

Report To

# The Mississippi Legislature



## A LIMITED MANAGEMENT REVIEW OF THE VETERANS' AFFAIRS BOARD

November 7, 1991

The seven-member Veterans' Affairs Board has not provided adequate oversight of the agency's Executive Secretary and administrative staff, resulting in safety deficiencies in the Mississippi State Veterans' Home which have been cited by the State Board of Health and the United States Department of Veterans' Affairs.

The board's inadequate oversight has also resulted in weaknesses in the agency's accounting operations. Specifically, the agency cannot account for all patients' personal funds, did not follow its own procedures governing expenditure of personal funds, and has not established procedures to govern the use of donated funds. The agency also has not implemented all recommendations made by the Department of Audit in its FY 1990 audit report on the Veterans' Affairs Board.

The State Veterans' Home van compromises patient safety because the vehicle's power lift is not properly equipped to carry wheelchair-bound persons. The agency also has not devised a needs-based plan governing the acquisition of equipment.

## The PEER Committee

## **PEER: THE MISSISSIPPI LEGISLATURE'S OVERSIGHT AGENCY**

The Mississippi Legislature created the Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER Committee) by statute in 1973. A standing joint committee, the PEER Committee is composed of five members of the House of Representatives appointed by the Speaker and five members of the Senate appointed by the Lieutenant Governor. Appointments are made for four-year terms with one Senator and one Representative appointed from each of the U. S. Congressional Districts. Committee officers are elected by the membership with officers alternating annually between the two houses. All Committee actions by statute require a majority vote of three Representatives and three Senators voting in the affirmative.

An extension of the Mississippi Legislature's constitutional prerogative to conduct examinations and investigations, PEER is authorized by law to review any entity, including contractors supported in whole or in part by public funds, and to address any issues which may require legislative action. PEER has statutory access to all state and local records and has subpoena power to compel testimony or the production of documents.

As an integral part of the Legislature, PEER provides a variety of services, including program evaluations, economy and efficiency reviews, financial audits, limited scope evaluations, fiscal notes, special investigations, briefings to individual legislators, testimony, and other governmental research and assistance. The Committee identifies inefficiency or ineffectiveness or a failure to accomplish legislative objectives, and makes recommendations for redefinition, redirection, redistribution and/or restructuring of Mississippi government. As directed by and subject to the prior approval of the PEER Committee, the Committee's professional staff executes audit and evaluation projects obtaining information and developing options for consideration by the Committee. The PEER Committee releases reports to the Legislature, Governor, Lieutenant Governor, and agency examined.

The Committee assigns top priority to written requests from individual legislators and legislative committees. The Committee also considers PEER staff proposals and written requests from state officials and others.

**A LIMITED MANAGEMENT REVIEW OF THE  
VETERANS' AFFAIRS BOARD**

**November 7, 1991**

**The PEER Committee  
Mississippi Legislature**

The Mississippi Legislature  
**Joint Committee on Performance Evaluation and Expenditure Review**  
PEER Committee



SENATORS  
WILLIAM W. CANON  
Vice Chairman  
DOUG ANDERSON  
Secretary  
ROBERT G. "BUNKY" HUGGINS  
CECIL E. MILLS  
ROGER WICKER

TELEPHONE:  
(601) 359-1226

FAX:  
(601) 359-1420

P. O. Box 1204  
Jackson, Mississippi 39215-1204

JOHN W. TURCOTTE  
Director

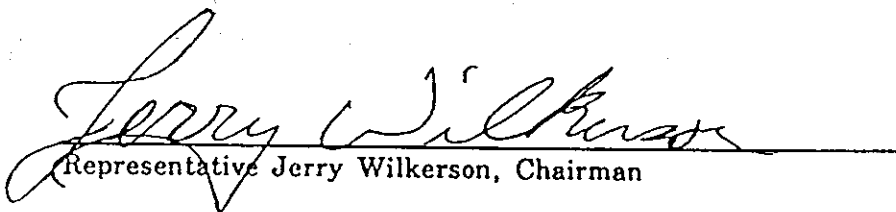
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HILLMAN T. FRAZIER  
ASHLEY HINES  
WESLEY McINGVALE

OFFICES:  
Central High Legislative  
Service Building  
259 North West  
Jackson, Mississippi 39201

November 7, 1991

HONORABLE RAY MABUS, GOVERNOR  
HONORABLE BRAD DYE, LIEUTENANT GOVERNOR  
HONORABLE TIM FORD, SPEAKER OF THE HOUSE  
MEMBERS OF THE MISSISSIPPI STATE LEGISLATURE

At its meeting of November 7, 1991, the PEER Committee authorized release of the report entitled **A Limited Management Review of the Veterans' Affairs Board.**

  
Representative Jerry Wilkerson, Chairman

**This report does not recommend increased  
funding or additional staff.**

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# A LIMITED MANAGEMENT REVIEW OF THE VETERANS' AFFAIRS BOARD

## EXECUTIVE SUMMARY

### INTRODUCTION

The PEER Committee authorized a limited management review of the Veterans' Affairs Board (VAB) in response to private citizens' allegations of mismanagement. PEER sought to determine whether the Veterans' Affairs Board manages its administrative affairs in a manner consistent with sound management principles, particularly with respect to internal controls over cash and other assets. Additionally, PEER examined management of the Mississippi State Veterans' Home with respect to facility licensure, safety, and equipment acquisition.

### BACKGROUND

MISS. CODE ANN. Section 35-1-7 (1972) provides that the state Veterans' Affairs Board shall serve the following purposes:

- assist former and present members of the armed forces in securing benefits provided under federal or state law;
- cooperate with congressionally chartered veterans' organizations in the state;
- supervise and approve schools which receive payments from the federal government for providing education to veterans; and,
- operate the Mississippi State Veterans' Home.

The Veterans' Affairs Board is composed of seven gubernatorial appointees who are appointed for seven-year terms and are not confirmed by the Senate. This seven-member board is responsible for appointing an Executive Secretary who also serves as executive director of VAB's administrative staff.

The Veterans' Affairs Board offices are located at the State Veterans' Home, which provides long-term care to approximately 150 veterans. VAB contracts with a nursing home management company, Compere's Nursing Home, for the day-to-day operations of the home. Under the operating agreement between VAB and Compere's, the management company provides

skilled nursing care to the residents, while VAB provides pharmaceuticals, physicians, and maintenance.

### FINDINGS

PEER found weaknesses in the Veterans' Affairs Board's oversight of agency operations. Problems with agency operations include inadequate fiscal management, unsafe conditions at the State Veterans' Home facility and with the handicapped-equipped van, and irregularities in the administration of employees' leave, equipment acquisition, per diem compensation, and travel reimbursement.

#### Agency Operations

**The Veterans' Affairs Board has failed in its duty to oversee the agency's Executive Secretary and administrative staff.**

The findings in this report demonstrate that the Veterans' Affairs Board has failed in its duty to oversee the operations of the Executive Secretary and board staff, specifically with regard to the operation of the State Veterans' Home and its associated responsibilities. The board's lack of oversight has resulted in the weaknesses noted above, and it is clear that these deficiencies are not recent manifestations of fiscal constraints or the difficulties of contractor relations, but have been a part of regular operations of the agency.

Most of the facility's safety problems can be traced to the planning and early operations stages of the State Veterans' Home. At that time, a former chairman of the Veterans' Affairs Board attempted to deter staff of the state Department of Health from conducting licensure reviews of the State Veterans' Home. Such reviews would have ensured that the facility was designed and constructed in compliance with federal and state licensure standards. As a result of the former chairman not allowing the state licensure reviews, the State Veterans' Home has been consistently cited for life safety deficiencies.

VAB's problems relating to accounting for donated funds began when the first donated funds arrived at the agency in 1988, and internal control problems have existed in the agency for at least a year and a half. These problems were most dramatically exposed by a

case of alleged embezzlement, which occurred in May 1990. In addition, the Executive Secretary has not employed a qualified Fiscal Officer.

Provisions of state law clearly give the board the duty to operate the agency with respect to the Mississippi State Veterans' Home, and make decisions on the adequate staffing and equipping of same. However, while individual board members have made many ad hoc "office visits," oversight provided by the board and chairman has been neither comprehensive nor systematic. Deficiencies of the sort discussed in this report require a comprehensive review and strategy for resolution if they are to be corrected. Failure to correct such problems will lead to exacerbation of the conditions noted in this report, with the worst possibilities being embezzlement on a large scale or possible injury of veterans residing in the State Veterans' Home.

### Accounting and Internal Controls

VAB's accounting and internal control weaknesses include problems with:

- control over personal funds of residents of the State Veterans' Home;
- control over funds donated to the State Veterans' Home by individuals and various veterans' groups; and,
- the agency's response to the Department of Audit's FY 1990 recommendations subsequent to an audit of VAB.

### *Control Over Personal Funds*

**VAB staff failed to account for and safeguard residents' personal funds properly, resulting in a bank balance of \$3,898 that cannot be traced to its owners (current and/or past residents).**

The VAB staff encourages residents to deposit excess personal funds with VAB's accounting office, and also handles funds for residents who are incapable of handling their money and do not have a responsible party to provide such assistance. The agency maintains a portion of the personal funds balance as cash on hand to provide residents access to their monies for discretionary purchases. Agency staff maintain individual account records for each resident.

PEER reviewed the agency's accounting procedures and controls over personal funds maintained in agency bank accounts and determined that poor recordkeeping procedures, primarily bookkeeping er-

rors, have resulted in a balance of \$3,898 that cannot be traced to its owners. VAB staff have not properly documented and recorded all monies held in agency bank accounts. PEER found that the total of all individual account records exceeds the personal funds bank balance by \$1,103. In addition, PEER determined that \$5,001 is not being held in the agency checking account specifically designated for residents' personal funds, but rather in a checking account designated for donations from veterans' groups and individuals. The \$1,103 shortage in the personal funds account combined with the \$5,001 in personal funds kept in the incorrect checking account results in a net total of \$3,898 of personal funds which cannot be traced to its owners.

**VAB staff has not adhered consistently to the board's policies and procedures regarding residents' personal funds.**

The VAB staff has a fiduciary responsibility to safeguard and properly account for the personal funds entrusted to it. However, the agency has not adhered to its own policies and procedures designed to protect that trust, as demonstrated by the following:

- *VAB staff has not consistently obtained written authorization to handle personal funds of the facility's residents.*

Board policies and procedures for residents' personal funds require that an agreement be signed by each resident or responsible party providing VAB authority to handle the resident's personal funds. However, as of June 20, 1991, the staff had not obtained written authorizations for thirty-eight of the ninety-four residents holding personal funds accounts.

- *VAB staff has not refunded all personal funds belonging to the survivors of deceased residents.*

Board policies and procedures for residents' personal funds state that at the time of a resident's discharge, the board staff will return all funds in the resident's personal account to his or her responsible party. At the time of PEER's review, board staff had not refunded all personal funds belonging to residents who died while residing in the State Veterans' Home.

- *VAB staff does not send quarterly statements to all residents (or their responsible parties).*

Board policies and procedures for residents' personal funds state that the board will provide quarterly statements to residents (or their responsible parties) for whom the board is holding personal funds. In



actual practice, VAB staff members do not comply with this requirement.

#### *Control Over Donated Funds*

**The Veterans' Affairs Board's lack of policies governing donated funds has resulted in inadequate protection and accounting of such funds and questionable expenditures.**

The Veterans' Affairs Board began receiving undesignated donations from individuals and various veterans' groups in early 1988. As of April 30, 1991, the board had received a total of \$30,532 in donated funds, of which \$12,621 had been expended by VAB staff. To date, the board has not established policies governing the accounting and expenditure of such funds, and the lack of such policies has resulted in improper accounting and questionable expenditures.

- ***The board's Executive Secretary and staff have not adequately protected and properly accounted for donated funds.***

The VAB staff did not open a checking account in which to deposit donations until December 8, 1988, nine months after receipt of the first donation. During this nine-month period, board staff stored the donations, which amounted to \$19,027, in the Executive Secretary's small stand-alone safe. During the months that the donated funds were not deposited in a bank account, the Executive Secretary and staff did not maintain formal accounting records on the donations. They simply collected the checks and eventually made one deposit for \$19,027. The staff cannot account for at least \$400 of donated funds and the agency lost at least \$237 in interest during that period.

- ***The Executive Secretary, with approval of at least one board member, made questionable expenditures from donated funds.***

On October 30, 1989, VAB staff began making expenditures from the donated funds checking account. Since that time, the staff has made twenty-nine separate expenditures totaling \$12,621, including the following questionable expenditures:

- a 1952 Ford tractor, purchased for \$2000, which is currently not in use at the facility;
- a garden tiller, purchased for \$1,242 for use in the facility's recreational garden and utilized for only one year; and,
- twenty-four satin athletic jackets printed with the VAB logo, purchased for \$601. The

jackets were reportedly purchased for use by residents when traveling outside the State Veterans' Home, but were actually distributed to VAB personnel and the facility's management company staff.

#### *Failure to Implement Department of Audit Recommendations*

**At the time of PEER's review, VAB staff had not implemented at least eight FY 1990 audit recommendations of the state Department of Audit, although the Executive Secretary had replied in writing to the State Auditor that the board had complied in those areas.**

In April 1991 the Department of Audit submitted a management letter to the Veterans' Affairs Board which resulted from the department's FY 1990 audit of the agency. The management letter contained seventeen financial audit findings and requested the board to provide a written corrective action plan for the deficiencies by May 20, 1991, and the Executive Secretary provided a response to the Department of Audit which stated that VAB staff had implemented all audit recommendations. PEER reviewed the staff's compliance with the recommendations and determined that, contrary to the Executive Secretary's written statement of compliance, the board staff had not implemented at least eight of the Department of Audit's recommendations.

#### **Life Safety Concerns**

##### *Facility Safety*

**The Veterans' Affairs Board and staff have not maintained the State Veterans' Home facility in accordance with state and federal safety regulations.**

The State Veterans' Home is not in full compliance with standards of the U. S. Department of Veterans' Affairs and the Mississippi Department of Health, the agencies which license the facility. In its February 1991 survey, the Department of Veterans' Affairs found that the facility violated several provisions of the Life Safety Code. During the Department of Health's 1991 licensure review of the State Veterans' Home, the department found licensure violations at the facility, in addition to Life Safety Code violations (see the chart on the following page). According to the Department of Veterans' Affairs, many of the deficiencies noted in February 1991 have remained unchanged since 1988. Many of the deficiencies cited by the

**PRINCIPAL SAFETY VIOLATIONS FOUND AT THE MISSISSIPPI STATE VETERANS'  
HOME CITED IN 1991 REVIEWS**

<u>Violation</u>	<u>Cited By</u>	<u>Rule/Standard Violated</u>
Fire alarm panel 200 ft. from nurses' station	DVA	Life safety code
Combination locks on C wing doors	DVA	Life safety code
C wing door could not be opened on demand	DVA	Life safety code
Sprinklers/fire extinguisher equipment not tested since 1988	DVA	Life safety code
Lack of window screens	SDH	Licensure regs.
Lack of double sink for food preparation	SDH	Licensure regs.
No separation of areas for clean/ soiled dishes	SDH	Licensure regs.
Lack of automatic dampers in smoke walls	SDH	Licensure/life safety
Holes in smoke walls	SDH	Licensure/life safety
Lack of certain exit lights	SDH	Licensure/life safety
Internal doors with locks impede resident movement	SDH	Licensure/life safety

SOURCE: Department of Veterans' Affairs (DVA); Mississippi State Department of Health (SDH)

Department of Health have been unchanged since the 1989 survey of the State Veterans' Home.

Violations of licensure and Life Safety Code provisions are significant, as these provisions are promulgated to insure that long-term care facility licensees safeguard the care and well-being of residents. Many of the conditions cited could result in imminent threat to resident life if a fire broke out in the home.

#### *Handicapped-Equipped Vehicle Safety*

**The Veterans' Affairs Board's van used to transport handicapped residents is not in compliance with recommended federal safety standards for transporting wheelchair-bound persons.**

The VAB uses a van to transport State Veterans' Home residents to hospitals, doctors, and stores. Last year, at a cost of approximately \$1,300, VAB staff retrofitted its van with a hydraulic lift, commercially known as a "tommy lift," to lift wheelchairs into the van.

PEER observed the operation of the lift and noted that:

- The lift has no guard rails or barriers to prevent a wheelchair from rolling off the lift.
- The lift has a slick metal surface rather than a non-skid surface.
- The van has no lights or signals to warn approaching vehicles when it is in the process of loading or unloading a resident.

