



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

September 8, 2014

LOWER CAMERON HOSPITAL SERVICE DISTRICT

The Lower Cameron Hospital Service District's failure to void a \$130,000 check resulted in a double payment to the district's former management company, according to an audit report released Monday by Legislative Auditor Daryl Purpera's office.

The audit was performed by the Lafayette accounting firm of Broussard, Poché, Lewis and Breaux, LLP.

The report said in August 2013 the district sent a \$130,000 check to Frontier Hospitals Inc., the former management company for the hospital district, but the company's bank "did not honor the deposit due to the fact that the check written had an error on the description of the amount of the check."

The report said the hospital district issued another check to the company but did not get the first check back or ask its bank to issue a stop-payment order. The report for the state auditor said that in December 2013 the company "manipulated the . . . \$130,000 check in their possession and deposited this check at a bank in Florida."

Auditors said when the \$130,000 check cleared the district's bank last December, "the monthly bank statement reconciliation process did not identify this check as a voided check that cleared the bank," so it was not properly "investigated and identified as a theft of assets."

The incident is being investigated by the Cameron Parish Sheriff's Office and the Cameron Parish District Attorney's office, the report said. A new management company, Stonebridge Health Systems, LLC, took over the operations of the district's South Cameron Memorial Hospital and Calcasieu Oaks Behavioral Center on January 1, 2014.

The accounting firm recommended that voided checks "be defaced properly" and held for safekeeping. "If physical possession of a voided check is not obtained," auditors recommended, "the bank should be notified immediately in order to issue a stop-payment on the voided check. All voided checks should be properly recorded in the accounting system." The district said in its response it is reviewing its procedures dealing with cash, voided checks and bank reconciliations.



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The report also cited the hospital service district for not keeping its board meeting minutes “in a detailed and informative manner.” It also said the minutes are not always approved in a timely manner by the board of directors and signed by the president and secretary of the board.

In its response, the board said it will keep better minutes and will have the minutes approved by the board more promptly.

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On Twitter: Hospital district fails to void \$130,000 check, results in double payment.