

**The University of Texas MD Anderson Cancer Center  
Internal Audit Annual Report for FY2019**

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**I. Compliance with Texas Government Code, Section 2102.015: Posting the Internal Audit Plan, Internal Audit Annual Report, and Other Audit information on Internet Website**

The Fiscal Year 2020 audit plan, as approved by the Institutional Audit Committee, will be posted on the MD Anderson external website as part of the Fiscal Year 2020 SAO Annual Report. The Fiscal Year 2020 SAO Annual Report, including summaries of reports, will be posted on the MD Anderson external website within 30 days of approval by the President but not later than November 1, 2019, as required.

The following matrix provides a summary of the weaknesses and action taken by management for projects on the Fiscal Year 2019 Audit Plan, as required by Texas Government Code, Section 2102.015:

Report No.	Report Date	Name of Report	Recommendations	Summary of Action Taken	Progress: <ul style="list-style-type: none"> <li>• Fully Implemented</li> <li>• Substantially Implemented</li> <li>• Incomplete/Ongoing</li> <li>• Not Implemented</li> </ul>
2018-102	5/16/2019	Financial Clearance Center	Management should consider establishing an oversight process to ensure: <ul style="list-style-type: none"> <li>• Departments have created appropriate metrics related to their financial clearance activities, with consideration given to industry benchmarks</li> <li>• Consistent, standardized processes are established for extracting, compiling, and reporting performance data</li> <li>• Departments are consistently tracking and monitoring all applicable metrics against appropriate, standardized benchmarks</li> </ul>	Management agreed to enhance oversight processes for financial clearance performance metrics.	Incomplete/Ongoing
2018-108	4/12/2019	Procurement Review	We identified opportunities for improvement in the following areas: <ul style="list-style-type: none"> <li>• Ensure pricing and contract information is updated</li> <li>• Establish benchmarks related to the timeliness of price activation</li> <li>• Establish process to ensure outstanding match exceptions are resolved timely</li> </ul>	Management agreed to review weekly reports detailing contract agreements and pricing, establish price activation benchmarks for vendors, and developed a workgroup to address match exceptions	Incomplete/Ongoing

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Report No.	Report Date	Name of Report	Recommendations	Summary of Action Taken	<b>Progress:</b> • Fully Implemented • Substantially Implemented • Incomplete/Ongoing • Not Implemented
2018-301	3/26/2019	Epic Optimization	The following clinical documentation and patient safety recommendations were made: <ul style="list-style-type: none"> <li>• Streamline current clinical documentation policies and procedures.</li> <li>• Implement cross-institutional clinical documentation and electronic health record governance.</li> <li>• Decrease note bloat while increasing provider efficiency.</li> <li>• Establish data driven approach to monitoring full population of clinical documentation.</li> <li>• Enhance patient safety dashboards.</li> <li>• Develop program to review/optimize decision support tools in Epic.</li> </ul>	Management agreed to streamline policies, strengthen committee oversight of note bloat and provider efficiency, develop more comprehensive clinical documentation reviews, enhance patient safety dashboard and, establish governance structure to review/optimize Epic support tools.	Incomplete/Ongoing
2019-403 2019-111	8/30/2019	Intellectual Property Classification & Protection and Criteria for Scientific Publications	Management should develop consistent guidelines/review processes for scientific publications, implement data integrity tools to support research improve data management, increase awareness of IP processes and enhance access controls.	Management agreed to enhance controls, processes and education in these areas.	Incomplete/Ongoing
2019-112	8/30/2019	Assessment of Selected Project Delivery Processes	We identified the following opportunities for improvement: <ul style="list-style-type: none"> <li>• Enhance project management systems</li> <li>• Establish project risk management framework</li> <li>• Improve project close out processes</li> <li>• Optimize project status reporting</li> <li>• Define project delivery processes</li> </ul>	Management agreed to enhance controls, processes and systems in the recommended areas.	Incomplete/Ongoing
2019-114	5/28/2019	Path/Lab Revenue Reconciliation	Management should ensure staff are trained to resolve workqueue exceptions timely and to identify and resolve the root cause of Suspension Billing report exceptions.	Management will coordinate with Revenue Capture to ensure workqueue exceptions are resolved timely and work with the application owner to determine and resolve the root cause for exceptions.	Incomplete/Ongoing

