

February 28, 2023

MEMORANDUM

TO: Ryan Roux
Vice President, Pharmacy

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

SUBJECT: Revenue Reconciliations
Audit Control Number 23-102A

The Division of Pharmacy generated \$2.3 billion which represents 19% of the institution's gross patient revenues for FY22. Internal Audit performed a review to ensure that revenue reconciliations are adequate, timely, complete, and posted to the general ledger. Our review included both daily OneConnect to PeopleSoft reconciliations and management's evaluations to verify medication administrations.

Overall, Pharmacy is performing daily and monthly reconciliations that are consistently and timely performed to ensure charges are posted to the general ledger. To further strengthen the OneConnect to PeopleSoft Retail Pharmacy revenue reconciliation, representing \$413 million or 18% of Pharmacy's Total Gross Patient Revenue in FY22, management should consider setting thresholds to follow-up on variances when they occur. While variances between OneConnect and PeopleSoft are expected and may be appropriate, setting thresholds for review decreases the risk that significant errors are not detected or corrected.

Recommendation:

RANKING: MEDIUM

Management should continue to enhance the Retail Pharmacy revenue reconciliation by establishing thresholds for when review is required if variances occur.

Management's Action Plan:

Executive Leadership Team Member: Rosanna Morris
Division/Department Executive: Ryan Roux
Owner: Liliana Trevino
Implementation Date: 1/1/2023

Action Plan Description:

The Division of Pharmacy concurs with this recommendation. A threshold of +/- 3% and +/- \$500 has been established to follow-up on variances for prescriptions charged to a patient's account in EPIC PB.

Refer to **Appendix A** for Objective, Scope, and Methodology.

The courtesy and cooperation extended by the personnel within the Pharmacy Division are sincerely appreciated.

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Appendix A

Objective, Scope, and Methodology:

The objective was to ensure that revenue reconciliations are adequate, timely and complete. The period of our review was September 1, 2021 to present, and any related periods. Our review covered processes to ensure all charges are captured for services rendered, and reconciliations performed to ensure all charges are transferred from OneConnect to the general ledger.

Our procedures included the following:

- Reviewed relevant policies and procedures
- Interviewed key personnel who oversee the performance of daily processes and reconciliations
- Inspected OneConnect to PeopleSoft reconciliations for the period under review. For a select sample, validated the amounts within the reconciliation to the original source documentation
- Inspected documentation evidencing appropriate segregation of duties occurred between preparer and reviewer
- Examined evidence of management's daily evaluations to review medication administrations

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.

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.”

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