affairs Agency (MVAA), Department of Military and Veterans Affairs (DMVA), issued in June 2019.

Effective October 1, 2019, subsequent to our follow-up period, DMVA reorganized and moved the responsibility for the Home's operations from MVAA to the Michigan Veteran Homes (MVH), a new DMVA branch.

PURPOSE OF FOLLOW-UP

To determine whether the Home and the Department of Technology, Management, and Budget (DTMB) had taken appropriate corrective measures to address our corresponding recommendations.

AGENCY DESCRIPTION

The Home provides nursing care and domiciliary services to military veterans and widows, widowers, spouses, former spouses, and parents of State veterans. The mission* of the Home is to provide compassionate, quality, interdisciplinary care for the members to achieve their highest potential of independence, self-worth, wellness, and dignity. As of August 31, 2019, the Home had 204 members receiving nursing care, 19 members residing in the domiciliary units, and 482 State and contract employees.

* See glossary at end of report for definition.

PRIOR AUDIT FINDINGS AND RECOMMENDATIONS; AGENCY PLAN TO COMPLY; AND FOLLOW-UP CONCLUSIONS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSES

FINDING #1

Audit Finding Classification: Material condition.

Summary of the June 2019 Finding:

The Home needed to improve its controls over its NetSolutions System* (NTT), including periodically reviewing the appropriateness of active user accounts, granting access rights based on the principle of least privilege*, periodically reviewing the appropriateness of user access rights, and monitoring system activity logs.

Recommendation Reported in June 2019:

We recommended that the Home improve its controls over NTT to help prevent and detect inappropriate access and protect confidential information.

AGENCY PLAN TO COMPLY*

On August 27, 2019, the Home indicated that it had complied and that it:

- Reviewed administration rights and applied the principle of least privilege, where appropriate.
- Implemented controls to monitor security manager access.
- Changed nursing and business office access, where appropriate.
- Developed a policy to review user access rights and monitor activity logs.
- Reviews employee termination lists at least monthly and conducts quarterly audits of active employees' access.

FOLLOW-UP CONCLUSION

Substantially complied.

Our follow-up of parts a. through c. of the finding noted that the Home:

- a. Complied.

The Home developed a policy and implemented processes to periodically review the appropriateness of the active NTT user accounts. Our review of the 442 active NTT user accounts did not identify any inappropriate users.

* See glossary at end of report for definition.

b. Complied.

The Home developed a policy to review user access rights to ensure that access is commensurate with the users' job duties. We confirmed that the access for the 24 user accounts with security manager rights and the 6 user accounts with system administrator rights were appropriate. Also, we noted that the Home appropriately restricted the Accounting/Finance user group and Nursing user groups that we reviewed, based on the users' daily roles.

c. Partially complied.

The Home developed a policy and implemented processes to periodically review the appropriateness of NTT user access rights. We verified that the Home was conducting reviews of user access rights; however, it was not reviewing the appropriateness of the users' activity.

FINDING #2

Audit Finding Classification: Reportable condition.

Summary of the June 2019 Finding:

Prescribed medications were refilled late and were not always appropriately administered.

Recommendation Reported in June 2019:

We recommended that the Home improve its administration of medications prescribed to members.

AGENCY PLAN TO COMPLY

On August 27, 2019, the Home indicated that it had partially complied and that it:

- Educated nursing staff regarding medication pass techniques and etiquette, included this training as part of orientation for all newly hired nursing staff, and audited for compliance on a regular basis.
- Educated nursing staff regarding the documentation requirements for medication administered and not administered.
- Reviewed missed medication reports at daily interdisciplinary team meetings.
- Was pursuing a fill cart medication distribution process to help reduce the need for fill requests and provide real-time feedback to assist with more in-depth monitoring of dispensed medication.
- Was reviewing and revising the Medication Administration policy to reflect a more member-centered approach that will enable it to schedule truly time critical medications in a manner that will ensure an electronic medical record alert of important time frames.

FOLLOW-UP CONCLUSION

Partially complied. A reportable condition still exists.

