After Hours Coverage (External Physician Agreements) Review

August 10, 2026

OVERVIEW

Internal Audit conducted a review of Professional Service Agreements (PSAs) related to after-hours coverage. After-hours coverage refers to clinical or operational shifts worked during periods of need, such as weekends, holidays, or periods of increased patient volume. The objective of our audit was to evaluate the controls and processes over the program using a risk-based approach, focusing on agreements for physician services that provide after-hours patient coverage. The audit period covered September 1, 2024, through the present, and other relevant periods as needed. For the departments included in our review, approximately $7.2 million was spent on PSAs during Fiscal Year 2025.

Overall, services and compensation were determined to be consistent with contract terms, supported by valid business needs, and reflective of agreed-upon services being performed. However, supporting documentation used to justify PSAs was not consistently maintained by the departments.

PSAs are contracts with external physicians to provide medical services on behalf of the institution. These agreements are central in ensuring the institution maintains adequate coverage, particularly during high-demand or after-hours periods. Physicians Referral Service (PRS), in collaboration with Legal Services, develops PSA templates and performs an annual review of the template language. Human Resources (HR) Academic Compensation and Benefits review the compensation outlined in these agreements.

Strengthen Adoption of the Centralized PSA Process — RANKING: MEDIUM

A new centralized submission portal for new and renewed PSA and compensation requests was established by HR Academic Compensation and Benefits in October 2023. However, it was not yet being fully utilized at the time of our review. The portal is intended to collect, maintain, and centralize supporting documentation related to PSAs and compensation.

Until the new process is fully utilized, supporting records will continue to be inconsistently prepared, reviewed, and retained across departments. This decentralized approach may lead to incomplete or unreliable documentation.

Recommendation:
The new PSA request and review process should be strengthened through the establishment of formal guidance that clearly defines documentation requirements, submission expectations, and approval procedures. In addition, enhanced communication, training, and oversight should be implemented to promote awareness and adoption of the centralized submission process. These actions would help improve consistency, documentation retention, and transparency across departments while supporting effective operational and clinical coverage needs.

Management Action Plan:
Executive Owner: Shibu Varghese, Jeffrey E. Lee
Division/Department Executive: Yolan Campbell, Michael Overman
Owners: Julie G. Izzo, Karen Kennedy
Implementation Date: 01/31/2027

HR Academic Compensation (HRAC) will strengthen the PSA process by requiring all requests to be submitted through a centralized Storefront portal, establishing standardized documentation and approval requirements, and implementing a defined workflow that includes operational review by the Chief Physician Executive (CPE) Office and compensation analysis by HRAC using consistent FMV and institutional guidelines. Additionally, we will formalize contract execution responsibilities,

enhance training and communication for departments, and provide ongoing monitoring and reporting to ensure compliance, documentation consistency, and audit readiness.

Management Summary Response
Management agrees with the observations and recommendations and has developed action plans to be implemented on or before 1/31/2027.

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

Appendix B depicts analysis of PSAs by department.

The courtesy and cooperation extended to us by the PRS and HR Faculty and Academic Affairs team is sincerely appreciated.

Ann Lovelady, CIA, CHIAP, CFE, CRMA, CCSA
AVP and Chief Audit Officer Ad Interim
August 10, 2026

Appendix A: Objective, Scope and Methodology

The objective was to evaluate the controls and processes over the after-hours program coverage, including agreements for physician services. The audit period covered September 1, 2024, through the present, as well as other relevant periods as needed.

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

- Interviewed key personnel in PRS, Legal Services and HR Academic Compensation and Benefits to gain an understanding of the PSA process.
- Reviewed a sample of Professional Service Agreements to identify the services, compensation.
- Assessed if PRS payments agreed to the contracted rates within the agreements.
- Determined the frequency of utilization for contracts.
- Reviewed relevant organizational policies and procedures.
- Interviewed departmental stakeholders to assess how the need for PSAs is determined and whether appropriate justification and supporting documentation are maintained.

