

LOUISIANA STATE UNIVERSITY HEALTH SCIENCES  
CENTER IN SHREVEPORT  
LOUISIANA STATE UNIVERSITY SYSTEM

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES  
MANAGEMENT LETTER  
ISSUED MAY 5, 2021

**LOUISIANA LEGISLATIVE AUDITOR  
1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
BATON ROUGE, LOUISIANA 70804-9397**

**LEGISLATIVE AUDITOR**  
MICHAEL J. "MIKE" WAGUESPACK, CPA

**FIRST ASSISTANT LEGISLATIVE AUDITOR**  
**AND DIRECTOR OF FINANCIAL AUDIT**  
ERNEST F. SUMMERVILLE, JR., CPA

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# Louisiana Legislative Auditor



Louisiana State University Health Sciences  
Center in Shreveport

May 2021

*Audit Control # 80200069*

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## Introduction

As a part of our audit of the Louisiana State University System (System) and our work related to the Single Audit of the State of Louisiana (Single Audit) for the fiscal year ended June 30, 2020, we performed procedures at the Louisiana State University Health Sciences Center in Shreveport (LSUHSC-S) to provide assurances on financial information that was significant to the System's financial statements; evaluate the effectiveness of LSUHSC-S's internal controls over financial reporting and compliance; and determine whether LSUHSC-S complied with applicable laws and regulations. In addition, we determined whether management has taken actions to correct the findings reported in the prior year.

## Results of Our Procedures

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### Follow-up on Prior-year Findings

Our auditors reviewed the status of the prior-year findings reported in the LSUHSC-S management letter dated February 26, 2020. We determined that management has resolved the prior-year finding related to Inaccurate Classification of Net Position. The prior-year findings related to Inadequate Controls over Accounts Receivable, Weaknesses in Controls Over Federal Research and Development Expenses, and Weakness in Controls with Special Tests and Provisions Requirements have not been resolved and are addressed again in this letter.

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### Current-year Findings

#### Noncompliance with Joint Venture Agreements

LSUHSC-S did not receive net physician claims revenue for physician services provided at the Monroe facility in accordance with the joint venture agreements with the hospital partner. Based on reports provided by the subservice billing organization, net collections for physician services at the Monroe facility during the fiscal year ending June 30, 2020, were \$4,002,796, which was not submitted to LSUHSC-S. Noncompliance with the terms of the joint venture agreements, related to the Monroe facility, may result in a loss of revenue for LSUHSC-S.

Through the joint venture agreements, LSUHSC-S faculty provides physicians and nonphysician practitioners employed by LSUHSC-S to deliver services to partner hospital facilities through a third-party service organization. The third-party service organization has a subservice organization that performs billing and collection services for the LSUHSC-S faculty services provided and pays the net physician claims revenue to LSUHSC-S. The net physician claims revenue is gross claims revenue less contractual allowances, discounts, bad debt, etc., minus the subservice billing organization's operating expenses.

LSUHSC-S represented that at the beginning of the joint venture with the current hospital partner, LSUHSC-S and the third-party service organization made the decision to continue treating the Monroe facility in the same manner as with the prior hospital partner. The prior hospital partner performed billing and retained collections for the physicians providing services at the Monroe facility and reimbursed LSUHSC-S for its costs. Under the current joint venture, LSUHSC-S represented that it considers the annual base compensation amount received from the hospital partner for the start-up period for the fiscal year ended June 30, 2020, to cover the costs of these physicians. However, this arrangement is inconsistent with the joint venture agreements and inconsistent with how LSUHSC-S is receiving collections from the other hospital facility. The joint venture agreements state that LSUHSC-S shall be paid the annual base payment in addition to the net physician claims revenue.

LSUHSC-S should establish policies and procedures to ensure net physician claims revenue for physician services provided at the Monroe facility are collected in accordance with the joint venture agreements. Management concurred with the finding and provided a corrective action plan (see Appendix A, page 1).

### **Inadequate Monitoring of Service Organizations**

LSUHSC-S did not adequately monitor the billing and collection services performed by the third-party servicer and the related subservice organization. In addition, LSUHSC-S did not adequately review the calculation of net physician claims revenue that supports the payments received by LSUHSC-S for these services. Failure to implement adequate monitoring controls increases the risk of not detecting billing and/or payment calculation errors of the service and subservice organizations, resulting in a possible loss of revenue for LSUHSC-S.

LSUHSC-S represented that it did not receive sufficient data from the service organization or subservice organization to perform an adequate review of the billings and collections to ensure all physician services were recorded for billing. Also, management's review of the monthly payment calculation does not include sufficient supporting documentation to ensure the calculation is accurate and complete.

