



TEXAS GENERAL LAND OFFICE  
GEORGE P. BUSH, COMMISSIONER

**REPORT ON THE AUDIT OF THE  
VETERANS' LAND BOARD  
VETERANS HOMES OPERATIONS CONTRACT**

FEBRUARY 2017

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**OVERALL CONCLUSION**

To ensure that the Texas State Veterans Homes (TSVHs), are effectively being managed and operated in adherence to contract and applicable regulatory requirements; and that the integrity of processes implemented are aligned with its goals and objectives of honoring Veteran Residents and family members by providing them with quality care and dignity through its services, both the Veterans Land Board and Touchstone Veterans' Management, Ltd. (Operator) should collaboratively ensure the following are addressed:

*(Listed by contract section reviewed)*

Health - Management and Operation:

1. Ensure that residents receive timely Physician visits in accordance to Federal guidelines.
  - Approximately 55% of selected residents did not receive timely medical physician visits in accordance with Federal Regulations.

Administrative - Management and Operation:

1. Document procedures for the VLB's review of staffing levels at the TSVHs.
2. Maintain adequate staffing levels at the TSVHs.
  - Staffing levels at two of the four TSVHs reviewed, did not meet the minimum required staffing levels.
3. Determine an effective staffing level to be utilized to ensure sufficient staffing levels are maintained.
  - The minimum staffing level currently utilized by the TSVHs and required under the contract is not adequate to assure that sufficient nursing staff is available and utilized to provide nursing and related services to residents.
4. Proactively address high turnover associated with nursing staff.
  - Consistent turnover of nursing staff, along with inadequate approaches taken to identify, address or mitigate workforce issues, is a contributing factor to the inadequate staffing levels at the TSVHs.

5. Evaluate the effectiveness of the Contract Monitoring Tool, as well as revise and document the process to monitor the mitigation of identified issues.
  - Current procedures detailing the process of identifying and reporting issues at the TSVHs do not address the steps taken by the VLB to mitigate, monitor and close-out issues.
6. Ensure consistent and supported reviews of applicant files and the admission process by the On-Site Representative.
7. Control, process and monitor satisfaction survey responses.
  - The process contradicts the purpose of conducting surveys by potentially allowing for responses/results of the surveys to be controlled by the entity being evaluated within the survey process.
8. Appropriately address and monitor grievances expressed by residents and/or family members.

Fiscal - Management and Operation:

1. Adequately support purchases of capital equipment and improvements with evidential documentation.
2. Timely process refunds of resident Trust Funds.

Loss Prevention:

1. Ensure a risk management and loss prevention program is developed and submitted for approval.

Title of Capital Assets:

1. Record, track, and retain an updated listing of capital assets and improvements.

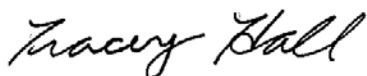
## **MANAGEMENT'S SUMMARY RESPONSE**

The Veterans Land Board (VLB), Texas State Veterans Homes (TSVH) program, generally concurs with the recommendations.

The "Detailed Results" section of this report contains management's response to each observation.

## **ACKNOWLEDGEMENTS**

We appreciate the assistance and cooperation provided to us by the management and staff of the Veterans Land Board, Texas State Veterans Homes, and Touchstone Veterans' Management during this audit. For questions about this report, please contact DeQuincy Adamson at (512)463-8142 or Tracey Hall at (512)463-6078.



