



**DEPARTMENT OF PUBLIC SAFETY  
MISSOURI VETERANS COMMISSION  
CAMERON VETERANS' HOME**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2003-111  
November 17, 2003  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**AUDIT REPORT**



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

November 2003

**The following problems were discovered as a result of an audit conducted by our office of the Department of Public Safety, Missouri Veterans Commission, Cameron Veterans' Home.**

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The Cameron Veterans' Home Assistance League is a not-for-profit organization which raises private funds to benefit residents of the Cameron Veterans' Home. Because of the fiscal and managerial responsibilities that state employees have assumed for the Assistance League, we reviewed the League's records and procedures. The Assistance League purchases items to sell through the canteen, coordinates and pays for events and activities for residents, and purchases items for common areas located in the facility. Some expenditures by the Assistance League, totaling \$5,310, did not appear to benefit residents. These expenditures related to volunteer banquets and staff recognition awards. Additionally, approximately \$4,900, was spent on home expenses.

A review of 25 donations found that four, totaling \$11,339, did not contain a donor specified purpose nor were these donations credited to the general account. Although not stated in the by-laws, the League's practice has been to credit unspecified donations to the general account and the use of these donations would be determined by the fund custodians or the board. Our audit noted that the supervisor of volunteer services would often designate these monies for specific projects or purchases using her own discretion.

Also included in the audit are recommendations related to vending machine commissions, the documentation of expenditures, payroll records and procedures, and capital assets.

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YELLOW SHEET

DEPARTMENT OF PUBLIC SAFETY  
MISSOURI VETERANS COMMISSION  
CAMERON VETERANS' HOME

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STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Charles R. Jackson, Director  
Department of Public Safety  
and  
Missouri Veterans Commission  
and  
Celia A. Reed, Interim Administrator  
Cameron Veterans' Home  
Cameron, MO 64429

We have audited the Department of Public Safety, Missouri Veterans Commission, Cameron Veterans' Home. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2003 and 2002. The objectives of this audit were to:

1. Review certain management practices and financial information for compliance with applicable statutes, regulations, and facility policy.
2. Review the efficiency and effectiveness of certain management practices and operations.
3. Review certain revenues received and certain expenditures made by the Cameron Veterans' Home.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed the minutes of the meetings, written policies, financial records, and other pertinent procedures and documents, and interviewed various personnel of the facility.

As part of our audit, we assessed the facility's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the facility's management and was not subjected to the procedures applied in the audit of the facility.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Public Safety, Missouri Veterans Commission, Cameron Veterans' Home.



Claire McCaskill  
State Auditor

August 7, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
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In-Charge Auditor:	Heather M. Thompson
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	Jennifer Martin
	Julie Tomlinson

MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

DEPARTMENT OF PUBLIC SAFETY  
MISSOURI VETERANS COMMISSION  
CAMERON VETERANS' HOME  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

**1. Assistance League Fund**

The Cameron Veterans' Home Assistance League is a not-for-profit organization which raises private funds to benefit residents of the Cameron Veterans' Home. Donations, as well as canteen proceeds, are used for this purpose. The Assistance League is governed by a board of directors. As provided for in the Assistance League by-laws, the facility's administrator and chief accountant are the custodians of the league assets, and have the authority to make purchases related to canteen operations or for donor specified purposes. In addition, the administrator shall maintain and make available for audit a record of receipts and disbursements. Because of the fiscal and managerial responsibilities that state employees have assumed for the Assistance League, we reviewed the League's records and procedures and noted some areas where improvements are needed.

- A. The Assistance League purchases items to sell through the canteen, coordinates and pays for events and activities for residents, and purchases items for common areas located in the facility. The Assistance League's by-laws provide that expenditures from the league assets should benefit the majority of the residents.

A review of purchases noted some expenditures did not appear to benefit residents. During 2002 and 2003, \$5,310 was spent for costs related to volunteer banquets and staff recognition awards. In addition, approximately \$4,900 was spent on home expenses.