Good internal controls require that management have procedures to ensure all services are accurately recorded, billed, and collected. In addition, good internal controls require that adequate supporting documentation is obtained and reviewed to ensure revenues are calculated in accordance with contracts and agreements.

Management should obtain sufficient data from the service organization or subservice organization to ensure billing and collection for services are properly recorded. In addition, management should ensure that a detailed review of the monthly payment calculation is performed. Management concurred with the finding and provided a corrective action plan (see Appendix A, page 2).

### **Weakness in Controls Over Payroll**

LSUHSC-S did not maintain adequate controls over payroll processing. Inadequate documentation of authorized supplemental compensation increases the risk of overpayments to employees. In addition, untimely certification and approvals increases the risk of more retroactive adjustments causing inefficiencies in the payroll process and increases the risk that errors and/or fraud may not be detected in a timely manner.

We sampled 20 employees for a particular pay period between July 1, 2019, and June 30, 2020, and noted two employees (10%) did not have adequate documentation supporting supplemental compensation totaling \$3,025.

In addition, we analyzed the monthly payroll certification process provided by Louisiana Revised Statute 17:3311.A(3), which requires monthly certification of attendance and leave records for unclassified employees. LSUHSC-S processes leave accrual for faculty and unclassified employees one month in arrears. Faculty and unclassified employees are not required to certify their time and leave until approximately one month after payroll has been processed. Therefore, hours worked and leave taken is not certified until approximately two months after the employee is paid. Further, the Faculty Payroll Certification forms were not sent for February, March, and April until June 7, 2020, as a result of COVID-19. HSCS did not perform any additional procedures to certify time and leave during this period.

Management should design and implement policies and procedures that require adequate support, including the reason and rate for supplemental pay, be maintained and properly approved. In addition, management should ensure monthly certifications are completed more timely. Management's response outlined an on-going corrective action plan (see Appendix A, pages 3-4).

### **Noncompliance and Control Weakness Related to Billing and Collections**

For the third consecutive year, LSUHSC-S does not have adequate controls over state and nongovernmental grants and contracts to pursue collection of accounts receivable. Failure to implement adequate billing and collection procedures increases the risk that receivable accounts could become uncollectible.

LSUHSC-S reported \$2.2 million of state and nongovernmental grants and contracts gross accounts receivable as of June 30, 2020 which were outstanding from fiscal years 2011 to 2019. While LSUHSC-S did establish an allowance for doubtful accounts for \$1.5 million of this balance, it did not actively pursue collection on those accounts, past the initial billing. LSUHSC-S is developing its policy to notify debtors, past the initial billing, of past-due balances

and to refer delinquent accounts for collection to the Louisiana Attorney General's Office (AG) or the Office of Debt Recovery (ODR) per its contracts with the AG and ODR.

In addition, during the fiscal year ended June 30, 2020, LSUHSC-S did not comply with nongovernmental grants and contracts related to timely billing in accordance with contract terms. We sampled 20 nongovernmental grants and contracts billings between July 1, 2019, and June 30, 2020, and noted the following exceptions:

- Eight billings (40%) were submitted 10-42 days after the contract or agreement required.
- For one billing (5%), the contract did not provide a specific billing requirement; however, the billing was submitted over a year after the services were provided.

Management should implement procedures to ensure multiple bills are submitted to debtors on past due accounts and, after such established collection efforts are exhausted, ensure delinquent accounts are submitted to the AG or ODR in accordance with contract terms and LSUHSC-S's policy. Management should also implement procedures to ensure billings are submitted timely and in accordance with contract or agreement terms. Management's response outlined an ongoing corrective action plan (see Appendix A, pages 5-6).

### **Weaknesses in Controls over Federal Research and Development Expenses**

For the second consecutive year, LSUHSC-S did not ensure internal control over documentation of personnel services were operating effectively. Untimely certifications and the untimely discovery and correction of errors increases the risk of inaccurate reporting and may result in an inability to complete approved projects within the approved budget and/or period of performance. As a result, LSUHSC-S may have to utilize university funds to complete the approved project.

LSUHSC-S utilizes Time and Effort Certifications to support salary charges on sponsored projects as an after-the-fact certification of effort, allowing for adjustments to be made to reflect final amounts charged. Based on the LSUHSC-S's policy, the time and effort certifications should be completed within approximately 30 days of the end of the quarter.

In a sample of 71 payroll and non-payroll expense transactions charged to the Research and Development Cluster, we noted the following:

- Twenty-seven (38%) time and effort certifications were completed 13 to 275 days after the date required by policy.
- Five (7%) transactions indicated an untimely discovery and correction of errors. The adjustments were made 122 to 529 days after the original transactions were recorded and 91 to 457 days after the quarter end date for the applicable time and effort certification report. After the adjustments, the costs in the accounting system allocated to the grant do not agree to the time and effort supported by the certification.

