

# STATE OF CONNECTICUT



*AUDITORS' REPORT  
DEPARTMENT OF VETERANS AFFAIRS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2019*

**AUDITORS OF PUBLIC ACCOUNTS**  
JOHN C. GERAGOSIAN

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March 18, 2021

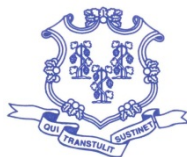
**EXECUTIVE SUMMARY**

In accordance with the provisions of Section 2-90 of the Connecticut General Statutes, we have audited certain operations of the Department of Veterans Affairs. The objectives of this review were to evaluate the department’s internal controls; compliance with policies and procedures, as well as certain legal provisions; and management practices and operations for the fiscal years ended June 30, 2018 and 2019.

The key findings and recommendations are presented below:

<b>Page 7</b>	Our review of 10 billing statements for purchasing card transactions identified that supervisors did not approve 31 transactions, totaling \$20,847, for one billing cycle. The Department of Veterans Affairs should improve internal control over purchasing card use by complying with state purchasing card policies. (Recommendation 1.)
<b>Page 8</b>	The Department of Veterans Affairs did not maintain, review, or verify the accuracy of cell phone billing statements during the audited period. The Department of Veterans Affairs should comply with state telecommunication procedures for monitoring and verifying cell phone charges. (Recommendation 2.)
<b>Page 9</b>	The Department of Veterans Affairs did not write off any uncollectable accounts receivable during the fiscal years ended June 30, 2018 and 2019. The Department of Veterans Affairs should develop procedures for the consistent identification, evaluation, and write-off of uncollectible accounts. (Recommendation 3.)
<b>Page 10</b>	Our review of 25 expenditure transactions, totaling \$113,010, identified 3, totaling \$8,443, that were not supported by valid purchase orders. The department issued the purchase orders 12, 14, and 48 days after it incurred the obligations. The Department of Veterans Affairs should strengthen internal controls to ensure that it issues purchase orders in accordance with Section 4-98 of the General Statutes. (Recommendation 4.)
<b>Pages 11</b>	During our review of 8 workers’ compensation claims, with charges totaling \$240,315, we found exceptions with 5 claims. The department could not locate 7 forms supporting workers' compensation claims, 4 forms were not submitted in a timely manner, and 2 forms were incomplete. The Department of Veterans Affairs should improve controls over workers’ compensation to ensure compliance with Department of Administrative Services policies and procedures. (Recommendation 6.)

# STATE OF CONNECTICUT



## AUDITORS OF PUBLIC ACCOUNTS

State Capitol  
210 Capitol Avenue  
Hartford, Connecticut 06106-1559

JOHN C. GERAGOSIAN

ROBERT J. KANE

March 18, 2021

### **AUDITORS' REPORT DEPARTMENT OF VETERANS AFFAIRS FOR THE FISCAL YEARS ENDED JUNE 30, 2018 and 2019**

We have audited certain operations of the Department of Veterans Affairs in fulfillment of our duties under Section 2-90 of the Connecticut General Statutes. The scope of our audit included, but was not necessarily limited to, the years ended June 30, 2018 and 2019. The objectives of our audit were to:

1. Evaluate the department's internal controls over significant management and financial functions;
2. Evaluate the department's compliance with policies and procedures internal to the department or promulgated by other state agencies, as well as certain legal provisions; and
3. Evaluate the effectiveness, economy, and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing written policies and procedures, financial records, minutes of meetings, and other pertinent documents; interviewing various personnel of the department, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that we deemed significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contracts, grant agreements, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate

evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Résumé of Operations is presented for informational purposes. This information was obtained from various available sources including, but not limited to, the department's management and the state's information systems, and was not subjected to the procedures applied in our audit of the department. For the areas audited, we identified:

1. Deficiencies in internal controls;
2. Apparent noncompliance with legal provisions; and
3. Need for improvement in management practices and procedures that we deemed to be reportable.

The State Auditors' Findings and Recommendations in the accompanying report presents any findings arising from our audit of the Department of Veterans Affairs.

## COMMENTS

### FOREWORD

The Department of Veterans Affairs operates under the provisions of Title 27, Chapter 506, Sections 27-102*l* through 27-137 of the General Statutes and provides comprehensive health, social, and rehabilitative services to veterans in the State of Connecticut. The department operates the Veterans Home in Rocky Hill, which includes a 125-bed health care center and 488-bed residential facility for eligible veterans. The health care facility receives annual inspections by the United States Department of Veterans Affairs and biennial inspections by the state Department of Public Health. The health care facility is licensed as a chronic disease hospital and is certified to participate in the Medicaid and Medicare programs in accordance with the state Department of Social Services' criteria. The residential facility provides room and board programs for veterans. In addition to providing assistance with shelter, food and clothing, the department offers a continuum of rehabilitation services designed to prepare veterans for independent living in the community. The department also operates the Office of Advocacy and Assistance, which maintains offices throughout the state and assists veterans and their families in accessing federal, state, and local benefits and entitlements.

