



Louisiana Legislative Auditor Audit Risk Alert

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AUDIT RISK ALERT # 8

DATE: May 21, 2018 (Updated October 12, 2021)

SUBJECT: Schedule of Compensation, Benefits, and Other Payments to the Agency Head or Chief Executive Officer

Louisiana Revised Statute (R.S.) 24:513 A. (3) states, in part:

The total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expenses, per diem, and registration fees shall be reported as a supplemental report within the financial statements of the local auditee; however, nongovernmental entities or not-for-profit entities that receive public funds shall report only the use of public funds for the expenditures itemized in the supplemental report...

Additional information on this schedule may be found in these publications on the Louisiana Legislative Auditor's (LLA) website:

- [*Section 300-1110 of the Louisiana Governmental Audit Guide*](#)
- [*FAQ on Supplemental Reporting under R.S. 24:513 \(A\) \(3\)*](#)

This audit risk alert addresses two matters relative to this schedule.

HOSPITALS

LLA has received numerous questions from hospital service districts and not-for-profit hospitals regarding the **position** of the person whose compensation should be reported this schedule. Most hospitals report the CEO's compensation on the schedule; a few hospitals report the board chairperson's compensation. Depending upon the circumstances, both may be correct.

LLA believes it has resolved the questions individual hospitals have asked regarding the position of the person whose compensation should be reported on the schedule of compensation, benefits, and other payments to the agency head or chief executive officer. **Therefore, it is important for a hospital or their auditor to contact the Legislative Auditor for guidance if the hospital wishes to change the position of the person whose compensation is being reported on this schedule.**

LLA has added this related question and answer to [Section 300-1110](#) of the *Louisiana Governmental Audit Guide*:

Q. My CPA firm audits a hospital that reports to LLA. The hospital has been reporting the CEO's compensation on the schedule of compensation, benefits, and other payments to the agency head or chief executive officer. However, my client told me they have seen other hospitals report the board chairperson's compensation on this schedule instead of the CEO's, and they want to do likewise in the hospital's next audit report. Can the hospital make this change without notifying LLA?

A. Generally, hospital service districts and not-for-profit hospitals that report to LLA are required to report the CEO's salary on the schedule of compensation, benefits, and other payments to the agency head or chief executive officer. However, each hospital has distinct operating characteristics and sources of funding that will determine whose compensation should be reported on this schedule.

For this reason, it is not appropriate for your client to conclude that it may report the board president's compensation on this schedule, based solely on the way another hospital is reporting.

If a hospital wants to change the position of the person whose compensation is currently being reported in its schedule of compensation, the hospital or their auditor should contact [LLA's Director of Local Government Services](#) to discuss the matter PRIOR to submitting the hospital's report to LLA.

INFORMATION TO BE INCLUDED IN THE SCHEDULE

The [FAQ on Supplemental Reporting under R.S. 24:513 \(A\) \(3\)](#) includes an illustrative schedule on page 7 that may be used by an agency to report the compensation, benefits, and other payments to the agency head or chief executive officer. Please note that the illustrative schedule includes the **name** of the person whose compensation is being reported.

LLA has received several reports that include the schedule of compensation, benefits, and other payments paid to the agency head or chief executive officer that omit the **name** of the person whose compensation is being reported. LLA believes this is critical information that needs to be included on the schedule.

LLA has added this related question and answer to [Section 300-1110](#) of the *Louisiana Governmental Audit Guide*:

Q. Does the schedule of compensation need to include the name of the person whose compensation is being reported?

A. Yes. LLA believes that the name of the person whose compensation is being reported is critical information that needs to be included on the schedule. The [FAQ on Supplemental Reporting under R.S. 24:513 \(A\) \(3\)](#) includes an illustrative schedule on page 7 that may be

used by an agency to report the compensation of the compensation, benefits, and other payments to the agency head or chief executive officer.

If you have any questions regarding this audit risk alert, please contact Diane Allison, Director of Local Government Services, at dallison@lla.la.gov, or (225) 339-3812.