- One (1%) transaction on February 29, 2020, was for costs incorrectly allocated to an award because there were no funds remaining on the award and there was no adjustment to re-allocate the costs as of June 30, 2020, more than 122 days after the original transaction was recorded.

Although management has procedures in place for personnel to certify actual time and effort expended on federal awards, management has represented that additional training of department personnel is needed on how to appropriately complete the time and effort certification reports and plans to provide training were delayed due to COVID-19 office closures and telework.

Management should monitor time and effort certifications completed by the departments and investigate and obtain justification from department personnel for untimely certifications and untimely discovery and correction of errors to enforce policies established. Management should also consider implementing other complementary controls such as preventing costs from being charged to projects in the accounting system beyond the approved budget or period of performance. Management concurred with the finding and provided a corrective action plan (see Appendix A, pages 7-8).

### **Weakness in Controls with Special Tests and Provisions Requirements**

For the second consecutive year, LSUHSC-S did not have adequate controls in place to ensure compliance with Special Tests and Provisions requirements. In a sample of six federal Research and Development (R&D) Cluster awards for the fiscal year ending June 30, 2020, three (50%) of the awards had documentation of the key personnel's effort that did not agree to the effort reported to the federal grantor and there was no evidence of prior approval from the federal grantor for change in key personnel. Failure to implement controls over key personnel requirements could result in noncompliance with federal requirements.

Federal regulations require that for federal awards, recipients must request prior approvals from federal awarding agencies for changes in the scope or the objective of the project or program; changes in a key person associated with the award; disengagement from the project for more than three months, or a 25% reduction in time devoted to the project, by the approved project director or principal investigator.

Although LSUHSC-S has procedures in place for personnel to certify actual time and effort expended on federal awards, management has represented that additional training of department personnel is needed on how to appropriately complete the time and effort certification reports and plans to provide training were delayed due to COVID-19 office closures and telework. In addition, there are no procedures in place to use the time and effort certifications to monitor the effort of key personnel and verify that the principal investigator has obtained prior written approval from the federal grantor for changes in effort for key personnel.

Management should utilize the time and effort certifications to monitor changes in effort for key personnel and verify that prior written approval was obtained from the federal grantor for changes that exceed the thresholds in federal regulations. Management partially concurred with the finding and provided a corrective action plan (see Appendix A, pages 9-10).



## **Noncompliance with Subrecipient Monitoring Requirements**

LSUHSC-S did not adequately monitor subrecipients under the R&D Cluster programs. Failure to perform adequate monitoring impairs LSUHSC-S's ability to adequately assess the subrecipient's risk of noncompliance and increases the risk of improper payments that the state may have to repay to the federal government.

In a test of all six subrecipients, we noted that for two of the subrecipients, LSUHSC-S did not receive an audit report to ensure that required audits were completed within nine months of the subrecipient's fiscal year-end, as required by federal regulations. LSUHSC-S did not maintain a current audit requirement certification form which is used by LSUHSC-S to determine if each subrecipient needs an audit.

Management should utilize the LSUHSC-S audit requirement certification form to determine whether or not a subrecipient is required to receive a single audit and, if so, obtain and review those audits timely to determine the subrecipient's risk of noncompliance. Management partially concurred with the finding and provided a corrective action plan (see Appendix A, pages 11-12).

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## **Financial Statements – Louisiana State University System**

As a part of our audit of the System's financial statements for the year ended June 30, 2020, we considered LSUHSC-S's internal control over financial reporting and examined evidence supporting certain account balances and classes of transactions, as follows:

### **Statement of Net Position**

**Net Position** – Net Investment in Capital Assets, Restricted-Expendable, Restricted-Nonexpendable, and Unrestricted

### **Statement of Revenues, Expenses, and Changes in Net Position**

**Revenues** – Nongovernmental Grants and Contracts

**Expenses** – Educational and General

Based on the results of these procedures on the financial statements, we reported findings related to Noncompliance with Joint Venture Agreements, Inadequate Monitoring of Service Organizations, Weakness in Controls Over Payroll, and Noncompliance and Control Weakness Related to Billing and Collections, as described previously. In addition, the account balances and classes of transactions tested, as adjusted, were materially correct.

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## **Federal Compliance - Single Audit of the State of Louisiana**

As a part of the Single Audit for the year ended June 30, 2020, we performed internal control and compliance testing as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform*



*Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* on the LSUHSC-S's major federal program, the Research and Development Cluster.

Those tests included evaluating the effectiveness of LSUHSC-S's internal controls designed to prevent or detect material noncompliance with program requirements and tests to determine whether LSUHSC-S complied with applicable program requirements. In addition, we performed procedures on the status of the prior-year findings for the preparation of the state's Summary Schedule of Prior Audit Findings, as required by Uniform Guidance.

