

21-111 Dental Service Research and Development Plan (DSRDP) - Oral Maxillofacial Surgery Clinic

EXECUTIVE SUMMARY

We have completed our audit of the DSRDP - Oral Maxillofacial Surgery Clinic. This audit was performed at the request of the UTHealth Audit Committee and was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

Background

The Oral Maxillofacial Surgery (OMS) Clinic is a satellite clinic for the School of Dentistry (SoD). The practice provides a full scope of dental and medical treatments to patients at the Scurlock Tower. The OMS Clinic uses the axiUm application to record dental charges and GE Centricity Business (GECB) to record medical charges.

Audit Objectives

Our objective was to determine whether adequate controls are in place over scheduling, charge capture, payments, deposits, accounts receivable follow-up and system access at the OMS Clinic. Specifically, we wanted to determine if:

- Patient electronic health records are maintained appropriately, patient insurance eligibility is verified prior to or during the patient check-in process, and copays and patient responsibilities are collected at check-out.
- Dental and medical deposits are made in accordance with UTHealth's *Cash Handling Manual* and UT Physicians policies and procedures.
- Controls over charge capture, billing, and collections are adequate and functioning as intended.
- Processes for resolving unallocated payments and credits are established.
- Processes over granting, modifying, and terminating user access are established, and user access is appropriate.

Scope

The scope period was September 1, 2020 through June 3, 2021.

Conclusion

We noted the following opportunities for improvement:

#	Audit Observation Summary	Risk	Risk Rating
1	Cash handling procedures are not consistently followed and compensating controls have not been established to address segregation of duties conflicts.	Inaccurate financial reporting, loss, theft, or fraud.	High

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2	Missing charges are not reviewed on a routine basis.	Loss of revenue.	High
3	Follow-up on patient account balances is not consistently performed and balances deemed uncollectible are not written off.	Loss of revenue and/or inaccurate financial reporting.	Medium
4	Internal procedures are not consistently followed during the patient check-in process and some procedures do not align with the SoD Clinic Manual.	Loss of revenue and inadequate patient care.	Medium
5	Established processes for the review of and processing of refunds are not consistently followed.	Increased risk of fraud.	Medium
6	The prescribed report is not being utilized when reviewing patient accounts with credit or unallocated balances.	Delayed refunds and/or allocations.	Medium
7	A process to periodically review axiUm/GECB access has not been established.	Inadequate segregation of duties and increased risk of inappropriate activity.	Medium

AUDIT OBSERVATIONS & MANAGEMENT RESPONSES

#1 - Cash Controls

Cause

Cash handling procedures are not consistently followed and compensating controls have not been established to address segregation of duties conflicts.

Risk

Inaccurate financial reporting, loss, theft, or fraud.

Condition

We selected a sample of 25 OMS Clinic patients, of which 11 patients were required to submit a payment, and noted the following:

- A Cash receipt totaling greater than \$200 was not deposited timely (approximately two weeks late).
- A credit card payment above \$200 was not scanned into PeopleSoft FMS for approximately one week after the transaction occurred.
- Eight Deposit forms were not completed in accordance with the *UTP Clinic Batch Control Form Policy*.
- Deposits were not logged when picked up by the Bursar's Office to denote transfer of responsibility.

Based on the initial results noted above, additional work was performed focusing on all deposits for the months of May 2021 through July 2021. Testing revealed there were 41 late deposits made during that time.

Additionally, during our walkthrough and observation, we noted the cash fund is located in an office that is not physically secured:

- The change fund and daily cash receipts are stored in a locked filing drawer located at the change fund custodian's desk in a back office of the clinic.
- The key to the filing drawer is kept in a central location accessible to all staff.

Lastly, we noted segregation of duties conflicts for the clinic manager. The clinic manager is responsible for receipting funds, endorsing checks received by mail, preparing deposits, billing and collections duties, authorizing voids, corrections/debit entries, and serves as the back-up for opening mail.

Criteria

UTHealth's *Office of Finance & Business Services Cash Handling Manual* (Cash Handling Manual) states:

"Cash or cash equivalents should be submitted for deposit daily, if above \$200.00, or at least by week's end if less than \$200.00.