- B. The Assistance League's by-laws provide that the custodians of the assets should make every reasonable effort to ensure the wishes of the donor are complied with and should notify the donor if those wishes cannot be accommodated. Although not specifically outlined in the by-laws, league records and practices have been developed so that unspecified donations are to be credited to the general account within the Assistance League Fund and used for any purpose as determined by the fund custodians or the board. The by-laws provide for the facility administrator and chief accountant to serve as custodians of the Assistance League's assets.

The facility's supervisor of volunteer services was assigned the task of accepting donations, documenting the purpose, and forwarding information to the chief accountant for recording in the league records. A review of 25 donations found that four, totaling \$11,339, did not contain a



donor specified purpose. In addition, these four donations were not credited to the general account. The supervisor of volunteer services would often designate these monies for specific projects or purchases using her own discretion. When asked about these transactions, she indicated that she had received verbal instructions from some donors regarding the desired use of their donations; however, documentation was not available to support these explanations.

Considering the provisions of the by-laws and general practices at the facility, the use of unspecified donations should have been determined by the fund custodians or the board. In addition, adequate documentation is necessary to thoroughly record communications with donors and demonstrate compliance with by-laws.

- C. Residents, employees, and visitors may all purchase items from vending machines owned and operated by an independent vendor. The facility receives commissions from the vendor and deposits these in a separate account known as the Employee Fund. The Employee Fund received approximately \$4,520 and \$4,410 from vending machine commissions for the years ended June 30, 2003 and 2002, respectively. These monies are used for employee recognition awards, flowers for staff members, the annual staff picnic, and the annual employee Christmas party. As a result, these expenditures do not benefit the residents.

Recent audits of other homes (including Mount Vernon, St. Louis, and St. James) noted that vending machine profits at those homes are deposited in Assistance League accounts to be used for the benefit of the residents. To ensure consistency with other homes operating in the state, vending commissions should be used for the benefit of residents.

**WE RECOMMEND:**

- A. The Assistance League ensure that all league disbursements benefit the majority of the residents. In addition, the facility should determine a more appropriate funding source for expenditures such as volunteer banquets, recognition awards, and home expenses.
- B. The Assistance League ensure that donor wishes are clearly and thoroughly documented and donations are accounted for appropriately within the Assistance League Fund.
- C. The Cameron Veterans' Home deposit vending machine commissions in the Assistance League Fund.

## **AUDITEE'S RESPONSE**

- A. *At the time of the audit, the Assistance League's by-laws stated "expenditures from the league assets should benefit the majority of the residents." There were purchases for costs related to volunteers and staff functions.*

*The Assistance League's by-laws have been revised to read "They may also vote to disburse assets to benefit other areas of the home, such as staff, volunteers and any additional requests brought before them." The revised by-laws were signed as approved on October 14, 2003.*

- B. *At the time of the audit, unspecified donations were credited to the general account within the Assistance League Fund and used for any purpose as determined by the fund custodians or the board.*

*The by-laws have been revised to read "If a donor does not specify how their gift or donation shall be used, the donation will be deposited into the general fund. However, the Trustees may vote to transfer this money to other funds for approved expenditures." A new form has been developed entitled Donated Funds. At the time donations are received, the donor can indicate on this form to which fund they wish to donate.*

- C. *The money from the vending machines in the employee break room is used for employee functions. The Assistance League has never been involved in the purchase of or operation of these vending machines. The commission from these machines is deposited in the Employee Fund checking account. These vending machines may be used by anyone in the facility. However, they were placed in the facility to provide snacks for employees, primarily for those persons working a shift when the dining room is closed. We disagree that the commission from these vending machines should be deposited in the Assistance League accounts. The money is in a separate account and used for employee functions.*

*The Missouri Veterans Commission is undertaking a re-evaluation of its policies regarding vending machines in the Homes in order to develop a more consistent policy state-wide.*

**2.**

### **Capital Assets Records and Procedures**

The Cameron Veterans' Home's capital assets at June 30, 2003 were valued at approximately \$670,400, excluding land and building. We reviewed controls over these assets and noted duties are not adequately segregated. The same two individuals perform the physical inventory and maintain the records of capital assets. To provide internal controls and to adequately safeguard assets from theft or misuse, the physical inventory should be performed by an individual independent of the custodial and record keeping functions.