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2019-115	5/30/2019	Departmental Review – Imaging Physics	We recommended improvements in processes and controls relating to the following: <ul style="list-style-type: none"> <li>• Service Center Management</li> <li>• Asset Management</li> <li>• Personnel Management</li> <li>• Grants Management</li> <li>• Financial Management</li> <li>• System Access</li> </ul>	Management agreed to enhance controls and processes in the recommended areas.	Incomplete/Ongoing
2019-117	2/19/2019	Pharmacy Inventory	We recommended that Pharmacy enhance monitoring of the inventory management system and strengthen controls over expired non-controlled drugs.	Management agreed to strengthen controls in the recommended areas.	Incomplete/Ongoing
2019-118	7/1/2019	Dining Services Review	We recommended improvement in the following areas: <ul style="list-style-type: none"> <li>• Terms &amp; Conditions for future contracts</li> <li>• Early payment discounts</li> <li>• Incentive payments vs. performance</li> <li>• Management approval of vendor invoices</li> <li>• Supporting documentation for invoices</li> <li>• Collaboration on key financial decisions</li> <li>• Management approval of sales commissions</li> </ul>	Management agreed to enhance controls, processes and contract provisions in the recommended areas.	Incomplete/Ongoing
2019-119	8/30/2019	Cash Handling	We recommended that the Breast, Lymphoma/Myeloma and Head and Neck Centers enhance controls related to cash handling processes, including: <ul style="list-style-type: none"> <li>• Safeguarding of funds</li> <li>• Supporting documentation, and</li> <li>• Accountability</li> </ul>	Management agreed to enhance controls in the recommended areas.	Fully Implemented
2019-120	8/30/2019	Procurement Card Transaction Review	Management should enhance the user guide, use appropriate payment mechanisms for repetitive purchases, provide increased training, and establish criteria for cardholder eligibility.	Management agreed to enhance controls in the recommended areas.	Incomplete/Ongoing

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<b>Report No.</b>	<b>Report Date</b>	<b>Name of Report</b>	<b>Recommendations</b>	<b>Summary of Action Taken</b>	<b>Progress:</b> <ul style="list-style-type: none"> <li>• Fully Implemented</li> <li>• Substantially Implemented</li> <li>• Incomplete/Ongoing</li> <li>• Not Implemented</li> </ul>	
2019-124	8/30/2019	Kronos Segregation of Duties (SOD) Review	Management should ensure that sufficient testing is performed when application changes occur.	Management agreed to implement a process to ensure comprehensive testing is performed.	Fully Implemented	
2019-203	8/28/2019	Excepted from Public Disclosure				
2019-204	5/30/2019	Benefits Funding Proportionality	No recommendations were made by Internal Audit for this review.	No management action plan required.	N/A	
2019-206	8/29/2019	Executive Travel and Business Entertainment	We recommended the following opportunities for improvement: <ul style="list-style-type: none"> <li>• Improve travel review process to ensure accuracy and allowability.</li> <li>• Ensure expenditures comply with institutional policy.</li> </ul>	Management agreed to enhance controls in the recommended areas.	Incomplete/Ongoing	
2019-307	10/31/2018	Excepted from Public Disclosure				
2019-400	6/28/2019	Excepted from Public Disclosure				
2019-402	6/28/2019	Excepted from Public Disclosure				
2019-403	8/30/2019	Excepted from Public Disclosure				
2019-405	8/29/2019	Excepted from Public Disclosure				

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**II. Internal Audit Plan for Fiscal Year 2019**

The following matrix details the status of the Fiscal Year 2019 Audit Plan:

<b>Project No.</b>	<b>Project Title</b>	<b>Report Date</b>	<b>Project Status</b>
<b><u>Risk-Based Audits</u></b>			
MDA19-100	Clinical Research Billing	Due to comprehensive and ongoing hospital surveys, postponed at the request of Management and the Audit Committee	Postponed
MDA19-101	Treasury Services Assessment	Pending	In Progress
MDA19-102	Grants and Contracts	8/31/2019	Complete
MDA19-103	Case Mix Index/Medial Documentation	N/A	Cancelled
MDA19-104	Clinical Performance	N/A	Cancelled
MDA19-105	Physician's Network Partners	N/A	Cancelled
MDA19-106	Diagnostic Imaging – Charge Capture	Pending	In Progress
MDA19-107	Inpatient Billing Rate	4/2/2019	Complete
MDA19-108	Patient Access	Due to comprehensive and ongoing hospital surveys, postponed at the request of Management and the Audit Committee	Postponed
MDA19-109	Timely Discharge	Due to comprehensive and ongoing hospital surveys, postponed at the request of Management and the Audit Committee	Postponed
MDA19-110	Department Review – Perioperative Services	Due to comprehensive and ongoing hospital surveys, postponed at the request of Management and the Audit Committee	Postponed
MDA19-403 / MDA19-111	Intellectual Property Classification & Protection and Criteria for Scientific Publications	8/30/2019	Complete
MDA19-112	Assessment of Selected Project Delivery Processes	8/30/2019	Complete