Based on the results of these Single Audit procedures, we reported findings related to Weaknesses in Controls over Federal Research and Development Expenses, Weakness in Controls with Special Tests and Provisions Requirements, and Noncompliance with Subrecipient Monitoring Requirements. These findings will also be included in the Single Audit for the year ended June 30, 2020. In addition, LSUHSC-S's information submitted for the state's Summary Schedule of Prior Audit Findings is materially correct.

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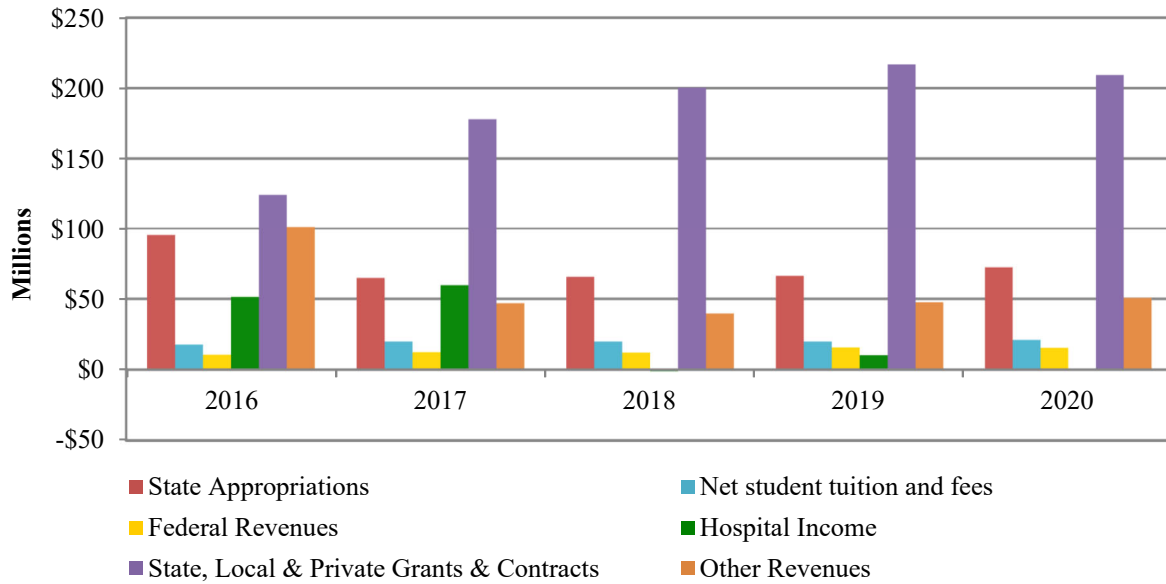
## **Trend Analysis**

We compared the most current and prior-year financial activity using LSUHSC-S's Annual Fiscal Reports and/or system-generated reports and obtained explanations from LSUHSC-S's management for any significant variances. We also prepared an analysis of revenues, expenses, and enrollment over the past five fiscal years, as shown in Exhibits 1 and 2.

In analyzing financial trends of LSUHSC-S over the past five fiscal years, grant and contract revenue has increased consistently since the privatization of LSUHSCS-S's hospitals in fiscal years 2014 and 2015. In addition, in January 2017, net physician related revenues are recognized as private grants and contracts rather than as other revenues. In fiscal year 2018, hospital income decreased due to a write-off of approximately \$54 million for uncompensated care receivables that was recorded against hospital income.

