

# **UT Southwestern** Medical Center

## **The University of Texas Southwestern Medical Center Facilities Department Change-in-Management Audit**

**Internal Audit Report 17:13.1**

**February 28, 2017**

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## **Executive Summary**

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### **Background**

The University of Texas Southwestern Medical Center (Institution) Facilities Management Department (Department) is responsible for maintenance and operations of the institution's facilities and energy plants, the management of its capital improvement plan, including capital construction, for custodial and ground services, recycling services, and general business services including shuttle operations and vehicle fleet oversight.

There are six divisions: Building Maintenance & Operations, Hospital Facilities Maintenance & Operations, Utilities Operations, Facilities Planning & Construction, General Services, and Sustainability & Energy Management.

The department is budgeted for approximately 360 FTEs; about 78% of these positions are allocated to three divisions – Building M&O (~113), Utilities Operations (~105), and Hospital Facilities M&O (~62). For FY2016, the department's operating budget was approximately \$33 million; with another ~\$9 million allocated from University hospitals; and, ~\$26 million allocated for purchased utilities.

On February 1, 2016, the Department was placed under new leadership. The prior Vice President of Facilities Management retired after 28 years of service with UT Southwestern. This audit was performed as a result of this change in management.

### **Scope and Objectives**

This audit was risk based and scheduled as a part of our Fiscal Year 2017 Audit Plan. For testing purposes, the audit scope was February 1, 2016 through August 31, 2016. Overall objective of this review was to determine the:

- effectiveness of controls to manage risks related to the achievement of the department's fiscal responsibilities;
- adequacy of controls to monitor achievement of department goals and objectives; and,
- adequacy of controls to ensure compliance with applicable laws, rules, and policies.

To accomplish our objective(s): we conducted interviews with department staff & staff of other areas; reviewed relevant institutional and department documents & reports; obtained and analyzed financial and non-financial data; reviewed vendor agreements and/or contracts; conducted research for best practices related to facilities management and strategic organizational restructuring; and, conducted a division level (baseline) risk assessment matrix development activity.

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

## Executive Summary

### Conclusion

Overall, there are opportunities to evaluate other system options or enhance use of existing systems to facilitate efficient department operations and to document the criteria and source of key performance measures. New leadership has shown a strong commitment to developing a culture that values professionalism, accountability, and excellence in dealing with customers and clients. Improvements to enhance operational processes and improve responsiveness to customers and clients have been implemented. Controls over financial activities were previously the responsibility of the Department and were transferred over to the Office of Accounting in FY2016. Current leadership identified key financial reports that are generated and reviewed on a routine basis by Department senior management.

Under the leadership of the current Vice President, the following strengths have been identified:

- A top down operational & structural assessment of all the department's divisions was performed resulting in restructuring of three department divisions to improve customer service and client relations (by enhancing transparency of business processes), to improve vendor management, to enhance collaboration and coordination among teams (breakdown silos), and, to make project planning and management more effective / efficient.
- Developed overall performance monitoring metrics and oversight of division activities.
- An institutional infrastructure risk assessment was completed and incorporated in resource planning & work scheduling.

The table below summarizes the observations and 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.

Priority (0)	High (0)	Medium (1)	Low (1)	Total (2)
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There were no priority issues identified in the audit. Key improvement opportunities risk-ranked as medium are summarized below.

- **Identify Systems to Facilitate Efficient Department Operations** - Manual data tracking is in place for reporting of key operations resulting in inefficient preparation of information for decision making and increases the risk of inaccurate information.

Management has been working on measures to address all or part of the observations made in this report. Management responses are documented in the matrix that follows.

We would like to take the opportunity to thank department management and staff for their assistance and cooperation during our review.