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<b>Project No.</b>	<b>Project Title</b>	<b>Report Date</b>	<b>Project Status</b>
MDA19-113	Management Involvement on Co-Sourced Construction Projects	N/A	Complete
MDA19-114	Path/Lab Revenue Reconciliation	5/28/2019	Complete
MDA19-115	Departmental Review – Imaging Physics	5/30/2019	Complete
MDA19-117	Pharmacy Inventory	2/19/2019	Complete
MDA19-118	Dining Services Review	7/1/2019	Complete
MDA19-119	Cash Handling	8/30/2019	Complete
MDA19-120	Procurement Card Transaction Review	8/30/2019	Complete
MDA19-121	TRS Self-Audit	Pending	In Progress
MDA19-122	Extramural Leave	Pending	In Progress
MDA19-123	Overtime	Pending	In Progress
MDA19-124	Kronos Segregation of Duties Review	8/30/2019	Complete
<b><u>Information Technology Audits</u></b>			
MDA19-400	Excepted from Public Disclosure	6/28/2019	Complete
MDA19-401	Patient Safety and Quality of Care Initiatives - Epic	Due to comprehensive and ongoing hospital surveys, postponed at the request of Management and the Audit Committee	Postponed
MDA19-402	Excepted from Public Disclosure	6/28/2019	Complete
MDA19-404	Management Involvement on Co-Sourced IT Projects	N/A	Complete
MDA19-405	Excepted from Public Disclosure	8/29/2019	Complete
<b><u>Carry-Forward Audits</u></b>			
MDA18-102CF	Financial Clearance Center	5/16/2019	Complete
MDA18-108CF	Procurement	4/12/2019	Complete
MDA18-303CF	Employee and Contingent Worker Criminal Background Checks	8/31/2019	Complete
MDA18-301CF	Epic Optimization	3/26/2019	Complete
<b><u>Required Audits (Externally and Internally)</u></b>			
MDA19-200	FY 2018 Financial Statement Audit (year-end)	Report issued by Deloitte at UT System level	Complete
MDA19-201	FY 2019 Financial Statement Audit (interim)	N/A	Cancelled
MDA19-202	FY 2019 Deloitte Financial Audit Support – IT	N/A	Cancelled
MDA19-203	Excepted from Public Disclosure	8/28/2019	Complete
MDA19-204	Benefits Funding Proportionality	5/30/2019	Complete
MDA19-205	Economic Development Agreement	12/7/18	Complete
MDA19-206	Executive Travel and Business Entertainment	8/29/2019	Complete

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<b>Project No.</b>	<b>Project Title</b>	<b>Report Date</b>	<b>Project Status</b>
MDA19-207	Presidential Housing, Travel and Entertainment	Report issued by UT System – IA provided assistance in gathering information	Complete
<b><i>Risk-Based Consulting Projects</i></b>			
MDA19-300	Enterprise Risk Management	Consulting Project – Verbal comments provided to management	Complete
MDA19-301	Medical Overrides	3/20/2019	Complete
MDA19-302	Patient Registration	N/A	Combined with MDA19-108
MDA19-303	Cost Accounting System	N/A	Cancelled
MDA19-304	Business Continuity Planning	Pending	In Progress
MDA19-305	Excepted from Public Disclosure	7/9/2019	Complete
MDA19-306	Grants and Contracts	Consulting Project – Verbal comments provided to management	Complete
MDA19-307	Excepted from Public Disclosure	10/31/2018	Complete
MDA19-308	RayCare/Beaker Project Consulting	10/8/2019	Complete
MDA19-309	Drug Diversion Consulting	Consulting Project – Verbal comments provided to management	Complete
MDA19-310	General Consultation with Management	N/A	Complete
MDA19-311	IT Liaison Activities	N/A	Complete
MDA19-312	Institutional Committee Participation	N/A	Complete
MDA19-313	Data Analytics Development	Project used to gain proficiency of Institutional systems, applications and data	Complete
MDA19-314	Procurement Compliance Assessment (TEC51.9337)	10/8/2019	Complete
<b><i>Investigations</i></b>			
MDA19-901	Excepted from Public Disclosure	2/15/2019	Complete
MDA19-902	Excepted from Public Disclosure	2/18/2019	Complete
MDA19-903	Excepted from Public Disclosure	Verbal comments provided to management	Complete
MDA19-904	Excepted from Public Disclosure	Verbal comments provided to management	Complete



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Project No.	Project Title	Report Date	Project Status
<b><u>Follow-up</u></b>			
MDA19-500	Quarterly Reporting / Monitoring Activities	N/A	Complete
MDA19-501	Validation Activities - Phase I	2/28/19	Complete
MDA19-502	IT Follow-up Validation Activities	N/A	Complete
MDA19-503	Validation Activities – Phase II	8/31/2019	Complete
<b><u>Development - Operations</u></b>			
-	Internal / External Quality Assurance Activities	N/A	Complete
-	Internal Audit Committee Preparation Participation	N/A	Complete
-	Institutional Risk Assessment & Work Plan Development	N/A	Complete
-	Audit Strategic Planning	N/A	Complete
-	IT Risk Assessment FY 20	N/A	Complete
-	IT Administrative Activities	N/A	Complete
<b><u>Development – Initiatives &amp; Education</u></b>			
-	UT System Coordination	N/A	Complete
-	Professional Organization / Association Participation	N/A	Complete
-	Training / Continuing Professional Education	N/A	Complete
-	IT Knowledge Sharing and/or Training documentation Projects	N/A	Complete

	Audit / Project cancelled / postponed
	Audit / Project added to Plan
	Audit/Project addressing Benefits Proportionality

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**Compliance with the Benefits Proportionality Audit Requirements for Higher Education Institutions:**

At the request of the Governor, an internal audit of the proportionality of higher education benefits process was performed during fiscal year 2019. The audit examined fiscal year 2018. A consistent audit methodology has been deployed across UT System that assessed the reporting process and accuracy of benefits funding information provided to the State Comptroller. An audit of the benefits proportionality process will also be conducted during fiscal year 2020 and will comply with Article IX, Section 6.08, of the General Appropriations Act. The audit will be complete by August 31, 2020.