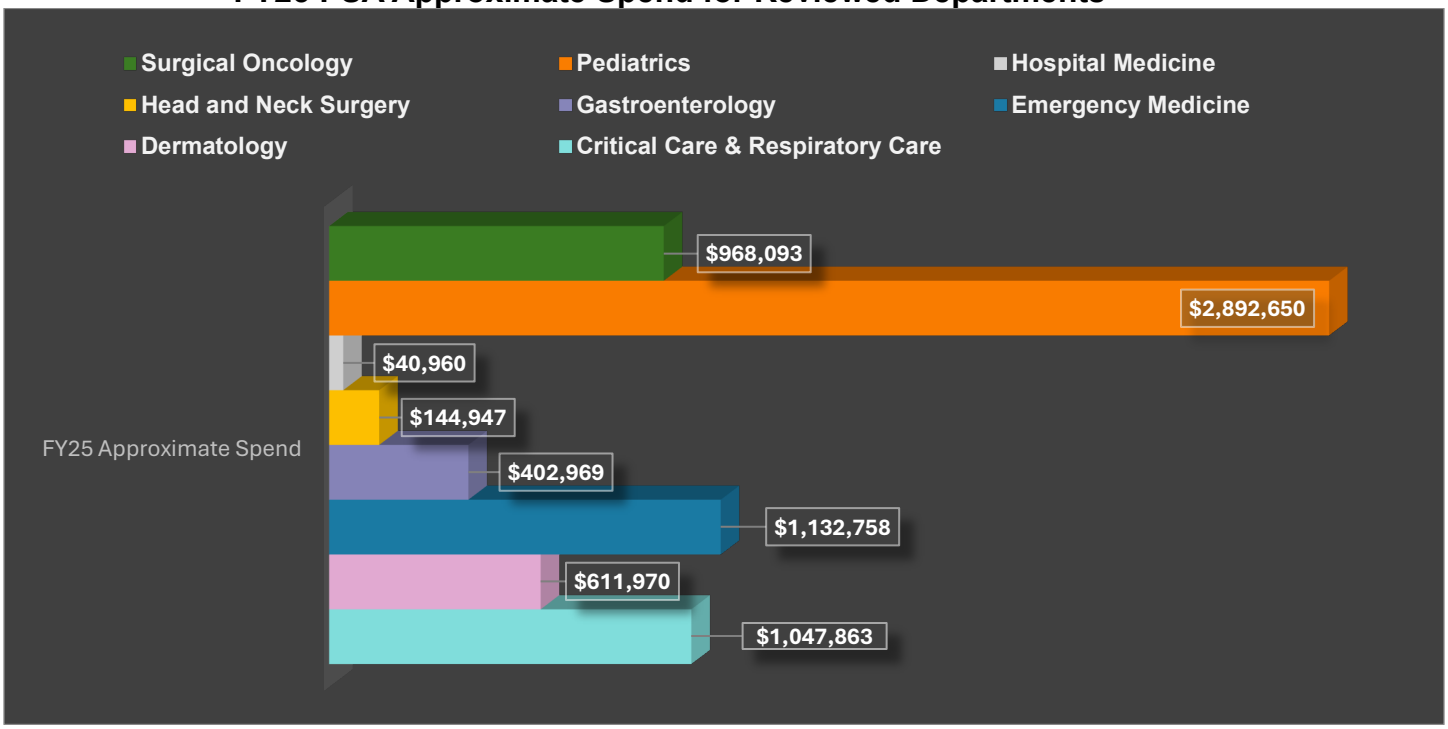
Our Internal Audit was conducted in accordance with the *Global Internal Audit Standards*. The Internal Audit function at MD Anderson Cancer Center is independent per the *Generally Accepted Government Auditing Standards* (GAGAS) requirements for internal auditors.

Audit Team: Benjamin Preston, Megan Quillen, and Randy Ray

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.*"

Appendix B: PSA analysis by Department

FY25 PSA Approximate Spend for Reviewed Departments



Reviewed PSAs by Department