

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 281-6518

Rob Sand
Auditor of State

NEWS RELEASE

FOR RELEASE

November 23, 2021

Contact: Marlys Gaston
515/281-5834

Auditor of State Rob Sand today released a report on the Iowa Veterans Home for the year ended June 30, 2020.

The Iowa Commission of Veterans Affairs, which consists of nine members appointed by the Governor and confirmed by the Senate, oversees the conduct and operations of the Iowa Veterans Home.

The Iowa Veterans Home, located in Marshalltown, Iowa, provides long-term health care for Iowa's aging, chronically ill, handicapped veterans and their dependents or surviving spouses. The annualized cost per resident was \$159,370 in fiscal year 2020, a 7.7% increase over the prior year. The average number of residents decreased from 498 in fiscal year 2019 to 488 in fiscal year 2020.

AUDIT FINDINGS:

Sand reported one finding related to the receipt and disbursement of taxpayer fund and referenced one finding pertaining to a special investigation for the period of May 4, 2017 through May 5, 2021. They are found on pages 3 and 4. The finding addresses a salary overpayment to the Commandant. Sand provided the Iowa Veterans Home with a recommendation to address the finding.

The Officials of the Iowa Veterans Home have a fiduciary responsibility to provide oversight of the Home's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

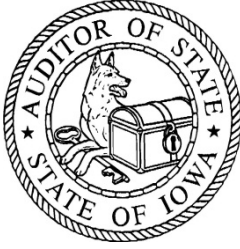
A copy of the report is available for review on the Auditor of State's website at <https://auditor.iowa.gov/reports/audit-reports/>.

#

**REPORT OF RECOMMENDATIONS TO
THE IOWA VETERANS HOME**

JUNE 30, 2020

Iowa Veterans Home



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 281-6518

November 16, 2021

Iowa Veterans Home
Marshalltown, Iowa

To the Members of the Iowa Veterans Home:

I am pleased to submit to you the Report of Recommendations for the Iowa Veterans Home for the year ended June 30, 2020. The report includes audit findings pertaining to the Department's internal control and compliance with statutory requirements and other matters which resulted from the fiscal year 2020 audits. The report also includes average annualized cost per resident information required by Section 11.28 of the Code of Iowa.

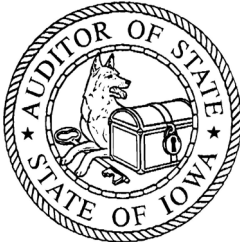
I appreciate the cooperation and courtesy extended by the officials and employees of Iowa Veterans Home throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink that reads "Rob Sand". The signature is stylized and cursive.

Rob Sand
Auditor of State

Iowa Veterans Home



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 281-6518

November 16, 2021

To the Members of the Iowa Commission of Veterans Affairs:

The Iowa Veterans Home (Home) is a part of the State of Iowa and, as such, has been included in our audits of the State's Comprehensive Annual Financial Report and the State's Single Audit Report for the year ended June 30, 2020.

In conducting our audits, we became aware of certain aspects concerning the Home's operations for which we believe corrective action is necessary. As a result, we have developed a recommendation which is reported on the following page. We believe you should be aware of this recommendation which was included in the State's Single Audit Report and the recommendations provided in the special investigation report referred to on page 4. These recommendations have been discussed with the Home's personnel and their response to these recommendations is included in this report or referenced within. While we have expressed our conclusion on the Home's response, we did not audit the Iowa Veterans Home's response and, accordingly, we express no opinion on it.

We have also included certain unaudited financial and other information on pages 5 through 7 of this report for the Iowa Veterans Home for the five years ended June 30, 2020 to report an average annualized cost per resident, as required by Section 11.28 of the Code of Iowa.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the Iowa Veterans Home, citizens of the State of Iowa and other parties to whom the Iowa Veterans Home may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Home during the course of our audits. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience. Individuals who participated in our audits of the Home are listed on page 8 and they are available to discuss these matters with you.

Marlys K. Gaston, CPA
Deputy Auditor of State

cc: Honorable Kim Reynolds, Governor
Kraig Paulsen, Interim Director, Department of Management
Timothy McDermott, Interim Director, Legislative Services Agency

Iowa Veterans Home
Year ended June 30, 2020
Detailed Findings

Findings Reported in the State's Report on Internal Control:

No matters were reported.