All transfers of cash items between persons – either within a department, between departments or between UTHealth and the bank – must be documented or signed by both persons. Transfer of accountability must be recorded (name, date, time, and amount) if the person preparing the deposit is not transporting the deposit. The Money Run Deposit Log and Window Deposit Log should be retained for the current fiscal year plus four prior fiscal years. All documents should be maintained in such a manner as to provide a suitable audit trail for all transactions.

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The following responsibilities should be distributed among personnel so that one person does not perform more than one:

- Opening mail, if applicable
- Receipting funds and endorsing checks
- Authorizing voids, corrections or debit entries
- Preparing deposits
- Reconciling to General Ledger
- Billing and collection duties

Only the minimum number of employees should handle cash from receipt to deposit. If the size of the departmental staff makes proper segregation of duties impossible, a second person must verify reconciliations of cash item accounts.”

Recommendation

Develop and implement processes to ensure compliance with the Cash Handling Manual.

Rating

High

UT System Priority Findings Matrix Mapping (see Appendix A)

Designed Controls: Designed controls within important operations are not functional on a consistent day-to-day basis, with no compensating controls, potentially impacting objective achievement.

Management Response:

We are implementing processes to ensure compliance by all staff members with the Cash Handling Manual.

- a. Cash deposits are being made in accordance with the timeframes outlined in the Cash Handling Manual.
- b. Transfer of accountability logs will be created on a weekly basis for each type of deposit, medical and dental. The logs will show: Date of Service, Cash Amount, Check Amount, Collected by (date/time), Received by (date/time), Bursar/Bank (date/time). Copies of the bank deposit receipts will be attached to the medical log. The tamper proof bag strips will be attached to the dental log.
- c. The change fund was relocated to the Clinic Manager’s office, which is secured each night.
- d. To ensure proper segregation of duties, the Assistant Patient Access Representative will be responsible for receipting funds and endorsing checks. The Clinic Manager will be responsible for authorizing voids, corrections, debit entries and preparing deposits. In addition, the Patient Care Coordinator will be responsible for reviewing the deposits. Billing and collections for dental services will be performed by the Clinic Manager and the Receptionist.

Responsible Party:

Joe Morrow, Associate Dean for Management

Implementation Date:

December 1, 2021

#2 - Charge Capture

Cause

A process to review for missing charges has not been developed.

Risk

Loss of revenue.

Condition

We selected a sample of 25 OMS Clinic patient appointments and noted the following:

- For two patients, medical appointments did not have charges posted in GECB.
- For one patient, the dental appointment did not have charges posted in axiUm.
- For one patient, medical charges were posted in axiUm instead of GECB.
- For one patient, medical charges were not posted timely in GECB which resulted in the insurance claim being denied due to timely filing.

Additionally, the clinic manager informed us she does not review the axiUm Missing Charges Report in order to identify charges that have not been recorded/approved.

Criteria

The *UT Dentists Operating Manual* section 10.4 - Charge Capture states:

“Charges for all patient encounters will be captured as follows:

- a. Fees will be charged chairside through the EPR at the time of treatment and services.
- b. Agency sponsored contracts will be charged in full, followed by application of any contractual discounts.
- c. All patients receiving treatment or diagnostic workup, regardless of significance, will have a charge entered (even if \$0) and an entry made in the EPR. Patients must stop by the reception desk at exit to receive a copy of their billing statement for that appointment.”

Section 10.7. Plan Members’ Role in Patient Account Maintenance - General states:

“Plan Members are required to perform the following for all patient care activities:

- a. Enter all charges into the EPR at the time of service.
- b. Not interfere with collection processes unless there are valid extenuating circumstances. When extenuating circumstances exist, the Plan Member will inform the Business Office which will resolve the issue.
- a. Furnish assistance in the collections of patients’ delinquent accounts when requested by the Business Office.”

Recommendation

- Formalize charge capture processes to ensure compliance with the *UT Dentists Operating Manual*.
- Review the Missing Charges Report to verify charges were entered and submitted timely and in accordance with the *UT Dentists Operating Manual*.

Rating

High

UT System Priority Findings Matrix Mapping (see Appendix A)

Designed Controls: Designed controls within important operations are not functional on a consistent day-to-day basis, with no compensating controls, potentially impacting objective achievement.

