

## 16-204 Thoracic and Cardiovascular Surgery Departmental Review

### EXECUTIVE SUMMARY

The Department of Thoracic and Cardiovascular Surgery (Department) primarily serves patients with cancers arising in the chest including lung and esophageal cancers, as well as less common thoracic malignancies. Our audit covered key administrative functions for the Department and is intended to provide a general assessment of these activities.

In summary, we found that control processes are in place for the following key areas:

- Grant administration
- Stat sample certifications
- Clinical staff licensing
- Purchased services agreements
- Clinical trials invoicing

For leave management, travel, procurement cards, and system access, we identified opportunities for management to enhance controls. Further details are outlined in the Detailed Observations section.

### Departmental Highlights

- Welcomed a new Chair in April 2015
- Earned professional gross patient revenue of \$15.6 million in FY15
- Earned more than \$1 million in grant revenues for FY15
- Collaborates with The University of Texas Southwestern Medical Center in Dallas on one of MD Anderson's 10 Specialized Program of Research Excellence grants
- Employee Breakdown:

Classification	Total
Classified	43
Educational	14
External	8
Faculty	9
Faculty - Research	4
<b>Grand Total</b>	<b>78</b>

Source: The Department.

### Management Summary Response:

Management agrees with the observations and recommendations and has developed action plans to be implemented on or before February 1, 2016.

**Appendix A** outlines the objective, scope, and methodology for this project.

The courtesy and cooperation extended by the Department of Thoracic and Cardiovascular Surgery are sincerely appreciated.

*Sherri Magnus*

Sherri Magnus, CPA, CIA, CFE, CRMA  
Vice President & Chief Audit Officer  
January 15, 2016

Please note that this document contains information that may be confidential and/or exempt from public disclosure under the Texas Public Information Act. Before responding to requests for information or providing copies of these documents to external requestors pursuant to a Public Information Act or similar request, please contact the University of Texas MD Anderson Cancer Center Internal Audit Department.

**Observation 1:****Ensure Mobile Devices Are Secure****RANKING: Medium**

The Information Resources Security Operations Manual requires mobile devices, including iPads, to be encrypted. Our testing identified six iPads that were not secured through the Institution's mobile device management tool or encrypted with a passcode. One of these iPads was in use at the time of our testing; the remaining five were not in use. The user has since enabled a passcode on the iPad in use. Allowing employees to use unencrypted or unsecured computing devices increases the reputational risk that confidential information may be accessed by unauthorized individuals.

**Recommendation:**

The Department should coordinate with the Division of Surgery (which is responsible for the Department's asset encryption) to educate the user and other personnel on the need to properly secure their mobile devices. The Department and Division of Surgery should also ensure that all departmental iPads are properly secured via the Institution's mobile device management tool, device-level passcodes, or some other method to protect confidential information.

**Management's Action Plan:**

Responsible Executive: Thomas Buchholz, M.D.

Owner: Linda Pritchard

Due Date: January 1, 2016

*The department has implemented the use of a department approval form for requests to purchase new mobile devices. Once approved the department buyer will designate the delivery to be made to our Sr. Data Analyst who will take a photograph of the asset tag and serial number and then enter those numbers into a log to be shared with our Program Coordinator for Asset Management and used to cross check our department inventory, create off site agreements, and monitoring the program. The DoS IT technician will then be given the device and will set up the encryption/password. DoS will return the item to our Office Manager. A meeting will be scheduled with the assigned user of the device, which will include specific instructions on the need for continued use of the password and sign-off on the off-site agreement.*

Please note that this document contains information that may be confidential and/or exempt from public disclosure under the Texas Public Information Act. Before responding to requests for information or providing copies of these documents to external requestors pursuant to a Public Information Act or similar request, please contact the University of Texas MD Anderson Cancer Center Internal Audit Department.

**Observation 2:****Revoke System Access for Terminated Employees****RANKING: Medium**

According to the Information Resources Security Operations Manual, departments are responsible for appropriately modifying personnel's access to information resources upon termination or role change. However, the Department does not perform system access reviews to facilitate necessary modifications to user access levels. As a result, we identified two terminated individuals within the Department who had active access to MedAptus. The Department promptly deactivated these two accounts after being notified by auditors. If an employee's access to information resources is not revoked upon termination, the individual may be able to continue to access and edit information within the system.

