



Office of Internal Audit

February 1, 2018

Dr. Kirk A. Calhoun, President
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Tyler, TX 75708

Dr. Calhoun,

We have completed the Employee Licensure Audit (Non-Physician Employees) that was included in our Fiscal Year 2018 Audit Plan. The objective of this audit was to conduct an audit of the UT Health Northeast controls and processes in place to ensure employee licenses required in non-physician employee job descriptions were obtained, current and active for each employee. The scope of the audit was as of December 1, 2017.

This audit was conducted in accordance with guidelines set forth in The Institute of Internal Auditor's *International Standards for the Professional Practice of Internal Auditing*. We appreciate the assistance provided by management and other personnel and hope the information presented in our report is helpful.

Sincerely,

Stephen Ford
AVP, Chief Audit Executive

Enclosure

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Employee Licensure Audit (Non-Physician Employees)

February 1, 2018

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**UT Health Northeast
Employee Licensure Audit (Non-Physician Employees)
FY 2018**

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Report

Background

The Employee Licensure Audit (Non-Physician Employees) was completed as part of the Fiscal Year (FY) 2018 Audit Plan, as a risk-based audit of the multiple licensure tracking responsibilities of the Human Resources (HR) Department. With this being a risk-based audit of only the licensure tracking responsibilities of the HR Department, our testing focused on all non-physician employee licenses. Please note that the Medical Staff Services Department is responsible for obtaining and tracking both physician and mid-level provider licenses through their credentialing procedures.

The Joint Commission's Primary Source Verification (PSV) requirement applies to licensure, certification or registration, collectively referred to as "licensure" from here on in this document, required to practice a profession. It is not required for organizational requirements such as cardiopulmonary resuscitation (CPR), advanced cardiac life support (ACLS) or pediatric advanced life support (PALS), or clinical certifications such as peripherally inserted central catheter (PICC) line certification. The Joint Commission specifies that current licensure verified both at the time of hire and at renewal, can be verified via a secure electronic communication (i.e., through the licensing board's public website) or by telephone, if verification is documented, through the State licensing boards. The documentation must include the date the verification was conducted, who conducted the verification, what was specifically verified, and the results of the verification.

Examples of non-physician employees with licensure requirements in their job description at UT Health Northeast (UTHNE) include Registered Nurses, Licensed Vocational Nurses, Pharmacists, Pharmacy Technicians, Medical Technologists, Physical Therapists, Occupational Therapists, Respiratory Care Practitioners, the Chief Financial Officer, the Chief Legal Officer, the Chief Audit Executive, the Chief Nursing Officer and the Chief of Police. It is noted that a number of the non-physician licensures at UTHNE require licensure renewal every two (2) years.

Objective

The objective of this audit was to conduct an audit of the UTHNE controls and processes in place to ensure employee licenses required in non-physician employee job descriptions were obtained, current and active for each employee.

Scope and Methodology

The scope of the audit was as of December 1, 2017.

To achieve the audit objective we reviewed:

- Applicable regulations, guidance and institutional policies;

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- UTHNE HR processes for ensuring employee licenses are obtained, current and active;
- Supporting licensure documentation for sampled employees;
- Information System (IS) access controls; and
- Conflict of Interest (COI) disclosures.

For testing, we split the entire non-physician employee licensure population into two (2) groups, “New Hires” and “Renewals”. The New Hires group consisted of employees with a licensure requirement in their job description and who were identified as having a start date on or after December 1, 2016. The Renewals group consisted of employees with a licensure requirement in their job description and who were identified as having a start date prior to December 1, 2016. Based upon the test populations, we tested a sample of 15 employees initially identified from the New Hire group and a sample of 40 employees initially identified from the Renewals group.

The audit was conducted in accordance with the guidelines set forth in The Institute of Internal Auditor’s *International Standards for the Professional Practice of Internal Auditing*.

Audit Results

Late Primary Source Verifications

Issue #1: Part of HR’s licensure tracking process is to pull a PSV for an employee prior to the employee’s licensure renewal date. Best practice is to pull the PSV prior to the employee’s license expiration date to ensure that the employee does not work without a license. During our testing, we noted that 2 of 40 (5%) employees reviewed had their PSVs pulled after their license expiration date. We confirmed that both employees did in fact renew their licenses prior to expiring.

Recommendation #1: HR should strengthen controls to ensure that PSVs are pulled and confirmed prior to the license expiration date. One (1) such control could include a supervisory or secondary review of the employee licensure process to ensure all records and processes are complete, accurate and timely.

Ranking: High

Management’s Response: Agreed. HR will review the controls and processes in place to ensure that PSVs are pulled and confirmed prior to the license expiration date.