The U. S. Department of Transportation's Urban Mass Transit Administration has developed recommended standards governing the proper equipment and operation of handicapped lifts. Although the VAB is not required to abide by these standards, compliance with such standards would help assure safe transportation for the VAB's handicapped passengers. The board's Executive Secretary stated that he could not justify equipping a seven-year-old van with the proper lift to accommodate handicapped persons.

#### **Other Matters**

##### *Per Diem Compensation*

**The Veterans' Affairs Board has violated MISS. CODE ANN. Section 35-1-5 (1972) regarding the use of per diem and travel reimbursement by its**

**lack of review and prior authorization of compensation for board members' office visits.**

The Veterans' Affairs Board, like other governing bodies of state agencies, may receive per diem and actual travel expenses for travel associated with the agency's work. PEER reviewed VAB's FY 1991 travel and per diem through April 1991 and determined that at least \$4800 in documentable expenses for ad hoc "office visits" (excluding regularly scheduled board meetings) had been incurred by board members. VAB's files for these expenditures contained no proof of prior board authorization for these visits, and no proof of board members' delivering any measurable product or service to the agency.

While oversight of the operations of the VAB staff is a proper, advisable board activity, state law confers no authority upon individual board members to define their duties and responsibilities. State law speaks of the board as a unit and not of the duties of individual board members acting individually without board authorization.

##### *Equipment Acquisition*

**The Veterans' Affairs Board lacks a formal planning methodology governing the acquisition of equipment.**

The VAB has no plan to govern the procurement of equipment or other capital items. VAB bases procurement on whatever is needed at a given time, and applies the same approach to preventive maintenance on equipment. The agency does not have a system for determining its critical needs, and VAB budget requests for fiscal years 1988 through 1992 show nothing in the way of a ranking of agency needs.

In the past year, VAB expended approximately \$15,100 to acquire an extremely dated tractor and a supplemental vehicle; this money could have helped defray the cost of repairs needed to correct Life Safety Code and licensure violations at the State Veterans' Home.

##### *Employees' Leave Administration*

**VAB staff does not accurately account for the accrual and use of personal and major medical leave.**

The Executive Secretary did not violate leave policies of the state when he went on active military duty during 1991 by being paid by VAB while being on active duty. He used military and personal leave while he was on active duty and away from the offices of the

Veterans' Affairs Board. However, in other cases the agency has not properly accounted for leave accrued or expended. This improper accounting consisted of a lack of correct leave balances carried over from month to month, and a lack of leave records to balance with leave slips.

Employee leave is a property right guaranteed by law and may be used at the conclusion of employment for retirement purposes, transferred to another agency if the employee obtains employment elsewhere in state government, or cashed in by an employee upon termination of employment. For these reasons state law requires that agencies keep accurate leave records.

## RECOMMENDATIONS

### Agency Operations

1. The Veterans' Affairs Board should review the agency's operations and develop proposals for correcting deficiencies cited by PEER and other regulatory/oversight agencies. Such proposals should outline a strategy for correcting the deficiencies and should consider preventive measures. Such preventive measures should consist of, but not be limited to:
  - comprehensive planning for capital acquisitions;
  - reviewing qualifications of management and technical staff responsible for correcting problems as cited herein; and,
  - determining other potential problems prior to their becoming endemic and threatening to the integrity of agency operations.
2. The Veterans' Affairs Board should review the division of responsibilities between itself as a unit, its individual members, and its staff. Throughout this review the board should be mindful that boards are rule- and policy-making entities which make legally binding decisions only when they act *in solido* and the outcomes of these decisions are duly recorded in minutes. Generally, staff directors are responsible for day-to-day management of staff and relations with other agencies and the public. Should the board require assistance in determining the boundaries of proper board/staff responsibility, it should request the Attorney General's Office to provide assistance.
3. The Veterans' Affairs Board should request the Department of Finance and Administration (DFA), as authorized by MISS. CODE ANN. Section 27-104-3 (b) (1972), to provide assistance in the development of accounting procedures, practices, and staffing responsibilities which are consistent with generally accepted accounting principles and generally accepted auditing standards.

### Accounting and Internal Controls

#### Control Over Personal Funds

1. The Veterans' Affairs Board should request the Department of Finance and Administration to provide accounting assistance to the board staff to establish and implement an accounting system which properly safeguards and accounts for residents' personal funds.
2. The Veterans' Affairs Board should request the Department of Finance and Administration to provide accounting assistance to the board staff to reconcile current personal funds records and determine the proper ownership and accounting of the unaccountable \$3,898 in personal funds.
3. In the future, Veterans' Affairs Board staff should reconcile monthly the individual personal funds accounts with the accounting ledger to prevent another instance of unaccountable personal funds.
4. The Veterans' Affairs Board should direct the Executive Secretary to immediately fill the vacant Fiscal Officer position to oversee the board's accounting functions.
5. The Veterans' Affairs Board should require its staff to report at the monthly board meetings the balances of residents' personal funds accounts (including both fiduciary and personal discretionary accounts), the changes in the accounts during the month, and the ending balances in the personal funds checking account. The board staff should also provide this same information monthly to the residents to whom the personal funds belong.
6. The Veterans' Affairs Board should immediately obtain written authorization from all residents (or their responsible parties) who have personal accounts to allow the board's staff to handle and withdraw these funds. The board

staff should always obtain authorization signatures of residents (or their designated signatories) when personal funds are withdrawn.

7. The Veterans' Affairs Board should immediately refund personal funds owed to responsible parties of discharged or deceased residents.

#### *Control Over Donated Funds*

1. The Veterans' Affairs Board should request the Department of Finance and Administration to provide accounting assistance to the board staff to establish and implement an accounting system which properly safeguards and accounts for donated funds. In addition, the board should request DFA's assistance in determining the status of \$400 in unaccountable donated funds.
2. The Veterans' Affairs Board should immediately transfer the \$500 donation located by PEER from the agency's clearing account to the donated funds account.
3. The Veterans' Affairs Board should develop policies which stipulate who may approve the expenditure of donated funds—i.e., the entire board, board chairman only, staff only, or a combination of those. The policies should also address the conditions under which donated funds may be expended and establish dollar limitations for such expenditures.
4. Because social workers and other direct care workers have constant contact with residents and know their collective needs, the Veterans' Affairs Board and staff should solicit input from the nursing home's management company prior to the expenditure of donated funds.
5. The Veterans' Affairs Board should prepare an annual report of all donations and expenditures from donated funds and provide such report to donors and other interested parties upon request.

#### *Response to Department of Audit Recommendations*

1. The Veterans' Affairs Board should direct its Executive Secretary to immediately implement all Department of Audit recommendations which have not been fully implemented. In addition,

the board should request the Department of Audit to perform an unannounced on-site review within the near future to ensure the Executive Secretary's implementation of such recommendations.

#### **Life Safety Concerns**

1. The Veterans' Affairs Board should cooperate with the Mississippi Department of Health and the U. S. Department of Veterans' Affairs regarding the correction of physical plant deficiencies cited by the two agencies.
2. Using existing funds, the Veterans' Affairs Board should acquire the proper type of lift to transport handicapped persons safely into its van, and should acquire a lift which can be retrofitted to a new van if the lift outlasts the present van.

#### **Other Administrative Matters**

1. The Veterans' Affairs Board should cease the practice of paying per diem and travel for office visits unless the following conditions occur:
  - the board specifically authorizes such; and,
  - the board members authorized to incur such travel expenses provide specific and documentable evidence of work performed while visiting VAB offices.
2. The Veterans' Affairs Board should develop a needs assessment system to ensure that the highest ordered needs are met when acquiring equipment for VAB and/or the State Veterans' Home. Such a system should consist of agency and contractor assessment of VAB's needs, a ranking of most critical to least critical, an evaluation of the consequences associated with failure to meet a need, and an assessment of the costs associated with each need.
3. The Veterans' Affairs Board should maintain accurate leave records consistent with legal requirements. Such a system should ensure that all leave is accrued in accordance with law and so recorded. Additionally, all leave deducted from VAB staff's leave balances should be traced to corresponding leave slips. A supervisor should review and approve all leave records before they are considered final.

**For More Information or Clarification, Contact:**

**John W. Turcotte  
Executive Director  
PEER Committee  
Professional Building  
Post Office Box 1204  
Jackson, Mississippi 39215-1204  
Telephone: (601) 359-1226**

# A LIMITED MANAGEMENT REVIEW OF THE VETERANS' AFFAIRS BOARD

## *INTRODUCTION*

### **Authority**

At its meeting of March 27, 1991, the PEER Committee, in response to private citizens' allegations of mismanagement, authorized a limited management review of the Veterans' Affairs Board (VAB). The Committee conducted the review pursuant to MISS. CODE ANN. Section 5-3-57 (1972).

### **Scope and Purpose**

PEER sought to determine whether the Veterans' Affairs Board manages its administrative affairs in a manner consistent with sound management principles, particularly with respect to internal controls over cash and other assets. Additionally, PEER examined management of the Mississippi State Veterans' Home with respect to facility licensure, safety, and equipment acquisition. PEER's review did not focus on VAB's claims, hospital services, or educational institution approval functions because the allegations of mismanagement did not include those functions. PEER also did not review aspects of VAB's operations which concerned the board's relations with its nursing home management company. (See **Recent Litigation Regarding the State Veterans' Nursing Home**, page 4, for further details.)

### **Methodology**

In conducting this review, PEER:

- reviewed Mississippi and federal statutes and regulations governing the operation and management of veterans' agencies and facilities;
- reviewed Mississippi and U.S. Department of Veterans' Affairs reports relative to the regulation and licensure of the Mississippi State Veterans' Home;
- interviewed representatives of Mississippi veterans' organizations; and,
- interviewed personnel and examined records of the Veterans' Affairs Board.

## Overview

PEER investigated allegations from citizens regarding the operations of the Veterans' Affairs Board, the agency which operates the Mississippi State Veterans' Home. PEER found weaknesses in the fiscal management of the Veterans' Affairs Board, safety concerns regarding the veterans' home facility and handicapped-equipped van, and irregularities in the board's administration of agency leave, per diem, and travel reimbursements.

VAB holds personal funds for the residents of the Mississippi State Veterans' Home in order to minimize the chances of theft. VAB staff has failed to account for and safeguard residents' personal funds properly, resulting in a bank balance of \$3,898 that cannot be traced to its owners (current and/or past residents). Additionally, VAB staff never obtained written authorization from thirty-eight of ninety-four residents to hold these personal funds and has been derelict in its duty to refund money it held for residents who are now deceased or discharged. In addition, VAB staff has not provided all residents with quarterly statements of their accounts.

VAB retains funds which are donated by veterans' groups for purchasing items needed by residents of the veterans' home. VAB staff has not properly accounted for all transactions involving these funds. The board lacks policies to govern the purposes and objects for which such funds may be spent, thus resulting in some questionable expenditures. Concerning other fiscal matters, VAB staff has not implemented all 1990 audit recommendations of the state Department of Audit, although the board's Executive Secretary replied in writing to the State Auditor that the board had complied in those areas.

The Mississippi State Veterans' Home is not presently in compliance with life safety code and licensure regulations of the state Department of Health and the U. S. Department of Veterans' Affairs, the agencies responsible for ensuring the facility's safety. Many of the violations cited by these agencies date back to 1989 and have not yet been corrected. In addition, the power lift mounted on the van used to transport handicapped residents of the State Veterans' Home is not properly equipped to carry wheelchair-bound persons.

In the area of general administration, VAB expends per diem and travel funds for board members' ad hoc "office visits" to Jackson without prior authorization of such and without proof that board members have rendered any service to the agency. The board lacks a formal planning methodology governing equipment acquisition and does not accurately account for the staff's accrual and use of personal and major medical leave.



## **BACKGROUND**

### **Legal Authority of the Veterans' Affairs Board**

MISS. CODE ANN. Section 35-1-7 (1972) provides that the State Veterans' Affairs Board shall assist former and present members of the armed forces to secure benefits provided for under federal or state law, cooperate with congressionally chartered veterans' organizations in the state, supervise and approve schools which receive payments from the federal government for providing education to veterans, and operate the Mississippi State Veterans' Home.

To carry out this statutory mandate, the Veterans' Affairs Board is composed of a seven-member board of gubernatorial appointees, who are appointed for seven-year terms and are not confirmed by the Senate (see MISS. CODE ANN. Section 35-1-1 [1972]). Additionally, the seven-member board is responsible for appointing a service commissioner who is to serve as the Executive Secretary to the board (see MISS. CODE ANN. Section 35-1-3 [1972]). The Executive Secretary also serves as executive director of VAB's administrative staff.

### **Agency Functions**

To assist veterans and service members in obtaining their benefits provided for under law, the Veterans' Affairs Board operates a Claims Division and a Hospital Services Division. The Claims Division represents veterans seeking benefits from the United States Department of Veterans' Affairs, including disability. This representation may consist of appealing veterans' matters to the Board of Veterans' Appeals, an administrative claims tribunal. The Hospital Services Division provides assistance to outpatient recipients of medical care, and is located in the United States Department of Veterans' Affairs Medical Center in Jackson. This division assists veterans with claims for medical care including admissions, drug and alcohol treatment, insurance claims, and burial claims.

The Veterans' Affairs Board also operates a State Approval Agency Division which conducts reviews of educational institutions which receive payments from the United States Department of Veterans' Affairs for providing education and training to veterans. This division reviews records of curriculum and enrollment of educational and training institutions and certifies them for the receipt of federal funds for the education of veterans.

The Veterans' Affairs Board also provides administrative and support services for the State Veterans' Home, which is located on South Drive in Jackson, Mississippi. The home is licensed by the Mississippi State Board of Health and the U. S. Department of Veterans' Affairs and provides long-term care to approximately 150 veterans. VAB contracts with

a nursing home management company, Compere's Nursing Home, for the day-to-day operations of the home. Under the operating agreement between VAB and Compere's, the company provides skilled nursing care to residents, while VAB provides pharmaceuticals, physicians, and facility maintenance. During FY 1991, VAB had authority to pay Compere's a maximum of \$2,135,250 for operation of the home. From this amount, Compere's paid operating expenses for the home, including staff salaries and supplies.

VAB receives funding from three primary sources: the state general fund, the U. S. Department of Veterans' Affairs, and payments made by State Veterans' Home residents. VAB's federal funds support the operations of the State Veterans' Home and VAB's state approval agency. Exhibit 1, page 5, presents VAB's FY 1991 receipts and disbursements.

### **Recent Litigation Regarding the State Veterans' Home**

In March 1991, Compere's Nursing Home filed a civil action in the Chancery Court for the First Judicial District of Hinds County against the individual Veterans' Affairs Board members. This action sought to enjoin the board from allegedly breaching its contract with Compere's on July 1, 1991, and to obtain declaratory relief stating that the contract could not be terminated until September 1992. The plaintiff, Compere's, alleged that the contract could not be terminated prior to September 1992. In its complaint, Compere's alleged that VAB entered into negotiations with Royce Delaney, a representative of another nursing home management company, for the purpose of contracting with him to operate the Mississippi State Veterans' Home. These negotiations were allegedly conducted after the Veterans' Affairs Board provided to Compere's what Compere's considered to be a notice of termination of contract on August 10, 1990. The defendant denied the material allegations of the complaint. Both parties settled this action and the court dismissed the action on August 12, 1991. Under the agreement, the contract with Compere's may not be terminated until March 1992.

Because Compere's civil complaint was active during PEER's fieldwork and the litigation centered on contractual duties of VAB and Compere's Nursing Home, PEER did not review aspects of VAB's operations which concerned the board's relations with the contractor. Historically, PEER has not reviewed any aspect of agency operations when such aspects are the principal subject of, or ancillary to, active litigation.

**EXHIBIT 1**  
**VETERANS' AFFAIRS BOARD**  
**ACTUAL RECEIPTS AND DISBURSEMENTS**  
**FISCAL YEAR 1991**

<b>BEGINNING CASH BALANCE</b>		<b>\$490,328</b>
<b>RECEIPTS</b>		
State General Fund Appropriation	\$441,674	
Federal Funding*--Dept. of Veterans' Administration	\$1,413,339	
Individual Veterans' Payments	\$1,299,204	
<b>TOTAL</b>		<b>\$3,154,217</b>
 <b>DISBURSEMENTS</b>		
Salaries, Wages and Benefits	\$653,564	
Travel and Subsistence	\$27,484	
<b>Total Personal Services</b>		<b>\$681,048</b>
Nursing Home Management Company	\$2,103,857	
Other Contractual Services	\$291,131	
<b>Total Contractual Services</b>		<b>\$2,394,988</b>
Commodities	\$122,893	
Capital Outlay-Equipment	\$24,430	
<b>TOTAL</b>		<b>\$3,223,359</b>
 <b>ENDING CASH BALANCE</b>		 <b>\$421,186</b>

\*Payments for providing nursing home care and operating the state approval agency.

