



**VETERANS SERVICES FOUNDATION
AND
VETERANS STATE NURSING HOME CARE GRANT
AT
DEPARTMENT OF VETERANS SERVICES**

**REPORT ON AUDIT
FOR THE YEAR ENDED
JUNE 30, 2013**

AUDIT SUMMARY

As required by the Code of Virginia § 2.2-2717 and U.S. Office of Management and Budget Circular A-133, we have audited the Veterans Services Foundation and the Veterans State Nursing Home Care Grant, respectively, which are managed by the Virginia Department of Veterans Services, for the fiscal year ended June 30, 2013, and found:

- proper recording and reporting of all transactions, in all material respects, in the Commonwealth Accounting and Reporting System;
- no matters involving internal control and its operation necessary to bring to management's attention; and
- no instances of noncompliance with applicable laws and regulations or other matters that are required to be reported.

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FOUNDATION HIGHLIGHTS

The Veterans Services Foundation (Foundation) raises funds for veterans programs. The Foundation's revenues are deposited into the Veterans Services Fund. The Virginia Department of Veterans Services' (Veterans Services) Administrative Division processes transactions for the Foundation. The Foundation's funds are spent on various programs (i.e. Wounded Warrior, Care Centers, etc.), which donors can designate. The schedule below summarizes the Foundation's cash balances, revenues, and expenses at the Veterans Services' Central Office and each care center for fiscal 2013.

Foundation Funding and Expenses for Fiscal 2013

	<u>Central Office</u>	<u>Sitter and Barfoot Care Center</u>	<u>Virginia Veterans Care Center</u>	<u>Total</u>
Beginning cash	\$ 583,681	\$ 26,427	\$ 222,544	\$ 832,652
Revenues	404,511	10,451	64,163	479,125
Expenses	<u>(211,819)</u>	<u>(13,238)</u>	<u>(34,817)</u>	<u>(259,874)</u>
Ending cash	<u>\$ 776,373</u>	<u>\$ 23,640</u>	<u>\$ 251,890</u>	<u>\$ 1,051,903</u>

GRANT HIGHLIGHTS

The Veterans State Nursing Home Care Grant (Grant) provides financial assistance to states to provide care to eligible veterans in state nursing home. Each care center receives a per diem each day for every resident. The schedule below summarizes the Grant's cash balances, revenues, and expenses at each care center for fiscal 2013.

Grant Funding and Expenses for Fiscal 2013

	<u>Veterans State Nursing Home Care</u>	<u>Veterans State Domiciliary Care</u>	<u>Total</u>
Beginning cash	\$ 5,718,940	\$ 1,474,214	\$ 7,193,154
Revenues	13,779,801	1,398,737	15,178,538
Expenses	<u>(10,145,067)</u>	<u>(1,080,012)</u>	<u>(11,225,079)</u>
Ending cash	<u>\$ 9,353,674</u>	<u>\$ 1,792,939</u>	<u>\$ 11,146,613</u>



Commonwealth of Virginia

Auditor of Public Accounts

Martha S. Mavredes, CPA
Auditor of Public Accounts

P.O. Box 1295
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January 29, 2014

The Honorable Terence R. McAuliffe
Governor of Virginia

The Honorable John M. O'Bannon, III
Chairman, Joint Legislative Audit
and Review Commission

We have audited the **Veterans Services Foundation** and the **Veterans State Nursing Home Care Grant** managed by the **Virginia Department of Veterans Services** for the year ended June 30, 2013. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Objectives

Our audit's primary objectives were to evaluate the accuracy of recorded financial transactions in the Commonwealth Accounting and Reporting System, review the adequacy of the Virginia Department of Veterans Services' internal controls, and test compliance with applicable laws, regulations, contracts, and grant agreements applicable to the Veterans Services Foundation and the Veterans State Nursing Home Care Grant. Additionally, for the Veterans State Nursing Home Care Grant our objective was to test compliance for the Statewide Single Audit.

Audit Scope and Methodology

Management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws, regulations, contracts, and grant agreements.

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered significance and risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances.

Receipt and disbursement of funds for the Veterans Services Foundation
Federal grant revenues and expenses for the Veterans State Nursing Home Care Grant

We performed audit tests to determine whether management's controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws, regulations, contracts, and grant agreements. Our audit procedures included inquiries of appropriate personnel, inspection of documents, records, and donations, and observation of management's operations. We tested transactions and performed analytical procedures, including budgetary and trend analyses.

Conclusions

We found that the Virginia Department of Veterans Services properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System. The Virginia Department of Veterans Services records its financial transactions on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The financial information presented in this report came directly from the Commonwealth Accounting and Reporting System.

We noted no matters involving internal control and its operation that we consider necessary to be reported to management. The results of our tests of compliance with applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Exit Conference and Report Distribution

We discussed this report with management on March 19, 2014.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

AUDITOR OF PUBLIC ACCOUNTS

GDS/alh

DEPARTMENT OF VETERANS SERVICES

Paul E. Galanti
Commissioner