

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

Earl K. Long Medical Center  
Health Care Services Division  
Louisiana State University  
Health Sciences Center  
State of Louisiana  
Baton Rouge, Louisiana

October 6, 1999



***Financial and Compliance Audit Division***

---

---

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

**LEGISLATIVE AUDIT ADVISORY COUNCIL**

**MEMBERS**

**Senator J. "Tom" Schedler, Chairman  
Representative Francis C. Thompson, Vice Chairman**

**Senator Robert J. Barham  
Senator Wilson E. Fields  
Senator Thomas A. Greene  
Senator Craig F. Romero  
Representative F. Charles McMains, Jr.  
Representative Edwin R. Murray  
Representative Warren J. Triche, Jr.**

**LEGISLATIVE AUDITOR**

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

**DIRECTOR OF FINANCIAL AND COMPLIANCE AUDIT**

**Albert J. Robinson, Jr., CPA**

This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Twenty-two copies of this public document were produced at an approximate cost of \$23.32. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. A copy of this document is available on the Legislative Auditor's Web site at [www.la.state.la.us](http://www.la.state.la.us).

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Wayne "Skip" Irwin, Director of Administration, at 225/339-3800.

**EARL K. LONG MEDICAL CENTER  
HEALTH CARE SERVICES DIVISION  
LOUISIANA STATE UNIVERSITY  
HEALTH SCIENCES CENTER  
STATE OF LOUISIANA  
Baton Rouge, Louisiana**

**Management Letter  
Dated August 6, 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 office of the Legislative Auditor.

October 6, 1999



OFFICE OF  
**LEGISLATIVE AUDITOR**  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA 70804-9397

DANIEL G. KYLE, PH.D., CPA, CFE  
LEGISLATIVE AUDITOR

1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
TELEPHONE: (225) 339-3800  
FACSIMILE: (225) 339-3870

August 6, 1999

**EARL K. LONG MEDICAL CENTER  
HEALTH CARE SERVICES DIVISION  
LOUISIANA STATE UNIVERSITY  
HEALTH SCIENCES CENTER  
STATE OF LOUISIANA  
Baton Rouge, 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 Earl K. Long 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, 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 prior report recommendations.

The Annual Fiscal Reports of Earl K. Long Medical Center are not audited or reviewed by us, and, accordingly, we offer no 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 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 Earl K. Long Medical Center for the two years ending June 30, 1997, we reported a finding relating to patient billing. This 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.

**Meals Provided Without Charge**

Earl K. Long Medical Center (EKLMC) provided complimentary meals totaling approximately \$31,670 in violation of state law. Article VII, Section 14(A) of the 1974 Louisiana Constitution states, in part, that the funds, credit, property, or things of value of the state shall not be loaned, pledged, donated to or for any person, association, or corporation, public or private. However, Section VII of the State Travel Regulations

LEGISLATIVE AUDITOR

EARL K. LONG MEDICAL CENTER  
HEALTH CARE SERVICES DIVISION  
LOUISIANA STATE UNIVERSITY  
HEALTH SCIENCES CENTER  
STATE OF LOUISIANA  
Management Letter, Dated August 6, 1999  
Page 2

allows the use of public funds to provide meals without charge under certain circumstances, provided that the Commissioner of Administration or his delegate has granted prior approval. During fiscal years 1999 and 1998, EKLMC provided approximately 4,725 complimentary meals to volunteers and approximately 14,990 meals to guests of the facility, which totaled approximately \$31,670, without proper approval.

Management of EKLMC should identify the circumstances under which complimentary meals are being provided and request approval from the Commissioner of Administration for those circumstances for which the complimentary meals are allowed. All other complimentary meals should be discontinued. Management partially concurred with the finding. EKLMC does not concur that the 4,725 of volunteer meals and 12,853 meals served to parents, guardians or family members of pediatric and critical patients required the authorization of the Commissioner of Administration since the hospital is operating under the Determination of Raw Food Cost and Meal Policy (policy). Management expressed that volunteers and attendants of pediatric and critical patients are included in the policy since they perform a valuable service to the hospital by replacing and freeing up employees to perform normal duties instead of being sitters for patients. EKLMC concurred with the remaining 2,137 meals included in the finding since detailed records were not maintained (see Appendix A, page 1).

**Additional Comments:** The Commissioner of Administration has no records on file to support that EKLMC requested and received approval for meals provided to volunteers and attendants of pediatric and critical patients. The approval mentioned in management's response did not relate to the meals questioned in this finding. The commissioner's travel section expressed that authorization is required for these meals. Finally, the purpose of the policy cited by EKLMC as giving the hospital authorization was to develop a method of computing raw food cost, to provide management information regarding costs, to provide an audit trail of expenditures of the dietary departments, and to evaluate efficiency and economy of its operations.