SOURCE: Veterans' Affairs Board Budget Request for Fiscal Year 1993. Figures are unaudited.

## ***FINDINGS***

PEER reviewed citizens' allegations regarding VAB operations and found weaknesses regarding:

- board oversight of agency operations;
- accounting and internal controls, specifically:
  - control over personal funds of residents of the State Veterans' Home;
  - control over donated funds; and,
  - response to Department of Audit recommendations;
- life safety concerns at the State Veterans' Home, including:
  - facility safety;
  - handicapped-equipped vehicle safety;
- other administrative matters, including:
  - per diem compensation;
  - equipment acquisition; and,
  - employees' leave administration.

### **Agency Operations**

#### ***Board Oversight of Agency Operations***

**The Veterans' Affairs Board has failed in its duty to oversee the agency's Executive Secretary and administrative staff.**

The findings in this report demonstrate that the Veterans' Affairs Board has failed in its duty to oversee the operations of the Executive Secretary and board staff, specifically with regard to the operation of the State Veterans' Home and its associated responsibilities. In particular, the board's lack of oversight has resulted in:

- weaknesses in VAB's fiscal management and accounting system (see findings on pages 9 through 20);
- safety concerns regarding the veterans' home facility and handicapped-equipped van (see findings on pages 21 through 26); and,
- irregularities in the administration of agency leave, per diem, and travel reimbursements (see findings on pages 26 through 30).

It is clear that these deficiencies are not recent manifestations of fiscal constraints or the difficulties of contractor relations, but have been a part of regular operations of the agency. Most deficiencies can be traced back to 1988 in the planning and early operations stages of the State Veterans' Home. As early as 1988, a former chairman of the Veterans' Affairs Board attempted to deter staff of the state Department of Health from conducting licensure reviews of the State Veterans' Home. Such reviews would have ensured that the nursing home was designed and constructed in compliance with federal and state licensure standards. As a result of the former board chairman not allowing the state licensure reviews, the State Veterans' Home has been consistently cited for life safety deficiencies on surveys conducted by the state Department of Health and the U. S. Department of Veterans' Affairs. VAB's problems relating to accounting for donated funds can be traced back to 1988 when the first donated funds arrived at the agency. Internal control problems have existed in the agency for at least a year and a half, most dramatically exposed by a case of alleged embezzlement which occurred in May 1990. The agency's accounting and internal control deficiencies can also be traced to the Executive Secretary's failure to employ a qualified Fiscal Officer, which has resulted in serious weaknesses in the agency's accounting system.

A fundamental problem which has led to the findings cited in this report is that the board has failed to carry out its statutory mandate to govern the operations of the agency. MISS. CODE ANN. Section 35-1-7 (1972) provides, among other things, that the Veterans' Affairs Board shall *"operate the Mississippi State Veterans' Home when established as authorized by sections 35-1-19 to 35-1-29."* CODE Section 35-1-21 provides that the Veterans' Affairs Board is the governing authority for the Mississippi State Veterans' Home. Additionally and specifically this same section provides: *". . . the operation and maintenance of the veterans' home shall meet the standards of the veterans' administration with regard to the operation of state veterans' homes."* Further, MISS. CODE ANN. Section 35-1-25 provides that when funding is available, it is the duty of the Veterans' Affairs Board to *". . . provide adequate staffing to operate the veterans home. The board is authorized within available funds for such purposes to purchase such equipment as necessary to facilitate the establishment and operation of the veterans' home."*

Clearly, these provisions give the board the duty to operate the agency with respect to the Mississippi State Veterans' Home, and make decisions on the adequate staffing and equipping of same. Generally, CODE Section 35-1-7 provides that the board is authorized to promulgate policies and rules necessary to carry out the purpose of its legislation.

While individual board members have made many office visits as noted on page 27, oversight provided by the board and chairman has been neither comprehensive nor systematic. Individual board members have

gone so far as to direct staff operations, as did the current chairman when the Executive Secretary was on active military duty in February 1991, and as did a former chairman who once asked employees of the state Department of Health to leave the State Veterans' Home when these persons were attempting to conduct a licensure survey of the building. Generally, such activities would be conducted by the administrative head of an agency. Deficiencies of the sort discussed in this report require a comprehensive review and strategy for resolution if they are to be corrected. Failure to correct such problems will lead to exacerbation of the conditions noted in this report, with the worst possibilities being embezzlement on a large scale or possible injury of veterans residing in the State Veterans' Home.

### *Recommendations*

#### Agency Operations

1. The Veterans' Affairs Board should comprehensively review the agency's operations in light of this report and develop proposals for correcting deficiencies cited by PEER and other regulatory/oversight agencies. Such proposals should outline a strategy for correcting the deficiencies and should consider preventive measures for the future. Such preventive measures should consist of, but not be limited to:
  - comprehensive planning for capital acquisitions;
  - reviewing qualifications of management and technical staff responsible for correcting problems as cited herein; and,
  - determining other potential problems prior to their becoming endemic and threatening to the integrity of agency operations.
2. The Veterans' Affairs Board should review the division of responsibilities between itself as a unit, its individual members, and its staff. Throughout this review the board should be mindful that boards are rule- and policy-making entities which make legally binding decisions only when they act *in solido* and the outcomes of these decisions are duly recorded in minutes. Generally, staff directors are responsible for day-to-day management of staff and relations with other agencies and the public. Should the board require assistance in determining the boundaries of proper board/staff responsibility, it should request the Attorney General's Office to provide assistance.
3. The Veterans' Affairs Board should request the Department of Finance and Administration (DFA), as authorized by MISS. CODE

ANN. Section 27-104-3 (b) (1972), to provide assistance in the development of accounting procedures, practices, and staffing responsibilities which are consistent with generally accepted accounting principles and generally accepted auditing standards.

## **Accounting and Internal Controls**

### *Control Over Personal Funds*

**VAB staff failed to account for and safeguard residents' personal funds properly, resulting in a bank balance of \$3,898 that cannot be traced to its owners (current and/or past residents).**

The Veterans' Affairs Board does not accept responsibility for theft of personal funds kept by residents in their quarters at the State Veterans' Home. Therefore, agency staff encourage residents to deposit excess personal funds with VAB's accounting office to be deposited in a central bank account. In addition, the agency handles funds for residents who are incapable of handling their money and do not have a responsible party to provide such assistance. The agency maintains a portion of the personal funds balance as cash on hand to provide residents access to their monies for discretionary purchases such as snacks and tobacco. Agency staff maintain individual account records for each resident, and in theory the total of all individual account balances should match the balance in the central bank account added to the balance of cash on hand.

PEER reviewed the agency's accounting procedures and controls over personal funds maintained in agency bank accounts and determined that poor recordkeeping procedures, primarily bookkeeping errors, have resulted in a balance of \$3,898 that cannot be traced to its owners. While PEER has no evidence that the \$3,898 has been accumulated through embezzlement or misappropriation, VAB staff cannot determine who owns the money. This resulted because VAB staff members have not properly documented and recorded all monies held in agency bank accounts. PEER found that the total of all individual account records exceeds the personal funds bank balance by \$1,103. In addition, PEER determined that \$5,001 is not being held in the agency checking account specifically designated for residents' personal funds, but rather in a checking account designated for donations from veterans' groups and individuals. The \$1,103 shortage in the personal funds account, combined with the \$5,001 in personal funds kept in the incorrect checking account, results in a net total of \$3,898 of personal funds which cannot be traced to its owners.

VAB staff also failed to account properly for personal funds cash on hand. As noted above, cash on hand is available to residents on a daily basis during normal business hours. Agency personnel had not been counting and reconciling all cash on hand each day, although the daily

balances reached up to \$600 at times. After discussions with PEER staff, VAB staff began improvements in their cash handling procedures.

VAB staff's failure to maintain an adequate accounting system for residents' personal funds, including monthly reconciliation of accounts, severely impairs the board's ability to provide an adequate internal control structure for residents' personal funds. Adequate internal control is a necessary element for any accounting system that is charged with protecting assets and ensuring that accounting records are accurate and complete. Without an adequate internal control structure, the board's risk of accounting errors and irregularities, including embezzlement, is much higher.

The VAB Executive Secretary has known of discrepancies in the accounting records since June 1, 1990, but has ignored the problem, even though the agency was victimized by an alleged embezzlement scheme in 1990. (See page 11 for a description of the alleged 1990 embezzlement and the board's handling of the matter.) In addition, VAB does not employ a qualified Fiscal Officer with the necessary training and experience to develop and maintain a proper accounting system with an adequate internal control structure.

Because the board's Fiscal Officer position became vacant in May 1990, the Executive Secretary appointed an Administrative Secretary to perform the duties of a Fiscal Officer. The Administrative Secretary lacks sufficient accounting education and training to function as a Fiscal Officer. This lack of management oversight has already resulted in serious accounting deficiencies as noted above, and could ultimately result in liability for management (including the board), considering its level of fiduciary responsibility to residents.

**VAB staff has not adhered consistently to the board's policies and procedures regarding residents' personal funds.**

In response to a 1989 citation by the Department of Health's Health Facilities, Licensure and Certification Division for a lack of policies and procedures, the Veterans' Affairs Board established policies and procedures in the spring of 1990 for management of residents' personal funds. With the handling of residents' personal funds, the board's staff has a fiduciary responsibility to safeguard and account properly for the funds entrusted to it. VAB staff's failure to consistently adhere to board policies and procedures regarding personal funds has resulted in weaknesses relative to written authorization for the handling and withdrawal of personal funds; refunding of personal funds belonging to deceased residents; and provision of quarterly statements with account balances.



- ***VAB staff did not consistently obtain written authorization to handle personal funds of the home's residents.***

Board policies and procedures for residents' personal funds require that an agreement be signed by each resident or responsible party providing VAB authority to handle the resident's personal funds. PEER tested for implementation of this policy and found that the board staff had not obtained written authorizations for thirty-eight of the ninety-four residents holding personal funds accounts as of June 20, 1991.

Board staff require residents to initial their account logs acknowledging receipt of personal funds at withdrawal for making various purchases. PEER noted that in some cases the board employee handling the cash drawer at the front desk or the resident's social worker initials the residents' accounts at withdrawal. Board staff told PEER that because some residents are not physically or mentally capable of signing the form, board employees must provide assistance. However, the board staff has not received written authorization from such incapacitated residents or their responsible parties to make withdrawal of funds on their behalf.

In June 1991, VAB staff stated to PEER that they had developed an authorization form which would be signed by residents and parties who withdraw funds for patients. However, on August 12, 1991, in an audit of July personal funds transactions of five patients, PEER found that VAB staff had not utilized the newly developed authorization form for any of the four checks written from the accounts to individuals other than residents.

#### **Alleged Embezzlement at the Veterans' Affairs Board**

On May 30, 1990, the Mississippi State Auditor's Office, Investigative Division, reviewed records of the Veterans' Affairs Board and determined that the Fiscal Officer, David Bradshaw, allegedly had embezzled \$8,127. The alleged embezzlement occurred between February and May 1990.

At the conclusion of the investigation, Bradshaw admitted to the investigative auditor that he had embezzled the money and was arrested by the Hinds County Sheriff's Department. He resigned from his position as Fiscal Officer and pledged his state retirement funds to repay the stolen money. Mr. Bradshaw repaid the \$8,127 to the Veterans' Affairs Board on August 21, 1990.

Bradshaw allegedly embezzled the money by taking cash brought to the State Veterans' Home by families of residents who paid the residents' bills in cash. When Bradshaw received cash, he wrote a receipt, posted the resident's account as having been paid, and then kept the money.

On June 4, 1990, Pete Johnson, State Auditor, referred the case to the Hinds County District Attorney, Ed Peters. However, the District Attorney's Office took no action against David Bradshaw because he made restitution to the Veterans' Affairs Board.

- ***VAB staff has not refunded all personal funds belonging to the survivors of deceased residents.***

Board policies and procedures for residents' personal funds state that at the time of a resident's discharge, the board staff will return all funds in the resident's personal account to his or her responsible party. At the time of PEER's review, board staff had not refunded all personal funds belonging to residents who died while residing in the State Veterans' Home.

According to board records, the board owes the following monies to the responsible parties of at least two deceased residents:

- \$11 belonging to a resident who died on August 6, 1990
- \$100 belonging to a resident who died on December 16, 1990

- ***VAB staff does not send quarterly statements to all residents (or their responsible parties) as required by the board's personal funds policies and procedures.***

Board policies and procedures for residents' personal funds state that the board will provide quarterly statements to residents (or their responsible parties) for whom the board is holding personal funds. In actual practice, VAB staff members do not comply with this requirement. Board staff members told PEER that for approximately half of the residents with personal funds accounts, they note the residents' personal funds balances on their monthly statements of account for long-term care. However, board staff do not maintain a record of these notations. The remaining residents who have personal funds accounts are not notified in writing as to their balances.

#### *Control Over Donated Funds*

**The Veterans' Affairs Board's lack of policies governing donated funds has resulted in inadequate protection and accounting of such funds and questionable expenditures.**

In March 1988, ten months prior to the completion of the State Veterans' Home and admission of residents, the Veterans' Affairs Board began receiving undesignated donations from individuals and various veterans' groups. At its meeting on April 12, 1988, the Veterans' Affairs Board voted to utilize these donated funds for the personal care needs of the home's residents. As of April 30, 1991, the board had received a total of \$30,532 in donated funds, of which \$12,621 had been expended by VAB staff.

Although the Veterans' Affairs Board defined the use of the donated funds in April 1988, the board did not establish policies governing the

accounting and expenditure of such funds. Without such policies, the board effectively delegated to the Executive Secretary the authority to determine the use of donated funds, with limited input or control by the entire board. The board's lack of policies governing donated funds has resulted in improper accounting of such funds and questionable expenditures.

- *The board's Executive Secretary and staff did not adequately protect and properly account for donated funds.*

Although the board began receiving donated funds in March 1988, the board's Executive Secretary and staff did not open a checking account in which to deposit the donations until December 8, 1988, nine months after receipt of the first donation. During this nine-month period, board staff stored the donations, which amounted to \$19,027, in the Executive Secretary's small stand-alone safe. The Executive Secretary told PEER that he did not deposit the donated funds into a commercial bank because he encountered difficulties with the Department of Finance and Administration (DFA) in opening a donated funds checking account outside the state treasury. However, DFA records show that the Executive Secretary did not request that a checking account be opened until August 1, 1988, five months after the board received its first donation check. In addition, the Executive Secretary and staff did not open a checking account until December 8, 1988, three months after DFA authorized the opening of the account on September 9, 1988.

During the nine months that the donated funds were not deposited in a bank account, the Executive Secretary and staff did not maintain formal accounting records on the donations. They simply collected the checks and eventually made one deposit for \$19,027 in December 1988. However, because the Executive Secretary and staff did not maintain donor records and did not retain the \$19,027 deposit slip, PEER could not verify the accuracy and composition of the initial deposit. PEER questioned the Executive Secretary and Administrative Secretary (who functions as a Fiscal Officer) regarding the donor records and received conflicting and unsubstantiated answers regarding the donated funds. After repeated inquiries by PEER regarding the existence of donor records, the Administrative Secretary eventually produced a listing of donors, which she admitted might not have been correct. The listing provided donor amounts for the initial deposit and all subsequent deposits. PEER noted that the Administrative Secretary's donor listing for the initial deposit amounted to \$19,427 rather than the \$19,027 recorded on the bank statement. Neither the Executive Secretary nor the Administrative Secretary could explain the \$400 discrepancy. In addition, PEER identified one donation on the Administrative Secretary's list amounting to \$500 which was deposited into the agency's clearing account rather than the donated funds account. PEER located no evidence in the agency's

accounting records that VAB staff has transferred the \$500 donation into the correct account.

The internal accounting control principle of asset protection requires that all transactions be recorded at the proper amount, in the proper account, and in a timely manner. Because the Executive Secretary and his staff failed to adequately protect donated funds, the agency is unable to account for at least \$400 of donated funds. In addition, the lack of asset protection and timely deposit resulted in the agency's loss of \$237 interest income (based on the list of donations provided to PEER).

- ***The Executive Secretary, with approval of at least one board member, made questionable expenditures from donated funds.***

On October 30, 1989, VAB staff began making expenditures from the donated funds checking account. Since that time, the staff has made twenty-nine separate expenditures totaling \$12,621. Exhibit 2, page 15, presents the amounts and an explanation for the ten largest expenditures. Of these expenditures, PEER questions the necessity of three expenditures amounting to \$3,843, as detailed below.

