

UT Southwestern Medical Center

The University of Texas Southwestern Medical Center Plastic Surgery Cash Collections Audit

Internal Audit Report 16:47.06

March 15, 2016

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Executive Summary

Background

The Office of Internal Audit has completed the Cash Collection Review of the Department of Plastic Surgery. This review was performed at the request of Plastic Surgery department management.

The Medical Center Department of Plastic Surgery (“the Department”) is recognized as a leader in providing patient care, research, innovations, and education at the local, national, and international levels. The Department encompasses three distinctive disciplines: (1) plastic and reconstructive clinical care and surgery offered to both adult and pediatric patients; (2) plastic surgery clinical translational research ranging from wound healing, lasers, and skin care, to anatomic research and peripheral nerve bioengineering; and (3) plastic surgery education and training of medical students, residents, and fellows.

The Department has an annual budget of \$27 million and is staffed with 19 full-time faculty members, over 30 clinical faculty attending physicians, 22 full-time residents, six full-time fellows, and over 100 administrative and support personnel. All positions report to the Department Chair, reporting to the Dean of the Medical School, Provost and Executive Vice President for Academic Affairs.

The Department's financials are grouped under five divisions: Plastic Surgery Professional Services, Technical Services, Research, Education, and Administration. The financial structure encompasses 108 sub-ledger grant and non-grant accounts. The Department Administrator and Financial Team, comprised of two Financial Analysts and one Accountant, are responsible for performing account analysis, reconciliation, and monitoring. The Financial Reimbursement Team, comprised of one Billing Specialist, seven Billing Coordinators, one Senior Reimbursement Specialist, and one Reimbursement Manager, is responsible for Department patient services billing activities.

Objectives and Scope

The objective of this review was to evaluate the effectiveness of the Department's payment collection processes and related controls.

The review scope period included the immediate five preceding months: September 2015 - January 2016. Audit procedures included interviews with key process owners, review of policies and procedures, financial analysis, substantive testing (i.e., all cash payments in the period), user access, and other procedures as deemed appropriate. Our examination was conducted according to guidelines set forth by the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

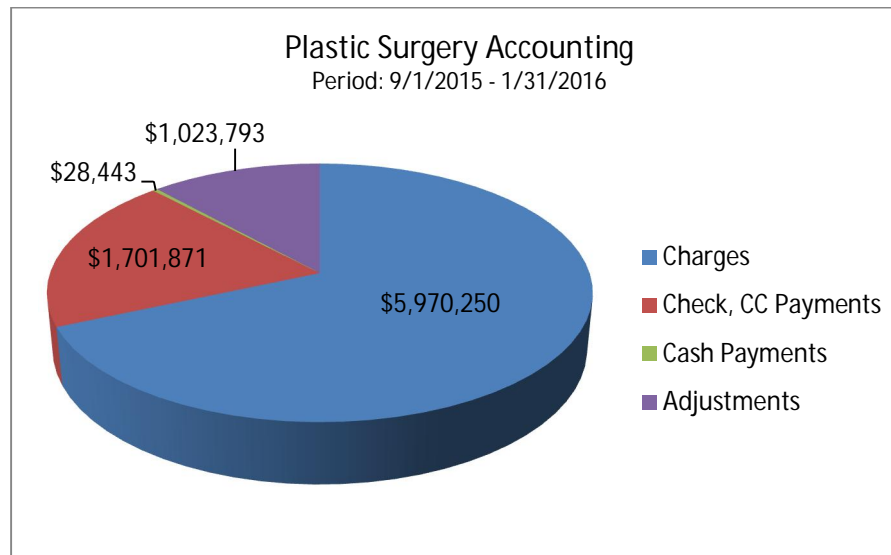
Executive Summary

Conclusion

Overall, the Department management and staff are conscientious and sincere in delivering quality service to patients. However, there are opportunities for enhancement to Department payment processes and related controls, such as credit card policy compliance and implementing stronger control against theft. Among others, as noted below in the Detailed Results section, the following are critical and specific opportunities:

- Controls to mitigate possible theft of cash are not in place.
- Credit Card data maintained in violation of UTSW credit card policy.
- Agreed upon discounts are not memorialized to ensure subsequent changes are not made

It should be noted that cash payments are 1% of the department's payments and adjustments for the scope period. However, regardless of size, fiscal responsibility and stewardship require that all assets are properly controlled.



Specific findings and recommendations are located in the Detailed Results section of this Report below.

Executive Summary

The table below summarizes the observations and the respective disposition of these observations in the UT Southwestern internal audit risk definition and classification process. See Appendix A for Risk Rating Classifications and Definitions.

Priority (0)	High (2)	Medium (2)	Low (1)	Total (5)
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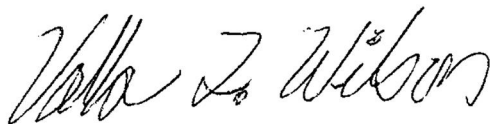
There were two high issues identified in the audit. Additional key improvement opportunities risk-ranked as medium are summarized as follows.

