EXECUTIVE SUMMARY

DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS
NEW JERSEY VETERANS MEMORIAL HOME AT VINELAND

Our audit found that financial transactions included in our testing were related to the home’s programs. However, we could not determine if these transactions were reasonable and recorded properly in the accounting systems due to significant control weaknesses and lack of reconciliations noted during our review of the processing of revenues, payrolls, and purchasing. We also noted potential cost savings and revenue enhancements.

AUDIT HIGHLIGHTS

- Revenues are primarily comprised of a per diem allowance from the U.S. Department of Veterans Affairs, billings to residents for care and maintenance, and reimbursements from Medicare Part A and Part B, and co-insurances. Our review of the home’s VA per diem billings for fiscal years 2010 and 2011 and the VA retroactive billings from March 21, 2007 to June 2009 noted numerous errors. As the result of these errors, the home has a net amount due from the VA totaling $306,000.

- Our tests of the calculation of the residents’ daily care and maintenance rate noted that the home’s calculation was not always performed in accordance with the rules set forth in the New Jersey Administrative Code. We reviewed 30 residents’ rate calculations, including 20 of the 46 residents with a community spouse and determined 23 calculations contained errors. The home should have generated an additional $200,000 in care and maintenance receipts from the sampled residents in fiscal year 2011. In addition, because of a lack of reconciliation procedures, errors went undetected and resulted in a shortage in the Members Fund, including $1.2 million in overpayments to the state’s General Fund. Also, we determined the outstanding care and maintenance receivable balance accruing from January 1, 2006 to December 31, 2011 to be $681,749. Changes to the New Jersey Administrative Code should be considered that would enhance the compliance by residents and by their responsible parties in meeting their obligations.

- The home could not provide us with the balance of unpaid Medicare Part A and Part B, and AARP claims, since the home did not track and follow-up on these claims. We were able to estimate that unpaid Medicare Part A and Part B, and AARP claims totaled $1.5 million from fiscal years 2007 through 2011.

- Improved nurse scheduling could save the home approximately $500,000 annually.

AUDITEE RESPONSE
The department generally concurs with our findings and recommendations.

For the complete audit report, click here.