Implementation Date: April 1, 2018

Licensure Tracking

Issue #2: HR is not tracking a number of administrative roles that require a valid license in the job description. We confirmed that the administrators identified during the audit did in fact have a current license.

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Recommendation #2: HR should perform a review to ensure that all administrative roles that require a valid license in their job description are being tracked accurately and completely. In addition, HR should begin tracking the administrative role licenses identified during this audit, immediately.

Ranking: Medium

Management's Response: Agreed. Processes have been reviewed and revisions have been made. Monitoring will continue on an on-going basis.

Implementation Date: Implemented and on-going progress to improve reporting.

Policies and Procedures

Issue #3: Written policies and procedures provide guidance to ensure compliance with requirements, timeliness of processing, consistency in application, proper monitoring, sufficient documentation retention, and appropriate approvals. We identified the following areas for improvement for policies and procedures:

- a. Currently, Institutional Policy #2404449, *Licensure, Credentialing, CPR*, does not contain a number of provisions that would help to ensure employee licensure required in non-physician employee job descriptions are obtained, current and active for each employee.
- b. Currently, HR does not have documented procedures relating to employee licensure processes, including back-up protocols.

Recommendation #3:

- a. At a minimum, the following revisions should be considered for Institutional Policy #2404449, *Licensure, Credentialing, CPR*:
 1. Indicate that an active license is verified through PSV only;
 2. Indicate the timing of new hire and licensure renewal PSV checks;
 3. Indicate who is responsible for performing the PSV checks;
 4. Include parameters and regulation details for employees who begin work at UTHNE on a Nurse Compact License;
 5. Include language specifying nurses on a non-compact state license must obtain a Texas Nursing License prior to their start date;
 6. Indicate what notifications (email/other) will be sent to notify the employee and/or the employee's supervisor of an approaching license expiration date and at what time intervals; and
 7. Indicate when (days in advance) an employee would be removed from the work schedule if their license had not been renewed upon performing the PSV check.
- b. HR should create department Standard Operating Procedures (SOPs) related to employee licensure tracking, including back-up protocols.

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Ranking: Medium

Management’s Response: Agreed. A draft policy will be prepared and available for the Administrative Cabinet’s review. The recommended SOPs will be created.

Implementation Dates: May 1, 2018

Supporting Documentation

Issue #4: HR uses an application called Performance Manager to automate notification emails to employees whose license is approaching its expiration date. The application has been programmed to send notification emails in the following intervals prior to expiration; 60 days, 30 days, 15 days, 5 days, and 4 days. During our audit, we noted that HR has not retained these supporting notification emails. In addition, we noted the following exceptions during our sample testing, which includes five (5) of the selected New Hires who also had a licensure renewal date during the audit testing period:

Group (Sample Size)	# of 60 Day	# of 30 Day	# of 15 Day	# of 5 Day	# of 4 Day
	Reminder Emails Not Retained				
New Hires (5)	4 (80%)	5 (80%)	4 (80%)	1 (80%)	1 (80%)
Renewals (40)	40 (100%)	32 (80%)	13 (33%)	5 (13%)	5 (13%)

The remaining sampled employees in the above calculations were deemed not applicable either because their start date was prior to the reminder intervals or the PSV was verified prior to the email reminder intervals.

Recommendation #4: To ensure that all licensure status notification emails are sent timely and retained for future support, HR should consider adding a shared HR folder in Microsoft Outlook, the UTHNE email software, where all of these notifications are copied into upon delivery. This will provide all identified HR employees with the ability to settle potential disputes, verify the level of effort performed on prior licensure renewals, and/or check on licensure status follow-ups.

Ranking: Low

Management’s Response: Agreed. HR will establish a shared HR folder in Microsoft Outlook. HR will work with Performance Manager to establish a process to ensure all automated notification emails are retained in this shared folder, along with the manual notification emails.

Implementation Date: April 1, 2018

Profile Management Tracking

Issue #5: The PeopleSoft form used to update an employee's licensure expiration date, “Profile Management”, is currently not an auditable form.

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Recommendation #5: HR should collaborate with Information Technology Services and make the necessary system changes to allow the Profile Management form to become an auditable form allowing for future tracking capabilities.

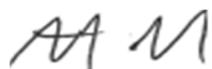
Ranking: Low

Management's Response: Agreed. HR will collaborate with Information Technology Services to make the necessary system changes to allow the Profile Management form to become an auditable form.

Implementation Date: April 1, 2018

Conclusion

The controls and processes in place at UTHNE are appropriate for ensuring employee licenses required in non-physician employee job descriptions are obtained, current and active for each employee, except as noted above.



Stephen Ford
AVP, Chief Audit Executive