



Executive Summary

The Neurosurgery Department (the Department) at MD Anderson is recognized as one of the top neurosurgical programs in the country. It provides care for all tumors of the nervous system, including those of the brain, spine, spinal cord, skull base, and peripheral and cranial nerves. The Department treats more than 1,500 neurosurgical cases a year. It is comprised of a team of approximately 112 personnel including 19 faculty members. Also, the Department generated \$40M in gross patient revenue and received \$6M in grants and contracts during Fiscal Year (FY) 2024.

RESULTS

Internal Audit conducted a general assessment of the Department’s key administrative activities for the period of September 2022 through August 2024. In general, the department has a system of controls in place. Based on the procedures performed, several control gaps were identified requiring management to make improvements to mitigate the risks. A summary of observations is outlined below:

AREA	Strengths	Opportunities
Financial Management	<ul style="list-style-type: none"> Expenditures are reviewed and monitored by management 	<ul style="list-style-type: none"> Resolve deficit accounts Monitor denials Bill timely for clinical trial activities Enhance controls over procurement pard transactions
Revenue Cycle	<ul style="list-style-type: none"> Epic Workqueues are monitored and managed Monthly reconciliations are performed between Epic and the general ledger 	<ul style="list-style-type: none"> Add the required documentation to shared visits Reconcile professional charges daily Close encounters timely Optimize charges for telehealth visits Sign inpatient notes timely
Grant Compliance	<ul style="list-style-type: none"> Progress reports are prepared and submitted timely Grants expenses are allowable 	<ul style="list-style-type: none"> Comply with Material Transfer Agreements
Asset Management	<ul style="list-style-type: none"> Inventory is performed annually 	
Personnel Management	<ul style="list-style-type: none"> Licensures/certification are kept current and monitored 	<ul style="list-style-type: none"> Enhance Reconciliation Between Webschedule and Kronos

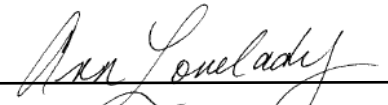
Further details are outlined in the following Detailed Observations section.

Management Summary Response:

Management agrees with the observations and recommendations and has developed action plans to be implemented on or before 4/30/2025.

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

The courtesy and cooperation extended by the personnel in the Neurosurgery Department are sincerely appreciated.



Ann Lovelady, CIA, CHIAP CFE, CRMA
Associate Vice President & Chief Audit Officer *ad interim*
October 31, 2024

DETAILED OBSERVATIONS

Financial Management

Departments are responsible for establishing appropriate controls over the Institution's financial resources. Key controls should include, but not limited to, managing accounts balances, monitoring denials, invoicing sponsors timely, and reconciling significant financial activities to ensure that transactions are authorized, appropriate, accurate, and complete. We identified control weaknesses related to financial management as documented in Observations 1 through 4.

1. Resolve Deficit Accounts HIGH	Recommendation	Management Action Plan
<p>As of July 2024, we identified 21 departmental accounts with deficit balances totaling an estimated \$1.5M, of which \$1.3M related to grant funds.</p> <p>According to institutional policy, management has a fiscal responsibility to monitor accounts and prevent overspending. When account deficits are not addressed timely the Department may not achieve its financial and operational goals and objectives. According to management, this requires engagement and action from other departments.</p>	<p>Management should enhance their monitoring controls to continue reviewing account balances and escalate as necessary. Also, management should continue their efforts to coordinate with the appropriate parties to promptly resolve all deficits.</p>	<p>Management will continue to monitor their account balances, and when necessary, escalate to the manager or director level within the appropriate department. Management will also continue to work with the appropriate individuals to resolve the account deficits noted in the report.</p> <p>Due Date: 4/30/2025 Responsible Executive: Dr. Jeffery Lee Department/Division Executive: Dr. Frederick Lang/ Steve Mathew Owner: Patrick Browning</p>
2. Monitor Denials HIGH	Recommendation	Management Action Plan
<p>The Department does not have a formal process in place to monitor denials on a regular basis. As of July 2024, Epic data indicated \$5.2M in initial preventable denials. Such denials include but not limited to: services not covered by payor, lack of preauthorization, duplication of claims, or need for additional documentation. While denials are centrally managed at the Institutional level, having a monitoring control within the Department could be helpful to identify trends or opportunities to eliminate or reduce the preventable denials.</p>	<p>Management should implement controls to review and analyze denials data on a regular basis to identify possible trends. Also, they should develop a strategy to reduce the Department's denials.</p>	<p>The Department Administrator and Advanced Practice Provider Manager will review and assess the denial report on monthly basis. Also, management will provide education to the appropriate billing providers as needed.</p> <p>Due Date: 12/31/2024 Responsible Executive: Dr. Jeffery Lee Department/Division Executive: Dr. Frederick Lang/ Steve Mathew Owner: Patrick Browning</p>

