

DEPARTMENT OF INTERNAL AUDIT

The University of Texas MD Anderson Cancer Center

Internal Audit Annual Report for FY 2026

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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 2026 audit plan, as approved by the Institutional Audit Committee, will be posted on the MD Anderson external website as part of the Fiscal Year 2026 SAO Annual Report. The Fiscal Year 2026 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, 2026, as required.

The following matrix provides a summary of the weaknesses and action taken by management for projects on the Fiscal Year 2026 Audit Plan, as required by Texas Government Code, Section 2102.015:

Report No.	Report Date	Name of Report	Recommendations	Summary of Action Taken	Progress: · Fully Implemented · Substantially Implemented · Incomplete/Ongoing · Not Implemented
25AS0004	11/13/2025	Denial Appeals Process Review	Internal Audit recommended that PBS strengthen its denial appeals process by improving reporting, monitoring, training, and procedures.	Management agreed to enhance its processes and provided action plans to address the identified risks.	Substantially Implemented
25AS0016	12/22/2025	*Excepted from Disclosure*			
25AS0020	3/4/2026	*Excepted from Disclosure*			
25AS0855	10/27/2025	Campus Alert System	Internal Audit recommended that management formalize the review process, perform periodic refresher training, and strengthen the user access process.	Management agreed with the recommendations and provided action plans to address the identified risks.	Substantially Implemented
25AS1174	10/10/2025	*Excepted from Disclosure*			

Report No.	Report Date	Name of Report	Recommendations	Summary of Action Taken	Progress: · Fully Implemented · Substantially Implemented · Incomplete/Ongoing · Not Implemented
26AS0038	8/31/2026	Radiation Oncology Department Review	Our review identified opportunities related to managing outstanding deficits, reducing preventable denials, enhancing medical documentation, monitoring IT assets, and approving timecards.	Management agreed with the recommendations and provided action plans to address the identified risks.	Incomplete/On-going
26AS0046	8/31/2026	Employee Travel and Business Entertainment Review	Internal Audit did not identify any reportable issues.	No action to be taken as no issues were reportable.	Not Applicable
26AS0622	8/25/2026	Gynecologic Oncology & Reproductive Medicine Timekeeping Review	Internal Audit recommended that management strengthen timekeeping and leave controls and processes.	Management agreed with the recommendations and provided action plans to address the identified risks	Incomplete/On-going
26AS1361	6/23/2026	President's Travel and Business Entertainment	Internal Audit assisted UT System Audit by providing travel and business entertainment data and supporting documentation as part of their annual risk assessment process.	No action required	Not applicable
26AS1366	4/21/2026	Pharmacy Charge Capture Processes and Controls Assessment	Internal Audit did not identify any reportable issues.	No action to be taken as no issues were reportable.	Not Applicable
26AS1367	3/26/2026	Pathology & Laboratory Medicine Charge Capture Review	Internal Audit recommended that management strengthen controls and processes related to revenue charge capture.	Management agreed with the recommendations and provided action plans to address the identified risks.	Incomplete/On-going

Report No.	Report Date	Name of Report	Recommendations	Summary of Action Taken	Progress: · Fully Implemented · Substantially Implemented · Incomplete/Ongoing · Not Implemented
26AS1370	6/1/2026	Provider Credentialing Review	Internal Audit recommended that management strengthen provider credentialing processes by ensuring the accuracy of reports, implementing a user access review process, establish performance metrics, and review provider files to ensure accuracy.	Management agreed with recommendations and provided action plans to address the identified risks.	Incomplete/Ongoing
26AS1377	8/27/2026	*Excepted from Disclosure*			
26AS1379	8/10/2026	After-Hours Coverage (External Physician Agreements)	Internal Audit recommended that management establish formal guidance for documentation requirements, submission expectations, and approval procedures, as well as enhanced communication, training, and oversight to promote awareness and adoption of the centralized submission process.	Management agreed with recommendations and provided action plans to address the identified risks.	Incomplete/On-going
26AS1380	2/17/2026	Benefits Eligibility Review/Paid Time Off Cash Out Program Review	Internal Audit recommended that management follow the Institution's PTO Cash Out Program requirements to ensure participants are eligible.	Management agreed with recommendations and provided action plans to address the identified risks.	Fully Implemented
26AS1383	6/2/2026	Third Party Assurance Report Review and Monitoring	Internal Audit recommended that management implement a process to obtain and review 3rd party assurance reports and to consider implementing a process for review of annual Rider 118 vendor certifications or possibly revising Rider 118.	Management agreed with recommendations and provided action plans to address the identified risks.	Incomplete/On-going
26AS1385	4/20/2026	*Excepted from Disclosure*			
26AS1391	7/1/2026	*Excepted from Disclosure*			

