

SOUTHWESTERN
THE UNIVERSITY OF TEXAS
SOUTHWESTERN MEDICAL CENTER
AT DALLAS

Robert Rubel, CPA, CIA, CISA
Director

Office of Internal Audit

November 1, 2007

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 2007 and 2008 audit plans, audits completed and recommendations. Our audit work for FY 2007 focused on key financial and operating areas, institutional compliance, information technology, 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
Kern Wildenthal, M.D., Ph.D., President
John D. McConnell, M.D., Executive Vice President for Administration
John A. Roan, Executive Vice President for Business Affairs
John W. Creecy, President and CEO of Hunt Petroleum Corporation

The University of Texas
Southwestern Medical Center at Dallas
Internal Audit Annual Report for Fiscal Year 2007



November 1, 2007

THE UNIVERSITY OF TEXAS
SOUTHWESTERN MEDICAL CENTER AT DALLAS

INTERNAL AUDIT ANNUAL REPORT FOR FISCAL YEAR 2007

TABLE OF CONTENTS

- I. Internal Audit Plan for Fiscal Year 2007
- II. External Quality Assurance Review
- III. List of Audits Completed
- IV. List of Consulting and Non-audit Services Completed
- V. Organizational Chart
- VI. Report on Other Internal Audit Activities
- VII. Internal Audit Plan for Fiscal Year 2008
- VIII. External Audit Services

I. Audit Plan for Fiscal Year 2007

FY 2007 Audit Plan	
Audit/Project	Hours
UT System Requested	
<i>Audits</i>	
FY06 Financial Statement Audit (defined by external auditors)	600
FY07 Financial Statement Audit (defined by external auditors)	200
Compliance with Business Procedure Memorandum (BPM) 66-01-07: Protecting the Confidentiality of Social Security Numbers	250
Implementation progress of BPM 76-07-06 Guidance on Effort Reporting Policies	400
Compliance with the Payment Card Industry Data Security Standards	300
Presidential Travel and Entertainment Expenses	200
Institutional Compliance Operations Medical and University Hospitals	500
UT System Requested Subtotal	2450
Externally Required	
<i>Audits</i>	
MSRDP Financial Review: BPM 31.04.89	200
Joint Admission Medical Program (biennial requirement)	100
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	200
TAC 202 Compliance Audit (biennial requirement)	200
Externally Required Subtotal	1300
Risk Based Institutional	
<i>Audits</i>	
Accounts Receivable/Cash Receipts	400
Payroll	400
Procurement Card	400
Physical Plant Operations and Maintenance	400
Risk Based Institutional Subtotal	1600

UT Southwestern Medical Center
Internal Audit Annual Report for Fiscal Year 2007

Risk Based Auditable Area	
<i>Research</i>	
Research Grants Management	500
Institutional Review Board	400
Service Centers, Recharge Centers, and Specialized Service Facilities	500
<i>Information Technology</i>	
Epic Implementation	500
Information System Interfaces	700
Security Controls for Electronic Research Data	400
Network Infrastructure	300
<i>Patient Care</i>	
Affiliated Hospitals Contracts Review	400
St. Paul Emergency Room Operations	400
Patient Billing and Reimbursement	400
Medical Errors or Close Calls Evaluation and Correction Process	300
Hospital and Campus Pharmacy Operations	500
Faculty Practice Financial Affairs	400
<i>Consulting</i>	300
<i>Carryforward</i>	150
Risk Based Tier Two Subtotal	6150
Management Review	
<i>Change in Management Audits</i>	
Internal Medicine	500
Pediatrics	300
Family and Community Medicine	200
Anesthesiology	200
Dermatology	200
Pharmacology	200
Radiation Oncology	200
Orthopaedic Surgery	200
Otolaryngology	200
Physical Medicine and Rehabilitation	200
Management Review Subtotal	2400
Follow-up	400
Audit Projects	
<i>UT System Requests</i>	200
<i>Special Request Audits</i>	200
Audit Projects Subtotal	400

**UT Southwestern Medical Center
Internal Audit Annual Report for Fiscal Year 2007**

Consulting Projects	
A-133 Audit Support	200
Fraud Prevention and Analysis	400
LBB Performance Measures	200
Compliance Monitoring	300
Special Requests - Consulting	400
Consulting Projects Subtotal	1500
Other Projects	
Requests for Information/Assistance	200
Annual Internal Audit Report	125
Quality Assurance Review	200
Training provided by IA	300
Internal Audit Committee	200
Investigations	400
Facilitated Risk Assessment	400
Reserve for other Special Requests	400
FY 08 Audit Plan	80
Other Projects Subtotal	2305
Projects Total	4205
Total Hours	18505

Explanation of Deviations from Fiscal Year 2007 Audit Plan

As documented in the Audit Committee meeting minutes, the following items contributed to the deviations from the FY 2007 Audit Plan. Despite the deviations, all the key audits were completed or in the process of completion as of August 31, 2007.

- Key Financial and Operating Information Audits – All audits were completed for this section.
- Institutional Compliance – All audits were completed for this section.
- Risked Based Research Audits – Due to staff turnover, recruitment, and training requirements of new staff, Research Grants Management, Faculty Practice Financial Affairs and Service Centers & Recharge Centers were moved to the FY08 audit plan.
- Information System Audits – Security Controls for Electronic Research Data and Network Infrastructure audits was moved to FY08.
- Business Process Audits – All audits were completed for this section.
- Management Review Audits – The Radiation Oncology review was postponed.
- 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

07:01 FY 2006 Follow Up

Report Number	07.01	Report Date	In progress	Name of Report	FY2006 Audits Follow Up		
High Level Audit Objective	Required by IIA Standards to ensure timely implementation of recommendations.						
Observations Findings Recommendations	Near completion.			Current Status		Fiscal or Other Impact	To ensure appropriate risk management activities have occurred as recommended.

07:02 NPIDF

Report Number	07.02	Report Date	12.04.06	Name of Report	NPIDF		
High Level Audit Objective	Perform year-end financial audit.						
Observations Findings Recommendations	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.			Current Status	n/a	Fiscal or Other Impact	Limit the exposure of the foundation to inaccurate financial reporting.

07:03 TAC 202

Report Number	07.03	Report Date	10.31.06	Name of Report	TAC 202	
High Level Audit Objective	The primary objective of this audit is to provide reasonable assurance that UT Southwestern Medical Center is in compliance with information security standards set forth in the TAC 202.					
Observations Findings Recommendations	1. The Director of Information Security require reviews, revisions (if necessary), and tests of IR recovery plans on an annual basis.	Current Status	Planned – Management has agreed to revise policies	Fiscal or Other Impact	Reduce the risk associated with noncompliance with UT System and state regulations.	
	2A. The Office of Executive Vice President for Business Affairs' Business Continuity Manager and Senior Business Analyst need to create a project plan (including a timeline) for completion of the entity-wide BIA. The Office of Executive Vice President for Business Affairs' Director should monitor project progress and allocate resources as necessary to complete the project. Update Internal Audit bi-monthly on the project status beginning in November 2006.	Current Status	Planned- management will create a project.	Fiscal or Other Impact	Reduce the risk associated with noncompliance with UT System and state regulations.	
Observations Findings Recommendations	<p>2B. For departments without IR Facilities Management Agreements, we recommend that the Director of Information Security request that department IR Contacts:</p> <ol style="list-style-type: none"> 1) Review data housed in servers to confirm whether or not the server contains protected, sensitive, confidential or proprietary data, SSNs, or PHI. 2) Determine whether any of the data, identified above, is mission critical to the department. 3) If the server data is not being backed-up and stored off-site, document the reason it is not necessary to back-up and store the data off-site. 4) Verify that information submitted in iAim Server Registration is accurate. 5) Department IR Contacts should report back to a point of contact, designated by the Director of Information Security, that they have completed steps 1-4 above. 	Current Status	In process	Fiscal or Other Impact	Reduce the risk associated with noncompliance with UT System and state regulations.	

07:03 TAC 202 continued

Observations Findings Recommendations	3. Revise the risk assessment methodology as follows: a) Include social security numbers as an assessment element. b) Either apply a higher weight to departments with numerous organizational ids or combine the organizational ids to more accurately reflect departmental risk.	Current Status	In Process	Fiscal Impact or Other Impact	Reduce the risk associated with noncompliance with UT System and state regulations.
	4. The Director of Information Security "weigh the cost of implementing preventative measures against the risk of loss from not taking action" and determine if UT Southwestern Medical Center should choose to accept or mitigate the risks to the cable and servers.	Current Status	In Process	Fiscal Impact or Other	Reduce the risk associated with noncompliance with UT System and state regulations.