- *Tractor*--On May 13, 1990, the Executive Secretary purchased a small 1952 Ford agricultural tractor from William Burt, an acquaintance of the Executive Secretary, for \$2,000. The tractor was to be used by the home's maintenance staff to mow the lawn and clear the home's acreage. The Executive Secretary told PEER that he purchased the 1952 model tractor because he knew someone who had the tractor at a good price. However, PEER determined that the tractor's average value is only \$520. At the time of PEER's inspection, the tractor had a flat tire, showed no evidence of use (dirt on tires) and had a wooden window frame and boxes stored beside and on it.
- *Garden tiller*--On January 24, 1990, the Executive Secretary purchased a garden tiller for \$1,242 to be used in the home's recreational garden. According to the Executive Secretary, the home had a recreational garden in 1990 but did not have one in 1991. Therefore, the tiller was utilized only during one year for its intended purpose.
- *Satin athletic jackets*--On November 6, 1990, the Executive Secretary purchased twenty-four satin athletic jackets printed with the board's logo for \$601. PEER received conflicting explanations regarding the necessity for and utilization of the athletic jackets. Although they were reportedly purchased for use by residents when traveling outside the State Veterans' Home, the jackets were actually distributed to VAB personnel and the home's management company staff. Because board staff did not maintain

**EXHIBIT 2**

**TEN LARGEST EXPENDITURES MADE BY VAB'S EXECUTIVE  
SECRETARY FROM DONATED FUNDS**

Jackson Trophy & Engraving	\$ 466.41	Engraved plaques
Troy-Bilt Manufacturing Company	1,242.30	Garden tiller
Roses	250.00	Treadmill
William D. Burt	2,000.00	1952 Ford tractor
Lillypons Water Gardens	211.70	Water lilies
Tommy-Lift Gate Company	1,330.00	Hydraulic lift for van
Award Specialties, Inc.	618.15	Satin athletic jackets
S.N. Thomas	981.00	Bed blankets
S.N. Thomas	1,719.00	Thermal blankets
Jackson Cigar & Tobacco Company	<u>2,612.59</u>	Canteen inventory*
Total	\$11,431.15	
	=====	

\* The nursing home residents' association operated the home's canteen for eighteen months and experienced a total loss of \$2,612.59. The Veterans' Affairs Board closed the canteen and paid off its accrued debts with donated funds. Reportedly, neither the nursing home residents' association nor VAB's staff maintained accounting records for the canteen.

SOURCE: VAB records.

records on the distribution of the jackets, PEER could not locate any evidence to prove that the State Veterans' Home residents received benefit of the athletic jackets.

As previously stated, the Veterans' Affairs Board has not established specific guidelines to govern the use of donated funds. As a result, only five of the twenty-nine donated funds expenditures were approved by the entire board and recorded in its official minutes. The remaining twenty-four expenditures were approved by virtue of a board member co-signing the checks with the Executive Secretary. The questionable expenditures listed above clearly resulted from the board's failure to establish expenditure policies for donated funds and the Executive Secretary's poor judgement regarding the necessity or appropriateness of some of the items purchased. PEER questions the board's lax attitude toward the expenditure of funds donated by interested individuals and organizations for the benefit of the nursing home's residents.

#### *Failure to Implement Department of Audit Recommendations*

**At the time of PEER's review, VAB staff had not implemented at least eight FY 1990 audit recommendations of the state Department of Audit, although the Executive Secretary had replied in writing to the State Auditor that the board had complied in those areas.**

In April 1991 the Department of Audit submitted a management letter to the Veterans' Affairs Board which resulted from the department's FY 1990 audit of the agency. The management letter contained seventeen financial audit findings and requested the board to provide a written corrective action plan for the deficiencies by May 20, 1991. The Executive Secretary provided a response to the Department of Audit which stated that VAB staff had implemented all audit recommendations. PEER reviewed the staff's compliance with the recommendations and determined that, contrary to the Executive Secretary's written statement of compliance, the board staff had not implemented at least eight of the Department of Audit's recommendations, as detailed below.

- *Segregation of duties*--The Department of Audit noted that the board's Administrative Secretary (who functioned as a Fiscal Officer) prepared deposit slips and applications for receipt warrants, deposited funds, reconciled bank statements, and posted receipts to the accounting records. The Department of Audit recommended segregation of these duties to the greatest extent possible to avoid possible improper accounting and/or misappropriation of agency funds. The Executive Secretary reported to the Department of Audit that the agency implemented this recommendation within allowed staffing in June 1990. At the time of and subsequent to the Executive Secretary's response, the

Administrative Secretary (who functioned as a Fiscal Officer) was still performing the five functions listed above.

- *Independent verification*--The Department of Audit recommended that board personnel independent of the receiving and depositing functions regularly compare receipts logs to bank deposits. The Executive Secretary reported to the Department of Audit that board staff implemented this recommendation in June 1990. The board's Administrative Secretary (who functioned as a Fiscal Officer) told PEER that she was responsible for both depositing funds and comparing receipts logs to bank deposits. She stated she planned to assign the function of comparing receipts logs to deposits to a secretary in the office, but had not as of May 1991.
- *Timely bank deposits*--The Department of Audit recommended that the board's bank deposits be made on a timely basis as required by state law (MISS. CODE ANN. Section 7-9-21). The Executive Secretary reported to the Department of Audit that the agency implemented this recommendation in June 1990. Despite the Executive Secretary's assertion, PEER found that all of the agency's bank deposits are still not being made in a timely manner. In April and May 1991, board staff deposited \$281,223 into the agency's checking accounts. On average during this period, VAB staff waited five days after receipt of checks or cash before depositing the funds into checking accounts. Because the staff did not make daily deposits as required by state law, the agency lost the opportunity to earn approximately \$176 in interest over a two-month period.
- *Transfer of agency funds from clearing accounts*--The Department of Audit recommended that the board staff transfer funds from the agency's clearing account to the state treasury on a timely basis as required by state law (MISS. CODE ANN. Section 7-9-21 [1972]). The Executive Secretary reported to the Department of Audit that the agency implemented this recommendation in June 1990. However, PEER found that the board staff transferred funds to the state treasury an average of once every twenty-three days instead of daily or weekly as required by state law.

The staff's non-compliance with the state's timely deposit laws has resulted in the board's holding balances of \$100,000 or greater in its checking accounts on twenty-six different days from July 1990 through April 1991. Because bank balances over \$100,000 are not secured by the Federal Deposit Insurance Corporation (FDIC), the Department of Audit recommended that the board obtain collateral from any bank which holds cash balances exceeding \$100,000. If the board staff complies with the Department of Audit's recommendation to transfer funds to the Treasury on a timely

basis, then the board should have no further problem with having bank balances exceeding \$100,000.

- *Restrictive endorsement on checks*--The Department of Audit recommended that the board require employees to endorse checks restrictively with a rubber stamp at the earliest possible moment. The Executive Secretary reported to the Department of Audit that the agency implemented this recommendation in June 1990. During this review, PEER found that all employees responsible for receiving checks have not been properly trained to adhere consistently to the recommendation and immediately restrictively endorse checks upon their arrival at the agency. The goal of safeguarding the agency's assets will not be accomplished unless all employees understand and adhere to such agency policies.
- *Proper submission of purchase orders*--The Department of Audit recommended that the board staff prepare and submit to the Department of Finance and Administration all purchase orders on or before the day the purchase is made, as required by MISS. CODE ANN. Section 7-7-23 (1972). Department of Audit officials stated that the Veterans' Affairs Board had violated the law in the area of drug purchases. The Executive Secretary reported to the Department of Audit that the agency implemented this recommendation immediately. However, PEER examined VAB's drug purchases for a two-month period and determined that for all nineteen purchases during this period, the board staff did not send purchase orders to the Department of Finance and Administration until invoices were received from vendors.
- *Inventory Records*--The Department of Audit found that the value of the board's property and equipment as contained in the agency's records for purposes of the Comprehensive Annual Financial Report (CAFR) did not agree with the values contained in records of the Department of Audit's Division of Property Inventory. The Department of Audit recommended that the board staff research the values of its property and equipment and reconcile its records with those of the Division of Property Inventory. The Executive Secretary reported to the Department of Audit that the agency implemented this recommendation immediately. However, PEER found that VAB staff had not yet reconciled its records and that on June 30, 1991, the unreconciled difference between the two sets of records totalled \$284,430. VAB staff have not yet determined the proper value of the inventory so that the records may be reconciled.
- *Value of agency's land*--The Department of Audit recommended that the board staff obtain documentation supporting the value of the land donated for construction of the veterans' home. The board did not report the fair market value of the land to the department's Division of Property Inventory as required by state accounting



policies. The board staff reported the land's value at \$10, the amount cited on the deed of trust, instead of its fair market value. The Executive Secretary reported to the Department of Audit that the agency implemented this recommendation immediately. However, PEER found that the agency's records continue to value the donated land at \$10.

### *Recommendations*

#### *Control Over Personal Funds*

1. The Veterans' Affairs Board should request the Department of Finance and Administration to provide accounting assistance to the board staff to establish and implement an accounting system which properly safeguards and accounts for residents' personal funds.
2. The Veterans' Affairs Board should request the Department of Finance and Administration to provide accounting assistance to the board staff to reconcile current personal funds records and determine the proper ownership and accounting of the unaccountable \$3,898 in personal funds. Once owners of the unaccountable funds are identified, board staff should ensure that residents to whom the personal funds belong are given proper credit.
3. In the future, Veterans' Affairs Board staff should reconcile monthly the individual personal funds accounts with the accounting ledger to prevent another instance of unaccountable personal funds.
4. The Veterans' Affairs Board should direct the Executive Secretary to immediately fill the vacant Fiscal Officer position to oversee the board's accounting functions, including those relating to personal funds.
5. The Veterans' Affairs Board should require its staff to report at the monthly board meetings the balances of residents' personal funds accounts (including both fiduciary and personal discretionary accounts), the changes in the accounts during the month, and the ending balances in the personal funds checking account. The board staff should also provide this same information monthly to the residents to whom the personal funds belong. This procedure would force the staff to reconcile personal funds monthly and inform the board (which is ultimately responsible for overseeing the accounts) monthly as to the status of the funds.
6. The Veterans' Affairs Board should immediately obtain written authorization from all residents (or their responsible parties) who have personal accounts to allow the board's staff to handle and withdraw these funds. The board staff should always obtain authorization

signatures of residents (or their designated signatories) when personal funds are withdrawn.

7. The Veterans' Affairs Board should immediately refund personal funds owed to responsible parties of discharged or deceased residents. In the future, board staff should close out the personal funds accounts of discharged or deceased residents monthly and refund amounts owed to them or their responsible parties.

#### Control Over Donated Funds

1. The Veterans Affairs Board should request the Department of Finance and Administration to provide accounting assistance to the board staff to establish and implement an accounting system which properly safeguards and accounts for donated funds. In addition, the board should request DFA's assistance in determining the status of the \$400 of unaccountable donated funds identified by PEER.
2. The Veterans' Affairs Board should immediately transfer the \$500 donation located by PEER from the agency's clearing account to the donated funds account.
3. The Veterans' Affairs Board should develop policies which stipulate who may approve the expenditure of donated funds--i.e., the entire board, board chairman only, staff only, or a combination of those. The policies should also address the conditions under which donated funds may be expended and establish dollar limitations for such expenditures.
4. Because social workers and other direct care workers have constant contact with residents and know their collective needs, the Veterans' Affairs Board and staff should solicit input from the nursing home's management company prior to the expenditure of donated funds.
5. The Veterans' Affairs Board should prepare an annual report of all donations and expenditures from donated funds and provide such report to donors and other interested parties upon request.

#### Response to Department of Audit Recommendations

1. The Veterans' Affairs Board should direct its Executive Secretary to immediately implement all Department of Audit recommendations which have not been fully implemented. In addition, the board should request the Department of Audit to perform an unannounced on-site review within the near future to ensure the Executive Secretary's implementation of such recommendations.

## Life Safety Concerns

### *Facility Safety*

In January 1990, the Mississippi State Veterans' Home, operated by the Veterans' Affairs Board, admitted its first resident. This home is licensed by both the Mississippi Department of Health and the United States Department of Veterans' Affairs. While operations of the home are contracted out to a management company, the Veterans' Affairs Board is the licensee for the Mississippi State Veterans' Home.

In carrying out their responsibilities as grantors of a license to operate the State Veterans' Home, the United States Department of Veterans' Affairs and the Mississippi Department of Health conduct inspections of the veterans' home facility. These inspections are known as surveys.

The United States Department of Veterans' Affairs is authorized to inspect any long-term care facility which receives funding for care of veterans. 38 U.S.C. 642 (a) provides that the United States Department of Veterans' Affairs administrator:

*. . . may inspect any State home at such times as the Administrator deems necessary. No payment or grant may be made to any home under this subchapter unless such home is determined by the Administrator to meet such standards as the Administrator shall prescribe. . . .*

Further, 38 C.F.R. 17.167 provides that the inspections may extend to:

*. . . physical plant, records relating to admissions, discharges, and occupancy; fiscal records; and all other areas of interest necessary to a determination of compliance with applicable laws and regulations relating to the payment of Federal aid.*

Physical plant conditions are, according to 38 C.F.R. 17.177, governed by the National Fire Prevention Association's Life Safety Code. This code sets standards to insure that buildings are properly protected against fire, and that the licensee maintains exits and alarm systems properly to protect persons from injury or death.

Mississippi State Department of Health regulations also apply to long-term care facilities. Mississippi Department of Health Rule 402.1 provides:

*The licensee shall be the person who the Department of Health will hold responsible for the operation of the home in compliance with these regulations.*

At present, the Executive Secretary of the Veterans' Affairs Board, Frank Godwin, is listed as the licensee representing the Mississippi State Veterans' Home.

Mississippi Department of Health regulations, like the United States Department of Veterans' Affairs regulations, relate to the safety of the veterans' home facility. These regulations apply to quality of care and facility conditions. Additionally, the Mississippi Department of Health may also apply the same Life Safety Code used by the United States Department of Veterans' Affairs in matters related to fire safety.

**The Veterans' Affairs Board and staff have not maintained the State Veterans' Home facility in accordance with state and federal safety regulations.**

In the opinion of the U. S. Department of Veterans' Affairs and the Mississippi Department of Health, the State Veterans' Home is not in complete compliance with these agencies' regulations related to life safety and licensing. In its February 1991 survey, the U. S. Department of Veterans' Affairs found that the facility violated several provisions of the Life Safety Code. During the Mississippi Department of Health's 1991 licensure review of the State Veterans' Home, the department found licensure violations at the facility, in addition to Life Safety Code violations (see Exhibit 3, page 23). According to the U. S. Department of Veterans' Affairs, many of the deficiencies noted in February 1991 have remained unchanged since 1988. Many of the deficiencies cited by the Mississippi Department of Health have been unchanged since the 1989 survey of the State Veterans' Home. In May 1991, the board's Executive Secretary responded to both the U. S. Department of Veterans' Affairs and the Mississippi Department of Health survey deficiencies with plans of correction. As of July 25, 1991, neither agency had commented on the adequacy of the plans of correction.

Some of the deficiencies may be explained by the fact that throughout the course of the construction of the Mississippi State Veterans' Home, a former VAB chairman questioned the jurisdiction of the Mississippi Department of Health over the facility. As a result, plans of the home and construction were not reviewed by the Mississippi State Department of Health. This lack of review at the planning stage of construction is a direct cause of certain deficiencies such as the lack of window screens, the failure to install double sinks in the kitchen, and the lack of proper internal doors and ventilation dampers.

Even after completion of the home, some of these deficiencies could possibly have been corrected prior to the time of this report had members of the VAB not deliberately prohibited surveyors of the Mississippi

**EXHIBIT 3**  
**PRINCIPAL SAFETY VIOLATIONS FOUND AT THE MISSISSIPPI STATE**  
**VETERANS' HOME CITED IN 1991 REVIEWS**

<u>VIOLATION</u>	<u>CITED BY</u>	<u>RULE/STANDARD VIOLATED</u>
Fire alarm panel 200 ft. from nurses' station	DVA	Life safety code
Combination locks on C wing doors	DVA	Life safety code
C wing door could not be opened on demand	DVA	Life safety code
Sprinklers/fire extinguisher equipment not tested since 1988	DVA	Life safety code
Lack of window screens	SDH	Licensure regs.
Lack of double sink for food preparation	SDH	Licensure regs.
No separation of areas for clean/ soiled dishes	SDH	Licensure regs.
Lack of automatic dampers in smoke walls	SDH	Licensure/life safety
Holes in smoke walls	SDH	Licensure/life safety
Lack of certain exit lights	SDH	Licensure/life safety
Internal doors with locks impede resident movement	SDH	Licensure/life safety

SOURCE: Department of Veterans' Affairs (DVA); Mississippi State Department of Health (SDH)

Department of Health from surveying the Mississippi State Veterans' Home in December 1988.