**Compliance with the Purchasing and Contracting Requirements for Higher Education Institutions:**

Senate Bill 20 (84<sup>th</sup> Legislative Session) made several modifications and additions to Texas Government Code (TGC) and Texas Education Code (TEC) related to purchasing and contracting. Effective September 1, 2015, TEC 51.9337 requires that, *“The chief auditor of an institution of higher education shall annually assess whether the institution has adopted the rules and policies required by this section and shall submit a report of findings to the state auditor.”*

The MD Anderson Cancer Center Internal Audit Department conducted this required assessment for fiscal year 2019, and found the following:

*Based on review of current institutional policy and the UT System Board of Regents’ Rules and Regulations, MD Anderson Cancer Center has generally adopted all of the rules and policies required by TEC 51.9337. Review and revision of institutional and System policy is an ongoing process. These rules and policies will continue to be assessed annually to ensure continued compliance with TEC 51.9337.*

No significant changes have been made since the assessment was conducted.

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**III. Consulting Services and Non-audit Services Completed**

<b>Project No.</b>	<b>Project Title</b>	<b>Report Date</b>	<b>Project Objective</b>	<b>Services / Observations / Results / Recommendations</b>
2018-303	Employee and Contingent Worker Criminal Background Checks	Consulting – Verbal Comments provided to Management	Internal Audit will partner with key stakeholders to ensure a comprehensive background check is conducted for all employees, including faculty, as part of the on-boarding process.	Internal Audit met with stakeholders to establish an implementation plan to address the risks identified with criminal background checks. The project proposals were presented to the Community of Chairs for input and will be presented to executive leadership for consideration.
2019-102	Grants and Contracts (Huron Follow-up)	Consulting – Verbal Comments provided to Management	To monitor progress related to recommendations from the 2016 Huron review.	Internal Audit is monitoring as the Grants and Contracts department develops and implements action plans to address the risks identified during the 2016 Huron review.
2019-107	Inpatient Billing Rate	Consulting – Verbal Comments provided to Management	Determine that the intermediate rate billed to patients is supported by the medical record.	Further review and collaboration with Institutional Compliance and Clinical Revenue and Reimbursement determined the original risk identified is no longer applicable, and no further work is warranted.
2019-200	FY 2018 Financial Statement Audit (year-end)	Report issued by Deloitte	Assist the external Financial Statement Auditors with interim and IT testing.	Internal Audit assisted the external financial statement auditors with year-end. Observations and recommendations will be made by Deloitte to management.
2019-205	Economic Development Agreement	Consulting – Verbal Comments provided to Management	To review the reporting methodology and schedules for the annual compliance verification of job creation for the Texas Economic Development Agreement.	The methodology appeared consistent with previous submissions. Nothing came to Internal Audit's attention that would indicate the Annual Compliance Verification was materially misstated. No opinion was requested or provided.
2019-207	President's Housing, Travel and Entertainment	N/A	Assist the UT System Audit Office with its annual review of Presidential Travel and Business Entertainment.	Internal Audit assisted the UT System Audit Office with its annual review of Presidential Travel and Business Entertainment. Internal Audit provided the population of transactions requested per the engagement letter.
2019-300	Enterprise Risk Management	Consulting – Facilitated ERM Initiative	To assist in the progress of this Institutional initiative.	Effective January 2019, the ERM initiative transitioned to Strategy and Business Development. Internal Audit will continue to serve on the ERM Committee and provide guidance as needed.
2019-301	Medical Overrides	3/20/2019	To determine if approval was obtained and to assess the financial impact to the institution for medical overrides.	Management should ensure completeness of medical override requests, improve reporting of overrides, document medical criteria for insured patients, improve collection rate and consider updating the override policy.
2019-305	Excepted from Public Disclosure			

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<b>Project No.</b>	<b>Project Title</b>	<b>Report Date</b>	<b>Project Objective</b>	<b>Services / Observations / Results / Recommendations</b>
2019-306	Grants and Contracts Consultation	Consulting - Participation on institutional committee	In coordination with Institutional Compliance and Grants and Contracts, Internal Audit will provide guidance in the development and implementation of control processes, both centralized and decentralized, to ensure allowability of costs charged to grants, including but not limited to the accuracy of effort reporting.	In coordination with Institutional Compliance and Grants and Contracts, Internal Audit continues to assist in identifying and providing guidance on mitigating potential compliance risks.
2019-308	RayCare/Beaker Project Consulting	Consulting – Verbal Comments provided to Management	Internal Audit reviewed the status of the RayCare and Beaker projects within the project governance lifecycle to ensure continued alignment with Institutional policy and leading practice.	The RayCare and Beaker projects have continued to progress and are adhering to the established IT project governance framework, in addition to demonstrating implementation of recommendations from past in-flight and project post-implementation assessments.
2019-309	Drug Diversion Consulting	Consulting - Participation on institutional committee	To provide consultation regarding proposed actions to reduce insider threats relating to medication diversion.	Internal Audit is currently participating on the Medication Diversion Prevention Program Committee, established to prevent, identify and address medication diversion risks. Internal Audit's role is to provide consultation regarding proposed actions to reduce insider threats.
2019-314	Procurement Compliance Assessment (TEC 51.9337)	Consulting – Verbal Comments provided to Management	As required annually by Texas Education Code 51.9337, Internal Audit performed an assessment in order to determine whether the Institution has adopted the required rules and policies related to purchasing of goods and services.	No exceptions were noted.
-	Various Investigations	Various methods of communication	To conduct investigations as necessary.	Information was provided to appropriate levels of management.

