

UT SOUTHWESTERN
MEDICAL CENTER

Daniel K. Podolsky, M.D.
President
Philip O'Bryan Montgomery, Jr., M.D. Distinguished
Presidential Chair in Academic Administration

Professor of Internal Medicine
Doris and Bryan Wildenthal Distinguished
Chair in Medical Science

February 20, 2013

Kenneth Shine, M.D.
Executive Vice Chancellor for Health Affairs
The University of Texas System
601 Colorado Street
Austin, TX 78701

Dear Dr. Shine:

Enclosed for your information is a copy of The University of Texas Southwestern Medical Center Internal Audit Report 13:09 Vice President for MSRDP Billing.

I concur with the auditors' recommendations and support implementation of these six in-process recommendations.

Sincerely,



Daniel K. Podolsky, M.D.

Enclosure

cc: Arnim E. Dontes
J. Michael Peppers
Eva Narten
Debra McKibben

The University of Texas Southwestern Medical Center

**Internal Audit Report 13:09
Vice President for MSRDP Billing**



February 8, 2013

Office of Internal Audit
5323 Harry Hines Boulevard
Dallas, Texas 75390-9017
(214) 648-6106



**The University of Texas Southwestern Medical Center
Internal Audit Report 13:09
Vice President for MSRDP Billing
FY 2013**

**AUDIT REPORT
February 8, 2013**

Daniel K. Podolsky, M.D., President
The University of Texas Southwestern Medical Center
5323 Harry Hines Boulevard, MC 9002
Dallas, Texas 75390-9002

Dear Dr. Podolsky:

The University of Texas Southwestern Medical Center (Medical Center) Office of Internal Audit has completed its 13:09 Vice President for MSRDP Billing Change in Management Audit. [Note: The official title is "Associate Vice President Faculty Practice Patient Financial Services" (AVP FPPFS).] The audit covered the period of January 1, 2012, to January 18, 2013.

Executive Summary

Based on the procedures performed to evaluate 1) operating procedures (inclusive of business continuity plan); 2) training; 3) staff performance assessments; 4) PeopleSoft access; 5) confidential information procedures; 6) safeguarding of assets; and 7) expenditure segregation of duties, we found that the practices employed by the AVP FPPFS were generally in compliance with the expectations for the management of the department. Minor adjustments to practices are recommended.

As a result of this audit, the following observations and recommendations are made:

Safeguarding of Departmental Assets

1. We were not able to locate a desktop computer acquired for \$580 on August 21, 2012. If the computer cannot be located, we recommend the department adjust the fixed asset records.

We also noted that each asset's location and custodian were not properly updated in PeopleSoft. We recommend the department's asset manager update each asset's location and custodian information in PeopleSoft.

Business Continuity Plan

2. The last plan on record was an incomplete plan submitted to the Office of Business Continuity on June 30, 2010. The submission and maintenance of a

current and complete business continuity plan is a requirement of every department. We recommend the department finalize and submit its completed business continuity plan to the Office of Business Continuity for approval.

Employee Training

3. The AVP FPPFS had not completed the Information Security Refresher training. We recommend the AVP FPPFS take the required training.

No employee in the department had completed the Internal Controls training offered with PeopleSoft My Learning. While the training is not explicitly required by the Medical Center, adhering to internal control framework is a requirement under the Medical Center's handbook of operating procedures. The training will help provide a basic understanding of internal controls and help employees assess risks in their areas of work and develop appropriate responses to these risks. We recommend all employees in the department complete this training.

Expense Approval Procedures

4. The Vice President for Health System Financial Affairs approved the AVP FPPFS' travel and entertainment expenses outside of PeopleSoft. Leveraging PeopleSoft technology for the routing of expense reimbursements for approval in lieu of using paper approvals can enhance efficiency.

During the audit, the department created expense approval procedures. We reviewed the procedures created and we noted they were in compliance with Medical Center policies. No further recommendation outstanding.

Note that as of January 17, 2013, the Executive Vice President for Health System Affairs is approving the AVP FPPFS' travel and entertainment expenses.

Departmental Mission Statement

5. During our audit, we noted no existence of a departmental mission statement. A mission statement is a guidance tool that helps establish an overall framework for the actions of each employee. We recommend the department create a mission statement (as done similarly by those in other departments) to document its purpose and its alignment with the Medical Center's mission.