07:04 Internal Medicine

Report Number	07.04	Report Date	03.28.07	Name of Report	Internal Medicine
High Level Audit Objective	Perform management audit on department operations.				
Observations Findings Recommendations	1. We recommend that the Department of Internal Medicine develop and/or update, document, and disseminate department specific policies and procedures to all of its divisions. Additionally, placing the policies and procedures on the network drive for electronic access would facilitate ease of use by employees.	Current Status	In process	Fiscal or Other Impact	Internal Control risks decrease by documenting, enforcing, and making department aware of procedures.

07:04 Internal Medicine continued

Observations Findings Recommendations	2. We recommend that the Department of Internal Medicine develop, document, and disseminate the following: a. A written action plan resulting in a comprehensive set of goals and objectives for the activities of the department. b. Written communication of this plan to the divisions with directives for reporting the performance of the plan objectives.	Current Status	In process	Fiscal or Other Impact	Written directives communicate goals and action plans to the division. The operational planning process incorporates and sets direction for the administrative operations of the department.
	3. We recommend that Internal Medicine Division Chiefs or their designee download and review the online Administrative Information Management (iAim) training reports regularly to track the status of their employees' training history. We also recommend accountability for completing required training be a formal part of performance reviews. We recommend that the Department of Internal Medicine develop, document, and implement a plan to ensure 100% compliance with the requirement that each UT Southwestern faculty member must submit an annual Statement of Financial Interests.	Current Status	In process	Fiscal or Other Impact	Failure to complete Institutional Compliance training within the first 60 days of employment exposes UT Southwestern Medical Center to potential employee non-compliance with laws and regulations.
	4. We recommend all Internal Medicine Divisions implement the use of the iAim account reconciliation tool.	Current Status	In process	Fiscal or Other Impact	Keeps reconciliation errors and issues detected at a worthwhile date.

07:05 MSRDP Financial Review

Report Number	07.05	Report Date	03.22.07	Name of Report	MSRDP Financial Review	
High Level Audit Objective	To provide reasonable assurance that the overall environment in which the Plan is currently operating has adequate and effective controls.					
Observations Findings Recommendations	<p>1. Ratios MSRDP Management should ensure compliance with UTS Policy #154 as follows:</p> <ul style="list-style-type: none"> a. Calculate the ratios for Operating and Total Margins. b. Enhance the ratio calculations for Timely Submission of Charges, the Percentage of Collections, and the Missed Deadline Account Write-offs to agree with the calculation formats specified in the policy. 		Current Status	Planned, the ratio calculations will be adjusted	Fiscal or Other Impact	Adjust ratios to prevent misstatements and irregularities, and to report accurate information.
Observations Findings Recommendations	<p>2. Operating Manual We recommend that MSRDP Management:</p> <ul style="list-style-type: none"> a. Review the existing operating manual against the UTS guidelines for compliance, comprehensiveness, clarity, and usefulness. b. Consider developing and implementing a plan for distributing and using the operating manual as a tool to train and provide guidance to faculty and staff regarding governance, organization, policies, and procedures of the Plan. 		Current Status	Planned, the manual will be updated.	Fiscal or Other Impact	Enhancing and updating the operating manual will provide better tracking and documentation for the Medical Center.
Observations Findings Recommendations	<p>3. Standing Committee Minutes Management should ensure compliance with the quarterly requirements of the Standing committees (Parkland Hospital Liaison and Clinical Chairs Advisory Committee) by providing minutes summarizing the deliberations and submission to the Board. Management may also need to consider whether verbal reporting by the Standing committees is sufficient and is an acceptable means to meet this requirement.</p>		Current Status	Planned, we will make the appropriate adjustments.	Current Status	Without meeting minutes, information discussed in standing committees will not be readily available for review by the Board and could result in less efficient follow up on committee action items.

07:06 Compliance Monitoring I, II, and III (07:06; 07:28; 07:30)

Report Number	07.07	Report Date	n/a	Name of Report	Compliance Monitoring I, II, and III	
High Level Audit Objective	The objective of this engagement was to conduct compliance monitoring of the annual Self-Assessment on Internal Controls by reviewing and assessing controls for key risk areas in selected departments.					
Observations Findings Recommendations	We recommend Management develop procedures to ensure proper segregation of duties for billing, receiving, and depositing of account receivable monies. The person who does the account reconciliations should not be the same person who approves department expenditures or handles cash receipts. In departments where the separation of duties is not feasible, strict individual accountability and thorough management supervision and monitoring is required.	Current Status	n/a	Fiscal or Other Impact	Adequate segregation of duties reduces the likelihood that errors will remain undetected by incorporating different individuals to process a transaction at various stages and for independent reviews of the work performed.	
	We recommend Management consider using the on-line account reconciliation tool. For those employees reconciling subledger accounts, consider campus provided training in DPIN, and iAim.	Current Status	n/a	Fiscal or Other Impact	To prevent or detect misstatements, irregularities, loss, and fraud in a timely manner.	
	We recommend Management annually update its Financial and Administrative Risk Assessments and complete a Risk Assessment for each department. In addition, the Risk Assessment should be discussed amongst management to establish monitoring procedures.	Current Status	n/a	Fiscal or Other Impact	To ensure appropriate risk management activities have occurred as identified.	
	We recommend Management properly monitor the usage of telephone or fax calls for official business use.	Current Status	n/a	Fiscal or Other Impact	To prevent or detect misstatements, irregularities, loss, and fraud in a timely manner.	
	Management needs to ensure that key employees have received both Internal Controls and Institutional Compliance training.	Current Status	n/a	Fiscal or Other Impact	To prevent or detect misstatements, irregularities, loss, and fraud in a timely manner.	

07:07 Procurement Card

Report Number	07.07	Report Date	03.19.07	Name of Report	Procurement Card Review			
High Level Audit Objective	The objectives of this audit were to evaluate the procurement card cycle, determine if monitoring controls are functioning as intended, review procurement card transactions for appropriateness and accuracy, and determine compliance with purchasing guidelines.							
Observations Findings Recommendations	1. Internal Audit recommends that Materials Management register the procurement card server with Network Services and complete the Information Security survey form.			Current Status	Implemented	Fiscal or Other Impact	If server is not maintained properly, unauthorized access could occur.	
Observations Findings Recommendations	<p>2. Procurement Card Program Guide</p> <p>a. Compliance reviews will be conducted for each cardholder every two years to allow the cardholder the opportunity to recognize if his/her efforts are in compliance with policies or if improvements are needed. The compliance reviews will involve verification of the existence of the actual original receipts. The compliance review may involve visiting several locations, if the cardholder, reconciler, and approver have different office locations.</p> <p>b. In addition to order information and packing slips, an invoice or receipt showing proof of payment should always be included in the backup documentation. The purchaser should sign and date all receipts that are faxed from the vendor and those printed from emails or the Internet to allow for greater accountability and to validate the receipts as originals.</p> <p>c. Although policy states procurement cards may not be shared, extenuating circumstances may prevent the cardholder from making a purchase that is necessary for the continued and efficient functioning of the department. In such circumstances, comments should be written in the order log of the p-card software indicating the card was used by someone other than the cardholder and signatures of both the authorized user and cardholder should be on the receipt.</p>			Current Status	Planned, Management will update the procurement card program guide.	Fiscal or Other Impact	To prevent or detect misstatements, irregularities, loss, and fraud in a timely manner.	
Observations Findings Recommendations	<p>3. Strategic Planning – Procurement Card Use</p> <p>To increase the total dollar volume of p-card purchases, strategies should be considered to encourage an increase in purchases using p-cards.</p>			Current Status	In progress, p-card usage will increase.	Fiscal or Other Impact	Increase efficiency and ease of purchasing.	

