

**The University of Texas MD Anderson Cancer Center
Internal Audit Annual Report for FY2020**

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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 2021 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, 2020, as required.

The following matrix provides a summary of the weaknesses and action taken by management for projects on the Fiscal Year 2020 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"> • Fully Implemented • Substantially Implemented • Incomplete/Ongoing • Not Implemented
19-110CF	3/5/2020	Perioperative Services Division Review	Internal Audit recommended that Perioperative Services should: 1) Strengthen asset monitoring and reporting. 2) Ensure computers and mobile devices are protected. 3) Approve timecards as required by institutional policy.	Management agreed to enhance controls and processes surrounding assets and timecards.	Incomplete/Ongoing
19-122CF	6/15/2020	Extramural Leave (EXT)	Internal Audit recommended mandatory training for all individuals responsible for capturing and recording Extramural Leave (EXT) which should be revisited on an annual basis.	Management agreed to enhance controls and processes related to Extramural leave.	Incomplete/Ongoing

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Report No.	Report Date	Name of Report	Recommendations	Summary of Action Taken	Progress: <ul style="list-style-type: none"> • Fully Implemented • Substantially Implemented • Incomplete/Ongoing • Not Implemented
20-105	4/10/2020	Departmental Audit-- Cardiology	Internal Audit recommended the following to mitigate risks: <ul style="list-style-type: none"> • Protect, improve inventory/ recordkeeping and address excessive IT assets. • Enhance extramural leave process to ensure compliance with policy. • Improve controls over grants to include allocation shared project costs, effort reporting, and submission of progress reports. • Ensure accuracy of diagnosis for cardiology billings. • Evaluate 3rd party surgical sites to determine if formal expectations should be developed. 	Management agreed to enhance controls and processes in the recommended areas.	Incomplete/Ongoing
20-106	9/8/2020	Emergency Center	Internal Audit recommended that the Emergency Center Department increase the protection IT assets and ensure all timesheets are approved timely per Institutional Policy.	Management agreed to strengthen controls surrounding the protection of assets and timecards.	Incomplete/Ongoing
20-108	8/24/2020	Lab Safety Training	Internal Audit recommended that EH&S enhance monitoring related to Lab Safety training and improve policies and procedures.	Management agreed to enhance monitoring related to Lab Safety training and improve policies and procedures.	Incomplete/Ongoing
20-117	8/31/2020	PRS Purchased IT Devices	Internal Audit recommended that IS Management coordinate with PRS Management to implement controls to ensure computer devices are not acquired outside of CEMS.	Management agreed to strengthen controls surrounding the purchase of computer devices outside of CEMS.	Incomplete/Ongoing
20-118	8/26/2020	Limited Charge Review - Breast	No recommendations were made as a result of this review.	No action is required.	Not applicable

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Report No.	Report Date	Name of Report	Recommendations	Summary of Action Taken	Progress: <ul style="list-style-type: none"> • Fully Implemented • Substantially Implemented • Incomplete/Ongoing • Not Implemented
20-119	8/26/2020	Limited Charge Review - Thoracic	No recommendations were made as a result of this review.	No action is required.	Not applicable
20-120	8/31/2020	Excepted from Public Disclosure			
20-201	8/31/2020	Robotic Process Automation (RPA) Assessment	Internal Audit recommended that management should develop an RPA strategy and implement an RPA governance structure. The governance structure should include the development and implementation of policies and procedures.	Management agreed to develop an RPA strategy and governance structure, including policies and procedures to guide and govern RPA development, security, use, and maintenance processes.	Incomplete/Ongoing
20-204	3/17/2020	Unrealized Discounts	Internal Audit recommended that management develop a centralized process to identify and monitor rebates.	Management agreed to enhance controls over rebates.	Incomplete/Ongoing
20-205	8/4/2020	Optimization of IT Devices	Internal Audit recommended that Information Technology Management should consider: <ul style="list-style-type: none"> • Implementing an oversight process to optimize IT assets. • Ensuring new assets are not purchased until current assets are fully utilized. • Providing reports to departments so that appropriate monitoring can be performed. 	Management agreed with the recommendations and will implement new processes and procedures to address the risks.	Incomplete/Ongoing
20-206	10/31/2019	Excepted from Public Disclosure			
20-303	2/3/2020	Benefits Funding Proportionality	No recommendations were made by Internal Audit for this review.	No management action plan is required.	Not Applicable