The recommendation in this report represents, in our judgment, that most likely to bring about beneficial improvement to the operations of the medical center. Its implementation costs and its potential impact on operations of the medical center should be considered in reaching decisions on courses of action. This finding relating to the medical center's compliance with applicable laws and regulations should be addressed immediately by management.

LEGISLATIVE AUDITOR

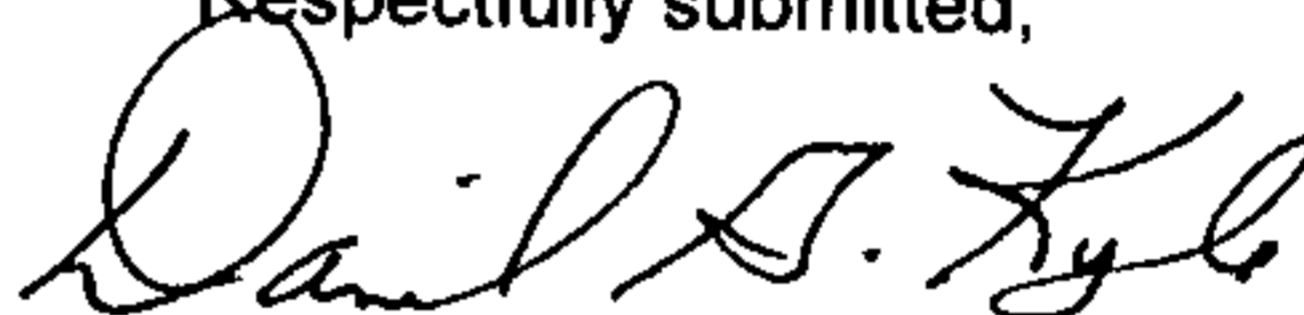
EARL K. LONG MEDICAL CENTER  
HEALTH CARE SERVICES DIVISION  
LOUISIANA STATE UNIVERSITY  
HEALTH SCIENCES CENTER  
STATE OF LOUISIANA

Management Letter, Dated August 6, 1999

Page 3

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,

A handwritten signature in cursive script, appearing to read "Daniel G. Kyle".

Daniel G. Kyle, CPA, CFE  
Legislative Auditor

AE:BJJ:PEP:ss

[EKLMC]

## Appendix A

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



Health Care  
Services  
Division

August 25, 1999

Daniel G. Kyle, PH.D., CPA. CPE  
Legislative Auditor  
P. O. Box 94397  
Baton Rouge, La. 70804-

Dear Dr. Kyle:

We concur only in part with the finding of providing meals without charge.

The hospital has been operating under the Department of Health and Hospital's policy # 0001-76, "Determination of Raw Food Cost and Meal Policy". This policy was developed by DHH to implement Act No. 463 of the 1977 regular legislative session. This policy allows the hospital to give individuals who perform valuable services to the facility, without remuneration of any kind, a meal without charge.

The 4725 meals addressed in the findings were provided to hospital volunteer workers. We feel this is addressed in the "Raw Food Policy" because volunteers perform a valuable service to the facility. It is a cost benefit to the state to use volunteer services and not have to pay for additional positions. Therefore, we do not concur with this part of the finding.

Of the 14,990 meals in question, 12,853 meals were served to parents, guardians or family members staying with pediatric and critical patients. We feel these meals were also allowed under the "Raw Food Policy". Attendants are encouraged to remain with the patients when their presence is determined to be beneficial to the patient and hospital. These attendants perform a valuable service to the hospital by replacing and freeing hospital employees to perform normal duties instead of being sitters for patients. Again, we do not concur with this part of the finding.

The hospital was granted approval for special meals in 1998-1999. The approval was for various groups to meet quarterly. The approval was for CFO, Purchasing, Human Resources, Pharmacy, Quality Improvement and other departments to meet quarterly. The hospital hosted numerous meetings for these groups. Although, the meals provided for these groups were approved, detailed records were not kept. Therefore the hospital concurs with this part of the finding.

The hospital began implementing the attached policy June 1, 1999. Approval for "Special Meal" discussed in PPM 49 will be requested from LSUHSC- HCSD.

If you have any questions or additional information is needed, please contact me.

Sincerely,

A handwritten signature in cursive script that reads "Sue Tolbert".

Sue Tolbert  
Chief Financial Officer