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IV. External Quality Assurance Review (Peer Review)



Candor. Insight. Results.

October 17, 2017

Ms. Sherri Magnus, Chief Audit Executive  
The University of Texas MD Anderson Cancer Center

In October 2017, The University of Texas MD Anderson Cancer Center (MD Anderson) Department of Internal Audit (DIA) completed a self-assessment of internal audit activities in accordance with guidelines published by the Institute of Internal Auditors (IIA) for the performance of a quality assessment review (QAR). MD Anderson DIA engaged an independent review team consisting of three internal audit professionals with extensive higher education and healthcare experience to perform an independent validation of DIA's QAR self-assessment. The primary objective of the validation was to verify the assertions made in the QAR report concerning IA's conformity to the Institute of Internal Auditor's *International Standards for the Professional Practice of Internal Auditing* (the IIA Standards) and Code of Ethics, Generally Accepted Government Auditing Standards (GAGAS), and the relevant requirements of the Texas Internal Auditing Act (TIAA).

The IIA's *Quality Assessment Manual* suggests a scale of three ratings, "generally conforms," "partially conforms," and "does not conform." "Generally conforms" is the top rating and means that an internal audit activity has a charter, policies, and processes that are judged to be in conformance with the Standards. "Partially conforms" means deficiencies in practice are noted that are judged to deviate from the Standards, but these deficiencies did not preclude the IA activity from performing its responsibilities in an acceptable manner. "Does not conform" means deficiencies are judged to be so significant as to seriously impair or preclude the IA activity from performing adequately in all or in significant areas of its responsibilities.

Based on our independent validation of the QAR performed by DIA, we agree with DIA's overall conclusion that the internal audit function "**Generally Conforms**" with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* and Code of Ethics, as well as with DIA's conclusions regarding GAGAS and TIAA requirements. Our review noted strengths as well as opportunities for enhancing the internal audit function.

This information has been prepared pursuant to a client relationship exclusively with, and solely for the use and benefit of, MD Anderson and The University of Texas System Administration and is subject to the terms and conditions of our related contract. Baker Tilly disclaims any contractual or other responsibility to others based on its use and, accordingly, this information may not be relied upon by anyone other than The University of Texas MD Anderson Cancer Center and The University of Texas System Administration.

The review team appreciates the cooperation, time, and candid feedback of executive leadership, stakeholders, and DIA personnel.

Very truly yours,

*Baker Tilly Virchow Krause, LLP*



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V. Internal Audit Plan for Fiscal Year 2020

FY 2020 Audit Plan Audit/Project	Budgeted Hours	% of Total	Description
<b>Assurance Engagements</b>			
Excepted from Public Disclosure	500		
Excepted from Public Disclosure	500		
Physician's Network Partners	400		Evaluate the activities and processes in place to ensure quality of care at our partners. Will be performed under Generally Accepted Government Auditing Standards (GAGAS).
Excepted from Public Disclosure	500		
Excepted from Public Disclosure	550		
Departmental Audit (TBD)	500		To provide a general assessment of the financial, administrative, and compliance controls within a selected department. Will be performed under Generally Accepted Government Auditing Standards (GAGAS).
Excepted from Public Disclosure	500		

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FY 2020 Audit Plan Audit/Project	Budgeted Hours	% of Total	Description
Excepted from Public Disclosure	500		
Lab Safety Training	400		To determine whether laboratory personnel are receiving the required lab safety training in a timely manner. Will be performed under Generally Accepted Government Auditing Standards (GAGAS).
Excepted from Public Disclosure	550		
Excepted from Public Disclosure	500		
Charity Care	450		Review the institution's charity care and community benefits to determine adherence to state requirements.
Facilities Management Activities/Construction	500		To conduct risk-based reviews of key construction/facilities management activities and/or processes. Reviews will be co-sourced, utilizing staff with construction expertise.
Management Involvement on Co- Sourced Construction Projects	100		To oversee/facilitate audits of construction activities.
Management Involvement on other Co-Sourced Projects	100		To oversee/facilitate audits of other co-sourced activities.
<i><u>Information Technology Engagements</u></i>			
Excepted from Public Disclosure	600		

