

SOUTHWESTERN
THE UNIVERSITY OF TEXAS
SOUTHWESTERN MEDICAL CENTER
AT DALLAS

Robert Rubel, CPA, CIA, CISA
Director

Office of Internal Audit

November 3, 2008

John Keel, CPA
Office of the State Auditor
206 East Ninth Street, Suite 1900
Austin, TX 78701

Dear Mr. Keel:

We have prepared this report on the activities of The University of Texas Southwestern Medical Center at Dallas' Office of Internal Audit in compliance with the requirements established in the Texas Internal Auditing Act (Texas Government Code, Section 2102). This report provides information on our FY 2008 and 2009 audit plans, audits completed and recommendations. Our audit work for FY 2008 focused on key externally requested and Institutional risk based areas- patient care, research, information technology, compliance, core business processes, and other areas based on risk.

Our recommendations will help enhance the effectiveness of Medical Center operations by improving internal controls such as the reliability and integrity of financial information, safeguarding of assets, compliance with applicable policies and procedures, economical and efficient use of resources, and accomplishment of goals and objectives.

We appreciate the opportunity to participate in this process. For further information about the contents of this report and/or to request copies of audit reports, please contact me at 214-648-6106.

Sincerely,

Robert Rubel

cc: Brian Guthrie, Governor's Office of Budget and Planning
Ed Osner, Legislative Budget Board
Internal Audit Coordinator, State Auditor's Office
Joey Longley, Sunset Advisory Commission
Members of the Audit Committee
Daniel K. Podolsky, M.D., President
John A. Roan, Executive Vice President for Business Affairs
Sharon L. Riley, Vice President for University Hospitals
Bruce Meyer, M.D., Vice President for Medical Affairs
Mr. Paul W. Harris, Hoblitzelle Foundation
Mr. J. Thomas Walter

**The University of Texas
Southwestern Medical Center at Dallas
Internal Audit Annual Report for Fiscal Year 2008**



November 3, 2008

THE UNIVERSITY OF TEXAS
SOUTHWESTERN MEDICAL CENTER AT DALLAS

INTERNAL AUDIT ANNUAL REPORT FOR FISCAL YEAR 2008

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I. Audit Plan for Fiscal Year 2008

FY 2008 Audit Plan	
Audit/Project	Hours
UT System Requested	
<i>Audits</i>	
FY07 Financial Statement Audit (defined by external auditors)	1800
FY08 Financial Statement Audit (defined by external auditors)	600
Conflicts of Interest	400
Presidential Travel and Entertainment Expenses	150
Federal Portion of the Statewide Single Audit (assistance to the SAO) – A-133	250
UT System Requested Subtotal	3200
Externally Required	
<i>Audits</i>	
UTS 155: Policies and Procedures Regarding MSRDP/DSRDP/PRS Business Operations (if applicable)	200
National Pediatric Infectious Disease Foundation AFR	200
Family Practice Residency Program Grants (THECB Requirement)	200
Graduate Medical Education Grant (THECB Requirement)	200
ATP/ARP Grants (if applicable) Biennium Requirement completed in FY07	0
Internal Audit Annual Report	40
Externally Required Subtotal	840
Risk Based Institutional	
<i>Audits</i>	
MSRDP Billing Operations	600
MSRDP - Finance	300
Cash Receipts Operations – Hospitals & Clinics	500
University Hospital – Accounts Payable	500
Physical Plant – Auto Shop, Key Control, Service Calls, Contract and Bidding Processes	500
Risk Based Institutional Subtotal	3000

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Internal Audit Annual Report for Fiscal Year 2008

Risk Based Auditable Area	
Research	
Environmental Health & Safety Biological and Chemical Safety - exposures	400
Willed body	300
Service Centers, Recharge Centers, and Specialized Service Facilities, Core Labs	500
Clinical Research Billing	250
Information Technology	
IT Computer Inventory Control & Data Encryption	400
Network Security Review	400
Epic Resolute Implementation Review	250
Patient Care	
University Hospitals - Radiology	500
University Hospital – Medical Records	300
University Hospital - Surgery	500
Organ Transplant Program – Kidney/Pancreas, Heart/Lung	300
Transplant Services	300
Consulting	300
Carryforward	100
Risk Based Tier Two Subtotal	4800
Management Review	
<i>Change in Management Audits</i>	
Internal Medicine	500
Radiation Oncology	300
Auxiliary Enterprises	300
Psychiatry	300
Clinical Sciences	300
Neurology	200
Continuing Education	400
Library	300
Business Continuity	250
Police Department	250
Carryforward	150
Management Review Subtotal	3250

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Follow-up	300
Audit Projects	
<i>UT System Requests</i>	200
<i>Special Request Audits</i>	200
Audit Projects Subtotal	400
Consulting Projects	
Fraud Prevention and Analysis	400
LBB Performance Measures	200
Compliance Monitoring	400
Special Requests - Consulting	400
Consulting Projects Subtotal	1400
Other Projects	
Requests for Information/Assistance	200
Quality Assurance Review	200
Training provided by IA	150
Internal Audit Committee	200
Reserve for other Special Requests/Investigations	570
Other Projects Subtotal	1320
Projects Total	3120
Total Hours	18510

Explanation of Deviations from Fiscal Year 2008 Audit Plan

As documented in the Audit Committee meeting minutes, the following items contributed to the deviations from the FY 2008 Audit Plan. Despite the deviations, all the key audits were completed or in the process of completion as of August 31, 2008.

- UT System Requested - Due to staff turnover, recruitment, and training requirements Conflict of Interest was moved to the 2009 Audit Plan.
- Externally Required - All planned audits were completed for this section.
- Risk Based *Institutional* - Due to staff turnover, recruitment, and training requirements MSRDP Billing Operations was moved to the 2009 Audit Plan.
- Risked Based *Research* - Due to staff turnover, recruitment, and training requirements of new staff Service Centers & Recharge Centers were moved to the FY09 audit plan.
- Risk Based *Information Technology* - All planned audits were completed for this section.
- Risk Based *Patient Care* - All planned audits were completed for this section.

UT Southwestern Medical Center
Internal Audit Annual Report for Fiscal Year 2008

- Management Review - Due to staff turnover, recruitment, and training requirements of new staff Radiation Oncology and Neurology were moved to the FY09 audit plan.
- Follow-Up – All planned follow-up audits were completed.
- Projects - All planned projects were completed.

II. External Quality Assurance Review

The University of Texas
Southwestern Medical Center at Dallas

**Quality Assurance Review
for the
Office of Internal Audit**

August 8, 2005

Performed by:

John S. Ricaud, MBA, CIA
Director of Internal Audit
Piedmont Healthcare
Atlanta, Georgia

Mike Vandervort, MEd, CPA
Director of Internal Audits
The University of Texas
Austin, Texas

Sandy Jansen, BBA, CIA
Associate Director of Audit Services
Texas Tech University System
Lubbock, Texas

August 8, 2005

Kern Wildenthal, MD, PhD
President
Audit Committee Chairman
The University of Texas
Southwestern Medical Center at Dallas

RE: Report of Quality Assurance Review for the Office of Internal Audit

Dear Dr. Wildenthal:

In accordance with the Texas Internal Auditing Act and The University of Texas System Business Procedures Memorandum 18-02-04, we have conducted an external quality assurance peer review of the work of your Office of Internal Audit. The principal objectives of the quality assurance review (QAR) were to assess the Office of Internal Audit's conformity to the Institute of Internal Auditor's (IIA) *International Standards for the Professional Practice of Internal Auditing (Standards)*, to evaluate its effectiveness in carrying out its mission, and to identify opportunities to enhance its value to UT Southwestern.

The review was performed by persons independent of the UT Southwestern Office of Internal Audit and covered audit activity conducted during the three-year period July 1, 2002 through June 30, 2005. The last day of our fieldwork was August 3, 2005. The scope of our review included an evaluation of selected documents, a review of a sample of Internal Audit Reports issued during the period under review, together with the applicable workpapers, a survey of institutional personnel with whom the Office of Internal Audit interacts, interviews with key Medical Center management, and interviews with several staff members within the Office of Internal Audit.

The environment in which the Office of Internal Audit operates appears well structured and progressive, where the IIA *Standards* are understood and management is working to provide useful audit tools and implement appropriate practices. Based on the scope of the QAR, on an overall basis, we determined that the Office of Internal Audit did comply with all four IIA Attribute Standards, all seven IIA Performance Standards and the IIA Code of Ethics. A complete copy of the IIA *International Standards for the Professional Practice of Internal Auditing* is included as an appendix to this report. Please note that the IIA *Standards* have been revised since the last quality assurance review. The latest edition of the IIA *Standards* became effective January 1, 2004.

The attached report provides additional information and opportunities for continued improvement, which we believe will enhance the efficiency and effectiveness of the UT Southwestern Internal Audit function. Included within the text of our report are the management responses provided by the UT Southwestern Director of Internal Audit, Robert Rubel.

We appreciate this opportunity to be of service to UT Southwestern. This review would not have been possible without the outstanding cooperation and valuable assistance provided to us throughout the course of our review. All individuals interviewed offered candid and constructive comments. The feedback from the Medical Center constituents we interviewed reflected that the Office of Internal Audit is well respected, consistently viewed as a valuable component of the organization, and responsive to the needs of management.

We will be pleased to respond to further questions concerning this report and to furnish any desired information.

Sincerely,

John S. Ricaud, MBA, CIA
QAR Peer Review Team Leader

Team Members:

John S. Ricaud, Director of Internal Audit
Piedmont Healthcare

Mike Vandervort, Director of Internal Audits
The University of Texas at Austin

Sandy Jansen, Associate Director of Audit Services
Texas Tech University System

cc: John D. McConnell, MD
John A. Roan
Charles Chaffin
Robert Rubel

III. List of Audits Completed
08:01 FY 2007 Financial Statement Audit

Report Number	Report Date	Name of Report	FY 2007 Financial Statement Audit
08:01	02.25.08		
High Level Audit Objective	UT System requested		
Observations Findings Recommendations	<p>1. Hospital Adjusting Journal Entries We recommend hospital management: a) Create a policy that documents the purpose of the "other third party reserve" account and have the policy approved by executive management. The policy should establish two levels of approval. b) Attach supporting evidence to accounting journal vouchers and document necessary estimates or assumptions used in calculating the adjustment. Disclose to the Assistant Vice President of Accounting information about the use of estimates or significant adjustments made to the hospital year-end financial statements.</p>	<p>Current Status</p> <p>Fully implemented</p>	<p>Fiscal or Other Impact</p> <p>Authorized directives that are documented communicate financial goals and actions for the entity. Prevention of significant journal vouchers, based on estimates, being entered into the financial statements without proper supporting documentation and authorization/approval.</p>
	<p>2. Depository Cash Clearing Account We recommend that unposted cash transactions be reconciled and reclassified to the appropriate general ledger account on a monthly basis. Management's review or reconciliations should be routinely documented and items noted for follow-up resolved in an expeditious manner.</p>	<p>Current Status</p> <p>Incomplete/Ongoing</p>	<p>Fiscal or Other Impact</p> <p>Routine reconciliation assists management to prevent misstatements and irregularities. Promote accurate and timely financial information.</p>

08:01 FY 2007 Financial Statement Audit

<p>Observations Findings Recommendations</p>	<p>3. Update Payroll Policies and Procedures We recommend that Payroll develop a plan to review and update their procedures on an annual basis to ensure consistency in the performance and evaluation of job duties and to maintain compliance with current internal controls.</p>	<p>Current Status</p>	<p>Incomplete/Ongoing</p>	<p>Fiscal or Other Impact</p>	<p>Employees are kept informed and can be held accountable for policy guidelines and mandates.</p>
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08:02 Cash Receipts and Operations – Hospitals and Clinics

