

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

REVIEW REPORT

OF

INDIANA VETERANS' HOME

August 1, 2008 to March 31, 2012



FILED
06/13/2012

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AGENCY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director, Indiana Department of Veterans Affairs	Charles T. Applegate	07-01-08 to 01-13-13
Superintendent	Jerome Horn	12-01-06 to 09-09-08
	Rodney Dunn (Interim)	09-10-08 to 11-30-08
	Antonio Stewart	12-01-08 to 03-30-12
	Melissa Durr (Interim)	03-31-12 to 06-30-12



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF INDIANA VETERANS' HOME

We have reviewed the activities related to the receipts, disbursements, and assets of the Indiana Veterans' Home for the period of August 1, 2008 to March 31, 2012. The Indiana Veterans' Home's management is responsible for the receipts, disbursements, and assets.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the receipts, disbursements, and assets. Accordingly, we do not express such an opinion.

Financial transactions of this office are included in the scope of our audits of the State of Indiana as reflected in the Indiana Comprehensive Annual Financial Reports. Federal programs are included in the scope of our statewide single audits as reflected in the Statewide Single Audit Reports.

Based on our review, nothing came to our attention that caused us to believe that the activities related to the receipts, disbursements, and assets of the Indiana Veterans' Home are not in all material respects in conformity with the criteria set forth in the Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, and applicable laws and regulations except as stated in the review comments.

The Indiana Veterans' Home's response to the Review Comments identified in our review is described in the accompanying section of the report entitled Official Response. We did not review the Indiana Veterans' Home's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Indiana Veterans' Home's management, Indiana Department of Veterans' Affairs and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office reviewed.

STATE BOARD OF ACCOUNTS

April 11, 2012

INDIANA VETERANS' HOME
REVIEW COMMENTS
MARCH 31, 2012

NO AUTHORITY FOR ESCROW ACCOUNT

As stated in our prior report, B34065, the Indiana Veterans' Home (IVH) Comfort and Welfare (C&W) Fund is used to account for the maintenance costs of residents. Upon admission to IVH, residents agreed to apply their social security and other retirement checks towards their maintenance charge. The IVH deposits resident payments into a local depository entitled IVH Escrow (Escrow) Checking Account, an account which is outside the ENCOMPASS accounting system.

Although some of the funds initially deposited into the Escrow account are subsequently allocated as resident Trust funds, we determined that over 90 percent of the monies deposited into the Escrow account were C&W funds. We found no statutory authority for the IVH to maintain the C&W Fund outside the ENCOMPASS accounting system.

The Treasurer of State (TOS) is the receiver and custodian of all state revenue. All state departments and agencies must make deposits to the TOS or submit records of deposits made to the credit of the treasury in an approved depository. State agencies shall not maintain funds outside of the ENCOMPASS accounting system without specific statutory authority. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, 4.4.2)

Each agency, department, quasi, institution or office should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Organizational Overview, Summary of Agency Accounting Responsibilities)

DAILY DEPOSITS

As stated in our prior Report B34065, the Indiana Veteran's Home did not consistently deposit receipts for meal tickets within the following business day.

Indiana Code 5-13-6-1(b) states in part: ". . . all public funds . . . shall be deposited with the treasurer of state, or an approved depository selected by the treasurer of state not later than the business day following the receipt of the funds."

INDIANA VETERANS' HOME
EXIT CONFERENCE

The contents of this report were discussed on May 16, 2012 with Melissa Durr, Interim Superintendent, and Tammy Metzinger, Controller. The Official Response has been made a part of this report and may be found on page 6.

May 21, 2012

DEAR STATE EXAMINER:

**Indiana Veterans' Home
Response to SBOA's Review Comments**

COMFORT AND WELFARE FUND

No Authority for Escrow Account

The Indiana Veterans' Home (IVH) was unable to establish a TOS account or sweep account due to the purpose and function of the account.

One of the banking issues is that the depositories are required to have access to ACH reversals which is not possible if the Escrow account is a Treasure of the State (TOS) account. For example: if a resident passes way, the Social Security Administration will reverse a portion of his or her Social Security Income. Similarly, the Department of Veterans' Affairs will provide a resident with his or her pension check, if the resident passes before the end of the money, the VA will reverse the remaining portion of the pension check.

Based on discussions with the TOS on May 6, 2009 at 3:45 p.m., TOS does not have the ability to maintain an open account similar to the account at IVH.

DAILY DEPOSITS

The IVH has corrected the failure to consistently deposit receipts for meal tickets receipts within the following business day.