

THE UNIVERSITY OF TEXAS

**MD Anderson
Cancer Center**

Department of Internal Audit
Audit No. MDA 23-105

Genitourinary Medical Oncology Departmental Review



Executive Summary

Genitourinary Medical Oncology (the Department) provides treatment, research and prevention of genitourinary cancers, which include but are not limited to cancers of the urinary system, and the male reproductive system. In Fiscal Year (FY) 2022, the Department had over \$22M in research funding and generated over \$11M in gross patient revenue. They currently employ approximately 209 employees, including 30 faculty members.

Audit Results

Internal Audit conducted a general assessment of the Department’s key administrative activities for FY 2022. Several control gaps were identified that require management to enhance their control processes to mitigate the risks. Specifically, management should ensure appropriate effort reporting, financial monitoring, protection of Informational Technology (IT) devices, and compliance with Institutional policies, and federal and state regulations. Additionally, we noted several control weaknesses related to charge capture. A summary of observations is outlined below:

AREA	Strengths	Opportunities
Revenue Cycle	<ul style="list-style-type: none"> • Workqueues are monitored and outstanding items are addressed 	<ul style="list-style-type: none"> • Reconcile professional charges daily • Close encounters timely • Optimize charges for telehealth visits • Ensure accuracy of charge primary diagnosis code
Grant Compliance	<ul style="list-style-type: none"> • Progress reports are prepared and submitted timely 	<ul style="list-style-type: none"> • Ensure accuracy of effort reporting • Allocate shared costs for grant expenditures • Comply with Material Transfer Agreement requirements • Monitor subrecipient expenditures • Provide Conflict of Interest education • Ensure timely payments of grant expenditures
Financial Management	<ul style="list-style-type: none"> • Procard transactions are allowable and reconciled timely • Expenditures are reviewed and monitored by management • Clinical trial financial processes are well-documented 	<ul style="list-style-type: none"> • Resolve deficit accounts • Evaluate recharge center rate • Evaluate financial status of clinical trials
Asset Management	<ul style="list-style-type: none"> • Inventory is performed annually 	<ul style="list-style-type: none"> • Protect and safeguard IT devices • Submit IT missing asset forms timely
Personnel Management	<ul style="list-style-type: none"> • Licensures/certification are kept current and monitored • Leave is recorded accurately in Kronos 	<ul style="list-style-type: none"> • Review and approve timecards • Educate staff on host paid travel guidelines

Further details are outlined in the Detailed Observations section. Less significant issues were communicated to management.

Management Summary Response:

Management agrees with the observations and recommendations and has developed action plans to be implemented on or before August 1, 2023.

Appendix A outlines the objective, scope, and methodology for the engagement.

The courtesy and cooperation extended by the personnel in Genitourinary Medical Oncology, Grants and Contracts, Revenue Operations and Coding, Institutional Compliance, and Research Finance are sincerely appreciated.

Sherri Magnus

Sherri Magnus, CPA, CIA, CFE, CRMA, CHIAP
Vice President & Chief Audit Officer
January 5, 2023

DETAILED OBSERVATIONS

Revenue Cycle

Departments are responsible for ensuring that all patient charges are posted in an accurate and timely manner. Revenue cycle activities for the Department include professional charge capture and reconciliation functions for patient revenue generating areas. Currently, the Department does not have a dedicated resource allocated to perform charge capture activities. Prior to this review, only 25% effort was allocated by a billing specialist outside of the department. As a result, we have noted several control weaknesses related to charge capture as documented in Observations 1 through 4.

1. Reconcile Professional Charges Daily	HIGH	Recommendation	Management Action Plan
<p>While the Division of Cancer Medicine monitors the Department’s workqueues, the Department is not performing revenue reconciliations as required. According to institutional policy, charges should be reconciled daily. When reconciliations are not performed timely, errors may go undetected and charges for services rendered may not be captured, resulting in lost revenue.</p>		<p>Management should develop and implement processes as well as allocate resources to perform daily revenue reconciliations as required by institutional policy.</p>	<p>Responsible Executive: Welela Tereffe Department Executive: Paul Corn Owner: Tatianna Robles Due Date: 03/01/2023</p> <p><i>Management agrees with this recommendation. Management will submit approval for a clinical billing specialist within the department. Currently we have partnered with Ambulatory Charge Capture Services to address the immediate needs for daily reconciliation. A daily review is now in effect for both outpatient and inpatient encounters to ensure that charges are captured for all services rendered.</i></p>
2. Close Encounters Timely	HIGH	Recommendation	Management Action Plan
<p>We identified 566 open encounters that have not been closed out timely as of October 2022. Specifically, 79% of these exceeded thirty days, some which date back to 2017, in which the majority were telephone calls. Institutional policy requires that encounters, regardless of type, should be closed within 48 hours. When an encounter is not closed, there is a risk that the institution is not capturing charges for services rendered.</p>		<p>Management should implement controls as well as allocate resources that ensure encounters are closed timely and according to policy.</p>	<p>Responsible Executive: Welela Tereffe Department Executive: Paul Corn Owner: Tatianna Robles Due Date: 05/01/2023</p> <p><i>Management agrees with this recommendation. We will monitor compliance with institutional policy and re-educate providers, while assessing the need for additional resources.</i></p>

