

REPORT DIGEST

MEDICAL CENTER COMMISSION FINANCIAL AND COMPLIANCE AUDIT FOR THE TWO YEARS ENDED JUNE 30, 1992

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

EXPENDITURES VIOLATED CUSAS AND APPROPRIATION ACT

The Medical Center incorrectly charged telecommunications, computer software, and electronic data processing (EDP) equipment expenditures totalling \$17,883 to the wrong Comptroller's Uniform Statewide Accounting System (CUSAS) detail expenditure accounts. As a result, the Commission's Fiscal Year 1991 records did not accurately reflect its operations, and telecommunications expenditures were not in accordance with the provisions of the Commission's Appropriation Act. During Fiscal Year 1991, we noted that the purchase of a fax machine and related supplies costing \$3,173.00 and computer software with a cost of \$1,134 were incorrectly charged to the equipment detail expenditure. Also, EDP equipment costing \$13,576 was incorrectly charged to the detail expenditure object for office furniture and equipment. (Finding 2, page 13)

We recommended that the Commission comply with CUSAS requirements and its Appropriation Act in the future. The Commission responded that it acted in response to official Comptroller's advice and it did not have sufficient appropriations in telecommunications and EDP to cover the purchases.

ACCOUNT BALANCES IN EXCESS OF FDIC INSURANCE

The Commission held funds in excess of the \$100,000 FDIC insurance coverage during our audit period. The unprotected balances ranged as high as \$22,433 at July 31, 1991. The State Officer's and Employees Money Disposition Act requires State agencies to obtain a bond on pledged securities for amounts held in banks in excess of FDIC insurance. No such coverage was obtained by the Commission. (Finding 5, page 19)

We recommended that the Commission obtain and execute an agreement with bank officials to collateralize funds in excess of the \$100,000 FDIC limit. The Commission responded that it is new in compliance with law.

INADEQUATE MONITORING AND ENFORCEMENT OF CONTRACTS

The Commission did not adequately monitor or enforce the terms of contracts with vendors. The Commission failed to enforce contract terms requiring the following:

- itemized legal services by date with amount of time spent specified;
- submission of monthly invoices for accounting services; and
- contractor certifications that all services supplied and expenses billed met all contract requirements. (Finding 4, page 17)

We recommended that the Commission enforce contract terms and examine invoices and work products to ensure greater contract compliance. The Commission agreed to implement the recommended procedures.

STATE FUNDS NOT INVESTED

The Commission failed to invest locally held funds of up to \$170,000 during the audit period resulting in loss of potential interest income of roughly \$12,000. The funds were held in non-interest bearing accounts. The balances were generated from the collection and deposit of rents and fees by the Commission. (Finding 7, page 23)

We recommended that the Commission invest State funds in interest bearing accounts. The Commission responded that it planned to implement our recommendation.

OTHER FINDINGS

The remaining findings are less significant and the Commission has given them appropriate attention. We will review their progress toward implementing our recommendations in the next audit.

Mr. David Livingston, Acting Executive Director, provided the Commission's responses for publication.

AUDITORS' OPINION

The auditor's opinion states that the Commission's June 30, 1992 financial statements for the locally held trust funds are fairly stated.

WILLIAM G. HOLLAND, Auditor General

WGH:JTD:pw

SUMMARY OF AUDIT FINDINGS

<u>This Audit</u>	<u>Prior Audit</u>
Audit Findings	104
Recommendations Repeated	21
Prior Recommendations Implemented	23
or Not Repeated	

AUDITORS ASSIGNED

This audit was performed by staff of the Office of the Auditor General.