
REPORT DIGEST

DEPARTMENT OF VETERANS' AFFAIRS ILLINOIS VETERANS' HOME - MANTENO

FINANCIAL AND COMPLIANCE AUDIT For the Two Years Ended: June 30, 1996

Summary of Findings:

Total this audit	3
Total last audit	3
Repeated from last audit	0

Release Date:



State of Illinois
Office of the Auditor General

WILLIAM G. HOLLAND
AUDITOR GENERAL

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SYNOPSIS

- ◆ The Home's controls over pharmacy recordkeeping were weak. We noted the following:
 - ◆ accounting and pharmacy personnel were not adequately trained to maintain the accounting and recordkeeping aspects of the pharmacy inventory;
 - ◆ comprehensive operator manuals for the automated pharmacy inventory system were not available to users; and
 - ◆ sufficient reports to support pharmacy transactions and inventories were not retained during the audit period.

{Expenditures and Activity Measures are summarized on the next page.}

DEPARTMENT OF VETERANS' AFFAIRS - MANTENO VETERANS' HOME
FINANCIAL AND COMPLIANCE AUDIT
For The Two Years Ended June 30, 1996

EXPENDITURE STATISTICS	FY 1996	FY 1995	FY 1994
! Total Expenditures (All Funds) (1).....	\$13,386,967	\$12,610,674	\$12,240,564
OPERATIONS TOTAL.....	\$13,386,967	\$12,610,674	\$12,240,564
% of Total Expenditures.....	100%	100%	100%
Personal Services.....	\$8,283,509	\$7,723,101	\$7,202,952
% of Operations Expenditures.....	61.88%	61.24%	58.84%
Average No. of Employees.....	282	273	260
Other Payroll Costs (FICA, Retirement).....	\$1,306,635	\$1,157,330	\$1,074,869
% of Operations Expenditures.....	9.76%	9.18%	8.78%
Contractual Services.....	\$2,436,413	\$2,495,506	\$2,676,055
% of Operations Expenditures.....	18.20%	19.79%	21.86%
Locally Held Funds - Benefit Fund.....	\$90,728	\$133,385	\$180,722
% of Operations Expenditures.....	0.68%	1.06%	1.48%
All Other Operations Items.....	\$1,269,682	\$1,101,352	\$1,105,966
% of Operations Expenditures.....	9.48%	8.73%	9.04%
! Cost of Property and Equipment.....	\$31,891,703	\$31,244,258	\$29,566,536

SELECTED ACTIVITY MEASURES	FY 1996	FY 1995
Average Number of Members.....	290	290
Average Number of Employees.....	282	273
Ratio - Average Number of Employees to Members.....	1/1.03	1/1.06
Estimated Cost Per Year Per Member(2).....	\$19,416	\$18,207

HOME ADMINISTRATOR(S)
During Audit Period: Lee Godin Currently: Lee Godin

- (1) Includes all funds except the Members' Trust Fund and the Clearing Account.
(2) Refer to page 29 of Report for basis of calculation and comments.

FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

**INADEQUATE TRAINING FOR PHARMACY
INVENTORY SYSTEM**

Personnel were not adequately trained to maintain the accounting recordkeeping aspects of the pharmacy inventory system

The Home maintains control over the pharmacy inventory by the use of a pharmacy perpetual inventory computer program system. While conducting our tests over pharmacy transactions and inventories, we noted there could potentially be a continual reconciling difference between the physical pharmacy inventory and the inventory records. This difference could be caused by the difference between the dates on which automatic refills are filled and dates on which these refills are recorded. Home personnel were not aware of how these automatic refill transactions were recorded because of the lack of training in operating and maintaining the computerized inventory system. In addition, Home personnel were unable to further investigate the situation due to the lack of a comprehensive operator's manual. (Finding 2, page 11)

The Home agreed with our recommendation to provide additional training to accounting staff regarding the pharmacy system and provide users with a more comprehensive operator's manual.

**LACK OF CONTROLS OVER PHARMACY
RECORD RETENTION**

Adequate records of pharmacy transactions and inventories were not retained

The Home did not retain any printed transaction reports or inventory listings from its automated pharmacy system for FY95. In addition, during our testing of FY96 transactions we noted sufficient documentation was not maintained to clarify the final disposition of one prescription. (Finding 3, page 13)

The Home agreed with our recommendation to develop a record retention program for the pharmacy inventory.

OTHER FINDING

The remaining finding concerned inaccurate and

late filing of fixed asset reports. The Home responded corrective action would be taken. We will review progress toward implementing our recommendations in our next audit.

Responses to the recommendations were provided by Wilfred Kaltenbach, Chief Internal Auditor, Department of Veterans' Affairs.

AUDITORS' OPINION

We conducted a compliance audit of the Home as required by the Illinois State Auditing Act. We also performed certain agreed-upon procedures with respect to the records of the Home to assist our single audit of the entire Department of Veterans' Affairs. Financial statements for the Department and federal reporting are included in the audit report of the Department of Veterans' Affairs - Central Office.

WILLIAM G. HOLLAND, Auditor General

WGH:GSS:pp

SPECIAL ASSISTANT AUDITORS

Our special assistant auditors for this audit were Duffner & Company, P.C.