07:08 PCI DSS Compliance

Report Number	07.08	Report Date	02.15.07	Name of Report	PCI DSS Compliance
High Level Audit Objective					
Observations Findings Recommendations	<p>1. Storage of Old Credit Card Account Information - A process should be established to ensure that credit card information will be promptly deleted when no longer needed. Areas that store cardholder data which is no longer needed should properly dispose of that data. Information Security (Stan Waddell) and Accounting (Glen Bailey) along with the areas that process credit cards and the Global Payments contact for UT Southwestern (Lauren Stanton), should determine the number of necessary days to store cardholder data for business purposes.</p>	Current Status	Planned, Management will create a process to destroy credit card information when no longer needed.	Fiscal or Other Impact	Prevent liability and theft of credit card information.
	<p>2. Password Protection - All workstations that contain the Global Payments software should be locked, or shut down, when they are not occupied by personnel. UT Southwestern's main contact for Global Payments (Glen Bailey) should request updated software that requires the use of user IDs and passwords from Global Payments.</p>	Current Status	Implemented	Fiscal or Other Impact	If computers are not locked down or password protected, unauthorized access could occur.
	<p>3. Segregation of PCs with Cardholder Information - When payment card information is stored on a network device, a process should be in place to ensure that all devices attached to that network are compliant with PCI DSS. UT Southwestern should segment those PCs that have the capability of storing cardholder data onto a different VLAN. This smaller VLAN should receive the necessary vulnerability scans and updates to become PCI DSS compliant.</p>	Current Status	Planned, the devices will be secured and maintained accordingly.	Fiscal or Other Impact	Prevent liability and theft of credit card information.

07:08 PCI DSS Compliance continued

Observations Findings Recommendations	4. Payment Card Policies and Procedures - Information Security, along with functional areas that utilize credit card information, should develop a Medical Center policy for the handling of payment card information (scanned, electronic files, and paper records). The policy should be written, distributed to the necessary areas, and provide guidelines for how payment card information should be protected while transmitted, processed, and stored.	Current Status	Planned, a policy will be created for the handling of payment card information.	Fiscal or other Impact	Prevent liability and theft of credit card information.
	5. Annual PCI DSS Compliance Review - Annually, determine whether the Medical Center is compliant with the Payment Card Industry Data Security Standard and report status to senior management.	Current Status	Planned, a review will occur annually.	Fiscal or other Impact	Prevent liability and theft of credit card information. Keep up to date in industry trends.

07:09 Family and Community Medicine

Report Number	07:09	Report Date	1.18.07	Name of Report	Family and Community Medicine	
High Level Audit Objective	The audit objectives were to evaluate the system of internal controls in Family and Community Medicine.					
Observations Findings Recommendations	<p>1. Billed Charges Family Medicine management, faculty, and staff should review and comply with all Ambulatory Services policies and procedures. To reduce the amount of missing documents within the patient activity batches and enhance the charge capture process, we recommend the following:</p> <p style="margin-left: 40px;">A. The front desk batches should be reconciled on a daily basis by someone other than the check-in Clinical Staff Assistant.</p>	Current Status	Planned, we will reconcile on a daily basis and ensure segregation of duties.	Fiscal or Other Impact	Reconcile to prevent misstatements and irregularities, and to report accurate information.	

07:09 Family and Community Medicine continued

Observations Findings Recommendations	B. Utilize the Department Appointment Report (DAR) to reconcile the front desk batches with the Front Desk Activity Report and patient encounter forms. Subsequently, if any corrections are needed these corrections should be expeditiously applied within EPIC before the clinic closes.	Current Status	Planned, we will use the DAR to reconcile the front desk batches, and make corrections in Epic before the clinic closes.	Fiscal or Other Impact	Reconcile to prevent misstatements and irregularities, and to report accurate information.
	C. Reconcile the front desk reports and forms with the reports created by department Billing Coordinators	Current Status	Planned, we will reconcile these reports and forms.	Fiscal or Other Impact	Reconcile to prevent misstatements and irregularities, and to report accurate information.
	D. Develop a thorough process to review if a provider has completed and closed a patient visit so that charges can be posted in a timely manner.	Current Status	Implemented	Fiscal or Other Impact	Ensure that patients and charges are posted in a timely manner.
	E. Ensure a reliable schedule, log-book, or other report mechanism is utilized routinely to document all patients treated. Each day, a member of the staff should be assigned to compare the encounter forms to the schedule, log book, or other mechanism used by the department, in order to ensure a charge sheet/encounter form was completed for every patient that was treated. This person should than sign off on the paperwork providing evidence that the reconciliation was completed.	Current Status	Planned, we will create a schedule log book so that patients seen can be cross referenced.	Fiscal or Other Impact	Will reveal duplicate or missed charges that should be charged. Will ensure that the Medical Center is properly paid.

07:10 Pharmacology

Report Number	07:10	Report Date	09.20.07	Name of Report	Pharmacology	
High Level Audit Objective	<p>The objectives of this audit were to evaluate the system of internal controls utilized by the department in the following areas:</p> <ul style="list-style-type: none"> • research grants: compliance with grant guidelines • expenditures: general, entertainment, travel • information technology: security. 					
Observations Findings Recommendations	<p>Account Reconciliation Develop policies and procedures to ensure that all assigned departmental accounts are reconciled on a monthly basis. All staff responsible for completing and approving account reconciliations should be trained to use the iAIM online system.</p>		Current Status	Planned, we will develop a procedure for reconciliation and implement it.	Fiscal or Other Impact	Reconcile to prevent misstatements and irregularities, and to report accurate information.

07:11 Pediatrics

Report Number	07:11	Report Date	12.14.06	Name of Report	Pediatric Management Review	
High Level Audit Objective	Perform management audit on department operations.					
Observations Findings Recommendations	1. Ensure all services provided by pediatric physicians at Parkland and Children's are captured in the billing system by documenting and performing the reconciliation processes over charge entry and appointment logs.		Current Status	Planned, we will reconcile and document the services.	Fiscal or Other Impact	Reconcile to prevent misstatements and irregularities, and to report accurate information.
	2. Review and update the Pediatric Department documentation on the mission statement, organizational plans, risk assessment, and policies and procedures.		Current Status	Planned, we will update this information.	Fiscal or Other Impact	Employees will be informed and thus be held accountable for policy guidelines and mandates.

07:11 Pediatrics continued

Observations Findings Recommendations I	3. Management should consider consulting with the Senior Business Analyst in the Office of Information Resources with regard to the on-line account reconciliation tool in iAim and the access req log developed by the Information Resources (IR) Department. These web based account reconciliation tools may improve the efficiency of the reconciliations. Consider campus provided training in DPIN, iAim and Access for those employees reconciling subledger accounts.	Current Status	Planned, we will consult with the Senior Business analyst to implement online reconciliation assistance.	Fiscal or Other Impact	Reconcile to prevent misstatements and irregularities, and to report accurate information. Increase efficiency and accuracy with online reconciliation.
	4. Management should ensure that employees complete the annual Information Security Agreement and biennial Information Security Training program.		Planned, we will make sure the training(s) are completed.		Employees will be informed and thus be held accountable for policy guidelines and mandates.
	5. Ensure a 100% compliance rate with the Institutional Compliance Training program for all pediatric employees.		Planned, we will make sure the training(s) are completed.		Employees will be informed and thus be held accountable for policy guidelines and mandates.

07:12 LBB Performance Measures

Report Number	07:12	Report Date	11.20.06	Name of Report	LBB Performance Measures	
High Level Audit Objective	Review of the performance measure information. Ensure adequate and complete documentation is retained to support reported measures.					
Observations Findings Recommendations	The performance measures are accurately represented.	Current Status	n/a	Fiscal or Other Impact	Limit the risk of reporting erroneous data to the State.	

07:13 Deloitte and Touche External Financial Audit Assistance

Report Number	07.13	Report Date	n/a	Name of Report	External Financial Audit Support		
High Level Audit Objective	Assist external auditors in the performance of internal control review and testing of manual and automated control processes.						
Observations Findings Recommendations	Internal Audit used 2007-budgeted time to provide assistance as needed. Deloitte and Touche provided recommendation to management within a formal management letter addressing issues that were identified in processes and internal controls during the external audit. No material weaknesses were reported.			Current Status	n/a	Fiscal or Other Impact	To ensure Deloitte and Touche achieves their stated goals of the engagement.

07:14 President's Travel and Entertainment

Report Number	07.14	Report Date	11.15.06	Name of Report	President's Travel and Entertainment		
High Level Audit Objective	The objectives of this audit were to: <ul style="list-style-type: none"> • 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			Current Status	n/a	Fiscal or Other Impact	n/a

07:15 Medical Errors and Close Calls

Report Number	07.15	Report Date	01.18.07	Name of Report	Medical Errors and Close Calls	
High Level Audit Objective	The primary objective of this audit is to provide reasonable assurance that the University Hospitals' process for evaluating medical errors or close calls reduces the likelihood of recurrence.					
Observations Findings Recommendations	We recommend that the University Hospitals' Director of Compliance or appointed designee request and review the IR audit report on a monthly basis to identify and address issues involving:		Current Status	Implemented	Fiscal or Other Impact	Limit the risk of reporting erroneous data and ensure timely reporting.
	A. Employees or areas consistently failing to meet the 24 hour reporting requirement or					
Observations Findings Recommendations	B. Employees that may need further assistance with the Risk Monitor Pro® application		Current Status	Implemented	Fiscal or Other Impact	Limit the risk of reporting erroneous data. Ensure that reporting occurs and is accurate.