**Recommendation:**

The Department should ensure that access to Information Systems is revoked for terminated employees.

**Management's Action Plan:**

Responsible Executive: Thomas Buchholz, M.D.

Owner: Linda Pritchard

Due Date: January 30, 2016

*The department has assigned the Office Manager the task of meeting with the employee prior to their last day and completing the exit process with them. The termination of their access to MDACC systems will be listed with a signature and date when it is completed.*

**Observation 3:****Comply with Travel Policy for Host-Paid Expenses****RANKING: Low**

The institutional Travel Management Policy states that the institutional business travel account (BTA) cannot be used if travel is reimbursed outside the Institution. During our review, we identified three instances where the BTA was used to pay for employee airfare that was part of host-paid trips. The hosts then paid the employees for the airfare (totaling \$1,622), and the employees reimbursed the institution.

The prepayment of host-paid travel expenses with the BTA increases the risk that reimbursements may not be remitted to the Institution and losses may occur. It also poses the risk that funds received may not be allocated to the correct accounts.

**Recommendation:**

The Department should comply with the Travel Management Policy and refrain from using the BTA for host-paid travel.

Please note that this document contains information that may be confidential and/or exempt from public disclosure under the Texas Public Information Act. Before responding to requests for information or providing copies of these documents to external requestors pursuant to a Public Information Act or similar request, please contact the University of Texas MD Anderson Cancer Center Internal Audit Department.

Management's Action Plan:

Responsible Executive: Thomas Buchholz, M.D.

Owner: Linda Pritchard

Due Date: January 15, 2016

*The Department has revised our department travel pre-approval form and noted that if airfare is host paid and the host is not purchasing the tickets, the faculty member will need to purchase the airfare personally, using another form of payment.*

Observation 4:**Accurately Record Extramural Leave****RANKING: Low**

Institutional policy requires that time and leave data is entered accurately in Kronos. The Department did not accurately record four days of extramural leave for two of ten faculty members reviewed. Specifically:

- Three extramural leave days were not recorded in Kronos. Although the Department immediately corrected two of these days, the remaining day was unable to be corrected because it fell within the previous calendar year.
- One day of paid time off was incorrectly recorded as extramural leave, but was subsequently corrected by the Department.

**Extramural leave** - a faculty member's time away from the Institution to pursue outside professional activities or interests with or without personal financial gain. Extramural leave may not exceed 30 working days in any fiscal year, and the leave must be recorded in Kronos.

Source: Faculty Extramural Leave Policy

When extramural leave is not recorded accurately, leave balances may be incorrect and the 30-day extramural limit may be exceeded.

Recommendation:

The Department should ensure that all extramural leave taken by employees is accurately recorded in the timekeeping system.

Management's Action Plan:

Responsible Executive: Ethan Dmitrovsky, M.D.

Owner: Linda Pritchard

Due Date: January 30, 2016

*When Extramural Leave changes from the original approval, the administrative staff is now required to provide the change information to the timekeeper. The Department will revise the process to include the administrative support staff and timekeeper to provide a copy of all eTickets upon faculty return from travel. This will prompt any modification if the intended travel was changed since input of the original leave request.*

Please note that this document contains information that may be confidential and/or exempt from public disclosure under the Texas Public Information Act. Before responding to requests for information or providing copies of these documents to external requestors pursuant to a Public Information Act or similar request, please contact the University of Texas MD Anderson Cancer Center Internal Audit Department.

**Observation 5:****Approve Kronos Timecards as Required****RANKING: Low**

According to institutional policy, departmental managers are required to review weekly Kronos data to ensure accuracy and sign off before 11:59 p.m. on Tuesdays. When the necessary review and approval does not occur, the risk is increased that errors may not be identified or corrected. Any timecards that are unapproved after the established deadline will be automatically approved via a "Global Sign-Off". The Department did not always approve timecards in Kronos within the required time period during fiscal year 2015.

**Recommendation:**

The Department should implement a process to ensure that all timecards are reviewed and approved by the established deadline, in accordance with institutional policy.