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Report No.	Report Date	Name of Report	Recommendations	Summary of Action Taken	Progress: <ul style="list-style-type: none"> · Fully Implemented · Substantially Implemented · Incomplete/Ongoing · Not Implemented
20-304	8/31/2020	Executive Travel and Business Entertainment	Internal Audit recommended that management: <ul style="list-style-type: none"> • Strengthen internal review processes to ensure compliance with institutional policies. • Provide additional guidance to employees concerning business purpose, approvals and submissions. 	Accounts Payable & Travel will enhance bi-monthly meetings to mitigate reimbursement of expenses that do not comply with Institutional policy. In addition, Physicians Referral Services will ensure that the PRS Faculty Development Fund and Chair Fund guidelines are in alignment with institutional Business Entertainment policy and make the necessary changes/edits.	Incomplete/Ongoing
20-305	8/25/2020	President's Travel and Business Entertainment	Internal Audit recommended that the President's office coordinate with the Chief Business Officer to ensure approval of direct bill expenses.	The President's Office agreed with the observation and modified the automated workflow to allow the CBO the ability to approve all direct bill expenses.	Fully Implemented
20-400	8/31/2020			Excepted from Public Disclosure	
20-401	8/27/2020			Excepted from Public Disclosure	
20-406	6/30/2020			Excepted from Public Disclosure	
20-407	8/31/2020			Excepted from Public Disclosure	

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II. Internal Audit Plan for Fiscal Year 2020

The following matrix details the status of the Fiscal Year 2020 Audit Plan:

Project No.	Project Title	Report Date	Project Status
<u>Risk-Based Audits</u>			
MDA20-100	Effort Reporting	N/A	Cancelled
MDA20-101	Excepted from Public Disclosure	Resources were reallocated and projects were prioritized to address the risks associated with COVID-19. This project will be reconsidered for FY2021.	Postponed
MDA20-102	Physician's Network Partners	Resources were reallocated and projects were prioritized to address the risks associated with COVID-19. This project will be reconsidered for FY2021.	Postponed
MDA20-103	Medical Supplies	N/A	Cancelled
MDA20-104	Excepted from Public Disclosure	Pending	In Progress
MDA20-105	Departmental Audit - Cardiology	4/10/2020	Complete
MDA20-106	Emergency Center	9/8/2020	Complete
MDA20-107	Charge Description Master	Resources were reallocated and projects were prioritized to address the risks associated with COVID-19. This project will be reconsidered for FY2021.	Postponed
MDA20-108	Lab Safety Training	8/24/2020	Complete
MDA20-109	Epic (OneConnect) Data Analytics	N/A	Cancelled
MDA20-110	Grants and Contracts - Period of Performance	N/A	Cancelled
MDA20-111	Charity Care	Pending	In Progress
MDA20-113	Limited Charge Review - Plastic Surgery	9/14/2020	Complete
MDA20-114	Limited Charge Review - Head and Neck	9/14/2020	Complete