07:16 EPIC Implementation

Report Number	07.16	Report Date	07.02.07	Name of Report	EPIC Implementation		
High Level Audit Objective	The objectives of this audit were to review the project implementation, methodologies, monitoring and remediation; and, review the internal controls over general operations, information security and access, and financial reporting.						
Observations Findings Recommendations	1. Timely Epic® Access Termination We recommend management ensure timely terminations of Epic® access granted to Medical Center workforce members. We suggest a periodic review of all Epic® active users be performed to compare to a current employee or termination listing from Human Resources to identify individuals that should have their Epic® access deactivated. We also recommend that management establish a method to periodically track and document non-UT Southwestern employees' Epic® user access for propriety.			Current Status	Planned, we will ensure Epic access is deactivated timely.	Fiscal or Other Impact	Prevents fraud or misuse.
	2. Cash Payment Reversals We recommend that management review those policies and procedures as they relate to the enhancement of internal controls over payment reversals or deposit corrections by completing the following: <ol style="list-style-type: none"> a. Any of the events requiring a payment reversal as well as the actual processing should be monitored and tracked by clinic management. b. Management should ensure that a report or listing showing cash payment reversals are available for inspection and review by clinic management and t c. The payment reversal review process should be incorporated into clinic supervisory training. 			Current Status	Planned, we will enhance the internal controls pertaining to payment reversals.	Fiscal or Other Impact	To prevent or detect misstatements, irregularities, loss, and fraud in a timely manner.
	3. Psychiatry Clinic Payment Reversals The payment reversal function performed in IDX by the Billing Coordinator for Psychiatry should be disallowed. For proper segregation of duties this function should be performed in the Cashier's Office within the Department of Business Services as are all other clinic payment reversals or deposit corrections.			Current Status	Implemented	Fiscal or Other Impact	Proper segregation of duties ensures detection and lack of opportunity for misstatements, irregularities, loss, and fraud in a timely manner.

07:17 AR Cash Receipts

Report Number	07.17	Report Date	06.29.07	Name of Report	AR Cash Receipts		
High Level Audit Objective	The primary objective of this audit is to provide reasonable assurance that there are adequate internal controls over non-patient accounts receivable.						
Observations Findings Recommendations	No recommendations were found.			Current Status	n/a	Fiscal or Other Impact	n/a

07:18 JAMP

Report Number	07.18	Report Date	10.30.06	Name of Report	JAMP		
High Level Audit Objective	The objective of this audit was to provide assurance that the institution is in compliance with JAMP agreement requirements and the JAMP expenditure guidelines. This audit is required every two years for the prior two fiscal years per the JAMP council agreement.						
Observations Findings Recommendations	The audit resulted in no findings of non-compliance.			Current Status	n/a	Fiscal or Other Impact	n/a

07:19 Affiliated Hospitals Contract Review

Report Number	07.19	Report Date	04.18.07	Name of Report	Affiliated Hospitals Contract Review		
High Level Audit Objective	The primary objective of this audit was to provide reasonable assurance that there are adequate and effective internal controls for affiliated hospitals contracts.						
Observations Findings Recommendations	There were no recommendations.			Current Status	n/a	Fiscal or Other Impact	n/a

07:20 Dermatology

Report Number	07.20	Report Date	03.13.07	Name of Report	Dermatology	
High Level Audit Objective	Perform management audit on department operations.					
Observations Findings Recommendations	1. Inventory Control Department management should strengthen controls to safeguard Medical Center assets in its ambulatory clinic. We recommend management:		Current Status	Planned, we will implement a computerized inventory system.	Fiscal or Other Impact	To prevent or detect misstatements, irregularities, loss, and fraud in a timely manner.
	A. Use and maintain a computerized inventory system that records all purchases and their cost, sales, returns, and adjustments.		Current Status		Fiscal or Other Impact	Employees will be informed and thus be held accountable for policy guidelines and procedures.
	B. Design and document department inventory procedures and identify controls and who has what responsibility. Keep up to date procedures and provide training to all personnel involved.		Current Status		Fiscal or Other Impact	Proper segregation of duties ensures detection and lack of opportunity for misstatements, irregularities, loss, and fraud in a timely manner.
	C. Segregate the duties of personnel responsible for accounting, purchasing, record keeping, and custody of stock.		Current Status		Fiscal or Other Impact	To prevent or detect misstatements, irregularities, loss, and fraud in a timely manner.
	D. Limit system access to carefully selected individuals with proper restrictions based on authority and their duties.		Current Status		Fiscal or Other Impact	To prevent or detect misstatements, irregularities, loss, and fraud in a timely manner.
	E. Conduct periodic third-party inventory counts. Investigate and resolve any variances.					To prevent or detect misstatements, irregularities, loss, and fraud in a timely manner.

07:21 Physical Medicine Rehabilitation

Report Number	07.21	Report Date	03.02.07	Name of Report	Physical Medicine Rehabilitation		
High Level Audit Objective	Perform management audit on department operations.						
Observations Findings Recommendations	Management should ensure that cash handling duties are appropriately segregated for Physical Medicine and Rehabilitation's therapy area.		Current Status	Implemented		Fiscal or Other Impact	Proper segregation of duties ensures detection and lack of opportunity for misstatements, irregularities, loss, and fraud in a timely manner.

07:22 THECB Medical Education Grants

Report Number	07.22	Report Date	01.22.07	Name of Report	THECB Medical Education Grants		
High Level Audit Objective	Annual review as required.						
Observations Findings Recommendations	No exceptions were found during the course of this review.		Current Status	n/a		Fiscal or Other Impact	n/a

07:23 FSP Financial Review

Report Number	07.23	Report Date	04.18.07	Name of Report	FSP Financial Review	
High Level Audit Objective	Annual review as required.					
Observations Findings Recommendations	<p>1. RATIOS - We recommend that FSP Management:</p> <ul style="list-style-type: none"> a. Calculate the ratios for Timely Submission of Charges, Percentage of Collections, and Operating and Total Margins and the amounts for Missed Deadline Account Write-offs. b. Change the ratio calculation for Billing and Collection Cost to Net Charges to agree with the formulas specified in the UTS Policy #UTS154. c. We also recommend that all six ratios/figures be reported, preferably grouped together or otherwise clearly labeled to show they are UTS required, at the Budget and Finance Committee meetings of the Plan Board. 		Current Status	Implemented	Fiscal or Other Impact	Adjust ratios to prevent misstatements and irregularities, and to report accurate information.

07:24 Payroll

Report Number	07.24	Report Date	04.26.07	Name of Report	Payroll	
High Level Audit Objective	The objective of our audit was to determine if the Medical Center has established adequate internal controls over hourly payroll disbursements.					
Observations Findings Recommendations	<p>Recommendation 1: Internal Controls University Hospitals' Payroll procedures should specify internal controls standards to be followed by personnel who have payroll responsibilities.</p> <ul style="list-style-type: none"> a. Hospital Payroll should not allow any employee that is not included on the authorized signer list, approved by the Office of Accounting, to sign for and receive physical paychecks for a department. Hospital Payroll should develop contingency procedures for an area if all authorized signers are unavailable to distribute payroll checks or have employees come to Hospital Payroll Office to retrieve their paychecks. b. Any employee authorized to approve payroll documents should not be responsible for reviewing reports for the distribution of payroll, or for distributing payroll checks. The ability to perform both of these tasks diminishes the separation of duties within a department. Personnel with preparer, edit, and review responsibilities for Medical Center payroll functions should not be assigned to pick up and distribute payroll checks. c. Due to its inherent risks, we further recommend the Hospital Payroll department strengthen its policies and procedures to include distribution processes and safeguards that are uniform to the Medical Center Payroll practices and fully address risks, security, and record keeping. All updates to policy should be formally approved by and mutually agreed upon by both University Hospital Administration and the Office of Accounting for the Medical Center. 		Current Status	Planned, we will reexamine our internal control standard and implement appropriate controls.	Fiscal or Other Impact	To prevent or detect misstatements, irregularities, loss, and fraud in a timely manner.

