

# **Consultation Report:**

## **Whispering Pines**

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## **Executive Summary**

This consultation report articulates the findings, conclusions, and recommendations for the Board of Whispering Pines. The purpose of this report is to provide the Board solutions to challenges that they have identified. In addition, this report identifies several challenges that the Board may not be aware of and solutions to those challenges. The recommended solutions will strengthen the Whispering Pines organization and provide the Board with an avenue to develop greater effectiveness, set new goals, and chart a course to a successful future.

This report is broken down into sections. The first section is a review the objectives of the consultation including the primary concerns expressed by the client. The second section provides a brief background of the organization to provide context to the conclusions and recommendations. The conclusions section outlines several key findings of the evaluation. The conclusions are grouped by theme. The next section provides recommended solutions to the conclusions. In addition, this section describes the results and outcomes that Whispering Pines can expect upon successful completion of the recommendations. The last section maps out a recommended action plan schedule. This section lists each recommendation by priority and provides a recommended schedule for completion of each solution.

## **Objectives**

Mr. Hayden (Client) contracted Mr. Lee (Consultant) to examine two key issues regarding the Whispering Pines Organization. These two issues serve as the primary focus of the consulting contract. During the examination several other issues were discovered. The discovered issues are discussed in this report in addition to the primary issues expressed by Mr. Hayden.

The first issue Mr. Hayden expressed was the lack of financial information and the inability to determine the status of the organization. This issue made it difficult for Mr. Hayden to perform his function as a member of the Whispering Pines Board. In addition, Mr. Hayden expressed concern that Whispering Pines might be in financial trouble and without more information it was not possible to know the status of the organization.

The second issue Mr. Hayden expressed was concerns over the Whispering Pines staff administering medications to the residents. This concern was based on the fact that Whispering Pines is a boarding home and not a nursing home. Mr. Hayden stated that his understanding was that Whispering Pines staff are prohibited from administering medication per state statute.

## **Organizational Background**

Whispering Pines is a boarding home for elderly individuals. The organization was founded by the Society of Friends (AKA Quakers) to provide a place of residence for elderly individuals. The home is not a Nursing Home and does not have the staff or the required designation from the state. The home is classified as a boarding home and no medical staff are present nor is there medical oversight from a Medical Doctor. There is room for 9 residents at the home. Currently there are 7 residents.

The original By-laws of the organization state that a 12-person Board will manage the affairs of the organization. Per the By-laws, all members of the Board must be members of the Society of Friends. Currently, there are four (4) Board members. The Board has a Treasurer; however, there are no other “specialty” roles in place at the current time.

The board employs a Manager to oversee the day to day operations of the home. The Manager is the only full-time staff member. The Manager supervises 5-7 part-time staff members that work after hours and on the weekends. The Manager reports to the Board Treasurer. The Manager has full access to the organization’s account(s) and performs all accounting and financial tasks including rent collection, bill payment, and all procurement activities (food, supplies, etc...).

During this consultation the following key individuals were identified in the organization:

<b>Role</b>	<b>Name</b>	<b>Title</b>
Client	Tim Hayden	Board Member
Stakeholder	Marge Upman	Board Treasurer
Stakeholder	Unnamed board members (2)	Board Member
Stakeholder	Gail Goodbroom	Whispering Pines Home Manager
Other	Unnamed Part-time Staff (5-7)	Part-time employees
Other	Unnamed Residents (7)	Residents of Whispering Pines

## Conclusions

The evaluation of the organization produced the following conclusions. The conclusions are grouped by theme. A summary of findings that support the conclusions are presented after each theme. A copy of the “7S Diagram” that was used during the evaluation process can be found in Appendix A on page 12. Specific recommended solutions are presented in the next section of the report.

### *Financial Conclusions*

- A full accounting audit is needed to determine the financial status of the organization. Current records are insufficient to provide a determination of the current financial status of the organization.
- Current accounting practices places the organization at risk for several negative outcomes. These outcomes include loss of tax status and IRS or state audit which could end with additional negative consequences for Whispering Pines. In addition, current practices do not protect the organization from fraud or embezzlement. Nor does the current system protect the Board or Whispering Pines staff by providing effective oversight and checks and balances.
- The Treasurer and Manager lack the knowledge and skills needed to create and manage an effective accounting system at this time. In addition, Board members lack basic accounting and financial knowledge and skills to be effective in guiding the organization.

### ***Financial Findings***

- Current documentation does not provide the required details, nor does the content of the documentation reach accounting industry minimum requirements.
- Receipts are not kept making it impossible to conduct an evaluation of transactions (deposits and withdrawals).
- No oversight function is being performed by the Board Treasurer. There is no scrutiny of records. The Treasurer simply accepts reports from the Manager.
- No evidence exists of any controls for fund withdrawals from Whispering Pine account(s). Withdrawals can be made without the Board knowing when and why they were made.
- Interviews demonstrated that there is a lack of accounting knowledge and skills at all levels.

