

REPORT DIGEST

**DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT QUINCY
FINANCIAL AND COMPLIANCE AUDIT
FOR THE TWO YEARS ENDED JUNE 30, 1994**

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

FINDINGS, RECOMMENDATIONS, AND CONCLUSIONS

MEMBERS' TRUST FUND

The Home did not properly handle accounts of residents who were deceased or discharged. We noted 27 accounts, totalling \$43,000, which should have been closed and the related balances disposed of as prescribed by State statute (20 ILCS 2805/2.01a and 2.04). Based on the statutory criteria, \$6,000 should have been transferred to the Quincy Benefit Fund; \$3,000 should have been collected to offset maintenance charges owed by residents; and beneficiaries should have been contacted for the remaining \$34,000. (Finding 1, page 8)

The Department responded procedures are in place to ensure accounts of former residents are disposed of properly and steps are being taken to ensure these procedures are followed.

COMMISSARY

The Home did not exercise adequate oversight over the operations of its commissary. The commissary's cash balance was overstated by \$1,444 at June 30, 1994 and the commissary had net operating losses totalling \$52,000 for the past five years.

The cash overstatement was due to sales of meal tickets being recorded twice. Commissary losses were absorbed through retained earnings from profits in prior years and a \$16,000 transfer from the Benefit Fund. (Finding 2, page 9)

We recommended the Home make independent surprise cash counts, analyze commissary operations, and make appropriate operation improvements of the commissary. The Department agreed with our recommendation and responded oversight of commissary operations has been increased, surprise cash counts will be made, and operation improvements are being made.

BENEFIT TRUST FUND

The Home's controls over the Benefit Fund were not adequate. The Benefit Fund is maintained to provide for the special comfort, pleasure, and amusement of the residents. We noted the following:

- Expenditure requisitions were approved by only one authorized individual or it appeared the same individual signed requisitions on behalf of two individuals.
- Disbursement checks were signed twice by the same individual or only one signature was present.
- Two expenditures totalling \$2,027 related to a Christmas party held at the Home Administrator's residence were paid from the Benefit Fund. These expenditures did not appear to be related to the special comfort, pleasure, and amusement of the Home's residents.

The Department agreed with our finding and responded a committee to oversee Benefit Fund

expenditures is now in place and functioning. The Department also noted policies and procedures are being reviewed at the Department level so one Benefit Fund policy and procedure manual will be developed for all Veterans' Homes. (Finding 3, page 10)

COMMODITIES

Commodities totalling \$9,122 were purchased from appropriated funds and were delivered to the Home Administrator's residence on the Home's grounds. The Home's policies and procedures were not clear regarding the amount of the Administrator's living expenses which are paid by the Department of Veterans' Affairs. The expenditures noted were during a six-month period and appeared to be excessive. (Finding 4, page 12)

The Department agreed with our finding and noted it has complied with our recommendation that specific guidelines pertaining to the payment of living expenses of the Home's Administrator should be developed. The guidelines state that no commodities are to be sent to the residence for the personal use of the Administrator.

OTHER FINDING

The remaining finding is less significant and the Department has responded corrective action is in process. We will review the Department's progress toward implementing our recommendations during our next audit.

Mr. Wil Kaltenbach, Chief Internal Auditor, provided the Department's responses to our findings and recommendations.

AUDITORS OPINION

Our auditors have stated the financial statements of the Illinois Veterans' Home at Quincy Commissary Fund as of and for the years ended June 30, 1994 and 1993 are fairly presented in all material respects.

WILLIAM G. HOLLAND, Auditor General

WGH:GSS:jr

SUMMARY OF AUDIT FINDINGS

	<u>This Audit</u>	<u>Prior Audit</u>
Number of Audit Findings	5	3
Recommendations Repeated	1	0
Recommendations Not Repeated	2	6

SPECIAL ASSISTANT AUDITORS

Gray Hunter Stenn, Certified Public Accountants were our special assistant auditors on this audit.

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT QUINCY
FINANCIAL AND COMPLIANCE AUDIT
For The Two Years Ended June 30, 1994

EXPENDITURE STATISTICS	FY 1994	FY 1993	FY 1992
●Total Expenditures (All Funds) ⁽¹⁾	\$19,351,528	\$19,011,515	\$19,140,429
<u>OPERATIONS TOTAL</u>	\$19,351,528	\$19,011,515	\$19,140,429
% of Total Expenditures	100%	100%	100%
Personal Services	\$13,535,069	\$12,258,695	\$12,017,987
% of Operations Expenditures	70%	65%	63%
Average No. of Employees	525	505	508
Other Payroll Costs (FICA, Retirement)	\$2,055,919	\$1,916,581	\$1,366,440
% of Operations Expenditures	11%	10%	7%
Contractual Services	\$1,194,462	\$1,752,900	\$1,717,117
% of Operations Expenditures	6%	9%	9%
Locally Held Funds	\$535,328	\$647,006	\$682,206
% of Operations Expenditures	3%	3%	3%
All Other Operations Items	\$2,030,750	\$2,436,333	\$3,356,679
% of Operations Expenditures	10%	13%	18%
●Cost of Property and Equipment	\$28,740,332	\$28,259,814	\$26,692,549

HOME ADMINISTRATOR

During Audit Period: Richard E. Northern
Currently: Donald Lynn

⁽¹⁾Includes all funds except agency funds which consist of funds held by the agency, acting in the capacity of an agent, for distribution to designated beneficiaries.