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Project No.	Project Title	Report Date	Project Status
MDA20-115	Limited Charge Review - Urology	9/14/2020	Complete
MDA20-116	Limited Charge Review - Surgical Oncology	9/14/2020	Complete
MDA20-118	Limited Charge Review - Breast	8/26/2020	Complete
MDA20-119	Limited Charge Review - Thoracic	8/26/2020	Complete
MDA20-120	Excepted from Public Disclosure	8/31/2020	Complete
MDA20-117	PRS Purchased IT Assets	8/31/2020	Complete
MDA20-121	Virtual Care Billing	Pending	In Progress
MDA20-122	Excepted from Public Disclosure	Pending	Complete
MDA20-900	Facilities Management Activities/Construction	N/A	Cancelled
MDA20-901	Management Involvement on Co-Sourced Construction Projects	8/31/2020	Complete
MDA20-902	Management Involvement on other Co-Sourced Projects	8/31/2020	Complete
<u>Information Technology Audits</u>			
MDA20-400	Excepted from Public Disclosure	8/31/2020	Complete
MDA20-401	Excepted from Public Disclosure	8/26/2020	Complete
MDA20-402	Excepted from Public Disclosure	N/A	Cancelled
MDA20-403	Excepted from Public Disclosure	8/25/2020	Complete
MDA20-404	Management Involvement on Co-Sourced IT Projects	8/31/2020	Complete
MDA20-406	Excepted from Public Disclosure	6/30/2020	Complete
MDA20-405	Information Technology Services Mgmt. Assessment (ITSM)	8/31/2020	Complete
MDA20-407	Excepted from Public Disclosure	8/31/2020	Complete
<u>Carry-Forward Audits</u>			
MDA19-101CF	Treasury Services	3/10/2020	Complete
MDA19-108CF	International Patient Access and Registration	12/6/2019	Complete
MDA19-109CF	Timely Discharges	7/9/2020	Complete
MDA19-110CF	Perioperative Services	3/5/2020	Complete
MDA19-120CF	Procurement Card Transaction Review	N/A	Cancelled
MDA19-122CF	Extramural Leave	6/16/2020	Complete
MDA19-123CF	Overtime	4/9/2020	Complete
MDA19-121CF	TRS	3/4/2020	Complete
MDA19-304CF	Business Continuity Planning - Phase I	11/19/2019	Complete
MDA19-106CF	Diagnostic Imaging - Charge Capture	4/9/2020	Complete
<u>Required Audits (Externally and Internally)</u>			
MDA20-300	FY 2019 Financial Statement Audit (year-end)	N/A	Cancelled
MDA20-301	FY 2020 Financial Statement Audit (interim)	8/31/2020	Complete
MDA20-302	FY 2020 Deloitte Financial Audit Support - IT	N/A	Cancelled
MDA20-303	Benefits Funding Proportionality	2/3/2020	Complete
MDA20-304	Executive Travel and Business Entertainment	8/31/2020	Complete

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Project No.	Project Title	Report Date	Project Status
MDA20-305	Presidential Housing, Travel, and Entertainment	8/25/2020	Complete
<u>Risk-Based Consulting Projects</u>			
MDA20-200	Enterprise Risk Management	8/31/2020	Complete
MDA20-201	Innovation Assessments	8/31/2020	Complete
MDA20-202	Business Continuity Planning - Phase II	N/A	Cancelled
MDA20-203	Grants and Contracts Consulting	8/31/2020	Complete
MDA20-204	Unrealized Discounts	3/17/2020	Complete
MDA20-205	Optimization of IT Devices	8/4/2020	Complete
MDA20-206	Excepted from Public Disclosure	10/31/2019	Complete
MDA20-207	Excepted from Public Disclosure	8/31/2020	Complete
MDA20-208	Purchased Services	7/23/2020	Complete
MDA20-209	Criminal Background Checks	7/23/2020	Complete
MDA20-210	General Consultation with Management	8/31/2020	Complete
MDA20-211	IT Liaison Activities	8/31/2020	Complete
MDA20-212	Institutional Committee Participation	8/31/2020	Complete
MDA20-213	Procurement Compliance Assessment (TEC51.9337)	7/9/2020	Complete
MDA20-214	PPE Security Committee	7/9/2020	Complete
MDA20-215	PPE Security - Framework	7/9/2020	Complete
MDA20-216	Supply Chain Inventory Committee	8/31/2020	Complete
MDA20-217	Supply Chain Procurement Committee	8/31/2020	Complete
MDA20-218	Payroll Dept Remote Work Environment	8/26/2020	Complete
<u>Investigations</u>			
MDA20-801	Excepted from Public Disclosure	7/9/2020	Complete
MDA20-802	Excepted from Public Disclosure	7/9/2020	Complete
MDA20-803	Excepted from Public Disclosure	8/26/2020	Complete
MDA20-804	Excepted from Public Disclosure	7/9/2020	Complete
MDA20-805	Excepted from Public Disclosure	8/31/2020	Complete
<u>Follow-up</u>			
MDA20-500	Quarterly Reporting / Monitoring Activities	N/A	Complete
MDA20-501	Validation Activities - Phase I	2/28/2020	Complete
MDA20-502	Validation Activities - Phase II	8/31/2020	Complete
MDA20-503	IT Follow-up Validation Activities	N/A	Complete
<u>Development - Operations</u>			
-	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

