

LOUISIANA STATE UNIVERSITY  
HEALTH SCIENCES CENTER –  
HEALTH CARE SERVICES DIVISION

LOUISIANA STATE UNIVERSITY SYSTEM

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES  
MANAGEMENT LETTER  
ISSUED DECEMBER 6, 2021

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# Louisiana Legislative Auditor

Michael J. “Mike” Waguespack, CPA



LSU Health Sciences Center –  
Health Care Services Division

December 2021

*Audit Control # 80210069*

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## Introduction

As a part of our audit of the Louisiana State University System (System) and our work related to the Single Audit of the State of Louisiana (Single Audit) for the fiscal year ended June 30, 2021, we performed procedures at the LSU Health Sciences Center – Health Care Services Division (HCSD) to provide assurances on financial information that is significant to the System’s financial statements; evaluate the effectiveness of HCSD’s internal controls over financial reporting and compliance; and determine whether HCSD complied with applicable laws and regulations. In addition, we determined whether management has taken actions to correct the finding reported in the prior year.

## Results of Our Procedures

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### Follow-up on Prior-year Finding

Our auditors reviewed the status of the prior-year finding reported in the HCSD management letter dated December 9, 2020. We determined that management has resolved the prior-year finding related to Weaknesses in Controls over Financial Accounting and Reporting.

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### Financial Statements – Louisiana State University System

As a part of our audit of the System’s financial statements for the year ended June 30, 2021, we considered HCSD’s internal control over financial reporting and examined evidence supporting certain account balances and classes of transactions, as follows:

#### Statement of Net Position

**Assets** – Cash and Cash Equivalents and Leases Receivable

**Liabilities** – Unearned Revenues

**Net Position** – Net Investment in Capital Assets, Restricted-Expendable, Restricted-Nonexpendable, and Unrestricted

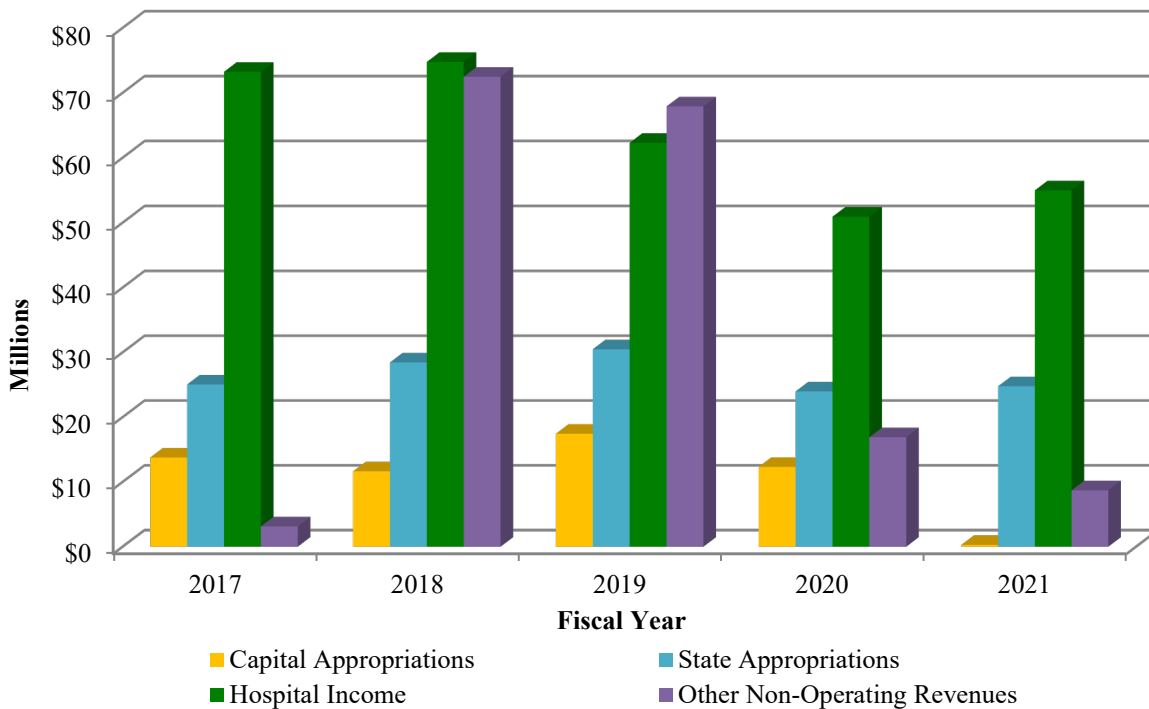
The account balances and classes of transactions tested are materially correct.

## Trend Analysis

We compared the most current and prior-year financial activity using HCSD’s Annual Fiscal Reports and/or system-generated reports and obtained explanations from HCSD’s management for any significant variances. We also prepared an analysis of revenues over the past five fiscal years, as shown in Exhibit 1.

In analyzing financial trends of HCSD over the past five fiscal years, total revenues have decreased by 23% since fiscal year 2017. Hospital income has decreased 24.9% since fiscal year 2017, due to the hospital partners no longer needing transition services from HCSD, while Capital Appropriations decreased by 97.4% since fiscal year 2017, due to the Division of Administration, Office of Facility Planning and Control making minimal payments on HCSD-related projects in fiscal year 2021 compared to previous fiscal years. Other non-operating revenues have fluctuated between fiscal year 2017 and fiscal year 2021, due to HCSD’s leases with the hospital partners.

**Exhibit 1**  
**Five-Year Revenue Trend**



**Source:** Fiscal Years 2017-2020 LSU System Audit Reports; 2021 HCSD Annual Fiscal Report

Under Louisiana Revised Statute 24:513, this letter is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA  
Legislative Auditor

RAY:JPT:BH:EFS:aa

HCSD2021



## APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at the LSU Health Sciences Center – Health Care Services Division (HCSD) for the period from July 1, 2020, through June 30, 2021, to provide assurances on financial information significant to the Louisiana State University System (System), and to evaluate relevant systems of internal control in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Our procedures, summarized below, are a part of the audit of the System’s financial statements and our work related to the Single Audit of the State of Louisiana for the year ended June 30, 2021.

- We evaluated HCSD’s operations and system of internal controls through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to HCSD.
- Based on the documentation of HCSD’s controls and our understanding of related laws and regulations, we performed procedures to provide assurances on certain account balances and classes of transactions to support our opinions on the System’s financial statements.
- We compared the most current and prior-year financial activity using HCSD’s Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from HCSD’s management for significant variances.

The purpose of this report is solely to describe the scope of our work at HCSD, and not to provide an opinion on the effectiveness of HCSD’s internal control over financial reporting or on compliance. Accordingly, this report is not intended to be, and should not be, used for any other purposes.

We did not audit or review HCSD’s Annual Fiscal Report, and accordingly, we do not express an opinion on that report. HCSD’s accounts are an integral part of the System’s financial statements, upon which the Louisiana Legislative Auditor expresses opinions.