**WE RECOMMEND** the facility ensure an individual independent of the record keeping function performs the physical inventory.

**AUDITEE'S RESPONSE**

*At the time of the audit, both the Accountant and Supply Manager were involved in the physical inventory and record keeping functions. The job descriptions have been revised to clearly delineate their specific duties.*

**3.**

**Payroll Records and Procedures**

The facility administrator, assistant administrator, director of nursing, and physician do not have to use the automated time clock as required. The Missouri Veterans Home Administrative Policy Manual, Section B-30, indicates all employees are assigned an employee card to be used to clock in when reporting for duty and clock out when leaving each day. A computerized timesheet is compiled from the time clock information and used for payroll and accounting for annual, sick, and compensatory leave balances. Time for these administrators is automatically posted by the computer and manual corrections are made when a change is needed.

The use of the time clock reduces the risk of errors going undetected. Timesheets are necessary to document hours actually worked and to substantiate payroll expenditures. Timesheets also provide documentation of leave used to maintain accurate leave records.

**WE RECOMMEND** the facility ensure all employees utilize the automated time clock as required.

**AUDITEE'S RESPONSE**

*At the time of the audit, the Administrative Policy B-30 stated "All employees shall clock in using their assigned employee card. Employees shall clock in when reporting to duty and clock out when leaving the facility." The Administrator, Assistant Administrator, and Director of Nursing Services do not clock in and out.*

*To be in compliance with established policies and procedures, the Administrative Policy B-30 was revised to read "All employees, with the exception of the Administrator, Assistant Administrator and Director of Nursing Services, shall clock in using their assigned employee badge." This revised policy was issued July 22, 2003.*

**4.****Expenditures**

The administrator of the facility did not document her review and approval of some expenditures. Twelve of 24 (50 percent) invoices tested did not have the approval of the administrator before being coded into the statewide accounting system (SAM II) for payment. In addition, the receipt of goods or services is not always indicated on the invoice prior to an expenditure being approved for payment. Four of 22 (approximately 18 percent) invoices tested did not indicate if goods or services were received.

Proper review and approval by the administrator is required by the facility's policy and is necessary to ensure all disbursements represent valid operating costs of the facility. Failure to properly review supporting documentation and document such approval increases the possibility of inappropriate disbursements occurring. Additionally, the documentation of the receipt of goods or services is necessary to ensure the facility actually received the items or services.

**WE RECOMMEND** the facility ensure all invoices have documented authorizations before coding the expenditures into the statewide accounting system. We also recommend the facility ensure the receipt of goods or services is indicated on invoices prior to being approved for payment.

**AUDITEE'S RESPONSE**

*At the time of the audit, the Departmental Request for Purchase forms were not consistently signed by the Administrator prior to entering into SAM II. To ensure compliance, the Accountant II ensures that these forms are signed by the Administrator prior to coding for SAM II entry. This was implemented August 1, 2003.*

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

DEPARTMENT OF PUBLIC SAFETY  
MISSOURI VETERANS COMMISSION  
CAMERON VETERANS' HOME  
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Cameron Veterans' Home is a 200-bed nursing home care facility, providing care to Missouri veterans who are unable to support or adequately care for themselves. The facility was completed in January 2000, with the first residents being admitted on April 3, 2000. Residents of the facility are provided room, board, medication, therapy, personal care, and recreational and religious activities. The cost of care is shared by the resident, based on ability to pay, the Federal Veterans' Administration, and the state's General Revenue Fund.

The Cameron Veterans' Home Assistance League, a not-for-profit corporation, was formed 13 years prior to the opening of the facility to receive donations to be spent for the benefit of all residents if a facility was built. The Assistance League also funds the canteen operations.