07:24 Payroll continued

Observations Findings Recommendations	<p>Recommendation 2: Policies and Procedures Policies and procedures for the Payroll Department should be updated to reflect current control processes and identify safeguards used to authorize, monitor, reconcile and distribute hourly payroll throughout the Medical Center.</p>	Current Status	Planned, we will update documentation and procedures.	Fiscal or Other Impact	Employees will be informed and thus be held accountable for policy guidelines and procedures.
---------------------------------------	--	----------------	---	------------------------	---

07:25 Otolaryngology

Report Number	07.25	Report Date	05.14.07	Name of Report	Otolaryngology	
High Level Audit Objective	Perform management audit on department operations.					
Observations Findings Recommendations	<p>1. Academic Operations - Account Reconciliation</p> <p>a. The reconciliation process should be documented and include monitoring and verifying that inactive accounts are indeed inactive. In addition, all assigned active departmental accounts should be reconciled appropriately on a monthly basis and for the year end reporting process. This review of reconciliation needs to be documented on the departmental reconciliation summary. Prior to the annual certification to the Office of the Executive Vice President of Business Affairs, the department should ensure that all assigned accounts have been reconciled as of the close of the fiscal year.</p> <p>b. Reassess using the iAim online account reconciliation tool and provide training for staff responsible for completing and approving account reconciliations. This would allow for efficiencies incorporated in the iAim reconciliation tool such as pre-reconciled items, account sorting and grouping, and computer name, date, and time stamping.</p>	Current Status	Planned, we will document reconciliation and consider reconciling online.	Fiscal or Other Impact	Reconcile to prevent misstatements and irregularities, and to report accurate information. Increase efficiency and accuracy with online reconciliation.	

07:25 Otolaryngology continued

Observations Findings Recommendations	<p>2. Clinic Operations - Payment and Charge Reconciliations We recommend that management of Otolaryngology, Head and Neck Surgery should assign a documented daily review of charge and payment reconciliation report following the Ambulatory Services "Daily Clinic Reconciliation of Charges and Payments" policy to the Clinic Supervisor position.</p>	Current Status	Planned, we will document a daily review.	Fiscal or Other Impact	This would provide supervision to help ensure timely detection of balancing errors.
---	---	-------------------	---	---------------------------------	---

07:26 Hospital and Campus Pharmacy Operations

Report Number	07.26	Report Date	06.29.07	Name of Report	Hospital & Campus Pharmacy Operations	
High Level Audit Objective	The primary objective of this audit is to provide reasonable assurance that the Department of Pharmacy Services has adequate and effective controls to ensure these operations, conducts an effective inventory practice and structure, processes bills to third-party carriers accurately, processes and posts charges timely and completely, reconciles daily activity, and safeguards Medical Center assets.					
Observations Findings Recommendations	<p>1. St. Paul and Zale Lipsky Pharmacy – Physical Security of Pharmaceutical Supplies Management should immediately change the pass codes to the medication supply rooms and develop a policy that includes the following:</p> <ul style="list-style-type: none"> A. Periodic changing of all pass codes B. Ensure keys/pass code combinations are only issued to authorized individuals C. On an annual basis, obtain a listing of keys/pass codes issued and review for completeness and accuracy D. Ensure combinations on safes or door locks are change periodically or when there is employee turnover. 	Current Status	Planned, we will create a process to monitor pass codes.	Fiscal or Other Impact	Protect Medical Center assets.	

07:26 Hospital and Campus Pharmacy Operations continued

<p>Observations Findings Recommendations</p>	<p>2. St. Paul and Zale Lipshy Pharmacy – Depositing Checks Develop a written policy to ensure a uniformity deposit practice for both St. Paul and Zale Lipshy pharmacies.</p>		<p>Planned, a written policy for depositing checks will be developed and implemented.</p>	<p>Employees will be informed and thus be held accountable for policy guidelines and procedures. Protect Medical Center assets.</p>
	<p>3. St. Paul and Zale Lipshy Pharmacy – Charge Entry Policy Update the charge entry policies for Zale Lipshy and St. Paul pharmacies.</p>		<p>Planned, a written policy for charge entry will be updated and implemented.</p>	<p>Employees will be informed and thus be held accountable for policy guidelines and procedures.</p>
	<p>4. Campus Pharmacy System Perform a cost analysis to weigh the benefits of a point-of-sale system.</p> <p>a. Management should ensure cash receipts are adequately safeguarded implementing routine secondary review of daily deposits.</p> <p>b. Ensure adequate and up-to-date reconciliations of clinic billing, worker’s compensation claims, and third party claims, management should:</p> <ul style="list-style-type: none"> • Document and periodically update reconciliation procedures including development of any training opportunities deemed necessary to meet daily job requirements. • Approve and validate reconciliations with a managerial authorized signature on a monthly basis. 		<p>Planned, we will examine the benefits.</p>	<p>To prevent or detect misstatements, irregularities, loss, and fraud in a timely manner.</p>

07:26 Hospital and Campus Pharmacy Operations continued

Observations Findings Recommendations	<p>5. Campus Pharmacy Lockbox The Director of Pharmacy Services should work with the Assistant Director for Cash Management and develop a process to both direct mail payments to a lockbox and record lockbox receipts as Campus Pharmacy income.</p>		Planned, we will develop a process to safeguard funds and document receipt of these funds.		Protect Medical Center assets.
	<p>6. St. Paul and Zale Lipsky Pharmacy – Physical Security of Pharmaceutical Supplies Management should immediately change the pass codes to the medication supply rooms and develop a policy that includes the following: E. Periodic changing of all pass codes F. Ensure keys/pass code combinations are only issued to authorized individuals G. On an annual basis, obtain a listing of keys/pass codes issued and review for completeness and accuracy H. Ensure combinations on safes or door locks are change periodically or when there is employee turnover.</p>		Planned, we will implement these controls.		Protect Medical Center assets.

07:27 ATP/ARP Grants

Report Number	07.27	Report Date	04.18.07	Name of Report	ATP/ ARP Grants	
High Level Audit Objective	The objective of this audit was to provide reasonable assurance that there are adequate and effective controls over ARP/ATP grant expenditures.					
Observations Findings Recommendations	<p>1. Expense Reimbursement a. The principal investigator should use unrestricted funds to reimburse the cost of the non-allowed trip to the grant account, and Post Award Administration should submit the unexpended funds to THECB.</p>	Current Status	Implemented	Fiscal or Other Impact	Adjust accounts to prevent misstatements and irregularities, and to report accurate information.	

07:29 Institutional Review Board

Report Number	07.29	Report Date	06.29.07	Name of Report	Institutional Review Board	
High Level Audit Objective	Perform management audit on department operations.					
Observations Findings Recommendations	1. Subject Enrollment - We recommend IRB management ensure that the PI obtains the required approval from the IRB before increasing subject enrollment in research studies.	Current Status	Planned, we will ensure that PIs obtain prior approval.	Fiscal or Other Impact	Unauthorized changes to research studies is against policy and could result in a loss of funding.	
	2. Adverse Event Reporting - We recommend that IRB management: a. Ensure the Principal Investigator adhere to the reporting timeframes of local Serious Adverse Events. b. Ensure the IRB Chair immediately review local Serious Adverse Event death.	Current Status	Planned, we will ensure the PIs report serious adverse events timely.	Fiscal or Other Impact	Reports not filed in a timely fashion is against policy and could result in a loss of funding.	

07:31 St. Paul Emergency Room Operations

Report Number	07.31	Report Date	08.22.07	Name of Report	St. Paul Emergency Room Operations	
High Level Audit Objective	The objectives of this audit were to ensure the Emergency Department is in compliance with the EMTALA regulation, evaluate the effectiveness of the policies, procedures and internal controls currently in place, review the volume and timeliness of patient treatment, and review charge entry to ensure the current process is appropriate.					
Observations Findings Recommendations	No recommendations were found.		Current Status	n/a	Fiscal or Other Impact	n/a

07:32 Physical Plant Operations and Maintenance

Report Number	07:32	Report Date	In process	Name of Report	Physical Plant Operations and Maintenance	
High Level Audit Objective	In process					
Observations Findings Recommendations	In process		Current Status	In process	Fiscal or Other Impact	In process

07:33 Physician Billing and Reimbursement

Report Number	07:33	Report Date	08.15.07	Name of Report	Physician Billing and Reimbursement	
High Level Audit Objective	The primary objective of this audit was to provide reasonable assurance that the overall environment in which the MSRDP Billing Operations Administration operates complies with established policies and procedures.					
Observations Findings Recommendations	<p>1. Documentation of Collections Procedures</p> <p>a. Management should formally document their collections and bad debt practices and submit for approval to the MSRDP Board. These collection procedures should be reviewed to determine if they should be incorporated in a new Business Process Flow with the implementation of EPIC Resolute.</p> <p>b. Management should ensure that all procedures or practices be documented in workflows.</p>		Current Status	Planned, We are working on the draft collection procedures and will present the MSRDP collection policy, practices and strategy.	Fiscal or Other Impact	The lack of approved documented procedures, policies, and strategies could result in the MSRDP Board not being knowledgeable about the Billing Operations' collection practices which could impact the Board's ability to fulfill its governance responsibilities. It could also result in the collection of physicians' fees not being maximized.

