

# VETERANS' CHILD WELFARE SERVICE OFFICE

## Enabling Laws

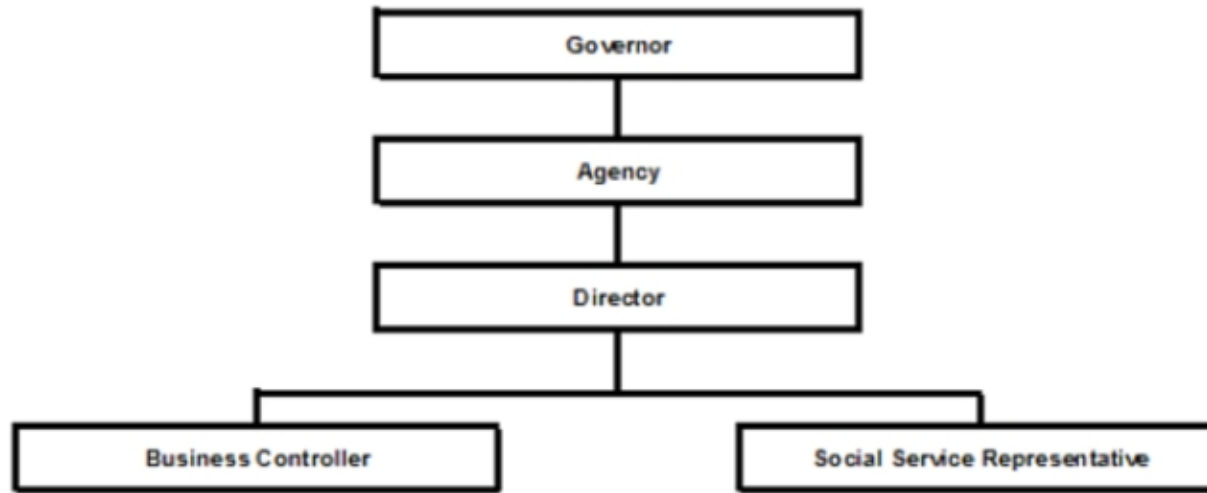
Act 198 of 2014  
A.C.A. §20-81-101

## History and Organization

The American Legion Child Welfare Division originated as a unit of the American Legion in 1923 to provide aid to the needy children of hospitalized and deceased veterans. Funds were provided through the American Legion Posts and Auxiliary Units.

Act 189 of 1969 changed the name of the Agency to the Arkansas Veterans Child Welfare Service Office. The Agency was put under the supervision of a Director appointed by the Governor upon written recommendation by the governing body of the American Legion Department of Arkansas. The Agency was delegated the responsibility of establishing temporary and interim welfare assistance for the minor age children of hospitalized and recently deceased Honorably Discharged Veterans who reside in Arkansas.

Act 100 of 1997 allowed our Agency to assist children of Honorably Discharged Arkansas Veterans who are deceased, hospitalized or medically incapacitated. Funds for the Agency are procured by funded appropriation from the State of Arkansas and from the American Legion Posts and Auxiliary Units through memorials, donations and contributions received throughout the year.



### **Agency Commentary**

The Veterans Child Welfare Service Office is delegated the responsibility of providing temporary assistance to the minor age children of Honorably Discharged Veterans if recently deceased, hospitalized or medically incapacitated. Funding for this Agency consists of general revenue funding. The Agency consists of two (2) positions: Veterans Child Welfare Director and Business Operations Specialist.

The Board is requesting an increase in Operating Expenses each year in the amount of \$1,000 to cover office supplies, building & contents insurance and an increase in the monthly DIS bill.

# Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS VETERANS CHILD WELFARE SERVICE  
FOR THE YEAR ENDED JUNE 30, 2012

Findings

Ark. Code Ann. § 20-81-101(b)(1) allows the Agency to establish a program to provide temporary assistance for minor children of honorably discharged Arkansas veterans who are deceased or medically incapacitated. One form of assistance the Agency offers is paying delinquent rent or house payments and utilities for up to three months during a one-year period. The Agency requires clients to submit an application along with a statement from the landlord or mortgage company verifying the amount owed. If the client requires assistance with utilities, copies of utility bills must also be provided.

