

UT Southwestern Medical Center

**The University of Texas Southwestern Medical Center
Change in Management Audit of Vice President for
Communications, Marketing and Public Affairs**

Internal Audit Report 15:33

June 16, 2015

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Executive Summary

Background

The Office of Communications, Marketing, and Public Affairs (CMPA) promotes the University of Texas Southwestern Medical Center's (UT Southwestern) brand by combining the institution's communications, marketing, and public affairs efforts to advance UT Southwestern's reputation as one of the country's leading academic medical centers, patient-care providers, and research institutions. CMPA includes five teams that work together to complete campaign projects, publications, and other projects: Communications, Marketing, Web Services, Operations, and Public Affairs. The current Vice President (VP) for the department started in October 2014. The prior VP was in the position for less than one year.

CMPA has a 2015 annual budget of approximately \$16 million and is staffed with 51 full-time employees. The department's financials are grouped under four divisions: Communications, Marketing, Web Services, and Operations. The financial structure encompasses 15 non-grant sub ledger accounts. Financials such as revenues, expenses, and budget, are retained and monitored in the Intuit QuickBase supplemental financial system and reconciled to the PeopleSoft general ledger periodically to ensure accuracy. CMPA management, with the assistance of the Financial Planning Office, is responsible for performing account analysis, reconciliation, and monitoring.

Scope and Objectives

The UT Southwestern Office of Internal Audit has completed its Change in Management of Vice President for Communications, Marketing and Public Affairs Audit. This was a change in management audit and part of the fiscal year 2015 Audit Plan.

The audit scope included processes related to the overall administrative and financial activities from September 1, 2014 to January 31, 2015. Audit procedures included interviews with stakeholders, review of policies and procedures and other documentation, data analytics, and substantive testing.

The primary objectives of the audit were to determine whether:

- Management has established an adequate internal control environment.
- Control procedures are effective for key department administrative processes and are operating as designed.
- Adequate financial controls are in place to ensure safeguarding of assets and accurate financial records.
- Management has identified risks specific to the achievement of their mission and is effectively monitoring those risks and overall performance.

We conducted our examination according to guidelines set forth by the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

Conclusion

Included in the table below is a summary of the observations noted, along with the respective disposition of these observations within the UT Southwestern internal audit risk definition and classification process. See Appendix A for Risk Rating Classifications and Definitions.

High (0)	Medium/High (0)	Medium (0)	Low (2)	Total (2)
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Executive Summary

Overall, administrative and financial processes and controls for the CMPA were in place and operating effectively. Specific strengths identified during the audit include:

- Structure, mission and policies and procedures were well documented.
- Segregation of duties within financial operations was appropriate.
- Key performance metrics were used to monitor overall performance for each division.

There were no significant (high risk) issues identified. Management has implemented corrective actions plans to address the low risk issues identified in the report. These responses are listed in the Detailed Observations and Action Plans Matrix (Matrix) section of this report.

We would like to thank the departments and individuals included in this audit for the courtesies extended to us and for their cooperation during our review.

Sincerely,



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Detailed Observations and Action Plans Matrix

Observation	Recommendation	Management Response
<p>Risk Rating: Low ●</p> <p>1. Improve the Monthly Financial Review Process</p> <p>The department did not retain adequate documentation to evidence that all required monthly financial review steps were completed in accordance with UT Southwestern policy. Documentation would include evidence of reconciliation between the QuickBase managerial report balances and the PeopleSoft GL balances. Lack of evidence of financial review and reconciliation increases the risk of inaccurate financial records.</p>	<ol style="list-style-type: none"> 1. Maintain signed documentation evidencing completion of the Monthly Financial Review procedures, including all reports and documents that support the review process. 2. Ensure the financial review process includes a documented reconciliation between QuickBase and the general ledger. 	<p><u>Management Action Plans:</u></p> <ol style="list-style-type: none"> 1. As of March 2015 month end, the monthly financial review procedures include signoffs by CMPA Operations Management and Financial Planning on the relevant financial reports and reconciliations. Management uses DocuSign to provide their signoffs on the financial reports, which are maintained within the Financial Planning SharePoint site with the support. 2. The monthly financial review procedures now include the documented reconciliation between all items in the monthly transactions report and records in Quickbase tables. <p><u>Action Plan Owners:</u></p> <p>Manager, Marketing and Communications Operations</p> <p>Financial Analysis Manager, Office of Financial Planning</p> <p><u>Target Completion Dates:</u></p> <ol style="list-style-type: none"> 1. Completed 2. Completed

Detailed Observations and Action Plans Matrix

Observation	Recommendation	Management Response
<p>Risk Rating: Low ●</p> <p>2. Ensure Payments to Vendors Are Made Timely</p> <p>Review of all 342 vendor payments during the scope period identified four totaling approximately \$300,000 that were not paid within 30 days as required by state policy. There were no late penalty charges related to these payments.</p> <p>Delayed payments to vendors could cause additional fees charged to UT Southwestern.</p>	<p>1. Review the procedures in place to receive, review, and approve vendor invoices to ensure they allow for prompt payment within 30 days of receipt of products and/or services.</p>	<p><u>Management Action Plans:</u></p> <p>1. The following revised procedures for the processing of vendor invoices are effective immediately:</p> <ul style="list-style-type: none"> • All invoices upon receipt are handed over to the Administrative Coordinator, who timestamps each invoice, scans it, and enters the invoice details into QuickBase. • The invoice is sent to the respective team leader via DocuSign for his or her electronic signature, with a copy also going to the Operations Manager. • DocuSign sends automatic reminders every three days until the invoice is signed, and the Operations Manager escalates any invoice unsigned for more than a week. • Upon receipt of the signed invoice, the Administrative Coordinator submits the invoice to Accounts Payable. <p><u>Action Plan Owners:</u></p> <p>Manager, Marketing and Communications Operations</p> <p><u>Target Completion Dates:</u></p> <p>1. Completed</p>

Appendix A – Risk Classifications and Definitions

As you review each observation within the Detailed Observations and Action Plans Matrix of this report, please note that we have included a color-coded depiction as to the perceived degree of risk represented by each of the observations identified during our review. The following chart is intended to provide information with respect to the applicable definitions and terms utilized as part of our risk ranking process:

Risk Definition - The degree of risk that exists based upon the identified deficiency combined with the subsequent priority of action to be undertaken by management.	Degree of Risk and Priority of Action	
	High	The degree of risk is unacceptable and either does or could pose a significant level of exposure to the organization. As such, immediate action is required by management in order to address the noted concern and reduce risks to the organization.
	Medium/High	The degree of risk is substantially undesirable and either does or could pose a moderate to significant level of exposure to the organization. As such, prompt action by management is essential in order to address the noted concern and reduce risks to the organization.
	Medium	The degree of risk is undesirable and either does or could pose a moderate level of exposure to the organization. As such, action is needed by management in order to address the noted concern and reduce risks to a more desirable level.
	Low	The degree of risk appears reasonable; however, opportunities exist to further reduce risks through improvement of existing policies, procedures, and/or operations. As such, action should be taken by management to address the noted concern and reduce risks to the organization.

It is important to note that considerable professional judgment is required in determining the overall ratings presented on the subsequent pages of this report. Accordingly, others could evaluate the results differently and draw different conclusions.

It is also important to note that this report provides management with information about the condition of risks and internal controls at one point in time. Future changes in environmental factors and actions by personnel may significantly and adversely impact these risks and controls in ways that this report did not and cannot anticipate.