LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

March 25, 2013

LOUISIANA STATE UNIVERSITY HEALTH SCIENCES CENTER

BATON ROUGE – The Medical Center of Louisiana at New Orleans, part of the Louisiana State University hospital system, did not adequately document the financial eligibility of at least 43 HIV patients under a federal grant, resulting in "questioned costs" of about $67,000, Legislative Auditor Daryl Purpera's office said Monday in a four-page management letter to the LSU Health Sciences Center's Health Care Services Division.

The tests of records of 43 HIV patients showed there was incomplete verification of financial need; 37 were not properly recertified for treatment; and 18 of the 43 did not have a valid Louisiana driver's license or "other support of Louisiana residency."

Three of the clients were not eligible to participate in the program "yet still received prescription drugs from the pharmacy." The review covered the period from July 1, 2011 to June 30, 2012.

The lack of documentation for the 43 files tested "resulted in questioned costs totaling $67,000." The money is part of a federal HIV care grant that is allocated to the state Department of Health and Hospitals and the medical center.

Federal regulations and state guidelines require documentation from the clients that they are qualified to be treated for HIV under the terms of the grant. The guidelines require the medical center to obtain documentation of Louisiana residency, financial need, and to recertify patients' eligibility every six months, the report said.

"Non-compliance with federal regulations increases the possibility of disallowed costs that must be returned" to the federal government, auditors said.

As of July 1, 2012, the New Orleans medical center was no longer responsible in determining eligibility for the HIV program, but officials of the center "should obtain the missing documentation for clients who are still receiving assistance, provide any necessary access to expiration dates to pharmacy personnel," and work with federal and state agencies to resolve the $67,000 in questioned costs.

Medical center officials should tighten control over a state credit card at a home improvement store where supplies are bought.

Medical center officials discovered about $9,000 in “unauthorized purchases” were made at a home improvement store on the card by an employee between April 2010 and May 2012. Medical center officials identified the store as a Home Depot in New Orleans.

The report states that the improper purchases included residential building materials, tools, household cleaning supplies, Christmas toys and decorations and sports team items. Medical center officials said the unnamed employee resigned and was arrested June 29, 2012.

Although “only one employee was identified as making unauthorized purchases, management (of the medical center) allowed the store to maintain the card information to be used by multiple employees in violation of the state’s procurement card policy. As a result, multiple employees were able to use the card by simply informing the store that they were making a purchase” for the Medical Center of Louisiana at New Orleans.”

Purchases by the card were not adequately reviewed by the “authorized cardholder and the supervisor,” the report said. State policy allows the use of the card for “official business. . .only and the card may not be loaned to others,” auditors said.

Medical center officials agreed with the findings and said they have taken steps to avoid similar problems in the future.

For more information, contact:
Daryl G. Purpera, CPA, CFE
Legislative Auditor
225-339-3800