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Project No.	Project Title	Report Date	Project Status
<u>Development – Initiatives & Education</u>			
-	UT System Coordination	N/A	Complete
-	Professional Organization / Association Participation	N/A	Complete
-	Training / Continuing Professional Education	N/A	Complete
-	Data Analytics Development	N/A	Complete
-	IT Knowledge Sharing and/or Training Documentation	N/A	Complete
-	IT Vendor Transition	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 2020. The audit examined fiscal year 2019. 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 2021 and will comply with Article IX, Section 6.08, of the General Appropriations Act. The audit will be complete by August 31, 2021.

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

Senate Bill 20 (84th 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 2020, 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

Project No.	Project Title	Report Date	Project Objective	Services / Observations / Results / Recommendations
19-101CF	Treasury Services Assessment	3/17/2020	Using a risk-based approach, evaluate the effectiveness of controls over key activities relating to Treasury Services.	Internal Audit gained an understanding of key Treasury activities, noting that activities with the highest potential risks were reconciliations and management of the cash clearing account. Internal Audit facilitated a workgroup to identify solutions to noted operational concerns in these areas. The workgroup identified several initiatives underway and corrective actions already taken to address the risks in these areas. Internal Audit will continue to monitor these activities to ensure risks are mitigated.
19-108CF	International Patient Access and Registration	Consulting – Verbal Comments provided to Management	Using a risk-based approach, identify opportunities for improvement in patient access and registration.	Internal Audit performed data analytics surrounding access to services for International patients. Information was provided to management for decision making.
19-109CF	Timely Discharge	Consulting – Verbal Comments provided to Management	To analyzed inpatient admission and discharge data for FY 2019 and communicated results and opportunities for improvement to Inpatient Leadership.	Internal Audit created and provided several ad hoc reports to management using discharge data.
19-121CF	Teacher Retirement System (TRS) Assessment	Consulting – Verbal Comments provided to Management	Using TRS guidance, determine the completeness and accuracy of reports and census data reported to TRS during FY 2019.	Generally, the Institution has established processes to ensure the accuracy, timeliness, and completeness of information reported to TRS.
19-123CF	Employee Overtime Analysis for FY 2019	4/9/2020	To analyze overtime data to identify trends, anomalies, and opportunities for cost savings.	Internal Audit analyzed employee overtime data for FY 2019. Results were then provided to executive management for further consideration. This included recommendations related to the consistent approval of timecards and further evaluation of instances in which significant overtime occurred.
20-200	Enterprise Risk Management	Consulting – Facilitated ERM Initiative	Coordinate with management and the vendor to continue implementation of an enterprise risk management framework for the institution.	Internal Audit worked with management and the vendor to further the enterprise risk management initiative.
20-203	Excepted from Public Disclosure			
20-207	Excepted from Public Disclosure			
20-208	Purchased Services	6/18/2020	Evaluate consulting services contracts to determine expected deliverables and whether they resulted in a return on the investment.	Internal Audit reviewed a sample of fully executed consulting contracts from 2019. Our review resulted in no significant issues identified.

