

EXECUTIVE DIGEST

D.J. JACOBETTI HOME FOR VETERANS

INTRODUCTION

This report, issued in October 1999, contains the results of our performance audit* of the D.J. Jacobetti Home for Veterans, Department of Military and Veterans Affairs.

AUDIT PURPOSE

This performance audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Performance audits are conducted on a priority basis related to the potential for improving effectiveness* and efficiency*.

BACKGROUND

The D.J. Jacobetti Home for Veterans is located in Marquette. The Home was established and operates under Sections 36.1 - 36.12 of the *Michigan Compiled Laws*. The Home provides domiciliary* and nursing care* to aged and disabled military veterans and to widows, widowers, spouses, former spouses, and parents of veterans.

The Home is administered by the Veterans Affairs Directorate, Department of Military and Veterans Affairs. The Michigan Veterans Facilities' Board of Managers establishes operating policies for the Home under the direction of the Department.

As of April 30, 1999, the Home had 33 members in domiciliary care, 179 members in nursing care, and 157

employees. The Home expended \$10.6 million for the fiscal year ended September 30, 1998. The primary funding sources for Home operations were the State's General Fund, member payments for cost of care, the U.S. Department of Veterans Administration, and the Medicare Program.

AUDIT OBJECTIVES,
CONCLUSIONS, AND
NOTEWORTHY
ACCOMPLISHMENTS

Audit Objective: To assess the effectiveness of the Home's management of its medical and nursing care programs.

Conclusion: We concluded that the Home's management of its medical and nursing care programs was effective. We had no audit findings related to this audit objective.

Noteworthy Accomplishments: The Home received its nursing home license from the Department of Consumer and Industry Services in October 1995.

Audit Objective: To assess the effectiveness of the Home's management of selected operating practices.

Conclusion: We concluded that the Home's management of selected operating practices was generally effective. However, our assessment disclosed one material condition*:

- The Home needs to strengthen internal controls over its bank cash drawer (Finding 1).

The Home agreed with the corresponding recommendation and will implement a random, unannounced audit of the cash drawer on a quarterly basis, effective October 1, 1999.

Our assessment also disclosed reportable conditions* related to Medicare revenues, operational costs, member assessment controls, the electronic time clock system, the supplies and materials inventory, and administrative rules (Findings 2 through 7).

**AUDIT SCOPE AND
METHODOLOGY**

Our audit scope was to examine the program and other records of the D.J. Jacobetti Home for Veterans. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

Our audit procedures included the testing of records primarily covering the period October 1, 1996 through April 30, 1999.

To assess the effectiveness of the Home's management of its medical and nursing care programs, we conducted tests of records related to medical and nursing care, reviewed audit reports, tested corrective actions taken, and conducted a member survey.

To assess the effectiveness of the Home's management of selected operating practices, we conducted tests of records related to the operating practices.

**AGENCY RESPONSES
AND PRIOR AUDIT
FOLLOW-UP**

Our audit report contains 7 findings and recommendations. The Department and Home agreed and will comply with the recommendations.

The Home complied with 6 of the 8 prior audit recommendations that were included within the scope of our current audit. We repeated 1 prior recommendation but did not repeat the other recommendation because it was no longer applicable.