Review of rent or house payment assistance revealed the following:

- Supporting documentation for three payments clearly listed the client accounts as delinquent for three and one-half months, which exceeded the three-month limit established by the Agency. Excess assistance totaled \$974.
- Supporting documentation for one payment clearly listed the client account as delinquent for four months, which exceeded the three-month limit established by the Agency. Excess assistance totaled \$400.
- Supporting documentation for one payment clearly stated that the assistance represented a down payment totaling \$2,400. The Agency does not have established policies for this type of assistance. This client also received three months assistance with house payments totaling \$2,160.

Although the Agency is authorized to operate an assistance program, proper segregation of duties requires that the custody of assets, authorization of related transactions affecting those assets, and recording of related transactions be segregated. Adequate controls are not in place due to the limited number of personnel, and as a result, disbursements are being made outside the established criteria.

The Agency also offers temporary assistance to clients using state warrants payable to WalMart. DLA staff were unable to determine the criteria the Agency used in determining client eligibility. DLA staff reviewed award letters issued to clients that instructed clients to go to the service desk at WalMart and show the manager the letter of instruction, a separate document specifically for WalMart, and the warrant. The

Recommendations

Establish control procedures to ensure adherence to existing policies concerning assistance for rent or house payments.

We also recommend the Agency re-evaluate the assistance offered through issuance of warrants payable to WalMart. The Agency should establish additional policies documenting criteria for eligibility and must establish control procedures to ensure appropriate documentation is consistently provided.

Agency Response:

This finding concerns the length and amount of our assistance as well as a reference to WalMart assistance provided to some families. We have established basic internal guidelines which we use to provide assistance. To think that all veterans require the same level of assistance or that we must have an absolute limit on how much assistance we can provide, places a limit on us which the acts of Arkansas never intended. Any instance of providing more than 3 months of assistance is an exception to our guidelines, not our norm. We handle each veteran's children's needs on a case by case basis. Our goal is to keep that child in the home and off the streets. A homeless veteran with children is a really sad situation.

The auditor took serious issue with the WalMart assistance we provide to some families. The use of WalMart has been a part of this Agency for many years. I [the Director] did not start the program but I will defend it. We help the veteran provide for the basic needs of his/her children through the use of WalMart. Many children are able to go to school properly clothed and with adequate school supplies because of the use of WalMart. Shoes, clothing, school supplies, food, as well as other necessities can be purchased at WalMart to fill the needs of these children. The WalMart needs are as varied as the needs of each individual veteran. Every action taken by this Agency in its 90 plus years since inception has been within the guidelines of the various Arkansas Acts which govern it and all action taken is to help the children of the veterans who honorably served our country.

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS VETERANS CHILD WELFARE SERVICE  
FOR THE YEAR ENDED JUNE 30, 2012

Findings

---

award letter identifies the items allowable for purchase, which typically include food, school supplies, children's clothing, toiletries, cleaning and laundry supplies, and gasoline. The award letter also instructs the client to mail the receipts supporting the purchases to the Agency in the stamped envelopes provided.

The letter of instruction provided to WalMart identifies the items allowable for purchase as well as items that are unallowable (e.g., magazines, tobacco products, alcoholic beverages, toys, and CDs), giving the appearance that the Agency is placing responsibility with WalMart to monitor items purchased, although WalMart is not considered part of the control structure of the Agency.

Additionally, the Agency requests that WalMart allow the client to place unspent monies from the warrant on a gift card for future use.