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Project No.	Project Title	Report Date	Project Objective	Services / Observations / Results / Recommendations
20-209	Criminal Background Checks	Consulting – Verbal Comments provided to Management	To ensure processes established around a comprehensive background check have been implemented for all employees, including faculty, as part of the on-boarding process.	Internal Audit met with Key Stakeholders to refine the project proposal. The final proposal was presented and approved by Executive Leadership to implement biometric background checks for domestic and international new hires and contingent workers.
20-213	TEC 51.9337 Compliance Assessment	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.
20-214	PPE Security Committee	Consulting - Participation on institutional committee	The objective was to consult with management regarding the improvements to the security for PPE.	Internal Audit participated on the institutional committee charged with improving security for PPE. This included providing guidance related to risks and controls, performing a gap analysis of current processes, and developing a framework for management.
20-215	PPE Security Committee - Framework	Consulting - Participation on institutional committee	The objective was to assist management in the development of a framework for critical supplies including PPE.	Internal Audit participated on the institutional committee charged with improving security for PPE. This included providing guidance related to risks and controls, performing a gap analysis of current processes, and developing a framework for management.
20-216	Supply Chain - Inventory	Consulting - Participation on institutional committee	The objective was to assist management in the development of strategies related to a supply chain resiliency plan for inventory.	Internal Audit participated on the Supply Chain Resiliency Committee to provide guidance and recommendations to improve the accuracy of inventory and the efficiency of daily operations. This included assessing inventory activities relating to purchasing, receiving, distribution, monitoring and forecasting.
20-217	Supply Chain - Procurement	Consulting - Participation on institutional committee	The objective was to assist management in the development of strategies related to a supply chain resiliency plan for procurement.	Internal Audit participated on the Supply Chain Resiliency Committee to provide guidance and recommendations relating to the procurement process. Internal Audit reviewed various procurement workflows and submitted Supply Chain management with opportunities to invest in digital technology solutions, such as big data, cloud computing, RFID, Robotics Process Automation (RPAs) and data analytics to transform the Supply Chain Operations.
20-218	Payroll Department Remote Work Environment	8/26/2020	To gain an understanding of payroll processes and related risks in the remote work environment.	Internal Audit gained an understanding of processes and related risks and provided feedback to Payroll management in an effort to minimize risks.

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Project No.	Project Title	Report Date	Project Objective	Services / Observations / Results / Recommendations
20-301	FY 2020 Financial Statement Audit (interim)	8/31/2020	To assist Deloitte with testing relating to the External Financial Statement Audit.	Internal Audit assisted the external financial statement auditors with interim testing. Observations and recommendations will be made by Deloitte to management.
20-403	Excepted from Public Disclosure			
20-405	Information Technology Service Management	8/31/2020	To assess the current state of ITSM, considering the effectiveness and efficiency of the IT processes and technology.	<p>ITSM processes are defined and operational. Further maturing ITSM, regardless of the technology platform used, will require a significant investment to enhance the supporting processes, organizational framework, ITSM infrastructure, and integration with other systems. Going forward management should consider the following, regardless of the technology platform used:</p> <ul style="list-style-type: none"> • Prioritize ITSM and promote accountability and urgency from the top down • Integrate data from other systems and automate processes to monitor activity where possible • Leverage metrics and root cause analysis to drive efficiency and anticipate potential incidents
---	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)



September 1, 2020

Ms. Sherri Magnus, Vice President & Chief Audit Officer
The University of Texas M.D. Anderson Cancer Center

In July 2020, The University of Texas M.D. Anderson Cancer Center (UT MDACC) internal audit (IA) function 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). UTMDACC IA engaged an independent review team consisting of internal audit professionals with extensive higher education and healthcare experience to perform an independent validation of IA'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 IIA'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 IA, we agree with IA'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 IA'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, The University of Texas System Administration and The UT M.D. Anderson Cancer Center 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 System Administration and The University of Texas M.D. Anderson Cancer Center.

