

# **LBA Financial Audit Report Summary:**

**New Hampshire Veteran's Home Audit Report For the Nine Months Ended March 31, 2005**

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## **Reporting Entity And Scope**

The reporting entity of this audit and audit report is the New Hampshire Veterans' Home, an agency of the State of New Hampshire. The period covered is the nine months ended March 31, 2005.

The New Hampshire Veterans' Home, established by RSA 119:1, provides nursing-home level of care to veterans who have served on active duty. The Home is situated on approximately 30 acres of land on Winter Street in Tilton, New Hampshire.

The report describes the financial activity of the New Hampshire Veterans' Home, as it existed during the period under audit. Unless otherwise indicated, reference to the Home or NHVH refers to the New Hampshire Veterans' Home. Auditee responses in the report were prepared by the Home.

## **Organization**

A Board of Managers, consisting of officials from various veterans' organizations and private citizens, governs the operations of the Veterans' Home. The Home's Commandant, who is appointed by the Board of Managers, oversees the day-to-day administration of the Home. At March 31, 2005, the Home operated with 223 full-time and 68 part-time employees.

## **Responsibilities**

The New Hampshire Veterans' Home was established for the support, care, and treatment of New Hampshire resident veterans who have been honorably discharged after having served on active duty in the armed forces of the United States in time of war. The care provided by the Home includes nursing care, assisted living, domiciliary, day care, dementia, chemical dependency and psychiatric services, and other related services and programs for any veteran otherwise eligible for admittance. Services and programs are provided at the Home or contracted through other organizations and facilities.

At March 31, 2005, the Home provided services to 171 residents.

## **Funding**

The financial activity of the New Hampshire Veterans' Home is accounted for primarily in the General and Capital Projects Funds of the State of New Hampshire. The residents of the Home contribute toward their support by transferring a portion of their monthly income to the General

Fund. Appropriations are also recovered through payments made to the Home by the United States Department of Veterans Affairs. The Home is budgeted to recover approximately 77% of its General Fund appropriations from these two sources.

A summary of the Home's General Fund and Capital Projects Fund revenues and expenditures for the nine months ended March 31, 2005 is shown in the following schedule.

**Summary Of Revenues And Expenditures  
Nine Months Ended March 31, 2005**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Total</b>
Total Revenues	\$ 5,757,096	\$ 437,430	\$ 6,194,526
Total Expenditures	\$ 11,660,936	\$ 633,815	\$ 12,294,751
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	<u>\$ (5,903,840)</u>	<u>\$ (196,385)</u>	<u>\$ (6,100,225)</u>

The auditor's report on the Veterans' Home financial statements was qualified with respect to the lack of presentation of the financial position of the Home in the government-wide and governmental fund financial statements.

The audit report includes the auditor's report on internal control over financial reporting and on compliance and other matters and an auditor's report on other issues. The following is a list of the comments in the report.

***Internal Control Comments***

**Reportable Conditions**

Fiduciary Funds

- Controls Over Members' Benefit Fund Expenditures Should Be Improved
- Documentation Of Deceased Residents' Account Balances Should Be Improved
- Policies And Procedures Should Be Established For The Distribution Of Interest Income To Resident Accounts
- Compliance With Donation Policies And Procedures Should Be Improved
- Controls Over Guy Thompson Memorial Trust Should Be Improved

- Balance In Members' Benefit Fund Checking Account Should Not Exceed Target
- Segregation Of Duties And Other Controls Over The Members' Administration Account Should Be Improved
- Segregation Of Duties Over Members' Benefit Fund Should Be Improved
- Segregation Of Duties Over Room And Board Charges Should Be Improved
- Policies And Procedures Manual Should Be Established For Billing Room And Board Charges
- Basis For Room And Board Rate Should Be Determined And Documented
- Automated Room And Board System Should Be Improved
- Initial Record Of Cash Receipts Should Be Consistently Prepared
- Funds Should Be Deposited Timely
- Balance Of Cash-On-Hand Should Be Reviewed
- Controls Over Petty Cash Accounts Should Be Improved
- Controls Over The Canteen Operation Should Be Strengthened
- Controls Must Be Established For Vending Machine Operations
- Administrative Rule Should Be Updated For Compliance With Current Home Practice And Federal Regulation
- Contrary Provisions In Administrative Rules Should Be Clarified

#### General State Operations

- Accurate Payroll Records Should Be Required
- Cause Of Pay Rate Errors Should Be Reviewed
- Equipment Control Responsibilities Should Be Segregated
- Controls Over Equipment Accounting And Reporting Should Be Improved
- State Policies Regarding Missing Equipment Should Be Complied With
- Controls Over The Receiving Of Shipped Goods Should Be Improved
- Segregation Of Duties Should Be Established Over All Consumable Inventories

#### ***Management Issues Comments***

- The Home's Trust Funds Should Not Be Used To Supplant State Funds
- Social Security Number Should Not Be Used For General Resident Identification Purposes
- Propriety Of Sunshine Fund Should Be Established