EXECUTIVE SUMMARY

DEPARTMENT OF MILITARY AND VETERANS’ AFFAIRS
NEW JERSEY VETERANS MEMORIAL HOME AT MENLO PARK

We found the financial transactions included in our testing were related to the home’s programs, were reasonable, and were properly recorded in the accounting systems. In making these determinations, we noted opportunities for revenue enhancement, as well as internal control and compliance weaknesses meriting management’s attention.

AUDIT HIGHLIGHTS

- The United States Department of Veterans Affairs provides that any veteran with war time service is eligible to apply for an Aid and Attendance Improved Pension. The individual must apply and qualify both medically and financially. During our fieldwork in August 2013, based on our inquiry, the business office and the admitting officer performed a review and determined there are 98 eligible residents not receiving this benefit. If these residents received the maximum benefit, the home’s revenues could increase up to $1.6 million annually.

- In 1999, an arbitration decision handed down by the Public Employment Relations Commission directed several named state institutions, including the Veterans Memorial Home at Menlo Park, to grant their regular direct care staff every other weekend off. This decision has continued to be in legal force since that time, extending to subsequent labor agreements. As a result of this weekend scheduling requirement, a gap is created between the required direct care staff needed for proper coverage on the weekend and the available regular direct care staff. Based on our analysis of overtime earned on weekends, we projected that approximately $640,000 of the home’s calendar year 2012 direct care overtime of $2 million (32 percent) was attributable to this arbitration decision. Further analysis projected that greater utilization of per diem nurses and nurses’ aides in lieu of the regular direct care staff could reduce the home’s weekend overtime cost by approximately $230,000 annually.

- We noted certain deficiencies in the home’s purchasing practices, including splitting orders, failure to obtain bids from vendors when required, the use of non-contract vendors when contract vendors were available, purchasing goods and services prior to the issuance of authorized purchase orders, and the payment of exorbitant prices to a janitorial products vendor. We also noted internal control weaknesses over both receiving operations and the storeroom inventory.

AUDITEE RESPONSE

The department generally concurs with our findings and recommendations.

For the complete audit report, click here.