Report No.	Report Date	Name of Report	Recommendations	Summary of Action Taken	Progress: · Fully Implemented · Substantially Implemented · Incomplete/Ongoing · Not Implemented
26AS1433	1/28/2026	*Excepted from Disclosure*			
26AS1435	4/24/2026	Review of Estimating, Forecasting, and Reporting of Capital Projects	Internal Audit recommended that management: ▪ Standardize estimating, forecasting, and risk practices ▪ Manage contingency based on quantified risk ▪ Adopt unified forecasting with monthly best estimate at Completion (EACs) ▪ Enable tiered dashboards with predictive metrics, and ▪ Link KPUs to business cases and capital plans.	Management agreed with recommendations and provided action plans to address the identified risks.	Incomplete/Ongoing
26AS1567	8/31/2026	*Excepted from Disclosure*			

II. Internal Audit Plan for Fiscal Year 2026

The following matrix details the status of the Fiscal Year 2026 Audit Plan:

Project No.	Project Title	Report Date	Project Status
	Assurance Engagements		
MDA26AS1383	Third Party Assurance Report Review and Monitoring	6/2/2026	Complete
MDA26AS1370	Provider Credentialing Review	6/1/2026	Complete
MDA26AS1375	Employment Eligibility Verification (I-9) Compliance Review	Pending	In-Progress
MDA26AS1380	Benefits Eligibility Review/Paid Time Off Cash Out Program Review	2/17/2026	Complete
MDA26AS1365	Charge Capture (Follow-up to Consulting Project)	Cancelled to allow additional time for management to implement recommendations.	Cancelled
MDA26AS1437	Payroll	Management engaged an external consultant to perform an assessment. IA will perform a follow-up audit in FY2027 to determine the status of recommendations.	Cancelled
MDA26AS1379	After Hours Coverage (External Physician Agreements)	8/10/2026	Complete
MDA26AS1368	Clinical Trials Financial Review	Pending	In-Progress
MDA26AS1433	*Excepted from Disclosure*	1/28/2026	Complete
MDA26AS1366	Pharmacy Charge Capture Processes and Controls Assessment	4/21/2026	Complete
MDA26AS1367	Pathology and Laboratory Medicine Charge Capture Review	3/26/2026	Complete
MDA26AS1377	*Excepted from Disclosure*	8/27/2026	Complete
MDA26AS1361	President's Travel and Business Entertainment	7/15/2026	Complete
MDA26AS1434	Capital Execution and Allocation Frameworks Audit	Postponed to allow additional time for the frameworks to mature in use.	Cancelled
MDA26AS1435	Review of Estimating, Forecasting, and Reporting of Capital Projects	4/24/2026	Complete
MDA26AS1392	Management Involvement on Co-Sourced Construction Projects	N/A	Complete
MDA26AS1393	Management Involvement in Co-Sourced IT Projects	N/A	Complete
MDA26AS1391	*Excepted from Disclosure*	7/1/2026	Complete
MDA26AS1385	*Excepted from Disclosure*	4/20/2026	Complete
MDA26AS1386	*Excepted from Disclosure*	Postponed as the Federal HIPAA Security Rule was delayed.	Cancelled
MDA26AS1567	*Excepted from Disclosure*	8/31/2026	Complete
MDA26AS1575	Management Involvement with Other Co-Sourced Projects	N/A	Complete

