

July 2001

VETERANS HOME - BACKGROUND MEMORANDUM

Section 3 of Senate Bill No. 2007 (attached as Appendix A) provides a Legislative Council study of the management structure and oversight of the Veterans Home and the selection process for the commandant or administrator of the home. The study may also include a review of the timing of expenditures by the Veterans Home from the general fund.

PERFORMANCE AUDIT

Section 2 of 2001 Senate Bill No. 2007 (the Veterans Home appropriation bill) provides that the State Auditor conduct a performance audit of the Veterans Home during the 2001-03 biennium. The State Auditor may use the services of a consultant and may review the contractual arrangements for physicians' services at the Veterans Home as part of the audit. The results of the performance audit are to be presented to the Appropriations Committees during the 2003 legislative session.

PREVIOUS STUDIES

Pursuant to Section 3 of 1997 Senate Bill No. 2007, the 1997-98 Budget Section received reports from the Veterans Home on improvements in the management, budgeting, and accounting practices at the Veterans Home. The reports made to the Budget Section indicated that the Veterans Home had taken steps to improve its budgeting and accounting procedures, including requiring department administrators to explain any variances between actual and budgeted expenditures and to outline a corrective plan of action, if necessary, to address the variances. The reports also indicated that the fiscal year 1998 audit of the Veterans Home revealed no concerns with the recording and reporting of financial transactions.

STATUTORY PROVISIONS

Statutory provisions relating to the management structure and oversight of the Veterans Home and the selection process for the commandant are included in North Dakota Century Code Chapters 37-15 and 37-18.1.

The Veterans Home is under the supervision and governance of a subcommittee of the Administrative Committee on Veterans Affairs. The Administrative Committee on Veterans Affairs consists of three ex officio, nonvoting members and 15 voting members. The Adjutant General, the center director of the Veterans Administration, and the executive director of Job Service North Dakota are the ex officio members. The

Governor appoints the 15 other members, three of which are nominated by the American Legion, three by the Veterans of Foreign Wars, three by the Disabled American Veterans, three by the Veterans of World War II, Korea, and Vietnam (AMVETS), and three by the Vietnam Veterans of America. A listing of the current membership is attached as Appendix B.

The Administrative Committee on Veterans Affairs appoints the commandant of the Veterans Home. The commandant must be a North Dakota resident and must qualify as a veteran. The commandant is appointed for two-year terms, beginning on July 1 of each odd-numbered year.

The commandant of the Veterans Home is responsible for appointing all other officers needed to operate the home, subject to legislative appropriations.

An organizational chart of the Veterans Home is attached as Appendix C.

APPROPRIATIONS AND FTE POSITION HISTORY

The schedule below presents the legislative appropriations and FTE positions for the Veterans Home since the 1997-99 biennium.

Biennium	FTE	General Fund	Estimated Income	Total
1997-99	82.71	\$2,038,504	\$5,370,495	\$7,408,999
1999-2001	84.61	\$2,272,926	\$6,150,712	\$8,423,638
2001-03	87.01	\$3,332,074	\$6,099,935	\$9,432,009

FUNDING SOURCES

Sources of funds for the Veterans Home include the general fund, medical assistance funding, federal Veterans Administration funding, rent collections from residents, interest income, income from permanent lands distributed by the State Land Department, meal income, and miscellaneous income.

Except for general fund moneys and federal funds, all other moneys received by the Veterans Home are deposited in the Veterans Home operating fund in the state treasury. When expenditures are made, the Veterans Home may determine whether the expenditure is charged to the general fund, federal funds, or its operating fund.

STUDY PLAN

The committee may wish to proceed with this study as follows:

1. Receive information from the Administrative Committee on Veterans Affairs and the Veterans Home regarding the management structure and oversight of the Veterans Home and the selection process for the commandant.
2. Receive status reports from the State Auditor's office on the performance audit of the Veterans Home, including findings and recommendations.
3. Conduct a tour of the Veterans Home.
4. Receive testimony from interested persons regarding the management, structure, and oversight of the Veterans Home and the selection process of the commandant.
5. Review the expenditures by funding source of the Veterans Home for the 1999-2001 biennium and monitor expenditures during the 2001-03 biennium.
6. Review the process used to determine whether expenditures are charged to the general fund or the Veterans Home operating fund.
7. Develop committee recommendations and prepare necessary legislation to implement committee recommendations.
8. Prepare a final report for submission to the Legislative Council.

ATTACH:3