



WISCONSIN LEGISLATIVE AUDIT BUREAU AUDIT SUMMARY

Report 99-17

October 1999

Wisconsin Mental Health Institutes

We have completed a financial audit of the Mendota and Winnebago Mental Health Institutes for the period July 1, 1997 through June 30, 1998. This audit was requested by the Department of Health and Family Services to comply with requirements of the Joint Commission on Accreditation of Hospitals.

We expressed an unqualified opinion on the Institutes' financial statements, which show that, on an accrual basis, Mendota Mental Health Institute had net income of \$771,000 and Winnebago Mental Health Institute had net income of \$53,000. This income has allowed the Institutes to reduce their overall cash deficit.

Because of limitations in the Department's patient billing system, the prior year's financial statements contained errors, which had the effect of overstating patient accounts receivable, patient revenues, and net income. To correct for these overstatements, the fiscal year 1997-98 financial statements reflect a \$2.6 million prior-period reduction in retained earnings for the Mendota Mental Health Institute and a \$3.7 million reduction in retained earnings for the Winnebago Mental Health Institute.

Our audit report was delayed primarily because of difficulties relating to the Department's billing system, which does not report patient revenues and receivables in accordance with generally accepted accounting principles. Therefore, complex additional procedures were required to determine the Institutes' patient revenues and receivables. Because the Department's system is unable to accumulate and summarize accurate information on patient revenues and receivables, we qualified our report on internal controls.

[full report, PDF file \(122KB\)](#)