

LOUISIANA STATE UNIVERSITY  
HEALTH SCIENCES CENTER –  
HEALTH CARE SERVICES DIVISION

LOUISIANA STATE UNIVERSITY SYSTEM

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES  
MANAGEMENT LETTER  
ISSUED DECEMBER 16, 2019

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# Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE

LSU Health Sciences Center –  
Health Care Services Division



December 2019

Audit Control # 80190102

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## Introduction

As a part of our audit of the Louisiana State University System (System) and the Single Audit Report of the State of Louisiana (Single Audit) for the fiscal year ended June 30, 2019, we performed procedures at the LSU Health Sciences Center – Health Care Services Division (HCSD) to provide assurances on financial information that is significant to the System’s financial statements; evaluate the effectiveness of HCSD’s internal controls over financial reporting and compliance; and determine whether HCSD 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 HCSD management letter dated December 12, 2018. We determined that management has resolved the prior-year findings related to Weaknesses in Agreements for Use of State Assets and Noncompliance with Debt Collection Requirements.

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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, 2019, we considered HCSD’s internal control over financial reporting and examined evidence supporting certain account balances and classes of transactions, as follows:

#### Statement of Net Position

**Assets** - Cash and Cash Equivalents and Lease Receivables

**Liabilities** - Unearned Revenues

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

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

**Revenues** - Other Nonoperating Revenues (Expenses)

**Expenses** - Hospital Expenses

The account balances and classes of transactions tested, as adjusted, are materially correct.

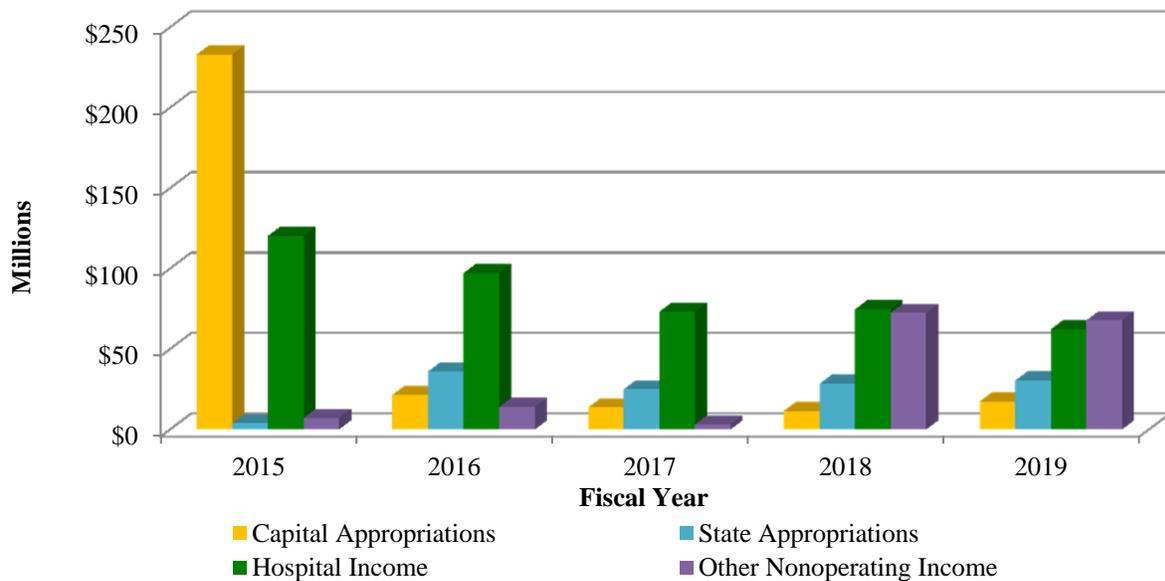
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**Trend Analysis**

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

In analyzing financial trends of HCSD over the past five fiscal years, revenues have decreased by 51.1%. Capital appropriations received have decreased 92.5% since 2015 due to the completion of the new Academic Medical Center of New Orleans during fiscal year 2015 while nonoperating revenues have increased due to HCSD’s leases.

**Exhibit 1  
Five-Year Revenue Trend**



**Source:** Fiscal Years 2015-2018 LSU System Audit Reports; 2019 HCSD Annual Fiscal Report

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

Respectfully submitted,



Daryl G. Purpera, CPA, CFE  
Legislative Auditor

ABS:JPT:BH:EFS:aa

HCSD2019



## APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at LSU Health Sciences Center – Health Care Services Division (HCSD) for the period from July 1, 2018, through June 30, 2019, 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, are a part of the audit of the System’s financial statements and the Single Audit Report of the State of Louisiana (Single Audit) for the year ended June 30, 2019.

- We evaluated HCSD’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 HCSD.
- Based on the documentation of HCSD’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 compared the most current and prior-year financial activity using HCSD’s Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from HCSD’s management for significant variances.

The purpose of this report is solely to describe the scope of our work at HCSD and not to provide an opinion on the effectiveness of HCSD’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 HCSD’s Annual Fiscal Report, and accordingly, we do not express an opinion on that report. HCSD’s accounts are an integral part of the System’s financial statements, upon which the Louisiana Legislative Auditor expresses opinions.