### ***Board Membership and Operations Conclusions***

- Current Board membership status inhibits effective operations. The inability to have a quorum restricts the Board from conducting business and making necessary changes.
- The Board lacks leadership and structure needed to be effective in providing oversight to Whispering Pines.
- No evidence of shared purpose (vision, mission, goals, or values) in the organization. While the Board members may have similar views on the goals of the organization; they are not explicitly clear.

### ***Board Membership and Operations Findings***

- By-laws state that the Board should have 12 members. Currently there are 4 members which is below quorum needed to vote on actions. If Whispering Pines had full number of residents the Board would have more members than residents.
- The Board does not have a chairperson. Nor does the Board have other typical “officials” such as Secretary.
- Current By-laws limits Board membership to members of the Society of Friends.
- No vision, mission, goals, and values statement in writing.

### ***Medication Administration Conclusions***

- Current practices are in violation of state statutes. In addition, the legal liability for current practices is extreme. For example, if a staff member gives a resident the wrong medication (or dose) the resident could die or suffer serious harm. Wrongful death lawsuit would most likely destroy the organization and place large financial penalties on Board members and Whispering Pines staff.
- Current medical status of residents need to be evaluated. If a resident is unable to care for her/himself then the resident need to be transferred to a Nursing Home.
- A formal resident contract regarding medications is needed. The contract must clearly state requirements and what actions Whispering Pines will take if residents (or their family) fail to abide by the terms of the contract.

- Formal staff policy and procedure regarding the medication contract needs to be created. Staff must sign acknowledgement and agree to follow the policy. Failure to follow the policy must be enforced with corrective action.

### ***Medication Administration Findings***

- Staff, including the Manager, admit that they administer medications and sort medications for residents.
- Medication administration is not a service of a boarding home. Per state regulations, boarding home staff are prohibited from administering medications.
- Interviews with staff indicate that some residents are no longer able to manage their medications. In addition, staff report that the families of some residents do not assist with medications.
- Staff are currently placed in a difficult situation regarding medications. Staff feel ethically compelled to assist residents with medications vs. residents not getting their required medications.
- The Board's mandate to not provide medications fails to address underlying issues.
- Nursing home status is not determined by number of residents. Per conversation with the Fire Marshal, the boarding home has a maximum occupancy of nine (9) residents. Posted regulations online state that specific criteria (including medical oversight by Medical Doctor and a registered nurse) are required for Nursing Home classification.

### ***Staffing Conclusions***

- Manager is involved with too many tasks. This restricts the Manager's ability to perform key functions and attend to important tasks, such as the upkeep of the boarding house exterior.
- Manager needs to delegate tasks to part-time staff.
- Knowledge and skill evaluation is needed of the part-time staff. It is possible that some of them may possess valuable skills such as painting or minor construction. These skills can be used to reduce the workload of the Manager and be of value to the organization.

### ***Staffing Findings***

- During the interview, the Manager reported that she managed a long list of tasks.
- Other than cooking meals after hours and during the weekends, the manager did not report any significant tasks that part-time staff are involved with.

## **Solutions & Expected Results**

Several modifications to the operations of Whispering Pines are required. Several of these modifications to current practices are critical in order obtain compliance with federal and state regulations. In addition, there are several strongly recommended modifications that will improve the organization and how it operates. The recommendations are grouped by the same

themes that were used earlier in the report. The recommendations are ranked by priority. It is recommended that the higher priority modifications are addressed first, followed by the next level of priority.

**Recommendation Priority Scale:**

- A- Critical Modification
- B- Strongly Recommended
- C- Non-Critical Improvement Recommendation
- D- More Study Needed

Expected results are provided after the recommendations. The expected results will outline the outcomes Whispering Pines should experience once the recommendations are successfully completed.

***Financial Recommendations (All Priority Level A)***

- Conduct an audit on accounts for the past two (2) years minimum. Whispering Pines will most likely need to hire an accountant to conduct the audit. In addition to attempting to recover financial information and looking for irregular activity, ask the accountant to perform an overall analysis to look for ways to save money and improve short term and long term finances of the organization.
- Purchase accounting software for the organization. Recommended features:
  - Share reports electronically or via a web-based system in a secure manner.
  - Automation of report generation and some common tasks such as recurring bills.
  - Payroll features including calculating income taxes, creating W-2 and other statements yearly.
  - Ability to provide analysis such as comparing the cost of food or water bill over a year or over many years.
- Collect all receipts for all purchases and create receipts for all payments to and from the organization.
  - Manager and Treasurer reconcile account(s) with the receipts.
  - Board keeps original copies for five (5) years in a secure storage such as a locking file cabinet.
  - Copies of the receipts kept at the residence home in secure storage by the Manager.
- Limit the use of cash. Carefully track the use of cash so all left-over cash is accounted for.
- Require the use of a debit card (or credit card) for purchases in most situations.
- Manager and Treasurer take classes on accounting. This could be custom training or classes provided by the local community college.