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FY 2020 Audit Plan Audit/Project	Budgeted Hours	% of Total	Description
Excepted from Public Disclosure	525		
Excepted from Public Disclosure	600		
Epic Patient Safety and Quality of Care Initiatives	600		Perform an assessment of controls and processes in Epic to ensure they are working as intended and leveraging Epic functionality to support patient safety and quality of care initiatives. Possible areas for review may include lab ordering, in-basket management, and/or referrals tracking. Will be performed under Generally Accepted Government Auditing Standards (GAGAS).
Management Involvement on Co-Sourced IT Projects	150		To oversee/facilitate audits of IT activities.
<i><u>Carry-Forward Engagements</u></i>			
Timely Discharges	350		Using data analytics, determine timeliness of discharges, opportunities for improvement, and the financial impact of untimely discharges. Will be performed under Generally Accepted Government Auditing Standards (GAGAS).
Perioperative Services	300		To provide a general assessment of the financial, administrative, and compliance controls within the selected department. Will be performed under Generally Accepted Government Auditing Standards (GAGAS).



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<b>FY 2020 Audit Plan Audit/Project</b>	<b>Budgeted Hours</b>	<b>% of Total</b>	<b>Description</b>
Excepted from Public Disclosure	500		
Patient Access and Registration	500		Using a risk-based approach, identify opportunities for improvement in patient access and registration. Will be performed under Generally Accepted Government Auditing Standards (GAGAS).
Extramural Leave	250		Using a risk-based approach, determine whether extramural leave is being used appropriately and is accurately recorded. Will be performed under Generally Accepted Government Auditing Standards (GAGAS).
Overtime	150		To analyze overtime data to identify trends, anomalies, and opportunities for cost savings. Will be performed under Generally Accepted Government Auditing Standards (GAGAS).
Procurement Card Transaction Review	50		To review procurement card transactions for compliance with institutional policies. Will be performed under Generally Accepted Government Auditing Standards (GAGAS).
Treasury Services	100		Using a risk-based approach, evaluate the effectiveness of controls over key activities relating to Treasury Services.
<b>Assurance Engagements Subtotal</b>	<b>11,225</b>	<b>53%</b>	
<b><i>Required Engagements (External and Internal)</i></b>			
FY 2019 Financial Statement Audit (year-end)	250		To assist Deloitte with testing relating to the External Financial Statement Audit. Will be performed under Generally Accepted Government Auditing Standards (GAGAS).
FY 2020 Financial Statement Audit (interim)	150		To assist Deloitte with testing relating to the External Financial Statement Audit. Will be performed under Generally Accepted Government Auditing Standards (GAGAS).
FY 2020 Deloitte Financial Audit Support - IT	100		Perform IT general controls procedures as requested by MDACC to support the Deloitte Financial Audit of MDACC. Will be performed under Generally Accepted Government Auditing Standards (GAGAS).

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<b>FY 2020 Audit Plan Audit/Project</b>	<b>Budgeted Hours</b>	<b>% of Total</b>	<b>Description</b>
Benefits Funding Proportionality	100		As requested by the Governor's Office, to verify that employee benefit costs are paid in proportion to the source of funds, according to established guidelines set forth in Article IX, Section 6.08 of the General Appropriations Act. Will be performed under Generally Accepted Government Auditing Standards (GAGAS).
Executive Travel and Business Entertainment	200		To determine if travel and entertainment activities and expenditures of executive management are conducted in accordance with UT System and MDACC policy. Will be performed under Generally Accepted Government Auditing Standards (GAGAS).
Presidential Housing, Travel, and Entertainment	40		To assist /coordinate audits by UT System to determine if travel and entertainment activities and expenditures of the President and spouse are conducted in accordance with UT System and MDACC policy. Will be performed under Generally Accepted Government Auditing Standards (GAGAS).
<b>Required Engagements Subtotal</b>	<b>840</b>	<b>4%</b>	
<b><i>Advisory and Consulting Engagements</i></b>			
Enterprise Risk Management	150		Coordinate with management and the vendor to continue implementation of an enterprise risk management framework for the institution.
Innovation Assessments	300		Assess the ongoing implementation of select systems, such as Beaker, Telehealth and RPA/Automation to ensure appropriate controls are established.
Business Continuity Planning - Phase II	450		Using an external vendor, coordinate with management to assess the Institution's business impact analysis as it relates to the business continuity planning process.
Excepted from Public Disclosure	50		