Our follow-up noted that the Home provided training in March 2018 related to medication administration to help prevent medication errors, implemented a 14-day medication cart process in August 2019 as a control to identify missed medication doses, discussed missed doses at daily interdisciplinary team meetings, and appropriately physically administered the 23 medications that we observed. However:

- a. Our review of 12 14-day medication cart reconciliations, completed from September 4, 2019 through September 18, 2019, for 1,897 issued prescriptions identified 563 prescriptions that had varying amounts of medications returned to the pharmacy. As there may be legitimate reasons why doses may be returned to the pharmacy, we reviewed 22 of the 563 prescriptions and

noted that 8 prescriptions had 25 doses returned to the pharmacy even though the electronic medication administration records (EMARs) indicated that 22 (88.0%) of those doses were administered.

- b. Our review of the administration of 19 time critical medications noted that the Home administered 5 (26.3%) medications outside of the 1-hour window, ranging from 2 to 40 minutes early.

**FOLLOW-UP
RECOMMENDATION**

We recommend that the Home continue to improve its administration of medications prescribed to members.

**FOLLOW-UP
AGENCY
PRELIMINARY
RESPONSE**

MVH provided us with the following response:

The Home agrees with this recommendation.

As the date of correction for the new medication cart delivery/reconciliation process was committed to be August 30, 2019, the OAG's follow up reviewed some of the initial medication cart reconciliations. Our commitment to implement better controls over the medication administration process has been effective. The implementation of the new system has enabled the Home to better identify, track, and trend any medication delivery inconsistencies and provide additional education and/or formal counseling as appropriate. Improvement has been noted week over week. Per the pharmacist, the medication reconciliation for the week of December 16, 2019 indicated 3% of medications were not reconciled. The Home continues to track, review and pattern medication reconciliations and follow up accordingly.

Additionally, the Home has since adjusted its policy to address time sensitive medications. The Home changed the settings within the electronic health record to decrease the window period for medication to be one hour before and one hour after the prescribed time. Staff were educated on the changes and the Interdisciplinary teams (IDTs) made recommendations to change the non-time sensitive times to Member-centered times. The IDTs are reviewing the late medication reports daily for review and follow up.

FINDING #3

Audit Finding Classification: Reportable condition.

Summary of the June 2019 Finding:

The Home needed to improve security over its medication carts.

Recommendation Reported in June 2019:

We recommended that the Home improve its security over its medication carts.

AGENCY PLAN TO COMPLY

On August 27, 2019, the Home indicated that it had complied and that it replaced the key code entry to the medication carts with lock and key and required nursing staff to keep their keys on them while on duty.

FOLLOW-UP CONCLUSION

Complied.

Our follow-up noted that the Home had disabled the electronic key code entry on the medication carts and added manual locks and keys. Also, we observed that the nursing staff responsible for the carts had the physical keys in their possession and utilized the keys to access the medication carts.

FINDING #4

Audit Finding Classification: Material condition.

Summary of the June 2019 Finding:

The Home, in conjunction with DTMB, had not ensured that members' subsidiary balances reconciled with the Home's corresponding external bank account balances. As of February 28, 2018, the Home had unaccounted for differences totaling \$301,428.

Recommendation Reported in June 2019:

We recommended that the Home, in conjunction with DTMB, properly maintain and regularly reconcile member personal fund accounts.

AGENCY PLAN TO COMPLY

On August 27, 2019, the Home indicated that it had complied and, in conjunction with DTMB, had:

- Developed and implemented new processes to ensure the accuracy of member personal fund accounts, including regularly reconciling and moving funds among the proper external bank accounts.
- Executed transfers among the external bank accounts for differences in members' bank balances recorded in NTT and the corresponding external bank balances.
- Implemented processes to ensure correct amounts are submitted to the Department of Treasury for all member activity, including discharges, furloughs, or miscalculated assessments.

FOLLOW-UP CONCLUSION

Complied.

Our follow-up noted:

- a. On September 4, 2018, DTMB transferred \$297,447 from the Home's external general checking bank account to the external members' trust, escrow, and medical escrow bank accounts. These transfers covered the identified differences between the balances recorded in NTT and the corresponding external bank balances as of August 31, 2018.