Report Number	Report Date	Name of Report	Cash Receipts and Operations – Hospital's and Clinics		
<p>High Level Audit Objective</p>	<p>04.07.08</p>				
<p>Observations Findings Recommendations</p>	<p>The objectives of this audit are to ensure the Medical Center is in compliance with UT System Cash Management and Cash Handling Policy, evaluate the effectiveness of the policies, procedures and internal controls currently in place, and review the volume and timeliness of daily deposits.</p> <p>1a. Management should create and/or revise cash handling policies and procedures to be used as a tool for verification that the appropriate activities are in place.</p> <p>1b. In addition, the area should adopt the Zale Lipshy Nutrition Services deposit procedures as a guide for preparing the daily deposits.</p> <p>1c. All deposits should be made daily and reconciled for timeliness of deposits on a regular basis.</p>	<p>Current Status</p>	<p>Fully implemented</p>	<p>Fiscal or Other Impact</p>	<p>Protect Medical Center assets.</p> <p>Reconciliation and applied segregation of duties allows management to detect/prevent potential irregularities, misstatements, loss in a timely manner.</p>

08:02 Cash Receipts and Operations – Hospitals and Clinics, continued

Observations Findings Recommendations	Current Status	Fully implemented	Fiscal or Other Impact	Protect Medical Center assets. Reconciliation and applied segregation of duties allows management to detect/prevent potential irregularities, misstatements, loss in a timely manner.
<p>2a. Management should increase hands-on supervision in the Guest House and rotate the duties among the personnel.</p> <p>2b. Management could perform one aspect of the cash handling activities or reconcile the daily activity and deposit reports to increase the segregation of duties.</p> <p>2c. Enforced yearly vacations should be taken by staff members.</p> <p>2d. Management should actively review the occupancy documents that are given to the Emergency Room, as well as other financial data and reports.</p>	Fully implemented	Fully implemented	Fiscal or Other Impact	Protect Medical Center assets. Reconciliation, applied segregation of duties and authorization of activities allows management to detect/prevent potential irregularities, misstatements, loss in a timely manner. Employees are kept informed and can be held accountable for policy guidelines and mandates
<p>3a. The Gift Shop should create cash receiving policies and procedures that include the store tracking all checks coming through the mail so proper reconciliation can be performed. Included in these policies and procedures should be activities to track all voided transactions. All voided transactions, as well as any over rings, should be initialed and explained by the employee responsible for the transaction, reviewed by a Supervisor for appropriateness, and retained as documentation for the differences between cash register sales tapes and daily cash balance.</p> <p>3b. The store manager should reconcile the list of checks with the cash receipt log and the actual daily deposit and provide a signature of approval for the reconciliation.</p>	Fully implemented	Fully implemented	Fiscal or Other Impact	Protect Medical Center assets. Reconciliation, applied segregation of duties and authorization of activities allows management to detect/prevent potential irregularities, misstatements, loss in a timely manner. Employees are kept informed and can be held accountable for policy guidelines and mandates

08:02 Cash Receipts and Operations – Hospitals and Clinics, continued

Observations Findings Recommendations	Current Status	Fully implemented	Fiscal or Other Impact	Protect Medical Center assets. Reconciliation, applied segregation of duties and authorization of activities allows management to detect/prevent potential irregularities, misstatements, loss in a timely manner.
<p>4a. Management should increase the current review of the daily deposit documents to ensure their accuracy.</p> <p>4b. To allow for separation of duties, a supervisor or separate employee should relieve the admitting representative of some of their current duties such as preparing the deposit or recording the transaction amounts.</p>		Fully implemented	Fiscal or Other Impact	Protect Medical Center assets. Reconciliation, applied segregation of duties and authorization of activities allows management to detect/prevent potential irregularities, misstatements, loss in a timely manner.
<p>5a. Management should establish a procedure to reconcile the change funds daily as part of its daily cash collections.</p> <p>5b. Clinic employees not involved in the checkout process should observe the daily change fund count and initial an ongoing report for documentation along with the custodian of the change fund.</p> <p>5c. Document supervisory review for cash collection activity on a routine basis.</p>		Fully implemented	Fiscal or Other Impact	Protect Medical Center assets. Reconciliation, applied segregation of duties and authorization of activities allows management to detect/prevent potential irregularities, misstatements, loss in a timely manner.

08:02 Cash Receipts and Operations – Hospitals and Clinics, continued

Observations Findings Recommendations	Current Status	Incomplete/Ongoing	Fiscal or Other Impact	Ensure patients and charges are posted in a timely manner. Reconciliation, applied segregation of duties and authorization of activities allows management to detect/prevent potential irregularities, misstatements, loss in a timely manner. Prevent liability and theft of credit card information.
<p>6a. Review both Ambulatory Services policies regarding reconciliation and seek out trainings within the Medical Center regarding the batch verification process.</p> <p>6b. Add a checklist to the front of each batch to ensure all documents are included and have been reconciled by the Clinic Staff Assistants and Clinic Supervisors.</p> <p>6c. For clinics who work with Eagle Courier, they must keep a copy of the courier receipt and attach it to the batch.</p> <p>6d. As an added security, a best practice would be to make a copy of the credit card summary or each credit card receipt to ensure the card has been run through the credit card machine.</p>	Current Status	Incomplete/Ongoing	Fiscal or Other Impact	<p>Protect Medical Center assets.</p> <p>Authorized directives that are documented communicate financial goals and actions for the entity.</p> <p>Employees are kept informed and can be held accountable for policy guidelines and mandates.</p>
<p>7a. The Department of Pathology utilizes a separate Medical Center lockbox exclusively for Veripath payments.</p> <p>7b. The Pathology Business Office develop written procedures regarding the handling of Veripath and miscellaneous payments received through the lockbox, the United States Postal Service and interoffice mail.</p>	Current Status	Incomplete/Ongoing	Fiscal or Other Impact	<p>Protect Medical Center assets.</p> <p>Authorized directives that are documented communicate financial goals and actions for the entity.</p> <p>Employees are kept informed and can be held accountable for policy guidelines and mandates.</p>

08:02 Cash Receipts and Operations – Hospitals and Clinics continued

<p>Observations Findings Recommendations</p>	<p>8. To fully communicate Medical Center and UT system (UTS166) requirements relating to cash receipt handling, the University Hospitals, clinics, and administrative cash receipt locations should train cash handling personnel on cash handling policies and procedures. This includes distributing policies and procedures, and specific training on cash receipts obtained via the mail. The training will be used as a tool for verification and accountability that appropriate activities are in place to avoid errors or misappropriations and to promote consistency of cash handling activities performed throughout the Medical Center.</p>	<p>Current Status</p>	<p>Incomplete/Ongoing</p>	<p>Fiscal or Other Impact</p>	<p>Promotes verification and accountability for cash handling activities at the Medical Center complies with UTS 166 and promotes consistency of cash handling activities performed throughout the Medical Center.</p>
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08:03 National Pediatric Infectious Diseases Foundation FY 2007 Financial Review

Report Number	Report Date	Name of Report	National Pediatric Infectious Diseases Foundation FY 2007 Financial Review
<p>High Level Audit Objective</p>	<p>01.02.08</p>	<p>The Office of Internal Audit agreed to provide consultation in addressing the following objectives:</p> <ul style="list-style-type: none"> • Perform the year-end internal financial review for the NPIDF to ensure the financial statements are materially accurate, reliable, and supported by the financial records of the NPIDF, • Provide documentation to allow consolidation into the AFR of UT Southwestern, as required by GASB 14, and • Completion of the IRS Forms to satisfy filing requirements of the Internal Revenue Service for Exempt Organizations 	<p>Financial controls assists management to use accurate, timely financial information.</p>
<p>Observations Findings Recommendations</p>	<p>Our review found that there are adequate financial controls in place within the National Pediatric Infectious Diseases Foundation to ensure a high level of accuracy and the financial reports reflect this accuracy.</p>	<p>Current Status</p> <p>n/a</p>	<p>Fiscal or Other Impact</p>

8:05 Willied Body Program

Report Number	Report Date	Name of Report	Willied Body Program
08-05	04-02-08		
High Level Audit Objective	<p>To determine whether adequate procedures are in place to effectively monitor and control the inflow and outflow of all cadavers processed by the program. In particular, an evaluation of the Program's procedures for cadaver retrieval, preparation, distribution and disposal was conducted.</p>		
Observations Findings Recommendations	<p>1. Segregation of Duties In general, the approval function, the accounting/reconciling function, and the asset custody function should be separated among the employees. Internal Audit recommends that the Program develop procedures immediately to ensure proper segregation of duties exist for cash handling, invoicing, and inventory management for the department. If these functions cannot be separated, due to small department size, a detailed supervisory review of related activities is required as a compensating control activity. Management should perform a monthly reconciliation of payment logs to the receivables list to ensure appropriateness and accuracy of invoicing system.</p>	Current Status	Fully implemented
		Fiscal or Other Impact	<p>Segregation of duties is critical to effective internal control. It reduces the risk of both erroneous and inappropriate actions.</p> <p>Reconciliation helps to prevent or detect misstatements, irregularities, loss, and fraud in a timely manner.</p>

08:05 Willied Body Program, continued

Observations Findings Recommendations	Current Status	Fiscal or Other Impact	
<p>2. Custody Controls of SAB Tags</p> <p>a. Missing items significant to the Program's operations (i.e. SAB cadaver tags, etc.) should be investigated, resolved, and analyzed for possible control deficiencies immediately upon discovery.</p> <p>b. In addition, using UTS 118 for guidance, we recommend the establishment of a system of communication to management within the Program and to key Medical Center departments for timely resolution of suspected defalcation or suspicious activities.</p> <p>c. Furthermore, given the significance of the SAB tag numbers to Program operations, we recommend the Program develop and document receipt procedures for custody of SAB numbers to include authorizing signature documenting the who, when, where custody of SAB numbers occurred within the Medical Center.</p>	<p>Fully implemented</p>		<p>Protect Medical Center assets and promote compliance with UT System fraud policies and procedures.</p> <p>Enhance compliance with state laws on cadaver tags issued by the Texas State Anatomical Board including the assurance of their security.</p>

08:05 Willard Body Program, continued

Observations Findings Recommendations	3. Database Management We recommend the Program develop/obtain a more comprehensive business system that automates (i.e. sequencing of invoices, etc.) more of its significant business processes (i.e. inventory, billing, accounts receivable, payments, etc.). In addition, controlled access to financial/operational records should be maintained and monitored by management. The enhanced database should feature: <ul style="list-style-type: none"> • A multiple-level, password-based security system that allows the Program to limit system, database, and record access to authorized users. • Ability for management to limit authorized users' rights to add, make edits, delete or even view records. • An audit trail to track changes made to system data. The audit trail should record the date and time of a change, as well as original field value and the changed field value. The audit trail should also record the name of the user making changes and the reason for the change. Each record should have its own audit trail record. 	Current Status	Incomplete/Ongoing	Fiscal or Other Impact	Enhance financial controls/and its record keeping to prevent unrestricted access to financial/operational data and develop audit trails for the Program to promote transparency and mitigate risks for occurrence of misappropriations, errors, etc. to go undetected and unresolved.
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08:05 Willbed Body Program, continued