Violations of licensure and Life Safety Code provisions are significant, as these provisions are promulgated to insure that long-term-care facility licensees safeguard the care and well-being of residents. Many of the conditions cited by the Mississippi Department of Health and the U. S. Department of Veterans' Affairs, including Life Safety Code violations, could result in imminent threat to resident life if a fire broke out in the home. Locked doors and unlighted exits could prevent residents from moving out of danger quickly. Improper operation of dampers could cause smoke to move quickly throughout the home and cause persons to be unable to move out of danger.

### *Handicapped-Equipped Vehicle Safety*

**The Veterans' Affairs Board van used to transport handicapped residents is not in compliance with recommended federal safety standards for transporting wheelchair-bound persons.**

The VAB uses a 1984 Dodge van to transport State Veterans' Home residents to hospitals, doctors, and stores. Residents who are confined to wheelchairs must have special traveling accommodations to insure that they can be transported safely. Last year, at a cost of approximately \$1,300, VAB staff retrofitted its van with a hydraulic lift, commercially known as a "tommy lift," to lift wheelchairs into the van. According to the Executive Secretary, and confirmed by PEER observation, the van is still being used to transport residents and is still equipped with the lift.

To assist providers of handicapped transportation, the U. S. Department of Transportation, Urban Mass Transit Administration, has developed recommended standards governing the proper equipment and operation of handicapped lifts. Although the VAB is not required to abide by these standards and has not violated any law or regulation of federal government, such standards serve as guidelines for safe operation of handicapped-equipped vehicles.

The VAB van meets many Urban Mass Transit Administration standards, such as type and dimensions of the lift, weight capacity, and presence of straps. However, in observing the operation of the lift, PEER noted that:

- The lift has no guard rails or barriers to prevent a wheelchair from rolling off the lift.
- The lift has a slick metal surface rather than a non-skid surface.

- The van has no lights or signals to warn any vehicles which may be approaching the van when it is in the process of loading or unloading a resident.

Urban Mass Transit Administration standards recommend that a lift should have:

- edge guards one inch high running the full length of the lift;
- an outer barrier which restrains the wheelchair from rolling off the lift when the lift is in operation; and,
- an inner roll stop to restrict forward rolling of the chair.

Additionally, Urban Mass Transit Administration standards state that the lift should have a platform of a slip-resistant material, handrails, and warning lights and audible alarms to notify motorists that the lift is in use.

As a result of the failure to equip the VAB van properly, the lift is not safe. In an attempt to reduce the risks created by this condition, VAB requires an employee to stand and hold the wheelchair while it is being lifted. This will not insure that the chair will not slide if the van is parked on a slope, or if the person holding the chair loses his grip. If such happens, a resident could be injured as the result of the VAB's improper lift equipment. Additionally, an employee of the management firm has noted that VAB staff does not always adhere to its policy of requiring an employee to hold a wheelchair while the lift is being raised level to the back of the van. PEER observed an employee of the VAB loading a person onto the van the morning of June 20, 1991, and noted that the employee holding the chair had a cast on one hand, and could provide only a limited measure of safety, as he was able only to hold the resident's wheelchair with one hand.

As noted above, the van is seven years old and, according to the board's Executive Secretary, he could not justify equipping an aging van with the proper lift to accommodate handicapped persons.

### *Recommendations*

#### Life Safety Concerns

1. The Veterans' Affairs Board should cooperate with the Mississippi Department of Health and the U. S. Department of Veterans' Affairs regarding the correction of physical plant deficiencies cited by the two agencies.

2. Using existing funds, the Veterans' Affairs Board should acquire the proper type of lift to transport handicapped persons safely into the van. Care should be taken to acquire a lift which can be retrofitted to a new van if the lift outlasts the present Veterans' Affairs Board van.

### Other Matters

PEER reviewed certain aspects of the Veterans' Affairs Board's per diem compensation, equipment acquisition, and leave administration practices in response to allegations that the agency does not administer such in accordance with legal standards.

#### *Per Diem Compensation*

**The Veterans' Affairs Board has violated MISS. CODE ANN. Section 35-1-5 (1972) regarding the use of per diem and travel reimbursement by its lack of review and prior authorization of compensation for board members' office visits.**

The Veterans' Affairs Board, like other governing bodies of state agencies, may receive per diem and actual travel expenses for travel associated with the agency's work. MISS. CODE ANN. Section 35-1-5 (1972) provides that members of the board may receive per diem and expenses when meeting or "*while in the performance of other official duties in connection with the work of the board as authorized or directed by the board.*"

In response to an allegation that Veterans' Affairs Board members were receiving per diem and travel reimbursement for non-agency-related activities, PEER reviewed VAB's FY 1991 travel and per diem through April 1991 and determined that documentable expenses for ad hoc "office visits" (excluding regularly scheduled board meetings) had been incurred by the following board members:

<u>Member</u>	<u>Amount</u>
W. B. Mathis, Chairman	\$2,069.58
George Delavorias	389.15
Fred Metcalf	1,966.37
Billy Ford	281.08
James Davis	94.20



VAB's files for these expenditures contained no proof of prior board authorization for these visits, as the files routinely do for out-of-state travel to veterans' conferences, and no proof of board members' delivering any measurable product or service to the agency with the exception of when 1990-91 Chairman W. B. Mathis provided oversight of staff activities while the Executive Secretary was on active duty with the military in February 1991. The total for Chairman Mathis noted above excludes all office visits during February 1991.

This condition is attributable to board/agency inattention to the requirements of law that travel reimbursement and per diem compensation be paid only for carrying out functions of the agency and when such travel is authorized by the board. Additionally, the present chairman, W. B. Mathis, has noted that he believes that as chairman, it is his responsibility to check on office operations at his discretion, and determine whether the Veterans' Affairs Board is being properly administered.

While oversight of the operations of the VAB staff is a proper, advisable board activity (see finding on page 6), state law confers no authority upon individual board members to define their duties and responsibilities relative to the execution of board functions. MISS. CODE ANN. Section 35-1-7 (1972) provides for duties of the board and speaks of the board as a unit and not of the duties of individual board members acting individually without board authorization. Under such circumstances individual board members should not assume that they may make office visits without prior approval of the board and be consistent with the command of the statutes governing the operations of the Veterans' Affairs Board.

### *Equipment Acquisition*

#### **The Veterans' Affairs Board lacks a formal planning methodology governing the acquisition of equipment.**

A citizen's allegations regarding VAB's purchase of a 1952 tractor from private funds generated some concerns regarding VAB's equipment acquisition decisions. Additionally, veterans' organizations have shown concern as to how VAB expends donated funds. Problems regarding the proper equipping of the State Veterans' Home to make it comply with licensure and Life Safety Code regulations of the Mississippi Department of Health and the U. S. Department of Veterans' Affairs also make the review of equipment acquisitions a matter of importance.

The board's Executive Secretary told PEER that there is no plan to govern the procurement of equipment or other capital items. VAB bases procurement on whatever is needed at a given time, a procedure referred to as "fighting fires" by the Executive Secretary. The board and staff apply the same approach to preventive maintenance on equipment.

At present, VAB is responsible for providing equipment to the veterans' home, including furniture, kitchen equipment, and maintaining the physical plant in compliance with state and federal regulations governing facility safety. PEER reviewed VAB's approach to procurement and found no system for determining the agency's critical needs, and budget requests for fiscal years 1988 through 1992 show nothing in the way of a ranking of agency needs.

Agencies should develop a needs assessment system to determine what should be purchased and when purchases should be made. While such is not required under law, use of a needs assessment system would be prudent for an agency such as the Veterans' Affairs Board, which is directly responsible for the safety of up to 150 veterans residing in the State Veterans' Home. Such a needs assessment would help insure that the board effectively carries out its duty under MISS. CODE ANN. Section 35-1-25 (1972) to "*purchase such equipment as necessary to facilitate the establishment and operation of the veterans' home.*" Such an assessment methodology could involve agency managers and contractors and would require them to discuss the agency's most critical needs. The assessment could be based on management's ranking of needs from "urgent" (operations seriously impaired) to "deferrable" (failure to fund will not impair operations). In state government, the Central Data Processing Authority plans the acquisition of data processing equipment for the state. During the planning process this agency attempts to anticipate the data processing environment for the next five years and projects user needs. The VAB could utilize such a process to ensure efficiency in its capital acquisitions.

The continuation of a "fire-fighting" approach to procurement could mean that the agency will continue to face problems such as the ones VAB is now facing. In the past year, VAB acquired a new station wagon for \$13,000 and a 1952 Ford tractor for \$2,000. Meanwhile, the agency is in violation of Life Safety Code provisions because of flaws in the fire walls and doors of the veterans' home. Problems of the latter sort, if not corrected, could seriously impair the agency's ability to deliver services and could result in injury or death. Further, it is estimated by the Executive Secretary of the Veterans' Affairs Board that most of the repairs needed to correct State Veterans' Home Life Safety Code and licensure violations could be made for approximately \$50,000. The money expended on extremely dated tractors and a lawfully purchased but supplemental vehicle would have helped defray the cost of the most urgent repair needs.

The "fire-fighting" approach to procurement is a product of managerial inexperience of VAB staff. The Executive Secretary has noted that neither he nor his staff had experience in planning for operations of such a large facility as the State Veterans' Home.

## *Employees' Leave Administration*

### **VAB staff does not accurately account for the accrual and use of personal and major medical leave.**

As the result of certain allegations regarding possible abuse of leave policies by the VAB's Executive Secretary, PEER reviewed certain leave records of the Executive Secretary and other employees to determine whether the agency properly accounts for leave accrual and usage.

The Executive Secretary did not violate leave policies of the state when he went on active military duty during 1991 by being paid by VAB while being on active duty. He used military and personal leave while he was on active duty and away from the offices of the Veterans' Affairs Board.

However, in other cases the agency has not properly accounted for leave accrued or expended. This improper accounting consisted of a lack of correct leave balances carried over from month to month, and a lack of leave records to balance with leave slips. Specific examples of improper accounting are:

- One employee, for whom no July 1990 leave slips are on record, had deducted from his leave balance 432 hours of leave.
- For three other employees, total leave taken as evidenced by leave slips did not match agency leave accounting balances.

Agencies should be aware that leave is a property right guaranteed under MISS. CODE ANN. Sections 25-3-93 and 25-3-95. Such leave may be used at the conclusion of employment for retirement purposes (CODE Section 25-11-109), may be transferred to another agency if the employee obtains employment elsewhere in state government (CODE Section 25-3-97), and up to thirty days of personal leave may be cashed in by an employee upon termination of employment (CODE Section 25-3-93). For these reasons CODE Section 25-3-97 requires that agencies keep *accurate* leave records.

Included in an accurate leave record would be correct calculation of leave used and leave accrued, as well as reconciliation of leave slips to balances. Failure to properly account for leave usage could result in employees' gaining undeserved benefits from a lack of reconciliation of records or employees losing rights guaranteed under law.

The cause of this condition at the Veterans' Affairs Board is poor bookkeeping and a lack of supervision of the employee keeping leave records. VAB's Executive Secretary is responsible for supervising the employee who maintains leave records. It is this supervisor who allowed a loss of 432 hours of his own leave to be deducted improperly without comment or correction.

## *Recommendations*

### Other Matters

1. The Veterans' Affairs Board should cease the practice of paying per diem and travel for office visits unless the following conditions occur:
  - the board specifically authorizes such; and,
  - the board members authorized to incur such travel expenses provide specific and documentable evidence of work performed while visiting VAB offices.
2. The Veterans' Affairs Board should develop a needs assessment system to ensure that the highest ordered needs are met when acquiring equipment for VAB and/or the State Veterans' Home. Such a system should consist of agency and contractor assessment of VAB's needs, a ranking of most critical to least critical, an evaluation of the consequences associated with failure to meet a need, and an assessment of the costs associated with each need.
3. The Veterans' Affairs Board should maintain accurate leave records consistent with legal requirements. Such a system should ensure that all leave is accrued in accordance with law and so recorded. Additionally, all leave deducted from VAB staff's leave balances should be traced to corresponding leave slips. A supervisor should review and approve all leave records before they are considered final.

**AGENCY RESPONSE**  
**State of Mississippi**



"BY VALOR AND ARMS"

**State Veterans Affairs Board**

STATE VETERANS HOME  
4607 LINDBERG  
JACKSON, MS 39209  
(601) 354-7205

October 1, 1991

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**RESPONSE OF THE STATE VETERANS' AFFAIRS BOARD  
TO A LIMITED MANAGEMENT REVIEW CONDUCTED  
BY PEER**

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***INTRODUCTION***

This document constitutes the response of the Mississippi State Veterans' Affairs Board to the findings and recommendations in the Executive Summary of the Limited Management Review of the Veterans' Affairs Board which was conducted by the PEER Committee in the months of April through August of 1991. In this response, the Board will respond to each of the categories set forth in the Executive Summary by pointing out inaccuracies where they are present, corrective actions taken by the Board, and other responses.

***BACKGROUND***

The Mississippi State Veterans' Affairs Board has been in existence since 1948. It is composed of seven members from throughout the state and it is administered by Executive Secretary, Frank Godwin. Up until construction of the

Mississippi State Veterans' Home, the Board functioned primarily to assist former and present members of the armed forces in securing benefits provided under Federal or State Law. The Board also supervised and approved schools which receive payments from the Federal Government for providing education to veterans.

Primarily through the efforts of the members of the Board and the Executive Secretary, the Board was blessed with enabling legislation in 1980 to construct the State Veterans' Home. After many years of efforts, funding was finally secured from the State Legislature and construction was begun in 1987. Construction was completed in October 1988 and the first Veteran was admitted to the Home in January, 1989. The first entering class of veterans consisted of two (2). Today, the number of veterans being cared for in the Home has risen to 150. Care is given

for veterans of all wars and of all races, religions, and both sexes. All of the veterans are unable to care for themselves and require constant supervision and care. Twenty-two (22) veterans are currently housed in the Alzheimer's wing of the Home.

The Board is proud that it was the entity that secured enabling legislation to fund and construct the Home. The Board is also proud that it currently administers first rate care for 150 veterans in this state. However, the Board is also cognizant that the sudden rise in its obligation and responsibility brought about in the administration of the Home, has caused the board to experience what might best be labeled as "growing pains." These growing pains have included increases in staff and responsibility for fiscal management. They have also included physical plant and health care delivery problems. The Board's budget went from approximately \$600,000.00 in fiscal year 1986 to over \$3,000,000.00 for each of the fiscal years 1987 to the present. In light of these drastic changes, the Board is proud of the administration of the Home and is pleased with the minimal number of adverse findings in the report. the Board appreciates the efforts of the PEER Committee and is taking immediate steps to respond to and correct any deficiencies which can be corrected.

As a footnote, the Board would like to point out to the PEER Committee that when the Board

sought enabling legislation and funding for the Home, the Board promised the Legislature and other state agencies that the Home would be administered at no cost to the State of Mississippi. The Board is proud to report that the Board has accomplished that goal in each year of its operation. In addition, the administration of the Home has saved the tax payers of the State of Mississippi medicare and medicaid expenditures for the 150 nursing Home residents.

## *FINDINGS*

The Board concurs that there have been minor problems with fiscal management at the Board. These problems have occurred because the two fiscal officers hired by the Board and pre-tested and certified by the State Personnel Board proved to be inadequate, and, in the one case, criminal. The Board agrees that there may be weaknesses in the Boards' oversight of agency operations and the Board is taking steps to correct those weaknesses, however, the Board objects to a general categorization of the Board as experiencing "weakness." In addition, the Board acknowledges that there have been some safety citations, (which, for the most part, have now been corrected), but the Board objects to the general characterization that "unsafe conditions" exist at the Home. On the contrary, the Board feels that anyone who might conduct a personal inspection of the Home would find it to be clean, safe, and superior to any other nursing

Home facility in the state. Finally, the Board acknowledges that employee leave, equipment acquisition, per diem compensation, and travel reimbursement all need to be improved and the Board is working on that.

### *Agency Operations*

The Board concurs that most of the facility safety citations can be traced to the construction stages of the Home. This has placed the Board in the difficult position of having to address construction problems with limited amounts of funding. The Board suspects that the alleged "safety problems" identified in the report are minimal in comparison to safety problems that might exist in other state facilities. The Board regards it as unfair to saddle it with a critical report regarding an already constructed facility.