- b. DTMB implemented a process to reconcile NTT and external bank accounts monthly. We reviewed the July 2019 and August 2019 bank reconciliations and verified that there were no unreconciled differences, as follows:

Date	Member Accounts (Trust, Escrow, and Medical Escrow)			
	Subsidiary Balance	External Bank Balance	Outstanding Transactions	Unreconciled Difference
July 31, 2019	\$580,402	\$549,513	\$30,889 ¹	\$0
August 31, 2019	\$550,453	\$580,502	(\$30,049) ²	\$0

¹ Transaction posted August 1, 2019.

² Transaction posted September 3, 2019.

- c. DTMB developed and implemented a process to reconcile member fees with fees submitted to the Department of Treasury. We reviewed July 2019 and August 2019 member assessment payments to the Department of Treasury totaling \$386,013 and \$406,549, respectively, and verified that DTMB reconciled member activity and adjusted the payments as necessary.

FINDING #5

Audit Finding Classification: Reportable condition.

Summary of the June 2019 Finding:

The Home had not validated and resolved outstanding, delinquent member assessment balances with a net value of \$592,000.

Recommendation Reported in June 2019:

We again recommended that the Home, in conjunction with DTMB, effectively validate and resolve outstanding member assessment balances.

AGENCY PLAN TO COMPLY

On August 27, 2019, the Home indicated that it had complied and, in conjunction with DTMB, had:

- a. Developed and implemented new processes to ensure the accuracy of members' balances and pursue collection.
- b. Implemented new processes to ensure the accuracy of members' detailed transactions and reconciled all transactions for active members dating back to September 1, 2015.
- c. Issued monthly member statements and pursued collections on delinquent balances beginning in January 2019.

FOLLOW-UP CONCLUSION

Partially complied. A reportable condition still exists.

The Home had significantly decreased the past due and overpaid member assessment account balances, as follows:

	Past Due (Owed by Members)	Overpaid (Owed to Members)	Net Value
February 28, 2018	\$1,043,041	(\$451,303)	\$591,738
August 31, 2019	642,826	(70,940)	571,886
Total decrease	<u>(\$ 400,215)</u>	<u>(\$380,363)</u>	<u>(\$ 19,852)</u>
Percentage decrease	(38.4%)	(84.3%)	

We noted:

- a. DTMB wrote off 196 past due member assessment account balances totaling \$537,900 and 103 overpaid member assessment account balances totaling \$65,600 that had been carried forward from the previous accounting system, which was replaced September 1, 2015.

- b. DTMB wrote off 78 past due member assessment account balances totaling \$319,224 and 114 overpaid member assessment account balances totaling \$176,015 for members who had passed away prior to September 1, 2018.
- c. For the 13 past due member assessment account balances that each exceeded \$10,000, totaling \$505,546 as of August 31, 2019, DTMB had obtained signed payment agreements for 6 outstanding balances totaling \$243,589 and had made other collection efforts for 2 outstanding balances totaling \$135,773. However, DTMB had not made collection efforts for the remaining 5 (38.5%) outstanding balances totaling \$126,185, all of which related to members who were discharged prior to August 31, 2019.
- d. For the 9 overpaid member assessment account balances that we reviewed, totaling \$59,322 as of August 31, 2019, DTMB had not made any efforts to reconcile or refund the balances.

**FOLLOW-UP
RECOMMENDATION**

We again recommend that the Home, in conjunction with DTMB, effectively validate and resolve outstanding member assessment balances.

**FOLLOW-UP
AGENCY
PRELIMINARY
RESPONSE**

MVH provided us with the following response:

The Home and DTMB agree with this recommendation. The Home, in conjunction with DTMB, will continue its efforts to validate and resolve outstanding member assessment balances.

As of November 2019, DTMB reconciled all past due and overpaid member assessment account balances and either collected the outstanding balances, established payment agreements for the outstanding balances, wrote off the outstanding balances, or placed funds in a member escrow fund to disburse. DTMB noted that it did not address some of the past due member assessment account balances (item c) or overpaid member assessment account balances (item d) until the MVH Executive Director was appointed and able to approve DTMB's recommended resolution, which began on October 4, 2019.

MVH, with involvement from DTMB, will soon be implementing a new policy establishing a required timeline for removing reconciled and uncollectible member account balances from the accounts receivable ledger.

FINDING #6

Audit Finding Classification: Reportable condition.