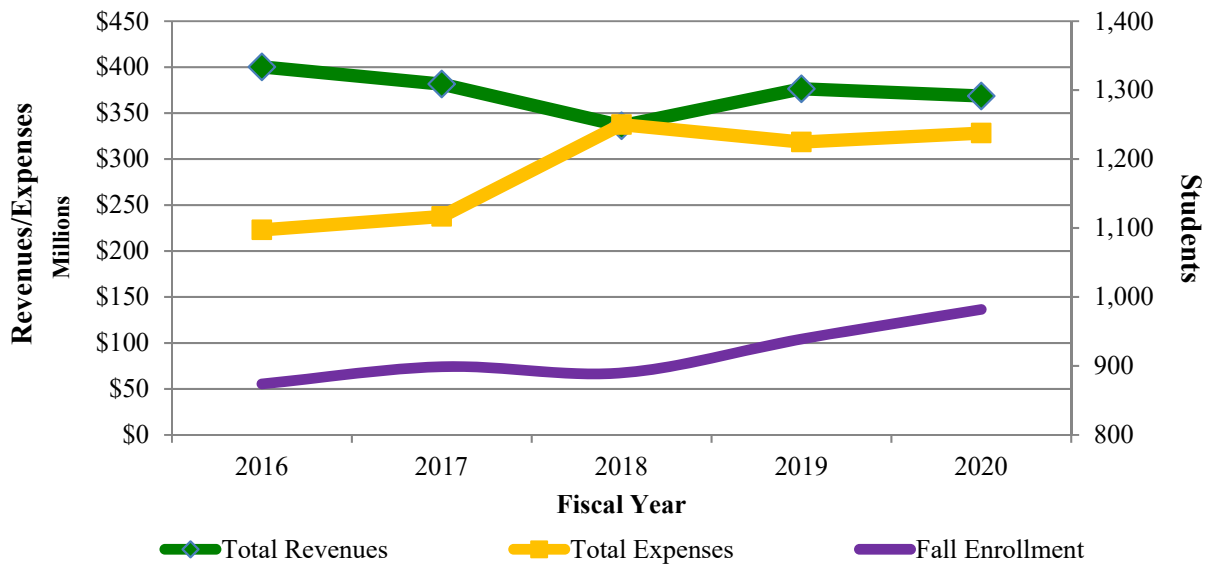
In fiscal year 2018, clinical operations, pension, and building and equipment lease expenses increased. In fiscal year 2019, expenses decreased due to a change in building and equipment lease payments related to the joint venture agreement with Ochsner. There were no significant changes in revenues and expenses in fiscal year 2020.

**Exhibit 1  
Five-Year Revenue Trend, by Fiscal Year**



Source: Fiscal Years 2016-2020 Financial Statements, as adjusted

**Exhibit 2  
Fiscal/Enrollment Trends**



Source: Fiscal Years 2016-2020 Financial Statements, as adjusted, and Board of Regents website

The recommendations in this letter represent, in our judgment, those most likely to bring about beneficial improvements to the operations of LSUHSC-S. The nature of the recommendations, their implementation costs, and their potential impact on the operations of LSUHSC-S should be considered in reaching decisions on courses of action. The findings related to LSUHSC-S's

compliance with applicable laws and regulations should be addressed immediately by management.

Under Louisiana Revised Statute 24:513, this letter is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA  
Legislative Auditor

BDM:RJM:BH:EFS:aa

LSUHSCS2020



## **APPENDIX A: MANAGEMENT'S RESPONSES**



Health Sciences Center

Administration and Finance

1501 Kings Highway  
P.O. Box 33932  
Shreveport, LA 71130-3932

0 318-675-6001  
f 318-675-8412  
www.lsuhseshreveport.edu

November 20, 2020

Daryl G. Purpera, CPA, CFE  
Legislative Auditor  
P.O. Box 94397  
Baton Rouge, Louisiana 70804-9397

**Re: Noncompliance with Joint Venture Agreements**

Dear Mr. Purpera,

LSUHSC-Shreveport has reviewed the "Noncompliance with Joint Venture Agreements" finding identified by your staff and we concur with the finding.

LSUHSC-Shreveport will work with Ochsner/LSU Health System of North Louisiana (OLHS) staff to move the professional fee collections for our Monroe Faculty from Ochsner/LSU Health Monroe to the Ochsner/LSU Physician Group. With this transfer, the OLHS staff will be required to re-credential each individual clinician into the OLPG and update each of the Ochsner/LSU Health Monroe physician contracts to reflect the movement to a new tax id number.

Due to the administrative burden of this change, my office is not projecting to have this task completed until July 1, 2021 and the Vice Chancellor of Administration and Finance will be the employee responsible for the implementation of this corrective action.

If you have any questions or need any additional information, please contact me at (318) 675-5230 or via e-mail at [wreyn1@lsuhsc.edu](mailto:wreyn1@lsuhsc.edu).

Sincerely,



W. Jeff Reynolds

Vice Chancellor of Administration and Finance

c: G.E. Ghali, DDS, MD, FACS, FRCS (Ed)  
Chancellor



Health Sciences Center

Administration and Finance

1501 Kings Highway  
P.O. Box 33932  
Shreveport, LA 71130-3932

0 318-675-6001  
f 318-675-8412  
www.lsuhsctshreveport.edu

November 20, 2020

Daryl G. Purpera, CPA, CFE  
Legislative Auditor  
P.O. Box 94397  
Baton Rouge, Louisiana 70804-9397

**Re: Inadequate Monitoring of Service Organizations**

Dear Mr. Purpera,

Thank you for the opportunity to respond to your office's finding related to the Inadequate Monitoring of Service Organization. LSUHSC-Shreveport has reviewed the issues identified by your staff and we concur with the finding.

