

LBA Financial Audit Report Summary:

**State of New Hampshire, Department of Health and Human Services,
Glencliff Home Financial Audit Report for the Fiscal Year Ended June 30,
2010**

[Read the full report in PDF format - 171KB]

Reporting Entity And Scope

The reporting entity of this audit and audit report is the Glencliff Home. The scope of this audit and audit report includes the financial activity of the Glencliff Home for the fiscal year ended June 30, 2010. Unless otherwise indicated, reference to the Home or auditee refers to the Glencliff Home.

Organization

The Glencliff Home is an operating unit of the New Hampshire Department of Health and Human Services. The Home is under the executive direction of an Administrator who is appointed by the Commissioner of the Department of Health and Human Services. The Home, located at the site of the former State Sanatorium in Benton, approximately 70 miles north of Concord, provides nursing home services to a resident, largely geriatric, population with psychiatric and/or developmental disability involvements.

At June 30, 2010, the capacity of the Home was 120 residents with a resident census of 114. The Home at June 30, 2010 was staffed with 165 full-time and four part-time employees.

Responsibilities

The Home's mission is to provide a continuum of services to New Hampshire's developmentally disabled and/or mentally ill population in a home-like atmosphere with an emphasis on independence, dignity, and acceptance.

The Home's mission is supported by the following goals:

- To provide residents of New Hampshire who have a chronic mental illness or a developmental disability and who need long term care with a safe, comfortable and therapeutic environment.
- To offer services to residents in the least restrictive environment.
- To coordinate an individualized care plan process that is based on the resident's choices and promotes the highest level of independence.
- To facilitate and encourage family involvement.
- To promote community integration and provide experiences to alleviate environmental isolation.

- To insure residents' health by coordinating efforts between long-term care, community and acute care.
- Strive to meet and exceed survey standards that assure resident quality of care and life.

The Home administers five fiduciary funds:

Patient Welfare Fund: The purpose of the Patient Welfare Fund is to purchase items or services that are for the benefit of the resident population as a whole. This fund is supported through donations and fundraising activities.

Patient Welfare Special Projects Fund: The Patient Welfare Special Projects Fund was established for the purpose of recording donation and fundraising receipts and disbursements designated for specific projects for the benefit of the resident population as a whole. The current project is an outdoor pavilion for the residents on the grounds of the Home.

Canteen Fund: The Home operates a canteen for the benefit of the residents. Snack foods and soft drinks are sold at the canteen and from vending machines. The purchase and sales activity of the canteen and vending machine operation is recorded in the Canteen Fund.

Resident Council Fund: The Resident Council Fund was established to raise, accept, and disburse funds for Council-directed purposes. The Resident Council (Council) meets monthly to provide residents an additional opportunity to voice concerns, express their opinions and make suggestions with the goal of providing residents with the best living environment. Council officers are residents elected by the residents. Monthly meetings are facilitated by a Home employee.

Patient Deposit Account: The Patient Deposit Account is an account that provides a custodial "banking system" for residents. A subaccount is established for each resident into which resident income items are deposited and from which resident-directed payments are made, including room and board and general personal expenses.

Funding

The financial activity of the Home is accounted for in the governmental and fiduciary funds of the State of New Hampshire.

A summary of the Home's revenues and expenditures recorded in the governmental funds for the fiscal year ended June 30, 2010 is shown in the following schedule.

Summary Of Revenues And Expenditures Fiscal Year Ended June 30, 201

| | General Fund | Capital Projects Fund | Total Governmental Funds |
|--------------------|-------------------------|--------------------------------------|---|
| Total Revenues | \$ 8,676,804 | \$ -0- | \$ 8,676,804 |
| Total Expenditures | <u>12,584,051</u> | <u>166,006</u> | <u>12,750,057</u> |

Excess (Deficiency) Of Revenues**Over (Under) Expenditures \$ (3,907,247) \$ (166,006) \$ (4,073,253)**

The auditor's report on the Glencliff Home's financial statements was qualified, as the financial statements do not constitute a complete financial presentation of the Home in the General Fund or Capital Projects Fund.

The audit report includes the auditor's report on internal control over financial reporting and on compliance and other matters. The following is a list of the comments in the report.

Internal Control Comments***Significant Deficiencies***

- Formal Fraud Deterrence, Detection, And Reporting Policy Should Be Established
- Formal Rate Setting Methodology Should Be Established
- Accounts Receivable Should Be Accrued In Accordance With State Policies
- Weekend Pay Differential Should Be Paid As Negotiated
- Expenditures Should Be Made From Accounts Established For The Payments
- Financial Transactions Performed On The Home's Behalf Should Be Reviewed
- Controls Over Patient Deposit Account Disbursements Should Be Improved
- Timely Action Should Be Taken With Deceased Residents' Deposit Accounts
- Reconciliations Of Bank Accounts Should Be Reviewed And Approved
- The Home's Business Office Should Provide Oversight To The Custodian Of The Patient Welfare Special Projects Fund