Sean M. Connolly served as commissioner from March 16, 2015 until October 5, 2017. Thomas J. Saadi served as acting commissioner from October 5, 2017 until he was appointed commissioner on March 2, 2018. He continues to serve in that capacity.

### SIGNIFICANT LEGISLATION

- **Public Act 17-83** broadened the eligibility criteria for certain veterans' benefits. It allowed additional veterans to (1) receive a service ribbon and medal, (2) be buried in a Connecticut

veterans' cemetery, or (3) have veteran status indicated on their driver's license or identity card.

- **Public Act 17-137** required any person in possession of military identification information to (1) safeguard the data, and computer files and documents containing it from misuse by third parties, and (2) destroy, erase, or make the data, computer files, and documents unreadable before disposing of them.
- **Public Act 18-47** extended certain specified benefits to veterans who (1) were discharged under conditions other than dishonorable or for bad conduct and (2) have a qualifying condition, which means a diagnosis of post-traumatic stress disorder or traumatic brain injury.

### **Board of Trustees**

Under the provisions of Section 27-102n of the General Statutes, there is a board of trustees established to advise and assist the commissioner in departmental operations. The board is comprised of 18 voting members, including the presidents of the residential facility's and health care center's councils, and 16 members appointed by the Governor and members of the Senate and House of Representatives. The commissioner serves as a nonvoting, ex-officio member of the board. As of June 30, 2019, the following persons served on the board:

Michael Thomas, Chairman	Steven M. Harris
Patrick R. Nelligan, Co-Chair	Alyssa Kelleher
John Banks	Frederick Leaf
Paul F. Barry	Heather Sandler
Richard Benson	Mark Spranzo
Philip Cacciola	Kjell T. Tollefsen
Juan Cruz	Sherri Vogt
Richard P. Dziekan	Dawn M. Works-Dennis
Peter Galgano, Jr.	Vacant

Mark Altieri, Amy Donahue, Robert Cheslock, Christopher McDavid, Chairman, Patrick Nelligan, Tatiana Quinzi, Paul Tarbox and Michael Tetrault also served on the board during the audited period

## **RÉSUMÉ OF OPERATIONS**

### **General Fund**

The department's General Fund receipts for the audited period, as compared to the period ended June 30, 2017, are summarized below.

## *Auditors of Public Accounts*

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	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>
Federal Aid for Veterans	\$10,119,847	\$9,469,798	\$7,797,474
Federal Aid – Miscellaneous	371,737	301,290	366,649
All Other Revenue & Receipts	<u>17,422</u>	<u>33,771</u>	<u>38,059</u>
<b>Total Receipts</b>	<b>\$10,509,006</b>	<b>\$9,804,859</b>	<b>\$8,202,182</b>

Fluctuations in federal aid for veterans were due to changes in the number of veterans under the department's care.

The department's General Fund expenditures for the audited period, as compared to the period ended June 30, 2017, are summarized below.

	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>
Personal Services & Employee Benefits	\$20,845,689	\$18,504,195	\$18,498,360
Premises & Property Expenses	1,621,053	1,582,743	1,940,179
Purchased Commodities	169,161	120,645	141,399
All Other	<u>2,035,373</u>	<u>1,949,188</u>	<u>1,772,243</u>
<b>Total Expenditures</b>	<b>\$24,671,276</b>	<b>\$22,156,771</b>	<b>\$22,352,181</b>

Expenditures for purchased personal services were steady during the 2017-2018 and 2018-2019 fiscal years due to a staffing reduction.

### **Federal and Other Restricted Accounts Fund**

The department's Federal and Other Restricted Accounts Fund receipts for the audited period, as compared to the period ended June 30, 2017, are summarized below.

	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>
Institutional General Welfare Fund	\$4,341,162	\$3,226,863	\$3,886,312
Activity Fund	3,000	-	8,000
Stand-by Generator Replacement		212,650	319,994
DVA Donations IGWF			50,000
Federal Aid for State Veterans' Cemetery	<u>139,876</u>	<u>935,297</u>	<u>5,701,807</u>
<b>Total Receipts</b>	<b>\$4,484,038</b>	<b>\$4,374,810</b>	<b>\$9,966,112</b>

The decrease in revenue during the 2017-2018 fiscal year was due to a reduction billing for the Institutional General Welfare Fund. The increase in revenue in federal aid for the state veterans' cemetery during the 2017-2018 and 2018-2019 fiscal years was due to a federal grant for improvements to the Middletown cemetery.

The department's Federal and Other Restricted Accounts Fund expenditures for the audited period, as compared to the period ended June 30, 2017, are summarized below.