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3. Optimize Charges for Telehealth Services HIGH	Recommendation	Management Action Plan
<p>The Department is not consistently capturing charges for telehealth visits. From a population of 1496 telehealth appointments that were “Completed with No Charge,” we selected 136 for further review. 39 of these encounters did not include the duration of the call and/or location of the patient. According to Institutional guidance, this information is required to determine the level of service and the related charge. Internal Audit was unable to determine the potential lost revenue associated with these services.</p>	<p>Management should ensure all charges are captured for telehealth services. In addition, management should follow-up with Institutional Compliance to obtain guidance and education for faculty and staff related to telehealth documentation.</p>	<p>Responsible Executive: Welela Tereffe Department Executive: Paul Corn Owner: Tatianna Robles Due Date: 05/01/2023</p> <p><i>Management agrees with this recommendation. Management will submit approval for a clinical billing specialist within the department. Currently we have partnered with Ambulatory Charge Capture Services to address the immediate needs for daily reconciliation. The billing specialist will ensure all charges are captured for eligible telehealth services. Management will partner with Institutional Compliance to re-educate providers and Patient Service Coordinators.</i></p>
4. Ensure Accuracy of Charge Primary Diagnosis Code HIGH	Recommendation	Management Action Plan
<p>According to institutional policy, all charges should be posted with an accurate diagnosis code for the services rendered. We noted several instances where the charge primary diagnosis code was the associated cancer diagnosis, instead of the reason for the actual visit with Genitourinary Medical Oncology. Specifically, patients that were seen for Survivorship-related encounters had a cancer related code. Without an appropriate charge primary diagnosis code, these charges could be denied by the insurance provider.</p>	<p>Management should strengthen its process as well as allocate resources to ensure accuracy of the charge primary diagnosis code.</p>	<p>Responsible Executive: Welela Tereffe Department Executive: Paul Corn Owner: Tatianna Robles Due Date: 05/01/2023</p> <p><i>Management agrees with this recommendation. Management will coordinate with Institutional Compliance and Coding to obtain guidance and re-educate providers on charge primary diagnosis coding for Survivorship related encounters. Additionally, the billing specialist will include charge primary diagnosis codes in their daily reconciliation review.</i></p>

Grant Compliance

Grants management relates to the administrative tasks required to comply with the financial, reporting, and program requirements of federal, state, and private sponsors, as well as institutional policies. It includes but is not limited to progress and financial reporting effort reporting, subrecipient monitoring, conflict of interest, material transfer agreements, timely invoice payments, and shared costs allocation.

5. Ensure Accuracy of Effort Reporting HIGH	Recommendation	Management Action Plan
<p>In some instances, it appears effort is certified based on payroll distribution instead of actual effort spent on a project. According to federal guidelines and the Institution’s Effort Certification policy, the Principal Investigator (PI) on each sponsored project will certify the accuracy of effort spent. While payroll distribution describes the sources of an employee’s salary, effort certification describes the employee’s actual effort on a project. Non-compliance with federal regulations relating to effort reporting on federal grants may result in penalties and fines and possible loss of future research funding for the Institution.</p>	<p>Management should enhance controls to ensure that certified effort reflects actual time spent on projects. Additionally, management should coordinate with Institutional Compliance to determine if any corrective action is warranted for FY 2022 effort cards that have been certified.</p>	<p>Responsible Executive: Welela Tereffe Department Executive: Paul Corn Owner: Tatianna Robles Due Date: 06/01/2023</p> <p><i>Management agrees with this recommendation. We will implement a new process aimed at ensuring reported effort reflects actual effort spent on projects. Specifically, the effort coordinator will periodically meet with the PI to discuss allocated effort of supporting staff. Additionally, we will follow up with Institutional Compliance to review effort that was certified in FY2022 to determine if further corrective action is deemed necessary.</i></p>
6. Allocate Shared Costs for Grant Expenditures HIGH	Recommendation	Management Action Plan
<p>Lab supplies shared among Federal and Private Industry sponsored projects are not consistently allocated based upon their benefit. Federal regulations require that such costs be allocated to a project in proportion to the associated activities. When costs are not allocated accordingly, federal projects may incur costs not associated with the project.</p>	<p>Management should develop and implement a reasonable cost allocation methodology for shared lab supplies. This methodology should be applied consistently for shared costs.</p>	<p>Responsible Executive: Welela Tereffe Department Executive: Paul Corn Owner: Tatianna Robles Due Date: 03/01/2023</p> <p><i>Management agrees with this recommendation. We will review our requisition process to ensure orders align with the funding source and is an appropriate expenditure. We will document a reasonable cost allocation methodology that is consistently applied.</i></p>