LSUHSC-Shreveport will work with our service organization to obtain the claim level detail on a monthly basis from the EPIC O2 system. This claim level data will be loaded into the Health Sciences Centers "QlikView" system and the Department Business Managers will reconcile on a monthly basis to ensure billing and collection for services are properly recorded by the OLHS.

The employee responsible for coordinating this corrective action is Mr. Randy Davidson and this corrective action will be in place for March 1, 2021.

If you have any questions or need any additional information, please contact me at (318) 675-5230 or via e-mail at wreyn1@lsuhsc.edu.

Sincerely,



W. Jeff Reynolds  
Vice Chancellor of Administration and Finance

c: G.E. Ghali, DDS, MD, FACS, FRCS (Ed)  
Chancellor

Health Sciences Center

Vice Chancellor of  
Administration and Finance

1501 Kings Highway  
P.O. Box 33932  
Shreveport, LA 71130-3932

O 318-675-5291  
www.lsuhseshreveport.edu

January 20, 2021

Louisiana Legislative Auditor  
Daryl G. Purpera, CPA, CFE  
P.O. Box 94397  
Baton Rouge, Louisiana 70804-9397

**RE: FYE2020**

**LSU Health Sciences Center in Shreveport**

Dear Mr. Purpera,

**LSU Health Sciences Center in Shreveport provides the following response to the audit finding: "Louisiana State University Health Sciences Center in Shreveport (LSUHSC-S) did not maintain adequate controls over payroll processing"**

**Inadequate documentation of authorized supplemental compensation increases the risk of overpayments to employees:** The department chair and business manager submit the requests for authorized faculty supplemental compensation on a monthly basis. LSUHSC-S administration and finance will work with the departments to ensure the documentation is maintained.

**Untimely certification and approvals increase the risk of more retroactive adjustments causing inefficiencies in the payroll process and increases the risk that errors and/or fraud may not be detected in a timely manner:** Leave accrual for LSUHSC Shreveport employees is one month in arrears. Therefore, Leave Certification Reports cannot be run until Payroll has confirmed which generally occurs at the end of each month. To run the reports prior to confirmation, the employee would receive the identical report that was distributed the prior month. An employee in HRMS runs the report immediately upon notice of confirmation. Once the report is received, it is sent via email to the department business manager, director, chairman, etc. The records are managed and maintained at the departmental level.

The Leave Certification Form process occurs after payroll has run and leave has been calculated and the employee paid. If the employee notes a discrepancy in the Leave Certification a payroll correction is made retroactively. This differs from the Leave Request form process. The leave request form is submitted by the employee prior to leave being taken and, once approved by the supervisor, is forwarded to Payroll. Payroll utilizes this form to calculate pay and leave for the current pay period.

During the time period noted, February- April 2020, all LSUHSC Shreveport employees were ordered to go home amid the COVID pandemic. The Vice Chancellor for

Administration and Finance authorized HRMS to suspend reporting during this period. Once administrative employees returned to campus, the process was resumed and currently continues within a timely manner.

**Anticipated Completion Date for Action Plan:** On-going

**Name of Contact(s) Responsible for Action Plan:**

Sheila Faour, CFO

Ed Jones, Assistant Vice Chancellor of Administration and Finance

Lisa Ebarb, Executive Director of Human Resources

Please advise if additional information is required at this time.

Sincerely,



Cindy Rives, MPA

Vice Chancellor for Administration and Finance

Health Sciences Center

Vice Chancellor of  
Administration and Finance

1501 Kings Highway  
P.O. Box 33932  
Shreveport, LA 71130-3932

O 318-675-5291  
www.lsuhsershreveport.edu

January 20, 2021

Louisiana Legislative Auditor  
Daryl G. Purpera, CPA, CFE  
P.O. Box 94397  
Baton Rouge, Louisiana 70804-9397

**RE: FYE2020**

**LSU Health Sciences Center in Shreveport**

Dear Mr. Purpera,

**LSU Health Sciences Center in Shreveport provides the following response to the audit finding: "Noncompliance and Control Weakness Related to Billing and Collections"**

**For the third consecutive year, Louisiana State University Health Sciences Center in Shreveport (LSUHSC-S) does not have adequate controls over state and non-governmental grants and contracts to pursue collection of accounts receivable:** In FY 2020, LSUHSC-Shreveport Grants and Contracts re-sent past due invoices to customers. Approximately 40% of the invoices were paid and the remaining invoices are being reviewed for further action. Accounts Receivable reports are submitted quarterly to OSRAP, allowance for doubtful accounts are setup, and recommended write-offs are submitted annually to the Board of Supervisors for approval.

LSUHSC-S Grants and Contracts office staffing levels are currently under review. LSUHSC-S is in the process of hiring additional employees to continue this process and implement additional collection efforts. The corrective actions recommended will continue to be implemented.