	<p>3. Data Management, cont'd.</p> <p>Furthermore, management should develop routine procedures to monitor history records/logs for activities performed within its database. The history records include the date of the activity, and should include who performed the activity, comments, and approvals.</p> <p>Finally, all database management procedures should be documented within the Program's policies clearly defining:</p> <ul style="list-style-type: none"> • Who will be granted access rights • Who has the right to view and/or download information • Who has the right to change/alter information in the system • What repercussions the Program has for misuse 			<p>Authorized directives that are documented communicate financial/operational/compliance goals and actions for the entity.</p> <p>Employees are kept informed and can be held accountable for policy guidelines and mandates</p>
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08:05 Willied Body Program, continued

Observations Findings Recommendations		Current Status	Incomplete/Ongoing	Fiscal or Other Impact
<p>4. Voids and Cancellations of Transactions Management should immediately:</p> <ul style="list-style-type: none"> a. Develop a reporting tool to monitor all significant adjustments/edits (i.e. voids, cancellations, adjustments, etc.) made within its database and to transactions b. Limit the ability to make changes within its databases to a minimum of staff members c. Develop and document policies and procedures for adjusting transactions <p>Conduct routine reviews (i.e. weekly, monthly) of all adjusting transactions to ensure they are appropriate in nature.</p> <p>Supervisory approval should be obtained for all voids, cancellations or significant adjustments made to Program transactions.</p>				<p>Protect Medical Center assets.</p> <p>Reconciliation, applied segregation of duties and authorization of activities allows management to detect/prevent potential irregularities, misstatements, loss in a timely manner.</p>

08:05 Willed Body Program, continued

Observations Findings Recommendations		Current Status	Fiscal or Other Impact	
<p>5. Inventory Control Procedures We recommend the following:</p> <ul style="list-style-type: none"> a. SAB numbers should be adequately safeguarded and assigned by Supervisor. Authorization to tag a cadaver should be obtained by embalmers form management. b. Embalmer prep instructions based on specific needs (whole or parts) should be authorized, documented and approved prior to addition of cadaver/parts for storage into the Program's inventory. Ideally, inventory leaders should not also be in charge of receiving, storage, or shipping inventory. c. Design and document department inventory procedures and identify procedures, controls and who has what responsibility. Keep up to date procedures and provide training to all personnel involved. Segregate the duties of personnel responsible for accounting, purchasing, record keeping, and custody of cadavers/and or parts. d. SAB numbers should be adequately safeguarded and assigned by Supervisor. Authorization to tag a cadaver should be obtained by embalmers form management. e. Embalmer prep instructions based on specific needs (whole or parts) should be authorized, documented and approved prior to addition of cadaver/parts for storage into the Program's inventory. Ideally, inventory leaders should not also be in charge of receiving, storage, or shipping inventory. 		Incomplete/Ongoing		Monitoring and supervision are essential risk management functions to ensure the propriety of cadaver use and its parts that are donated to the Medical Center.

08:05 Willed Body Program, continued

Observations Findings Recommendations	Current Status	Fiscal or Other Impact	Monitoring and supervision are essential risk management functions to ensure the propriety of cadaver use and its parts that are donated to the Medical Center.
<p>5. Inventory Control Procedures, cont'd. We recommend the following:</p> <ul style="list-style-type: none"> f. Design and document department inventory procedures and identify procedures, controls and who has what responsibility. Keep up to date procedures and provide training to all personnel involved. Segregate the duties of personnel responsible for accounting, purchasing, record keeping, and custody of cadavers/and or parts. g. Limit system access to carefully selected individuals with proper restrictions based on authority and their duties. Personnel responsible for inventory balance accuracy should not control inventory system or records access. h. Conduct periodic (monthly) third-party inventory counts. Investigate and resolve any variances. i. Electronically reconcile procurement/cadaver items received to the amount of items shipped/sold. Investigate and resolve variances. j. Use and maintenance of a computerized inventory system that documents all items stored in Programs inventory (bar-coding system) and records all deletions, cost, sales, returns, and adjustments. 	<p>Incomplete/Ongoing</p>	<p>Fiscal or Other Impact</p>	<p>Monitoring and supervision are essential risk management functions to ensure the propriety of cadaver use and its parts that are donated to the Medical Center.</p>

08:05 Willied Body Program, continued

Observations Findings Recommendations	Current Status	Fiscal or Other Impact	
<p>6. Enhance Management Control Environment We recommend that the Program strengthen its policies and procedures to document the Program's major functions as well as its written job descriptions documenting staff duties and responsibilities as they relate to the major functions of the Program. . To reasonably ensure a successful system of management controls, it is imperative that:</p> <ul style="list-style-type: none"> • Key duties and responsibilities are separated in the authorizing, processing, recording and reviewing of significant Program transactions/activities; • Adequate documentation, supporting transactions and other significant items are maintained; and • Transactions are reported accurately to permit the timely and consistent reporting of reliable performance and other information to management for use in decision-making. <p>We also recommend key departmental personnel attend Internal Control training. Training needs should be evaluated routinely with annual employee performance reviews. The Program's performance should be routinely analyzed, assessed and evaluated by management through continuous evaluation of management controls and their effectiveness.</p>	<p>Incomplete/Ongoing</p>	<p>Without strong management controls, there is an increased likelihood for instances of fraud, waste and mismanagement which eventually could lead to public mistrust and lost opportunities for the Medical Center. Management control reviews help determine whether controls are adequate and are working as intended and determine the need for new controls</p> <p>Medical Center trainings (i.e. account reconciliation, management, administrative, Internal Controls etc.) assist staff in understanding their roles and responsibilities as they relate to the goals of the Program and the Medical Center.</p>	

08:05 Willed Body Program, continued

<p>Observations Findings Recommendations</p>	<p>7. Oversight of Departmental Activities To improve it oversight functions, we recommend the Program:</p> <ul style="list-style-type: none"> a. Create and document policies and procedures that clearly define its reporting and reconciliation responsibilities by staff and monitoring activities by management. b. Require the person performing the reconciliation in addition to management initial and date the reconciliation as evidence of review to ensure unreconciled items are investigated timely. <p>In addition, we recommend Program management determine all reports/reporting tools necessary to routinely monitor its significant activities (i.e. inventory, revenue(s), expenditures, invoicing, accounts receivable, etc.) and those transactions should be clearly documented. Supervision should be qualified and continuous to ensure objectives are achieved and internal controls are maintained.</p>	<p>Current Status</p>	<p>Incomplete/Ongoing</p>	<p>Fiscal or Other Impact</p>	<p>Monitoring and supervision are essential risk management functions to ensure the propriety of cadaver use and its parts that are donated to the Medical Center.</p>
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08:05 Willed Body Program, continued

<p>Observations Findings Recommendations</p>	<p>8. Commingling Risk Given the increased growth of the Program and SAB recommendation on cremation best practices, we recommend the Program enhance its oversight of the cremation processes and include by not be limited to the following:</p> <ul style="list-style-type: none"> a. Develop a listing of items to be cremated. Include SAB number, name of donor, description of item(s) to be cremated (i.e. fixed cadaver, torso, head, etc.) b. Prior to release of items, develop confirmation procedures of all contents packaged. c. Obtain an authorizing signature confirming the listing matches the contents to be cremated. <p>In addition, given the SAB recommendation that suggests a campus operated crematory for all institutions processing over 250 donors, the Program should develop a formal plan to document feasibility for operation of a crematorium on campus (see appendix B for the Faculty Director's comment). The plan should be formally presented to Executive Management.</p>	<p>Current Status</p>	<p>Incomplete/Ongoing</p>	<p>Fiscal or Other Impact</p>	<p>Increased receipt of donors to the Program, increases the Medical Center's reliance on third party for cremation services. Limitations in the Program's ability to oversee the cremation process from beginning to end increase liabilities for the Medical Center if errors (segregation of cremains, packaging mistakes, etc.) were to occur during the process. A Crematory operated/managed by Medical Center staff, increases the Medical Center's assurance that cremains of donor's are appropriately handled given the Program's responsibility to donor rights and family wishes.</p>
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**UT Southwestern Medical Center
Internal Audit Annual Report for Fiscal Year 2008**

08:06 FY 2007 LBB Performance Measures

Report Number	Report Date	Name of Report	FY 2007 LBB Performance Measures Audit
08-06	02-04-08		
High Level Audit Objective	To provide the President and Board of Regents with reasonable assurance the UT Southwestern Medical Center has presented and reported accurate performance measures to the LBB.		
Observations Findings Recommendations	There were no recommendations.	Current Status	n/a
		Fiscal or Other Impact	

08:07 MSRDP Annual Financial Review

Report Number	Report Date	Name of Report	MSRDP Annual Financial Review
08-07	02-15-08		
High Level Audit Objective	The primary objective of this audit was to provide the President and Board of Regents with reasonable assurance that the overall environment in which the Plan is currently operating has adequate and effective controls.		
Observations Findings Recommendations	We recommend MSRDP Finance and Revenue Accounting: <ul style="list-style-type: none"> a. Review the existing policy for compliance with UTS166 Cash Management and Cash Handling Policy, effective September 1, 2007 b. Ensure actions are taken to redirect future checks to the bank lockbox. c. MSRDP Finance should ensure all monies and confidential information are protected with the highest level of security and stored in a locked drawer at all times. d. Revenue Accounting should ensure all deposits and check logs are reconciled to the bank daily. 	Current Status	Incomplete/Ongoing
		Fiscal or Other Impact	<p>Safeguarding of Medical Center assets.</p> <p>Compliance with UTS 166.</p> <p>Reconciliation helps to prevent or detect misstatements, irregularities, loss, and fraud in a timely manner.</p>

08:08 President's Expenditures

Report Number	Report Date	Name of Report	President's Expenditures
08-08	12/27/07		
High Level Audit Objective	The objectives of this audit were to: Determine the reliability and integrity of travel and entertainment expenses of the President; and, Determine compliance with applicable policies, procedures, laws, and regulations.		
Observations Findings Recommendations	There were no recommendations.		Fiscal or Other Impact
	Current Status	n/a	

08:09 Auxiliary Enterprises

Report Number	Report Date	Name of Report	Auxiliary Enterprises
08-09	02/25/08		
High Level Audit Objective	The primary objective of this audit is to provide the President and Board of Regents with reasonable assurance that there are adequate and effective internal controls.		
Observations Findings Recommendations	<p>1. Student Housing – Segregation of Duties</p> <p>a. We recommend Auxiliary Enterprises continue to monitor rent collection activity at the Student Housing leasing office by regular review of trends and fluctuations in occupancy rates, the tenant listing, and collection deposits.</p> <p>b. We also recommend Auxiliary Enterprises consider implementing a computer software utility to expedite the processing and transmitting of credit card transactions.</p>		Fiscal or Other Impact
	Current Status	<p>a. Fully implemented</p> <p>b. Incomplete/On-going</p>	<p>Monitoring and supervision are essential risk management functions to ensure the propriety of Medical Center assets.</p> <p>Safeguarding of Assets and security of Medical Center Employee/customer information</p>

08:09 Auxiliary Enterprises, continued

Observations Findings Recommendations		Current Status	Fiscal or Other Impact	Reconciliation is an important internal control available to departments to ensure funds are properly accounted. Not reconciling and reviewing accounts on a timely basis increases the risk of errors, omissions, and misappropriation of funds. Not recording transfers of inventory would cause store physical inventories to not agree with accounting records.
<p>2. Student Stores – Reconciliations Between Cougar Mountain System and OAS</p> <p>a. Auxiliary Services continue monthly reconciliation between the Cougar Mountain POS system and OAS. Supporting documentation for the reconciliations should be kept on file in accordance with the Medical Center Record Retention guidelines.</p> <p>b. Inventory transfers between university stores for FY08 should be posted to OAS monthly.</p>		Fully implemented		