3. Bill Timely for Clinical Trials Activities MEDIUM	Recommendation	Management Action Plan
<p>Internal Audit identified an active clinical trial with a \$63K deficit as of July 2024. It was determined that the Department had not billed the sponsor since December 2023. Management indicated that invoicing was put on hold pending approval of the budget amendment, which was approved in June 2024. Per the contract provisions, the Department should submit quarterly billing for clinical trial activities.</p> <p>Without proper financial management of clinical trials, there is an increased risk that the institution will bear the financial burden for the department's trials.</p>	<p>Management should strengthen controls over the financial management of clinical trials, including escalation when appropriate. Management should also ensure that the \$63K deficit is resolved as soon as possible.</p>	<p>Management will reconcile all clinical trial activities on a monthly basis to ensure timely billing. To eliminate the deficit, the department will bill the sponsor for the \$63k.</p> <p>Due Date: 2/28/2025 Responsible Executive: Dr. Jeffery Lee Department/Division Executive: Dr. Frederick Lang/ Steve Mathew Owner: Patrick Browning</p>
4. Enhance Controls over ProCard MEDIUM	Recommendation	Management Action Plan
<p>The Department conducts a monthly reconciliation of ProCard transactions as required by institutional guidelines; however, the process is not adequate to ensure that transactions are allowable. Of the 15 transactions reviewed, we identified three transactions that were unallowable according to the Procard User Guide. When transactions are not reviewed and approved as required, errors and irregularities may occur and go undetected.</p>	<p>Management should strengthen its current ProCard reconciliation process to ensure all purchases are allowable as outlined in the Procurement Card Program User's Guide.</p>	<p>Management will revisit its current process for Procard reconciliation to identify potential control gaps.</p> <p>Due Date: Implemented Responsible Executive: Dr. Jeffery Lee Department/Division Executive: Dr. Frederick Lang/ Steve Mathew Owner: Patrick Browning</p>

Revenue Cycle

Departments are responsible for ensuring that all patient charges are posted in an accurate and timely manner. Key controls should include, but not limited to, professional inpatient and outpatient charge capture daily reconciliations. As a result of our review, we noted control weaknesses related to charge capture as documented in Observations 5 through 9.

