



LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

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## COMMON GROUND HEALTH CLINIC INC.

An employee of the Common Ground Health Clinic Inc. of New Orleans charged approximately \$4,900 in personal expenses to the clinic's operations during the 2013 fiscal year, according to a report released Monday by Legislative Auditor Daryl Purpera.

The audit report by the New Orleans accounting firm of Gurtner • Zuniga • Abney, LLC did not identify the employee nor say if the person is still working for the clinic, which opened its doors just days after Hurricane Katrina devastated the New Orleans area.

"Management identified misappropriation of assets committed by an employee of the clinic relating to personal expenses charged to the clinic as operating expenses," the report said. After the initial misspending was discovered, the clinic's board hired an accountant "to perform a forensic review of the books and records which further indicated that there were various expenses that were improperly paid/expensed that were of a personal nature."

The report for the state auditor said that "controls over the expenditure process were not operating effectively" to detect or prevent the improper expenses on a timely basis" in 2013. The audit covered the fiscal year January 1 through December 31, 2013.

During 2013 and into 2014, there was a turnover in accountants, the report said. "In an effort to reduce expenses in 2013, the third-party CPA. . .was changed to a less expensive contractor," auditors said. "Subsequent to this change, there was additional turnover in this role throughout the remainder of 2013 and through May 2014.

"As a result, internal controls over the monthly financial close and reporting process were not in effect during the last two quarters of 2013."

The clinic's board brought in a new interim executive director and another accounting firm in 2014 to review and strengthen internal controls. The report also said the clinic's annual audit, due to be filed with the state by June 30, was late "given the unanticipated continued turnover in the accounting function, coupled with the additional delays related to the internal examination performed" relating to the misappropriation of the estimated \$4,900.

The report said although the clinic sustained a decrease in net assets of \$102,313 to \$211,131 in the 2013 fiscal year, current assets still exceed current liabilities by almost \$74,000. "The clinic has experienced liquidity issues throughout 2013 due to timing of receipt of funding from various sources, and continued reductions in revenue from these sources," the report said.



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It pointed out that clinic officials hope to offset the cash flow problems by looking for additional financing sources – such as new grants, increasing fundraising efforts targeted at private donors, and marketing the clinic to “attract a wider patient base.”

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**On Twitter:** New Orleans-area clinic employee charged personal expenses to business.