7. Comply with Material Transfer Agreement Requirements HIGH	Recommendation	Management Action Plan
<p>A review of 11 research material shipments did not have a fully executed Material Transfer Agreement (MTA) in place at the time of the shipment. While institutional policy states that Principal Investigators (PIs) are responsible for complying with the applicable federal and state regulations regarding the transfer of Research Materials, the department personnel shipping the materials should also ensure the protection of the institution's intellectual property.</p>	<p>Management should implement controls to ensure compliance with institutional requirements. In addition, the department should provide training and education to PIs and responsible staff regarding shipments requiring MTAs.</p>	<p>Responsible Executive: Welela Tereffe Department Executive: Paul Corn Owner: Tatianna Robles Due Date: 03/01/2023</p> <p><i>Management agrees with this recommendation and has contacted Grants and Contracts administration to provide education regarding MTAs This training will be recorded and provided to current and incoming employees. In addition, management has modified its current process to include MTA verification in the E-ship Global data.</i></p>
8. Monitor Subrecipient Expenditures MEDIUM	Recommendation	Management Action Plan
<p>The Department had a total of four subrecipients with approximately \$300k total expenses during the period. Institutional policy requires PIs or their designee to review and approve every subrecipient invoice prior to payment. In doing so, the PI is certifying that the subrecipient has performed in accordance with the contractual agreement and applicable federal regulations. The Department did not have evidence that the PIs or their designee had reviewed and approved the invoices prior to payment. When subrecipient invoices are not reviewed as required, the risks are increased that payments may be made for costs that are not in accordance with the agreement.</p>	<p>Management should enhance processes and controls to ensure subrecipient invoices are reviewed and approved by PIs as required.</p>	<p>Responsible Executive: Welela Tereffe Department Executive: Paul Corn Owner: Tatianna Robles Due Date: 02/01/2023</p> <p><i>Management agrees with this recommendation. We will develop an internal standard process for PIs to review subrecipient invoices prior to payment authorization.</i></p>

9. Provide Conflict of Interest Education MEDIUM	Recommendation	Management Action Plan
<p>A faculty member did not disclose a relationship with a biotechnology company. Institutional policy requires faculty members to disclose all outside activities. Disclosure of conflicts ensures that actual or potential conflicts of interest are appropriately managed. Non-disclosure of conflicts may also jeopardize the objectivity and integrity of research.</p>	<p>Management should ensure faculty are educated on Conflict of Interest disclosures to ensure compliance with Institutional policy and research integrity.</p>	<p>Responsible Executive: Welela Tereffe Department Executive: Paul Corn Owner: Tatianna Robles Due Date: 02/01/2023</p> <p><i>Management agrees with this recommendation. We will provide faculty with training and education, in collaboration with Institutional Compliance.</i></p>
10. Ensure Timely Payments of Grant Expenditures MEDIUM	Recommendation	Management Action Plan
<p>Institutional policy requires timely and accurate payments of vendor invoices. We identified an invoice totaling \$9K which was paid in 2022 for services rendered in 2018, four years prior. Management requested that Grants and Contracts extend the budget period in order to process the payment. Payments made for services rendered outside the budget period may result in questioned costs from the sponsor.</p>	<p>Management should enhance processes and controls to ensure grants expenditure invoices are paid timely. Additionally, management should follow up with Grants and Contracts to determine whether this expense is allowable for the period.</p>	<p>Responsible Executive: Welela Tereffe Department Executive: Paul Corn Owner: Tatianna Robles Due Date: 03/01/2023</p> <p><i>Management agrees with this recommendation. Management will continue to review daily invoices to ensure timely payments. In addition, we will contact Grants and Contracts to review this specific transaction to determine allowability for the period.</i></p>

Financial Management

Departments are responsible for establishing appropriate controls over the Institution's financial resources. Key controls should include but are not limited to properly segregated duties, timely reconciliations for significant financial activities, adequate supporting documentation for transactions, and monitoring to ensure that transactions are authorized, appropriate, accurate and complete.