Project No.	Project Title	Report Date	Project Status
MDA26AS0038	Radiation Oncology Departmental Review	8/31/2026	Complete
MDA26AS0046	Employee Travel and Business Entertainment Review	8/31/2026	Complete
MDA26AS0457	Catering Services Review	Pending	In-Progress
MDA26AS0622	Gynecologic Oncology & Reproductive Medicine Timekeeping Review	8/26/2026	Complete
MDA26AS0703	Fixed Assets Requisition (FARs) Review	Pending	In-Progress
	Advisory Engagements		
MDA26AD1381	Supply Chain - Contract Monitoring Review	4/8/2026	Complete
MDA26AD1438	Hospital Throughput	Advisory project was cancelled because management had engaged a consultant for process improvements.	Cancelled
MDA26AD1390	*Excepted from Disclosure*	Advisory project was cancelled because deployment was delayed.	Cancelled
MDA26AD1436	Audio Visual Equipment Process Assessment	Advisory project was cancelled after related risks were reassessed.	Cancelled
MDA26AD1439	Enterprise Risk Management Collaboration	Consulting Project – Verbal comments provided to management	Complete
MDA26AD1374	Segregation of Duties and Account Reconciliations	10/30/2025	Complete
MDA26AD1378	Medication Diversion Prevention Committee	N/A	Complete
MDA26AD1384	*Excepted from Disclosure*	N/A	Complete
MDA26AD1387	*Excepted from Disclosure*	This consulting project was postponed while additional implementations were in progress.	Cancelled
MDA26AD1440	*Excepted from Disclosure*	Advisory project was cancelled because deployment was delayed.	Cancelled
MDA26AD1389	*Excepted from Disclosure*	Advisory project was postponed until FY2027 to allow for further progress in the pre-implementation phase to occur.	Cancelled
MDA26AD1394	General Consultation with Management	N/A	Complete
MDA26AD1395	Institutional Committee Participation	N/A	Complete
MDA26AD0005	Institutional Medical Device Committee	N/A	Complete
MDA26AD0024	Campus Carry Workgroup	N/A	Complete

Project No.	Project Title	Report Date	Project Status
	Carry-Forward Audits		
MDA26ASCF1502	Denials Appeals Process	11/13/2025	Complete
MDA26ASCF1503	Major Capital Equipment Management and Governance Assessment	8/27/2025	Complete
MDA26ASCF1505	*Excepted from Disclosure*	12/22/2025	Complete
MDA26ASCF1506	Campus Alert System Review	10/27/2025	Complete
MDA26ASCF1507	*Excepted from Disclosure*	9/15/2025	Complete
MDA26ADCF1549	*Excepted from Disclosure*	11/6/2025	Complete
	Required Audits (Externally and Internally)		
MDA26RQ1372	Support for FY 2025 Financial Statement Audit (year-end)	Report issued by Deloitte at UT System level	Complete
MDA26RQ1373	Support for FY 2026 Financial Statement Audit (interim)	Report issued by Deloitte at UT System level	Complete
MDA26RQ1382	Procurement Compliance Assessment (TEC 51.9337)	6/23/2026	Complete
	Follow-up Activities		
MDA26FL1400	Quarterly Reporting / Monitoring Activities	8/31/2026	Complete
MDA26FL1401	Validation Activities - Phase I (9/1/2025 – 2/28/2026)	2/28/2026	Complete
MDA26FL1402	Validation Activities - Phase II (3/1/2026 – 8/31/2026)	8/31/2026	Complete
MDA26FL1403	Technology and Innovation Follow-up Validation Activities	8/31/2026	Complete
MDA26FL1404	Facilities Follow-up	8/31/2026	Complete
	Operations		
MDA26OP1396	Annual Report to the State Auditor	N/A	Complete
MDA26OP1405	Internal Quality Assurance Activities	N/A	Complete
MDA26OP1406	Internal Audit Committee Preparation / Participation	N/A	Complete
MDA26OP1407	Institutional Risk Assessment and Work Plan Development	N/A	Complete
MDA26OP1408	Audit Strategic Planning	N/A	Complete
MDA26OP1409	Technology and Innovation Risk Assessment FY27	N/A	Complete
MDA26OP1410	Facilities Risk Assessment FY27 (KPMG)	N/A	Complete
MDA26OP0044	External Quality Assurance Assessment	N/A	Complete
MDA26OP0769	Participation in Professional Organizations	N/A	Complete
	Initiatives & Education		
MDA26IE1411	UT System Coordination	N/A	Complete
MDA26IE1412	Training / Continuing Professional Education	N/A	Complete
MDA26IE0039	Audit Process Improvements	N/A	Complete
MDA26IE0111	Workiva Audit Mgmt Solution Implementation	N/A	Complete
	Investigation		
MDA26IV1508	*Excepted from Disclosure*	11/19/2025	Complete