Findings Reported in the State's Single Audit Report:

CFDA Number: 93.778 – Medical Assistance Program (Medicaid; Title XIX)
Agency Number: 671
Federal Award Year: 2019, 2020
Prior Year Single Audit Report Finding: N/A
Iowa Veteran's Home – Passed through the Iowa Department of Human Services

2020-012

Medicaid Reimbursement

Criteria – States are required to establish, as part of the state plan, standards, and methodologies for reimbursing inpatient hospital stays based on payment rates that represent the cost to operate such facilities efficiently and economically and provide services to Medicaid beneficiaries. The State must provide for filing of uniform cost reports by each participating provider. These cost reports are used by the State to aid in the establishment of reimbursement rates. For the Iowa Veterans Home, a cost report is submitted in December for costs incurred from July 1 to December 31 with the calculated rate effective the following March and for costs incurred January 1 through June 30 with the calculated rate effective the following September.

Condition – The Office of Auditor of State conducted a special investigation related to Iowa Veterans Home (IVH) improper payroll amounts issued for the period May 4, 2019 through May 5, 2021. The report identified improper payroll of \$105,413 paid to the IVH former Commandant between June 2019 and April 2021.

Costs associated with the payroll to the former Commandant would have been included in the cost reports submitted which would have been subsequently used to set the Medicaid rate the Iowa Veterans Home would have received during the time.

Cause – The Iowa Veterans Home did not have adequate policies and procedures in place to ensure all payroll expenditures were accurate and properly supported.

Effect – The overpayment to the former Commandant was included in the December 2019 cost report which set the rate for March to June 2020. When personnel at the Iowa Veterans Home recalculated what the correct costs and reimbursement rate for the December 2019 costs were, it resulted in a decrease in the calculated reimbursement rate of \$0.32 per day per unit of service. The decreases in the reimbursement rates when applied to covered days billed by Iowa Veterans Home to Medicaid for March 2020-June 2020 resulted in overpayments of \$ 10,810 to IVH.

Recommendation – IVH officials should implement procedures to ensure payroll journals are reviewed each pay period by someone independent of processing payroll and knowledgeable of reasonable pay ranges to ensure propriety of pay amounts. In addition, IVH should consult with the State and Federal officials to determine corrective action to be taken.

Iowa Veterans Home

Year ended June 30, 2020

Detailed Findings

Response – The Department will follow established protocols for processing, verifying, and auditing payroll transactions. The Department will record and retain records to verify starting rates of pay and all increases for all employees. The Department acknowledged collection of the overpayment from the former commandant was completed on August 19, 2021 and will be accounted for on the cost report covering the time period of July 1, 2021 through December 31, 2021.

Other Findings Related to Internal Control:

The Office of Auditor of State conducted a special investigation of the Iowa Veterans Home for the period of May 4, 2017 through May 5, 2021. A copy of the report is available for review on the Auditor of State web site at <https://auditor.iowa.gov/reports/audit-reports/>.

Finding Related to Statutory Requirements and Other Matters:

No matters were noted.

Iowa Veterans Home

Average Cost per Resident
(Unaudited)

For the Last Five Fiscal Years

Fiscal Year	Average Number of Residents	Average Number of Employees	Annualized Cost Per Resident	Average Daily Cost Per Resident
2020	488	855	\$ 159,370	\$ 436.63
2019	498	866	147,938	405.31
2018	495	874	152,698	418.35
2017	527	898	148,890	407.92
2016	553	957	147,592	404.36

Iowa Veterans Home
Resident Population Statistics
(Unaudited)

Year ended June 30, 2020

Population beginning of year	<u>503</u>
Admissions:	
First admissions	76
Readmissions	6
Returns:	
Home visits/furlough	<u>95</u>
Total admissions	<u>177</u>
Released:	
Discharges	17
Deaths	113
Home visits/furlough	<u>96</u>
Total released	<u>226</u>
Population end of year	<u>454</u>
Average daily resident population	<u>488</u>

Iowa Veterans Home

Operating Expenditures by Object – General Fund
(Unaudited)

Year ended June 30, 2020

Personal services	\$ 59,931,144
Travel	89,653
Supplies and materials	5,690,050
Contractual services	10,692,343
Capital outlay	1,278,743
Claims and miscellaneous	83,984
Licenses, permits and refunds	<u>6,935</u>
Total	<u>\$ 77,772,852</u>

Iowa Veterans Home

Year ended June 30, 2020

Staff:

Questions or requests for further assistance should be directed to:

Marlys K. Gaston, CPA, Deputy
Deborah J. Moser, CPA, Manager
Steven D. Rater, Staff Auditor
Preston R. Grygiel, Senior Auditor

Other individuals who participated in the audits include:

Anthony Heibult, Senior II Auditor
Alyson Logel, Staff Auditor
Craig Miller, Staff Auditor
Ashley Kraber, Assistant Auditor
Tristan Swiggum, Assistant Auditor
Allison Carlon Assistant Auditor
Kelly Disney, Assistant Auditor
Mega Waldbilling, Assistant Auditor