



*New Jersey Legislature*  
★ Office of LEGISLATIVE SERVICES ★  
**OFFICE OF THE STATE AUDITOR**

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## **EXECUTIVE SUMMARY**

### **DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS NEW JERSEY VETERANS MEMORIAL HOME AT MENLO PARK July 1, 2020 to April 30, 2024**

We found the financial transactions included in our testing were related to the home; however, they were not always reasonable or always recorded properly in the accounting systems. In making these determinations, we noted internal control weaknesses in several areas meriting management's attention. Certain matters were referred to the state's Division of Criminal Justice.

#### **AUDIT HIGHLIGHTS**

- The home's management did not maximize Medicare revenue and missed out on \$114,000 of additional revenue, as well as potentially another \$1.7 million if errors are not rectified. We found deficiencies in both the management and accountability of Medicare revenue claims submissions as substantiated by a drastic decrease in revenue.
- Nearly \$1 million in delinquent accounts receivables are not being pursued for further collection. Property liens were not placed on five delinquent residents owing a total of \$100,000.
- The home's inadequate internal controls resulted in \$42,000 of cash missing from the lottery fund. Lottery profits of \$12,000 were not transferred to the welfare fund.
- The home purchased more than \$77,000 of furniture, including a questionable \$10,000 shipping fee, without obtaining required quotes. Furthermore, the home could not locate more than \$17,000 of furniture or prove it was ever received.
- The home did not always comply with applicable policies and procedures for welfare fund purchases. For example, of 37 welfare purchases tested, 29 totaling approximately \$36,000 did not have required approvals from the Veterans Advisory Council.
- Bank reconciliations are not being performed for the offline accounts, with the majority not being reconciled for more than two years.
- The home split purchase orders to circumvent bidding requirements.
- Dormant member (resident) accounts totaling \$255,000 were not either disbursed to families or transferred to the welfare fund.
- Twelve of 152 users who were separated from employment still retained network access.

#### **AUDITEE RESPONSE**

The department generally concurs with our findings and recommendations.

For the complete audit report or to print this Executive Summary, click on the attached files.