



STATE OF WISCONSIN

Legislative Audit Bureau

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Janice Mueller  
State Auditor

DATE: October 14, 2009

TO: Senator Kathleen Vinehout and  
Representative Peter Barca, Co-chairpersons  
Joint Legislative Audit Committee

FROM: Janice Mueller *Janice Mueller*  
State Auditor

SUBJECT: Proposed Audit of Wisconsin Veterans Homes—Background Information

At your request, we have gathered some background information the Joint Legislative Audit Committee may find useful in considering an audit of the Wisconsin Veterans Homes, which are overseen by the Department of Veterans Affairs (DVA). There are currently two facilities in operation, located at King and Union Grove. To receive services, individuals must be Wisconsin residents and qualify as veterans by having served during wars or certain designated conflicts. Spouses, surviving spouses, and the parents of veterans may also qualify for admittance. As of July 2008, the number of residents in the Wisconsin Veterans Homes totaled 694 at King and 202 at Union Grove.

The facilities provide a range of services in a residential setting, including skilled nursing care, apartments and cottages for those needing less assistance, medical services, counseling services, and social activities. The skilled nursing facilities at both homes are licensed and regulated by the Department of Health Services and must comply with state and federal rules specifying staffing levels, service standards, and sanitary and physical plant requirements.

Funding for the facilities is provided primarily through Medical Assistance payments, resident contributions, and per diem payments provided by the United States Department of Veterans Affairs. The federal per diem payments vary depending on the level of care provided to the qualifying veteran. As of October 2009, the rates were \$77.53 per day for veterans receiving nursing care and \$35.84 per day for veterans receiving domiciliary care. In fiscal year 2007-08, the operating costs of the facilities totaled \$58.3 million at King and \$13.9 million at Union Grove.

In August 2009, concerns were raised about DVA's administration of the Wisconsin Veterans Homes and other programs. Among the concerns were potentially unauthorized capital expenditures totaling more than \$743,000, including the purchase of vehicles and an automated tablet packaging system for dispensing prescription drugs, as well as potentially inappropriate DVA donations totaling \$25,000 to the Fox Valley Technical College and the Waupaca Area Community Foundation. A Wisconsin Department of Justice investigation of these issues is currently underway.

Based on a unanimous vote of its members, the Wisconsin Board of Veterans Affairs submitted a request to the co-chairs of the Joint Legislative Audit Committee in September asking for a comprehensive audit of all DVA operations, including the two Wisconsin Veterans Homes and the Aid to Indigent Veterans Program, which supports indigent veterans who apply to reside in the assisted living facilities at Union Grove.

Letters in support of the Board's request for an audit have also been submitted by Senator Cowles, Senator Olsen, the County Veterans Service Officers Association, and the Disabled American Veterans Department of Wisconsin.

An audit to address the management and operations issues at the Wisconsin Veterans Homes could include an analysis of:

- trends in revenues and expenditures by funding source, including a detailed review of administrative costs;
- trends in the number of residents and staff over time, including contract staff;
- compliance with purchasing procedures, including the appropriateness of selected expenditures made for the facilities;
- the contracting processes used to procure goods and services for the two facilities;
- the need for a dedicated fire department;
- the amount and propriety of King facility revenue that has been transferred to support Union Grove operations over time;
- the adequacy and appropriateness of DVA's gift and bequest policies and procedures; and
- the administration of the Aid to Indigent Veterans Program at Union Grove, including compliance with state law and DVA policies.

I hope you find this information helpful. If you have any additional questions regarding this request, please contact me.

JM/PS/kc

cc: Senator Robert Jauch  
Senator Mark Miller  
Senator Robert Cowles  
Senator Mary Lazich

Representative Andy Jorgensen  
Representative Mark Pocan  
Representative Bill Kramer  
Representative Samantha Kerkman

John Scocos, Secretary  
Department of Veterans Affairs

Marvin J. Freedman, Chair  
Wisconsin Board of Veterans Affairs