5. Improve Documentation for Shared Visits HIGH	Recommendation	Management Action Plan
<p>The Department is not consistently adding the required FS modifier to shared Evaluation and Management (E/M) visits. The purpose of the modifier is to determine if a shared visit was performed and helps the payor identify who provided the services to determine the appropriate reimbursement rate. Internal Audit identified 53 E/M shared visits that did not have the FS modifier.</p> <p>CMS guidelines require the FS modifier to be attached for E/M visits performed jointly by a physician and a non-physician practitioner (NPP). Failure to append the FS modifier may result in over or under reimbursement.</p>	<p>Management should comply with CMS guidelines to consistently document the FS modifier for E/M shared visits. In addition, education should be provided to billing providers to improve documentation of shared E/M visits.</p>	<p>To ensure compliance with CMS guidelines relating to appending the FS modifier to shared visits, management provided education to its billing providers during a staff meeting held on September 26, 2024.</p> <p>Due Date: 11/30/2024 Responsible Executive: Dr. Jeffery Lee Department/Division Executive: Dr. Frederick Lang/ Steve Mathew Owner: Susan Boutte</p>
6. Reconcile Professional Charges Daily MEDIUM	Recommendation	Management Action Plan
<p>The Department is not consistently performing daily charge capture reconciliations as required by institutional policy. The Department performs a weekly review of inpatient and outpatient charges in collaboration with the Division of Surgery. Management has indicated that starting in June 2024, they will begin conducting daily reconciliations for outpatient charges.</p> <p>Performing timely reconciliations is essential for promptly detecting errors and ensuring that all charges for services provided are accurately captured.</p>	<p>Management should enhance controls to ensure all inpatient and outpatient professional charges are reconciled daily, as required.</p>	<p>As of June 1, and September 16, 2024, respectively, professional outpatient and inpatient charge reconciliations are performed daily. Specifically, the Revenue Guardian Encounter Report and the Notes Charge Report are run daily and filtered back 5 business days. The reports are reviewed to ensure that all closed encounters have an appropriate corresponding charge posted. In addition, the reports are filtered for open encounters and unsigned notes and reported daily to the billing providers via email for documentation, charges entered, and closure as per the division directive.</p>

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		<p>Due Date: Implemented Responsible Executive: Dr. Jeffery Lee Department/Division Executive: Dr. Frederick Lang/ Steve Mathew Owner: Patrick Browning</p>
7. Close Encounters Timely MEDIUM	Recommendation	Management Action Plan
<p>The Department has a process to monitor open encounters on a regular basis. As of August 2024, we identified 207 open encounters for a period ranging from 3 to 1500 days. 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 improve monitoring controls to ensure encounters are closed timely according to institutional policies. Specifically, management should review the open encounters and determine the appropriate actions for closure.</p>	<p>For all open encounters, management will run the Revenue Guardian Encounter Report daily and filter back 5 business days. Management will then determine the actions necessary to close all open encounters.</p> <p>Due Date: 12/31/2024 Responsible Executive: Dr. Jeffery Lee Department/Division Executive: Dr. Frederick Lang/ Steve Mathew Owner: Patrick Browning</p>
8. Optimize Charges for Telehealth Visits MEDIUM	Recommendation	Management Action Plan
<p>The Department is not consistently capturing charges for telehealth visits. From a population of 889 telehealth encounters that were "Completed with No Charge," we identified 83 visits that were missing either the duration of the call or the patient's location. According to institutional guidance, this information is required to determine the level of service and the related charge if applicable. Management is aware of the need for improvement and established a plan in June 2024 to improve documentation for telehealth visits.</p>	<p>Management should continue their efforts to optimize charges for telehealth visits. Specifically, they need to ensure the duration of the call and location of the patient is documented in the medical record.</p>	<p>Management realizes the importance of capturing charges for telehealth services. A group training to educate billing providers on the required documentation for telehealth visits was performed on September 26, 2024.</p> <p>Due Date: 11/30/2024 Responsible Executive: Dr. Jeffery Lee Department/Division Executive: Dr. Frederick Lang/ Steve Mathew Owner: Susan Boutte</p>

9. Sign Inpatient Notes Timely MEDIUM	Recommendation	Management Action Plan
<p>According to management, the Department has a process in place to identify and subsequently notify the billing provider of any unsigned notes. As of August 2024, we identified 16 inpatient notes that have remained unsigned for a period ranging from 6 to 17 days. Institutional policy requires that medical notes be signed timely and that charges be posted within 48 hours. Unsigned inpatient notes may pose risks including potential delays in billing and reimbursement.</p>	<p>Management should enhance controls to ensure medical notes are signed timely. An escalation process should be put in place if unsigned notes are not addressed timely.</p>	<p>The Inpatient Notes Charge Reconciliation report will be run daily and filtered back 5 business days. The report will be reviewed to ensure all inpatient encounters have appropriate documentation, signatures, and charges. The billing providers will be notified daily via email of any missing documentation and charges.</p> <p>Due Date: Implemented Responsible Executive: Dr. Jeffery Lee Department/Division Executive: Dr. Frederick Lang/ Steve Mathew Owner: Patrick Browning</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, subrecipient monitoring, conflict of interest, material transfer agreements, timely invoice payments, and shared costs allocation.

