

## ☛ 07hr\_JC-Au\_Misc\_pt29



☛ Details: Legislative Audit Bureau Report 07-14: An Audit: Wisconsin Mental Health Institutes,  
Department of Health and Family Services

(FORM UPDATED: 08/11/2010)

# WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

## 2007-08

(session year)

## Joint

(Assembly, Senate or Joint)

## Committee on Audit...

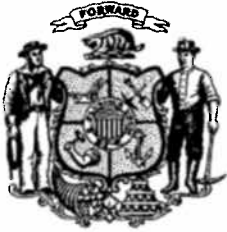
### COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

### INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
  - (**ab** = Assembly Bill)                      (**ar** = Assembly Resolution)                      (**ajr** = Assembly Joint Resolution)
  - (**sb** = Senate Bill)                              (**sr** = Senate Resolution)                              (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

\* Contents organized for archiving by: Stefanie Rose (LRB) (October 2012)

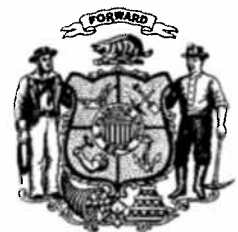


**The following document was too large to scan into the committee record. The cover and table of contents, if available, have been scanned for your convenience.**

**Most large publications have been added to the Theoblod Legislative Library's collections. Search LRBCat (<http://lrbeat.legis.wisconsin.gov/>) for availability.**

**For further assistance, contact the reference desk at (608) 266-0341 or [lrb.reference@legis.wisconsin.gov](mailto:lrb.reference@legis.wisconsin.gov).**

State of Wisconsin - Legislative Reference Bureau  
1 East Main Street, Suite 200  
Madison, WI 53703



**Report 07-14  
September 2007**

An Audit

# **Wisconsin Mental Health Institutes**

*Department of Health and Family Services*

## **2007-2008 Joint Legislative Audit Committee Members**

**Senate Members:**

Jim Sullivan, Co-chairperson  
Julie Lassa  
Russell Decker  
Alan Lasee  
Robert Cowles

**Assembly Members:**

Suzanne Jeskewitz, Co-chairperson  
Samantha Kerkman  
Kitty Rhoades  
David Cullen  
Joe Parisi

---

## LEGISLATIVE AUDIT BUREAU

The Bureau is a nonpartisan legislative service agency responsible for conducting financial and program evaluation audits of state agencies. The Bureau's purpose is to provide assurance to the Legislature that financial transactions and management decisions are made effectively, efficiently, and in compliance with state law and that state agencies carry out the policies of the Legislature and the Governor. Audit Bureau reports typically contain reviews of financial transactions, analyses of agency performance or public policy issues, conclusions regarding the causes of problems found, and recommendations for improvement.

Reports are submitted to the Joint Legislative Audit Committee and made available to other committees of the Legislature and to the public. The Audit Committee may arrange public hearings on the issues identified in a report and may introduce legislation in response to the audit recommendations. However, the findings, conclusions, and recommendations in the report are those of the Legislative Audit Bureau. For more information, write the Bureau at 22 E. Mifflin Street, Suite 500, Madison, WI 53703, call (608) 266-2818, or send e-mail to [leg.audit.info@legis.wisconsin.gov](mailto:leg.audit.info@legis.wisconsin.gov). Electronic copies of current reports are available on line at [www.legis.wisconsin.gov/lab](http://www.legis.wisconsin.gov/lab).

---

State Auditor – Janice Mueller

### **Audit Prepared by**

Carolyn Stittleburg, *Director and Contact Person*

Tammi Richmond

Jeff Beckett

Emily Wieters

Director of Publications – Jeanne Thieme

Report Design and Production – Susan Skowronski

# CONTENTS

---

<b>Letter of Transmittal</b>	<b>1</b>
<b>Introduction</b>	<b>3</b>
Financial Performance	5
Program of Assertive Community Treatment	7
<b>Audit Opinion</b>	<b>9</b>
Independent Auditor's Report on the Financial Statements of Mendota Mental Health Institute	
<b>Management's Discussion and Analysis—Mendota Mental Health Institute</b>	<b>11</b>
<b>Financial Statements of Mendota Mental Health Institute</b>	<b>17</b>
Balance Sheet as of June 30, 2006	19
Statement of Revenues, Expenses, and Changes in Net Assets for the Year Ended June 30, 2006	20
Statement of Changes in Assets and Liabilities: Patient Deposit Fund for the Year Ended June 30, 2006	21
Statement of Cash Flows for the Year Ended June 30, 2006	22
<b>Notes to the Financial Statements of Mendota Mental Health Institute</b>	<b>25</b>
<b>Audit Opinion</b>	<b>37</b>
Independent Auditor's Report on the Financial Statements of Winnebago Mental Health Institute	
<b>Management's Discussion and Analysis—Winnebago Mental Health Institute</b>	<b>39</b>

<b>Financial Statements of Winnebago Mental Health Institute</b>	<b>45</b>
Balance Sheet as of June 30, 2006	47
Statement of Revenues, Expenses, and Changes in Net Assets for the Year Ended June 30, 2006	48
Statement of Changes in Assets and Liabilities: Patient Deposit Fund for the Year Ended June 30, 2006	49
Statement of Cash Flows for the Year Ended June 30, 2006	50
<b>Notes to the Financial Statements of Winnebago Mental Health Institute</b>	<b>53</b>
<b>Report on Internal Control and Compliance</b>	<b>65</b>
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	
<b>Response</b>	
From the Department of Health and Family Services	



STATE OF WISCONSIN

Legislative Audit Bureau

22 East Mifflin Street, Suite 500  
Madison, Wisconsin 53703  
(608) 266-2818  
Fax (608) 267-0410  
leg.audit.info@legis.wisconsin.gov

Janice Mueller  
State Auditor

September 27, 2007

Senator Jim Sullivan and  
Representative Suzanne Jeskewitz, Co-chairpersons  
Joint Legislative Audit Committee  
State Capitol  
Madison, Wisconsin 53702

Dear Senator Sullivan and Representative Jeskewitz:

We have completed financial audits of Mendota and Winnebago Mental Health Institutes for the period July 1, 2005, through June 30, 2006. 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 financial gain for fiscal year 2005-06. Mendota reported a gain of \$1.2 million, and Winnebago reported a gain of \$1.8 million. In each case, operating revenues increased enough to offset increases in operating expenses, such as salary and fringe benefit costs. Further, each Institute reported a positive accounting balance, which is reflected in its financial statements as unrestricted net assets.

As part of our audit, we followed up on internal control concerns reported in our prior year's audit related to administration of approximately \$395,000 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. While some improvements were made, internal control concerns remain related to client funds administered by the Program of Assertive Community Treatment, including a lack of separation of duties and limited oversight of operations.

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