08:09 Auxiliary Enterprises, continued

<p>Observations Findings Recommendations</p>	<p>3. Food Services – Updating Vending Special Concessions Manual Auxiliary Enterprises should update its operations and procedures manual to avoid errors and ensure Auxiliary employees are following proper steps to promote consistency of controls used through the Special Concession processes. The manual should address practices regarding:</p> <ul style="list-style-type: none"> a. The reconciliation and collection of the cash from the bill changing machines. b. Restocking of vending machines including any forms involved. Enough copies of the “Check Out/Check In” and “Known Inventory Loss Report” forms should be available for each day. c. How vending machine change funds are handled. The procedures should address the creation of a change fund and who will be authorized to replenish change in the vending machines. <p>Auxiliary Enterprises could also consider automating its vending audit functions. Machines can have equipment installed that electronically collects vending audit information.</p>	<p>Current Status</p>	<p>Incomplete/Ongoing</p>	<p>Fiscal or Other Impact</p>	<p>Authorized directives that are documented communicate financial/operational/compliance goals and actions for the entity.</p> <p>Employees are kept informed and can be held accountable for policy guidelines and mandates to avoid errors and ensure Auxiliary employees are following proper steps to promote consistency of controls used through the Special Concession processes.</p>
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08:09 Auxiliary Enterprises, continued

Observations Findings Recommendations	<p>4. Parking Services – Pay-On-Foot Device Server Vulnerable to Information Theft We recommend that the vulnerabilities on the server be removed or mitigated. The critical watch scan should be run again afterwards to ensure all vulnerabilities have been addressed.</p>	Current Status	Incomplete/Ongoing	Fiscal or Other Impact	Prevent unauthorized access to the server which could result in theft of sensitive data such as credit card numbers.
	<p>5. Student Stores – Entry Door Rekeying We recommend that the University Stores door locks be rekeyed to prevent potential unauthorized access to the premises. Management should also review the list of people having keys to the University Stores for business necessity.</p>		Incomplete/Ongoing		Prevents unauthorized physical access to Medical Center premises.

08:10 Texas Higher Education Coordinating Board (THECB)

Report Number	Report Date	Name of Report	Texas Higher Education Coordinating Board (THECB)
08:10	02.20.08		
High Level Audit Objective	<p>The objectives of this audit were to:</p> <ul style="list-style-type: none"> • Ensure that the THECB funds are being maintained in accordance with the contract guidelines; and • Ensure accuracy of financial reporting. 		
Observations Findings Recommendations	Current Status	n/a	Fiscal or Other Impact
	There were no recommendations.		

08:11 University Hospitals Radiology

Report Number	08-11	Report Date	05/20/08	Name of Report	University Hospitals Radiology
High Level Audit Objective	The primary objective of this audit is to provide the President and Board of Regents with reasonable assurance that there is compliance with University of Texas System Administration policies and UT Southwestern policies.				
Observations Findings Recommendations	<p>1. Front Desk Admitting Office Cash Management and Cash Handling Policies and Procedures We recommend that management ensure adherence to UTS 166 Cash Management and Cash Handling Policy and University Hospitals – Patient Access Services Admitting Policies and Procedures by implementing the following related to cash management:</p> <p>a) All Radiology Admitting employees be trained in proper cash handling procedures, cash deposits are delivered to the cashier timely, in sealed bags, cash documentation including original credit card sales receipt follows state records retention schedules and incompatible functions (handling, recording, and reconciling) are not handled by the same individual.</p> <p>b) Reconciliations of EPIC/Cerner schedules to the list of encounters daily.</p>	Current Status	Incomplete/Ongoing	Fiscal or Other Impact	Compliance with UTS 166. Protection of Medical Center assets.
Observations Findings Recommendations	<p>2. Radiology Equipment Documentation We recommend that UTSW asset tag numbers be tracked in addition to the safety inspections, service/warranty work, and quality control programs to ensure accuracy in equipment documentation and completeness for radiology equipment including ultrasound. Radiology must work with all parties to create accurate equipment documents.</p>	Current Status	Fully implemented	Fiscal or Other Impact	Ensure accuracy/compliance in equipment safety and quality standard reporting with regard to state inspections and ACR accreditation continuous quality control requirements.

08:12 Faculty Service, Research and Development Plan Annual Financial Review

Report Number	08:12	Report Date	02.15.08	Name of Report	Faculty Service, Research and Development Plan Annual Financial Review
High Level Audit Objective	The primary objective of this audit was to provide the President and Board of Regents with reasonable assurance that the overall environment in which the FSP is currently operating has adequate and effective controls.				
Observations Findings Recommendations	<p>1. Prosthetics and Orthotics Cash Receipting Processes We recommend Prosthetics and Orthotics:</p> <ol style="list-style-type: none"> Open all mail in the presence of two people and initial that the mail has been opened The Administrative Associate should create a check log for all administrative checks Management should reconcile the logs for accuracy and provide a signature/date of approval once complete The Clinic Billing coordinator or management should monitor DPIN to ensure the academic checks have been entered. 				
Current Status			Fully implemented		Fiscal or Other Impact
Protection of Medical Center assets			<p>Reconciliation is an important internal control available to departments to ensure funds are properly accounted. Not reconciling and reviewing accounts on a timely basis increases the risk of errors, omissions, and misappropriation of funds.</p> <p>Monitoring and supervision are essential risk management functions to ensure the propriety of Medical Center assets</p>		

08:13 Organ Transplant Program

Report Number	Report Date	Name of Report	Organ Transplant Program
08:13	05.23.08		
High Level Audit Objective	The primary objective of this audit was to provide the President and Board of Regents with reasonable assurance that the Kidney, Liver, and Pancreas Organ Transplant program is currently operating under adequate and effective controls.		
Observations Findings Recommendations	There were no recommendations.	Current Status	Fiscal or Other Impact
		n/a	

08:14 Network Security Audit

Report Number	08:14	Report Date	06.03.08	Name of Report	Network Security Audit
High Level Audit Objective	The primary objective of this audit is to provide the President and Board of Regents with reasonable assurance that there are adequate controls for Network Services.				
Observations Findings Recommendations	<p>1. Network Ethernet Port Access We recommend that implementation of a solution for Network Ethernet port access security continues to remain a priority within Network Services.</p>	Current Status	Incomplete/Ongoing	Fiscal or Other Impact	Prevent unauthorized users the ability to plug into a live Medical Center Ethernet port that could infect, exploit, and potentially disrupt the Network.
	<p>2. Internet URL Filtering We recommend that Information Security introduce URL filtering on a limited basis to prevent introduction of malicious content from certain websites. The filtering would not limit access to any websites, but would allow for authentication as needed.</p>	Current Status	Incomplete/Ongoing	Fiscal or Other Impact	Without a web content filtering engine, malware, viruses, or unauthorized code could infect the network and compromise intellectual property and business operations. Additionally, the Medical Center could face lawsuits if due diligence was not performed in blocking content that could be considered inappropriate.
	<p>3. Card Readers for Network Equipment Closets We recommend that card reader systems be installed on all network closets.</p>	Current Status	Incomplete/Ongoing	Fiscal or Other Impact	Safeguard network closet hardware and software from theft, tampering, or unauthorized access.

08:14 Network Security Audit, continued

Observations Findings Recommendations	Current Status	Fiscal or Other Impact	Mitigate the risk of unauthorized access to network resources.
<p>4. Network Vulnerability Follow-up and Remediation The Information Security Officer should ensure a focused and consistent approach to remediation of network vulnerabilities by assigning a dedicated person to handle the process of analysis and follow-up.</p>	<p>Incomplete/Ongoing</p>	<p>Incomplete/Ongoing</p>	<p>Prevent Unauthorized access to the network by terminated vendors. Mitigate exposure to restricted and sensitive data being compromised.</p>
<p>5. Cancelling Accounts for Terminated Contractors We recommend that Information Security ensure completion of the inactivity reports for Mednet accounts. Additionally, the ISO should consider ways to periodically review if active contractor user accounts are still valid.</p>	<p>Incomplete/Ongoing</p>	<p>Incomplete/Ongoing</p>	<p>Prevent Unauthorized access to the network by terminated vendors. Mitigate exposure to restricted and sensitive data being compromised.</p>

08:15 Hospital Accounts Payable Annual Financial Review

Report Number	08:15	Report Date	06/05/08	Name of Report	Hospital Accounts Payable Annual Financial Review
High Level Audit Objective	The primary objective of this audit was to provide the President and Board of Regents with reasonable assurance that the overall environment in which the Hospital Accounts Payable process is currently operating has adequate and effective controls.				
Observations Findings Recommendations	<p>1. Safeguarding of Checks - To strengthen the safeguarding of checks, management should increase the controls by developing and implementing procedures for the following items:</p> <ul style="list-style-type: none"> Establish controls over check stock inventory from point of delivery, storage, and usage. Restrict access to the department master key. Keep checks pending physical delivery in a locked, secured area. Require consistent application of procedures regarding all hand-delivered checks. Secure the printer signature cartridge when not in use. 				
	Current Status	Incomplete/Ongoing	Fiscal or Other Impact	Mitigate the risk of loss, inappropriate use or fraudulent payment.	

08:15 Hospital Accounts Payable Annual Financial Review, continued

Observations Findings Recommendations	Current Status	Fiscal or Other Impact	Eliminate the opportunity to access voided original checks without management's knowledge. Prevent check stock, font, and watermarks from being duplicated and used to produce fraudulent checks. Mitigate the risk of fraudulent payments; i.e. printed, signed checks may be altered prior to mailing or misappropriated. Mitigate the potential risk for delayed payments.
<p>2. Voided Checks - We recommend that University Hospitals Accounts Payable begin keeping voided checks and any check images in a locked, supervised area to prevent access to original check stock, fonts, watermarks, and signatures. The checks should continue to be defaced and mutilated to prevent duplication of signatures or account numbers.</p>	Fully implemented	Fiscal or Other Impact	Eliminate the potential risk of loss, misappropriation, or a fraudulent payment.
<p>3. Patient Refund Checks - To improve the controls regarding safeguarding of assets (checks) we recommend that patient refund checks are not returned to Patient Financial Services, but are mailed from Accounts Payable department.</p>	Fully implemented	Fiscal or Other Impact	Eliminate the potential risk of loss, misappropriation, or a fraudulent payment.
<p>4. Accountability for Printed Checks - To provide assurance to management that all checks are properly distributed and to enhance accountability, we recommend the following compensatory control: Use the check register from the check run of each batch of printed checks as a record of accountability and completeness and a tool for review. The administrative assistant should prepare a report/e-mail to the Controller as to whether all checks are accounted for, and missing checks should be promptly followed-up by the Controller.</p>	Current Status	Fiscal or Other Impact	Eliminate the potential risk of loss, misappropriation, or a fraudulent payment.