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

Very truly yours,

Baker Tilly Virchow Krause, LLP

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V. Internal Audit Plan for Fiscal Year 2021

FY 2021 Audit Plan Audit/Project	Budgeted Hours	% of Total	Description
<i>Assurance Engagements</i>			
Excepted from Public Disclosure	500		
Employee Protection Protocols	500		To assess protocols established to optimally protect our workforce, and to evaluate compliance with these protocols during the COVID-19 pandemic.
Excepted from Public Disclosure	600		
Physician's Network Partners	400		Evaluate the activities and processes in place to ensure quality of care at our partners.
Excepted from Public Disclosure	600		
Departmental Audit (TBD)	500		To provide a general assessment of the financial, administrative, and compliance controls within a selected department.
Excepted from Public Disclosure	400		
Charge Description Master	500		In coordination with Institutional Compliance, evaluate controls and processes over the charge description master to include governance, change management, pricing and accuracy.
Business Continuity Planning for Critical Operations	400		To determine whether business continuity plans exist for critical operations, include appropriate information, and whether plans have been tested. This project is intended to address risks stemming from the COVID-19 pandemic, as well as other risks.

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FY 2021 Audit Plan Audit/Project	Budgeted Hours	% of Total	Description
Accounts Payable	500		Using data analytics, analyze accounts payable transactions for possible anomalies, trends, etc. in an effort to identify potential fraudulent activity and/or cost savings.
Excepted from Public Disclosure	300		
Excepted from Public Disclosure	500		
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.
Hazardous Waste Disposal Processes	250		To determine whether controls and processes are in place to ensure that hazardous waste is disposed of in accordance with institutional policies and state/federal regulations. This audit will be conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS).
Management Involvement on Co- Sourced Construction Projects	100		To oversee/facilitate audits of construction activities.
Management Involvement on other Co-Sourced Projects (Compensation Assess/Clinical Research Billing projects)	200		To oversee/facilitate audits of other co-sourced activities.
Executive and Faculty Travel and Business Entertainment	200		To determine if travel and entertainment activities and expenditures of executive management and faculty are conducted in accordance with UT System and MDACC policy.
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.

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FY 2021 Audit Plan Audit/Project	Budgeted Hours	% of Total	Description
<i>Information Technology Engagements</i>			
Excepted from Public Disclosure	600		
Excepted from Public Disclosure	300		
Excepted from Public Disclosure	400		
Excepted from Public Disclosure	600		
Management Involvement on Co-Sourced IT Projects	250		To oversee/facilitate audits of IT activities.
<i>Carry-Forward Engagements</i>			
Excepted from Public Disclosure	200		
Services Not Billed	300		Using data analytics, to determine if services were rendered and not billed to patients in key service lines.

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FY 2021 Audit Plan Audit/Project	Budgeted Hours	% of Total	Description
Charity Care	100		Review the institution's charity care and community benefits to determine adherence to state requirements.
IT Assets Purchased with PRS Funds	100	-	Using data analytics, determine whether IT assets were purchased with PRS funds following the proper procedures.
Excepted from Public Disclosure	100		
Assurance Engagements Subtotal	9940	54.7%	
<i>Required Engagements (External and Internal)</i>			
FY 2020 Financial Statement Audit (year-end)	270		To assist Deloitte with testing relating to the External Financial Statement Audit.
FY 2021 Financial Statement Audit (interim)	200		To assist Deloitte with testing relating to the External Financial Statement Audit.
Annual Report to the State Auditor	50		To report Internal Audit's activities to the Texas State Auditor as required by Texas Internal Auditing Act.
Procurement Compliance Assessment	25		To assess compliance with Texas Education Code 51.9337 related to state procurement requirements.
Required Engagements Subtotal	545	3.0%	
<i>Advisory and Consulting Engagements</i>			
Enterprise Risk Management (ERM)	50		Coordinate with management and the vendor to continue implementation of an enterprise risk management framework for the institution.
MSPQ Consulting	50		Advise management regarding compliance with the Medicare Secondary Payer Questionnaire requirements through committee participation.
CARES Act Funding	350		Perform a consulting engagement to ensure compliance with the various requirements of CARES Act funding. This project is intended to address risks stemming from the COVID-19 pandemic, as well as other risks.

