



- BOGALUSA MEDICAL CENTER - BOGALUSA
- EARL K. LONG MEDICAL CENTER - BATON ROUGE
- LALLIE KEMP REGIONAL MEDICAL CENTER - INDEPENDENCE
- LEONARD J. CHABERT MEDICAL CENTER - HOUMA
- INTERIM LSU PUBLIC HOSPITAL - NEW ORLEANS
- UNIVERSITY MEDICAL CENTER - LAFAYETTE
- W.O. MOSS REGIONAL MEDICAL CENTER - LAKE CHARLES

WWW.LSUHOSPITALS.ORG

January 14, 2009

Mr. Steve J. Theriot, CPA
Legislative Auditor
Office of the Legislative Auditors
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Legislative Audit Finding
Un-located Movable Property
LSU Health Care Services Division
Medical Center of Louisiana at New Orleans (MCLNO),
Earl K. Long Medical Center, Baton Rouge LA (EKLMC)
University Medical Center, Lafayette LA (UMCLA)
Fiscal Year Ended June 30, 2008

Dear Mr. Theriot:

The Louisiana State University Health Care Services Division (HCSD) concurs with the referenced legislative audit finding.

All three hospitals have shown dramatic reductions in un-located inventory. In comparing the un-located assets in FY 2008 with those un-located in FY 2007, MCLNO had a 77% reduction, EKLMC a 50% reduction, and UMCLA a 90% reduction from the prior year amounts. While we fully agree that any loss is unacceptable, the systems put in place by the three hospitals as well as the greatly increased emphasis on asset control have obviously resulted in significant improvement in this area.

As the finding is based upon the total of the past three years worth of un-located property, not just the un-located property of fiscal year 2008 as mentioned above, the impact of Hurricane Katrina will continue to impact MCLNO. However, the progress made by this institution cannot be over emphasized. In 2008, the un-located asset for that year was only .9% of the total asset inventory. An asset tracking system has been installed with radio frequency infrared devices placed on beds and other frequently moved assets. This system continuously monitors and records the physical location of these assets. Monthly in-services and emails emphasize to everyone the importance of inventory control. Property management issues are also discussed in the monthly hospital directors' meeting. While HCSD acknowledges prior years turn over in the MCLNO property manager's position, currently the MCLNO property management department is fully staffed.

LEGISLATIVE AUDIT FINDING
UN-LOCATED MOVABLE PROPERTY
JUNE 30, 2008

EKLMC has implemented an inventory bar code and scanning system. The inventory scanning system has allowed EKL to produce accurate inventory data and the process has helped in reducing un-located assets. New procedures have also been introduced by the IT Department to track computer repairs and transfers. EKLMC administration continues to emphasize to its staff the importance of safeguarding its property.

UMCLA, as well, continues to improve by emphasizing the importance of asset management. Evidence of this is the hiring of a full time asset manager. The other audit comment concerned the failure of UMCLA to file the Asset Management Monthly Checklist with LSUHSC-HCSD. This has been completely resolved as a Checklist has been filed timely for each of the first 5 months of fiscal year 2009.

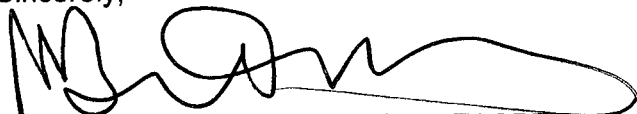
The HCSD-Asset Management Staff will continue to review and validate the monthly reconciliations and reports submitted by each business unit and provide the necessary management support to each business unit as required.

In summary, while we acknowledge that our task is not complete, great progress has been made. Emphasis will continue to be made on asset management through better tracking methods and enforcement of our policies and procedures. HCSD-Asset Management Staff will monitor the progress of each business unit in completing their corrective action plan, as outlined on the attached monitoring plan.

The specific hospital's Property Manager, Chief Financial Officer, Administrator and the HCSD Financials Asset Manager, are responsible for follow up and adherence to the corrective actions already in place.

Please contact me should you have additional questions or need further clarifications.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Butler', with a long horizontal flourish extending to the right.

Michael K. Butler, MD, MHA, CPE, FACPE
Acting Chief Executive Officer

Attachment

Louisiana State University Health System – Health Care Services Division
Summary of Monitoring Roles and Responsibilities
For June 30, 2008 Legislative Audit Un-located Movable Property Finding

January 14, 2009

MCLNO Property Manager

- Send monthly emails to MCLNO staff updating the staff on property management issues.
- Participates in-service training for hospital personnel as part of the hospital's leadership training program.
- Attend the monthly hospital director's meeting to discuss property management issues.
- Report problem areas and issues to CFO and hospital management immediately.

EKLMC Property Manager

- In-service hospital staff on property control policies and procedures.
- Perform random movable property inventories on selected test assets.
- Work with department managers to resolve property issues.
- Report problem areas and issues to CFO and hospital management immediately.

UMCLA Property Manager

- Submit timely monthly reconciliation reports to HCSD-Asset Management.
- Report problem areas and issues to CFO and hospital management immediately.

HCSD Asset Management

- Review and validate monthly reconciliations and reports prepared by each business unit and provide a status report to the HCSD Director of Financial Services.
- Provide support to each business unit as required.
- Report failure to comply with the corrective action plans to HCDS Senior and Executive Management including but not limited to the specific hospital administrators and HCSD CFO.