

STATE OF LOUISIANA LEGISLATIVE AUDITOR

University Medical Center
Health Care Services Division
Louisiana State University Medical Center
State of Louisiana
Lafayette, Louisiana

April 15, 1999



Financial and Compliance Audit Division

*Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor*

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**UNIVERSITY MEDICAL CENTER
HEALTH CARE SERVICES DIVISION
LOUISIANA STATE UNIVERSITY MEDICAL CENTER
STATE OF LOUISIANA
Lafayette, Louisiana**

**Management Letter
Dated March 20, 1968**

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor and at the office of the parish clerk of court.

April 15, 1968



DANIEL C. BLAKE, III, CPA, CFE
LEGISLATIVE AUDITOR

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MARCH 20, 1998

**UNIVERSITY MEDICAL CENTER
HEALTH CARE SERVICES DIVISION
LOUISIANA STATE UNIVERSITY MEDICAL CENTER
STATE OF LOUISIANA
Lafayette, Louisiana**

As part of our audit of the State of Louisiana's financial statements for the year ending June 30, 1998, we conducted certain procedures at University Medical Center. Our procedures included (1) a review of the medical center's internal controls; (2) tests of financial transactions for the years ending June 30, 1996, and June 30, 1997; (3) tests of adherence to applicable laws, regulations, policies, and procedures governing financial activities for the years ending June 30, 1996, and June 30, 1997; and (4) a review of compliance with the prior year report recommendation.

The Annual Fiscal Reports of University Medical Center were not audited or reviewed by us, and, accordingly, we offer no form of assurance on those reports. The medical center's accounts, within the Louisiana State University Medical Center, are an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses an opinion.

Our procedures included interviews with management personnel and other selected medical center personnel. We also evaluated selected documents, files, reports, systems, procedures, and policies as we considered necessary. After analyzing the data, we developed a recommendation for improvement. We then discussed our finding and recommendation with appropriate management personnel before submitting this written report.

In our prior report on University Medical Center, we reported a finding relating to personnel and payroll controls. That finding has been resolved by management.

Based on the application of the procedures referred to previously, all significant findings are included in this report for management's consideration.

Inadequate Controls Over Food Instruments

University Medical Center has not established adequate internal controls over the issuance of food instruments for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) program. The WIC program requires that an applicant must be certified by a competent professional authority to be at nutritional risk and that food instruments must be controlled.

LEGISLATIVE AUDITOR

UNIVERSITY MEDICAL CENTER
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STATE OF LOUISIANA

Management Letter, Dated March 20, 1998

Page 2

The medical center's competent professional authorities certify applicants and submit written orders for food instruments to be printed by a clerk. However, we noted that there is no subsequent supervisory review to determine that all food instruments issued have been properly authorized. Without adequate controls over the issuance of food instruments, the risk exists that federal funds could be misused, and errors and/or fraud could occur and not be detected in a timely manner.

University Medical Center should establish and maintain adequate internal controls over the issuance of food instruments. Management should provide for subsequent supervisory review of copies of food instruments retained by the medical center. The review should be performed by someone other than the person who prints the instruments to determine if sequential numbering of the instruments is intact, and the instruments are being issued properly and in accordance with program requirements. In a letter dated March 20, 1998, Mr. Lawrence Costey, Administrator, concurred with the finding and stated that the medical center has developed procedures to determine that all food vouchers issued are properly authorized.

The recommendation in this report represents, in our judgment, that most likely to bring about beneficial improvement to the operations of the medical center. The nature of the recommendation, its implementation cost, and its potential impact on operations of the medical center should be considered in reaching decisions on courses of action.

By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

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