	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>
Professional & Other Services	\$835,484	\$613,088	\$1,134,275
Veteran Services	91,588	46,572	86,690
Payments to Veterans	813,977	526,746	507,366
Purchased Commodities	1,815,043	1,798,984	1,657,618
Grant Transfers – State Agencies	1,202,948	1,446,497	6,238,240
All Other	<u>31,130</u>	<u>96,124</u>	<u>87,808</u>
<b>Total Expenditures</b>	<b>\$4,790,170</b>	<b>\$4,528,011</b>	<b>\$9,711,996</b>

The increase in grant transfers was due to the transfer of the Veterans Recovery Center (formerly the Recovery Support Program) to the Department of Mental Health and Addition Services, which currently provides services to residents of the Veterans Home. The increase in professional and other services during the 2019 fiscal year was due to an increase in medical management and consulting services for quality improvements and patient safety services.

### **Capital Equipment Purchase Fund and Capital Improvements Fund**

Capital Equipment Purchase Fund expenditures totaled \$569,488 and \$422,876 during the fiscal years ended June 30, 2018 and 2019, respectively. Capital Improvements Fund expenditures totaled \$411,486 and \$774,888 during the fiscal years ended June 30, 2018 and 2019, respectively. These purchases were primarily made for medical and other minor equipment, motor vehicles, building repairs, and maintenance.

### **Institutional General Welfare Fund**

The Institutional General Welfare Fund (IGWF) operates under the provisions of Sections 27-106 and 27-108 of the General Statutes. IGWF funds may be expended at the discretion of the commissioner for purposes that directly benefit veterans or the Veterans Home, including funding general operations of the Veterans Home.

A summary of IGWF revenue and receipts for the audited period, as compared to the period ended June 30, 2017, are summarized below.

	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>
Patient Billings	\$2,855,335	\$2,649,736	\$1,886,030
Estate Collections	-	196	4,184
All Other	437,154	428,702	342,490
<b>Total Receipts</b>	<b>\$3,292,489</b>	<b>\$3,078,634</b>	<b>\$2,232,704</b>

Section 27-108 (d) of the General Statutes provides that veterans who are able to pay for their care in whole or in part, shall receive a monthly bill for services rendered by the department. These patient billings comprise the majority of Institutional General Welfare Fund revenues and fluctuate as a result of the number of patients served and the ability of patients to pay for their care. In addition, the IGWF collects funds from estates under the provisions of Section 27-108 (f) of the General Statutes.



Institutional General Welfare Fund expenditures totaled \$3,582,014 and \$3,812,279 for the 2017-2018 and 2018-2019 fiscal years, respectively, and consisted almost entirely of transfers to the special revenue fund for the department's general operations during the audited period. Special revenue fund receipts from the IGWF, as presented above, reflect the total funds transferred to the special revenue fund.

### **Activity Fund**

The Activity Fund operates under the provisions of Sections 4-52 through 4-55 of the General Statutes for the benefit of residents and patients of the Department of Veterans Affairs. Revenues for the Activity Fund totaled \$15,266 and \$15,470 for the 2017-2018 and 2018-2019 fiscal years, respectively. The major source of revenue was the sale of food at the Winner's Circle canteen.

As previously noted, DVA may transfer monies from the Activity Fund to the special revenue fund and they are recognized as revenue to the special revenue fund. According to the department's financial statements, the fund had a cash balance of \$122,046, as of June 30, 2019.

### **Fitch Fund**

The Fitch Fund, governed by Section 3-38 of the General Statutes, is a longstanding permanent trust fund that has its assets in the custody of the State Treasurer. The balance of the fund was \$35,617 as of June 30, 2019. Interest earned by the fund is to be used for the benefit of the department's clients through transfers to the IGWF. During the audited period, there were no transfers out of the fund, and it earned \$1,280 in interest.

### **Per Capita Costs**

The Office of the State Comptroller annually computes the daily per capita cost of maintaining the residents and patients at the Veterans Home. These computations include Institutional General Welfare Fund expenditures, which are considered proper costs of maintaining the institution. Per capita daily costs during the audited period (excluding federal reimbursement) as compared with the preceding year are as follows:

	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>
Residential (Outpatients)	\$140	\$154	\$198
Hospital (Inpatients)	\$750	\$727	\$763

### **Daily Census**

The department conducts a daily census of residents at the Veterans Home. The census as of June 30, 2019 is as follows:

	<b>Health Care Facility</b>	<b>Residential Facility</b>	<b>Total</b>
World War II	13	0	13
Korean War	24	3	27
Vietnam War	57	73	130
Persian Gulf War	5	14	19
Afghanistan War	0	2	2
Iraq War	1	5	6
Desert Storm	0	2	2
Peace Time	<u>12</u>	<u>70</u>	<u>82</u>
<b>Total</b>	<b>112</b>	<b>169</b>	<b>281</b>

## STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our review of the records of the Department of Veterans Affairs disclosed certain matters requiring attention.

