

# STATE OF LOUISIANA

Louisiana State University  
Health Sciences Center -  
New Orleans  
Louisiana State University System  
State of Louisiana  
New Orleans, Louisiana

January 7, 2004



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**LEGISLATIVE AUDITOR**

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**LOUISIANA STATE UNIVERSITY  
HEALTH SCIENCES CENTER -  
NEW ORLEANS  
LOUISIANA STATE UNIVERSITY SYSTEM  
STATE OF LOUISIANA  
New Orleans, Louisiana**

Management Letter  
Dated December 5, 2003

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 New Orleans offices of the Legislative Auditor.

January 7, 2004



OFFICE OF  
**LEGISLATIVE AUDITOR**  
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December 5, 2003

**LOUISIANA STATE UNIVERSITY  
HEALTH SCIENCES CENTER -  
NEW ORLEANS  
LOUISIANA STATE UNIVERSITY SYSTEM  
STATE OF LOUISIANA  
New Orleans, Louisiana**

As part of our audit of the Louisiana State University System's financial statements for the year ended June 30, 2003, we considered the Louisiana State University Health Sciences Center - New Orleans' internal control over financial reporting; we examined evidence supporting certain accounts and balances material to the System's financial statements; and we tested the center's compliance with laws and regulations that could have a direct and material effect on the System's financial statements as required by *Government Auditing Standards*. In addition, we considered the Louisiana State University Health Sciences Center - New Orleans' internal control over compliance with requirements that could have a direct and material effect on a major federal program, as defined in the Single Audit of the State of Louisiana, and we tested the center's compliance with laws and regulations that could have a direct and material effect on the major federal programs as required by U.S. Office of Management and Budget Circular A-133.

The financial information provided to the Louisiana State University System by the Louisiana State University Health Sciences Center - New Orleans is not audited or reviewed by us, and, accordingly, we do not express an opinion on that financial information. The center's accounts are an integral part of the Louisiana State University System's financial statements, upon which the Louisiana Legislative Auditor expresses an opinion.

In our prior management letter on the Louisiana State University Health Sciences Center - New Orleans for the year ended June 30, 2002, we reported findings relating to bank reconciliations not performed, untimely deposits of cash receipts, lack of internal controls over certain payroll functions, federal financial reports not submitted timely, and untimely student loan refunds. Those findings have been resolved by management.

Based on the application of the procedures referred to previously, all significant findings are included in this letter for management's consideration. All findings included in this management letter that are required to be reported by *Government Auditing Standards* will also be included in the State of Louisiana's Single Audit Report for the year ended June 30, 2003.

**No Formal Disaster Recovery Plan**

Louisiana State University Health Sciences Center (LSUHSC) does not have a formal disaster recovery/contingency plan to provide for continued business processing functions in the event that normal data processing facilities are unavailable for an extended period of time. Good internal control requires that the university develop a

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NEW ORLEANS  
STATE OF LOUISIANA

Management Letter, Dated December 5, 2003

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written and functional disaster recovery plan that will allow for continued operation of critical services in the event of an unexpected interruption. In addition, provisions of the plan should be tested periodically to ensure a timely and orderly return to regular operations.

Although the LSUHSC Office of Computer Services has addressed issues related to file back-up and offsite storage, current policies and procedures do not include a comprehensive plan related to disaster recovery. Failure to develop a written, functional, and tested disaster recovery plan increases the risk that in the event of a disaster, critical data may be lost and there may be an untimely or excessive delay in processing critical data.

LSUHSC should develop a disaster recovery plan that identifies critical system hardware, software, and telecommunication components. The university should also test the plan to ensure that it provides for an orderly restoration of services in the event of an unexpected interruption in operations. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 1).

**Noncompliance With Record Retention Law**

LSUHSC did not establish a written record retention schedule or submit the schedule to the Secretary of State in accordance with state law. Louisiana Revised Statute (R.S.) 44:411 (A)(1) requires agency heads to submit schedules to the state archivist that state the length of time each state record or series of records should be retained for administrative, legal, or fiscal purposes after the records have been created or received by the agency.