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Tracey Hall, CPA, CISA  
Chief Auditor  
Office of Internal Audit

February 22, 2017

## OBJECTIVES

The objectives of the audit were to provide reasonable assurance that Texas State Veterans' Homes (TSVHs) are providing quality care to their residents and are effectively being managed and operated in adherence to contract guidelines and applicable regulatory requirements for the operation of long-term care facilities. Specifically, the audit sought to identify the effectiveness of contract monitoring processes of the VLB, TSVH program in ensuring the operation of the Veterans' Homes; and identify whether the Operator, Touchstone Veterans' Management, Ltd. (Operator), is operating the Veteran's Homes in compliance with the following contract guidelines:

- 5.01, Health - Management and Operation
- 5.02, Administrative - Management and Operation
- 5.03, Fiscal - Management and Operation
- 6.02, Loss Prevention
- 6.04, Title of Capital Assets

## SCOPE & METHODOLOGY

The scope of the audit consisted of reviewing and evaluating information and documents associated with the operations of the Texas State Veterans' Homes, care provided to the residents of the Veteran's Homes, and the Operator's compliance with contract guidelines and deliverables in accordance with the Vet Homes Operational Contract. The project reviewed activity performed during fiscal years (FY) 2015 and 2016 at four of the eight TSVHs (Bonham, El Paso, Temple, and Tyler).

The methodology included observing processes, interviewing employees, collecting information and documentation, performing tests, and analyzing and evaluating the information/documents obtained.

The audit was conducted in accordance with *Government Auditing Standards* and *International Standards for the Professional Practice of Internal Auditing*. Those standards require that we plan and perform the 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 a reasonable basis for our findings and conclusions based on our audit objectives.

## BACKGROUND INFORMATION

The Veterans Land Board (VLB): The VLB provides Veterans with access to land, home and home improvement loans. The VLB also offers State Veterans Cemeteries to honor those who have served, as well as State Veterans Homes that provide care to and dignity for veterans of the state of Texas, their spouses and Gold Star parents.

The VLB Texas State Veterans Homes Program: Since 2001, the VLB has served Texas veterans with the construction and operation of eight (8) state veteran nursing homes across the state of Texas. Authorized by the Texas Legislature in 1997 with Senate Bill 1060, these eight homes have the capacity to serve approximately 1,100 eligible Veterans, spouses and Gold Star Parents. The VLB, TSVHs provide significant contributions to the Texas economy by providing affordable, long-term skilled nursing care for its residents. Each facility is designed to enhance the residents' quality of life with a

clean, caring and dignified setting appropriate to those men and women who have served our country with honor. Following are the TSVH locations across the state of Texas:

1. Amarillo, TX - Ussery Roan Texas State Veterans Home
2. Big Spring, TX - Lamun-Lusk-Sanchez Texas State Veterans Home
3. Bonham, TX - Clyde W. Cospers Texas State Veterans Home
4. El Paso, TX - Ambrosio Guillen Texas State Veterans Home
5. Floresville, TX - Frank M. Tejada Texas State Veterans Home
6. McAllen, TX - Alfredo Gonzalez Texas State Veterans Home
7. Temple, TX - William R. Courtney Texas State Veterans Home
8. Tyler, TX – Watkins-Logan Texas State Veterans Home

All eight TSVHs were built through a partnership between the VLB and the Veterans Administration (VA). The homes are owned by the VLB and the management and operation of each facility is contracted to professional long-term health care providers (Operator). As of July 2016, the management and operation of six of the homes are contracted to, Touchstone Veterans' Management, Ltd<sup>1</sup>, while the other two homes are contracted to Texas VSI, LLC<sup>2</sup> (HMR Veterans Services).

Each of the TSVHs are designed to offer affordable, high quality care and are certified for Medicare and Medicaid, offering skilled nursing and rehabilitation for veterans and residents that meet the necessary qualifications. Each of the eight homes offer a separate and secured Alzheimer's Unit, designed to serve the specific needs and activities associated with veterans that have been diagnosed with Alzheimer's and other Dementia related diseases.

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<sup>1</sup> Touchstone Veterans' Management, Ltd is contracted to provide management and operation services for the Amarillo, Big Spring, El Paso, Floresville, McAllen and Temple Texas State Veteran Homes.

<sup>2</sup> Texas VSI, LLC (HMR Veterans Services) was granted the contract to provide management and operation services for the Bonham and Tyler Texas State Veterans Homes, effective July 1, 2016.