08:15 Hospital Accounts Payable Annual Financial Review, continued

<p>Observations Findings Recommendations</p>	<p>5. Vendor Pay File - Management should review access in the computerized database (ESI) to the hospital vendor pay file and, with assistance from the ESI database administrator, restrict access to a minimum number of individual(s) who are not otherwise involved in the accounts payable process. The controller should request and review a monthly report from the ESI administrator of the activity file regarding the "maintaining" of the vendor pay file; i.e., the vendor and date the file was added/edited/deleted and the individual who "maintained" the file. The controller should develop a procedure regarding the process of adding, editing, and deleting a vendor pay file, including at a minimum, the following items:</p> <ul style="list-style-type: none"> • Restricted access • Documentation and retention of request and approval to add, edit or delete vendor information • Written communication with Information Resources regarding access. 	<p>Current Status</p>	<p>Incomplete/Ongoing</p>	<p>Fiscal or Other Impact</p>	<p>Mitigate the risk of potential inappropriate payments or payments made to unapproved or fictitious vendors.</p>
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08:15 Hospital Accounts Payable Annual Financial Review, continued

Observations Findings Recommendations	Current Status	Fiscal or Other Impact	Mitigate the risk of inappropriate or fraudulent payments. Segregation of duties is critical to effective internal control. It reduces the risk of both erroneous and inappropriate actions. Prevent unauthorized access.
<p>6. Segregation of Duties - Management, with assistance from the ESI Database Administrator, should ensure that access to the A/P database is based upon the minimum amount of information required to perform their jobs, provides a minimum number of back-up(s) and achieves appropriate segregation of duties. Actions should include the following items:</p> <ul style="list-style-type: none"> • Implement a formal periodic review of user access rights (with a focus on changes in job responsibilities and segregation of duties). • Review, remove and/or disable user access to ESI A/P database to reflect current authorized user needs. • Provide the Database Administrator with a list of terminated employees. <p>Additionally, management should review duties regarding the accounts payable process to ensure appropriate segregation of duties, specifically addressing:</p> <ul style="list-style-type: none"> • The duty of submitting the positive pay file to the bank is separated from the duty of reconciling the bank statement. <p>The duty of reconciling the bank statement is separated from that of a designated back-up to execute the computerized check writing function.</p>	<p>Incomplete/Ongoing</p>	<p>Fiscal or Other Impact</p>	<p>Mitigate the risk of inappropriate or fraudulent payments.</p> <p>Segregation of duties is critical to effective internal control. It reduces the risk of both erroneous and inappropriate actions.</p> <p>Prevent unauthorized access.</p>

08:15 Hospital Accounts Payable Annual Financial Review, continued

	<p>7. Approval of Checks - Management should develop and implement a routing sheet attached to checks greater than the established threshold of \$25,000 circulated among signatories to track and ensure that all of these payments have been appropriately reviewed, manually signed, and returned for distribution. The routing sheet should include, at a minimum, the following items: the check run date, a list of check numbers and corresponding check amounts, and a signature/date line for each approver/signer/final reviewer.</p>	<p>Current Status</p>	<p>Fully implemented</p>	<p>Fiscal or Other Impact</p>	<p>Mitigate the potential risk for inappropriate payments. Monitoring and supervision are essential risk management functions to ensure the propriety of Medical Center assets.</p>
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08:15 Hospital Accounts Payable Annual Financial Review, continued

Observations Findings Recommendations	Current Status	Fiscal or Other Impact	The application of procedures to ensure appropriate authorizations prior to payment mitigates the potential risk for inappropriate or fraudulent payments.
<p>8. Approval of Check Requests - We recommend that management ensure that check requests are properly authorized prior to payment as required by Hospital policy. Executive management should either amend the policy to address Director requests to delegate check request authorizations on an ongoing basis (other than the exception for PTO), or enforce current policy.</p> <p>Additionally, to ensure that signatures on file for approvals of invoices are current, we recommend the following:</p> <ul style="list-style-type: none"> Executive management should maintain a current list of Hospital management, noting new or interim directors and executives, available on the shared drive. Accounts Payable will rely on the shared drive list. <p>The A/P Supervisor should maintain current signatures on file of Hospital management for approvals of invoices, and provide a copy as a reference to each staff member who is responsible for ensuring check requests are properly authorized prior to payment.</p>	Incomplete/Ongoing	Fiscal or Other Impact	Mitigate the risk of fraudulent or inappropriate payments to vendors or fictitious vendors
<p>9. Original Invoices and Vendor Information</p> <p>Management should restrict the establishment of a vendor, including the obtaining of vendor information and the W-9 form directly from the vendor, to the Department of Finance. Management should require original invoices to be submitted for payments to vendors for merchandise or services and communicate this requirement to Hospital management.</p>	Current Status	Fiscal or Other Impact	Mitigate the risk of fraudulent or inappropriate payments to vendors or fictitious vendors

08:15 Hospital Accounts Payable Annual Financial Review, continued

Observations Findings Recommendations	Current Status	Incomplete/Ongoing	Fiscal or Other Impact	Authorized directives that are documented communicate financial/operational/compliance goals and actions for the entity. Employees are kept informed and can be held accountable for policy guidelines and mandates.
<p>10. Policies and Procedures - Management should perform an annual review of policies and procedures to ensure adherence to procedures and internal controls, and to provide consistency and continuity in job performance and training. Management should develop and maintain comprehensive, current, written and approved policies and procedures for all steps of the Accounts Payable process, including:</p> <ul style="list-style-type: none"> • Check Signing - Authorization levels • Distribution of Checks • Adding, Editing, and Deleting of Vendor Pay File 	<p>11. Bank Reconciliations - We recommend the following:</p> <ul style="list-style-type: none"> • Outstanding items should be reviewed each month and the necessary journal entries should be made to resolve those items. • The Senior Accountant should be informed by Patient Financial Services of voided patient refund checks and third party payer recoupment. The Accounts Payable Supervisor should also inform the Senior Accountant of any voided checks. This will aid in researching outstanding items and making journal entries to resolve those items. <p>Management should continue to approve and sign the bank reconciliations each month. Part of the approval process should include reviewing the reconciliations for evidence that outstanding items are being resolved in a timely manner. This should include an explanation of continued outstanding items.</p>	<p>Incomplete/Ongoing</p>	<p>Fiscal or Other Impact</p>	<p>Prevent fraudulent activity and errors in the general ledger from going undetected. Provide evidence that reconciliations have been reviewed and approved.</p>

08:15 Hospital Accounts Payable Annual Financial Review, continued

<p>Observations Findings Recommendations</p>	<p>12. Information Security – We recommend that management obtain training for the Finance department from the UTSW Information Security team regarding the Information Security Manual policies.</p>	<p>Current Status</p>	<p>Incomplete/Ongoing</p>	<p>Fiscal or Other Impact</p>	<p>Compliance with UTSW Information Security policies, to ensure that both staff and management are Ensure awareness of employee responsibilities and actions to take regarding information security, and to protect UTSW assets.</p>
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08:16 University Hospital Billing and Accounts Receivable Audit

Report Number	08:16	Report Date	07/30/08	Name of Report	University Hospital Billing and Accounts Receivable
<p>High Level Audit Objective</p>	<p>The primary objective of this audit is to provide the President and Board of Regents with reasonable assurance that there are adequate internal controls over university hospital patient billing and accounts receivable to:</p> <ul style="list-style-type: none"> • Determine whether internal controls and policies and procedures exist to promote an accurate and timely process for billing, collecting, recording, and reporting patient care revenue and receivables. 				
<p>Observations Findings Recommendations</p>	<p>1. Write-offs A requestor and approver should be required by the accounting system for each write-off. System controls should be implemented to limit PFS write-offs and adjustments to the CFO approval threshold (currently \$50,000). Managers should monitor write-offs on a weekly basis. Management should train staff on the policies and procedures.</p> <p>Specify documentation required to approve write-offs in the policy and procedure and include the expectation that each write-off must be scanned to the On-Base system. Clarify expectations for charity care and worker's compensation write-offs in the revised policy and procedure.</p>	<p>Current Status</p> <p>Incomplete/Ongoing</p>	<p>Fiscal or Other Impact</p>	<p>Authorized/Up-to-date policies and procedures ensure a complete understanding of management's expectations related to the write-off policy.</p> <p>Monitoring and supervision are essential risk management functions to ensure the propriety of Medical Center assets</p> <p>Ensure clear expectations for charity care and workers' compensation write-offs in the revised policy and procedure.</p>	

08:16 University Hospital Billing and Accounts Receivable Audit, continued

Observations Findings Recommendations	2. Patient Refund Checks Management should develop and document a system of internal controls for patient refund checks. <ul style="list-style-type: none"> A supervisory review of the PFS refund request spreadsheet is needed. Procedures should be established to ensure patient addresses are appropriate. Accessibility to the patient refund spreadsheet should be limited to prevent unauthorized charges. Requests to void patient refund checks should be reviewed and signed by a supervisor prior to submission to AP. When returned mail is received, it should go to a specific area within AP which voids checks. Once voided, checks should be properly reissued or sent to the State for escheatment. Checks should not be returned to the refund specialist in PFS. Void after 90 days" language should be added to Zale Lipshy checks. The 90 day requirement should be monitored to ensure that the bank enforces it, and stop payment orders should be issued for patient refund checks outstanding over 90 days. Refund check requests should be adequately supported by required documentation. 	Current Status	Incomplete/Ongoing	Fiscal or Other Impact	Adequate use of Medical Center resources. Safeguard against waste, loss and misuse or destruction of Medical Center resources/assets.

08:16 University Hospital Billing and Accounts Receivable Audit, continued

Observations Findings Recommendations	Current Status	Fiscal or Other Impact	
<p>3. Depository Cash Clearing Account Reconciliation</p> <p>The patient cash clearing account should be posted to AR and reconciled in a timely manner. Any accumulation of un-posted patient cash in the clearing account should be investigated immediately.</p> <p>Daily AR postings both manually posted and “auto-electronically” posted AR must be reconciled to the posting errors (TCE reports listing not posted due to error) and must be tracked with the association bank deposit batch.</p> <p>The daily recon report, bank deposit log, finance log and error reports should be reviewed daily to reconcile the patient cash clearing account. The various tools currently available such as reports, logs and spreadsheets may need to be consolidated to track unposted monies in the patient cash clearing account. We suggest that the:</p> <ul style="list-style-type: none"> • Siemens generated daily reconciliation report showing the daily posted patient AR (performed in PFS) be converted to an Access database. • Finance log (electronic spreadsheet) detailing the source and date of unposted items/monies remaining in patient cash clearing account and PFS bank deposit log (electronic spreadsheet) be converted to an Access database. • Error reports (TCE) should be converted to an Access database. 	<p>Incomplete/Ongoing</p>	<p>Enhance patient customer service.</p> <p>Mitigate risk of overstating Accounts Receivable on the Financial Statements.</p>	

08:16 University Hospital Billing and Accounts Receivable Audit, continued

Observations Findings Recommendations	Current Status	Fiscal or Other Impact
<p>3. Depository Cash Clearing Account Reconciliation, cont'd. New batch legend be developed using unique batch numbers for sorting and querying in a database. These Access databases may then be queried or combined and used by PFS, Finance and IR to readily identify aged unposted or outstanding patient cash transactions accumulating in the patient cash clearing account for timely management follow-up action and formal tracking documentation.</p>		
<p>4.a. Siemens User Access – PFS We recommend management ensure timely terminations of Siemens access granted to Contractors, Hospital, and Medical Center workforce members. We suggest a periodic review of all Siemens Patient Financial Services (PFS) active users be performed to compare to a current employee and non-employee (contractors/NEAs) listing from Human Resources to identify individuals that should have their Siemens access deactivated. We also recommend that management periodically review user access for propriety and proper segregation of duties. Employees responsible for billing and for posting cash payments and adjustments should not be able to create a patient account.</p>	<p>Incomplete/Ongoing</p>	<p>Mitigate potential for loss of revenues, fictitious accounts Enhance compliance with various Federal, State and local guidelines concerning protected health information.</p>