Management Response:

We will develop and implement formal processes related to the charge capture process, which will include but not limited to:

- a. The Clinic Manager will run the Epic Missing Charge Report formally known as “PB Revenue Guardian Encounter Report” on a weekly basis.
 - i. Once the report is generated coders will review missing charges and enter charges in the appropriate system (Epic vs axiUm) or reach out to providers to complete notes in order to submit charges.
 - ii. The report will be exported into Excel in order for the coders to notate the type of charges.
- b. The Clinic Manager will run the axiUm Missing Charge Report for comparison to the Epic Missing Charge Report on a weekly basis.
- c. Charge entry will be entered by the providers at the time of service upon completion of closing the patient’s encounter in Epic. Once charges are entered coders will review coding work queue for final submission and identify whether charges need to be billed in Epic or manually entered into axiUm.

Responsible Party:

Joe Morrow, Associate Dean for Management

Implementation Date:

December 1, 2021

#3 - Accounts Receivable Management

Cause

Follow-up on patient account balances is not consistently performed and balances deemed uncollectible are not written off.

Risk

Loss of revenue and/or inaccurate financial reporting.

Condition

On a monthly basis, the clinic manager is responsible for generating and reviewing the Aged Balance Report - which details patient accounts with outstanding balances. Follow-up statements are sent to patients every 30, 60, and 90 days to collect on balances owed by the patient. The clinic manager contacts the insurance carriers to follow-up on unpaid claims for services rendered.

We selected a sample of 25 OMS Clinic patient appointments and noted 4 with outstanding balances:

- For two patients, the outstanding insurance balances were greater than 120 days. Follow-up with the insurance carriers was not performed.
- For one patient, the account balance was outstanding greater than 120 days. No follow-up statements were sent to the patient.
- For one patient, the account balance was outstanding greater than 120 days. Only one follow-up statement was sent to the patient.

We also reviewed the Aged Balance Report as of August 25, 2021 and noted the following:

- The total accounts receivable on the Aged Balance Report was \$278,956.
- Patient accounts over 180 days totaled \$67,954.
- Insurance accounts over 180 days totaled \$47,329.

We reviewed accounts receivable for the clinic and noted a significant increase from FY 2019 to FY 2021, with a decline in patient adjustments (write-offs). The clinic manager informed us she is unfamiliar with the process to write off patient accounts; as a result, no accounts have been written off since October 2019.

Criteria

The *UT Dentists Operating Manual* section 10.5. Collection of Delinquent Accounts states:

“An account is delinquent when the patient’s account balance is over thirty (30) days past due. Unless alternative arrangements have been made, delinquent accounts are processed as follows:

- b. A first collection notice and statement will be sent to the responsible party when any part of the patient’s account balance is thirty (30) days delinquent. A finance charge, not to exceed 1% per month, will be added to delinquent account balance not paid within thirty (30) days of the first collection notice.
- c. A final collection notice and statement will be sent when any part of a patient’s account balance is sixty (60) days past due.
- d. The Business Office will prepare a monthly list of accounts that are ninety (90) days past due (excluding those where the debtor has reached an agreement with the DSRDP to satisfy the financial obligation). This list will be sent to the Executive Director along with a request for his/her written approval to transmit the accounts to a collection agency.
- e. Accounts returned from a collection agency as uncollectible will be written-off as bad debt.”

Recommendation

- Develop and implement processes to ensure accounts receivable follow-up is regularly performed, reviewed, and monitored.
- Review accounts receivable accounts with outstanding balances greater than 180 days. Identify and process write-offs for uncollectable balances.
- Develop procedures to ensure timely review and write-off of uncollectable balances.

Rating

Medium

UT System Priority Findings Matrix Mapping (see Appendix A)

Designed Controls: Designed controls within important processes and transactions are inconsistent in their effectiveness, with no compensating controls, potentially impacting objective achievement.

