

REPORT DIGEST

**DEPARTMENT OF VETERANS' AFFAIRS
(EXCLUSIVE OF THE ILLINOIS VETERANS' HOMES)
FINANCIAL AND COMPLIANCE AUDIT
(In Accordance with the Single Audit Act of
1984 and OMB Circular A-128)
FOR THE TWO YEARS ENDED JUNE 30, 1992**

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

Nine of the findings presented in our report are repeated from prior audits. The three findings summarized in this Report Digest date from 1986 and 1988. The Department needs to devote more attention and resources to resolving audit findings promptly.

FUNERAL DIRECTORS NOT COMPLYING WITH VITAL RECORDS ACT

The Vital Records Act (410 ILCS 535/18; formerly, Ill. Rev. Stat. 1991, ch. 111-1/2, par. 73-18(4)) requires all funeral directors to submit a Certificate of Burial of U.S. War Veterans (Form WVGR 4) monthly to the Department of Veterans' Affairs.

We reviewed 30 forms and noted 12 (40%) were completed by the Department, not by funeral directors. In the prior audit, we examined 63 forms and noted 37 (59%) were prepared internally. Preparation of the forms is required to maintain the honor roll of deceased veterans.

We also noted 3 of 30 forms tested did not agree with applications for reimbursement of expenses incurred for the cartage and erection of headstones which are submitted to the Department by claimants.

The Department agreed with the finding and indicated that it has taken action to correct the deficiencies noted. According to the Department, the actions taken include: establishing a new veterans' identification data base, revising forms, and implementing new control procedures. (Finding 2, page 17, first recommended in 1986)

INADEQUATE REPORTING BY GRANTEEES

Organizations receiving State grants under the Vietnam Veterans' Act (330 ILCS 25/6; formerly, Ill. Rev. Stat. 1991, ch. 126-1/2, par. 206) are mandated by State law and administrative rule to report specific information to the Department of Veterans' Affairs.

We noted deficiencies in quarterly and annual reports filed by grantees. The reporting deficiencies included variances in report content among the grantees and omission of required information. Similar deficiencies were also noted during the prior audit.

The Department agreed with our recommendation to continue to provide report checklists to grantees, to provide grantees with an example of a properly completed annual report, and to monitor reports for compliance and return incomplete and inaccurate reports to the grantee. (Finding 1, page 14, first recommended in 1988)

FIELD OFFICE REPORTING DEFICIENCIES

As in prior audits, we again noted various inconsistencies and errors in the preparation of monthly statistical reports and daily interview records at the Department's field offices.

The reporting deficiencies were noted during our visits to four field offices. The more significant items noted were:

- information on daily interview records did not correspond to the monthly statistical reports; and
- daily interview records at two field offices included non-veteran services improperly recorded as veteran services.

Accurate reports are necessary for the Department to correctly analyze the effectiveness of field offices and to develop and achieve long term goals.

The Department has indicated that Field Officers will monitor compliance with policies and procedures more closely in the future. (Finding 3, page 20, first recommended in 1988)

OTHER FINDINGS

The remaining findings are less significant and have been given appropriate attention by the Department's management. We will review progress towards implementation of our recommendations in the next audit.

Mr. Wilfred Kaltenbach, Chief Internal Auditor, provided responses to our findings and recommendations.

AUDITOR'S OPINION

Our auditors stated that the financial statements of the Department at June 30, 1992 and 1991 are fairly presented.

WILLIAM G. HOLLAND, Auditor General

WGH:GS:pp

SUMMARY OF AUDIT FINDINGS

<u>Number of This Audit</u>	<u>Prior Audit</u>
Audit Findings	1311
Repeated audit findings	97
Prior recommendations	
implemented or not repeated	25

SPECIAL ASSISTANT AUDITORS

BDO Seidman were our special assistant auditors for this audit.