The Board has struggled with oversight of its agency. The Board has vacillated between allowing its staff to perform its duties and giving "hands on" control. The Board agrees with general recommendations that the Board sit down and set forth a plan for administration of the Home, and the Board has set about to do that. The Board agrees that the suddenly increased fiscal responsibilities of the Board resulted in some problems. At the initial stages of receipt of donated funds in 1988, there were internal control deficiencies which continue to exist. However, the Board does

not regard the criminal act of the fiscal officer as indicating serious problems in the control of the funds. On the contrary, the Board would like to point out to the PEER Committee that the theft by the fiscal officer was discovered by Executive Secretary Godwin within two (2) months and all funds were recovered within six (6) months. The Board regards this to be indicative not of "dramatically" exposing problems, but of good, heads up attention by its staff. At this point, the Board would also like to point out that it regards editorial comments in the PEER report such as the word "dramatically" as being inappropriate to an audit summary by a State Administrative Review Agency.

### *Accounting and Internal Controls*

The Board acknowledges internal control weaknesses in control over personal funds, control over donated funds, and the agency's response to the Department of Audit's Fiscal Year 1990 recommendations. However, the Board would like to point out that all of these problems have resulted from the inadequate performance of the two fiscal officers which were hired by the Board and approved by the State Personnel Board. The Board hopes that PEER will understand that every state agency might have deficiencies in performance by some of its employees, including, for example, the Attorney General for the State of Mississippi who recently had to terminate his white collar crime investigator for embezzlement

of funds.

### *Control Over Personal Funds*

The Board would like to clarify at the outset of this response to this category that it has not ever been shown in one single circumstance that a resident of the Home or a member of his family has ever requested an accounting for personal funds and the Board was unable to account for those funds. If the report of the PEER staff would be accepted as true, it would simply mean that the Board is in a situation where it has more money than it should have. While the accounting deficiency in such a situation would have to be admitted, the Board is pleased that the deficiency is on the plus side instead of on the minus side.

The Board is responsible for housing 150 aged, infirm, and incapacitated veterans. Those veterans receive checks from different sources on a monthly basis, such as Social Security, Military Retirement, and veterans benefits. The veterans need to utilize those funds to pay for their care at the Home and personal expenditures for things like cigarettes, toiletries and clothing. It is common practice at nursing Homes in the private and public sector to establish personal accounts for each of the residents to handle the receipt of these monies and payment of the resident's obligations. So, when the Board staff encourages residents to deposit personal funds in personal accounts with the Board office, it is doing

so as a part of a custom and practice in the nursing Home industry. In addition, the Board does admit that its staff encourages all of the residents to deposit excess personal funds with the VAB accounting office, but this is because failure to do so would result in theft or other loss of those funds.

The Board acknowledges that there were problems with the initial establishment of proper accounting procedures to handle both personal accounts and donated funds. When the Board first started the Home, the State Department of Treasury authorized only one account for the receipt of funds. This resulted in the Board having to deposit donated funds, personal funds, patient care funds, and other revenues in one account. After this first account reached \$100,000.00, the Treasury authorized the establishment of another account, but it is clear that a sufficient number of accounts were not authorized in the initial stages to properly handle all of the different funds coming in. The Board acknowledges these deficiencies. The Board also acknowledges that the fiscal officers which were hired to handle these matters performed inadequately.

After receiving an audit by the State Department of Audit, and, acting upon the recommendations of the State Department of Audit, current members of the staff of the Board established proper clearing and trust accounts for each of these categories of funds. At



present, personal funds are received in a personal funds account. When funds need to be transferred for payment of patient care, those funds are transferred from each patient account in the personal funds account to a "clearing house" account from which checks are written to the Board and the State Treasury in compensation for patient care. Again, this current procedure was established at the recommendation of the State Department of Audit and we have been found in two (2) audits by the State Department of Audit to be in compliance with their regulations. The Board acknowledges that there may be a certain amount of money, such as \$5,001.00, which is currently held in the donated funds account, but which should be moved to the clearing house account for patient care. Again, this situation resulted from the inadequate bookkeeping procedures of the prior fiscal officers. Upon proper instruction from the State Department of Audit, the Board will immediately transfer the funds to the proper account.

The Board acknowledges that at the time of the PEER report, there were thirty eight residents for whom written authorizations had not been received. As of the writing of this response, however, that situation has been corrected and all written authorizations have now been secured. The Board would like to explain that those thirty eight residents for whom the Board did not have written authorization were residents who were in the Home prior to

instructions from the State Health Department to obtain those written authorizations. The Executive Secretary of the Board acknowledged to the Board that he obtained written authorizations from all residents being admitted after the date of those instructions but did not obtain it from those who were already residents. Again, that situation has been rectified.

The Board acknowledges that there were two (2) situations where residents' personal funds were not immediately refunded to the resident upon their discharge. Those accounts are set forth below:

- i. \$100.00 payable for J. P. Moore.
- ii. \$11.00 payable for William Patterson.

The Board would like to state that it is proud of its record in making proper refunds to over 260 residents who have been discharged prior to the date of the PEER report, and, while it regrets any time lapse in refunding these two (2) accounts, it does feel that it has proper procedures in place to make proper refunds. In short, this is not a matter of "inconsistency," but merely a matter of two (2) oversights which represents only .07 percent of the refunded accounts.

The Board acknowledges that quarterly statements of personal funds accounts have not been provided to the residents. The Board would like to explain that the Board

provides monthly statements to its residents of the current balance of account. The Board feels that supplying more statements than required was compliant with the Board policy.

#### *Control Over Donated Funds*

The Board acknowledges that it has not had a policy for the receipt and expenditure of donated funds except that all funds had to be expended with prior Board approval. The Board recognizes that this has been and will continue to be a problem and the Board has immediately set out to correct this deficiency. At the last Board meeting on September 12, 1991 Board Chairman Mathis appointed an ad hoc committee to address this problem.

The Board acknowledges that the Board staff did not open a checking account to deposit donations until December 8, 1988. This resulted from the fact that the Board had not yet received approval from the State Department of Treasury to open the account. It was the Board's understanding then and now that before anyone could open an account approval must be obtained. The Board also found that response from the private sector to the construction of the Home was so enthusiastic, that checks began arriving long before the Board was equipped to handle the receipt of those funds. For example, the Board did not have a fiscal officer at that time, nor had it moved into the current nursing Home facility.

The Board believes that this

problem has been corrected since the end of the nine (9) month period referred to in the PEER report. All donated funds are deposited upon receipt in a "Donated Funds Account." No interest has been lost on any donated funds since the problem was corrected in 1989.

The Board acknowledges that there is a \$400.00 accounting error in the donated funds and the Board is investigating the origin of that error. The Board appreciates the PEER Committee pointing out that deficiency.

The Board has made the three (3) purchases referred to in the report, namely, the 1952 Ford tractor, the garden tiller and the athletic jackets. Two of these purchases were made after proper approval by the Board. (Minutes attached hereto as Exhibit 1).

The Board regards the PEER report conclusion that the expenditures were "questionable" as being subjective judgment. For example, members of this Board are also engaged in farming and it is their opinion that the Ford tractor described with bush hog attachment and disk is well-worth the price of \$2,000.00. When the PEER staff was present at the facility, the tractor was not in use because it had a flat tire and had been stored for the winter when grass does not need to be cut. The tractor was in use prior to that time and is presently in use at the facility. The tiller is used every year and was purchased for the purpose of giving Home

residents the opportunity to enjoy flower and truck gardening. Jackets were purchased for the purpose of promoting esprit decor and identification at public functions. The Board does not regard the purchase and use of these jackets as being any different from the purchase of any other uniform by any other state agency.

The Board acknowledges that there is no system for determining how to utilize private donations and the Board appreciates the criticism and has immediately begun implementation of a plan to come up with regulations for both the receipt and the use of said funds.

#### *Failure to Implement Department of Audit Recommendations*

The Board regards Audit deficiencies as being the result of two inadequate fiscal officers and not having one at all. The Board has immediately implemented orders to the staff to retain part time accounting help to meet the audit findings. In addition, the Board, at its last meeting on September 12, 1991 instructed the Executive Secretary to immediately begin recruitment of a fiscal officer.

#### *Life Safety Concerns*

##### *Facility Safety*

The Board acknowledges that there have been citations on eleven (11) items in the Board's 76,000 square foot facility. All of these eleven

(11) citations were for items of construction. The Board confesses that it has wrestled with how to correct major deficiencies in construction, such as the lack of window screens in a central air conditioned facility. The Board has retained a new Maintenance Supervisor who has quickly brought all but one of the safety violations into a corrected status. Attached hereto as Exhibit 2 are documents evidencing correction of the citations.

The Board wants the PEER Committee to know that it has responded to the citation of these eleven (11) items and has taken immediate corrective action.

#### *Handicapped-Equipped Vehicle Safety*

The Board agrees that the U.S. Department of Transportation's Urban Mass Transit Administration standards are not applicable to the Board.

The Board believes that the expenditure of \$1,300.00 for a totally adequate hydraulic lift for wheel chairs is a credit to the agency, since a new van purchased for this purpose would have cost in excess of \$28,000.00. Or, a modification of the existing 1983 van would have cost in excess of \$9,000.00. The Board believes that the Executive Secretary and other persons who made the decision to make the modification should be complimented in providing adequate substitutions for expensive features. However, since the point has been

brought up, the Board has budgeted funds in FY 93 for the purchase of a handicapped van.

### *Other Matters*

#### *Per Diem Compensation*

The Board acknowledges that many of its members have made trips to the Home for the purpose of assisting in the administration of the Home. These trips were the result of dedication by the individual members to a proper administration of care for the veterans. Since the PEER report has been received by the Board, the Board acknowledges that it may not have had in place procedures and regulations for monitoring of this activity and the Board, intends to implement a new regulation for this activity.

#### *Equipment Acquisition*

The Board acknowledges that it does not have an equipment acquisition plan. The Board regards that as a good suggestion and the Chairman of the Board has appointed an ad hoc committee to study development of such a plan.

With regard to subjective comments about the purchase of the new station wagon for the Home, the Board would like to point out that without the station wagon, there is only one vehicle for the use of 150 residents of the Home. The van with the wheelchair lift is dedicated to carrying wheelchair residents back and forth to the hospital. When this van is not available or is

otherwise in use, there is no other vehicle for the use of transportation of veterans.

#### *Employees' Leave Administration*

The Board is pleased that in regard to twenty-eight (28) employees of the Board, PEER was only able to find two (2) instances of improper documentation with regard to employee leave. The Board is advised that there was an improper accounting with regard to the leave of the Executive Secretary which occurred in the transfer of records from fiscal year 1990 to fiscal year 1991. The Board is also pleased that the PEER staff has recognized that the Executive Secretary did not violate leave policies when he went on Active Duty during Operation Desert Storm. In addition, the Board is proud to have had in its employ a member of the successful forces involved in that operation.

The other improper record keeping situation occurred with regard to a new maintenance employee who failed to turn in his leave request slip.

The Board has reviewed agency procedures for compilation of leave time and feels that the procedures are in compliance with state law; however, the Board has instructed the Executive Secretary to immediately contact the State Personnel Board to secure advise and guidance with regard to personnel policies involving employee leave in particular and employee relations, discipline and conduct in general.

# RECOMMENDATIONS

## *Agency Operations*

1. At its September 12, 1991 meeting, the Board Chairman appointed an ad hoc committee to begin comprehensive planning for capital acquisitions. The Board Chairman also instructed the Executive Secretary to review all staff qualifications.

2. Finally, as a result of your PEER report, the Board is intent upon determining other potential problems prior to becoming threatening to the integrity of the agency. The Board acknowledges that it has struggled with responsibilities between itself and the staff and this has become a problem since the construction of the Home. The Board feels that it has been the victim of "growing pains" and is cognizant of the fact that it needs to review the divisional responsibilities between itself, its individual members and its staff.

3. Attached to this response (as Exhibit 3) is a copy of a letter from Board Chairman W. B. Mathis to the Department of Finance and Administration requesting assistance in the development of accounting procedures, practices and staffing responsibilities, etc.

## *Accounting and Internal Controls*

### *Control Over Personal Funds*

1. The Board has requested assistance from the Department of Finance and Administration

to provide accounting assistance. In addition, the Board has instructed the Executive Secretary to immediately seek temporary assistance from private accounting firms to improve accounting procedures. Finally, the Board has instructed the Executive Secretary to immediately begin the process of hiring a new fiscal officer.

2. The Board has responded to suggestion number two (2) and it has requested assistance from the Department of Finance and Administration to provide accounting assistance to the Board staff to reconcile current personal funds records and determine the proper ownership and accounting of any unaccountable funds. In addition, the Board has instructed the Executive Secretary to immediately hire a fiscal officer and it has also instructed the Board staff to immediately begin attempts to account for the amounts identified by PEER.

3. The Board has instructed the Executive Secretary to immediately fill the vacant fiscal officer position.

4. At its September 12, 1991 meeting, the Board agreed to change its meeting schedule to meet once every month. At that time, the Board will receive reports from the staff. In addition, the Board voted at its September 12, 1991 meeting to require the Executive Secretary to provide monthly accountings of fiduciary accounts.

5. Immediately upon receipt of the Executive Summary of this report, the Executive Secretary of the Veterans' Affairs Board secured all written authorizations which were identified by the report.

6. The two (2) personal funds accounts identified by PEER were immediately refunded and there are no personal funds accounts which are due to discharged patients.

The Board would like to point out that despite the fact that over \$30,000.00 has been received in donated funds, only \$12,621.00 has been expended. The balance of these funds has earned \$4,917.01 in interest. The Board has attempted to be prudent with the expenditure of these funds and feels that the healthy balance of remaining funds is evidence of that.

#### *Control Over Donated Funds*

1. The Veterans' Affairs Board has requested the Department of Finance and Administration to provide accounting assistance to the Board staff to establish and implement an accounting system which properly safeguards and accounts for donated funds. This request for assistance includes a request for assistance in determining the status of \$400.00 in allegedly unaccountable donated funds. (See attached Exhibit 3).

2. The Board is cognizant that PEER staff requests the immediate transfer of \$500.00 (we believe the figure should be \$5,001.00), in donated funds, however, the Board

believes that it would be more prudent to await assistance from the Department of Finance and Administration before transferring these funds. Short of such assistance, perhaps when a new fiscal officer is employed, these funds can be properly transferred.

3. At its September 12, 1991 meeting, the Chairman of the Board appointed an ad hoc committee to develop regulations and policies for the receipt and dispersal of donated funds.

4. At its September 12, 1991 meeting, the Board directed an ad hoc committee to study the development of procedures for the receipt and disposition of funds and to consult with social workers and other direct care workers with regard to the needs of nursing Home residents. In addition, the ad hoc committee was directed to consult with donating organizations and nursing Home facilities throughout the state to solicit input as to how donated funds could best be used.

5. At its September 12, 1991 meeting, the Board directed the Executive Secretary to prepare an annual report of all donations and expenditures from donated funds and provide such report to donors and other interested parties upon request.

#### *Response to Department of Audit Recommendations*

1. At its September 12, 1991 meeting, the Board instructed

its Executive Secretary to immediately implement all Department of Audit recommendations which could be implemented given staff availability. In addition, the Board directed the Executive Secretary to immediately obtain temporary financial and accounting assistance and to begin steps to hire a fiscal officer. Finally, the Board has requested the Department of Audit to perform an unannounced on site review within the very near future. (Attached hereto as Exhibit 4).

### *Life Safety Concerns*

1. The Board agrees that it should cooperate with the Mississippi Department of Health and the U.S. Department of Veterans' Affairs regarding the correction of physical plant deficiencies cited by the two (2) agencies. The Board has taken actions to correct all but two (2) of the deficiencies. With regard to the two (2) deficiencies that have not been corrected, the Board agrees that cooperation should take place in order to secure a waiver of those deficiencies if possible. The Board regards both of those deficiencies to have resulted from the modern construction of the facility and not from any defect. (Central air windows and dishwasher).

2. The Board has made provisions in its fiscal 1993 budget for a new van with a handicap lift. The Board believes that the existing van is adequate and safe until then. The Board would like to

point out once again that it is in violation of no safety regulations which apply to it.

### *Other Administrative Matters*

1. At the Boards' August 6, 1991 meeting the Board passed a regulation regulating travel for Board members. The Board intended to also cover Per Diem but, through a clerical error, did not. The Board will take up Per Diem at its next meeting.

2. At the Boards' September 12, 1991 meeting, the Chairman of the Board appointed an ad hoc committee to study development of a new assessment system for the purchase of equipment and other matters.

3. The Board has inspected the leave record system and believes that it is in compliance with state law. However, the Board has instructed the Executive Secretary to consult with the State Personnel Board to refine such procedures.