- **Daily Cash Receipt Controls Were Not in Place** – Daily reconciliations are not in place to ensure receipts are accounted for and are numerically consistent.
- **Department is not in Compliance with UTSW Policy Related to PCI Compliance** – Handwritten documents with credit card numbers are maintained in Plastic Surgery patient files, in violation of UTSW Credit Card Policy ISR-155.
- **Controls Were Not in Place to Determine Appropriate Payment for Services** – Patients do not sign the Plastic Surgery Quote Sheets confirming the fees are the same as discussed with the patient.
- **Patient Payments Were Not Processed Timely Within EPIC** – Delays were identified in the timely posting of payments into EPIC.

Management has implemented or is in the process of implementing corrective action plans. Management responses are presented in the Detailed Observations and Action Plans Matrix (Matrix) section of this report.

We would like to thank the Plastic Surgery team for their excellent assistance and cooperation during this review.

Sincerely,



Valla F. Wilson, Assistant Vice President for Internal Audit

Executive Summary

Audit Team:

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Detailed Observations and Action Plans Matrix

Observation	Recommendation	Management Response
<p>Risk Rating: High ●</p> <p>1. Improve Cash Receipt Controls</p> <p>Effective controls were not in place to document receipt of cash payment(s) and to ensure cash received is appropriately accounted for to reduce risk of theft.</p> <p>During our review we observed the following:</p> <ul style="list-style-type: none"> - Daily reconciliations are not in place to ensure receipts are accounted for and are numerically consistent. - Receipts are not signed by the patient confirming the total amount of the payment. - Each administrative assistant does not maintain control over their own receipt book. - \$900.00 in cash was sitting in an unsealed envelope on the Billing Office clip board log from January 25th until January 27th. The area was not secure and anyone entering the Billing Office could take the cash. <p>The risk is that a cash payment can be collected and the receipt later destroyed and a new receipt created for a lesser amount.</p> <p>A system-generated receipt for all forms of payment would be a best-practice to implement as soon as possible.</p>	<p>Consider restricting the acceptance of cash in order to improve the safety and security of cash and employees.</p> <ol style="list-style-type: none"> 1. If it is decided to continue accepting cash as payments, implement the PFS standard payment processing procedures, including the use of the Cash Drawer in EPIC, to strengthen overall controls within this process. 2. For all other forms of payment, implement the PFS standard payment processing, including the use of the Cash Drawer in EPIC. 	<p><u>Management Action Plans:</u></p> <ol style="list-style-type: none"> 1. Department leadership has elected to discontinue the acceptance of cash from patients. 2. We are integrating the Ambulatory Clinic Policies & MSRDP Business Services Guidelines standard payment processing procedures into our existing department roles and responsibilities. <p><u>Action Plan Owners:</u></p> <p>Plastic Surgery, Department Administrator</p> <p><u>Target Completion Dates:</u></p> <ol style="list-style-type: none"> 1. Cash payment policy will go into effect on March 1st 2016. 2. Complete integration by end of April 30, 2016.

Detailed Observations and Action Plans Matrix

Observation	Recommendation	Management Response
<p>Risk Rating: High ●</p> <p>2. Comply with UTSW Policy Related to PCI Compliance</p> <p>The current process for recording credit card transactions is not in compliance with Institution policy and could result in a credit card number easily copied and fraudulent transactions generated on a patient's card.</p> <p>A review of the January 2016 patient payment files in the Billing Office identified five of 26 patient payment files had the patients' credit card numbers and CVC code clearly visible. Typically, the Billing Office staff blacks-out all but the last four digits of the credit card document after it has been transacted, and the document is kept in the Billing Office patient file.</p> <p>UTSW policy ISR-155 (Payment Card Industry Security, p. 3 of 4) requires: "Whole credit card numbers (CCNs) must never be stored electronically or be displayed in work areas; after being entered to a payment card application, written or printed CCNs must be shredded."</p>	<ol style="list-style-type: none"> Utilize the PFS standard payment processing procedures, including the immediate use of card-swipe stations in the 5th floor clinic area by an administrative assistant at the time of patient payment, followed by a system-generated receipt. Shred all hardcopy documents with credit card data once the credit card payment transaction has been entered into EPIC. A system-generated receipt is provided to the patient. Consider Payment Card Industry (PCI) compliance training for all administrative Assistants and billing office staff. 	<p><u>Management Action Plans:</u></p> <ol style="list-style-type: none"> Integrating Ambulatory Clinic Policies & MSRDP Business Services Guidelines standard payment processing procedures into existing department roles and responsibilities. Reimbursement Manager developed an updated form to be used for credit card payments. Will coordinate with CISO to obtain PCI training. <p><u>Action Plan Owners:</u></p> <p>Plastic Surgery, Department Administrator Plastic Surgery, Reimbursement Manager</p> <p><u>Target Completion Dates:</u></p> <ol style="list-style-type: none"> Completed by the end of April 2016 Complete, updated form has been developed. Completed by the end of June 2016