	Audit / Project cancelled / postponed
	Audit / Project added to Plan

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 2026, 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 policies 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.

III. Consulting Services and Non-audit Services Completed

Project No.	Project Title	Report Date	Project Objective	Services / Observations / Results / Recommendations
25AS0010	Major Capital Equipment Management and Governance Assessment	N/A	Using an external vendor, conduct an assessment of the governance and strategy related to major capital equipment. Coordinate with the Institutional Medical Device Committee and other related process owners.	At management's request, Internal Audit conducted an assessment of the major capital equipment inventory using a phased approach to establish a complete inventory baseline. Results and recommendations were provided to support ongoing inventory management, monitoring, and future assessment efforts.
26AD1374	Segregation of Duties and Account Reconciliations	10/30/2024	To perform a review of management's assertions relating to expense monitoring, segregation of duties (SOD), and internal controls, as noted within UTS Rule 142 Financial Accounting and Reporting.	Internal Audit assessed the monitoring activities being performed related to financial reporting. No significant issues or concerns were identified.
26AD1378	Medication Diversion Prevention Committee	N/A	Participate in a consulting role on the Medication Diversion Prevention Committee.	Internal Audit participated in a consulting role on the Medication Diversion Prevention Program Committee, established to prevent, identify and address medication diversion risks.
26AD1381	Supply Chain - Contract Monitoring Review	4/8/2026	In coordination with Supply Chain, evaluate controls and process improvements made to strengthen contract management and termination activities.	Internal Audit performed advisory services for Supply Chain leadership as it improved its contract monitoring and termination processes. We provided technical guidance and assessed various process improvements, including a revision of its contract management manual.
26RQ1382	Procurement Compliance Assessment (TEC 51.9337)	6/23/2026	To assess compliance with Texas Education Code 51.9337 related to state procurement requirements.	No recommendations issued by Internal Audit.
26AD1384	*Excepted from Disclosure*	N/A	*Excepted from Disclosure*	*Excepted from Disclosure*
26AD1439	Enterprise Risk Management Collaboration	N/A	Collaborate with the ERM team in the identification and communication of emerging and existing institutional strategic risks.	Internal Audit continued to collaborate and coordinate with the ERM team throughout the year to ensure connected risk management. Internal Audit exchanged information with the ERM team, evaluated emerging/evolving risks, and assessed alignment of risks.
26OP1396	Annual Report to the State Auditor	11/1/2025	To report Internal Audit's activities to the Texas State Auditor as required by Texas Internal Auditing Act.	Internal Audit prepared the required Annual Report to the State Auditor's Office (SAO).
26RQ1372	Support for FY 2025 Financial Statement Audit (year-end)	12/31/2025	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 management.

Project No.	Project Title	Report Date	Project Objective	Services / Observations / Results / Recommendations
26RQ1373	Support for FY 2026 Financial Statement Audit (interim)	8/31/2026	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 management.
26AD0024	Campus Carry Workgroup	N/A	To support the biennial review of key components of MD Anderson's Campus Carry plan and policy, in coordination with Institutional Compliance.	Internal Audit participated in a consulting role on the Committee and provided feedback on institutional policies and processes to ensure compliance with Campus Carry Legislation.