Summary of the June 2019 Finding:

The Home, in conjunction with DTMB, needed to improve its controls to ensure that deceased or discharged members' funds were disbursed properly.

Recommendation Reported in June 2019:

We again recommended that the Home, in conjunction with DTMB, implement sufficient controls over the disbursement of deceased and discharged members' funds.

AGENCY PLAN TO COMPLY

On August 27, 2019, the Home indicated that it had complied and, in conjunction with DTMB, had:

- Implemented new processes to ensure timely and accurate disposition of deceased and discharged members' funds.
- Addressed all deceased and discharged members' balances by resolving and reconciling outstanding member assessment balances.
- Implemented improved processes to reduce the number of receipts occurring after the death or discharge of a member. In relation to this, the Home indicated that it is not permitted to redirect funds received from the U.S. Department of Veterans Affairs (VA), U.S. Social Security Administration (SSA), or other third-party retirement plans on behalf of the deceased or discharged members.

FOLLOW-UP CONCLUSION

Substantially complied.

Our follow-up noted that the Home, in conjunction with DTMB, improved its process to reconcile and properly disburse funds after a member's death or discharge. Our follow-up of parts a. through c. of the finding noted that the Home had:

- a. Substantially complied.

The Home implemented a process to notify the VA and SSA that a member was deceased. Our review of account transactions of 4 members with cash receipt transactions occurring after the members had passed noted that no funds were received more than 60 days after the date of death.

- b. Not complied.

As of August 31, 2019, the Home had still not completed a final accounting and disbursed the escrow balances of the 3 members who had passed away prior to September 1, 2015 (totaling \$16,400) and 1 member who had passed

away in July 2017 (\$2,500), as noted in the prior audit report. The Home indicated that because of deficiencies with the reliability of the financial records prior to September 1, 2015, a complete, final accounting for the accounts of 3 of the 4 deceased members was not possible. However, subsequent to our fieldwork, the Home informed us that the accounts of the 4 members have now been reviewed using the best available information and that efforts were underway to disburse the balances. Also, we identified 2 other escrow balances that each exceeded \$1,500 of members who were discharged prior to March 1, 2018 (totaling \$3,600) and for whom the Home had not completed a final accounting and disbursed the escrow balances. As of August 31, 2019, escrow account balances for all deceased or discharged members totaled \$58,000, including \$1,800 for members who were discharged in August 2019.

c. Substantially complied.

As of September 5, 2019, the Home had provided the account disposition for the 15 accounts of members who had passed away or were discharged from March 1, 2018 through August 31, 2019 that we reviewed. However, 1 (6.7%) letter, relating to a \$268 balance, was sent 435 days late.

FOLLOW-UP METHODOLOGY, PERIOD, AND AGENCY RESPONSES

METHODOLOGY

We reviewed MVAA's corrective action plan, reviewed new and updated policies and procedures, and interviewed the Home's and DTMB's personnel regarding the related processes. Also, for:

- a. Finding #1, we observed evidence of the Home's periodic reviews of user access; compared NTT user accounts with the Home's employee lists; and reviewed the Home's Quality Assurance and Process Improvement Committee quarterly report covering May 2019 through July 2019. We also reviewed group profiles from the Accounting/Finance user group and three Nursing user groups for proper restrictions on features that were not applicable to their daily roles.
- b. Finding #2, we observed the exchange of the 14-day medication carts and reviewed the inventory reconciliation process. We reviewed the EMARs for 22 randomly selected prescriptions that were returned with doses remaining during 12 14-day medication cart exchanges to determine if the Home had documented reasons for remaining doses.

We observed the administration of 23 medications on two occasions for two randomly selected units and reviewed the members' EMARs to determine if the medications were administered timely and appropriately. We observed two daily interdisciplinary team meetings.

- c. Finding #3, we observed 3 randomly selected medication carts to confirm that the medication carts were locked, the key code entry was disabled, and the nursing staff responsible for the medication cart had control of the keys.
- d. Finding #4, we reviewed DTMB's reconciliations and supporting documentation for the one-time transfer to cover the identified differences as of August 31, 2018.

We conducted a walk-through of the August 2019 month-end closing process. Also, we compared external bank statement balances of accounts held for member trust funds, member escrow funds, and medical escrow funds with the respective accounts in NTT as of July 31, 2019 and August 31, 2019.