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<b>FY 2020 Audit Plan Audit/Project</b>	<b>Budgeted Hours</b>	<b>% of Total</b>	<b>Description</b>
Unrealized Discounts	300		Partner with Supply Chain management to identify contracts with discount opportunities and determine whether these are being realized. Will be performed under Generally Accepted Government Auditing Standards (GAGAS).
Optimization of IT Devices	400		Evaluate institutional asset inventory to determine areas where IT devices appear idle and develop potential solutions for optimization and potential cost recovery. Will be performed under Generally Accepted Government Auditing Standards (GAGAS).
Segregation of Duties and Account Reconciliations	100		To consult with Financial Controls to ensure that prior recommendations have been remediated and to identify potential concerns that may arise from departmental sub-certifications. Will be performed under Generally Accepted Government Auditing Standards (GAGAS).
Drug Diversion Consulting	50		Participate in a consulting role on the Medical Diversion Prevention Committee.
Purchased Services	500		Evaluate consulting services contracts to determine expected deliverables and whether they resulted in a return on the investment. Conduct annual assessment for compliance with Texas Education Code §51.9337 Section H. Will be performed under Generally Accepted Government Auditing Standards (GAGAS).
Criminal Background Checks	50		Internal Audit will continue to partner with key stakeholders to ensure processes established around a comprehensive background check have been implemented for all employees, including faculty, as part of the on-boarding process.
General Consultation with Management	150		To consult with management on various high-risk topics.
IT Liaison Activities	70		Participation in staff meetings, the UT InfoSec meetings, IT Leaders meetings, etc.
Institutional Committee Participation	185		To participate, in a consulting role, on committees within the institution.
<b>Advisory and Consulting Engagements Subtotal</b>	<b>2,755</b>	<b>13%</b>	

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<b>FY 2020 Audit Plan Audit/Project</b>	<b>Budgeted Hours</b>	<b>% of Total</b>	<b>Description</b>
<b><i>Follow-up</i></b>			
Quarterly Reporting / Monitoring Activities	100		To report on follow-up validation activity.
Validation Activities	500		To conduct follow-up on outstanding recommendations.
IT Follow-up Validation Activities	250		To conduct follow-up on outstanding IT recommendations.
<b>Follow-up Subtotal</b>	<b>850</b>	<b>4%</b>	
<b><i>Reserve</i></b>			
Reserve for Just-In-Time Auditing/Advisory Services	1,500		Reserve will be used to respond to management's requests in high-risk areas, as well as to address changing risks in our environment throughout the year.
Reserve for Investigations	450		Reserve will be used to respond to any investigative requests throughout the year.
IT Reserve Just-in-Time Auditing/Advisory Services	60		Reserve Just-in-Time Auditing/Advisory Services will be used to respond to management and Internal Audit's requests for assessments in emerging high-risk areas related to IT.
IT Financial and Operational Audit Assistance	75		Participation in high-risk limited scope activities with the Internal Audit team.
<b>Reserve Subtotal</b>	<b>2,085</b>	<b>10%</b>	
<b><i>Development - Operations</i></b>			
Internal / External Quality Assurance Activities	325		To conduct on-going reviews of audits/projects for compliance with the International Institute of Internal Auditors (IIA) standards. In addition, to prepare for an external quality assurance review.
Internal Audit Committee Preparation / Participation	173		To prepare audit committee materials and participate in quarterly meetings.
Institutional Risk Assessment and Work Plan Development	350		To update the comprehensive risk assessment and Work Plan.
Audit Strategic Planning	740		To perform strategic planning and manage the overall audit activity.
IT Risk Assessment FY 20	250		Updating of the IT risk assessment and audit plan.
IT Administrative Activities	125		To manage the overall IT audit activity.
<b>Development - Operations Subtotal</b>	<b>1,963</b>	<b>9%</b>	

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<b>FY 2020 Audit Plan Audit/Project</b>	<b>Budgeted Hours</b>	<b>% of Total</b>	<b>Description</b>
<b><i>Development - Initiatives and Education</i></b>			
UT System Coordination	100		To participate in UT System initiatives.
Professional Organization / Association Participation	80		To participate in the IIA Houston Chapter Annual Conference.
Training / Continuing Professional Education	912		To provide training and continuing professional education to audit staff in accordance with audit standards.
Data Analytics Development	375		To enhance knowledge and proficiency related to institutional systems, applications and data.
IT Knowledge Sharing and/or Training Documentation Projects	65		Share thought leadership, perspective, and bringing in technical resources to assist where needed.
<b>Development - Initiatives &amp; Education Subtotal</b>	<b>1,532</b>	<b>7%</b>	
<b>Total Hours</b>	<b>21,250</b>	<b>100%</b>	

*Projects addressing Benefits Proportionality, expenditure transfers, capital budget controls, any other limitation or restriction in the General Appropriations Act, or Contract management and other requirements.*

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Additional “high” risks not included in the FY 2020 Work Plan are found in the following areas:

- Recruitment/staffing and employee wellness
- Insider threats
- Environmental Health and Safety
- Dining Services
- Budget Control and cost accounting
- Purchasing
- Billing and reimbursement
- Information security
- Privacy
- Regulated research activities
- Disclosure of secondary interests
- Compliance awareness and assurance
- Campus security
- Credentialing/licensure
- Management of medications
- Management of patient safety
- Governance, culture and strategic planning
- Industry Ventures

Our risk assessment methodology included interviews with various levels of management in the institution. Additionally, we leveraged information obtained by the Enterprise Risk Management team, as well as a multitude of other data inputs. Identified risks were organized into institution-wide auditable units. For each identified risk, impact and probability were assessed. Our work plan was developed from the highest risk areas in the institution that are not already being addressed by other mitigation strategies.