Management Response:

We will develop and implement processes to ensure accounts receivable follow-up is regularly performed and will include but not limited to:

- a. The Clinic Manager will review the Aged Balance Report at the beginning of each month. Front desk personnel will review statements for 30, 60, and 90 days on all past due accounts and provide documentation of this review to the Clinic Manager who will oversee this process to confirm completion. Statements will be mailed to patients within the first week of each month.
- b. The Receptionist will assist in identifying accounts for write-off and provide the Clinic Manager a listing of accounts to be written off as bad debt.
- c. An Insurance Aged-Balance Report is printed off at the beginning of each month, coders and manager will call insurance carriers, resubmit claims, and send additional information, if needed. Notes will be documented in axiUm under transactions to show which claim was worked on. Notes will include the reference number and representative name.

Responsible Party:

Joe Morrow, Associate Dean for Management

Implementation Date

December 1, 2021

#4 - Front End Process

Cause

Internal procedures are not consistently followed during the patient check-in process and some procedures do not align with the *SoD Clinic Manual*.

Risk

Loss of revenue and inadequate patient care.

Condition

Internal departmental procedures require new patients to provide a driver license/identification card and medical/dental insurance card(s) at check-in. Front Desk personnel are required to scan both sets of cards into the axiUm application along with the completed new patient data forms - which are shredded after scanning.

We selected a sample of 25 OMS Clinic patients and noted the following:

- 14 of 25 (56%) consent forms were not available in axiUm.
- 7 of 25 (28%) medical questionnaire forms were not available in axiUm.
- 5 of 25 (20%) consent forms were incomplete.
- 5 of 25 (20%) medical questionnaire forms were not updated according to policy.
- 3 of 25 (12%) medical/dental insurance card(s) were not available in axiUm.
- 2 of 25 (8%) driver license/identification card(s) were not available in axiUm.
- 1 of 25 (4%) new patient data forms were not available in axiUm which resulted in patient insurance not being verified and an uncollected copy.

Criteria

School of Dentistry Patient Record Scanning Policy states:

“All School of Dentistry and DSDRP clinics, practices and departments are required to follow the processes and procedures outlined in this policy. All scanned files must be accessible and readable for their full retention period. This includes finding the file, opening the file and reviewing the file. The scanned file must be inspected visually to ensure it is complete, clear and easily read.”

School of Dentistry Clinic Manual (2018-2019) - 2.12 Patient Medical History states:

“A thorough medical and dental history is required from each patient at the initial visit, and the medical history should be reviewed at each subsequent visit. In addition, a formal medical history update should be completed and signed by the patient every six (6) months.”

Recommendation

- Formalize front end processes to ensure compliance and alignment with applicable guidance.
- Conduct refresher training for current employees to ensure all relevant patient information is properly obtained and sufficiently documented.

Rating

Medium

UT System Priority Findings Matrix Mapping (see Appendix A)

Effectiveness and Efficiency: Medium probability of some objectives not being met.

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Management Response:

We will develop and implement formal processes to ensure compliance with the SoD Patient Record Scanning Policy and the Clinic Manual, which will include but not limited to:

- a. As Epic is the new primary EHR, all consent forms and patient information documents will be scanned into the Epic system.
- b. When preparing to scan, all personnel will review a preview of images before uploading the document into the patient's chart in Epic. If the document does not seem readable, staff will rescan for a clear image.
- c. Medical Questionnaires will be given to all new patients at initial appointment and updated and scanned in every 6 months.
- d. Refresher training will be provided to all staff on a yearly basis.

Responsible Party:

Joe Morrow, Associate Dean for Management

Implementation Date:

December 1, 2021

#5 - Refunds

Cause

Established processes for the review of and processing of refunds are not consistently followed.

Risk

Increased risk of fraud.

Condition

We selected a sample of 5 refunds initiated by OMS Clinic staff and noted the following:

- Two of the five refunds (one less than \$1,000 and one greater than \$1,000) was both audited and authorized by the clinic manager.
- One of the five refunds (less than \$1,000) included an incomplete refund form which did not indicate the refund was audited by the "Patient Care Coordinator (PCC) or Auditor".

Criteria

School of Dentistry Clinic Manual (2018-2019) – 4.23 Voids and Refunds of Clinic Fees states, in part:

"Requests for a refund for treatment may be initiated by the attending faculty member, student, Group Practice Director, or PCC. All refund requests are audited by the PCC or other appropriate School of Dentistry staff members.