In addition, we reviewed DTMB's processes to ensure that appropriate amounts were submitted to the Department of Treasury for all activity, including member discharges, furloughs, or miscalculated member assessments for July 2019 and August 2019.

- e. Finding #5, we compared the February 28, 2018 outstanding member assessment account balance with the August 31, 2019 balance and analyzed the validity of 25 individual member account balances.

We reviewed the Home's write offs of member account balances relating to balances carried forward from its previous accounting system and for members who were deceased.

We analyzed the August 31, 2019 balances and reviewed the Home's efforts to resolve member account balances, including collection efforts for the 13 past due member account balances that individually exceeded \$10,000 and efforts to reconcile and refund 9 overpaid member account balances that individually exceeded \$1,000.

- f. Finding #6, we reviewed the Home's process to track member account dispositions to ensure timeliness for deceased or discharged members. We reviewed documentation of the Home's reconciliations of, and efforts to resolve, the account balances for 15 of the 95 members who had passed away or were discharged from March 1, 2018 through August 31, 2019.

We judgmentally selected and reviewed 7 of the 13 accounts of discharged members with escrow account balances greater than \$1,500 as of August 31, 2019 to determine if the Home had completed a final accounting and disbursed the member escrow balances.

We reviewed 26 judgmentally selected member trust account transactions, relating to 4 members, for reasonableness of the transactions and account balance resolutions. In total, there were 55 transactions for 11 members who were discharged from July 1, 2018 through August 31, 2019 and had member trust transactions occurring more than 30 days after discharge.

We judgmentally selected 7 members (4 deceased and 3 discharged) who had VA or SSA cash receipt activity 30 days or more after discharge to verify a notification to the appropriate party and the reasonableness of account activity after discharge.

PERIOD

Our follow-up generally covered March 1, 2018 through August 31, 2019.

AGENCY RESPONSES

Our follow-up report contains 2 recommendations. MVH's preliminary response indicates that it agrees with both of the recommendations.

The agency preliminary response that follows each follow-up recommendation in our report was taken from the agency's written comments and oral discussion at the end of our fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and the State of Michigan Financial Management Guide (Part VII, Chapter 4, Section 100) require an audited agency to develop a plan to comply with the recommendations and to submit it to the State Budget Office upon completion of an audit. Within 30 days of receipt, the Office of Internal Audit Services, State Budget Office, is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

GLOSSARY OF ABBREVIATIONS AND TERMS

agency plan to comply	The response required by Section 18.1462 of the <i>Michigan Compiled Laws</i> and the State of Michigan Financial Management Guide (Part VII, Chapter 4, Section 100). The audited agency is required to develop a plan to comply with Office of the Auditor General audit recommendations and to submit the plan to the State Budget Office upon completion of an audit. Within 30 days of receipt, the Office of Internal Audit Services, State Budget Office, is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.
DMVA	Department of Military and Veteran Affairs.
DTMB	Department of Technology, Management, and Budget.
EMAR	electronic medication administration record.
material condition	A matter that, in the auditor's judgment, is more severe than a reportable condition and could impair the ability of management to operate a program in an effective and efficient manner and/or could adversely affect the judgment of an interested person concerning the effectiveness and efficiency of the program. Our assessment of materiality is in relation to the respective audit objective.
mission	The main purpose of a program or an entity or the reason that the program or the entity was established.
MVAA	Michigan Veterans Affairs Agency.
MVH	Michigan Veteran Homes.
NetSolutions System (NTT)	Web-based system of integrated financial and clinical software.
performance audit	An audit that provides findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria. Performance audits provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision-making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

principle of least privilege	The practice of limiting access to the minimal level that will allow normal functioning. Applied to employees, the principal of least privilege translates to giving people the lowest level of user access rights that they can have and still do their jobs. The principle is also applied to things other than people, including programs and processes.
reportable condition	A matter that, in the auditor's judgment, is less severe than a material condition and falls within any of the following categories: a deficiency in internal control; noncompliance with provisions of laws, regulations, contracts, or grant agreements; opportunities to improve programs and operations; or fraud.
SSA	U.S. Social Security Administration.
VA	U.S. Department of Veterans Affairs.



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