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FY 2021 Audit Plan Audit/Project	Budgeted Hours	% of Total	Description
Excepted from Public Disclosure	50		
Excepted from Public Disclosure	285		
Excepted from Public Disclosure	100		
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 subcertifications. Will be performed under Generally Accepted Government Auditing Standards (GAGAS).
Excepted from Public Disclosure	50		
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.
Advisory and Consulting Engagements Subtotal	1490	8.2%	

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FY 2021 Audit Plan Audit/Project	Budgeted Hours	% of Total	Description
<i>Follow-up</i>			
Quarterly Reporting / Monitoring Activities	100		To report on follow-up validation activity.
Validation Activities - Phase I	250		To conduct follow-up on outstanding recommendations for quarters 1 and 2.
Validation Activities - Phase II	250		To conduct follow-up on outstanding recommendations for quarters 3 and 4.
IT Follow-up Validation Activities	250		To conduct follow-up on outstanding IT recommendations.
Follow-Up Subtotal	850	4.7%	
<i>Reserve</i>			
Reserve for Just-In-Time Auditing/Advisory Services	1,031		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. We will consider risks stemming from the COVID-19 pandemic, as well as other risks.
IT Reserve Just-in-Time Auditing/Advisory Services	700		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	80		Participation in high-risk limited scope activities with the Internal Audit team.
Reserve Subtotal	1811	10.0%	
<i>Development - Operations</i>			
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.
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 21	250		Updating of the IT risk assessment and audit work plan.
IT Administrative Activities	100		To manage the overall IT audit activity.
Development - Operations Subtotal	1938	10.7%	

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FY 2021 Audit Plan Audit/Project	Budgeted Hours	% of Total	Description
<i>Development - Initiatives and Education</i>			
UT System Coordination	100		To participate in UT System initiatives.
Professional Organization / Association Participation	72		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.
IT Knowledge Sharing and/or Training Documentation Projects	65		Sharing thought leadership, perspective, and bringing in technical resources to assist where needed
Development - Initiatives & Education Subtotal	1149	6.3%	
Total Hours	18173	100.0%	

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 2021 Work Plan are found in the following areas:

- Recruitment/staffing
- Insider threats
- Auxiliary Services
- Asset Management
- Purchasing/Sourcing
- Revenue Cycle
- IT and Information Security
- Compliance awareness and assurance
- Campus Security
- Academic Instruction
- Management of patient safety
- Regulated Research activities
- Strategic planning

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. In addition to the inputs to the risk assessment discussed above, our methodology included consideration, if any, of risks associated with:

- The applicable information technology risks related to Title 1, Texas Administrative Code, Chapter 202 (Information Security Standards).
- Benefits proportionality.
- Methods for ensuring compliance with contract processes and controls and for monitoring agency contracts, according to Texas Government Code, Section 2102.005(b).

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VI. External Audit Services Procured in Fiscal Year 2020

Service	Provider
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
Excepted from Public Disclosure	DWT/Huron

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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 2016 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 2016 to current). The following matrix provides the requested information:

Report No.	Report Date	Name of Report	Follow-up Work Performed
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. Validations will be conducted by Internal Audit once recommendations are implemented.
20-204	3/17/2020	Unrealized Discounts	Our review identified opportunities for management to develop a centralized process to identify and monitor rebates. Validations will be conducted by Internal Audit once recommendations are implemented.
20-208	6/18/2020	Purchased Services	Our review resulted in no significant issues identified.