Management has agreed with recommendation made.

We appreciate the courtesy and cooperation of MSRDP Billing Operations, MSRDP Finance Administration and the Office of Inventory Control in assisting us with our audit.

Detailed Results

Individual results and recommendations are discussed below:

1. Safeguarding of Departmental Assets

Both state law and Medical Center policy require accountability for the safeguarding of fixed assets by users at the Medical Center. Further, it is ultimately the responsibility of each department head to safeguard all Medical Center property that is purchased by or assigned to the department.

We selected a sample of fixed assets from the department inventory listing to test for existence. We were not able to locate a desktop computer acquired for \$580 on August 21, 2012. We also noted that each asset's location and custodian was not properly updated in PeopleSoft.

Recommendation - Short-term

- a. The department head will either work directly or assign delegates to work with the department asset manager to collect location and custodial information for each tagged asset listed in the PeopleSoft inventory listing. For those tagged assets that are used by multiple people, the department will assign an employee to act as custodian who will be responsible for the assets upkeep and safeguarding.

Recommendations - Annually

- b. The department head will request of listing of the assets in the department and will review the data to verify that each asset has a custodian assigned. She will document her review by signature (physical signature or electronic confirmation).
- c. After the Office of Inventory Control completes its annual inventory procedures, the department will review Inventory Control's final report to ensure the accuracy of items in PeopleSoft and in the department.

Management Response

The MSRDP Asset Manager and the AVP FPPFS will coordinate activities to bring the PeopleSoft inventory listing for MSRDP Billing Operations Administration up to date.

Implementation Status: In-process

Target Implementation Date: April 30, 2013

Responsible Party:

MSRDP Asset Manager

Associate Vice President for Faculty Practice Patient Financial Services

2. Business Continuity Plan

The Medical Center requires each department to develop and maintain a business continuity plan. This plan details the actions to be taken to minimize the impact potentially hazardous events could have on our employees and/or the business.

Recommendation

The department should refresh its incomplete plan and submit a completed business continuity plan to the Office of Business Continuity for approval.

Management Response

The AVP FPPFS will review the current drafts of a business continuity plan it has. It will update and complete the plan as necessary and submit it to the Office of Business Continuity for review and approval.

Implementation Status: In-process

Implementation Date: April 30, 2013

Responsible Party:

Associate Vice President for Faculty Practice Patient Financial Services

3. Employee Trainings

The AVP FPPFS had not completed the Information Security Refresher training. This is a required training for all Medical Center personnel and it is monitored by the Office of Compliance.

We also noted no employee had completed the Internal Controls training offered with PeopleSoft My Learning. While the training is not explicitly required by the Medical Center, adhering to an internal control framework is a requirement under the Medical Center's handbook of operating procedures. The training will help provide a basic understanding of internal controls, and it can help employees assess risks in their areas of work and develop appropriate responses to these risks.

Recommendation

Security Information Refresher training should be taken by the employee identified. All employees should complete the Internal Control training.

Management Response

The AVP FPPFS will complete the Information Security Refresher training. All employees will complete the Internal Controls training offered in PeopleSoft My Learning.

Implementation Status: In-process

Target Implementation Date: May 1, 2013

Responsible Party:
Associate Vice President for Faculty Practice Patient Financial Services

4. Utilizing PeopleSoft for Expense Approvals

The Vice President for Health System Financial Affairs approved the AVP FPPFS' travel and entertainment expenses outside of PeopleSoft. Leveraging PeopleSoft technology for the routing of expense reimbursements for approval in lieu of using paper approvals can enhance efficiency.

During the audit, the department created expense approval procedures. We reviewed the procedures created and we noted they were in compliance with Medical Center policies. No further recommendation outstanding.

Note that as of January 17, 2013, the Executive Vice President for Health System Affairs is approving the AVP FPPFS' travel and entertainment expenses.

Recommendation

The Executive Vice President of Health System Affairs should approve travel authorizations and expense reimbursement requests for the AVP FPPFS in PeopleSoft.

Management Response

The department will coordinate with the Office of Administrative Systems and the Office of Health System Affairs to give the Executive Vice President of Health System Affairs the ability to approve the AVP FPPFS' expense in PeopleSoft.