10. Comply with Material Transfer Agreements	MEDIUM	Recommendation	Management Action Plan
<p>The Department shipped research materials without a fully executed Material Transfer Agreement (MTA). Institutional policy states all research samples that shipped outside the institution should be protected by having the MTA agreement on file. While the Principal Investigator is responsible for complying with these guidelines, the Department should monitor MTAs to ensure appropriate shipping of samples and protection of intellectual property.</p>		<p>Management should enhance their current controls to ensure research shipments comply with institutional requirements for MTAs.</p>	<p>The department will promulgate a policy requiring all MTAs, regardless of whether they have a non-exempt protocol, to be submitted to the Director of Clinical Research Operations for review and processing.</p> <p>Due Date: 11/1/2024 Responsible Executive: Dr. Jeffery Lee Department/Division Executive: Dr. Frederick Lang/ Steve Mathew Owner: Patrick Browning</p>

Personnel Management

Kronos is the official institutional time and attendance management system. Effective personnel management includes but is not limited to the timely review and approval of timecards, accurate and timely recording of employee leave including extramural (EXT), and reconciling Webschedule to Kronos. We identified opportunities for the Department to improve some of these processes.

11. Enhance Reconciliation Between Webschedule and Kronos	MEDIUM	Recommendation	Management Action Plan
<p>While Kronos is the Institution’s official timekeeping system, the Department uses Webschedule to record leave requests. Webschedule does not interface with Kronos, requiring the timekeeper to manually record leave entries into Kronos. Using the new reconciliation tool in Webschedule, Internal Audit noted discrepancies in the recorded hours between Kronos and Webschedule for several employees.</p> <p>According to institutional policy, timekeepers must review all data sources to ensure the timecard is coded correctly to include the attestation report, time off calendar, and the exception log.</p> <p>Failure to properly reconcile Webschedule to Kronos could result in inaccurate leave balances or time records, including possible payroll over or under payment.</p>		<p>Management should improve the reconciliation process between Webschedule and Kronos to ensure all leave entries in Webschedule are accurately reflected in Kronos.</p>	<p>Management will perform monthly reconciliations between Webschedule and Kronos to ensure all leave entries are accurately recorded.</p> <p>Due Date: 12/31/2024 Responsible Executive: Dr. Jeffery Lee Department/Division Executive: Dr. Frederick Lang/ Steve Mathew Owner: Patrick Browning</p>

Appendix A

Objective, Scope, and Methodology

The objective of the review was to provide a general assessment of the key administrative activities of the Department of Neurosurgery. The review of the Department covered revenue cycle, financial management, grants management, research administration, IT assets/inventory, personnel, and business continuity planning for the period of September 2022 through August 2024, and any related periods.

Our procedures included, but were not limited to, the following:

- Interviewed key personnel and reviewed relevant organizational policies to gain an understanding of the processes within the Department.
- Reviewed personnel management processes including timekeeping, overtime, and credentialing.
- Reviewed procurement card transactions and reconciliations for compliance with Institutional guidelines.
- Reviewed the department's most recent annual physical inventory results.
- Reviewed financial management processes such as monthly statistical sample and certification.
- Reviewed grant administration processes such as expenditures, cost allocation, subrecipient monitoring, progress reports, and use of material transfer agreements.
- Reviewed charge capture processes including monthly reconciliations, workqueues, and open encounters.
- Reviewed grant and non-grant account activity to determine whether deficit balances were properly resolved.
- Reviewed clinical trial invoicing and payments.
- Reviewed the department's business continuity plan.
- Reviewed and analyzed department's billing denials.

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: Randy Ray, Mahmood Mrad, Rachel Bourns, Frances Barker, and Amy Siying

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."*