The Agency issued warrants payable to WalMart totaling \$4,350. DLA staff reviewed the supporting documentation for these warrants to determine compliance with the Agency award letters. Our review revealed \$3,116 not supported by adequate documentation as follows:

- Two receipts provided as support for purchases from a warrant totaling \$1,000 did not indicate payment was tendered with a warrant or gift card.
- Four receipts provided as support for purchases from a warrant totaling \$1,500 did not indicate payment was tendered with a warrant or gift card. In addition, two receipts provided were from Big Lots, and one receipt was from Target.
- Three \$600 warrants were issued to WalMart on behalf of one client. Receipts provided as support for purchases from the first warrant were considered adequate. However, purchases from the second warrant totaling \$16 were not supported, and there were no receipts supporting purchases from the third \$600 warrant.

Recommendations

---

## State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

### Employment Summary

	Male	Female	Total	%
White Employees	1	1	2	100 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			0	0 %
Total Employees			2	100 %

### Publications

#### A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
None	NA	N	N	0	NA	0	0.00

### Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
2	2	0	2	0	0.00 %	2	2	0	2	0	0.00 %	2	2	0	2	0	0.00 %

## **Analysis of Budget Request**

**Appropriation:** 064 - Vet Child Welfare Operations

**Funding Sources:** HUA - Miscellaneous Agencies Fund

The Veterans Child Welfare Service offers temporary financial assistance to the minor children of recently deceased, hospitalized or medically incapacitated veterans with limited or no income, until a more permanent source of income is established. Veterans and their families are eligible for assistance for up to three months with rent or house payments and utilities. Additional assistance will be at the Director's discretion. The Staff also counsels with families and refers them to other agencies for further assistance. The program is also subsidized by the American Legion and its Auxiliary. This appropriation is funded from general revenue.

Base Level Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY15 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment.

The Base Level request is \$160,519 each year of the biennium.

The Agency's Change Level request is \$1,000 each year of the biennium and provides for an increase in Operating Expenses in the amount of \$1,000. This increase will provide for \$200 in office supplies, \$300 for building & contents insurance and \$500 due to an increase in the monthly DIS bill.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 064 - Vet Child Welfare Operations

**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	85,686	83,805	83,805	84,631	84,631	84,631	84,631	84,631	84,631
<b>#Positions</b>		<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Personal Services Matching	5010003	29,179	28,621	28,235	29,096	29,096	29,096	29,096	29,096	29,096
Operating Expenses	5020002	2,019	2,432	2,432	2,432	3,432	3,432	2,432	3,432	3,432
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	35,763	44,360	44,746	44,360	44,360	44,360	44,360	44,360	44,360
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>152,647</b>	<b>159,218</b>	<b>159,218</b>	<b>160,519</b>	<b>161,519</b>	<b>161,519</b>	<b>160,519</b>	<b>161,519</b>	<b>161,519</b>
<b>Funding Sources</b>										
General Revenue	4000010	152,647	159,218		160,519	161,519	161,519	160,519	161,519	161,519
Total Funding		152,647	159,218		160,519	161,519	161,519	160,519	161,519	161,519
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>152,647</b>	<b>159,218</b>		<b>160,519</b>	<b>161,519</b>	<b>161,519</b>	<b>160,519</b>	<b>161,519</b>	<b>161,519</b>

FY15 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2013-2015 Biennium.

## Change Level by Appropriation

**Appropriation:** 064 - Vet Child Welfare Operations  
**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>160,519</b>	<b>2</b>	<b>160,519</b>	<b>100.0</b>	<b>160,519</b>	<b>2</b>	<b>160,519</b>	<b>100.0</b>
C01	Existing Program	1,000	0	161,519	100.6	1,000	0	161,519	100.6

### Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>160,519</b>	<b>2</b>	<b>160,519</b>	<b>100.0</b>	<b>160,519</b>	<b>2</b>	<b>160,519</b>	<b>100.0</b>
C01	Existing Program	1,000	0	161,519	100.6	1,000	0	161,519	100.6

### Justification

C01	\$1,000 increase in Operating Expenses reflects agency request of \$200 in Office Supplies, \$300 for Building & Contents Insurance and \$500 increase due to the increase of monthly DIS bill.								
-----	---	--	--	--	--	--	--	--	--