THE UNIVERSITY OF TEXAS
MD Anderson
Cancer Center

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Rehabilitation Services - Departmental Review

Audit Control No. 2021-210
June 24, 2021

Audit Team:

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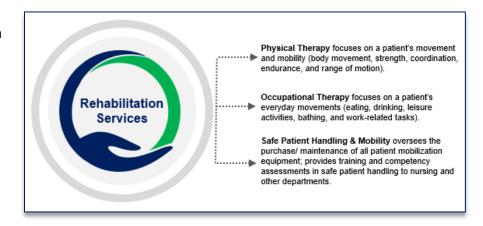**Bianca Geyen**
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21-210 Rehabilitation Services
Department Review

EXECUTIVE SUMMARY

Internal Audit conducted a review of the Department of Rehabilitation Services for the period of September 2020 through December 2021. The objective was to provide a general assessment of key financial, administrative and compliance controls within the Department. This departmental review, as part of the FY21 annual work plan, was identified based on factors such as significant patient revenues and no prior audit performed.

The Department generated $45 million in gross patient revenue for the period. The department employs 134 FTEs and provides services to more than 19,000 patients per year. Services are intended to improve the quality of life and the functional ability of cancer survivors.

Physical Therapy focuses on a patient's movement and mobility (body movement, strength, coordination, endurance, and range of motion).

Occupational Therapy focuses on a patient's everyday movements (eating, drinking, leisure activities, bathing, and work-related tasks).

Safe Patient Handling & Mobility oversees the purchase/ maintenance of all patient mobilization equipment; provides training and competency assessments in safe patient handling to nursing and other departments.

Overall, the Department has controls and processes in place for key personnel and financial management activities such as timekeeping, credentialing, and monthly statistical sampling/expenditure reviews. However, several opportunities for improvement were identified in the following areas:

- Revenue reconciliations and charge capture
- Billable medical supplies reconciliation
- IT asset management and protection
- Procurement card reconciliations and purchasing trends

Management Summary Response:
*Management agrees with the observations and recommendations and has developed action plans to be implemented on or before August 31, 2021. **Appendix B** contains management's detailed summary response.*

Appendix A outlines the methodology for this project.

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The courtesy and cooperation extended by the personnel in the Department of Rehabilitation Services are sincerely appreciated.

Sherri Magnus
Sherri Magnus, CPA, CIA, CFE, CRMA, CHIAP
Vice President & Chief Audit Officer
June 24, 2021

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DETAILED OBSERVATIONS

<u>Observation 1:</u>
Strengthen and Formalize Revenue Reconciliation Processes   *RANKING: High*

The Department's revenue reconciliation processes are not adequate to ensure that patient charges are accurately captured and posted timely. During interviews, department management indicated that they were performing certain reconciliation processes. However, our review noted:

- The monthly revenue reconciliation process (OneConnect to the general ledger) is not formalized or documented. As a result, we were unable to determine if this reconciliation is consistently performed and if any discrepancies identified were resolved.
- Periodic reconciliations of inpatient charges are not formalized or documented. While we observed the supervisor performing a reconciliation process, the lack of documentation prevented us from determining whether this process is performed on a regular basis or if it is adequate.
- Reconciliations of outpatient charges are being performed but are not adequate. As indicated at **Observation 2**, missed charges were still identified during our testing. In addition, we noted encounters with a status of "no show", "canceled", or "left without being seen", yet services were billed. Follow-up indicated that the charges were appropriate, but the status was incorrect.

Institutional policy requires that monthly reconciliations be performed between OneConnect and the general ledger to ensure that the financial statements are accurate and complete. Additionally, the policy requires that charges be reconciled every business. When reconciliations are not performed, errors and irregularities may occur and go undetected.

<u>Recommendation:</u>
Management should strengthen and formalize its revenue reconciliation processes. Controls should be established to ensure that any discrepancies are identified and resolved timely, and that reconciliations are reviewed, approved and formally documented.