Implementation Status: In-process

Target Implementation Date: March 31, 2013

Responsible Party:
Executive Vice President for Health System Affairs

5. Departmental Mission Statement

A mission statement is a guidance tool that helps establish an overall framework for the actions of each employee. During our audit, we noted no existence of a departmental mission statement.

Recommendation

The department should create a mission statement that defines its purpose and alignment with the Medical Center

Management Response

The department will begin drafting a mission statement that aligns with the Medical Center's mission.

Implementation Status: In-process

Target Implementation Date: March 31, 2013

Responsible Party:

Associate Vice President for Faculty Practice Patient Financial Services

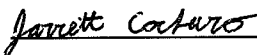
Conclusion

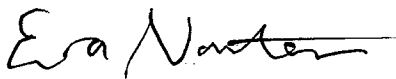
Based on the procedures performed to evaluate 1) operating procedures; 2) training; 3) staff performance assessments; 4) PeopleSoft access; 5) confidential information procedures; 6) safeguarding assets; and 7) expenditure segregation of duties, we found that practices employed by the AVP FPPFS were generally in compliance with the expectations for the management of the department. Minor adjustments to practices are recommended.

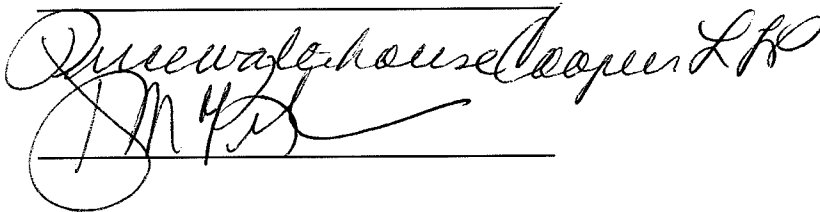
Jarrett Cocharo, CPA
Eva Narten, CPA, CISA, CIA
Debra McKibben

- Internal Auditor II
- Assistant Director of Internal Audit
- Internal Audit Services
PricewaterhouseCoopers LLP

Sincerely,







Cc: Bruce A. Meyer, MD, MBA, Executive Vice President of Health System Affairs
Annim E. Dontes, MBA, Executive Vice President for Business Affairs
Kelly Kloeckler, Associate Vice President Faculty Practice Patient Financial Services

Appendix

Background

The AVP FPPFS is responsible to and reports to the Executive Vice President of Health System Affairs (EVPHSA). By delegation from the EVPHSA, the AVP FPPFS is responsible for driving revenue cycle initiatives and operations for the Medical Center Professional Services and providing strategic vision to the department while creating a culture of compliance, ethics, integrity and accountability. The MSRDP Billing Operations Administration office staff consists of five full time employees.

Audit Objectives

Based on the procedures performed to evaluate 1) operating procedures; 2) training; 3) staff performance assessments; 4) PeopleSoft access; 5) confidential information procedures; 6) safeguarding of assets; and 7) expenditure segregation of duties, we found that the practices employed by the AVP FPPFS were generally in compliance with the expectations for the management of the department. Minor adjustments to practices are recommended.

Scope and Methodology

Our audit covered MSRDP Billing Operations Administration departmental operations during the period of January 1, 2012 through January 18, 2013. The inherent risks of transition associated with a change in management resulted in this area being on the 2013 audit plan. Our examination was conducted according to guidelines set forth by the University of Texas Systems Administration Policy UTS129 "Internal Audit Activities", the Regents' Rules and Regulations, and the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

Procedures conducted to satisfy the audit objective included the following:

- Reviewed the MSRDP Billing Operations Administration mission statement, goals, objectives, organizational chart, risk assessment and business continuity plan for consistency.
- Reviewed the MSRDP Billing Operations Administration operating manual specific to their daily operations.
- Determined if staff had completed their required trainings.
- Determined if employee performance evaluations had been completed in accordance with Medical Center requirements.
- Reviewed employee access levels within the PeopleSoft applications and ensured access levels were consistent with job responsibilities.
- Reviewed confidential information security procedures.
- Performed walkthroughs of expenditure procedures to ensure adequate segregation of duties.
- Reviewed MSRDP Billing Operations Administration office procedures for safeguarding of Medical Center assets.
- Reviewed the AVP transition process and reporting procedures.