Refund requests for a previous date of service are initiated by the Patient Care Coordinator (PCC) who conducts an audit of the patient's EHR to validate the refund request. The PCC will complete the Request for Refund form, obtain required signature from the Group Practice Director, and submit the completed form with supporting documentation to their manager for approval. The manager is authorized to approve refunds less than \$1,000. All requests over \$1000 will require the approval of the Associate Dean for Patient Care."

Recommendation

Develop and implement processes to ensure refunds are reviewed and approved in compliance with the *School of Dentistry Clinic Manual (2018-2019)*.

Rating

Medium

UT System Priority Findings Matrix Mapping (see Appendix A)

Designed Controls: Designed controls within important processes and transactions are inconsistent in their effectiveness, with no compensating controls, potentially impacting objective achievement.

Management Response:

We will develop and implement formal processes to ensure compliance with the Clinic Manual, which will include but not limited to:

- a. Patient Access Representative (cashier/check out personnel) will audit the Credit Balance Report on a monthly basis and will identify if a refund is owed.
- b. Patient Access Representative will act as the PCC and will submit a refund request form to the Clinic Manager for refund approval.
- c. Once the Clinic Manager approves the refund, approved requests will be sent to the Administrative Coordinator for approval and submission for processing into the FMS system.

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- d. Refunds greater than \$1,000 are sent to the Associate Dean for Patient Care for final approval. Upon approval, the request is submitted to the Administrative Coordinator for FMS entry.

Responsible Party:

Joe Morrow, Associate Dean for Management

Implementation Date:

December 1, 2021

#6 - Unallocated Payments
<p>Cause The prescribed report is not being utilized when reviewing patient accounts with credit or unallocated balances.</p>
<p>Risk Delayed refunds and/or allocations.</p>
<p>Condition The Credit Balance Report is available within the axiUm application; however, the clinic manager informed us she uses the Aged Balance Report instead to review unallocated payments and credit balances.</p>
<p>Criteria State of Texas Senate Bill 1731 requires physicians to refund overpayments made by patients not later than the 30th day after the date the physician determines that an overpayment has been made.</p>
<p>Recommendation Utilize the Credit Balance Report within the axiUm system when reviewing patient accounts with credit or unallocated balances.</p>
<p>Rating Medium</p>
<p>UT System Priority Findings Matrix Mapping (see Appendix A) Compliance: Low probability of loss of funding, prosecution, significant financial penalty, negative legal action and/or significant adverse impact on institution's reputation.</p>
<p>Management Response:</p> <ul style="list-style-type: none">a. The Patient Access Representative will review the Credit Balance Report to determine whether refunds are owed or request the claims to be reviewed to identify any pending items.b. The Clinic Manager will review refund requests to determine whether the account balance should be refunded to the patient.
<p>Responsible Party: Joe Morrow, Associate Dean for Management</p>
<p>Implementation Date: December 1, 2021</p>

#7 - System Access

Cause

A process to periodically review axiUm/GECB access has not been established.

Risk

Inadequate segregation of duties and increased risk of inappropriate activity.

Condition

We reviewed axiUm/GECB access for the OMS clinical staff and noted five instances in which GECB access did not reflect current roles and responsibilities.

The clinic manager informed us the clinical staff have been employed with the institution for several years and, over the course of their tenure, their roles and responsibilities have changed; however, their access was not modified to reflect these changes.

Criteria

The *UTHealth School of Dentistry EHR Access Management Guide* states:

“Departments are responsible for 1) determining the need for EHR access for employees (faculty and staff), 2) selecting the most appropriate function of the employee, 3) obtaining required approvals, and 4) providing the completed form to the Clinical IT team for processing.” The guide further states” User access will be monitored by the Associate Dean for Patient Care and their department chair twice a year. EHR reports will be run and reviewed to ensure appropriate access by users.”

Recommendation

Establish procedures to periodically review user access for appropriateness. Document and retain evidence of the reviews.

Rating

Medium

UT System Priority Findings Matrix Mapping (see Appendix A)

Management Alignment: Key organizational components (trained people, defined process, or appropriate technology) are exposed to moderate risks yet to be addressed, potentially impacting objective achievement.

