

STATE OF LOUISIANA LEGISLATIVE AUDITOR

E. A. Conway Medical Center
Health Care Services Division
Louisiana State University
Medical Center
State of Louisiana
Monroe, Louisiana

June 2, 1999



Financial and Compliance Audit Division

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

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**E. A. CONWAY MEDICAL CENTER
HEALTH CARE SERVICES DIVISION
LOUISIANA STATE UNIVERSITY
MEDICAL CENTER
STATE OF LOUISIANA
Monroe, Louisiana**

**Management Letter
Dated March 4, 1999**

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 and Shreveport offices of the Legislative Auditor and at the office of the parish clerk of court.

June 2, 1999



OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
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March 4, 1999

**E. A. CONWAY MEDICAL CENTER
HEALTH CARE SERVICES DIVISION
LOUISIANA STATE UNIVERSITY
MEDICAL CENTER
STATE OF LOUISIANA
Monroe, Louisiana**

As part of our audit of the State of Louisiana's financial statements for the year ended June 30, 1999, we conducted certain procedures at E. A. Conway Medical Center. Our procedures included (1) a review of the medical center's internal control; (2) tests of financial transactions for the years ending June 30, 1999, and June 30, 1998; (3) tests of adherence to applicable laws, regulations, policies, and procedures governing financial activities for the years ending June 30, 1999, and June 30, 1998; and (4) a review of compliance with the prior year report recommendations.

The Annual Fiscal Reports of E. A. Conway Medical Center were not audited or reviewed by us, and, accordingly, we do not express an opinion or any other form of assurance on those reports. The medical center's accounts 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 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 recommendations for improvements. We then discussed our finding and recommendations with appropriate management personnel before submitting this written report.

In our prior report on the medical center for the year ended June 30, 1997, we reported findings concerning untimely billing for medical services, failure to comply with state bid law, incompatible functions and failure to update system security, patient billing control weaknesses, and inadequate controls over patient screening. Management has resolved those findings.

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

Noncompliance With Movable Property Regulations

E. A. Conway Medical Center did not comply with the Louisiana Property Assistance Agency (LPAA) procedural guidelines that require all movable property items valued at \$250 or more to be tagged within 45 days of acquisition. Louisiana Administrative Code 34:VII.307 and 34:VII.309 require compliance with LPAA procedures which, in part,

LEGISLATIVE AUDITOR

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Management Letter, Dated March 4, 1999

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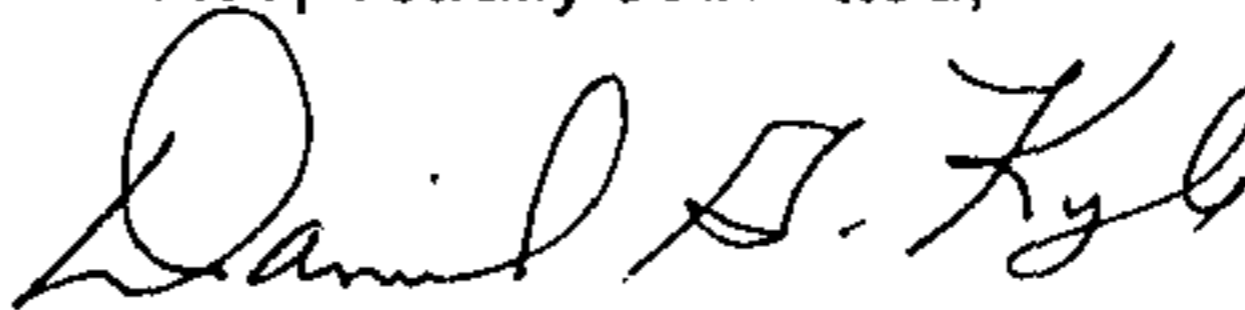
require that items of equipment be tagged and reported within 45 days of acquisition. To determine if computer monitors and printers were tagged, a review of the property general ledger book was performed and we determined that a total of 53 items, totaling \$98,217, had been tagged; however, these items were not tagged within 45 days of receipt. It was also noted that component units of the computer system were not tagged. The purchase of computer units, including the central processing unit and monitor, had the tag only on the central processing unit.

The property manager stated that she had been instructed not to open the sealed computer and printer boxes. These instructions were given by Computer Services Telecommunications personnel. Failure to update the movable property records and tag the items on a timely basis increases the risk of loss arising from unauthorized use and subjects the hospital to noncompliance with state laws and regulations.

Management of E. A. Conway Medical Center should ensure that all movable property is tagged and recorded within 45 days of receipt, as required by LPAA regulations, and identified to the correct location. All components of a single unit that individually exceed the \$250 threshold should bear a tag number. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 1).

This report is intended for the information and use of the medical center and its management. 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

CAC:MAN:DSP:ss

[CONWAY]

Appendix A

Management's Response and Corrective Action Plan to the Finding and Recommendation



February 24, 1999

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
State of Louisiana
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

We are responding to a reportable audit finding for this hospital. The finding is *Movable Property Non-Compliance*, whereby LPAA guidelines require movable property items valued at \$250 or more be tagged within 45 days of acquisition.

Present Process

Our present process is setup whereby the Property Manager reserves a tag number for each piece of computer equipment received in our warehouse (it is stored here for safekeeping until Computer Services personnel can schedule installation at the final location). Strict security processes are maintained in our warehouse at all times. Having completed installation, Computer Services gives the location to the Property Manager for designation of the location.

This process also includes a database which is kept by the Computer Services Department. The information stored contains: Louisiana Property Location Tag Number, model number(s), serial number(s), department assigned to, contact person at location, the location, and who owns the equipment, i.e., LSUMC-Shreveport, LSUMC-New Orleans, or LSUMC-E.A. Conway. Also, presently the tag number assigned covers: central processing unit, monitor, and keyboard.

Plan of Correction

To correct the delay in establishing a location for the equipment being tagged, we plan to assign the location to the Computer Services Department. This will be done by our Property Manager, Mrs. Shirley Mims. Computer Services will continue to keep their database which will identify the exact location of the equipment with a tag number being assigned to the CPU/keyboard, another individual tag number for the monitor and one for the printer. This database will be used to verify location and to whom the equipment is

Dr. Kyle
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February 24, 1999

assigned. The Computer Services Department Manager, Mr. James Kees, will be responsible for maintaining the database and verifying the exact location of all computer equipment at all times.

We anticipate having the process in place by March 30, 1999.

Should additional information be necessary, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read "Aryon McGuire". The signature is fluid and cursive, with a large loop at the end.

Aryon McGuire
Administrative Director 5

AM/js

cc: Roy D. Bostick
Shirley Mims
James Kees
Linda Lochbrunner
Ken Laney