



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

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NEWS RELEASE

Contact: Andy Nielsen

FOR RELEASE _____ May 3, 2007 _____ 515/281-5515

Auditor of State David A. Vaudt today released a report on the Iowa Department of Veterans Affairs for the year ended June 30, 2006.

The Commission consists of nine members appointed by the Governor and confirmed by the Senate. The Commission oversees the operation and conduct of the Iowa Department of Veterans Affairs and the Iowa Veterans Home in Marshalltown, administers the War Orphans Educational Fund, maintains military service records of Iowa veterans and provides assistance to and training for county veterans affairs commissions.

The Iowa Veterans Home 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 \$92,577 in fiscal year 2006, a 7.1% increase over the prior year. The average number of residents increased from 692 in fiscal year 2005 to 700 in fiscal year 2006.

A copy of the report is available for review at the Iowa Department of Veterans Affairs, in the Office of Auditor of State and on the Auditor of States website at <http://auditor.iowa.gov/reports/reports.htm>.

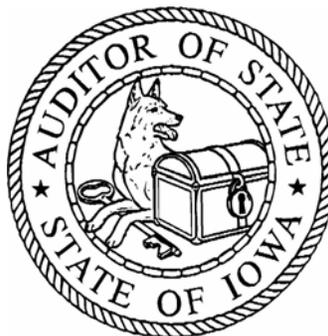
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**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF VETERANS AFFAIRS**

JUNE 30, 2006

Office of
**AUDITOR
OF STATE**

State Capitol Building • Des Moines, Iowa



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April 30, 2007

To the Members of the Iowa
Commission of Veterans Affairs:

The Iowa Department of Veterans Affairs 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, 2006.

In conducting our audits, we became aware of an aspect concerning the Department's operations for which we believe corrective action is necessary. As a result, we have developed a recommendation which is reported on page 4. We believe you should be aware of this recommendation which pertains to the Department's compliance with statutory requirements and other matters. This recommendation has been discussed with Department personnel and their response to this recommendation is included in this report.

We have also included in this report certain unaudited financial and other information for the Iowa Department of Veterans Affairs – Iowa Veterans Home for the five years ended June 30, 2006 to report an average annualized cost per resident as required by Chapter 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 Department of Veterans Affairs, citizens of the State of Iowa and other parties to whom the Iowa Department of Veterans Affairs 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 Department 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 Department are listed on page 8 and they are available to discuss these matters with you.

DAVID A. VAUDT, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

cc: Honorable Chester J. Culver, Governor
Charles J. Krogmeier, Director, Department of Management
Dennis C. Prouty, Director, Legislative Services Agency

June 30, 2006

Findings Reported in the State's Single Audit Report:

No matters were noted.

Finding Related to Internal Control:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

- (A) Capital Assets Records - Chapter 7A.30 of the Code of Iowa requires state agencies to keep an up-to-date capital assets listing. This includes keeping accurate records of additions and deletions. We identified the following:

Three vehicles were improperly deleted in FY 2005 when the sale did not occur until FY 2006.

Two assets tested were not located and there was no evidence of an approved deletion.

Recommendation - Vehicles should be deleted upon sale by DAS rather than when delivered for sale. Deletions should be approved in writing before disposal.

Response - According to the Iowa Veterans Home (IVH) administrative policy #108, IVH will perform a physical inventory of property and reconcile the results with the property records every 2 years. The physical inventory was performed at the end of FY2005 and the next one was not scheduled to be performed until the end of FY2007. Policy #108 dictates that when inventoried items are traded in or condemned as no longer usable, an Inventory Deletion Notification Form 475-0249 is completed and submitted to the Budget Office. In FY2006, since it was an off-year, a physical inventory was not completed, so IVH was unaware that the forms for the 2 items were not completed.

Regarding the disposal of vehicles, IVH already changed its practice at the end of FY06, to continue to report vehicles held at DAS for auction on the books until they are sold.

Conclusion - Response accepted.

Iowa Department of Veterans Affairs
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 |
|-------------|-----------------------------|-----------------------------|------------------------------|---------------------------------|
| 2006 | 700 | 1,033 | \$ 92,577 | \$ 253.64 |
| 2005 | 692 | 1,020 | 86,423 | 236.78 |
| 2004 | 708 | 990 | 81,246 | 222.59 |
| 2003 | 693 | 955 | 78,751 | 215.76 |
| 2002 | 681 | 938 | 72,956 | 199.88 |

Iowa Department of Veterans Affairs
Iowa Veterans Home

Resident Population Statistics
(Unaudited)

Year ended June 30, 2006

| | |
|-----------------------------------|------------|
| Population beginning of year | <u>678</u> |
| Admissions: | |
| First admissions | 179 |
| Readmissions | 14 |
| Returns: | |
| Home visits/furlough | <u>574</u> |
| Total admissions | <u>767</u> |
| Released: | |
| Discharges | 57 |
| Deaths | 132 |
| Home visits/furlough | <u>569</u> |
| Total released | <u>758</u> |
| Population end of year | <u>687</u> |
| Daily average resident population | <u>700</u> |

Iowa Department of Veterans Affairs
Iowa Veterans Home

Operating Expenditures by Object - General Fund

Year ended June 30, 2006

| | |
|-------------------------------|----------------------|
| Personal services | \$ 50,527,614 |
| Travel | 134,066 |
| Supplies and materials | 5,511,471 |
| Contractual services | 5,966,529 |
| Capital outlay | 2,590,648 |
| Claims and miscellaneous | 70,004 |
| Licenses, permits and refunds | <u>3,794</u> |
| Total | <u>\$ 64,804,126</u> |

Iowa Department of Veterans Affairs
Iowa Veterans Home

Staff

Questions or requests for further assistance should be directed to:

Joe T. Marturello, CIA, Manager
Daniel L. Durbin, CPA, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on this audit include:

Carey L. Fraise, Staff Auditor
Tiffany A. Gossweiler, Staff Auditor
Dorothy O. Stover, Staff Auditor
Jenny R. Schneider, Assistant Auditor
Adam D. Steffensmeier, Assistant Auditor