08:16 University Hospital Billing and Accounts Receivable Audit, continued

<p>Observations Findings Recommendations</p>	<p>b. Siemens Use Access - Finance We recommend management ensure timely terminations of Siemens access granted to Contractors, Hospital, and Medical Center workforce members. We suggest a periodic review of all Siemens Patient Financial Services (PFS) and Finance active users be performed to compare to a current employee and non-employee (contractors/NEAs) listing from Human Resources to identify individuals that should have their Siemens access deactivated. We also recommend that management periodically review user access for propriety and proper segregation of duties.</p>	<p>Current Status</p>	<p>Incomplete/Ongoing</p>	<p>Fiscal or Other Impact</p>	<p>Mitigate risk for potential of loss of revenues, fictitious accounts. Enhance compliance with various Federal, State and local guidelines concerning protected health information.</p>
	<p>5. Monitoring efforts for PFS Government Collections PFS management should consider whether a team leader/supervisor is needed to monitor collections in the government billing and collections group. A member of the current government billing and collections staff could be designated as "team lead" to perform this monitoring function.</p>	<p>Current Status</p>	<p>Incomplete/Ongoing</p>	<p>Fiscal or Other Impact</p>	<p>Enhance oversight of collections efforts. Monitoring and supervision are essential risk management functions to ensure the propriety of Medical Center assets</p>
	<p>6. Update Policies and Procedures The PFS workflow manual should be updated to reflect current practices.</p>	<p>Current Status</p>	<p>Incomplete/Ongoing</p>	<p>Fiscal or Other Impact</p>	<p>Authorized directives that are documented communicate financial/operational/compliance goals and actions for the entity. Employees are kept informed and can be held accountable for policy guidelines and mandates.</p>

08:16 University Hospital Billing and Accounts Receivable Audit, continued

<p>Observations Findings Recommendations</p>	<p>7. Monitoring of TCE Error Report Consider cross-training and assigning two or more individuals familiar with reviewing the TCE report to ensure that this review would continue if the position responsible for reviewing it became vacant again. Ensure that the monitoring of the TCE report is a high priority for the department.</p>	<p>Current Status</p>	<p>Incomplete/Ongoing</p>	<p>Fiscal or Other Impact</p>	<p>Monitoring and supervision are essential risk management functions to ensure the propriety of Medical Center assets Enhance revenue collection efforts for the Medical Center. Increase the posting of payments on a timely and charges are timely billed.</p>
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08:17 FY 2007 Audits Follow-Up

Report Number	Report Date	In progress	Name of Report	FY 2007 Audits Follow-Up
<p>High Level Audit Objectives</p>	<p>08.17</p>	<p>In progress</p>	<p></p>	<p>Required by IIA Standards to ensure timely implementation of recommendations.</p>
<p>Observations Findings Recommendations</p>	<p>On-going review of issues</p>	<p></p>	<p>Current Status</p>	<p>Incomplete/Ongoing Fiscal or Other Impact To ensure appropriate risk management activities have occurred as recommended.</p>

08:18 MSRDP Finance

Report Number	08-18	Report Date	09-18-08	Name of Report	MSRDP Finance
High Level Audit Objective	The primary objective of this audit is to provide the President and Board of Regents with reasonable assurance that there are adequate and effective controls for MSRDP Finance.				
Observations Findings Recommendations	<p>1. Policies and Procedures for Report Preparation We recommend the following:</p> <ul style="list-style-type: none"> a. MSRDP Finance should develop formal documented policies and procedures for the preparation and distribution of its financial reports to Executive Management and related external parties. b. Policies and procedures should be included in the MSRDP Central Operations Manual, and reviewed and if necessary, revised on an annual basis. c. Documented procedures should address the upcoming implementation of EPIC Resolute billing software to include flow of new system processes and its key control points. 				
Current Status			Incomplete/Ongoing		
Fiscal or Other Impact			Documentation of financial reporting processes and procedures can be used to- <ul style="list-style-type: none"> · Promote consistency in adhering to desired practices in running departmental operations. · Communicate what and how responsibilities are to be carried out creating clear expectations on performance. · Train new personnel and used as a refresher or reference tool for other employees. · Support reporting on internal control effectiveness both to internal and external interested parties. · Facilitate communication and approval of change management processes. 		

08:19 Clinical Sciences Management Review

Report Number	08:19	Report Date	09:19:08	Name of Report	Clinical Sciences Management Review
<p>High Level Audit Objective</p>	<p>The primary objective of this audit is to provide the President and Board of Regents with reasonable assurance that there are adequate and effective controls for Clinical Sciences to ensure the following:</p> <ul style="list-style-type: none"> • Compliance with established policies, procedures and internal controls • Efficient and economical use of resources to meet goals and objectives • Safeguarding of Assets 				
<p>Observations Findings Recommendations</p>	<p>1. Account Reconciliation To ensure timely reconciliation of accounts, consider the use of online review (iAim) to assist in managing increased reconciliation responsibilities and continue to emphasize the importance to meet reconciliation responsibilities on a timely basis.</p> <p>2. Inventory Control We recommend that management enhance its departmental inventory control procedures to ensure Medical Center policies are utilized and authorized documentation is processed to clearly designate disposition of all inventories items accountable to the department.</p> <p>3. Information Security Agreements/Privacy and Information Security Training Management should ensure that all employees complete the annual Information Security Agreement and biennial information Security Training Program.</p>				
<p>Current Status</p>			<p>Incomplete/Ongoing</p>		
<p>Fiscal or Other Impact</p>			<p>Documentation of financial reporting processes and procedures can be used to-</p> <ul style="list-style-type: none"> • Promote consistency in adhering to desired practices in running departmental operations. • Communicate what and how responsibilities are to be carried out creating clear expectations on performance. • Train new personnel and used as a refresher or reference tool for other employees. • Support reporting on internal control effectiveness both to internal and external interested parties. • Facilitate communication and approval of change management processes. 		

08:20 IT Computer Inventory Control & Data Encryption

Report Number	Report Date	Name of Report	IT Computer Inventory Control & Data Encryption		
08-20	08-05-08				
High Level Audit Objective	The primary objective of this audit is to provide the president and Board of Regents with reasonable assurance that there are adequate and effective controls for IT Computer Inventory Control & Data Encryption				
Observations Findings Recommendations	<p>1. Protecting Computers with Sensitive/Confidential Information Internal Audit recommends that Inventory Control work with Information Security to create a policy addressing use of the Custodian Assignment Change (CAC) form at the Medical Center. Information Security should periodically review Inventory Control reports for computers listed as having sensitive information.</p>	Current Status	Incomplete/Ongoing	Fiscal or Other Impact	<p>Strengthen the means to identify and assign accountability for laptops that contain sensitive/confidential data to limit exposure for Medical Center to loss and compromise of data.</p> <p>Improve communication to employees for accountability for sensitive information is on their computers.</p>
Observations Findings Recommendations	<p>2. Computer Theft Deterrence We recommend that Information Security in collaboration with Materials Management explore more robust theft deterrent and recovery technologies for loss prevention of computer equipment, particularly laptops. Written guidance, or a policy, for Medical Center users on acceptable mechanisms for theft deterrence for critical items such as laptops should be considered.</p>	Current Status	Incomplete/Ongoing	Fiscal or Other Impact	<p>Documented STOP tag policies will lead to consistent practices across the Medical Center, and mitigate the risk for missing/stolen laptops, and less optimal program results.</p>

08:21 Compliance Monitoring

Report Number	Report Date	Name of Report	Compliance Monitoring		
08:21	09/19/08				
High Level Audit Objective	The primary objective of this audit is to provide the President and Board of Regents with reasonable assurance that there are adequate and effective controls.				
Observations Findings Recommendations	<p>1. Account Reconciliation We recommend that departments use iAim reconciliation software to reconcile its accounts. It provides more uniformity to reporting, can be monitored remotely because of its web-based format, and can easily facilitate the review of account activity.</p>	Current Status	Incomplete/Ongoing	Fiscal or Other Impact	Use of iAim will increase efficiency of account reconciliation.
	<p>2. Segregation of Duties Internal Audit recommended in the individual audit reports that the departments immediately develop procedures to ensure proper segregation of duties exist for cash handling, invoicing, and inventory management. If these functions cannot be separated, due to small department size, a detailed supervisory review of related activities is required as a compensating control activity.</p>	Current Status	Incomplete/Ongoing	Fiscal or Other Impact	Proper segregation of duties decreases risk of fraud.
	<p>3. Written Policies and Procedures Internal Audit recommends that the departments update their policies to promote consistency of common controls used throughout Medical Center departments. These policies and procedures should be routinely updated, distributed to staff and stored on a departmental shared drive.</p>	Current Status	Incomplete/Ongoing	Fiscal or Other Impact	Lack of written policies and procedures increases the risk of employees not understanding their responsibilities.

08:22 Department of Internal Medicine

Report Number	Report Date	Name of Report	Department of Internal Medicine		
08:22	10.07.08				
High Level Audit Objective	<p>The primary objective of this audit is to provide the President and Board of Regents with reasonable assurance that there are adequate and effective controls for the Divisions of Hematology/Oncology and Nephrology and the Student Health Services Clinic within the Department of Internal Medicine.</p>				
Observations Findings Recommendations	<p>1. Departmental Operations and Grants Management a. Written Divisional Policies and Procedures We recommend that the Divisions of Hematology/Oncology and Nephrology formalize documentation of its processes into policies and procedures to provide consistency in daily operational activities and to ensure best internal control practices.</p>	Current Status	Incomplete/Ongoing	Fiscal or Other Impact	Use of iAim will increase efficiency of account reconciliation.
	<p>2. Billing and Income Operations – Patient Encounter Reconciliation We recommend that the mechanism for tracking patients or encounters be formally documented at the Hematology/Oncology Parkland Ward in order for patient encounter reconciliation procedures to be implemented. This should ensure that patient encounters with regard to the physician professional fees are complete, accurate and captured in the IDX billing system. The billing coordinators should verify the reconciliations prior to entering charges into IDX.</p>	Current Status	Incomplete/Ongoing	Fiscal or Other Impact	Lack of encounter reconciliations can result in improper billing into IDX.

08:24 University Hospital - Surgery

Report Number	Report Date	In progress	Name of Report	University Hospital - Surgery
High Level Audit Objective	In process			
Observations Findings Recommendations	Near completion.		Current Status	Incomplete/Ongoing
				Fiscal or Other Impact
				In process

08:26 University Hospital – Medical Records

Report Number	Report Date	In progress	Name of Report	University Hospital –Medical Records
High Level Audit Objective	In process			
Observations Findings Recommendations	Near completion.		Current Status	Incomplete/Ongoing
				Fiscal or Other Impact
				In process

08:27 Environmental Health and Safety

Report Number	Report Date	In progress	Name of Report	Environmental Health and Safety
High Level Audit Objective	In process			
Observations Findings Recommendations	Near completion.		Incomplete/Ongoing	Fiscal or Other Impact In process

08:32 Transplant Services Center

Report Number	Report Date	08/19/08	Name of Report	Transplant Services Center
High Level Audit Objective	The primary objective of this audit is to provide the president and Board of Regents with reasonable assurance that there are adequate and effective controls applied within Transplant Services Center			
Observations Findings Recommendations	No recommendations were found.		n/a	Fiscal or Other Impact n/a

This completes the List of Audits Completed for FY 2008.