<u>Management's Action Plan:</u>
1. *Reconciliation of revenue comparing the Revenue shown in OneConnect to the general ledger is completed on a monthly basis. The outcome of this reconciliation has not been documented. Starting immediately, the Director will document the outcome of the reconciliation by printing the summary page of the Revenue and Usage report and noting in writing the variation in revenue by department from the statement of operations in writing on the summary page. This documentation will be stored electronically in the Department.*
2. *Reconciliation of inpatient charges has been completed on a regular basis and staff are notified of missing charges and required to enter them. The outcome of this process has not been documented. Starting immediately, the inpatient supervisor will print the inpatient charge reconciliation report, note the outcome of the reconciliation on the report, scan the report and store the scanned reports on the Administrative Drive of Rehabilitation Services.*

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3. *Reconciliation of outpatient charges has been completed on a regular basis and staff are notified of missing charges and required to enter them. The outcome of this process has not been documented. Starting immediately, the outpatient supervisor will print the inpatient charge reconciliation report, note the outcome of the reconciliation on the report, scan the report and store the scanned reports on the Administrative Drive of Rehabilitation Services*

4. *The reasons that encounters with a status of "no show", "canceled", or "left without being seen" were entered when appropriate services were billed are varied but center on full communication between the treating therapists and our PSCs. We will educate clinical staff and the PSCs to the importance of verifying the status of encounters when charges are entered.*

Executive Leadership Team Member: Rosanna Morris
Division/Department Executive: Martha Salas
Owner: Brent Braveman
Implementation Date: July 20, 2021

Observation 2:	
Optimize Charge Capture Processes	***RANKING: Medium***

Our testing along with management's self-performed testing identified instances where outpatient and inpatient charges were not captured and billed. While our testing did not identify a significant number of exceptions, processes during the audit period allowed for services to be rendered in certain cases without related charges, and not be detected in a timely manner. Refer to **Appendix A** for our specific testing methodology.

Internal Audit was unable to determine the lost revenue associated with these services. Institutional policy requires that all patient revenue charges be posted timely, reviewed for accuracy and reconciled to ensure patient revenue is captured.

Recommendation:
Management should strengthen and formalize processes and controls to ensure that charges are billed for services provided.

Management's Action Plan:
The action plan for observation 2 is substantially the same as for observation 1 numbers 2 and 3. However, it is clear that there is an error rate associated with the current process. We will add notation of confirmation that missing charges have been entered to the documentation completed and stored.

1. *Reconciliation of inpatient charges has been completed on a regular basis and staff are notified of missing charges and required to enter them. The outcome of this process has not been documented. Starting immediately, the inpatient supervisor will print the inpatient charge reconciliation report and note the outcome of the reconciliation on the report. After receiving confirmation that all charges have been entered, the final result will be noted on the report and the report will be scanned and stored thon the Administrative Drive of Rehabilitation Services.*

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2. *Reconciliation of outpatient charges has been completed on a regular basis and staff are notified of missing charges and required to enter them. The outcome of this process has not been documented. Starting immediately, the inpatient supervisor will print the inpatient charge reconciliation report and note the outcome of the reconciliation on the report. After receiving confirmation that all charges have been entered, the final result will be noted on the report and the report will be scanned and stored thon the Administrative Drive of Rehabilitation Services.*

Executive Leadership Team Member: Rosanna Morris
Division/Department Executive: Martha Salas
Owner: Brent Braveman
Implementation Date: July 1, 2020

Observation 3:
Reconcile Billable Medical Supplies   *RANKING: Medium*

A reconciliation of billable medical supplies purchased by the department is not consistently performed to ensure that all charges are captured. These supplies are charged to the patient account if the necessary paperwork is completed by the therapist when used.

Institutional policy requires that charges shall be reconciled to ensure that all patient revenue charges are accurately captured and posted timely. When reconciliations are not performed, errors and irregularities may occur and go undetected.

Recommendation:
Management should implement a formal reconciliation process for billable medical supplies.