### **Noncompliance with Purchasing Card Policies**

*Criteria:* The state Purchasing Card Policy provides guidelines for the use of purchasing cards. The policy requires cardholders to sign and date purchasing card monthly statements to certify that they promptly reconciled the statements to supporting documentation, and that purchases were consistent with state policies.

*Condition:* Our review of 10 billing statements for purchasing card transactions identified that supervisors did not approve 31 transactions, totaling \$20,847, for one billing cycle.

*Context:* The department had 21 P-card holders and 2,273 expenditure transactions, totaling \$876,905, during the fiscal years ended June 30, 2018 and 2019.

*Effect:* The lack of cardholder certifications on monthly statements decreased assurance that these purchases were appropriate, supported, and in accordance with purchasing card policy.

*Cause:* The lack of purchase card review and approval appears to be an oversight by management.

*Prior Audit Finding:* This finding has not been previously reported.

*Recommendation:* The Department of Veterans Affairs should improve internal control over purchasing card use by complying with state purchasing card policies. (See Recommendation 1.)

*Agency Response:* “The DVA acknowledges the Auditors finding as it relates to P-Cards and that a corrective action has been implemented as of July 1, 2020, with a focus on internal controls to ensure proper review and approval by managers. Corrective measures have been put in place to ensure cardholders and Fiscal Services adhere to the purchasing card policy by adding a secondary purchasing card coordinator to the approval workflow. The DVA Director of Projects and Operations is also conducting sessions with cardholders to provide additional training and emphasize the need to follow established administrative processes.”

**Deficiencies in Controls over Cell Phone Monitoring**

*Criteria:* Section 3-117(c) of the General Statutes requires the chief information officer to charge the appropriation of any state agency for telecommunication services without certification that such services were received. Within 30 days following notification to state agencies of such charges, agencies are required to certify to the chief information officer that such services were provided to the agency.

The Bureau of Enterprise Systems and Technology's (BEST) telecommunication policies and procedures require that the user and agency verify the accuracy of billing statements by returning the signed certification and noting any exceptions within 30 days.

*Condition:* DVA did not maintain, review, or verify the accuracy of monthly cell phone billing statements during the audited period.

*Context:* DVA cell phone expenditures totaled \$15,553 and \$15,633 for the fiscal years ended June 30, 2018 and 2019, respectively.

*Effect:* The department did not comply with state procedures and statutory telecommunication services requirements. Failure to verify cell phone billings increased the risk that waste and abuse could occur without being detected in a timely manner.

*Cause:* The department informed us that it did not have adequate staffing to oversee cell phones charges.

*Prior Audit Finding:* This finding was previously reported in the last 4 audit reports covering the fiscal years ended June 30, 2009 and 2017.

*Recommendation:* The Department of Veterans Affairs should comply with state telecommunication procedures for monitoring and verifying cell phone charges. (See Recommendation 2.)

*Agency Response:* "The DVA acknowledges the deficiencies in monitoring cell phone usage during the audit period and had implemented changes in the operational/managerial oversight by assigning these duties to the Fiscal Administrative Supervisor (FAS) in the DVA Fiscal office. Unfortunately, this individual did not diligently carry out the assigned tasks and in March 2020 the Commissioner assigned these duties to the DVA Safety and Security Communication specialist to assist the FAS in addressing the issue. The Communication Specialist attempted to obtain updates from the FAS as to the status of monthly reports and to obtain access to the system to run the reports. The FAS failed to respond and during the last several months of her employment was absent from the office for extended periods and then

abruptly submitted her resignation without performing the required DVA pre-separation operational transition process. With the FAS's abrupt departure and unfinished work the Communication Specialist contacted DAS to obtain assistance in accessing the monthly phone statements. DAS explained that DVA should track the monthly roll-up statements and if there is an inconsistency then DVA could request the monthly bill to be pulled by DAS. Moving forward, DVA will follow the policy and guidance that the BEST disseminate to ensure future compliance including if bills need to be tracked and signed for each month."

### **Uncollectible Accounts Receivable**

- Criteria:* The State Accounting Manual requires accounts receivable records to be accurate and complete. Internal controls should provide for the write-off of uncollectible accounts to ensure the accurate reporting of accounts receivable balances.
- Condition:* As of June 30, 2019, DVA estimated that \$42,805,285, or 88%, of its accounts receivable balance of \$48,399,362 was uncollectible. The agency did not write off any accounts receivable during the fiscal years ended June 30, 2018 and 2019.
- Effect:* The inclusion of uncollectible accounts in the department's records may distort the true condition of its accounts receivable and may inhibit their efficient management.
- Cause:* The failure to identify and write off uncollectible accounts appears to be the result of personnel changes and limited staffing within the fiscal services office.
- Prior Audit Finding:* This finding was previously reported in the audit report covering the fiscal years ended June 30, 2016 and 2017.
- Recommendation:* The Department of Veterans Affairs should develop procedures for the consistent identification, evaluation, and write-off of uncollectible accounts. (See Recommendation 3.)
- Agency Response:* "DVA acknowledges the need to consistently identify evaluate and write-off uncollectible accounts receivable. DVA Fiscal Services will begin development of an internal controls procedure to address the current and future uncollectible accounts receivable. Additionally, Fiscal Services will begin review of outstanding receivables to move forward with the request to write-off of uncollectible accounts."