### *SUMMARY TO INTRODUCTION BACKGROUND AND FINDINGS*

#### *Conclusion*

The State Veterans' Affairs Board is proud that it is the force which was responsible for the implementation of legislation for authorization and construction of the Home. The Board feels that the State Veterans' Home is a model nursing Home within the State of Mississippi which has been copied by many states. The Board is proud of this

accomplishment. The Board would also like to point out that the Executive Secretary of the Board has been instrumental in all of these accomplishments. The Board confesses that it has struggled with some of the new-found growth and fiscal responsibility and acknowledges that there are minor defects in the Boards' administration of the Home, particularly in the area of fiscal affairs, where the Board has had unfortunate experiences with two (2) prior fiscal officers. The Board hopes that the hiring of a new fiscal officer will begin to alleviate many of these problems. The Board would also like to point out that due to the neophyte status of this agency as it relates to the administration of a 150 bed nursing Home, every step is a new step. In this regard, the Board has functioned for several years without guidance as to exactly what should be done and appreciates the review by the PEER committee in the provision of administrative assistance in refining the activities of the staff and the Board. The Board can assure the PEER Committee that it will take all steps within its power to implement the suggestions contained in the PEER report and to continue to make the State Veterans' Home and the State Veterans' Affairs Board a leader in the United States in providing benefits and nursing care to veterans.

Respectfully submitted,

Mississippi State Veterans'  
Affairs Board

BY:  \_\_\_\_\_



**EXHIBIT 1**

**BOARD APPROVAL FOR PURCHASES (MINUTES)**

- a) The transaction of business and discussion of personnel matters and the character , and professional competence of a person;
- b) Strategy sessions or negotiations with respect to prospective litigation."

The motion was seconded by W. B. Mathis. The total vote was as follows:

Davis	<u>Aye</u>
Ford	<u>Aye</u>
Mathis	<u>Aye</u>
Delivorias	<u>Aye</u>
Shofner	<u>Aye</u>
Bahr	<u>Aye</u>
Metcalfe	<u>Aye</u>

EXECUTIVE SESSION CALLED TO ORDER

For minutes see Appendix "A".

EXECUTIVE SESSION ADJOURNED

Director Godwin pointed out that he has been advised from the Office of Financial Control that the Board should approve all purchases in excess of \$500.00. To comply with request Member Davis made a motion that the Board give Director Godwin permission to purchase the necessary drugs and medical care, as necessary, without approval of the Board. Seconded by James Shofner. Passed 7-0.

Member Shofner made a motion that the Board approve Director Godwin's request for the purchase of a tiller, \$1,300.00, and a tractor, \$2,500.00, out of donated funds. Seconded Gail Bahr. Passed 7-0.

W. B. Mathis made a motion that the Board write a letter to the Governor asking that James Davis be reappointed to the Board. Seconded by George Delivorias. Passed 7-0.

TRAVEL

The following National travel plans were approved.

VFW National Convention - Members Mathis and Ford

American Legion National - Members Metcalfe, Shofner and Delivorias

U.S. Troop Carriers Convention - Member Bahr.

Washington, D.C. - Director Godwin (twice).

State Home's Conference (Washington State) - Director Godwin.

State Directors (Florida) - Director Godwin, Becky Wells, Karen Tackett and Carol Parvin.

-4-

TRUE COPY

April 10, 1990 Statutory Board Meeting

*Frank Godwin*

Notary Authority MS Code  
1972 (Annotated) Section 35 1-15

**EXHIBIT 2**

***DOCUMENTS EVIDENCING CORRECTIONS  
OF SAFETY CODES***

*Life Safety Code Violation:*

Fire alarm panel 200 ft. from nurses' station (DVA)

*Narrative:*

Attached is a copy of the Department Veterans Affairs, United States Government, letter which outlines their recognition of the fire panel problem and plan to move the panel.

Southern Region

1500 E. Woodrow Wilson Drive  
Jackson, MS 39216-5199**Department of  
Veterans Affairs**

September 6, 1991

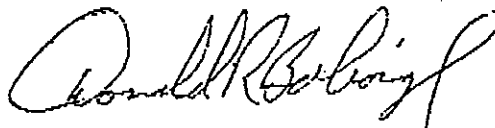
In Reply Refer to: (133)

Tom Denniston (088B1)  
VA Central Office  
810 Vermont Avenue, N.W.  
Washington, D.C. 20420

SUBJ: Fire Alarm System Annunciator Panel at the State  
Veterans Home, Jackson, MS

1. Per our conversation of September 3, 1991, an inspection was made on September 4, 1991, of the current location of the Simplex Fire Alarm System annunciator panel at the State Veterans Home, Jackson, MS. The inspection was made in cooperation with Judy Patterson, Safety Specialist, VA Medical Center, Jackson, MS.
2. The annunciator panel is currently located just inside the front entrance lobby area where there is no staffing on a 24 hour basis. A counter and desk located immediately in front of the annunciator panel would suggest that this location may have been designed as a receptionist or security station, but is not being used as such now.
3. The fire alarm system is a noncoded system so when an alarm sounds responding personnel must leave the work area and go to the panel to find out where the fire is. This could cause a delay in response to a fire situation at the home. The panel should be relocated or an auxiliary panel should be installed at a control center or other location that is staffed on a 24 hour basis. The center nurses' station, which will be closest to the nursing shift supervisor's office, appears to be a good location.
4. References for the above recommendation are as follows:
  - a. NFPA 101, Life Safety Code (1991), Chapter 13, Existing Health Care Occupancies, Paragraph 13-3.4.1. references Section 7-6 of the code.
  - b. NFPA 101, Paragraph 7-6.6.1. requires alarm indicators to be installed in a control center at a convenient location acceptable to the authority having jurisdiction.

- c. NFPA 101, Paragraph 7-6.7.2. requires alarm annunciation at the control center to be by means of audible and visible indications.
  - d. NFPA 72 (1990), Paragraph 2-4.6.1. requires the annunciator panel to be located where responding personnel can quickly and accurately identify the location of a fire. "All required annunciation means shall be readily accessible to responding personnel and shall be located, as required by the AHJ, to facilitate an efficient response to the fire situation."
5. Please refer any questions or comments to me by calling FTS: 542-1298. Thank you for the opportunity to be of assistance.



Donald R. Boboige  
RSFPE, Region 3

cc: SRSFPE (133)  
Chief Engineer (138); VAMC, Jackson, MS

*Life Safety Code Violation:*

Sprinklers/fire extinguisher equipment not tested since 1988 (DVA)

*Narrative:*

Attached are copies of the City of Jackson's fire department report signed by Captain John Kelley that shows the sprinkler system has been tested and is operating.

HEALTH CARE OCCUPANCIES

Date: 8-9-91

Building: Ms. State Veterans Home

Occupant: Frank Godwin

Location: 4607 Lindsbergh Dr.

Reinspection Date: \_\_\_\_\_

Deficiencies noted by a check mark

- 1. Penetrations of fire barriers are filled with a material capable of maintaining the fire resistance of the fire barrier.
- 2. Means of egress are maintained in accordance with N.F.P.A. 101 chapter 5 and Section 13-2.
- 3. Required aisle, corridor, or ramp has at least 48 inches of clear width. Adjunct areas have at least 44 inches of clear width.
- 4. Illumination of means of egress is in compliance with N.F.P.A.101 chapter 5 Section 8.
- 5. Emergency lighting is in accordance with N.F.P.A. 101 Section 5-9.
- 6. Marking of means of egress is in compliance with N.F.P.A. 101 Section 5-9.
- 7. Hazardous areas protected by one hour fire resistance rating.
- 8. Commercial cooking equipment complies with N.F.P.A. 96.
- 9. Interior finish on walls and ceilings are class A or B.
- 10. Newly installed interior floor finish in corridors and exits shall be class I.

- 11. Fire alarm system is in accordance with N.F.P.A. 101 Section 7-6.
- 12. Smoke detectors are in compliance with standard codes.
- 13. Sprinkler system complies with standard codes.
- 14. Portable fire extinguishers are in accordance with N.F.P.A. 10.
- 15. Heating, Ventilating, and Airconditioning systems complies with applicable codes.
- 16. Evacuation plan is in accordance with N.F.P.A. 101 Section 31-4.
- 17. Portable space heating devices are permitted to be used only in nonsleeping staff and employee areas when the heating elements are limited to 212° F.
- 18. Smoking regulations adhered to.
- 19. Electrical in compliance with N.F.P.A. 70.

REMARKS AND CORRECTIVE ACTION TO BE TAKEN

Deficiencies listed on report dated 7-30-91 have been corrected

Approved

Inspector: John Keller  
Copy delivered to: John A. Myer



HEALTH CARE OCCUPANCIES

Date: 2-30-91

Johnny Ramsey

Building: Mo. State Veterans Home

Occupant: Lonnie Alexander

Location: 4607 Lindbergh Dr.

Reinspection Date: 8-9-91

Deficiencies noted by a check mark

- 1. Penetrations of fire barriers are filled with a material capable of maintaining the fire resistance of the fire barrier.
- 2. Means of egress are maintained in accordance with N.F.P.A. 101 chapter 5 and Section 13-2.
- 3. Required aisle, corridor, or ramp has at least 48 inches of clear width. Adjunct areas have at least 44 inches of clear width.
- 4. Illumination of means of egress is in compliance with N.F.P.A.101 chapter 5 Section 8.
- 5. Emergency lighting is in accordance with N.F.P.A. 101 Section 5-9.
- 6. Marking of means of egress is in compliance with N.F.P.A. 101 Section 5-9.
- 7. Hazardous areas protected by one hour fire resistance rating.
- 8. Commercial cooking equipment complies with N.F.P.A. 76.
- 9. Interior finish on walls and ceilings are class A or B.
- 10. Newly installed interior floor finish in corridors and exits shall be class I.

- 11. Fire alarm system is in accordance with N.F.P.A. 101 Section 7-6.
- 12. Smoke detectors are in compliance with standard codes.
- 13. Sprinkler system complies with standard codes.
- 14. Portable fire extinguishers are in accordance with N.F.P.A. 10.
- 15. Heating, Ventilating, and Airconditioning systems complies with applicable codes.
- 16. Evacuation plan is in accordance with N.F.P.A. 101 Section 31-4.
- 17. Portable space heating devices are permitted to be used only in nonsleeping staff and employee areas when the heating elements are limited to 212° F.
- 18. Smoking regulations adhered to.
- 19. Electrical in compliance with N.F.P.A. 70.

REMARKS AND CORRECTIVE ACTION TO BE TAKEN

- ① Alarm was sounded. Fire dept. did not receive alarm. Repair immediately.
- ② Repair exit door next to C112 to open freely.
- ③ Repair directional exit light out next to room D123.
- ④ Chain or strap compressed gas cylinders.

Inspector: John Keller  
 Copy delivered to: Johnny Ramsey



HEALTH CARE OCCUPANCIES

Date: 10-5-89

Building: MS State Vet. Home

Occupant: Bob Burkett

Location: 4607 Lindbergh Dr.

Reinspection Date:

Deficiencies noted by a check mark

- 1. Penetrations of fire barriers are filled with a material capable of maintaining the fire resistance of the fire barrier.
- 2. Means of egress are maintained in accordance with N.F.P.A. 101 chapter 5 and Section 13-2.
- 3. Required aisle, corridor, or ramp has at least 48 inches of clear width. Adjunct areas have at least 44 inches of clear width.
- 4. Illumination of means of egress is in compliance with N.F.P.A. 101 chapter 5 Section 8.
- 5. Emergency lighting is in accordance with N.F.P.A. 101 Section 5-9.
- 6. Marking of means of egress is in compliance with N.F.P.A. 101 Section 5-9.
- 7. Hazardous areas protected by one hour fire resistance rating.
- 8. Commercial cooking equipment complies with N.F.P.A. 96.
- 9. Interior finish on walls and ceilings are class A or B.
- 10. Newly installed interior floor finish in corridors and exits shall be class I.

- 11. Fire alarm system is in accordance with N.F.P.A. 101 Section 7-6.
- 12. Smoke detectors are in compliance with standard codes.
- 13. Sprinkler system complies with standard codes.
- 14. Portable fire extinguishers are in accordance with N.F.P.A. 10.
- 15. Heating, Ventilating, and Airconditioning systems complies with applicable codes.
- 16. Evacuation plan is in accordance with N.F.P.A. 101 Section 31-4.
- 17. Portable space heating devices are permitted to be used only in nonsleeping staff and employee areas when the heating elements are limited to 212° F.
- 18. Smoking regulations adhered to.
- 19. Electrical in compliance with N.F.P.A. 70.

REMARKS AND CORRECTIVE ACTION TO BE TAKEN

Deficiencies listed on previous report have been corrected.

Approved

Inspector: John Kelley

53 Copy delivered to Joe Bas

HEALTH CARE OCCUPANCIES

Date: 1/25/89

Building: Ms. State Veterans Home

Occupant: Bob Burkett

Location: 4607 Lindbergh

Reinspection Date: Call 960-2018

Deficiencies noted by a check mark

- 1. Penetrations of fire barriers are filled with a material capable of maintaining the fire resistance of the fire barrier.
- 2. Means of egress are maintained in accordance with N.F.P.A. 101 chapter 5 and Section 13-2.
- 3. Required aisle, corridor, or ramp has at least 48 inches of clear width. Adjunct areas have at least 44 inches of clear width.
- 4. Illumination of means of egress is in compliance with N.F.P.A. 101 chapter 5 Section 8.
- 5. Emergency lighting is in accordance with N.F.P.A. 101 Section 5-9.
- 6. Marking of means of egress is in compliance with N.F.P.A. 101 Section 5-9.
- 7. Hazardous areas protected by one hour fire resistance rating.
- 8. Commercial cooking equipment complies with N.F.P.A. 96.
- 9. Interior finish on walls and ceilings are class A or B.
- 10. Newly installed interior floor finish in corridors and exits shall be class I.

- 11. Fire alarm system is in accordance with N.F.P.A. 101 Section 7-6.
- 12. Smoke detectors are in compliance with standard codes.
- 13. Sprinkler system complies with standard codes.
- 14. Portable fire extinguishers are in accordance with N.F.P.A. 10.
- 15. Heating, Ventilating, and Airconditioning systems complies with applicable codes.
- 16. Evacuation plan is in accordance with N.F.P.A. 101 Section 31-4.
- 17. Portable space heating devices are permitted to be used only in nonsleeping staff and employee areas when the heating elements are limited to 212° F.
- 18. Smoking regulations adhered to.
- 19. Electrical in compliance with N.F.P.A. 70.

REMARKS AND CORRECTIVE ACTION TO BE TAKEN

Re: 1 - locations where piping is penetrating fire barrier wall - rooms B144, A108 and A116.

Re: 7 - found fire doors blocked open in kitchen.

20 - Remove dirt from around the fire hydrant located north of laundry.

Re: 11 - Fire alarm system shows trouble repair immediately.

Inspector: Capt. John Kelly

54 Copy delivered to R. Burkett

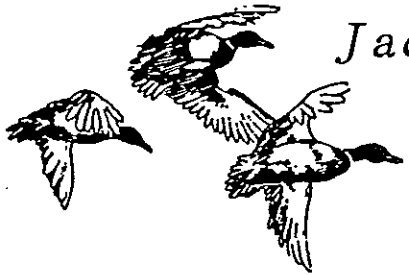
*Licensure Regulation Violation:*

Lack of double sink for food preparation (SDH)

*Narrative:*

Attached is a copy of an invoice from Jackson Restaurant Supply showing that a stainless steel, two compartment, sink was purchased and installed. Also attached, is a copy of a state payment voucher showing payment of the invoice.

V0000201620  
61520



Jackson  
Restaurant  
Supply

N 4969  
INVOICE

326 Culbertson Ave. • P.O. Box 20329  
Jackson, Mississippi 39209 • 601/353-0513

SOLD TO MISSISSIPPI STATE VETERAN'S AFFAIR BOARD  
4607 LINDBERG  
JACKSON, MS. 39209

DATE 24 JUNE, 19 91

TERMS: NET CASH • NO DISCOUNT

SALESMAN	ORDER NO.	CASH	G.O.D.	CHARGE	REC'D ON A/C	RET'D. MOSE.
JOE	AS PER QUOTE 20-MAY-1991					
✓	QTY. ORD'D	QTY. REC'D	DESCRIPTION		UNIT PRICE	TOTAL
	1		STAINLESS STEEL TABLE TOP FOR EXISTING TABLE. INSTALLED		738.12	
	1		TWO (2) COMPARTMENT STAINLESS STEEL SINK WITH 2 DRAIN BOARDS. TO INCLUDED A 12" SWING FAUCET. INSTALLED.		1326.27	
ALL ACCOUNTS ARE NET 10 DAYS. 1½% PER MONTH ON BALANCE OVER 30 DAYS.					SALES TAX	
					TOTAL	2064.39

**CREDIT PROVISIONS:**  
Where Financing has been arranged in advance with the seller the following provisions shall apply:  
1. Credit approval shall be obtained and approved by the Credit Department in the home office and no salesman is authorized to extend credit. All equipment and supplies remain the property of Jackson Restaurant Supply until paid in full.  
2. Buyer agrees to waive and release seller from all defenses, rights, claims, and offsets the buyer may have against the seller. Buyer agrees to pay all collection costs, including reasonable attorney fees.  
3. All transactions involving credit extended by the seller shall be controlled by the laws of Mississippi.