### ***Financial Expected Results***

- Conducting an audit is the only chance that Whispering Pines has of determining the financial status of the organization. The audit will provide details of the financial status that will help the Board determine best course of action over the next one to two years. Without the audit the organization will have no choice but to “start from scratch.” This will result in a lack of financial status information for six months to a year.
- These recommendations will allow the Board to make decisions that will protect the “tax exempt” status of the organization.
- The use of accounting software will assist the Manager and Treasurer by automating functions. For example, the automation of simple addition and subtraction that accounting software provides saves time and reduces errors. In addition, software that can provide reports would reduce the Manager’s time creating reports. Furthermore, the Board could access the software and get “real-time” reports as needed. Accounting software that is capable of performing payroll functions would greatly reduce time and the potential for errors.
- Collecting receipts is part of an accounting system that provides effective oversight. Keeping track of every transaction is required for effective accounting systems. In addition, receipt collection is required for business tax purposes. Having the original receipts and a copy stored in different locations provides a back-up copy should one be destroyed or lost.
- In addition to collecting all receipts, using a debit or credit card will reduce the risk of mismanagement/fraud and help in the account reconciliation process. Cash is hard to track effectively. In addition, cash leftover from purchases is at high risk for being lost or being used inappropriately. The use of a debit card will increase the digital “paper trail” that exist for your organization. The digital “paper trail” makes it easier to track activity, conduct reconciliation, and conduct an audit.
- Training is needed to develop the knowledge and skills to effectively create and manage an accounting system. The Manager and Treasurer will gain valuable abilities after training. Once accounting knowledge and skills are developed it is possible that the Manager and Treasurer will find ways to save money and improve operations that are not apparent at this time.

### ***Board Membership and Operations Recommendations (Priority Level A & B)***

- Revise By-laws to shrink the Board to five (5) members.
- Board membership no longer limited to Society of Friends.
- Board needs to elect a chairperson. Board chairperson should change every year.
- Board should consider a Board Secretary to manage internal and external communication. In addition, the Board Secretary would record the Board meetings and manage Board record storage (including financial records).

- Board chairperson will be the “on-call” person for the Manager. The Treasurer will manager financial issues only. Back-up “on-call” person should be created so the Manager always has a person to contact for major issues.
- The Board needs to create a vision, mission, goals, values statement. The Manager should be involved in this process.

### ***Board Membership and Operations Expected Results***

- The Board does not need to be 12 members to be effective. In fact, the Board will be more effective with five (5) members. The Board will have quorum to conduct business and vote on action plans. In addition, removing the Society of Friends requirement will make “filling Board seats” easier to accomplish.
- Creating a vision, mission, goals, and values statement with the Manager will bring the organization together to focus on a shared set of goals. This will increase the effectiveness of the relationships and of communication.
- Board chairperson will provide leadership and structure to the Board. This will result in greater effectiveness.
- Changing and adding roles will ensure that no single person is carrying too much responsibility.

### ***Medication Administration Recommendations (Priority Level A, B, & D)***

- Evaluate medical status of current residents to determine if some residents should be in a Nursing Home. Conduct an evaluation yearly.
- Develop a process to assist in the transfer of a resident to a nursing home when their medical condition requires a higher level of care than what Whispering Pines can provide.
- Create relationships with several local nursing homes. They have staff that come and evaluate individuals and will provide the assistance needed for the transfer.
- Create a policy and procedure that includes a written contract regarding medication administration. Have residents/resident’s family sign the contract. In addition, create an employee contract and enforce regulations.
- The Board should consider changing the status from a boarding home to a nursing home. This will require additional evaluation by an individual(s) who has knowledge in this task.

### ***Medication Administration Expected Results***

- Immediately remove the legal and ethical risks associated with medication administration.
- Whispering Pines staff will provide assistance to residents that are making the transition to nursing homes by creating contacts with local nursing homes.
- Avoid residents that are not medically fit to reside in a boarding home.



**Staffing Recommendations (All Priority Level C)**

- Manager should identify tasks that she can delegate to part-time staff.
- Board and Manager should perform a review of the knowledge and skills of part-time staff. This should also include tasks that part-time staff are interested in, but need training to be able to complete. Board and Manager should utilize the knowledge and skills of part-time staff as much as possible. For example, if one of the part-time staff know how to paint the exterior of the building the organization could save money by having the part-time staff member paint as compared to hiring a 3<sup>rd</sup> party to do the work.