**LSUHSC-S did not comply with nongovernmental grants and contracts related to timely billing in accordance with contract terms:** On most months, LSUHSC-S closes the monthly ledgers around the 15<sup>th</sup> of the following month. The billings are not generated until the ledgers are closed. Therefore, LSUHSC-S will work with the customers identified to extend the due date of the invoice. In addition, the contract payments were received, when applicable, on the eight billings identified.

The identified one billing that did not have contract specifics and submitted over a year after services is handled directly by the department. The LSUHSC-S Grants & Contract office will request this invoicing be handled in an efficient manner and in line with the timing of closed ledgers.

**Anticipated Completion Date for Action Plan:** On-going

**Name of Contact(s) Responsible for Action Plan:**

Sheila Faour, CFO

Bill Haacker, Assistant Director of Grants Accounting

Please advise if additional information is required at this time.

Sincerely,

A handwritten signature in blue ink that reads "Cindy Rives". The signature is written in a cursive style with a horizontal line under the name.

Cindy Rives, MPA

Vice Chancellor for Administration and Finance



Health Sciences Center

Administration and Finance

1501 Kings Highway  
P.O. Box 33932  
Shreveport, LA 71130-3932

O 318-675-6001  
F 318-675-8412  
www.lsuhseshreveport.edu

April 19, 2021

Thomas H. Cole, CPA, CGMA  
Temporary Legislative Auditor  
Louisiana Legislative Auditor  
P.O. Box 94397  
Baton Rouge, Louisiana 70804-9397

**RE: FYE2020**

**LSU Health Sciences Center in Shreveport  
Research and Development Cluster  
Management Letter and Single Audit Report**

Dear Mr. Cole,

LSU Health Sciences Center in Shreveport is in receipt of the following audit finding:

**“Weaknesses in Controls over Federal Research and Development Expenses”**

LSUHSC-S concurs with the recommendation that management should monitor time & effort certifications completed by the departments and investigate and obtain justification for untimely certifications, discovery, and corrections to enforce established policies.

As noted during the audit, changes were made in the accounting system which were not reflected in the time & effort certification forms until November 2019 delaying the timely distribution to and returning of forms by the departments.

**Action Plan:**

The institution is committed to the following:

- (1) From last year’s plan, an employee was hired by Office of Sponsored Programs Tech Transfer (OSPTT) in January 2021 to conduct training and review time and effort records with all departments to ensure compliance
- (2) Continue to update and implement formal training with the departments completing the time and effort certifications
- (3) Update institutional policies to reflect current Federal Regulations

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**Anticipated Completion Date for Action Plan:** FY21 and ongoing

**Name of Contact(s) Responsible for Action Plan:**

Sheila Faour, CFO

Steven McAlister, Associate Director of Accounting Services

Bill Haacker, Assistant Director of Grants Accounting

Annella Nelson, Vice Chancellor of Research Development

Tracy Calvert, Director of OSPTT

If you have any questions or need additional information, please do not hesitate to contact our office.

Sincerely,



Cindy Rives, MPA

Vice Chancellor of Administration and Finance



Health Sciences Center

Administration and Finance

1501 Kings Highway  
P.O. Box 33932  
Shreveport, LA 71130-3932

O 318-675-6001  
F 318-675-8412  
www.lsuhsctshreveport.edu

April 19, 2021

Thomas H. Cole, CPA, CGMA  
Temporary Legislative Auditor  
Louisiana Legislative Auditor  
P.O. Box 94397  
Baton Rouge, Louisiana 70804-9397

**RE: FYE2020**

**LSU Health Sciences Center in Shreveport  
Research and Development Cluster  
Management Letter and Single Audit Report**

Dear Mr. Cole,

LSU Health Sciences Center in Shreveport is in receipt of the following audit finding:

“Weakness in Controls with Special Tests and Provisions Requirements”

LSUHSCS partially concurs with the finding.

Even though the internal, institutional time and effort certification form used for documenting personnel effort did not agree to the annual progress report (RPPR) submitted to the federal grantor; the effort reported to the federal grantor on the three projects cited in the finding was correct and prior approval for effort level change from the federal grantor was not required.

As noted in the finding, prior approval must be obtained from the federal grantor if the level of effort is reduced by 25% or more for the PI or any senior/key personnel named in the notice of award. The Office for Sponsored Programs & Technology Transfer (OSPTT) is the institution office of record that will seek approval from the federal grantor.

**Action Plan:**

The institution is committed to the following:

- (1) From last year’s plan, an employee was hired by Office of Sponsored Programs Tech Transfer (OSPTT) in January 2021 to conduct training and review time and effort records with all departments to ensure compliance
- (2) Continue to update and implement formal training with the departments completing the time and effort certifications
- (3) Update institutional policies to reflect current Federal Regulations

**Anticipated Completion Date for Action Plan:** Training and education efforts will continue throughout the fiscal year (s). The anticipated completion for updating the institutional policy (s) will July 31, 2021.

