

September 21, 2017

MEMORANDUM

TO: Michael Keneker
Associate Vice President & Controller

FROM: Sherri Magnus *Sherri Magnus*
Vice President & Chief Audit Officer

SUBJECT: 17-950 eShipGlobal Investigation

The Institution uses eShipGlobal, which provides online access to compare shipping prices/discounts from different carriers, print air bills and return labels, and track packages. This web-based portal allows an individual to automatically generate all paperwork needed for domestic and international shipments. This service is currently used by all UT System institutions.

In 2016, the Institution spent an estimated \$1.5 million in shipping costs and is trending to spend almost \$2 million in 2017. By the end of Fiscal Year 2017, we expect to have spent more than \$7 million in shipping costs since we implemented the eShipGlobal application.



Internal Audit analyzed all shipments paid for by MD Anderson from January 2013 through July 2017 to identify any unauthorized use of shipping privileges by employees. During our review, we identified the following control weaknesses:

Insufficient Controls Surrounding Account Creation

The eShipGlobal application was not properly configured or tested at implementation to ensure proper controls over account creation. The system does not require a valid MD Anderson e-mail account, employee ID, or active employee status, which results in anyone's ability to create an account. In addition, the application does not require supervisory approval to create an account. According to institutional policy, an employee must have authority to obligate institutional funds for goods and services.

Recommendation:

We recommend that eShipGlobal be created using the institutional active directory and routed through appropriate approval processes. In addition, all future shipping applications should be appropriately tested to ensure controls are in place over account creation.

Management's Action Plan:

Owner: Mike Keneker
Observer: Ben Melson
Due Date: January 31, 2018

Supply Chain Services will review the technology tools available to automatically route requests for services made through eShipGlobal to the requester's one up. This review of technology will include collaboration with other UT System components who are using eShipGlobal in conjunction with routing functionality. A plan for operationalizing the routing technology will be finalized by January 31, 2018.

Personal Utilization of Shipping Privileges

Several employees at various levels of the Institution utilized eShipGlobal to ship personal items. While individual costs related to unauthorized shipments appear to be immaterial based on our limited test work, institutional policy prohibits the use of MD Anderson resources for personal benefit. The current practice is to pay for shipping charges at an institutional level. As a result, costs are not allocated to the respective departments, and they were unaware of the inappropriate shipping charges.

Recommendation:

We recommend that shipping charges be allocated to the departments and the departments develop and implement procedures to monitor shipping costs incurred by their employees. In addition, we recommend that Human Resources coordinate with the impacted departments to determine appropriate personnel actions for the unauthorized use of eShipGlobal.

Management's Action Plan:

Owner: Mike Keneker
Observer: Ben Melson
Due Date: January 31, 2018

Supply Chain Services will work with Internal Communications and Financial Planning & Analysis to inform departments that charges for courier services will begin posting at the department level, rather than at the institutional level. Additionally, Supply Chain Services will partner with Financial Controls to develop and communicate the controls that must be established to ensure expenses charged at the department level are receiving adequate review.

Management's Action Plan:

Owner: Cortney Hodge
 Observer: Shibu Varghese
 Due Date: December 31, 2017

Action Required	Responsible Party	Targeted completion date
Request each employee print their eShipGlobal account logs and identify any personal expenses that need to be reimbursed to MDACC	Supervisor/Manager	11/01/2017
Meet with employees to discuss personal expense charges and review for completeness and accuracy. Engage HR Consultants as necessary	Supervisor/Manager	12/01/2017
Provide employees with eShipGlobal Reimbursement Form to make restitution for personal shipping expenses at MD Anderson's Cashier Office	Supervisor/Manager	12/31/2017
Review eShipGlobal logs on a routine basis during normal one-on-one meetings for continued management until preventative measures can be effected	Supervisor/Manager	Ongoing

cc: Ben Melson
 Shibu Varghese