**WARRANTIES AND CONDITIONS OF SALE:**  
NEW EQUIPMENT is furnished with full factory warranty. Parts and labor not covered by factory warranty will be charged to the customer.  
USED EQUIPMENT is sold as is, with no guarantee other than it is in operating condition when delivered.

DATE

*Sammy Ramsey*  
BUYER

**STATE OF MISSISSIPPI**  
**PAYMENT VOUCHER**  
 (Formerly - Requisition for Issuance of Warrant)

001190477

7-19-91

TO: Department of Finance & Administration  
 JACKSON, MISSISSIPPI

**PV** No. 731 / N<sup>o</sup> 1281  
 (Dept. No. / Serial No.)

Please issue disbursement warrant as follows:

Vendor Number: V0000201620

Date 7/10/91 Fiscal Year Ending June 30, 1991

Pay to: **JACKSON RESTAURANT SUPPLY**  
 326 CULBERTSON AVENUE  
 P O BOX 20329  
 JACKSON MS 39209

Scheduled Payment Date

To settle claim as shown by invoice or evidence of claim attached, all for goods received or services rendered for the use and benefit of the State, chargeable as follows:

PO Number (Dept. No./Serial No.)	PO Line Number	Date of Invoice	Invoice Number	For Department Use	Fund No.	Account Code	Amount
731/4285-A	01	6/24/91	4969		3732	61520	\$2,064.39
<b>TOTAL AMOUNT OF THIS PAYMENT VOUCHER</b>							<b>\$2,064.39</b>

Name of Department **STATE VETERANS AFFAIRS BOARD**  
 4607 LINDBERGH DRIVE  
 JACKSON, MS 39209

**CERTIFICATION**

I hereby certify that the above claim is just, due, correct and unpaid, that the goods sold or services rendered have been delivered or performed in good order and that all statutory requirements covering the payment of this claim have been complied with, and I now request issuance of disbursement warrant in payment thereof.

Countersigned (if required):

Signed: Frank Godwin  
 By Frank Godwin  
 Title Executive Secretary

Title \_\_\_\_\_

*Licensure Regulation/Life Safety Code Violation:*

Lack of automatic dampers in smoke walls (SDH)

*Narrative:*

Attached is a copy of the invoice from Mississippi Controls, Inc. that shows seven hours labor used to connect the automatic damper system into the HVAC system's computer. Also attached is a copy of a payment voucher that paid for the labor.





**STATE OF MISSISSIPPI**  
**PAYMENT VOUCHER**  
 (Formerly - Requisition for Issuance of Warrant)

001074443  
 5-8-91

TO: Department of Finance & Administration  
 JACKSON, MISSISSIPPI.

PV No. 731 / 1044  
 (Dept. No. / Serial No.)

Please issue disbursement warrant as follows:

Vendor Number: **V0000839030**

Date **4/30/91** Fiscal Year Ending **June 30, 1991**

Pay to: **MISSISSIPPI CONTROLS, INC.**  
**4801 NORTH STATE STREET - SUITE 306**  
**JACKSON MS 39206**

Scheduled Payment Date

To settle claim as shown by invoice or evidence of claim attached, all for goods received or services rendered for the use and benefit of the State, chargeable as follows:

PO Number (Dept. No./Serial No.)	PO Line Number	Date of Invoice	Invoice Number	For Department Use	Fund No.	Account Code	Amount
731/4136-A	01	4/12/91	1082		3732	61520	\$555.00
TOTAL AMOUNT OF THIS PAYMENT VOUCHER							\$555.00

Name of Department **STATE VETERANS AFFAIRS BOARD**  
**4607 LINDBERGH DRIVE**  
**JACKSON, MS 39209**

**CERTIFICATION**

I hereby certify that the above claim is just, due, correct and unpaid, that the goods sold or services rendered have been delivered or performed in good order and that all statutory requirements covering the payment of this claim have been complied with, and I now request issuance of disbursement warrant in payment thereof.

Countersigned (if required):

Signed: *Frank Godwin*  
**Frank Godwin**

By \_\_\_\_\_ Title **Executive Secretary**

Title \_\_\_\_\_ Title \_\_\_\_\_

*Licensure Regulation/Life Safety Code Violation:*

Holes in smoke walls (SDH)

*Narrative:*

Attached is a copy of the invoice from North Brothers that shows the purchase of Fiberfax Fyre putty that was used to fill the holes in the home's fire walls. Also attached is a copy of a payment voucher that paid for the fireproof putty.

<input type="checkbox"/>	TAX EXEMPT CERT. ON FILE	PPD	COLL	PPD & CHARGE	F.O.B.:	TERMS: NET 30 DAYS <del>NO DISCOUNT ON TAX OR FREIGHT</del>	CUSTOMER ORDER NO. & DATE 4159-A	VIA P/U	
Jackson WSO#85942				<b>NORTH Bros.</b> CONTRACTORS • DISTRIBUTORS HEAT AND COLD INSULATION CO., INSULATION • DIVISION OF NATIONAL SERVICE INDUSTRIES, INC.				No. 63432	
BR	JOB #	SUB JOB #						SHOW THIS NUMBER ON REMITTANCE	
SHIPPED TO SAME					SOLD TO Veterans Affairs Board 4607 Lindbergh Drive Jackson, Ms 39209			DATE 5-14-91	
RECEIVED MAY 15 1991								CUST. NO. & BR. REQ. 5-14-91	

PRODUCT CODE	DESCRIPTION	QUANTITY		UNIT MEASURE	SALE AMOUNT	
		ORDERED	SHIPPED		UNIT	TOTAL
	50 lbs. Fiberfrax Fyre Putty	50	50	Lbs.		287 00
	1--1/2 Delta Board	64	64	S/F	.26	16 64

20

OFFICES  
SERVING THE  
SOUTHEAST

ATLANTA  
BIRMINGHAM  
BRISTOL  
COLUMBIA  
DECATUR  
FT. LAUDERDALE  
JACKSON  
JACKSONVILLE  
KNOXVILLE  
MEMPHIS  
METROPOLIS  
ORLANDO  
OMAHA  
RALEIGH  
ROME  
SAVANNAH  
TAMPA  
VALDOSTA  
WAYNESBORO

FABRICATING DIVISION  
ATLANTA

PLEASE MAIL REMITTANCE TO <b>NORTH BROS. CO.</b> P.O. Box 54184 Pearl Sta. JACKSON, MISS: 39298				SUB TOTAL		303 64
TAX AMOUNT	CITY	COUNTY	STATE			
DESTINATION CODE			22			
A DISCOUNT OF \$ MAY BE TAKEN IF PAID BY				FREIGHT OR UPS CHARGES		13 38
				NET TOTAL		317 02

WE ARE AN EQUAL OPPORTUNITY EMPLOYER

TRIPPLICATE INVOICE

001117972  
5-31-91

**STATE OF MISSISSIPPI**  
**PAYMENT VOUCHER**  
(Formerly - Requisition for Issuance of Warrant)

TO: Department of Finance & Administration  
JACKSON, MISSISSIPPI

PV No. 731 / N 1137  
(Dept. No. / Serial No.)

Please issue disbursement warrant as follows:

Vendor Number: V0000206380

Date 5/24/91 Fiscal Year Ending June 30, 1991

Pay to: **NORTH BROTHERS COMPANY**  
**P O BOX 54184 PEARL STATION**  
**JACKSON MS 39288**

Scheduled Payment Date

To settle claim as shown by invoice or evidence of claim attached, all for goods received or services rendered for the use and benefit of the State, chargeable as follows:

PO Number (Dept. No./Serial No.)	PO Line Number	Date of Invoice	Invoice Number	For Department Use	Fund No.	Account Code	Amount
731/4159-A	01	5/14/91	63432		3732	62420	\$303.64
					3732	61190	13.38
<b>TOTAL AMOUNT OF THIS PAYMENT VOUCHER</b>							<b>\$317.02</b>

Name of Department **STATE VETERANS AFFAIRS BOARD**  
**4607 LINDBERGH DRIVE**  
**JACKSON, MS 39209**

**CERTIFICATION**

I hereby certify that the above claim is just, due, correct and unpaid, that the goods sold or services rendered have been delivered or performed in good order and that all statutory requirements covering the payment of this claim have been complied with, and I now request issuance of disbursement warrant in payment thereof.

Countersigned (if required):

Signed:

*Frank Godwin*  
Frank Godwin

By \_\_\_\_\_

By

Executive Secretary

Title \_\_\_\_\_

Title

**EXHIBIT 3**

**LETTER TO DEPARTMENT OF  
FINANCE AND ADMINISTRATION**

# State of Mississippi



"BY VALOR AND ARMS"

## State Veterans Affairs Board

STATE VETERANS HOME  
4607 LINDBERG  
JACKSON, MS 39209  
(601) 354-7205

September 27, 1991

Dr. Edward Ranck, Executive Director  
Department of Finance and Administration  
Post Office Box 267  
Jackson, Mississippi 39205

RE: State Veterans' Affairs Board

Dear Dr. Ranck:

On behalf of the Mississippi State Veterans' Affairs Board, I, as Chairman of the Board, respectfully request the Department of Finance and Administration to provide assistance in the development of accounting procedures, practices, and staffing responsibilities which are consistent with generally accepted accounting principles and generally accepted accounting standards. In addition, the Board requests the Department of Finance and Administration to provide accounting assistance to the Board staff to reconcile current personal funds records and determine the proper ownership and accounting of unaccountable personal funds, if any. Finally, the Board requests assistance in determining the status of some \$400.00 in donated funds which are currently unaccountable.

If you have any question, please feel free to contact the Boards' Executive Secretary, Mr. Frank Godwin, at 354-7205.

Thank you very much!

Sincerely yours,

A handwritten signature in cursive script, appearing to read "W. B. Mathis".

W. B. MATHIS, Chairman  
Mississippi State Veterans' Affairs Board

**EXHIBIT 4**  
**LETTER TO THE STATE AUDITOR**



# State of Mississippi



"BY VALOR AND ARMS"

## State Veterans Affairs Board

STATE VETERANS HOME  
4807 LINDBERG  
JACKSON, MS 39209  
(601) 354-7205

September 27, 1991

Honorable Pete Johnson, State Auditor  
Post Office Box 956  
Jackson, Mississippi 39205

RE: State Veterans' Affairs Board

Dear Mr. Johnson:

On behalf of the Mississippi State Veterans' Affairs Board, I, Chairman of the Board, respectfully request the Department of Audit to perform an unannounced on-site review within the near future to insure the Boards implementation of past recommendations of the Department of Audit.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "W. B. Mathis".

W. B. MATHIS, Chairman  
Mississippi State Veterans' Affairs Board

## ***ADDENDUM TO AGENCY RESPONSE***

During the latter stages of this project, the VAB staff contended that it could account for \$11,221 in personal funds that PEER stated could not be traced to its owners. PEER agreed to allow the agency to provide documentation of the ownership of the unaccounted funds.

After analyzing its own records for three additional weeks, VAB staff acknowledged that its fiscal records were in poor condition and that it could not, in fact, account for each dollar of every resident's personal funds (see letter of the Veterans' Affairs Board to the PEER Committee, page 69).

# State of Mississippi



"BY VALOR AND ARMS"

## State Veterans Affairs Board

STATE VETERANS HOME  
4607 LINDBERG  
JACKSON, MS 39209  
(601) 354-7205



October 31, 1991

Mr John W Turcotte, Director  
PEER Committe  
PO Box 1204  
Jcakson, MS 39215

Dear Mr Turcotte:

I am writing to withdraw my statement, "that we (the VAB staff) can account for the resident's personal funds." After more than three weeks effort by the VAB staff, we now know that each dollar of every resident's personal funds cannot be properly accounted for.

The realization was not reached until all historical records had been reviewed. A total of over 200 man-hours was vested in the search. No one here really knew what poor condition the Agency's fiscal records were left in by the two previous fiscal officers.

The hours of research has turned-up one item I would like to have changed in your report. UniFirst incorrectly deposited funds in one of our account's. A deposit for care, \$7,323.12, in account # 11-053-875-00 was taken to UniFrist on July 31, 1990. UniFrist deposited the care funds in personal funds account # 11-054-016-02. Photocopies of deposit slip and statement showing the deposit in the wrong account. I believe that \$7,323 should be subtracted from \$11,221, balance of unaccountable funds. The action will result in a reduction of the unaccount fund balance to \$3,898. The \$7,323 belongs to the State of Mississippi for care of those residents listed on the deposit slip.

If you feel that a personal apperance is still necessary, before the full Committee, please telephone me at 354-7205.

Sincerely,

Frank Godwin  
Executive Secretary

FG:fg

# Trustmark

National Bank

REGULAR CHECKING  
STATEMENT FOR PERIOD:  
07-20-90 THRU 08-16-90

PLEASE CALL US AT (601) 944-3001  
OR WRITE US AT:  
P O BOX 1818  
JACKSON MS 39215-1818  
IF YOU HAVE QUESTIONS CONCERNING YOUR  
ACCOUNT.

STATE VETERANS AFFAIRS BOARD \*\*  
4607 LINDBERGH DR  
JACKSON MS 39209-3855

\*\* SUMMARY FOR STATEMENT PERIOD \*\*  
BEGINNING BALANCE 56,048.14  
TOTAL WITHDRAWALS 34,392.86  
TOTAL DEPOSITS 34,198.50  
EARNINGS CREDITED .00  
SERVICE CHARGE .00  
ENDING BALANCE 55,853.78

0 20 5894

DATE	TRANSACTION DESCRIPTION	WITHDRAWALS	REGULAR CHECKING DEPOSITS	BALANCE
07-19	* BALANCE FORWARD *			56,048.14
07-23	CHECK 264	400.00		55,648.14
07-23	DEPOSIT		75.00	55,723.14
07-23	CHECK 260	3,870.00		51,853.14
07-27	DEPOSIT		251.00	52,104.14
07-27	CHECK 268	236.00		51,868.14
07-27	CHECK 266	300.00		51,568.14
07-30	CHECK 267	36.00		51,532.14
07-31	DEPOSIT		50.00	51,582.14
07-31	CHECK 269	280.10		51,302.04
07-31	CHECK 265	4,098.00		47,204.04
08-02	DEPOSIT		262.63	47,466.67
08-02	DEPOSIT		7,323.12	54,789.79
08-02	DEPOSIT		674.63	55,464.42
08-02	CHECK 271	162.50		55,301.92
08-03	CHECK 273	395.38		54,906.54
08-06	CHECK 274	295.66		54,610.88
08-06	DEPOSIT		16,809.00	71,419.88
08-06	JOURNAL DEPOSIT		10.00	71,429.88
08-06	DEPOSIT		120.00	71,549.88
08-07	CHECK 272	150.60		71,399.28
08-09	CHECK 276	300.00		71,099.28
08-09	CHECK 270	25.00		71,074.28
08-09	CHECK 275	22,837.28		48,237.00
08-13	CHECK 280	479.90		47,757.10
08-15	CHECK 285	347.50		47,409.60
08-15	DEPOSIT		8,623.12	56,032.72
08-15	CHECK 281	25.44		56,007.28
08-16	CHECK 277	125.00		55,882.28
08-16	CHECK 252	10.00		55,872.28
08-16	CHECK 282	18.50		55,853.78

CHECK	AMOUNT	CHECK	AMOUNT	CHECK	AMOUNT	CHECK	AMOUNT	CHECK	AMOUNT	CHECK	AMOUNT	CHECK	AMOUNT
252	10.00	**280	3870.00	**264	400.00	265	4098.00	266	300.00	267	36.00	268	236.00
269	280.10	270	25.00	271	162.50	272	150.60	273	395.38	274	295.66	275	22837.28
276	300.00	277	125.00	**280	479.90	281	25.44	282	18.50	**285	347.50		

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## PEER Staff

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### Director

John W. Turcotte  
Janet Moore, Administrative  
Assistant

### Administrative Division

Steve Miller, General Counsel  
and Controller

Betty Heggy  
Ann Hutcherson  
Debbie Woods

### Planning and Support Division

Max Arinder, Chief  
Analyst

Sam Dawkins  
Patty Hassinger  
Larry Landrum  
Kathleen Sullivan  
Linda Triplett  
Ava Welborn

### Operations Division

James Barber, Chief  
Analyst

Aurora Baugh  
Ted Booth  
Barbara Hamilton  
Susan Harris  
Kelly Lockhart  
Danny Miller  
David Mitchell  
Angela Sallis  
Katherine Stark  
Larry Whiting

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