**Name of Contact(s) Responsible for Action Plan:**

Sheila Faour, CFO

Steven McAlister, Associate Director of Accounting Services

Bill Haacker, Assistant Director of Grants Accounting

Annella Nelson, Vice Chancellor of Research Development

Tracy Calvert, Director of OSPTT

If you have any questions or need additional information, please do not hesitate to contact our office.

Sincerely,



Cindy Rives, MPA

Vice Chancellor of Administration and Finance

Health Sciences Center

Administration and Finance

1501 Kings Highway  
P.O. Box 33932  
Shreveport, LA 71130-3932

O 318-675-6001  
F 318-675-8412  
www.lsuhsctshreveport.edu

April 26, 2021

Thomas H. Cole, CPA, CGMA  
Temporary Legislative Auditor  
Louisiana Legislative Auditor  
P.O. Box 94397  
Baton Rouge, Louisiana 70804-9397

**RE: FYE2020**  
**LSU Health Sciences Center in Shreveport**  
**Research and Development Cluster**  
**Management Letter and Single Audit Report**

Dear Mr. Cole,

LSU Health Sciences Center in Shreveport is in receipt of the following audit finding:

**“Noncompliance with Subrecipient Monitoring Requirements”**

LSUHSCS partially concurs with the finding. The Subrecipient audit reports should have been printed and/or noted for the file and the audit certification forms should have been completed by the subrecipient for the two subrecipient files.

LSUHSCS Office for Sponsored Programs & Technology Transfer (OSPTT) does not concur that a review of a past audit report is the only determining factor in assessing a subrecipient’s level of risk. Other factors to consider would be the type of subrecipient organization (i.e. non-profit; for profit); the location of the subrecipient (i.e. United States vs. foreign country); the dollar amount of the subaward; current and past experience with the subrecipient; debarred/suspended faculty and/or staff. One particular item cannot be the determining factor in assigning a level of risk. In addition, OSPTT requests that the subrecipient provide detailed backup to support each invoice thus ensuring federal funds are being used for allowable expenditures and in accordance with grant terms and conditions, eliminating the risk of improper payments to the subrecipients.

**Action Plan:**

The institution is committed to the following:

A subrecipient commitment form will be completed by the subrecipient prior to application submission which addresses some monitoring requirements as well as the audit status. Beginning in FY21, Grants Accounting will prepare and monitor subrecipient audit certification forms as required by federal regulation. OSPTT will monitor the financial side; the Department/PI, the performance side.

**Anticipated Completion Date for Action Plan:** FY21 and ongoing

**Name of Contact(s) Responsible for Action Plan:**

Sheila Faour, CFO  
Steven McAlister, Associate Director of Accounting Services  
Bill Haacker, Assistant Director of Grants Accounting  
Annella Nelson, Vice Chancellor of Research Development  
Tracy Calvert, Director of OSPTT

If you have any questions or need additional information, please do not hesitate to contact our office.

Sincerely,



Cindy Rives, MPA  
Vice Chancellor of Administration and Finance

## APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the Louisiana State University Health Sciences Center in Shreveport (LSUHSC-S) for the period from July 1, 2019, through June 30, 2020, to provide assurances on financial information significant to the Louisiana State University System (System), and to evaluate relevant systems of internal control in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Our procedures, summarized below, were a part of the audit of the System's financial statements and our work related to the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2020.

- We evaluated LSUHSC-S's operations and system of internal controls through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to LSUHSC-S.
- Based on the documentation of LSUHSC-S's controls and our understanding of related laws and regulations, we performed procedures to provide assurances on certain account balances and classes of transactions to support our opinions on the System's financial statements.
- We performed procedures on the Research and Development Cluster for the year ended June 30, 2020, as a part of the 2020 Single Audit.
- We performed procedures on the status of prior-year findings for the preparation of the state's Summary Schedule of Prior Audit Findings for the year ended June 30, 2020, as a part of the 2020 Single Audit.
- We compared the most current and prior-year financial activity using LSUHSC-S's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from LSUHSC-S's management for significant variances.

The purpose of this report is solely to describe the scope of our work at LSUHSC-S, and not to provide an opinion on the effectiveness of LSUHSC-S's internal control over financial reporting or on compliance. Accordingly, this report is not intended to be, and should not be, used for any other purposes.

We did not audit or review LSUHSC-S's Annual Fiscal Report, and accordingly, we do not express an opinion on that report. LSUHSC-S's accounts are an integral part of the System's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.