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VI. External Audit Services Procured in Fiscal Year 2019

<b>Service</b>	<b>Provider</b>
Opinion on financial statements of UT MD Anderson Cancer Center	Deloitte
Opinion on financial statements of UT MD Anderson Physicians Network	Deloitte
Opinion on financial statements of UT MD Anderson Services Corporation	Deloitte
Information Technology Internal Audit Co-Sourcing	PwC
Construction Internal Audit Co-Sourcing	Protiviti
Business Continuity Planning Internal Audit Co-Sourcing	PwC

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## VII. Reporting Suspected Fraud and Abuse

### Compliance Hotline

The Compliance Hotline is a toll-free number available to all staff and faculty to anonymously report suspected wrongdoing, including waste, fraud, abuse and violations of any federal or state laws.

#### The Hotline

- A toll-free number you can call to report suspected wrongdoing, fraud, waste, abuse, and violations of any federal or state laws, or MD Anderson institutional policies.
- Available 24 hours a day, 365 days a year by calling 1-800-789-4448 ☎.
- All calls are confidential and you don't need to identify yourself.
- Reports all allegations to MD Anderson's Institutional Compliance Office.

Individuals may also report suspected fraud, waste, and abuse involving state resources to the State Auditor's Office's Hotline at 1-800-TX-AUDIT ☎ (1-800-892-8348 ☎). The [State Auditor's Office](#) provides additional information at its website, <http://sao.fraud.state.tx.us>.

**Question:** What is the hotline's purpose?

**Answer:** To provide MD Anderson's workforce members an additional method of reporting instances of wrongdoing, fraud, waste and abuse. While we encourage you to report compliance issues directly to your immediate supervisor or the Institutional Compliance Office, we recognize that this may not always be an option.

**Question:** How does the hotline work?

**Answer:** The hotline is a resource available to MD Anderson's workforce members 24 hours a day, 365 days a year. An outside company is staffed with specially trained personnel to answer all hotline calls. When you call the hotline, you'll be asked to describe the suspected compliance issue in as much detail as possible. You don't need to tell them who you are. Upon completion of your call, the information will be sent to the Institutional Compliance Office for investigation.

**Question:** Am I required to identify myself?

**Answer:** No. You don't have to reveal your identity. Calls are not traced or recorded.

**Question:** Can the call be traced back to me?

**Answer:** No. The hotline does not record calls and does not have caller ID capability. Calls cannot be traced.

**Question:** What type of situations should be reported to the hotline?

**Answer:** Even if you only suspect fraud or abuse in patient care, research, billing or any other work area, it is important that you share your concerns with the Institutional Compliance Office, either at 713-745-6636 ☎ or via the hotline. All reports will be investigated.

**Question:** What will happen to my job if I call?

**Answer:** Federal and state laws, as well as MD Anderson institutional policy, protect individuals who provide confidential information regarding possible illegal activities in the workplace. Therefore, workforce members providing good-faith reports of possible fraud or abuse are protected from retaliation or retribution. See MD Anderson's [Non-Retaliation Policy \(UTMDACC Institutional Policy # ADM0254\)](#).

**Question:** How do I know an investigation is taking place based on my call?

**Answer:** MD Anderson is committed to investigating all reports promptly and will maintain the confidentiality and anonymity of all parties involved to the fullest extent possible. Because of this, investigations are kept confidential. Results of the investigation are reported to the Chief Compliance Officer, and corrective action plans, when necessary, are implemented as soon as possible.

For more information, please contact the Institutional Compliance Office at 713-745-6636 ☎.



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**VIII. Audit Reports Relating to Contracting Processes and Controls in the Last Five Years (FY 2015 to Current)**

Senate Bill 65 (86th Legislature, Regular Session) requires the SAO to assign a level of contract monitoring to each of the 25 largest state agencies in a state fiscal year as determined by the Legislative Budget Board (LBB). The rating is based on a variety of factors, including the results of an audit of an applicable agency's contracts and contract processes and controls conducted by the agency's internal auditors.

To assist the SAO in performing this function, the 25 state agencies, of which The University of Texas MD Anderson Cancer Center has been designated, should include certain information in the internal audit annual report. Specifically, agencies should identify each audit report related to agency contracts and contract processes and controls completed in the last five years (fiscal years 2015 to current). The following matrix provides the requested information:

<b>Report No.</b>	<b>Report Date</b>	<b>Name of Report</b>	<b>Follow-up Work Performed</b>
16-105	8/26/2016	Procurement Review	Internal Audit validated and closed all recommendations identified during the audit. No separate report was issued as a result of the follow-up work performed.
16-108	8/31/2016	Facilities' Service Vendor Audit	Internal audit has validated and closed all recommendations identified during the review. No separate report was issued as a result of the follow-up work performed.
18-108	4/12/2019	Procurement Review	Our review identified opportunities to ensure Premier pricing information is current, improve timeliness of Premier price activations, and resolve invoice exceptions timely. Action plans are scheduled to be implemented by November 2019. Validations will be conducted by Internal Audit once recommendations are implemented.