**Late Issuance of Purchase Orders**

- Criteria:* In accordance with Section 4-98 of the General Statutes, except for emergency purchases, no state agency shall incur any obligation except by the issuance of a purchase order or any other encumbrance documentation approved by the State Comptroller.
- Condition:* Our review of 25 expenditure transactions, totaling \$113,010, identified 3, totaling \$8,443, that were not supported by valid purchase orders. The department issued the purchase orders 12, 14, and 48 days after it incurred the obligations.
- Context:* During the audited period, the Department of Veteran Affairs processed 8,228 expenditure vouchers, totaling \$22,531,999.
- Effect:* There is less assurance that funds will be available for payment when purchase orders are not properly issued.
- Cause:* The lack of timely purchase orders appears to be an oversight by management.
- Prior Audit Finding:* This finding was previously reported in the last 3 audit reports covering the fiscal years ended June 30, 2014 and 2017.
- Recommendation:* The Department of Veterans Affairs should strengthen internal controls to ensure that it issues purchase orders in accordance with Section 4-98 of the General Statutes. (See Recommendation 4.)
- Agency Response:* “The cited procedural deficiencies were related to obligations incurred before the purchase orders were created. Each of these occurrences took place during the fiscal year opening and closing period and due to budgetary constraints the DVA was unable to encumber funds for utility payments until the subsequent fiscal year. More specifically, for voucher #00078958; Mckesson Corporation; \$2,000, this obligation was incurred during the close of fiscal year 2017. Drugs to support fulfillment of pharmacy prescriptions are recurring and the blanket purchase order (PO) was created upon availability of Institutional General Welfare lapsing funds in fiscal year 2018. The agency uses blanket POs for routine/recurring purchases of services and supplies. All blanket POs are closed each fiscal year end. New blanket POs are opened and properly budgeted at the beginning of the new fiscal year. For voucher #00079111, Eversource/CL&P, \$28,248, there was an open PO for this service at the time the obligation was incurred. Due to budgetary constraints during the final weeks prior to the closing of fiscal year 2017, payment was suspended until the beginning of fiscal year 2018. For voucher #00079405, Connecticut Natural Gas Corp, \$14,580, the first week of July 2017 was the first week of fiscal year 2018 opening. Blanket

POs for supplies/services are budgeted and processed during the first few weeks of the new fiscal year opening.”

### **Improper Approval of Compensatory Time**

- Criteria:* Department policy requires employees to receive supervisory approval prior to earning compensatory time. In the event of an emergency outside of normal business hours, employees must receive approval the next business day.
- Condition:* Our review of 68.5 hours of compensatory time earned by 10 employees revealed that 3 employees obtained supervisory approval 4 to 11 days after earning compensatory time.
- Context:* Sixty-nine out of 260 employees earned 2,839 hours of compensatory time during the audited period.
- Effect:* There is an increased risk for the improper earning and use of compensatory time.
- Cause:* The untimely approval of compensatory time appears to be the result of management oversight.
- Prior Audit Finding:* This finding was previously reported in the audit report covering the fiscal year ending June 30, 2016 and 2017.
- Recommendation:* The Department of Veterans Affairs should strengthen internal controls over compensatory time to ensure that it is properly earned. (See Recommendation 5.)
- Agency Response:* “The DVA acknowledges that during a portion of the audit period there were deficiencies regarding internal controls related to the approval of compensatory time. That said, during the audit period the DVA instituted clear internal controls requiring pre-approval before comp time is worked absent a bonified emergency or unexpected staff shortage impacting care to Veterans. Regarding the three cases cited in the Audit, the first concerns an employee in the Healthcare Center who’s compensatory time was approved after the fact by the former Healthcare Administrator who was subsequently verbally counseled by the Commissioner regarding her failure to follow procedures for approvals of compensatory time as well as other administrative deficiencies. The former Healthcare Administrator abruptly ended her employment at the DVA in February 2018 and moved out of the state. In the second case, the DVA Fiscal Manager, approved 1.5 hours of compensatory time for the DVA Staff Attorney based on prior verbal approval by the Commissioner for her to stay late to brief several important

legal and legislative issues at the Statewide Veteran Organization Leaders Quarterly meeting hosted by the Commissioner. Regarding the third case, Nurse P.M. was needed to cover the late shift due to a shortage of staff. This occurred after the departure of the former Healthcare Administrator, while the HCC Director of Nursing managed the Healthcare Center. While the nurse should have sought prior approval, she waited until a Director was hired on September 14, 2018, who then provided the post hoc approval. Despite the procedural issues all of the Compensatory hours worked were necessary to accomplish the delivery of direct clinical care to Veterans. The DVA continues to train managers regarding approving compensatory time in advance with the exception being for emergencies and staffing matters impacting direct Veteran care.”

