Northern Lakes
COMMUNITY MENTAL HEALTH AUTHORITY

Administrative Office, 105 Hall Street, Suite A, Traverse City, MI 49684

Board of Directors Meeting Minutes
Special Meeting

January 30, 2024 2:00 p.m.

Board Members Present: Ben Townsend, Greg McMorrow, Mary Marois, Pam Babcock, Ruth Pilon, Tom Bratton, Ty Wessell, Dean Smallegan, Penny Morris, Sherry Powers, Dave Freedman, Tony Lentych, Carol Blake
Virtual: Kate Dahlstrom, Al Cambridge
Absent: Eric Ostergren- advance notice

Others Present: Brian Martinus, Interim Chief Executive Officer; Stacy Maiville, Executive Secretary; Dean Baldwin, Network Administrator; Darryl Washington, Chief Operations Officer for Northern Health Care Management; Jeremiah Williams, IT Supervisor; Kim Silbor, Operations Manager; Nancy Stevenson, Chief Operations Officer; Mark Crane, Contracts Manager; Neil Rojas, Human Resource Manager; Cindy Petersen; Brian Newcomb; Curtis Cummins; Aimee Horton-Johnson; Tiffany Fewins; Hilary Rappuhn
Virtual – Abby Schonfeld, Alexander Zeits, Amanda Link, Andrea Weiss, Angela Boven, Clarisse Hartnett- Manny, Angie Schroeder, Ann Ketchum, Ann Puruleski, April Weinrick, Becky Moore, Bobbi Hudson, Beth Milligan, Brandy Bray, Carrie Hubbell, Casey McCotter, Cassie Garland, Cate Bearss, Catherine Edwards, Christa Vasicek, Christa Hasty, Dan Mauk, Corrine Pree, Dave Simpson, Emily Friske, Eric Kurtz, Erica Smith, Gina Schlegel, Jen Hemmes, Jennifer Rostamabadi-Cook, Jennifer Wisniewski, Jennifer Schultz, Jerica Brown, Jessica Riddle, Jessica Williams, Jillian Smithingell, Joan Honeman, Jodi Schwind, John DeSpleder, Jordan Byington, Joseph Barkman, Joshua Emery, Judi Crane, Hali McRoberts, Karen Cass, Karen Duczyminski, Kari Barker, Kathryn Mikel, Kellee Hoag, Kerreen Conley, Kerry Thompson, Kevin Hartley, Krista Patz, Kristin Page, Kristina Woodworth, Julie Lanczki, Laura Nerone, Lori Bernard, Lori Stendel, Leah Tvardek, Leane Letts, Leslie Burns, Lisa Holmes, Lisa Jones, Lisa Wiesemann, Liz Stier, Lori Campbell, Lynn Pope, Mackenzie Desmond, Manda Clements, Margaret Henning, Marie Jones, Mark Draeger, Mackenzie Desmond, Mats Andtbacka, Marsha Brown, Melanie Michels, Melanie Schopieray, Melissa Bentgen, Melissa Trout, Mindy Crick, Molly Caminta, Pam Petrolje, Rebbaca Wing, Rex Wolfxsen, Rhonda Cottrell, Richard Caprenter, Rob Ordiway, Corrine Konley, Rob Palmer, Rob Veale, Robina Walter, Sara Bush, Sara Houchin, Sara Saddler, Scott Legleitner, Shelly Schmidt, Somer Quinlan, Sophorn Klingelsmith, Teri Dougherty, Terri Henderson, TJ Andrews, Trapper Merz, Teresa Cooper, Vickie McDonald. Traverse City Clubhouse, 10 others/name not known.

Call to Order: Mr. Ben Townsend called the meeting to order at 2:00 p.m.

Audit Assessment Findings, Rehmann Group - Richard Carpenter and Corrine Konley:

Mr. Carpenter and Ms. Konley gave a verbal update regarding the recent Human Resources and financial assessment for NLCMHA. There will be a written Human Resources report distributed in February.

HR Assessment:

The Rehmann Group met with 49 employees for face-to-face interviews. There was also an employee engagement survey distributed agency-wide. 66% of the employees (233) completed the survey. Ms. Konley reviewed the results with the Board.

Ms. Konley commented that the current HR team is relatively new, so most of their findings reflect on time prior to the current team's arrival.

The assessment revealed that there has been an environment of fear, intimidation, and lack of respect in the past. The employee engagement survey reflected a desire for transparency, accountability, teamwork, and support from the Board.

There needs to be a full I-9 audit and FLSA audit. The EEO statement also needs to be updated. There are also safety concerns that need to be addressed.

The Rehmann Group recommends developing and implementing an objective process for making wage adjustments. In the past, these have not always been given consistently or fairly. Additionally, in the past, the hiring process lacked consistency. There is room for improvement in both the hiring and onboarding process.

It was also mentioned that during the previous CEO Search, certain applications may not have been given to the Board as they should have been.

The performance management process needs an overhaul. There needs to be employee performance evaluations and exit interviews. Supervisors need more training and growth.

There is a lot to overcome from the past. The Human Resources department is making positive strides, such as working on an employee handbook to help set the foundation for employees.

Overall, the employees were cooperative and eager to discuss issues with the Rehmann Group. Many noted in the survey that stability of having the current CEO has been helpful and has made many impactful changes.

Financial Assessment:

The group's first observation was that standard cost allocation had not been properly implemented. There are plans to give training to staff to help get things coded correctly and sorted.

Some financial policies have been too flexible, causing inconsistent practices and treatment for certain transactions. At the same time, there have been some policies and procedures which have not been flexible enough.

Grant writing has been well written with good intentions but has lacked the proper planning of the grant funds, and money may not have been properly allocated.

During the assessment, they struggled to find evidence of how overhead or administration costs were being allocated to grants and other business operations. That process was either not occurring or not occurring consistently.

There is a suspicion of collusion. The financial assessment stage has been put on hold so a forensic investigation can take place. This will identify if there have been any inappropriate financial activities.

The assessment showed that there may have been two or more people who have participated in collusion within the finance department. There may have been things intentionally hidden. This results in a situation where they cannot rely on the organization's internal controls, as documents and reports could have been fabricated. In the presence of suspected collusion, certain information is not reliable.

There is suspicion that documents were fabricated to support transactions that may have never existed.

Forensic investigation is a specialized group under a private investigation firm license that works with law enforcement and authorities. NMRE Board has authorized this. It will take a few months. They will start by looking at 2023 and go further back if needed. One of the goals of the forensic investigation is to determine if there has been misappropriation of assets or intentional or unintentional false reporting.

One of the concerns is the appropriate use of Medicaid dollars, which may result in a return of funds to the NMRE.

Adjournment: Motion to adjourn By T. Bratton, seconded by T. Lentych.

Respectfully submitted,

Stacy Maiville

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Executive Secretary

Ben Townsend

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Chairman of the Board

Sherry Powers

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Secretary of the Board

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