

Report Highlights

Louisiana State University Health Sciences Center - Health Care Services Division

DARYL G. PURPERA,
CPA, CFE

Audit Control # 80140040
Financial Audit Services • December 2014

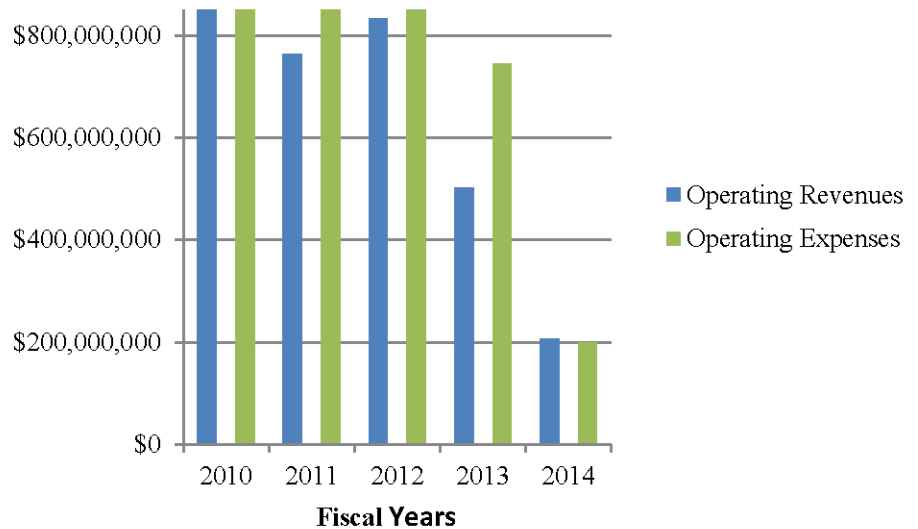
Why We Conducted This Audit

We performed certain procedures at the Louisiana State University Health Sciences Center - Health Care Services Division (HCSD) as part of the Louisiana State University System audit and the Single Audit of the State of Louisiana, and to evaluate its accountability over public funds for the period July 1, 2013 through June 30, 2014

What We Found

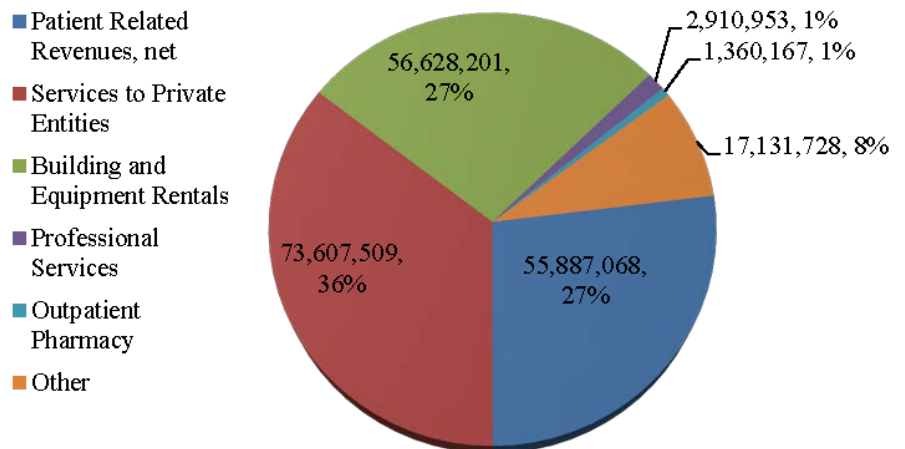
- HCSD failed to report approximately \$141.5 million in construction costs associated with the construction of the new University Medical Center in New Orleans during fiscal year 2014, resulting in a misclassification of assets and net position in HCSD's Annual Fiscal Report. After this matter was brought to HCSD management's attention, management immediately worked with the Division of Administration's Office of Facility Planning and Control to determine the \$141.5 million should have been capitalized, and an audit adjustment was made to correct the error.
- Financial information relating to the following, as adjusted, was materially correct: cash and cash equivalents, amounts due to/from State Treasury, capital assets, other postemployment benefits payable, unearned revenues, net position, hospital income, capital appropriations, hospital expenses, other non-operating expenses, and Schedule 8-3.
- At the beginning of the fiscal year, there were two state-run charity hospitals under HCSD. In March 2014, Our Lady of the Angels assumed operations of Washington - St. Tammany Regional Medical Center, leaving Lallie Kemp Regional Medical Center as the only state-run charity hospital under HCSD.
- Operating revenues and expenses have decreased significantly over the past couple of years as a result of the privatization of the state hospitals to private operators. HCSD's largest source of income now is generated by providing services and building and equipment lease rentals to the private partners.

Five-Year Operating Revenue and Expense Trend



Source: Fiscal Years 2010-2014 HCSD Annual Fiscal Reports

Fiscal Year 2014 Operating Revenues



Source: Fiscal Year 2014 HCSD Annual Fiscal Report