### **Improper Workers’ Compensation Approval**

- Criteria:* According to the Department of Administrative Services (DAS) Workers’ Compensation Manual, state agencies should promptly submit and properly approve required claim reporting forms.
- Condition:* During our review of 8 workers’ compensation claims, with charges totaling \$240,315, we found exceptions with 5 claims. The department could not locate 7 forms supporting workers' compensation claims, 4 forms were not submitted in a timely manner, and 2 forms were incomplete.
- Context:* DVA had 70 workers compensation claims during the audited period.
- Effect:* Not following established workers’ compensation procedures increases the risk of inappropriate payments.
- Cause:* The lack of documentation to support workers’ compensation incidents appears to be the result of management oversight.
- Prior Audit Finding:* This finding was previously reported in the audit report covering the fiscal year ending June 30, 2016 and 2017.
- Recommendation:* The Department of Veterans Affairs should improve controls over workers’ compensation to ensure compliance with Department of Administrative Services policies and procedures. (See Recommendation 6.)
- Agency Response:* “The DVA acknowledges these deficiencies with regard to the workers’ compensation claims and medical leave approvals and during the audit period implemented stronger internal controls and training of managers to facilitate compliance with administrative standards.”



### **Inadequate Documentation Supporting Medical Leave**

- Criteria:* According to Section 5-247-11 of the state personnel regulations and most collective bargaining agreements, employees must submit a medical certificate to substantiate sick leave of more than 5 consecutive working days. The statewide Family and Medical Leave Policy sets forth procedures for requesting a leave under the Family and Medical Leave Act (FMLA). The policy outlines the required forms and submission deadlines.
- Condition:* During our review of 11 medical leaves, we found 5 medical leaves with missing, untimely, or incomplete supporting documentation. Five FMLA forms were missing, 4 were submitted late and one was incomplete.
- Context:* Sixty-four employees were on a medical leave for a total of 12,161 hours, or 1,592 days, during the audited period.
- Effect:* Inadequate documentation increases the risk for unauthorized leave, which may result in unnecessary costs to the state.
- Cause:* The lack of documentation to support medical leaves appears to be the result of management oversight.
- Prior Audit Finding:* This finding was previously reported in the audit report covering the fiscal year ending June 30, 2016 and 2017.
- Recommendation:* The Department of Veterans Affairs should strengthen internal controls to ensure that it administers medical leave in accordance with collective bargaining agreements and Family and Medical Leave Act guidelines. (See Recommendation 7.)
- Agency Response:* “The DVA acknowledges these deficiencies with regard to the Workers Compensation claims and Medical Leave approvals and during the audit period implemented stronger internal controls and training of managers to facilitate compliance with administrative standards.”

### **Compliance with Statutory Reporting Requirements**

- Criteria:* The Department of Veterans Affairs is required to comply with numerous reporting requirements set forth in Section 27 of the General Statutes.
- Condition:* Our review of 29 reports from the audited period disclosed the department did not submit 19 reports and submitted 2 reports late.
- DVA did not submit the following reports:

- Advocacy & Assistance Quarterly Reports on Visits to Nursing Homes and Assisted Living Facilities required by Section 27-102l(b)(4)(C) of the General Statutes.
- Advocacy & Assistance Quarterly Reports on Concerns of Veterans required by Section 27-102l(b)(4)(D) of the General Statutes.
- Annual Report of Veterans Benefits required by Section 27-102p of the General Statutes, due 8/1/18.
- Institutional General Welfare Fund Planned Expenditures Annual Reports required by Section 27-106(d) of the General Statutes.

DVA submitted the following reports late:

- Board of Trustees Annual Report required by Section 27-102n(i) of the General Statutes, due 2/15/18 was submitted one year late.
- Annual Report of Veterans Benefits required by Section 27-102p of the General Statutes, due 8/1/19 was submitted 35 days late.

*Effect:* Intended recipients of the reports may not have current information to make informed decisions regarding the department and its operations.

*Cause:* The lack of compliance appears to be the result of management oversight.

*Prior Audit Finding:* This finding was previously reported in the audit report covering the fiscal year ending June 30, 2016 and 2017.

*Recommendation:* The Department of Veterans Affairs should strengthen internal controls to ensure that it complies with its statutory reporting requirements. (See Recommendation 8.)