IV. External Quality Assurance Review (Peer Review)

January 2024

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

In August 2023, The University of Texas MD Anderson Cancer Center (UT MDACC) Internal Audit (IA) department 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). UT MDACC 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 UT MDACC 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 US, LLP

Baker Tilly US, LLP

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V. Internal Audit Plan for Fiscal Year 2027

FY 2027 Audit Plan	Original Budget	Percent of Total	General Objective/Description
Assurance Engagements			
Pharmacy Infusion Charge Capture	600		To evaluate whether pharmacy accurately, completely, and timely captures, documents, and bills infusion-related charges.
Diagnostic Imaging Charge Capture	500		To evaluate whether DI charge capture processes ensure complete, accurate, and timely billing of services. (Co-sourced)
Division of Surgery	800		To provide a general assessment of the financial, administrative, and compliance controls within the selected division.
Grants and Contracts Management	600		To determine whether controls and processes are in place to ensure awards are administered and monitored in compliance with applicable regulations and institutional policies.
Clinical Trials (TBD)	700		To evaluate processes, controls and governance of clinical trials to determine compliance with institutional and federal requirements.
Patient Scheduling	600		To assess whether patient scheduling processes are timely, accurate, and supported by effective controls that promote access, reduce errors, and ensure compliance with institutional and payer requirements.
Sterile Processing	600		To assess whether sterile processing practices, controls, and oversight mechanisms ensure instrument sterility, regulatory compliance, and safe, reliable support for clinical operations.
Transfusion Value Chain	600		To assess whether processes, controls, and oversight across the transfusion value chain ensure safe, timely, and compliant management of blood products from ordering through administration.
Institutional Review Boards	600		To evaluate whether the IRB's governance, processes, and controls effectively protect human/animal subjects, ensure regulatory compliance, and support timely, consistent and well-documented review and oversight of research.
Human Resources - Leave Center	1000		To evaluate whether processes, controls and systems effectively support accurate, timely and compliant administration of employee leave programs, while ensuring data integrity, operational efficiency, and a consistent employee experience.
Service Centers	600		To evaluate whether service centers are structured, costed and managed according to institutional policies. To evaluate whether controls and processes ensure accurate rate development, equitable cost allocation, and appropriate billing practices.
Physician's Referral Service (TBD)	600		Using a risk-based approach, evaluate key processes and controls for a selected PRS activity.

FY 2027 Audit Plan	Original Budget	Percent of Total	General Objective/Description
Assurance Engagements – Cont.			
Cybersecurity Training Requirement Compliance	300		To review the institution's controls and processes in placed to ensure compliance with Texas Government Code, Section 2063.103, which mandates that state and local government employees and officials complete a certified cybersecurity training program. This statutory requirement also applies to contractors who have access to a state computer system or database. Assess compliance with Texas Administrative Code Ch. 477, as applicable.
Health Information Management (HIM)	600		To determine whether HIM processes, controls, and oversight ensure accurate, complete, secure, and compliant management of patient health information across the record lifecycle. Assess compliance with Texas Administrative Code Ch. 477, as applicable.
Precision and Genomic Testing (IA)	500		To evaluate whether charge capture processes ensure complete, accurate, and timely billing of services.
Construction - Management Involvement on Co-Source	200		To oversee/facilitate audits of construction activities.
Other - Management Involvement on Co-Source Projects	200		To oversee/facilitate audits of other co-sourced activities.
TDI - Management Involvement in Co-Source Projects	200		To oversee/facilitate audits of TDI activities.
Construction - Change Controls/Change Order Management	325		Assessing the design and effectiveness of controls over the identification, pricing, approval, and execution of change orders to prevent scope creep and overbilling. Evaluate prior completed projects' change orders to determine potential root causes and/or common issues. (**Co-sourced)**
Construction - Schedule Management	325		Examining the procedures for developing the baseline schedule, tracking ongoing project progress, managing delays, and mitigating schedule-related risks. **(Co-sourced)**
Excepted from Disclosure	450		
Excepted from Disclosure	450		
Excepted from Disclosure	450		
Excepted from Disclosure	300		
Excepted from Disclosure	500		
Assurance Engagements Subtotal	**12,600**	**43%**	