Detailed Observations and Action Plans Matrix

Observation	Recommendation	Management Response
<p>Risk Rating: Medium ●</p> <p>3. Implement Controls for Determination of Appropriate Payment for Services.</p> <p>Patients do not sign the Quote Sheets confirming the fees are the same as discussed with the patient. There is not a standard fee schedule for services in the Cosmetic service line so it is difficult to determine the fees the physician intended to charge the patient or any discounts that were to be applied.</p> <p>The Quote Sheet contains a section for the signatures of doctor, administrative assistant and patient, however this section is not completed. Quote Sheets can be altered and cash payments received could be adjusted or not posted to the system without the appropriate signatures to verify the price for services.</p>	<p>Utilize the approval section of the Quote Sheet, which requires the doctor's, administrative assistant's and patient's signatures. When all three signatures are obtained, this Quote Sheet is immediately scanned into the patient's file.</p>	<p><u>Management Action Plans:</u></p> <p>This recommendation has been implemented. All Quote Sheets are now signed by the physician, administrative assistant and patient once the price has been agreed upon by the physician and patient.</p> <p><u>Action Plan Owners:</u></p> <p>Plastic Surgery, Department Administrator Plastic Surgery, Reimbursement Manager</p> <p><u>Target Completion Dates:</u></p> <p>Completed</p>

Detailed Observations and Action Plans Matrix

Observation	Recommendation	Management Response								
<p>Risk Rating: Medium ●</p> <p>4. Process Patient Payments in EPIC Timely</p> <p>Payments received for services provided to the patients were not always posted to accounts timely in Epic.</p> <p>Posting delays into EPIC were noted in 45 of the 997 patient payment transactions during the five month review period.</p> <table border="1" data-bbox="254 764 564 889"> <thead> <tr> <th>Quantity</th> <th>Delayed Days</th> </tr> </thead> <tbody> <tr> <td>32</td> <td>4 - 15</td> </tr> <tr> <td>6</td> <td>15 - 29</td> </tr> <tr> <td>7</td> <td>30+</td> </tr> </tbody> </table> <p>The risk is payments could be lost or stolen and not posted accurately to the patient's account.</p>	Quantity	Delayed Days	32	4 - 15	6	15 - 29	7	30+	<p>Utilize the PFS standard payment processing procedures, including the use of the Cash Drawer in EPIC, to ensure payments are posted in a timely manner.</p>	<p><u>Management Action Plans:</u></p> <p>Integrating Ambulatory Clinic Policies & MSRDP Business Services Guidelines standard payment processing procedures into existing department roles and responsibilities.</p> <p><u>Action Plan Owners:</u></p> <p>Plastic Surgery, Department Administrator Plastic Surgery, Reimbursement Manager</p> <p><u>Target Completion Dates:</u></p> <p>Completed by April 2016</p>
Quantity	Delayed Days									
32	4 - 15									
6	15 - 29									
7	30+									

Detailed Observations and Action Plans Matrix

Observation	Recommendation	Management Response
<p>Risk Rating: Low ●</p> <p>5. Periodically Review User Access for Administrative Assistants and Billing Office Staff</p> <p>Periodic reviews of security access are not performed to ensure all staff have appropriate levels of security access based on their responsibility. There are administrative staff and physicians who do not have the same access.</p> <p>A review of user access for the department identified:</p> <ul style="list-style-type: none"> - Three Administrative Assistants and one Administrative Coordinator who do not have Hospital billing access in EPIC while the nine remaining Administrative Assistants do have Hospital billing access. - Physician system access is not consistent across the Plastic Surgery department; some have basic charge posting access while others have advanced access. 	<ol style="list-style-type: none"> 1. Define the minimum set of access permissions required for the administrative assistant and physician function, taking into consideration appropriate functional segregation of duties. 2. Establish a periodic user access review process for the Administrative and Billing Office staff. This review should be documented at least once annually and documentation retained. 	<p><u>Management Action Plans:</u></p> <ol style="list-style-type: none"> 1. Based on updated roles and responsibilities as a result of moving to the Ambulatory Clinic Policies & MSRDP Business Services Guidelines standard payment process, new access levels will be defined and implemented. 2. Annual timing will be set based on implementation of Ambulatory Clinic Policies & MSRDP Business Services Guidelines standard payment process. <p><u>Action Plan Owners:</u></p> <p>Plastic Surgery, Department Administrator</p> <p><u>Target Completion Dates:</u></p> <ol style="list-style-type: none"> 1. Completed by June 2016 2. Ongoing annual review at the end of each fiscal year.

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	
	Priority	An issue identified by internal audit that, if not addressed immediately, has a high probability to directly impact achievement of a strategic or important operational objective of a UT institution or the UT System as a whole.
	High	A finding identified by internal audit that is considered to have a high probability of adverse effects to the UT institution either as a whole or to a significant college/school/unit level. As such, immediate action is required by management in order to address the noted concern and reduce risks to the organization.
	Medium	A finding identified by internal audit that is considered to have a medium probability of adverse effects to the UT institution either as a whole or to a college/ school/unit level. As such, action is needed by management in order to address the noted concern and reduce risk to a more desirable level.
	Low	A finding identified by internal audit that is considered to have minimal probability of adverse effects to the UT institution either as a whole or to a college/ school/unit level. 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 preceding 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.