*Agency Response:* “Reports not submitted:

1. DVA acknowledges that during part of the audit period the OA&A Nursing Home and Assisted Living Facility visits were not tracked, however, as a result of the audit finding, OA&A submits the total Nursing Homes and Assisted Living Facility visits within the Board of Trustees Quarterly Report.
2. DVA acknowledges that during the audit period OA&A has not consistently included a summary of concerns from community based Veterans in its quarterly reports. While a satisfaction survey was only mailed to a sample of Veterans at the conclusion of benefits cases, as of March 1, 2019, Veteran Satisfaction Surveys are mailed, emailed or

given to each veteran/family that utilizes the services provided by OAA. This survey captures district information, customer service/satisfaction, and potential areas of improvement. Results are reported to the Commissioner and the DVA Board in the quarterly report and any significant concerns are summarized and briefed to the Commissioner and the DVA Board. It should be noted that DVA Residential Programs and Services also reports Veteran Resident concerns and petitions filed by them or on their behalf in the quarterly report to the DVA Board.

3. DVA acknowledges that an Annual Report of all Veterans programs and benefits was not filed in 2018. This unfunded mandate to compile Veterans benefits and the number of veterans served, from every municipality and State agency in Connecticut had not been filed in many years however, in February 2019, the Commissioner took the initiative and informed all municipalities and State Agencies of the statutory mandate and established a standard reporting protocol for generating the required responses. The DVA filed the required report, albeit delayed, due to the significant follow-up communications required with municipalities to obtain the required information.
4. Planned expenditures from the Institutional General Welfare fund are submitted by the DVA Fiscal Office as part of the biennium budget process and the DVA also provides a semi-annual report of IGW expenditures to Veteran Residents. The DVA will now forward planned expenditures for the next fiscal year to the General Assembly's Appropriations committee.

Reports submitted late:

1. The DVA acknowledges that the Board did file the Annual Report required by CGS §27-102n(i) one year late. It should be noted that the Commissioner does not preside over the Board which has its own leadership, however the Commissioner worked closely with the Board to remedy this issue and on February 15, 2019, the Board submitted a report retroactive to the first meeting of the new Board in 2016. The Board filed the report for calendar 2019 in July 2020, which was delayed due to the logistical and operational impacts of COVID-19. The delayed filing was authorized pursuant to an order of the Commissioner issued pursuant to Governor's Executive Order 7M which granted, in relevant part, the authority for the Commissioner to extend any statutory or regulatory time requirements or deadlines for a time period not to exceed 90 days in the filing of reports.
2. The DVA acknowledges the late filing of the report, see agency response set forth in item 3 herein above."

**Lack of Required Board of Trustees Meetings and Disclosures**

*Criteria:* Section 1-225 of the General Statutes requires that meeting schedules and minutes be made available for public inspection and posted on the department’s website. In addition, agencies must file their schedule of regular meetings with the Secretary of the State not later than January 31st of each year.

*Condition:* During the audited period, DVA did not file meeting schedules for calendar years 2018 and 2019 with the Secretary of the State by January 31 in each year.

*Effect:* The failure to file board of trustees meeting schedules with the Secretary of the State violates Section 1-225 of the General Statutes.

*Cause:* The lack of compliance appears to be the result of management oversight.

*Prior Audit Finding:* This finding has been previously reported in the last 3 audit reports covering the fiscal years ended June 30, 2011 to 2017.

*Recommendation:* The Department of Veterans Affairs should file its board of trustees meeting schedules with the Secretary of the State in accordance with Section 1-225(b) of the General Statutes. (See Recommendation 9.)

*Agency Response:* “The Board of Trustees conducts its regular meetings on a quarterly basis setting the date for each meeting at the conclusion of the previous regular meeting. All meeting notices are filed with the Secretary of State and posted on the DVA website well in advance of a Board meeting. While not the presiding officer nor a voting member of the Board the Commissioner has advised the Board to establish a set schedule of meetings for the next Calendar year and to file the same with the Secretary of the State and post on the DVA website. It should be noted that the Board has no staff of its own and DVA staff have taken on the duties of staffing the Board on addition to their other many assigned duties.”

*Auditors’ Concluding Comment:*

We acknowledge that the board of trustees conducts its regular meetings on a quarterly basis, but Section 1-225(b) of the General Statutes requires the board to file a schedule of regular meetings with the Secretary of the State not later than January 31st of each year. The filing is only a proposed schedule and could be modified with proper public notification.

## RECOMMENDATIONS

Our prior report on the Department of Veterans Affairs contained 11 recommendations, of which 3 were resolved and 8 have been modified and repeated.

