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Report Highlights

Louisiana State University Health Sciences Center – Health Care Services Division

Louisiana State University System

Audit Control # 80170125

Financial Audit Services • December 2017

Why We Conducted This Audit

We performed certain procedures at the Louisiana State University Health Sciences Center – Health Care Services Division (HCSD) as a part of the Louisiana State University System (System) audit and to evaluate HCSD's accountability over public funds for the period July 1, 2016, through June 30, 2017.

What We Found

- For the second consecutive year, HCSD and System administration did not have complete, signed agreements for all equipment being utilized by the partner managing University Medical Center New Orleans (UMCNO).
 - UMCNO Equipment - In fiscal year 2017, HCSD completed a reconciliation of the equipment purchases and determined the value of leased equipment to be approximately \$99 million. As of June 30, 2017, HCSD has received payments totaling approximately \$75 million for use of this equipment. Due to the lack of a signed agreement, there is insufficient information to determine if the partner has paid adequate rent for these items. In addition, a bill of sale for supplies and other items purchased by the state totaling \$8.4 million has not yet been executed.
 - Interim LSU Public Hospital in New Orleans Equipment - The agreement for the partner's use of equipment located in the Interim LSU Public Hospital, effective on June 24, 2013, with a lease term of 10 years, did not contain an agreed-upon Exhibit A listing the annual lease payment by equipment item as required by the agreement. Since fiscal year 2013, the partner has made annual rental payments totaling approximately \$25 million based on a schedule that was not agreed upon by all parties and only outlined rental payments through fiscal year 2016.
- For the third consecutive year, HCSD identified a significant amount of unlocated movable property totaling \$1,658,333 (or 96%) of the \$1,730,337 in remaining Earl K. Long Medical Center (EKLMC) movable property not being leased. After an extensive search of multiple properties for the past three years, \$1.6 million of EKLMC movable property remained unlocated and was written off in accordance with state property regulations.
- The prior-year findings related to Weaknesses over State Assets in New Orleans Hospitals and Noncompliance with Debt Collection Requirements have been resolved.

View the full report, including management's responses, at www.la.gov.