During our review of LSUHSC procedures, we noted that the LSUHSC did not have a record retention schedule and therefore did not submit the schedule to the Secretary of State. Management was not aware of the requirement to submit the required documentation to State Archives. Failure to establish a written record retention schedule could result in the destruction or deterioration of critical records while failure to submit the schedule to the Secretary of State results in noncompliance with state law. In addition, the lack of a written retention schedule could result in the LSUHSC keeping records beyond the legally required retention date, which would be an inefficient use of office or warehouse space.

LSUHSC should establish a written record retention schedule and comply with R.S. 44:411 (A)(1) by submitting the schedule to the Secretary of State's office. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 2).

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The recommendations in this letter represent, in our judgment, those most likely to bring about beneficial improvements to the operations of the center. The varying nature of the recommendations, their implementation costs, and their potential impact on the operations of the center should be considered in reaching decisions on courses of action. Findings relating to the center's compliance with applicable laws and regulations should be addressed immediately by management.

This letter is intended for the information and use of the center and its management and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this letter is a public document and it has been distributed to appropriate public officials.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Grover C. Austin". The signature is written in a cursive style with a large, prominent initial "G".

Grover C. Austin, CPA  
First Assistant Legislative Auditor

GL:ES:PEP:ss

[LSUHSCN003]

## Appendix A

### Management's Corrective Action Plans and Responses to the Findings and Recommendations



# Health Sciences Center

NEW ORLEANS

Administration and Finance  
Office of the Vice Chancellor

School of Medicine  
School of Dentistry  
School of Nursing  
School of Allied Health Professions  
School of Graduate Studies

November 25, 2003

Re: Response to Audit Finding: No Formal Disaster Recovery Plan

Grover C. Austin, CPA  
First Assistant Legislative Auditor  
Post Office Box 94397  
Baton Rouge LA 70804-9397

Dear Mr. Austin,

I concur with the finding and recommendation.

**Corrective action plan:**

We have submitted a comprehensive budget request to the LSU System Office for disaster recovery that includes continuity of operations and complies with all known federal and state requirements including OIT policy, HIPAA, FERPA, Patriot Act, Graham Leach Bliley, as well as FDA regulation 21CFR11. Funding is included in the request for consulting services to help us develop the details of a comprehensive plan that is consistent with these audit findings.

**Anticipated Completion Date:**

The target date to prepare a formal disaster recovery/continuity of operations plan is 12 months after receipt of funding.

**Person responsible for corrective action:**

David Troendle, Assistant Vice Chancellor for Information Technology  
Phone: 504-568-6130  
Email: dtroen@lsuhsc.edu

Respectfully,

Ronnie Smith  
Vice Chancellor for Administration and Finance

cc: John A. Rock, MD  
David Troendle  
David Dotter



# Health Sciences Center

NEW ORLEANS

Administration and Finance  
Office of the Vice Chancellor

School of Medicine  
School of Dentistry  
School of Nursing  
School of Allied Health Professions  
School of Graduate Studies

November 25, 2003

Re: Response to Audit Finding: Noncompliance With Record Retention Law

Grover C. Austin, CPA  
First Assistant Legislative Auditor  
Post Office Box 94397  
Baton Rouge LA 70804-9397

Dear Mr. Austin,

I concur with the finding and recommendation as reported.

**Corrective action plan:**

We are in the process of establishing a comprehensive record retention schedule for the University. Upon completion and staffing of the schedule through all of the schools and departments, we will submit the schedule to the Office of the Secretary of State, Division of Archives, as required by LRS 44:411 (A) (1).

**Anticipated Completion Date:**

We anticipate submission of the University's comprehensive record retention schedule to the Office of the Secretary of State, Division of Archives, no later than June 30, 2004.

**Person responsible for corrective action:**

Terry Ullrich, Assistant Vice Chancellor for Administration and Finance  
Phone: 504-568-5135  
Email: tullri@lsuhsc.edu

Respectfully,

Ronnie Smith  
Vice Chancellor for Administration and Finance

cc: John A. Rock, MD  
Terry Ullrich  
David Dotter