07:33 Physician Billing and Reimbursement continued

Observations Findings Recommendations	<p>2. Self Pay Not Transferred to Bad Debt or Collection Agency To increase collection of revenues and to ensure compliance with UT System policies, management should prioritize the appropriate transfer of patient balances within the approved timeframes to bad debt or to collection agencies.</p>	Current Status	We will prioritize the transfer of patient balances within the approved timeframes to bad debt or to collection agencies. The processing of patient balances to bad debt varies by service location.	Fiscal or Other Impact	UT Southwestern should be in compliance with UTS154 General Policies for Accounts Receivable Management of Faculty Practice Plans.
	<p>3. Protected Credit Card Information Revenue Accounting should establish a process to ensure compliance with PCI Data Security Standards regarding cardholder data provided on the back of patient statement remittances from the bank lockbox to include the following items: a. Determine the appropriate employee access and length of time to store cardholder data for business purposes; b. Securely store cardholder data pending appropriate deletion; and c. Promptly redact cardholder information prior to distribution of patient credit card payments for posting.</p>	Current Status	Planned, We agree to further limit access to credit card information.	Fiscal or Other Impact	There is an increased potential for non-compliance and compromised data such as identity theft that could result in the Medical Center's exposure to negative publicity, and possible liabilities and penalties from credit card vendors/customers.
	<p>4. Departmental Reconciliation of Billed Collections (IDX) to MSRDP Income Posted to OAS Management should direct all department financial managers to ensure that monthly reconciliations between billed collections (IDX) and MSRDP income accounts posted to OAS are formally prepared. Additionally, the reconciliation should be reviewed by an individual other than the preparer.</p>	Current Status	Planned, we will reconcile these statements monthly.	Fiscal or Other Impact	Departments that are not reconciling patient revenue (IDX) to the accounting system (OAS) may not be aware of potential lack of income, unrecorded transactions, or errors recorded to their income accounts.

07:33 Physician Billing and Reimbursement continued

Observations Findings Recommendations	<p>5. Monitoring of Posted Payment Batches a. Billing Operations should establish a formal monitoring process to ensure that all posted payment batches and their supporting documentation have been submitted to Document Control on a timely basis. b. Consider establishing a procedure to facilitate special requests by Billing Operations staff to expedite scanning of specific batches, enabling a prompt check-out for quality control reviews and other purposes.</p>	Current Status	Planned, we will monitor the batches and documentation.	Fiscal or Other Impact	Protect Medical Center assets. Ensure that HIPAA information is protected.
	<p>6. Timely Posting of Credit Card Payments – MSRDP Lockbox To enhance patient satisfaction and improve consistency throughout UT Southwestern regarding the posting of credit card payments, Revenue Accounting should establish procedures to post payments to the patient accounts promptly upon receipt of approved credit card transactions and corresponding patient statement advices from the MSRDP lockbox.</p>	Current Status	We will ensure that payments are posted promptly.	Fiscal or Other Impact	Protect Medical Center assets. Ensure patient satisfaction.

07:34 Billing Compliance Program

Report Number	07:34	Report Date	10.05.07	Name of Report	Billing Compliance Program	
High Level Audit Objective	The primary objective of this audit is to provide reasonable assurance that there are adequate and effective controls applied by the Billing Compliance Program.					
Observations Findings Recommendations	1. Hospital Compliance Plan – We recommend that Hospital management formally document its billing compliance plan.	Current Status	Planned, we will formally document the billing compliance plan.	Fiscal or Other Impact	Comply with state and other mandates.	

07:35 Social Security

Report Number	07:35	Report Date	08.24.07	Name of Report	Social Security	
High Level Audit Objective	The primary objective of this audit was to provide reasonable assurance that UT Southwestern's procedures to protect the identity of social security numbers complies with the requirements of UTS165 and has been adequately implemented.					
Observations Findings Recommendations	1. Lenel ID/Access Card Database Management should ensure all social security numbers are replaced with person numbers in the Lenel ID/Access Card System.	Current Status	Planned, we will ensure person numbers are used in lieu of social security numbers.	Fiscal or Other Impact	There is an increased potential for non-compliance with UTS165 and an increased risk of disclosure of sensitive personal information of employees.	
	2. Malpractice Invoice Management should ensure all social security numbers used as a unique identifier in the Professional Medical Liability Insurance Department Billing Reports are protected with the highest level of security and used in a very limited manner.	Current Status	Planned, we will take steps to ensure that this sensitive information is protected.	Fiscal or Other Impact	There is an increased potential for non-compliance with UTS165 and an increased risk of disclosure of sensitive personal information of employees.	
	3. Human Resources Screens with SSN We recommend that management ensure that the Human Resources Management System is compliant with UTS165, section 10, by September 1, 2007. Access to screens displaying social security numbers should be removed from view by departmental employees or the social security numbers should be masked or hidden from view.	Current Status	Planned, we will take steps to ensure that this sensitive information is protected.	Fiscal or Other Impact	There is an increased potential for non-compliance with UTS165 and an increased risk of disclosure of sensitive personal information of employees.	
	4. Human Research Subjects Check Requests We recommend that management discontinue printing social security numbers on check stubs.	Current Status	Planned, we will take steps to ensure that this sensitive information is protected.	Fiscal or Other Impact	There is an increased potential for non-compliance with UTS165 and an increased risk of disclosure of sensitive personal information of employees.	

07:35 Social Security continued

Observations Findings Recommendations	<p>5. Federal Disclosure We recommend that the first time the social security number is solicited from a patient for verification purposes either in person or verbally that a copy of the federal disclosure, Section 7 of the Federal Privacy Act of 1974, should be provided to the patient. Ensure procedures are implemented to document that the federal disclosure notice is properly and consistently given when registering and scheduling patients at Ambulatory Services Clinics.</p>	Current Status	Planned, we will take steps to ensure that this sensitive information is protected.	Fiscal or Other Impact	There is an increased potential for non-compliance with UTS165 and an increased risk of disclosure of sensitive personal information of employees.
---	---	-------------------	---	---------------------------------	--

07:36 Effort Reporting

Report Number	07:36	Report Date	08.22.07	Name of Report	Effort Reporting
High Level Audit Objective	The primary objective of this audit was to provide reasonable assurance that established effort reporting policies and procedures at the Medical Center comply with the requirements of UTS163 and have been adequately implemented.				
Observations Findings Recommendations	1. We recommend the DRP consistently follow the UTS163 - Guidance on Effort Reporting Policies, Southwestern Medical Center at Dallas Policy on Activity Confirmation, and the Activity Confirmation Monitoring Plan and meet the intent of the corrective actions documented within Medical Center policy.	Current Status	Implemented	Fiscal or Other Impact	Non-compliance of UTS163 increases the potential for federal and state penalties, unwanted public scrutiny, and lost opportunities in research funding.

07:36 Effort Reporting continued

<p>Observations Findings Recommendations</p>	<p>2. Monitoring Plan</p> <p>A. To effectively control and supervise the monitoring plan implementation, we recommend regular monitoring of all specific risks outlined in UTS163 including:</p> <ol style="list-style-type: none"> 1) Performance (quality of monitoring activities and outputs), 2) Achievement of the expected monitoring objectives (full compliance), 3) Efficiency of the implementation process, 4) Identification of possible problems and risks, 5) Corrective actions needed to get back on track, 6) Adapt and revise the plan as necessary (i.e. redefining intermediate targets and concerned activities, allocation of funds, etc.) <p>B. In addition, to expedite the process we recommend, the DRP develop systematic measures that outline UT Southwestern expectations, accountability and key deadline dates for all parties involved in the implementation. The system of measures should provide the DRP with the ability to fully monitor results that correspond to the set goals and objectives, in terms of quantity, quality, and time standards, and corrective actions necessary in order to reach defined objectives.</p>				<p>Planned, we will monitor these items.</p>		<p>Non-compliance of UTS163 increases the potential for federal and state penalties, unwanted public scrutiny, and lost opportunities in research funding.</p>
--	--	--	--	--	--	--	--

07:37 Research Compliance and Design

Report Number	07:37	Report Date	near completion	Name of Report	Research Compliance and Design	
High Level Audit Objective	To determine whether the Medical Center's Research Compliance program implements a risk assessment that accomplishes the following; monitoring and testing plans, compliance reporting activities, training of program employees, and how the program addresses matters of non-compliance.					
Observations Findings Recommendations	There were no recommendations.		Current Status	n/a	Fiscal or Other Impact	n/a

07:38 Information System Interfaces

Report Number	07:38	Report Date	10.26.07	Name of Report	Information System Interfaces	
High Level Audit Objective	The primary objective of this audit is to provide reasonable assurance that there are adequate and effective controls for information system interfaces to ensure the following					
Observations Findings Recommendations	1. We recommend that Information Resources work with the Clinical Heart Center to access the error reporting function in the EPIC to Phillips EchoBroker interface software and assist in monitoring the resulting reports.		Current Status	Planned, we will develop the reporting function and monitor the results.	Fiscal or Other Impact	To view errors, misstatements, and, irregularities in a timely manner.

