



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

NEWS RELEASE

FOR RELEASE

September 25, 2019

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, 2018.

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 dependent or surviving spouses. The annualized cost per resident was \$152,698 in fiscal year 2018, a 2.6% increase over the prior year. The average number of residents decreased from 527 in fiscal year 2017 to 495 in fiscal year 2018.

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, 2018

Iowa Veterans Home



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

August 9, 2019

Members of the Iowa Commission of Veterans Affairs
Marshalltown, Iowa

Dear Board Members:

I am pleased to submit to you the Report of Recommendations for the Iowa Veterans Home for the year ended June 30, 2018. The report includes an audit finding pertaining to the Iowa Veterans Home's compliance with statutory requirements. 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 the 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, appearing to read "Rob Sand".

Rob Sand
Auditor of State

Iowa Veterans Home



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

August 9, 2019

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 (CAFR) and the State's Single Audit Report for the year ended June 30, 2018.

In conducting our audits, we became aware of an aspect 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 pertains to the Home's compliance with statutory requirements and other matters. This recommendation has been discussed with the Home's personnel and their response to this recommendation is included in this report. 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, 2018 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
David Roederer, Director, Department of Management
Glen P. Dickinson, Director, Legislative Services Agency

Iowa Veterans Home

Year ended June 30, 2018

Detailed Findings

Findings Reported in the State's Single Audit Report:

No matters were noted.

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

No matters were noted.

Other Findings Related to Internal Control:

No matters were noted.

Finding Related to Statutory Requirements and Other Matters:

Financial Reporting

Criteria – A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the State's financial statements.

Departments record receipts and disbursements in the Integrated Information for Iowa (I/3) system throughout the year, including the accrual period. Activity not recorded in the I/3 system is reported to the Iowa Department of Administrative Services – State Accounting Enterprise (DAS-SAE) in a GAAP package. The GAAP package is to be submitted to DAS-SAE by the first week of September each year.

Condition – To prepare a portion of the federal receivable for the GAAP reporting package, the Department prepared a report of the applicable federal share to be paid by the Federal government for work performed before June 30, 2018. While the receivable was reported on the GAAP package submitted on August 31, 2018, the collections were recorded on I/3 in September 2018 when collected which duplicated the receivable, thereby overstating the federal receivable by \$855,309.

Cause – Although policies and procedures are in place to review GAAP package information, the review was not in sufficient detail to identify the federal receivable overstatement.

Effect – The federal receivable reported in the GAAP package was overstated.

Recommendation – The Department should implement procedures to ensure information reported to DAS-SAE in the GAAP package is accurate and update the GAAP package for any changes after submission.

Response – The GAAP package was submitted accurately. In the future, as instructed by the Audit Manager, we will send an email to the GAAP Team and the Auditor of State In-Charge and Manager to report any revenue received during September which were reported as receivable on the GAAP package.

Conclusion – Response accepted.

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
2018	495	874	\$ 152,698	418.35
2017	527	898	148,890	407.92
2016	553	957	147,592	404.36
2015	569	957	142,983	391.73
2014	589	962	134,353	368.09

Iowa Veterans Home
Resident Population Statistics
(Unaudited)

Year ended June 30, 2018

Population beginning of year	<u>513</u>
Admissions:	
First admissions	109
Readmissions	3
Returns:	
Home visits/furlough	<u>173</u>
Total admissions	<u>285</u>
Released:	
Discharges	12
Deaths	119
Home visits/furlough	<u>174</u>
Total released	<u>305</u>
Population end of year	<u>493</u>
Average daily resident population	<u>495</u>

Iowa Veterans Home

Operating Expenditures by Object – General Fund
(Unaudited)

Year ended June 30, 2018

Personal services	\$ 61,234,032
Travel	77,884
Supplies and materials	4,663,465
Contractual services	8,490,457
Capital outlay	1,026,018
Claims and miscellaneous	86,587
Licenses, permits and refunds	<u>6,909</u>
Total	<u><u>\$ 75,585,352</u></u>

Iowa Veterans Home

Year ended June 30, 2018

Staff:

Questions or requests for further assistance should be directed to:

Katherine L. Rupp, CPA, Manager
Ashley J. Moser, Senior Auditor
Marlys K. Gaston, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Adjoa S Adanledji, Staff Auditor
Elizabeth P. Dawson, Staff Auditor
Andrew J. Salwolke, Staff Auditor
Edward J. Schroder, Staff Auditor
Kile J. Bean, Assistant Auditor
Drake J. Caple, Assistant Auditor
Drew H. Carter, Assistant Auditor
Noelle M. Johnson, Assistant Auditor
Cody L. Mathews, Assistant Auditor
Taran E. McCusker, Assistant Auditor
Steven D. Rater, Assistant Auditor