Management's Action Plan:
1. *End the process of purchasing patient billable materials on consignment and move all patient billable materials to MMS Par inventory.*
2. *Update the "equipment issued" field on OneConnect to include all patient billable materials.*
3. *Instruct staff to enter all equipment issued to patients in this row in OneConnect.*
4. *Create a report on all patient billable materials issued.*
5. *Reconcile the MMS POU report with the patient billable materials issued report on a monthly basis.*
6. *Request the addition of an Intellishelf scanning system to 1 equipment room in G1.3418 and at each HAL location to facilitate the scanning of patient billable materials when removed from the shelves by staff.*

Executive Leadership Team Member: Rosanna Morris
Division/Department Executive: Martha Salas
Owner: Brent Braveman
Implementation Date: October 31, 2021

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> ### Observation 4:
> **Strengthen Controls Over Assets**   *RANKING: Medium*

The Department was assigned 317 assets during this period. We noted the following areas where asset controls should be enhanced:

- One Institutional Computing Device (ICD) was identified as missing, but the appropriate missing property form was not completed until our review.
- 31 ICDs had either never touched the network or had not touched the network in over a year. Sixteen of the 31 were disclosed as having Patient Health Information (PHI).
- Three individuals had assets in excess of the number allowed by policy.

Per ADM0334, all institutional computing devices (ICD) must be/remain joined to the MD Anderson Network for the duration of the life cycle of the ICD. Additionally, the policy also establishes limits for asset ownership. Without adequate controls over assets, there is an increased risk that theft or losses may occur, and that PHI may not be adequately protected.

Recommendation:
Management should strengthen controls related to assets to ensure that all missing assets are appropriately identified and reported, the required network connectivity is maintained, any unused assets are returned or retired, and excessive assets are reduced. Management should coordinate with Institutional Compliance in addressing the 16 ICDs identified as having PHI.

Management's Action Plan:
We have addressed this issue by:

1. *Eliminating old assets according to institutional policy and procedure.*
2. *Changing status in the CEMS from owner to oversight role to eliminate excess assignment to individuals.*

Executive Leadership Team Member: Rosanna Morris
Division/Department Executive: Martha Salas
Owner: Brent Braveman
Implementation Date: June 2, 2021

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Observation 5:
Ensure Computers and Mobile Devices Are Protected   *RANKING: Medium*

Per ADM0334, ICDs (desktops, laptops, tablets, mobile phones) are required to have the appropriate level of encryption for each device that views or stores confidential information. There were seven mobile devices that did not contain sufficient protective measures. Two of these devices were disclosed as containing PHI. Without these device management protections, sensitive information could be accessible to unauthorized individuals.

Recommendation:
Management should coordinate with the Information Technology department to ensure all computers and mobile devices are protected. Management should also coordinate with Institutional Compliance concerning actions needed related to any of the assets disclosed as having PHI.

Management's Action Plan:
We have identified a report that we can run to assure compliance with encryption standards.

1. *Running the CEMS encryption report quarterly to assure compliance.*

Executive Leadership Team Member: Rosanna Morris
Division/Department Executive: Martha Salas
Owner: Brent Braveman
Implementation Date: July 1, 2021

Observation 6:
Improve Procurement Card Administration   *RANKING: Medium*

The Department does not have adequate controls over its procurement card transactions, which totaled $141,000 for the review period. While monthly reconciliations are being performed with one level of review, a second level of review as required is not being performed. Appropriate review and approval allow the Department to detect and correct errors in a timely manner. Subsequent to our fieldwork, management initiated a second level of review for monthly reconciliations.

Our review also found a higher than expected volume of regular or recurring purchases as well as purchases of office and medical supplies (refer to **Observation 3**) purchased via the procurement card. The procurement card is intended for purchasing and paying for small dollar transactions that are low-volume, non-repetitive purchases. Purchases that are not made using the appropriate payment mechanism may not result in the best value or be cost-beneficial to the institution.

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The Institution's Procard User Guide states that the monthly review process of the transaction log should include an Authorized Reviewer, who ensures that the log agrees to the Statement of Department Funds. Additionally, the Guide recommends that regular recurring purchases, along with purchases of medical and office supplies, utilize purchasing mechanisms such as eProcurement or the requisition and purchase order process, when possible.