FY 2027 Audit Plan	Original Budget	Percent of Total	General Objective/Description
Advisory Engagements			
Excepted from Disclosure	400		
Excepted from Disclosure	400		
Excepted from Disclosure	600		
Excepted from Disclosure	400		
Excepted from Disclosure	600		
Supply Chain (Sourcing and Contracting)	600		Using a risk-based approach, to evaluate whether sourcing and contracting processes are designed and operating effectively to ensure compliant, transparent and value-driven procurement, including appropriate vendor selection, contract execution, monitoring, and alignment with organizational policies and regulatory requirements.
Payroll Follow-up	400		To assess the implementation status of the external consultant's recommendations.
Continuous Monitoring Data Analytics - IA Implementation Project	400		To construct a continuous monitoring roadmap for IA, including data sources, metrics, dashboards, evaluation, and reporting.
Excepted from Disclosure	400		
Excepted from Disclosure	500		
TDI Project Management	300		Assess whether IT project management practices effectively govern, execute, and monitor projects to ensure they are delivered on time within scope and budget and in alignment with the institution's strategy. Evaluate whether project scope objectives, success criteria, and deliverables are documented and approved, whether the project plan is complete, and whether staffing and skillsets are adequate for implementation. **(Co-sourced)**
Excepted from Disclosure	350		
Medication Diversion Prevention Committee	40		Participate in a consulting role on the Medication Diversion Prevention Committee.

FY 2027 Audit Plan	Original Budget	Percent of Total	General Objective/Description
Advisory Engagements – Cont.			
Enterprise Risk Management Collaboration	100		Collaborate with the ERM team in the identification and communication of emerging and existing institutional strategic risks. (Ongoing)
Enterprise Risk Management Collaboration - Capital Projects	200		Partner with the ERM team to facilitate risk workshops aimed at assessing institutional risk exposure associated with capital projects. **(Co-sourced)**
General Consultation with Management	200		To consult with management on various topics.
Institutional Committee Participation	100		To participate in a consulting role, on committees within the institution.
UTS 142 Segregation of Duties and Account Reconciliations	120		Using a risk-based approach, to validate the institution's compliance with the requirements set forth in UTS 142, Policy on the Annual Financial Report, related to the institution's Monitoring Plan.
Advisory Engagements Subtotal	**6110**	**21%**	
Required Engagements			
Support for FY 2026 Financial Statement Audit (year-end)	200		To assist Deloitte with testing relating to the External Financial Statement Audit.
Support for FY 2027 Financial Statement Audit (interim)	200		To assist Deloitte with testing relating to the External Financial Statement Audit.
Procurement Compliance Assessment (TEC 51.9337)	40		To assess compliance with Texas Education Code 51.9337 related to state procurement requirements.
Required Engagement Subtotal	**440**	**2%**	
Reserve			
Reserve for Special Projects	400		Reserve will be used to respond to any special requests throughout the year.
Reserve for Carryforward Engagements	400		Reserve will be used to complete any outstanding FY26 projects not completed by August 31.

FY 2027 Audit Plan	Original Budget	Percent of Total	General Objective/Description
Reserve – Cont.			
Reserve for Just-In-Time Auditing	1703		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 Advisory Services	300		Reserve will be used to respond to any advisory service requests throughout the year.
Reserve Subtotal	**2,803**	**10%**	
Follow-Up Activities			
Quarterly Reporting / Monitoring Activities	50		To report on follow-up validation activities.
Validation Activities - Phase I	425		To conduct follow-up on outstanding recommendations for quarters 1 and 2.
Validation Activities - Phase II	425		To conduct follow-up on outstanding recommendations for quarters 3 and 4.
Technology and Innovation Follow-up Validation Activities	200		To conduct follow-up on outstanding Technology and Innovation recommendations. **(Co-sourced)**
Facilities Follow-up	100		To conduct follow-up on outstanding Facilities recommendations. **(Co-sourced)**
Follow-Up Subtotal	**1,200**	**4%**	
Operational Engagements			
Annual Report to the State Auditor	100		To report Internal Audit's activities to the Texas State Auditor as required by Texas Internal Auditing Act.
Internal Quality Assurance Activities	300		To maintain and support the internal audit activity's quality assurance and improvement program for compliance with the International Institute of Internal Auditors (IIA) standards.
Internal Audit Committee Preparation / Participation	400		To prepare for and to facilitate the department's quarterly Audit Committee meetings, including preparation of materials and communications with stakeholders.
Institutional Risk Assessment and Work Plan Development	500		To update the comprehensive risk assessment and to develop/update the annual Work Plan.