07:39 Anesthesiology

Report Number	07:39	Report Date	10.05.07	Name of Report	Anesthesiology	
High Level Audit Objective	Perform management audit on department operations.					
Observations Findings Recommendations	There were no recommendations issued.		Current Status	n/a	Fiscal or Other Impact	n/a

07:40 Orthopaedic Surgery

Report Number	07:40	Report Date	09.26.07	Name of Report	Orthopaedic Surgery		
High Level Audit Objective	Perform management audit on department operations.						
Observations Findings Recommendations	<p>Account Reconciliation Orthopaedic Surgery management and staff should review and comply with all Ambulatory Services policies and procedures. To reduce the amount of missing documents and enhance the reconciliation process we recommend the following:</p> <ul style="list-style-type: none"> a) The front desk batches should be fully reconciled on a daily basis. b) Follow the Ambulatory Services policies to ensure all charges and payments for a specific date have been received and reconciled c) Ensure a reliable schedule, log book, or other report mechanism is utilized routinely to document all patient treated. A staff member should be assigned to compare the encounter forms to the schedule, log book, or other reports used by the department, in order to ensure a billing form/encounter form was completed for every patient treated d) The Clinic Reconciliation Worksheet should be filled out on a daily basis e) Include EPIC Correction forms in all batches stating the reason for the void <p>All reconciliations should be approved with an authorized signature and date.</p>		Current Status	Planned, we will enhance the reconciliation process by implementing these steps.		Fiscal or Other Impact	Reconcile to prevent misstatements and irregularities, and to report accurate information.

This completes the List of Audits Completed for FY 2007.

IV. List of Consulting and Non-audit Services Completed

P7:09 Fraud Prevention and Analysis

Report Number	P6.10	Report Date	Name of Report	Fraud Prevention and Analysis	
High Level Audit Objective	Design fraud prevention and detection planning responsibilities for FY 2006				
Observations Findings Recommendations	The Medical Center has a clear framework of systems and procedures to deter, detect, and investigate irregularities. Internal Audit's well-established role within the Medical Center's operating culture is commitment to continuously develop and provide preventive and detective tools to mitigate irregularities reinforce the Medical Center's values, code of conduct and expectations.	Current Status	Ongoing.	Fiscal or Other Impact	Protect Medical Center from fraud.

P7:10 Business Continuity – Internal Audit

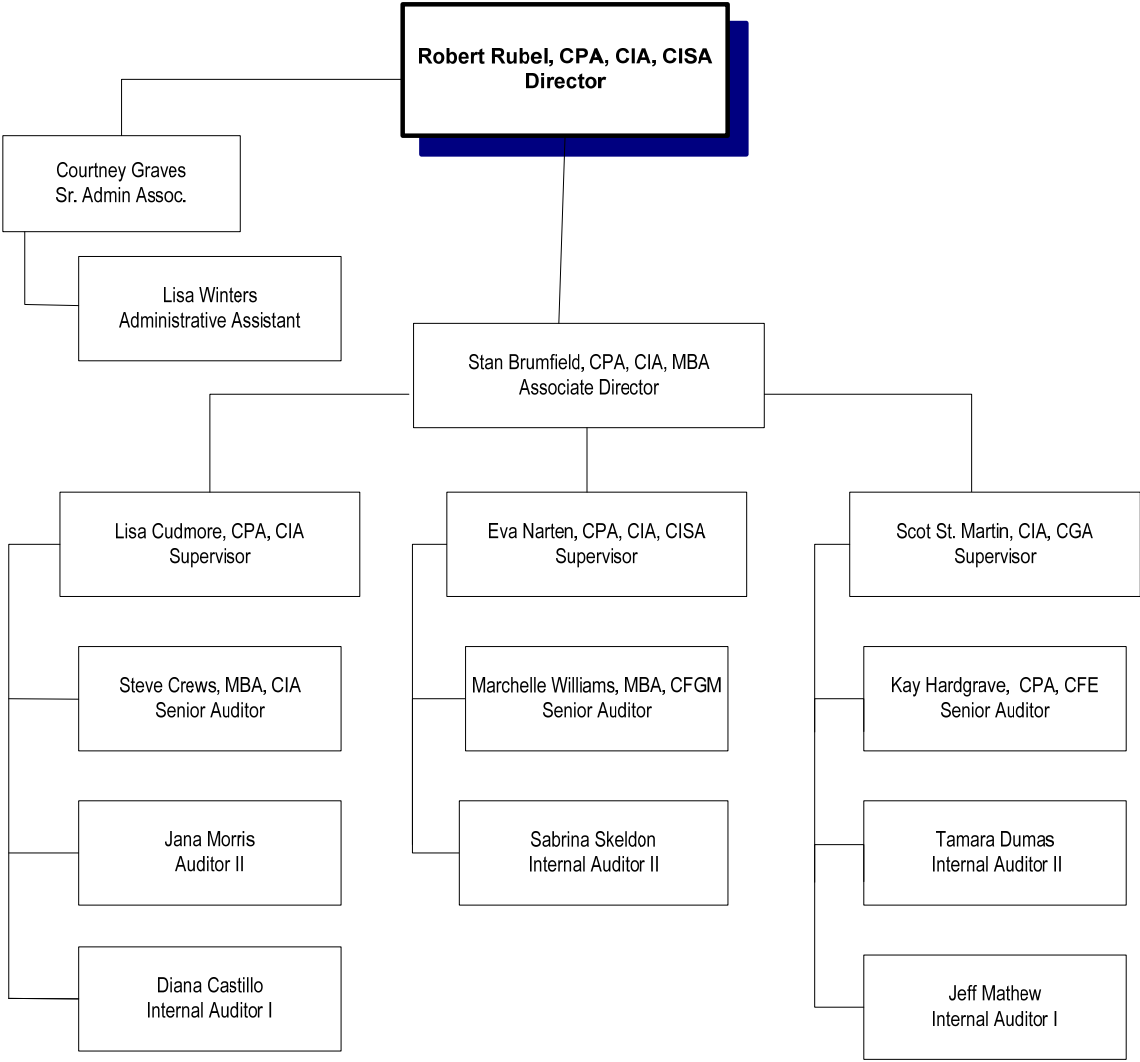
Report Number	P7:10	Report Date	Name of Report	Business Continuity – IA	
High Level Audit Objective	Develop and implement a business continuity program for the Internal Audit department.				
Observations Findings Recommendations	Internal Audit developed a business continuity program that will facilitate and coordinate a successful recovery or response should an adverse situation occur.	Current Status	Ongoing	Fiscal or Other Impact	Ensure department function in the event of an interruption to normal business procedures.

This completes the List of Consulting and Non-audit Services Completed for FY 2007.