## Executive Summary

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Sincerely,



Valla F. Wilson, Associate Vice President for Internal Audit

**Audit Team:**

Melinda Lokey, Director of Internal Audit

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cc: Juan Guerra, Vice President, Facilities Management Department  
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## Detailed Observations and Action Plans Matrix

Observation	Recommendation	Management Response
<p><b>Risk Rating: Medium</b> ●</p> <p><b>1. Identify Systems to Facilitate Efficient Department Operations</b></p> <p>Information is primarily maintained manually either in paper form or as MS Office files on personal computers. For example, facilities maintenance staff do not have an easily accessible, up-to-date central database that gives them relevant (age, type, maintenance and repair precautions, repair history, etc.) information regarding the parts they will be working on.</p> <p>Non-financial facilities data contained in PeopleSoft Application Modules (Maintenance Management, Reporting Tools, Project Costing) is not complete and is under-utilized by management in managing and monitoring activities of the department.</p> <p>Old, incomplete and duplicate work order records within PeopleSoft are open and active. Facilities Management and Information Resources (IR) have been working to update the status of work orders within the PeopleSoft system. Monitoring of open work orders is critical to monitor productivity, preventative maintenance schedules and project costing.</p> <p>Lack of an integrated data management systems decreases efficiency and increases the risk that incorrect or incomplete work may be performed.</p>	<ol style="list-style-type: none"> <li>1. Continue efforts to clean up old, incomplete and duplicate work orders within the PeopleSoft system.</li> <li>2. In collaboration with IR, evaluate options for acquisition, development or modification of systems for data / document management to support decision making and increase data accuracy for performance monitoring and oversight.</li> </ol>	<p><b><u>Management Action Plans:</u></b></p> <ol style="list-style-type: none"> <li>1) We will continue efforts to clean up the old, incomplete and duplicate work orders within PeopleSoft. Continue to update the inventory of building components and assets and their attributes within PeopleSoft.</li> <li>2) Short-Term: We will continue working with IR to develop key management reports.</li> <li>3) Evaluate other applications that can be used to monitor maintenance service requests, preventative maintenance, project costing, etc (eg Archibus).</li> <li>4) Long-Term: If evaluation of systems determines that the PeopleSoft system is the best long term option, as a part of the Project-Reboot project, collaborate with IR to configure the PeopleSoft application to support department operational activities and to allow for efficient and effective management planning and performance monitoring.</li> </ol> <p><b><u>Action Plan Owners:</u></b></p> <p>Vice President, Facilities Management Dept. Associate Vice President, Academic &amp; Administrative Information Systems</p>

## Detailed Observations and Action Plans Matrix

Observation	Recommendation	Management Response
		<p><b><u>Target Completion Dates:</u></b></p> <ol style="list-style-type: none"> <li>1) June 30, 2017</li> <li>2) June 30, 2017</li> <li>3) January 31, 2019, dependent on timing of technology implementation related to Project Reboot</li> <li>4) January 31, 2019 along with action item #3.</li> </ol>

## Detailed Observations and Action Plans Matrix

Observation	Recommendation	Management Response
<p><b>Risk Rating: Low</b> ●</p> <p><b>2. Improve Documentation of Key Performance Information</b></p> <p>Department leadership needs to continue with its initiatives and efforts to improve overall department operations and performance.</p> <p>Specifically, department leadership has developed KPIs and is using this information in decision making; however, a central inventory of criteria/definition, data source, and responsibility for tracking has not been developed.</p> <p>For example, some KPIs are manually prepared and reported to senior management by supervisors. The methodology and source used to develop the KPI report(s) is known only to the supervisor that provides the information for the report.</p> <p>Lack of documentation to prepare KPI reporting will result in additional time and inefficiencies in generating the report.</p>	<p>Document all the performance metrics that are being tracked at each division; including criteria/definition, data source and responsibility for tracking.</p>	<p><b><u>Management Action Plans:</u></b></p> <ol style="list-style-type: none"> <li>1) Short-Term: We will manually document data source and responsibility for tracking applicable KPI information.</li> <li>2) Long-Term: As part of 'Project Re-Boot', KPI information will be configured into PeopleSoft application.</li> </ol> <p><b><u>Action Plan Owners:</u></b></p> <p>Vice President, Facilities Management Dept. Associate Vice President, Academic &amp; Administrative Information Systems</p> <p><b><u>Target Completion Dates:</u></b></p> <ol style="list-style-type: none"> <li>1) June 30, 2017</li> <li>2) January 31, 2019, dependent on timing of technology implementation related to Project Reboot</li> </ol>



## Appendix A – Risk Classification & 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:

<b>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.</b>	<b>Degree of Risk and Priority of Action</b>	
	<b>Priority</b>	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.
	<b>High</b>	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.
	<b>Medium</b>	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.
	<b>Low</b>	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 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.