Management Response:

- a. Clinic Manager/ Senior Administrative Manager will request a listing on a yearly basis of clinic personnel user access to perform a review for both axiUm and Epic system access.
- b. Evidence of the review will be saved on the departmental shared drive.

Responsible Party:

Joe Morrow, Associate Dean for Management

Implementation Date:

December 1, 2021

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We would like to thank the OMS Clinic staff and management who assisted us during our review.



Daniel G. Sherman, MBA, CPA, CIA
Associate Vice President & Chief Audit Officer

NUMBER OF PRIORITY FINDINGS REPORTED TO UT SYSTEM

None

MAPPING TO AUDITING & ADVISORY SERVICES FY 2021 RISK ASSESSMENT

Reference	Risk	Risk Rating
FIN 19	Cash procedures at the SOD may not be in accordance with the Cash Handling Manual.	Medium
FIN 21	Oral Surgery - Change in management with new clinic manager.	Medium
FIN 124	DSRDP processes may not comply with practice plan.	Medium

DATA ANALYTICS UTILIZED

None

AUDITING & ADVISORY SERVICES ENGAGEMENT TEAM

AVP/CAO - Daniel G. Sherman, MBA, CPA, CIA
Audit Manager - Nat Gruesen, MBA, CIA, CISA, CFE
Auditor Assigned - Ariana Reyna

END OF FIELDWORK DATE

October 22, 2021

ISSUE DATE

November 8, 2021

REPORT DISTRIBUTION

Audit Committee
Kevin Dillon
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**APPENDIX A
UT SYSTEM PRIORITY FINDINGS MATRIX**

The University of Texas System
Systemwide Internal Audit
Priority Findings Matrix

Priority Findings Matrix	ACRMC Reporting	Institutional Reporting		
	Priority Finding	HIGH	MEDIUM	LOW
QUALITATIVE RISK FACTORS – Potential Probability and Consequences in various risk areas with respect to impact on institution as a whole				
Reputation: Damaged to the image of the institution and/or UT System	High probability that donors and other funding sources will withdraw or withhold funding	High probability that individuals will not choose to participate as students, faculty, or other stakeholders	Medium probability that individual stakeholders will not choose to participate in the institution	Low probability that individual stakeholders will be affected
	National media exposure	Adverse regional media exposure	Adverse local media exposure	No media exposure
Information Security: Integrity, confidentiality and availability of information	High probability of regulatory action or loss of reputation or affect on availability of budget in connection with incorrect external financial reporting	Medium probability of some external financial/operating data being incorrect	Low probability of external financial or operating data being incorrect	N/A
	High probability of data breach	Medium probability of data breach	Low probability of data breach	Opportunity to enhance existing acceptable system
	N/A	High probability of key internal financial/operating data being incorrect	Medium probability of internal data being incorrect	Low probability of internal information being incorrect
Compliance: Compliance with external legal or regulatory requirements	High probability of loss of funding, prosecution, significant financial penalty, negative legal action and/or significant, prolonged adverse impact on institution's reputation	Medium probability of loss of funding, prosecution, significant financial penalty, negative legal action and/or significant, prolonged adverse impact on institution's reputation	Low probability of loss of funding, prosecution, significant financial penalty, negative legal action and/or significant adverse impact on institution's reputation	N/A
	N/A	High probability of increased monitoring or negative perception by the regulators	Medium probability of increased monitoring or negative perception by the regulators	Low probability of increased monitoring or negative perception by the regulators
Accomplishment of Management's Objectives: Goals being met, projects being successful	High probability that a major operating project or initiative (i.e. a new degree program or information system) will be materially late, over budget or technically deficient	Medium probability that an operating project will miss time, cost or technical goals	Low probability that an operating project will not achieve some of its goals	Process improvement opportunity to assist in achieving a goal
	N/A	High probability that an internal activity or project will not achieve its goals	Medium probability that an internal activity or project will not achieve some of its goals	Low probability that an internal activity or project will not achieve some of its goals
Effectiveness and Efficiency: Objectives at risk and/or resources being wasted	High probability of a mission critical activity failing with major regulatory, reporting consequences	Medium probability of a mission critical activity failing with major regulatory, reporting consequences	Low probability of a mission critical activity failing with major regulatory, reporting consequences	N/A
	N/A	High probability that some objectives are not met	Medium probability of some objectives not being met	Low probability that some objectives may not be met
	N/A	High probability of significant cost over runs	Medium probability of significant cost over-runs	Low probability of significant cost over runs
	N/A	High probability of a significant waste of resources	Medium probability of a significant waste of resources	Low probability of a significant waste of resources
Capital Impact: Loss or impairment of use of assets	High probability of significant financial loss of use of assets with reputation consequences	Medium potential for significant financial loss of use of assets with reputation side effects	Low probability for significant financial loss of use of assets with reputation side effects	Probability of immaterial and/or small financial losses of use of assets with minimal reputation
	Loss of control over significant assets	Loss of control over other assets	Minor control deficiency over assets	Opportunity to improve existing controls over assets
Life Safety	High probability for loss of life	Medium probability for loss of life	Low probability for loss of life	N/A
	N/A	High probability for personal injury	Medium probability for personal injury	Low probability for personal injury
	High probability of material release of toxics/infectious disease	Medium probability for: release of toxics/infectious disease	Low probability for release of toxics/infectious disease	N/A
	High probability of Substantial incident of toxics/infectious disease effects	Medium probability of toxic/infectious disease effects	Low probability of toxic/infectious disease effects	N/A