V. Organizational Chart

**UT Southwestern Medical Center
Organization of the Office of Internal Audit**

as of October 31, 2007



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

**UT Southwestern Medical Center
Internal Audit Annual Report for Fiscal Year 2007**

VI. Report on Other Internal Audit Activities

Activity	Impact
Performed reviews of alleged improprieties involving fraud and/or abuse.	Provides the Medical Center with investigation and background work for preparing cases against individuals who perpetrated or allowed for fraud and abuses to occur.
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.
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 Auditors Office A-133 audit, and Unsponsored Charity Care Audit, and the Deloitte and Touche financial audit

VII. Internal Audit Plan for Fiscal Year 2008 (see next page)

UT Southwestern Medical Center

Fiscal Year 2008 Audit Plan

9/7/2007 9:48

FY 2008 Audit Plan Audit/Project	2008 Budgeted Hours	% of Total	2008 Priority Hours	% of Total	A Priority	Description
UT System Requested						
<i>Audits</i>						
FY07 Financial Statement Audit	1800		1800		✓	Perform FY07 Financial Statement Audit work over revenues and expenditure. Includes 400 hours for IT general controls review. Any SACS accreditation work. Follow up on Deloitte and Touche work. IT Change Management.
FY08 Financial Statement Audit	600		600		✓	Perform FY08 Financial Statement Audit; preliminary internal control work. Any SACS accreditation work. SACS review is in February 09.
Conflicts of Interest	400		400		✓	Assess adequacy and effectiveness of conflict of interest policies and procedures. (Governance) Review Ethic Statements.
Presidential Travel and Entertainment Expenses	150		150		✓	Review Presidential Travel and Entertainment Expenses
Federal Portion of the Statewide Single Audit (assistance to the SAO) - A-133	250		250			Federal Portion of the Statewide Single Audit (assistance to the SAO) A-133
<i>Carryforward</i>	0		0			
UT System Requested Subtotal	3200	17%	3200	21%		
Externally Required						
<i>Audits</i>						
UTS 155: Policies and Procedures Regarding MSRDP/DSRDP/PRS Business Operations (if applicable)	200		200		✓	Review UTS155: Policies and Procedures Regarding MSRDP/DSRDP/PRS Business Operations (if applicable)
National Pediatric Infectious Disease Foundation AFR	200		200		✓	Review National Pediatric Infectious Disease Foundation AFR for consolidation into Medical Center AFR
Family Practice Residency Program Grants (THECB requirement)	200		200		✓	Review Family Practice Residency Program Grants (THECB contract requirement)
Graduate Medical Education Grant (THECB requirement)	200		200		✓	Review Graduate Medical Education Grant (THECB grant requirement)
ATP/ARP Grants (if applicable) Biennium Requirement completed in FY07.	0		0			Review ATP/ARP Grants as requested by THECB
Internal Audit Annual Report	40		40		✓	Prepare and submit required report to the State Auditors Office.
<i>Carryforward</i>	0		0			
Externally Required Subtotal	840	5%	840	6%		
Risk Based: Institutional						
<i>Audits</i>						
MSRDP Billing Operations	600		600		✓	A management review regarding refund checks, examining internal controls and audit logs.

**UT Southwestern Medical Center
Fiscal Year 2008 Audit Plan**

9/7/2007 9:48

FY 2008 Audit Plan Audit/Project	2008 Budgeted Hours	%	2008 Priority Hours	%	A Priority	Description
MSRDP - Finance	300		300		✓	Review processes for administering MSRDP financial affairs for compliance with Plan documents (i.e. reporting)
Cash Receipts Operations - Hospitals & Clinics	500		500		✓	A management review of the Cash Receipting operations within the Hospitals and Clinics, MSRDP Business Services.
University Hospital - Accounts Payable	500		500		✓	A review of policies, procedures and processes utilized in accounts payable management. Change in controllership at the hospital.
University Hospital - Patient Billing and Accounts Receivable	600		0			A review of the charge (order) entry processes within the University Hospitals. Third party billing and collections.
Physical Plant - Auto Shop, Key Control, Service Calls, Contract and Bidding Processes	500		0			To review the management and financial controls for the Auto Shop, Key Control, and Service Call branches of Physical Plant. Review oversight provided by Physical Plant Administration. Review processes for appropriateness and ensure results are properly communicated to senior management .
Risk Based: Institutional Subtotal	3000	16%	1900	13%		
Risk Based: Auditable Area						
<u>Research</u>						
<i>Audits</i>						
Environmental Health and Safety Biological and Chemical Safety - exposures	400		400		✓	To review the biological and chemical safety inspection process for appropriateness and to ensure the results are properly communicated to senior management (especially for non-compliance).
Willed Body Program	300		300		✓	Perform management audit on department operations. Prepare for SAB visit in May 08.
Service Centers, Recharge Centers, and Specialized Service Facilities, Core Labs	500		500		✓	Determine whether University recharge and cost centers, that provide goods and services to internal university operations, charge the users appropriately for these services. Unallowable costs, as defined by the Office of Management and Budget (OMB) Circular A-21, must not be included in rates charged to internal users or charged to
Clinical Research Billing	250		0			Review controls over clinical research billing.
<u>Information Technology</u>						
<i>Audits</i>						
IT Computer Inventory Control & Data Encryption	400		400		✓	Review progress and management of IT Computer Inventory Control and Data Encryption. Examine procedures and controls used to protect equipment and information. Safeboot.
Network Security Review	400		400		✓	Review of current status of Network Security.
Epic Resolute Implementation Review	250		250		✓	Review progress of implementation. Ensure UTS 165 is met.

**UT Southwestern Medical Center
Fiscal Year 2008 Audit Plan**

9/7/2007 9:48

FY 2008 Audit Plan Audit/Project	2008 Budgeted Hours	%	2008 Priority Hours	%	A Priority	Description
<i>Patient Care</i>						
Audits						
University Hospitals - Radiology	500		500		✓	Determine whether the University Hospital's Radiology area controls over radiological procedures, bill third-party carriers, post payments, and reconcile daily activity.
University Hospital - Medical Records	300		300		✓	Review progress and management of conversion of paper medical records to electronic medical records. Review security of patient information.
University Hospital - Surgery	500		500		✓	Review controls over the management, inventory, procurement, and operation methods used by University Hosp Surgery Dept. \
Organ Transplant Program Kidney / Pancreas Heart / Lung	300		300		✓	Review controls over the management, inventory, procurement, and operation methods used by Organ Transplant.
Transplant Services	300		300		✓	Review financial and operational controls related to the collection, storage, and distribution of human tissues.
<i>Consulting</i>	300		150			
<i>Carryforward</i>	100		50			
Risk Based: Tier Two Subtotal	4800	26%	4350	29%		
Management Review						
<i>Change in Management Audits</i>						
Internal Medicine	500		500		✓	Perform management audit on department operations.
Radiation Oncology	300		300		✓	Perform management audit on department operations.
Auxiliary Enterprises	300		300		✓	Perform management audit on department operations.
Psychiatry	300		300		✓	Perform management audit on department operations.
Clinical Sciences	300		300		✓	Perform management review of new research department.
Neurology	200		200		✓	Perform management audit on department operations.
Continuing Education	400		0			Assess processes and controls for managing the continuing education program at the Medical Center.
Library	300		0			Perform management audit on department operations.
Business Continuity	250		0			Perform management audit on department operations.
Police Department	250		0			Perform management review, including parking enforcement and Lenel security system.
<i>Change in Management Carryforward</i>	150		100			
Change in Management Subtotal	3250	18%	2000	13%		

**UT Southwestern Medical Center
Fiscal Year 2008 Audit Plan**

9/7/2007 9:48

FY 2008 Audit Plan Audit/Project	2008 Budgeted Hours	%	2008 Priority Hours	%	A Priority	Description
Follow-up - FY06 & FY07 Audits	300	2%	200	1%	✓	
Audit Projects						
UT System Requests	200		200		✓	
Special Requests - Audits	200		200		✓	
Audit Projects Subtotal	400		400			
Consulting Projects						
Fraud Prevention and Analysis	400		300		✓	Continue to develop, implement and perform continuous fraud monitoring. Produce quarterly reports on activities.
LBB Performance Measures	200		200		✓	Perform annual review of submitted measures using the audit program provided by the State Auditor's Office.
Compliance Monitoring	400		300		✓	Conduct consulting services to review and evaluate department records and report to Institutional Compliance.
Special Requests - Consulting	400		200		✓	
Consulting Projects Subtotal	1400		1000			
Other Projects						
Requests for Information/Assistance	200		200		✓	
Quality Assurance Review	200		200		✓	Continued review to ensure compliance with IIA, Yellow Book, and Texas Internal Auditing Act
Training provided by IA	150		150		✓	Provide training services for internal control activities and other classes.
Internal Audit Committee	200		200		✓	Prepare report of activities for the various audit committees.
Reserve for other Special Requests/Investigations	570		400		✓	
Other Projects Subtotal	1320		1150			
Projects Total	3120	17%	2550	17%		
Total Hours	18510	100%	15040	100%	15040	Note to Directors: Priority hours should be at least 80%

18510

81%

VIII. External Audit Services

The following is a list of audits completed by outside agencies at the Medical Center in FY2007.

State Auditor's Office A-133 Statewide audit

State Auditor's Office Un-sponsored Charity Care audit

KPMG - UT Southwestern Health Systems Financial Statement audit

Ernst and Young St. Paul Medical Center Profit Sharing audit

Ernst and Young Moncrief Cancer Center and Foundation

Deloitte & Touche FY2006 U.T. System financial audit