**Staffing Expected Results**

- Transfer of some tasks to part-time staff will immediately increase the Manager’s available time. In addition, this will reduce some of the Manager’s work load.
- This will immediately increase the value of part-time staff and increase their contribution to the organization.

**Recommended Action Plan Schedule**

In the previous section recommended actions and their expected results were provided. This section will provide a recommended schedule for those actions. The schedule ranks each recommendation by Priority Level and provides a recommended start date, as well as how soon the recommended action should be completed. In addition, the level of risk to the organization is given. The risk level indicates the potential damage to the organization should the recommendation not be completed. A brief explanation will be given for the risk assessment.

<b>Action Plan Schedule</b>				
<b>Priority</b>	<b>Recommendation</b>	<b>Recommended Start Date</b>	<b>Recommended Completion Date</b>	<b>Risk Level</b>
A	Conduct an audit on accounts for the past two (2) years minimum. Whispering Pines will most likely need to hire an accountant to conduct the audit. In addition to attempting to recover financial information and looking for irregular activity, ask the accountant to perform an overall analysis to look for ways to save money and improve short term and long-term finances of the organization.	Immediately	In 3-4 months	High (Financial stability unknown.)
A	Purchase accounting software for the organization.	Immediately	30 days	High (Record keeping not adequate.)

A	Collect all receipts for all purchases and create receipts for all payments to and from the organization.	Immediately	Immediately	Extreme (Out of compliance with regulations.)
A	Limit the use of cash. Carefully track the use of cash so all left-over cash is accounted for.	Immediately	Immediately	Extreme (Out of compliance with regulations.)
A	Require the use of a debit card (or credit card) for purchases in most situations.	Immediately	30 days	High (Solves problems associated with use of cash)
A	Manager and Treasurer take classes on accounting. This could be custom training or classes provided by the local community college.	As soon as possible	Begin training as soon as possible. Depending on course offerings this may take 6-9 months to complete	High (Treasurer and Manager needs knowledge and skills to increase effectiveness.)
A	Revise By-laws to shrink the Board to five (5) members.	Immediately	30 days	High (Board unable to vote on tasks.)
A	Board needs to elect a chairperson.	Immediately	30 days	High (Board effectiveness unlikely without structure and leadership.)
A	Evaluate medical status of current residents to determine if some residents should be in a Nursing Home. Conduct an evaluation yearly.	Immediately	30 days	Extreme (May be out of compliance with regulations.)
A	Create a policy and procedure that includes a written contract regarding medication administration. Have residents/resident's family sign the contract. In addition, create an employee contract and enforce regulations.	Immediately	3 months	Extreme (Out of compliance with regulations.)
B	Board membership no longer limited to Society of Friends.	Immediately	30 days	Medium (The ability to have a full Board will continue until changed)
B	Board should consider a Board Secretary to manage internal and external communication. In addition, the Board Secretary would record the Board meetings and manage Board record storage (including financial records).	Immediately	Board should conclude no later than 3 months	Medium (Designated roles will improve Board effectiveness.)

B	Board chairperson will be the “on-call” person for the Manager. The Treasurer will manager financial issues only. Back-up “on-call” person should be created so the Manager always has a person to contact for key issues.	As soon as Board elects a chairperson	Transition over next 3 months	Medium (Move responsibilities off the Treasurer.)
B	The Board needs to create a vision, mission, goals, values statement. The Manager should be involved in this process.	2-3 months from now	Complete in 4-5 months	High (Organizations are most effective at solving problems when goals are shared.)
B	Develop a process to assist in the transfer of a resident to a nursing home when their medical condition requires a higher level of care than what Whispering Pines can provide.	Start after evaluation of residents is complete	6 months	High (Residents medical condition will change as they get older.)
B	Create relationships with several local nursing homes. They have staff that come and evaluate individuals and will provide the assistance needed for the transfer.	Start after evaluation of residents is complete	6 months	Medium (Partnerships will make it easier to transfer residents that need nursing home care.)
C	Manager should identify tasks that she can delegate to part-time staff.	3 months	6 months	Low (Manager can clearly do all the tasks. But operations will improve if she has more time for other tasks.)
C	Board and Manager should perform a review of the knowledge and skills of part-time staff. This should also include tasks that part-time staff are interested in, but need training to be able to complete. Board and Manager should utilize the knowledge and skills of part-time staff as much as possible.	3 months	6 months	Low (Manager can clearly do all the tasks. But operations will improve if she has more time for other tasks.)
D	The Board should consider changing the status from a boarding home to a nursing home. This will require additional evaluation by an individual(s) who has knowledge in this task.	Start in 6 months	1 year	Low (Whispering Pines does not need to change from a boarding home to a nursing home. Possible opportunities exist with this change.)

## Appendix A

### 7S Diagram (Outline of Evaluation Findings)