IV. List of Consulting and Non-audit Services Completed

P8:02 Quality Assurance Review

Report Number	Report Date	Name of Report	Quality Assurance Review
<p>High Level Audit Objective</p>	<p>07/25/08</p>		
<p>Observations Findings Recommendations</p>	<p>The primary objective of this audit is to determine whether Internal Audit was in compliance with the IIA Standards and to prepare for the external quality assessment review.</p> <p>1. Proficiency Internal Audit should continue to pursue a strategy to ensure the educational and skill proficiency needs for the staff are addressed in the following areas: healthcare auditing, technology (including EPIC Resolute and PeopleSoft), and to continue training in anti-fraud, financial analysis, and internal controls. The course of action might include a combination of the following solutions:</p> <ul style="list-style-type: none"> a. Evaluate training and consider providing more healthcare auditing through membership in professional healthcare audit organization and access to healthcare audit reference materials for all auditors. b. Obtain in-house training for all staff and management in PeopleSoft and EPIC; i.e. campus training – PeopleSoft implementation, PeopleSoft audit and query training c. Hiring decisions – Healthcare, IT skill sets are sought. c. Provide additional non-CPE hours for online or instructor-led classes to gain an understanding of hospital billing, coding, etc. 	<p>Current Status</p> <p>Incomplete/Ongoing</p>	<p>Fiscal or Other Impact</p> <p>Enhanced proficiency efforts ensure the controls over key systems and business processes are identified, evaluated and effective.</p>

P8:02 Quality Assurance Review, continued

Observations Findings Recommendations	Current Status	Fiscal or Other Impact	Fiscal or Other Impact
<p>1. Proficiency, cont'd.</p> <p>The Medical Center environment is experiencing a continuous rapid change – the acquisition of hospitals in 2005; ERP implementation – PeopleSoft 2008; EPIC Resolute in the clinics, etc. Implementation will provide increased value to the Medical Center by acquiring new skills and updating knowledge through professional development.</p>			
<p>2. Customer Satisfaction Feedback</p> <p>As a function of the ongoing internal assessment, Internal Audit should implement a formal mechanism to obtain measurable, documented feedback from audit clients and other identified stakeholders.</p> <p>Audit client assessments might be performed by one or more of the following methods:</p> <ul style="list-style-type: none"> a. Develop a brief customer satisfaction survey for the audit client to complete after the issuance of the report. b. Develop a brief questionnaire for the Director or Assistant Director to administer personally with the audit client within a month of the issuance of the report c. Documented interviews d. Facilitated sessions with audit clients from an area; i.e. hospitals, business affairs, academics, etc. 	Fully implemented	Fiscal or Other Impact	Measurable, consistent feedback from audit clients assists Internal Audit to continuously evaluate client satisfaction as part of ongoing internal assessment.

P8:02 Quality Assurance Review, continued

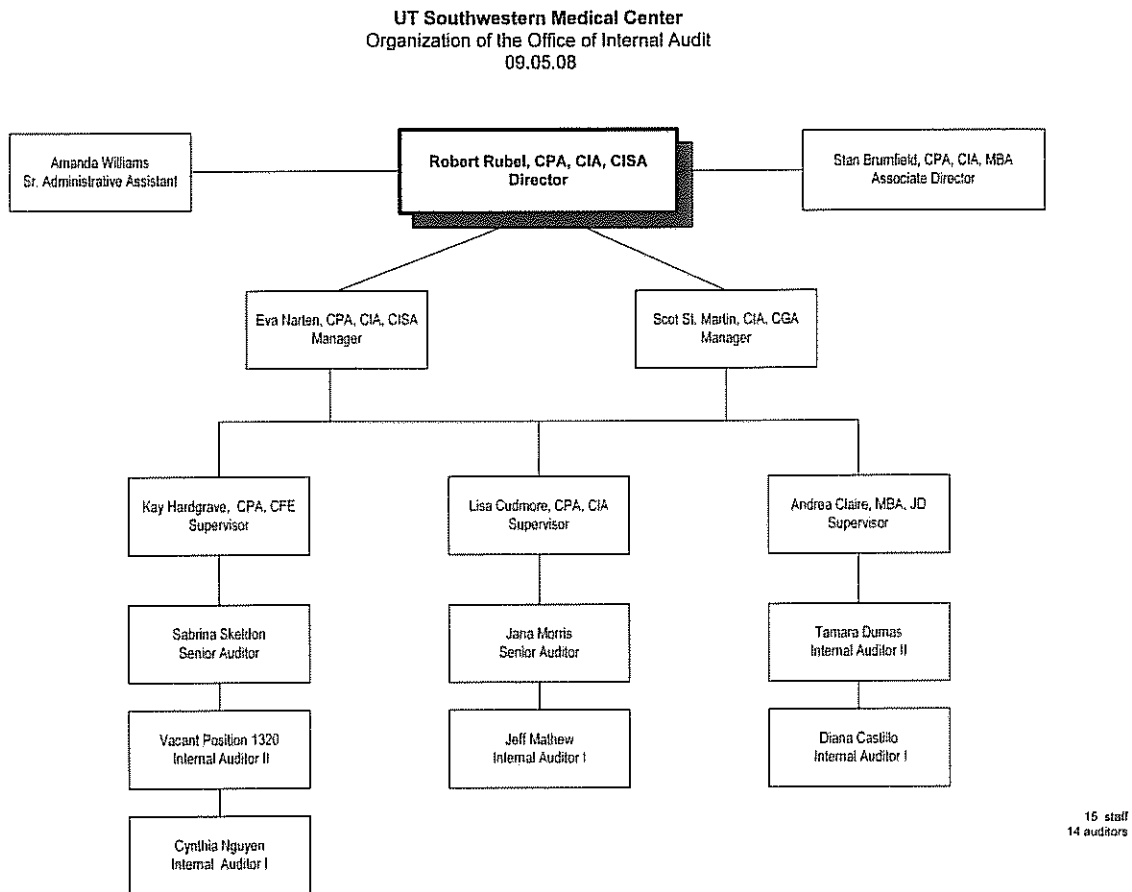
Observations Findings Recommendations	<p>3. Senior Management – Formal Input to the Audit Plan As a part of the annual audit plan process, Internal Audit should formally request input and document interviews with senior managers, (in addition to the voting members of the audit committee.)</p>	Current Status	Fully implemented	Fiscal or Other Impact	Ensure senior management provides input regarding risks and insights for consideration of coverage in the annual audit plan.
	<p>4. Follow Up on QAR Internal Audit should ensure and document that follow-up is performed on internal audit action plans as a response to recommendations from the quality assurance review.</p>	Current Status	Incomplete/Ongoing	Fiscal or Other Impact	Ensures documented follow-up procedures are performed on internal action plans as a response to recommendations from prior quality assurance review(s).

P8:15 Review of the Jesse B. Brittain Memorial Fund

Report Number	P8-15	Report Date	02/01/08	Name of Report	Review of the Jesse B. Brittain Memorial Fund	
High Level Audit Objective	<p>The objectives of this review were to:</p> <ul style="list-style-type: none"> Determine the allowableness and integrity of transactions from the Jesse Brittain Memorial Fund and ensure expenditures are appropriately authorized, and adequately documented as to purpose and benefit to the Medical Center; and Determine compliance with the fund agreement and applicable Medical Center policies, procedures, laws, and regulations. 					
Observations Findings Recommendations	<p>We found controls in place to ensure that expenditures are appropriate and in compliance with the conditions set forth in the endowment agreement. No recommendations were made.</p>			Current Status	n/a	Fiscal or Other Impact

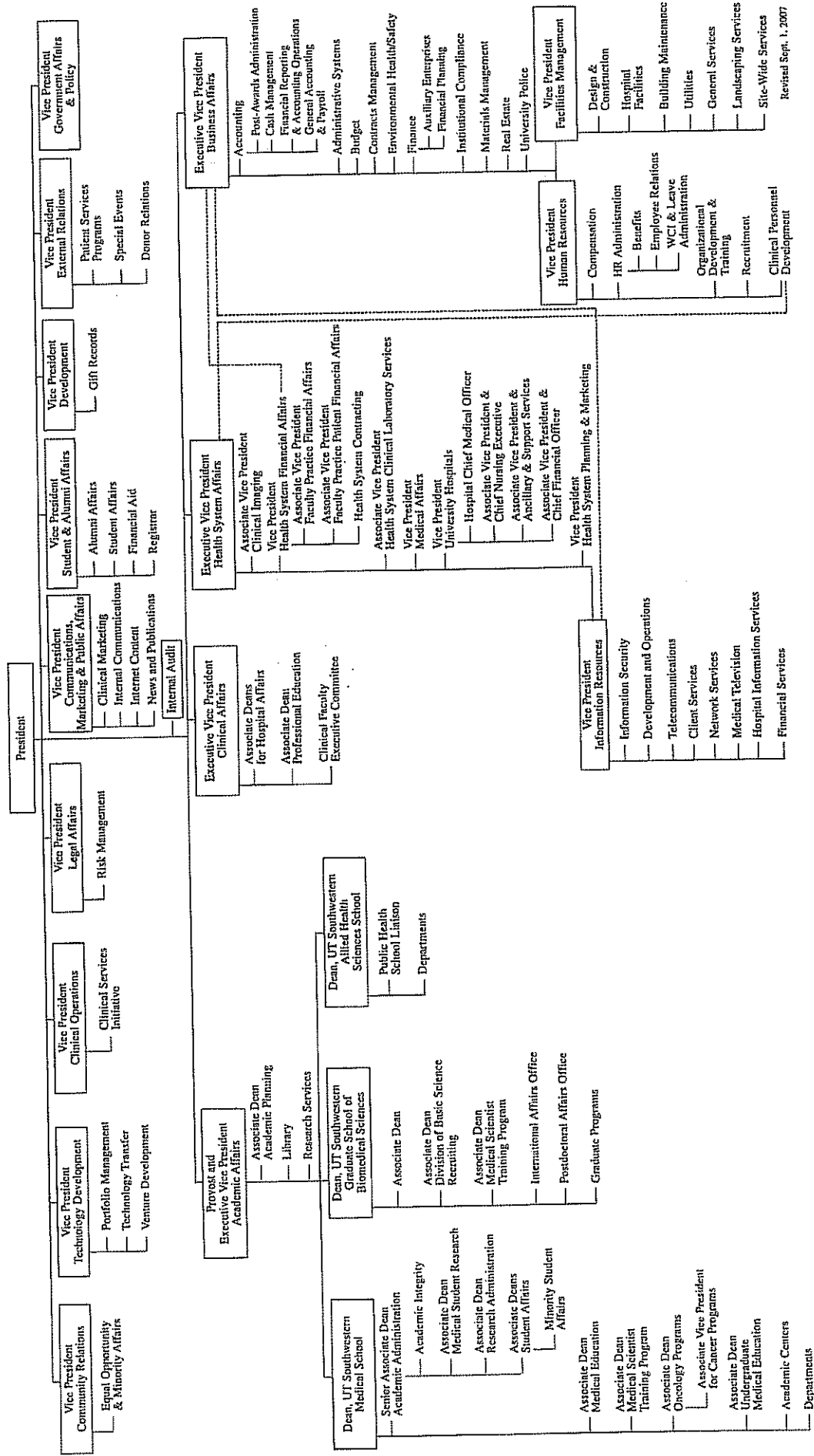
This completes the List of Consulting and Non-audit Services Completed for FY 2008.

V. Organizational Chart



UT Southwestern Medical Center's Internal Audit Department reports to the UT Southwestern Internal Audit committee on a quarterly basis.