Recommendation:
Management should improve the administration of its procurement cards. The recently implemented second level of review for the monthly reconciliations should continue. Additionally, management should evaluate its monthly purchasing activity and assess whether supplies and other items should be acquired via a more appropriate payment mechanism. This should be performed in coordination with the Procurement Card Administrator and Sourcing & Contract Management.

Management's Action Plan:
The Audit Team facilitated a meeting between the Department of Rehabilitation Services and MMS/Purchasing. Much of the use of the ProCard for purchase of medical supplies has been due to:

1. *Specific direction was provided to the department by MMS to use the ProCard for all purchases for department stock that did not have a patient MRN linked to the PO. Purchasing/Sourcing did not understand this practice and is investigating it with MMS. We will follow any recommendations for changes in purchasing practices as directed once this issue is resolved.*
2. *Limits to the number of items we are allowed to keep on Par inventory for stocking by MMS. Items that are used infrequently or items beyond the number of items we are allowed to on Par must be purchased using the ProCard.*
3. *Effective immediately, all office supplies that can be purchased from a vendor using an institutional purchase order will be ordered in that manner.*

Executive Leadership Team Member: Rosanna Morris
Division/Department Executive: Martha Salas
Owner: Brent Braveman
Implementation Date: August 31, 2021

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Appendix A

Objective, Scope and Methodology:
The objective of this review was to provide a general assessment of the financial, administrative, and compliance controls within the Department. Testing periods varied based upon the area or process reviewed; however, all selected transactions occurred between September 2019 and December 2020, unless otherwise noted below.

Our methodology included the following procedures:

- Interviewed key personnel and reviewed relevant organizational policies to understand financial and administrative processes within the Department.
- Reviewed the Department's asset inventory including processes and controls.
- Reviewed the use and protection of IT assets.
- Tested procurement card transactions and reconciliations for compliance with institutional guidelines.
- Reviewed financial management processes such as monthly statistical sample and certification.
- Examined personnel management processes including timekeeping, overtime, weekend pay program and credentialing.
- Evaluated revenue reconciliation and charge capture processes for both inpatient, outpatient and medical supplies. We analyzed approximately 33,000 outpatient encounters from September 2019 through December 2020 for zero-dollar charges. We sampled 30 instances from 126 potential anomalies and identified 10 instances where the patient should have been charged. Department management also analyzed approximately 1000 inpatient charges through a review of the "Pain Score" report for the period September 2020 through December 2020, and self-identified eight instances where inpatient charges were not captured.

Our internal audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*. The internal audit function at MD Anderson Cancer Center is independent per the *Generally Accepted Government Auditing Standards* (GAGAS) requirements for internal auditors.

Number of Priority Findings to be monitored by UT System: *NONE*
A Priority Finding is defined as "*an issue identified by an internal audit that, if not addressed timely, could directly impact achievement of a strategic or important operational objective of a UT institution or the UT System as a whole.*"

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Appendix B

Response: Department of Rehabilitation Services

The Department of Rehabilitation Services appreciates the efforts of VP Magnus, Randall Ray and the entire team that consulted with our Leadership Team and Administrative Support Team during the audit process. We also appreciate the opportunity to capitalize on opportunities for improvement in our financial controls and to support the MD Anderson Cancer Center's Core Value of Stewardship.

This is the first time that the Department has been audited since I joined the organization as the Director of the Department of Rehabilitation Services in January of 2011. The Leadership Team and Administrative Support Team have operated under good faith to adhere to organizational policies, procedures and practices. In fact, we put controls in place at our own initiative such as developing a process for reconciling inpatient charges in OneConnect where one did not exist. However, we appreciate the opportunities for improvement noted in the audit and commit to new standards of financial control.

Brent Braveman

Brent Braveman, PhD, OTR, FAOTA
Director, Department of Rehabilitation Services
June 8, 2021

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