FY 2027 Audit Plan	Original Budget	Percent of Total	General Objective/Description
Operational Engagements – Cont.			
Audit Strategic Planning	2400		To perform strategic planning and manage the overall audit activity.
Technology, Data, and Innovation Risk Assessment FY27	200		Updating of the IT risk assessment and audit work plan. **(Co-sourced)**
Facilities Risk Assessment FY27 (KPMG)	50		Updating of the Facilities risk assessment and audit work plan. **(Co-sourced)**
Operational Engagements Subtotal	**3,950**	**13%**	
Initiatives and Education			
UT System Coordination	200		To participate in UT System initiatives, including periodic UT System Audit Councils.
Training / Continuing Professional Education	2000		To provide training and continuing professional education to audit staff in accordance with audit standards. Includes audit-specific training on AI tools and techniques.
Initiatives and Education Subtotal	**2,200**	**7%**	
Total Budgeted Hours	**29,303**	**100%**	

Additional "high" risk statements identified but not addressed with a project in the FY 2027 Work Plan are found in the following areas. Many of these risk statements are mitigated by other initiatives or other assurance activities throughout the institution or were recently covered by a prior internal audit.

- Business Continuity Management
- Facilities and Space Planning
- Financial Performance
- Governance and Strategy (Decision-Making, Joint Ventures, Strategic Planning)
- Major Capital Equipment
- Philanthropy
- Revenue Cycle (Denials, Managed Care Contracting, and Patient Registration)
- Research (Clinical Trials Management, Grants & Contracts (Pre-award), Animal Research)

Internal Audit aligned the risk assessment with the Institution's Strategic Plan. We partnered with executive leadership, key risk owners, Enterprise Risk Management, Financial Controls, Institutional Compliance, and Cybersecurity to identify key risks to the institution. We leveraged data from a multitude of sources as part of our methodology. We then developed a risk-based plan in accordance with the *Global Internal Audit Standards*. Finally, our methodology included consideration, if any, of risks associated with:

- The applicable information technology risks related to Title 1, Texas Administrative Code, Chapter 477 (Information Security Standards).
- Benefits Funding Proportionality, and the risk of benefits not being paid proportionate to the source of funding, resulting in excessive reimbursement from State appropriated funds.
- Methods for ensuring compliance with contract processes and controls and for monitoring agency contracts, according to Texas Government Code, Section 2102.005(b).

VI. External Audit Services Procured in Fiscal Year 2026

Service	Provider
Opinion on financial statements of UT MD Anderson Cancer Center	Deloitte (via UT System)
Opinion on financial statements of UT MD Anderson Services Corporation	Deloitte (via UT System)
Information Technology Internal Audit Co-Sourcing	PricewaterhouseCoopers
Facilities Management/Construction Internal Audit Co-Sourcing	KPMG
Revenue Cycle, Charge Capture, and TDI Co-Sourcing	Protiviti

VII. Reporting Suspected Fraud and Abuse

The Institutional Compliance Hotline is accessible through both the Internal Audit and Institutional Compliance websites.

Internal Audit is responsible for ensuring that reported concerns are thoroughly reviewed, investigated, and appropriately resolved. We are committed to addressing all reported concerns seriously and encourage employees to contact us with questions at any time. Employees of UT MD Anderson may report concerns through their department management, by contacting Internal Audit directly, or by using the Hotline.

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

Individuals may also report suspected fraud, waste, or abuse involving state resources to the State Auditor's Office Hotline at **1-800-TX-AUDIT (1-800-892-8348)**. Additional information is available on the State Auditor's Office website: https://sao.fraud.texas.gov/.