11. Resolve Deficit Accounts HIGH	Recommendation	Management Action Plan
<p>As of October 2022, the Department had approximately \$2M total deficit balances in non-grant accounts. The department noted that expenses will be moved off these deficit accounts. According to Institutional Policy, management has a fiscal responsibility to monitor accounts and prevent overspending to ensure that financial and operational goals and objectives are achieved. When account deficits are not periodically addressed, the Department may not achieve its financial and operational objectives.</p>	<p>Management should continue to monitor all accounts and coordinate with the appropriate parties to resolve all deficit account balances.</p>	<p>Responsible Executive: Welela Tereffe Department Executive: Paul Corn Owner: Tatianna Robles Due Date: 06/01/2023</p> <p><i>Management agrees with this recommendation. Management will continue to monitor department accounts and proactively work with the PIs to establish proper forecasting to avoid future deficits. In order to address the \$2M deficit, management will meet with the respective parties to determine the course of action to resolve the deficit.</i></p>
12. Evaluate Recharge Center Rate MEDIUM	Recommendation	Management Action Plan
<p>The Eckstein Lab currently charges a \$200 fee per blood draw. While this rate was charged consistently throughout the period, a rate analysis has not been performed since inception of the lab in 2017. It was identified that the lab is currently running a deficit of \$250k as of November 2022. Additionally, a review of historical data showed the lab incurred deficits since 2018. According to institutional policy, a cost/benefit analysis should be performed to ensure the center is (at minimum) breaking-even. While salary and other expenses to maintain the lab may be increasing, a break-even rate would ensure the department does not experience a financial loss.</p>	<p>Management should perform a cost/benefit analysis to determine whether the rate is appropriately designed to operate on a break-even basis.</p>	<p>Responsible Executive: Welela Tereffe Department Executive: Paul Corn Owner: Tatianna Robles Due Date: 06/01/2023</p> <p><i>Management agrees with this recommendation. We will conduct a cost/benefit analysis and evaluate if the recharge center model is appropriate.</i></p>

13. Evaluate Financial Status of Clinical Trials MEDIUM	Recommendation	Management Action Plan
<p>As of October 2022, there are 32 active protocols which have a patient accrual that is less than 50% target-to-actual. These protocols have remained open for several years. When clinical trials have low patient activity for an extensive time, the Department may experience financial losses. According to Institutional Policy, management has a fiscal responsibility to monitor accounts and prevent overspending.</p>	<p>Management should reevaluate the financial impacts, such as administrative costs, of clinical trials that are incurring low patient activity. Consideration should be given to potentially transitioning trials to closure if deemed appropriate.</p>	<p>Responsible Executive: Welela Tereffe Department Executive: Paul Corn Owner: Tatianna Robles Due Date: 08/01/2023</p> <p><i>Management agrees with this recommendation. We will conduct a review of our trials and contact affected PIs with proper closeout procedures. Moving forward, we will also abide by the sponsor recommendations on patient accrual numbers.</i></p>

IT Asset Management		
<i>Computers, mobile devices, and other informational technology (IT) assets are used across the institution to store and transmit sensitive, confidential data. Tracking and monitoring of these devices through the institutional acquisition and inventory process is critical to protect this data.</i>		
14. Protect and Safeguard IT Devices	HIGH	Recommendation
<p>The Information Resources Security Operations Manual (IRSOM) requires the protection of desktops, laptops, and mobile computing devices that view or store confidential information. We identified eight computers did not include sufficient protective measures, and ten mobile devices were not enrolled in AirWatch, one of which was disclosed to have Protected Health Information (PHI). Without protective measures, sensitive information could be accessible to unauthorized individuals.</p>		<p>Management should take immediate steps to sufficiently protect all their IT devices. If protective measures cannot be implemented for certain devices, they should be decommissioned.</p>
		<p>Responsible Executive: Welela Tereffe Department Executive: Paul Corn Owner: Tatianna Robles Due Date: 08/01/2023</p> <p><i>Management agrees with this recommendation. We will conduct a review of all our assets for each individual and work with IT Operations to ensure all assets are updated, properly assigned/located and or warehoused.</i></p>
15. Submit Missing IT Asset Forms Timely	MEDIUM	Recommendation
<p>The Asset Control Manual requires reporting of missing assets to maintain accurate inventory records. As of October 2022, the Department had not completed the required forms for three missing IT assets, none of which were disclosed as containing PHI. When lost assets are not reported as required, the appropriate actions may not be taken to ensure timely mitigation of potential risks.</p>		<p>Management should coordinate with the IT department to ensure all missing assets are appropriately reported and that inventory records are recorded accurately.</p>
		<p>Responsible Executive: Welela Tereffe Department Executive: Paul Corn Owner: Tatianna Robles Due Date: 08/01/2023</p> <p><i>Management agrees with this recommendation. We will conduct a review of all our assets for each individual and work with IT Operations to ensure all assets are updated, properly assigned/located and or warehoused.</i></p>

