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☞ Details: Legislative Audit Bureau Report 06-11: An Audit: Wisconsin Mental Health Institutes,
Department of Health and Family Services

(FORM UPDATED: 08/11/2010)

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STATE OF WISCONSIN

Legislative Audit Bureau

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Janice Mueller
State Auditor

DATE: September 12, 2006

TO: Karen Asbjornson and Pamela Matthews
Committee Clerks to the Joint Legislative Audit Committee

FROM: Carolyn Stittleburg
Audit Director *CS*

SUBJECT: Report 06-11: An Audit of the Wisconsin Mental Health Institutes

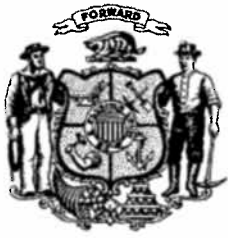
Enclosed is our audit of the financial statements of the Mendota and Winnebago Mental Health Institutes for fiscal year (FY) 2004-05. We perform annual financial audits of the Institutes at the request of the Department of Health and Family Services. We express unqualified opinions on each Institute's financial statements. Each Institute reported a net loss for fiscal year 2004-05. Mendota reported a loss of \$2.6 million, and Winnebago reported a loss of \$1.7 million.

In the report we discuss an internal control concern pertaining to the Program of Assertive Community Treatment (PACT), an outpatient unit of Mendota. To assist clients in managing their own money, staff receive and disburse funds on behalf of clients. In accepting client funds, the State has a fiduciary responsibility to ensure that proper controls are put in place to safeguard these funds. We identified serious internal control concerns over the administration of PACT client funds. While we did not identify any inappropriate transactions, we believe these deficiencies constitute a material weakness in internal controls. The Department agrees with our concerns and had indicated plans to improve the internal controls in this area.

The audit will be released on September 13th, at 9 a.m. Please contact me if you have any questions regarding the report.

CS/km

Enclosures

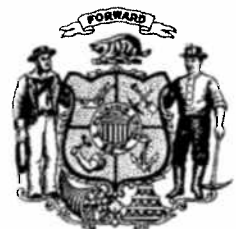


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1 East Main Street, Suite 200
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An Audit

**Wisconsin Mental
Health Institutes**

Department of Health and Family Services

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State Auditor - Janice Mueller

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Janice Mueller
State Auditor

September 13, 2006

Senator Carol A. Roessler and
Representative Suzanne Jeskewitz, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator Roessler and Representative Jeskewitz:

We have completed financial audits of Mendota and Winnebago Mental Health Institutes for the period July 1, 2004, through June 30, 2005. The audits were requested by the Department of Health and Family Services to comply with requirements of the Joint Commission on Accreditation of Healthcare Organizations. We were able to express an unqualified opinion on each Institute's financial statements.

Mendota and Winnebago Mental Health Institutes are licensed and accredited hospitals that provide specialized diagnostic, evaluation, and treatment services for mentally ill children and adults. The Institutes also provide services to forensic patients referred to them through the criminal justice system. The Institutes are funded through a mix of general purpose revenue and program revenue.

Each Institute reported a net loss for fiscal year 2004-05. Mendota reported a loss of \$2.6 million, and Winnebago reported a loss of \$1.7 million. In each case, operating revenues did not increase enough to offset increases in operating expenses, such as salary and fringe benefit costs. The Department increased daily patient rates effective October 1, 2005, and it anticipates another rate increase effective October 1, 2006.

As part of our audit, we reviewed the administration of approximately \$405,000 in client funds by the Program of Assertive Community Treatment, an outpatient unit of Mendota. To assist clients in managing their own money, staff receive and disburse funds on their behalf. In accepting client funds, the State is responsible for ensuring proper controls are in place to reduce the risks of error or misappropriation. We identified internal control concerns related to client funds administered by the Program of Assertive Community Treatment, including a lack of separation of duties and inadequate documentation.

We appreciate the courtesy and cooperation extended to us by Department of Health and Family Services staff during our audit. A response from the Department follows our report.

Respectfully submitted,

Janice Mueller
State Auditor

JM/CS/ss