

LOUISIANA STATE UNIVERSITY HEALTH SCIENCES  
CENTER IN SHREVEPORT  
LOUISIANA STATE UNIVERSITY SYSTEM  
STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES  
MANAGEMENT LETTER  
ISSUED NOVEMBER 26, 2014

**LOUISIANA LEGISLATIVE AUDITOR  
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LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

November 26, 2014

The Honorable John A. Alario, Jr.,  
President of the Senate  
The Honorable Charles E. "Chuck" Kleckley,  
Speaker of the House of Representatives  
Dr. Robert Barish, Chancellor  
Louisiana State University Health Sciences Center in Shreveport

Dear Senator Alario, Representative Kleckley, and Dr. Barish:

This report includes the results of the procedures we performed at Louisiana State University Health Sciences Center in Shreveport (Center) for the period from July 1, 2013 through June 30, 2014, to evaluate its accountability over public funds. The procedures are a part of our audit of the Louisiana State University System's financial statements and the Single Audit of the State of Louisiana for the year ended June 30, 2014. I hope the information in this report will assist you in your legislative and operational decision-making processes.

We would like to express our appreciation to the management and staff of the Center for their assistance during our work.

Sincerely,

Daryl G. Purpera, CPA, CFE  
Legislative Auditor

KWB:BAC:BDC:THC:aa

LSUHSC-S 2014



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# Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Louisiana State University Health  
Sciences Center in Shreveport

November 2014

Audit Control # 80140046

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## Introduction

As a part of our audit of the Louisiana State University System's (System) financial statements and the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2014, we performed procedures at Louisiana State University Health Sciences Center in Shreveport (Center) to provide assurances on financial information that is significant to the System's financial statements; to evaluate the effectiveness of the Center's internal controls over financial reporting and compliance; and to determine whether the Center complied with applicable laws and regulations.

The Center is a part of the System and reported an enrollment of 856 students for the fall 2013 semester. The Center's primary mission is to teach, heal, and discover in order to advance the well-being of the community. The Center currently encompasses the Schools of Medicine, Graduate Studies, and Allied Health Professions.

As part of the state of Louisiana's privatization initiatives, the Center's primary Shreveport hospital and E.A. Conway Medical Center in Monroe were privatized on October 1, 2013. The Center's remaining hospital, Huey P. Long Medical Center in Pineville, was privatized effective July 1, 2014.

## Results of Our Procedures

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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, 2014, we considered the Center's internal controls 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, receivables, due from state treasury

**Liabilities** - Accounts payable and accrued liabilities, due to state treasury

**Net Position** - Total net position

## **Statement of Revenues, Expenses, and Changes in Net Position**

**Revenues** - Nongovernmental grants and contracts revenues, sales and services of educational departments revenues, hospital income

**Expenses** - Educational and general and hospital expenses

Our audit included tests of the Center's compliance with laws and regulations that could have a direct and material effect on the financial statements, as required by *Government Auditing Standards*.

Based on the results of these procedures on the financial statements, we did not report any internal control deficiencies or noncompliance with laws or regulations. In addition, the account balances and classes of transactions tested, as adjusted, are materially correct.

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## **Federal Compliance - Single Audit of the State of Louisiana**

As a part of the Single Audit for the year ended June 30, 2014, we performed internal control and compliance testing on the Center's Research and Development Cluster of federal programs, as required by the Office of Management and Budget Circular A-133. Those tests included evaluating the effectiveness of the Center's internal controls designed to prevent or detect material noncompliance with program requirements and tests to determine whether the Center complied with applicable program requirements.

Based on the results of these Single Audit procedures, we did not report any internal control deficiencies or non-compliance with program requirements.

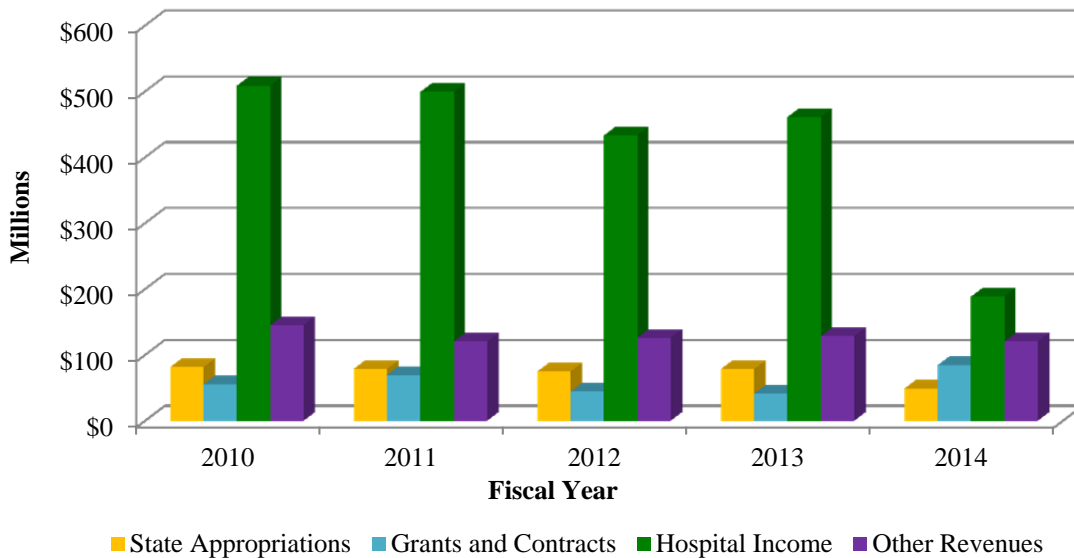
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## **Trend Analysis**