The Missouri Veterans Commission operates seven homes for veterans of the state. The homes are located in St. James, Mount Vernon, Mexico, Cape Girardeau, Cameron, Warrensburg, and St. Louis. Members of the Missouri Veterans Commission, as of June 30, 2003, include:

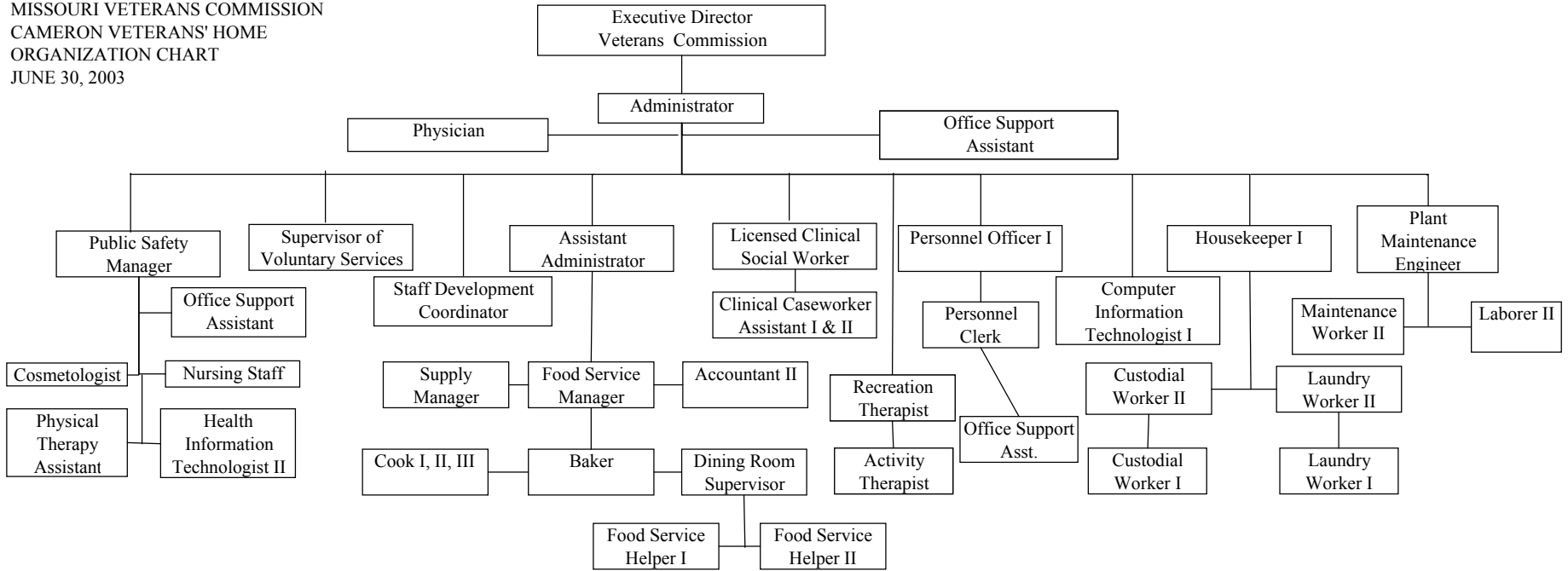
<u>Members</u>	<u>Term Expires</u>
Carl H. Niewoehner, Chairman	November 2, 1997*
Donald Gralike, Vice-Chairman	November 2, 2003
Carson Ross	November 2, 2004
Bernadette Miller	December 11, 2004
Emmett Fairfax	November 2, 2005

\* Term has expired. Member continues to serve until successor is appointed.

As of June 30, 2003, the Cameron Veterans' Home employed 194 full-time employees. These employees were assigned to various administrative and service sections. Joanna Mooney assumed the position of Administrator on November 7, 2001, and served in that capacity until October 2, 2003. Celia A. Reed is currently serving as the Administrator in an interim capacity.