The University of Texas Southwestern Medical Center at Dallas Organizational Chart



Revised Sept. 1, 2007

**UT Southwestern Medical Center
Internal Audit Annual Report for Fiscal Year 2008**

VI. Report on Other Internal Audit Activities

Activity	Impact
Performed reviews of complaints received through Medical Center's <i>EthicsLine</i> .	Provides the Medical Center with investigation resources.
Conducted internal control training and facilitated control self assessment workshop	Provides Medical Center employees with guidance on internal controls, risk assessment, and how to implement controls to reduce errors and irregularities.
Conducted training for Medical Center employees on how to reconcile their departmental accounts	Provides Medical Center employees with guidance on how to reconcile their departmental accounts to minimize errors and irregularities in the normal course of business activities.
Fraud Analysis	Provides independent consultation and evaluation tools to management for monitoring and detection of fraudulent activities.
Institutional Compliance Committee	Provides continual assessment of the Medical Center compliance function to determine the effectiveness of the program, and to ensure Medical Center officials are knowledgeable about compliance risks, activities, and findings.
ERP Selection Committee	Provides independent consultation and guidance of internal controls for process flows within PeopleSoft applications implementation.
Business Resumption and Disaster Recovery Planning	Provides independent consultation and guidance to help Medical Center address Emergency preparedness and Business Continuity risks.
Security and Confidentiality Committee for HIPAA implementation	Provides consultation and guidance in the development of standards and procedures for the security of patient information per HIPAA guidelines for each institution.
Billing Compliance Committee	Provides independent consultation and guidance to help billing compliance activities address institutional risks.
Billing Oversight Committee	Addresses contemporary billing issues, e.g., AR statistics, collection reports, Medicaid issues, and management initiatives such as fee schedule analysis.
Coordination of External Audits	Provides operational support to the State Auditor's Office for A-133 audit and Statewide Audit and other financial audits.

VII. Internal Audit Plan for Fiscal Year 2009

UT Southwestern Medical Center
Appendix A
Fiscal Year 2009 Audit Plan

Audit #	FY 2009 Audit Plan Audit/Project	Budgeted Hours	% of Total	Priority	Hours	% of Total	Description
Financial Audits							
UT System Requested/Externally Required Audits							
09-01	FY08 Financial Statement Audit	1800		✓	1800		Perform FY08 Financial Statement Audit work. Includes 400 hours for UT general controls review, SACS review is in February 09. Include 50 hours for Memorial Cancer Center - Ft. Worth. Includes A-133 Audit Support. UT System required Student Fees audit.
09-02	FY08 Financial Statement Audit	800		✓	500		Perform FY08 Financial Statement Audit, preliminary internal control work.
09-03	Presidential Travel and Entertainment Expenses	150		✓	150		Any SACS accreditation work.
09-04	Joint Admission Medical Program (Biennial requirement)	100		✓	100		Review Presidential Travel and Entertainment Expenses
09-05	National Pediatric Infectious Disease Foundation AFR	100		✓	100		Review Joint Admission Medical Program (Biennial requirement)
							Review National Pediatric Infectious Disease Foundation AFR for consolidation into Medical Center AFR
09-06	Risk Based Tier One Audits	400		✓	400		Review payroll processes related to experimental subject payments, visa transfers/EETs, and University Hospitals Bi-weekly payroll.
09-07	Payroll	100		✓	100		Complete FY 08 audits in process at year-end.
	Operational Audits	3250	17%		3150	20%	
UT System Requested/Externally Required Audits							
09-08	UTS 155: Policies and Procedures Regarding MSRDP Business Operations, Practice Plan Governance audit.	450		✓	450		Review compliance with UTS155: Policies and Procedures Regarding MSRDP Business Operations. Perform UT System required procedures to complete Practice Plan Governance audit.
09-09	UTS 155: Policies and Procedures Regarding MSRDP Business Operations, (FSP-Allied Health)	150		✓	150		Review compliance with UTS155: Policies and Procedures Regarding MSRDP Business Operations.
09-10	Campus Security / Emergency Preparedness (Clery Act)	250		✓	250		Determine whether the campus is in compliance with the Clery Act and take appropriate procedures and policies to respond to a campus emergency
Risk Based Tier One Audits							
09-11	Physical Plant (Fuel Usage, Contract and Bidding Processes)	400		✓	400		Review controls over gas/oil/elec usage, contract and bidding processes, and inventory management.
09-12	Contracts Management	250		✓	0		Review controls and processes over contract management activities.
09-13	MSRDP Billing Operations	500		✓	500		Review processes for refund checks, examining internal controls and audit logs.
09-14	MSRDP Charge Entry	500		✓	500		Review charge entry process and updated policies / procedures after implementation of EPIC Resolute.
Risk Based Tier Two Audits							
09-15	Internal Medicine	400		✓	400		Review operations of Cardiology, Digestive and Liver Diseases, and Pulmonary/Critical Care divisions.
09-16	Care Lab Facilities / Recharge Centers	500		✓	500		Review processes and controls for care lab facilities, recharge centers, and IMT grants.
09-17	Expenditure Review - High Risk Areas	400		✓	400		Review high risk expenditures for appropriate documentation, reasonableness, and approvals.
09-18	University Hospitals - Chicago Entry	350		✓	350		Review operating and financial controls within the department.
09-19	University Hospitals - Outpatient Imaging Services	500		✓	500		Review processes and controls for imaging services.
Change in Management Audits							
09-20	Neuroscience	150		✓	150		Perform management audit on department operations.
09-21	Radiation Oncology	150		✓	150		Perform management audit on department operations.
09-22	Psychiatry	150		✓	150		Perform management audit on department operations.
09-23	Neurology	150		✓	0		Perform management audit on department operations.
09-24	Biochemistry	150		✓	0		Perform management audit on department operations.
09-25	Operational Audits	500		✓	400		Complete FY 08 audits in process at year-end.
	Operational Audits Subtotal	5900	31%		5250	34%	
Compliance Audits							
UT System Requested/Externally Required Audits							
09-26	Family Practice Residency Program Grants (THECB requirement)	100		✓	100		Review Family Practice Residency Program Grants (THECB contract requirement)

UT Southwestern Medical Center
Appendix A
Fiscal Year 2009 Audit Plan

Audit #	FY 2009 Audit Plan Audit/Project	Budgeted Hours	% of Total	Priority Hours	% of Total	Priority	Description
09-27	Graduate Medical Education Grant (THECB requirement)	200		200		✓	Review Graduate Medical Education Grant (THECB grant requirement)
09-28	ATP/ARF Grants (if applicable)	100		100		✓	Review ATP/ARF Grants as requested by THECB
09-29	Internal Audit Annual Report	60		60		✓	Prepare and submit required report to the State Auditor's Office.
09-30	UTS 166: Cash Handling and Cash Management Policy	500		500		✓	Review cash handling / management procedures for clinics and hospitals.
09-31	<u>Risk Based Tier One Audits</u>	300		300		✓	Assess adequacy and effectiveness of conflict of interest policies and procedures. Review Ethic Statements.
09-32	Conflict of Interest	200		0			Review procedures for determination, compilation, analysis, reporting, and monitoring of University Hospital quality indicators.
09-33	<u>Risk Based Tier Two Audits</u>	300		300		✓	Determine compliance with provisions of grants / agreements with private grantors and U.S. Dept. of Defense.
09-34	Epidemiology - Gulf War Syndrome Study	300		0			Review procedures regarding animal use protocols and compliance with Public Health Service Policy and Animal Welfare Act.
09-35	Animal Resource Center / IACUC	400		400		✓	Determine whether research and patient care charges are being separated and billed properly. Assess procedures for ensuring that patient care charges are not being improperly billed to research grants.
09-36	Research Compliance Billing	300		300		✓	Monitor procedures for export controls including release of software, equipment, and technology. Monitor protection of intellectual property.
09-37	Export Controls / Intellectual Property	250		250		✓	Determine that University Hospitals medical equipment is being maintained properly. Review maintenance logs, certifications, radiation safety, and calibration of equipment.
09-38	Medical Equipment - University Hospitals	0		0			Complete FY 08 audits in process at year-end.
	<u>Compliance Audits</u>	3010	16%	2510	16%		
	<u>Information Technology Audits</u>						
09-39	UT System Requested/Externally Required Audits						
	TAC 202 Compliance Audit (Biennial requirement)	200		200		✓	Perform TAC 202 Compliance Audit (Biennial requirement)
09-40	<u>Risk Based Tier One Audits</u>	300		300		✓	Review policies / procedures for maintaining phone lines and protecting against system failure.
09-41	Telecommunications	400		400		✓	Server registration process - Is data captured adequately reflective of practice? General practice for incident management process including State Branch notification; Privacy and Information Security effectiveness of O drive storage; Data Classification effectiveness.
09-42	<u>Risk Based Tier Two Audits</u>	300		300		✓	Review progress of implementation. Ensure UTS 165 is met.
09-43	EPIC Resolute Implementation Review	400		400		✓	Review progress of Phase I implementation. Ensure UTS 165 is met.
09-44	PeopleSoft Implementation Review	300		0			Review record retention procedures and ensure that University and State of Texas policies are being followed.
09-45	Record Retention	0		0			Complete FY 08 audits in process at year-end.
	<u>Carrollwood Audits</u>						
	Information Technology Subtotal	1900	10%	1800	10%		
09-46	<u>Follow-up Audits</u>	600	3%	500	3%	✓	
P9-01	<u>Projects</u>						
P9-02	Audit Projects	200		100		✓	Continue to develop, implement and perform continuous fraud monitoring. Produce quarterly reports on activities.
P9-03	UT System Requests	200		100		✓	Perform annual review of submitted measures using the audit program provided by the State Auditor's Office.
P9-04	Special Requests - Audits	200		200		✓	Conduct consulting services to evaluate department records and report to Institutional Compliance. Include effort reporting, EHMS.
P9-05	LBG Performance Measures	400		200		✓	
	<u>Consulting Projects</u>						
	Fraud Prevention and Analysis	500		250		✓	
	Compliance Monitoring	200		100		✓	

UT Southwestern Medical Center
Appendix A
Fiscal Year 2009 Audit Plan

Audit #	FY 2009 Audit Plan Audit/Project	Budgeted Hours	% of Total	Priority Hours	% of Total	Priority	Description
P8:08	Special Requests - Consulting	1000		500		✓	
<i>Other Projects</i>							
P8:07	Requests for Information/Assistance	200		200		✓	Continued review to ensure compliance with IA, Yellow Book and Texas Internal Auditing Act
P8:08	Quality Assurance Review	200		200		✓	Provide training services for internal control activities and other classes.
P8:09	Training provided by IA	150		150		✓	Prepare report of activities for the various audit committees.
P8:10	Internal Audit Committee	200		200		✓	Develop internal controls module, TeamMate modules.
P8:11	Internal Projects	300		200		✓	
P8:12	Reserve for other Special Requests/Investigations	600		300		✓	
Projects Subtotal		4150	22%	2800	16%		
Total Hours		18510	100%	15510	100%		
Available hours		18776	Percentage Priority of Budgeted Hours	100%	100%	82%	

Note: Total Priority hours should be at least 80% of Total Budgeted Hours

VIII. External Audit Services

The following is a list of audits completed by outside agencies at the Medical Center in FY2008.

- State Auditor's Office A-133 and Statewide Financial audits
- Sutton Frost Cary, LLP St. Paul Medical Center Profit Sharing audit
- Weaver and Tidwell, LLP Moncrief Cancer Center and Foundation
- KPMG UTSHS