We compared the most current- and prior-year financial activity using the Center's financial statements and/or system-generated reports and obtained explanations from the Center's management for any significant variances. We also prepared an analysis of revenues, expenses, and enrollment over the last five years.

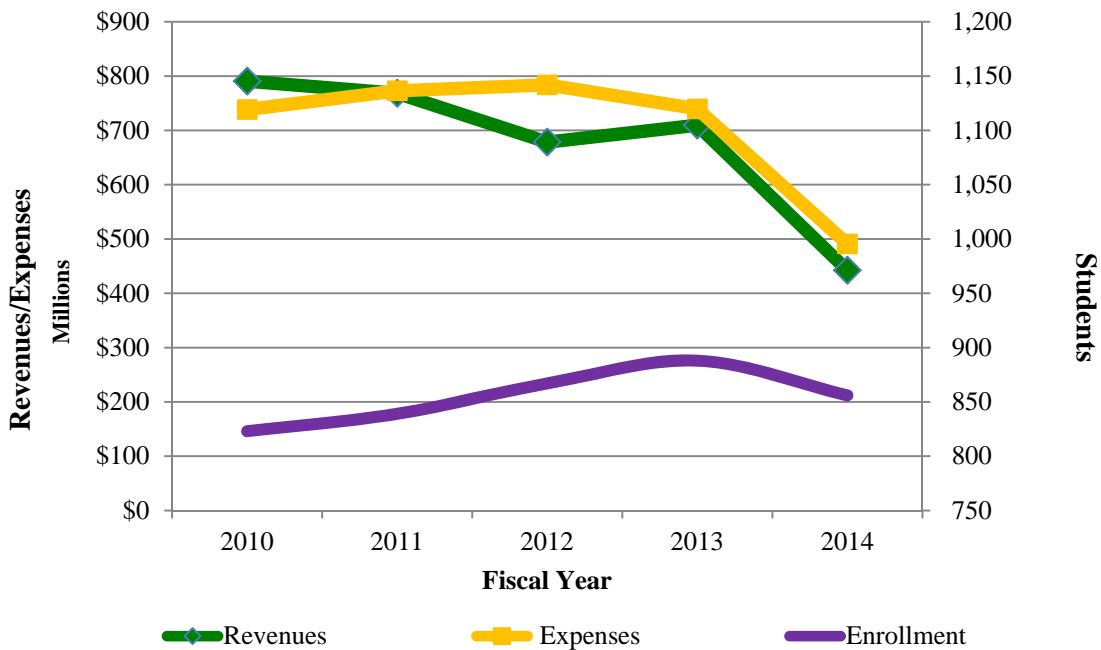
In analyzing financial trends of the Center over the past five years, expenses remained fairly consistent while hospital income fluctuated slightly from 2010 to 2013 due to changes in Medicare and Medicaid reimbursement rates and methodologies. Total expenses and revenues decreased drastically in 2014 due to the privatization of two of the Center's three hospitals. Since the privatization, grants and contracts revenues have increased over 50% due to the terms of new agreements entered into as part of the privatization process.

**Exhibit 1  
Five-Year Revenue Trend**



Source: Fiscal Years 2010-2014 LSUHSC-S financial statements

**Exhibit 2  
Fiscal/Enrollment Trends**



Source: Fiscal Years 2010-2014 LSUHSC-S financial statements; LA Board of Regents website for enrollment data

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





## APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at the Louisiana State University Health Sciences Center in Shreveport (Center) for the period from July 1, 2013 through June 30, 2014, 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*. The procedures included inquiry, observation, review of policies and procedures, and review of relevant laws and regulations. Our procedures, summarized below, are a part of the audit of the System's financial statements and the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2014.

- We evaluated the Center'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 the Center.
- Based on the documentation of the Center's controls and our understanding of related laws and regulations, we performed procedures to provide assurances on the Center's account balances and classes of transactions to support the opinion on the System's financial statements.
- We performed planned procedures on the Research and Development Cluster of federal programs for the year ended June 30, 2014, to support the 2014 Single Audit.
- We compared the most current- and prior-year financial activity using the Center's financial statements and/or system-generated reports to identify trends and obtained explanations from Center management for significant variances.

The purpose of this report is solely to describe the scope of our work at the Center and not to provide an opinion on the effectiveness of the Center'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 the Center's financial statements, and, accordingly, we do not express an opinion on those statements. The Center's accounts are an integral part of the System's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.