An organization chart and statistical data follow:

DEPARTMENT OF PUBLIC SAFETY  
 MISSOURI VETERANS COMMISSION  
 CAMERON VETERANS' HOME  
 ORGANIZATION CHART  
 JUNE 30, 2003



DEPARTMENT OF PUBLIC SAFETY  
MISSOURI VETERANS COMMISSION  
CAMERON VETERANS' HOME  
STATISTICAL DATA

	Year Ended June 30,	
	<u>2003</u>	<u>2002</u>
RESIDENTS	169	128
OCCUPANCY		
Total number of beds	200	150 *
Average daily census	145	127
Bed occupancy percentage	73%	85%
RESIDENT COST		
Total resident costs	\$ 7,727,456 **	7,136,814 **
Total resident days	<u>53,067</u>	<u>46,537</u>
Average Daily Resident Cost	<u>\$ 146</u>	<u>153</u>

\* An additional 50 bed wing was subsequently opened in October 2002.

\*\* These cost amounts include employee fringe benefits and depreciation, whereas the expenditure amounts on Appendix A do not. In addition, these amounts do not include property and improvement expenditures, whereas Appendix A does include these expenditure amounts.



Appendix A

DEPARTMENT OF PUBLIC SAFETY  
 MISSOURI VETERANS COMMISSION  
 CAMERON VETERANS' HOME  
 COMPARATIVE STATEMENT OF EXPENDITURES (BY BUDGET OBJECT)

	Year Ended June 30,	
	2003	2002
Salaries and wages	\$ 4,227,873	3,899,561
Travel:		
In-State	14,740	19,950
Out-of-State	0	417
Fuel and utilities	298,703	284,933
Supplies	1,085,920	964,279
Professional Development	22,887	23,439
Communication services and supplies	50,769	44,506
Services:		
Professional	65,216	44,912
Housekeeping and janitorial	22,624	18,378
Maintenance and repair	63,116	71,287
Equipment:		
Computer	4,982	3,896
Office	7,293	10,935
Other	110,440	60,795
Property and improvements	958,566	234,848
Real property rental and leases	0	126
Equipment rental and leases	21,737	24,311
Miscellaneous expenses	257	212
Total Expenditures	\$ <u>6,955,123</u>	<u>5,706,785</u>

Appendix B

DEPARTMENT OF PUBLIC SAFETY  
MISSOURI VETERANS COMMISSION  
CAMERON VETERANS' HOME  
MISSOURI VETERANS' HOME FUND  
COMPARATIVE STATEMENT OF RECEIPTS

	Year Ended June 30,	
	<u>2003</u>	<u>2002</u>
Payments from Veterans	\$ 2,254,554	1,968,878
Veterans Administration Per Diem	2,955,793	2,454,836
Other	26,025	23,888
Total Receipts	<u>\$ 5,236,372</u>	<u>4,447,602</u>

Appendix C

DEPARTMENT OF PUBLIC SAFETY  
 MISSOURI VETERANS COMMISSION  
 CAMERON VETERANS' HOME  
 AUXILIARY FUNDS  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CHANGES IN CASH AND CASH EQUIVALENTS

	Year Ended June 30,			
	2003		2002	
	Residents Fund	Assistance League Fund	Residents Fund	Assistance League Fund
RECEIPTS				
Residents' deposits	\$ 474,098	0	338,059	0
Donations/sales from canteen	0	49,490	0	120,503
Total Receipts	<u>474,098</u>	<u>49,490</u>	<u>338,059</u>	<u>120,503</u>
DISBURSEMENTS				
Residents' withdrawals	481,318	0	285,686	0
Benefit of residents/cost of goods sold	0	47,129	0	129,814
Total Disbursements	<u>481,318</u>	<u>47,129</u>	<u>285,686</u>	<u>129,814</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,221)	2,361	52,373	(9,311)
CASH AND CASH EQUIVALENTS, JULY 1	83,236	3,037	30,864	12,348
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 76,016</u>	<u>5,397</u>	<u>83,236</u>	<u>3,037</u>