Personnel Management
Kronos is the official institutional time and attendance management system. Effective personnel management includes, but is not limited to, the accurate and timely recording of extramural (EXT) and employee leave, and accurate accounting of weekend service. We identified opportunities for the Department to improve these processes.

16. Review and Approve Timecards MEDIUM	Recommendation	Management Action Plan
<p>While the department has procedures in place to review and approve timecards weekly, we identified a week where 165 timecards were not reviewed and approved by the department manager or delegate. Fifty employees were non-exempt. According to institutional policy, managers or their delegates are responsible for reviewing each employee's timecard at least weekly. Failure to review and approve timecards may result in inaccurate time reporting and could result in over or underpayment of payroll.</p>	<p>Management should ensure all timecards are reviewed and approved per institutional policy. Additionally, management should coordinate with Payroll to verify whether the non-exempt employee payouts were accurate during FY 2022.</p>	<p>Responsible Executive: Welela Tereffe Department Executive: Paul Corn Owner: Tatianna Robles Due Date: 02/01/2023</p> <p><i>Management agrees with this recommendation. We will review our weekly Kronos procedures and ensure proper review of timecards. We will also contact Payroll to verify proper employee payouts for FY2022.</i></p>
17. Educate Staff on Host Paid Travel Guidelines MEDIUM	Recommendation	Management Action Plan
<p>Host paid trips are not consistently entered into Concur. As a result, we identified three host paid trips were not pre-approved in Concur. Institutional policy states that host paid/reimbursed travel requires pre-trip approval in the institutional travel management tool. When travel is not entered into Concur, pre-approvals may not be captured or documented, and funds not secured for possible reimbursement.</p>	<p>Management should ensure staff are educated on travel guidelines to ensure compliance with institutional policy.</p>	<p>Responsible Executive: Welela Tereffe Department Executive: Paul Corn Owner: Tatianna Robles Due Date: 02/01/2023</p> <p><i>Management agrees with this recommendation. We will re-educate staff on travel guidelines to ensure that all host paid travel is entered into Concur.</i></p>

Appendix A

Objective, Scope and Methodology:

The objective of the review is to provide a general assessment of the financial, administrative, and compliance controls within the department. Our review of the department covered personnel/leave management, financial and asset management, clinical trials, revenue cycle, and grants compliance for the period of September 1, 2021 through September 30, 2022, and related periods.

Our procedures included but not limited to the following:

- Interviewed key personnel and reviewed relevant organizational policies to understand financial and administrative processes within the department.
- Examined personnel management processes including timekeeping, extramural leave, and credentialing.
- Reviewed grant administration processes related to effort reporting and certification; allowable expenditures; cost allocation; subrecipient monitoring; timely progress reports; conflict of interest; and use of material transfer agreements.
- Reviewed grant and non-grant account activity to determine whether deficit balances were properly resolved.
- Reviewed the results of the Department's 2022 physical inventory and assessed processes and controls over assets
- Reviewed the management and protection of IT assets.
- Reviewed procurement card transactions and reconciliations for compliance with institutional guidelines.
- Reviewed financial management processes such as monthly statistical sample and certification.
- Examined review processes in place over purchased services.
- Reviewed charge capture processes including workqueues, open encounters, outpatient services and reconciliations.
- Reviewed clinical trial invoicing and payments, including patient target accrual variances.
- Reviewed the Eckstein Lab rate charges and billing.

Our internal audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*. The internal audit function at MD Anderson Cancer Center is independent per the *Generally Accepted Government Auditing Standards (GAGAS)* requirements for internal auditors.

Audit Team: Ann Lovelady, Melissa Prompuntagorn, Anthony Buancore, Amy Li, Sacha Nouedoui, Denise Frolick

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.”