Last Updated: June 2014

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The University of Texas System
Systemwide Internal Audit
Priority Findings Matrix

Priority Findings Matrix	ACRMC Reporting	Institutional Reporting		
	Priority Finding	HIGH	MEDIUM	LOW
OPERATIONAL CONTROL RISK FACTORS - Vulnerabilities in operational controls with consequences of not achieving objectives (If strategy or important operational objectives are directly impacted):				
<i>Operational Oversight/Alignment</i>	Operational oversight, alignment or management issue has the capacity to derail or significantly impact an Institutional or UT System strategic initiative	Operational oversight, alignment or management issue has the capacity to impair progress on an Institutional strategic initiative	N/A	N/A
<i>Management Oversight</i>	Management oversight control of critical organizational objectives is absent	Management oversight control of critical organizational objectives is ad hoc and/or not formalized	Management oversight control of critical organizational objectives is weak in important areas	Management oversight control of critical objectives can be improved
<i>Management Alignment</i>	Management's alignment of people, process and technology to efficiently accomplish organizational objectives is lacking risk awareness creating critical inefficiency and risk exposure	Management's alignment of people, process and technology to efficiently accomplish organizational objectives is not effectively creating awareness of inefficiencies and potentially significant risks, potentially impacting objective achievement	Key organizational components (trained people, defined process, or appropriate technology) are exposed to moderate risks yet to be addressed, potentially impacting objective achievement	Key organizational components (trained people, defined process, or appropriate technology) are exposed to low risks yet to be addressed, potentially impacting objective achievement
<i>Designed Controls</i>	Designed controls within objective critical operations are inadequate or are non-functional impacting objective achievement	Designed controls within important operations are not functional on a consistent day-to-day basis, with no compensating controls, potentially impacting objective achievement	Designed controls within important processes and transactions are inconsistent in their effectiveness, with no compensating controls, potentially impacting objective achievement	Breakdown of designed controls on a frequent and regular basis with compensating controls, but little impact on the achievement of objectives
	N/A	Control or process improvement opportunities that will provide a measurable economic result (significant to the institution)	Control or process improvement opportunities that will correct a reputational or compliance deficiency	N/A
QUANTITATIVE RISK FACTORS – Estimated Financial Consequences with respect to impact on the institution as a whole (quantitative factors % will vary by institution, so may be agreed upon by the institutional Chief Audit Executive & Chief Business Officer)				
<i>Payments (including fines and legal costs)</i>	>5% of outlays/expenditures	>2% to 5% of outlays/expenditures	1% to 2% of outlays/expenditures	<1% of outlays/expenditures
<i>Lost Revenues (actual and/or opportunities)</i>	>5% of Revenue	>2% to 5% of Revenue	1% to 2% of Revenue	<1% of Revenue

Last Updated: June 2014