### Status of Prior Audit Recommendations

- The Department of Veterans Affairs should maintain a perpetual inventory system for all medication purchased and dispensed by the Pharmacy Department. **This recommendation has been resolved.**
- The Department of Veterans Affairs should strengthen internal controls to ensure that it complies with its donation receipt procedures. **This recommendation has been resolved.**
- The Department of Veterans Affairs should develop procedures for the consistent identification, evaluation, and write off of uncollectible accounts. **This recommendation is being repeated. (See Recommendation 3.)**
- The Department of Veterans Affairs should strengthen internal controls over compensatory time to ensure that it is properly earned. **The recommendation is being modified and repeated. (See Recommendation 5.)**
- The Department of Veterans Affairs should improve controls over workers' compensation payments to ensure compliance with its policies and procedures. **This recommendation is being modified and repeated. (See Recommendation 6.)**
- The Department of Veterans Affairs should strengthen internal controls to ensure that it administers medical leave in accordance with collective bargaining agreements and Family and Medical Leave Act guidelines. **The recommendation is being modified and repeated. (See Recommendation 7.)**
- The Department of Veterans Affairs should improve controls over overtime to ensure compliance with its own policies and procedures. **This recommendation has been resolved.**
- The Department of Veterans Affairs should strengthen internal controls to ensure that purchase orders are issued in accordance with Section 4-98 of the General Statutes. **This recommendation is being modified and repeated. (See Recommendation 4.)**
- The Department of Veterans Affairs should consistently review all cell phone statements to ensure that charges are appropriate and for business purposes, in accordance with Section 3-117(c) of the General Statutes. **This recommendation is being modified and repeated. (See Recommendation 2.)**

- The Department of Veterans Affairs should strengthen internal controls to ensure compliance with reporting requirements and document the timeliness of all report submissions. **This recommendation is being modified and repeated. (See Recommendation 8.)**
- The Department of Veterans Affairs Board of Trustee meetings should be held in accordance with Section 27-102n(b) of the General Statutes, and meeting schedules, agendas, and minutes should be made available for public inspection in accordance with Section 1-225 of the General Statutes. **This recommendation is being modified and repeated. (See Recommendation 9.)**

## **Current Audit Recommendations**

- 1. The Department of Veterans Affairs should improve internal control over purchasing card use by complying with state purchasing card policies.**

Comment:

Our review of 10 billing statements for purchasing card transactions identified that supervisors did not approve 31 transactions, totaling \$20,847, for one billing cycle.

- 2. The Department of Veterans Affairs should comply with state telecommunication procedures for monitoring and verifying cell phone charges.**

Comment:

Our review noted that the department did not maintain, review or verify the accuracy of cell phone billing statements during the audited period.

- 3. The Department of Veterans Affairs should develop procedures for the consistent identification, evaluation, and write-off of uncollectible accounts.**

Comment:

The department did not write off any uncollectable accounts receivable during the fiscal years ended June 30, 2018 and 2019.

- 4. The Department of Veterans Affairs should strengthen internal controls to ensure that it issues purchase orders in accordance with Section 4-98 of the General Statutes.**

Comment:

Our review of 25 expenditure transactions, totaling \$113,010, identified 3, totaling \$8,443, that were not supported by valid purchase orders. The department issued the purchase orders 12, 14, and 48 days after it incurred the obligations.

- 5. The Department of Veterans Affairs should strengthen internal controls over compensatory time to ensure that it is properly earned.**

Comment:

Our review of 68.5 hours of compensatory time earned by 10 employees revealed that 3 employees obtained supervisory approval 4 to 11 days after earning compensatory time.

- 6. The Department of Veterans Affairs should improve controls over workers' compensation to ensure compliance with Department of Administrative Services policies and procedures.**

Comment:

During our review of 8 workers' compensation claims, with charges totaling \$240,315, we found exceptions with 5 claims. The department could not locate 7 forms supporting workers' compensation claims, 4 forms were not submitted in a timely manner, and 2 forms were incomplete.

- 7. The Department of Veterans Affairs should strengthen internal controls to ensure that it administers medical leave in accordance with collective bargaining agreements and Family and Medical Leave Act guidelines.**

Comment:

During our review of 11 medical leaves, we found 5 medical leaves with missing, untimely, or incomplete supporting documentation. Five FMLA forms were missing, 4 were submitted late and one was incomplete.

- 8. The Department of Veterans Affairs should strengthen internal controls to ensure that it complies with its statutory reporting requirements.**

Comment:

Our review of 29 reports from the audited period disclosed the department did not submit 19 reports and submitted 2 reports late.

- 9. The Department of Veterans Affairs should file its board of trustees meeting schedules with the Secretary of the State in accordance with Section 1-225(b) of the General Statutes.**

Comment:

The department did not file its board of trustees meeting schedules with the Secretary of the State for calendar years 2018 and 2019.



**ACKNOWLEDGEMENT**

The Auditors of Public Accounts wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of the Department of Veterans Affairs during the course of our examination.

The Auditors of Public Accounts also would like to acknowledge the auditors who contributed to this report:

Ramiz Mehmedovic  
Bruce Vaughan  
Benjamin Viccari



Bruce Vaughan  
Principal Auditor

Approved:



John C. Geragosian  
State Auditor