**Management's Action Plan:**

Responsible Executive: Ethan Dmitrovsky, M.D.

Owner: Linda Pritchard

Due Date: December 17, 2015

*Department has already implemented a revised process to ensure timely review and sign-off of all timecards and added an additional approver to serve as back-up when one of the other two approvers are away from the office.*

**Observation 6:****Consistently Comply with Procurement Card Guidelines****RANKING: Low**

The Department utilizes its two procurement cards on a limited basis, with expenditures totaling \$13,100 for fiscal year 2015. It is the Department's practice to consult with the Institution's Procurement Card Administrator to confirm allow ability before purchases are made. However, we tested procurement card transactions totaling \$9,500 (72 percent) and identified the following exceptions involving approvals and allowable payment methods:

- A software purchase was not pre-approved by Integrated Desktop Services, as required by the Procurement Card User's Guide, although it was pre-approved by the Procurement Card Administrator.
- A PayPal purchase for a professional membership fee did not have the documented approval by the Procurement Card Administrator in accordance with the Guide.
- A subscription to an online survey tool was purchased, although the Guide prohibits the use of the procurement card for this item. A purchase order is recommended instead.

When proper prior approvals are not obtained and acceptable payment mechanisms are not used, the risks are increased that unreasonable or unnecessary purchases may occur.

Please note that this document contains information that may be confidential and/or exempt from public disclosure under the Texas Public Information Act. Before responding to requests for information or providing copies of these documents to external requestors pursuant to a Public Information Act or similar request, please contact the University of Texas MD Anderson Cancer Center Internal Audit Department.

Recommendation:

The Department should refer to the Procurement Card User's Guide to ensure that all purchases comply.

Management's Action Plan:

Responsible Executive: Thomas Buchholz, M.D.

Owner: Linda Pritchard

Due Date: January 1, 2016

*Financial Management Analyst has printed out the User's Guide to check for "not allowable items on the procard prior" to the use to determine appropriate use. The process of the procard administrator obtaining prior approval of a purchase will continue but will pay close attention if paypal is the method of the credit card payment and will obtain necessary approval. The Survey Monkey subscription has been terminated at the department level and forwarded onto the Division Office for them to process a Purchase Order. The department will not be purchasing any software items on the procard and will use the Purchase Order Method after prior approval.*

## Appendix A

### Objective, Scope and Methodology

The objective of this review was to provide a general assessment of the internal controls over key administrative functions. Testing periods varied based upon the area or process reviewed; however, all selected transactions occurred between September 2014 and August 2015.

Our methodology included the following procedures:

- Interviewed key personnel responsible for the administrative processes within the department
- Reviewed relevant departmental and organizational policies and procedures
- Reviewed the results of the 2015 physical inventory performed by Asset Management and physically examined a sample of IT and non-IT assets
- Tested non-payroll expenditures, including procurement card and grant transactions, purchased services contracts, and reconciliations
- Reviewed statistical sampling documentation to ensure required monthly certification of selected expenditures
- Reviewed grant administration processes for effort reporting and certification, timely progress reports, disclosures of conflicts of interest, use of material transfer agreements, and initiation of the closeout process when necessary
- Examined timekeeping and leave management records, including Kronos and Lotus Notes data, to determine if institutional guidelines are being followed
- Performed a limited review of surgery charges to ensure that any held charges were being identified and resolved for export
- Reviewed the clinical trial invoicing process for timeliness
- Evaluated the department's process for monitoring licenses to ensure that they remain current
- Examined MedAptus and IDX access to determine whether employees had appropriate system access for their roles

Note that detailed charge capture procedures were not performed during this audit because the impending implementation of the OneConnect electronic health record system will result in a change in departmental processes for charge capture and reconciliation.

Our internal audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

### Number of Priority Findings to be monitored by UT System: None

A Priority Finding is defined as "an issue identified by an internal audit that, if not addressed timely, could directly impact achievement of a strategic or important operational objective of a UT institution or the UT System as a whole."

Please note that this document contains information that may be confidential and/or exempt from public disclosure under the Texas Public Information Act. Before responding to requests for information or providing copies of these documents to external requestors pursuant to a Public Information Act or similar request, please contact the University of Texas MD Anderson Cancer Center Internal Audit Department.