

## 17-118 School of Dentistry (SoD) General Practice

We have completed our audit of the SoD General Practice, University Dental Center. This audit was performed at the request of the UTHealth Audit Committee and was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

### BACKGROUND

General Practice and Dental Public Health is the largest department at UTHealth's SoD. The department teaches behavioral sciences, general dentistry, community dentistry, preventive dentistry, operative dentistry, patient assessment, diagnosis and treatment planning, as well as practice relations and management. The department offers two postgraduate certificate programs: General Practice Residency (GPR) and Advanced Education in General Dentistry (AEGD). Services related to GPR/AEGD are performed at the University Dental Center.

### OBJECTIVE

The objective of this audit was to determine whether controls over receipt of payments, deposits, billing, collections, revenue reporting, and equipment encryption at the University Dental Center are adequate and functioning as intended.

### SCOPE PERIOD

The scope period was June 1, 2016 through May 31, 2017.

### METHODOLOGY

The following procedures were performed:

- Selected a sample of payments received (20) and reviewed for completeness, accountability, and that deposits were made in accordance with the Cash Handling Manual.
- Selected a sample of void transactions (5) and reviewed for proper segregation of duties.
- Selected a sample of patient appointments (25) and reviewed the billing, follow up, and collection processes for reasonableness.
- Selected a sample of missing charges (25) and reviewed to ensure the charges were recorded.
- Selected a sample of equipment (5) at the University Dental Center and reviewed to ensure the equipment was encrypted and the last encryption transmission update was up-to-date and reasonable at the time of review.
- Reviewed the monthly reconciliation of payments in axiUm to cash receipts in PeopleSoft FMS and verified they were performed for all 12 months.
- Reviewed the monthly journal entry documentation for the audit period to determine whether the financial information in axiUm supports the revenue reported in PeopleSoft FMS.

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- Reviewed the list of unallocated patient payments for reasonableness.
- Reviewed the list of credit balances for reasonableness.
- Performed an electronic data analysis of all adjustments made to patient accounts recorded in axiUm during the audit period to identify anomalies and/or trends.
- Performed a comparison of the Aged Balance reports for the fiscal year ended August 31, 2016 to the current fiscal year as of May 31, 2017 for reasonableness.
- Performed an analysis of gross charges and net revenue for the fiscal year ended August 31, 2016 to the current fiscal year as of May 31, 2017 to identify anomalies and/or trends.

### AUDIT RESULTS

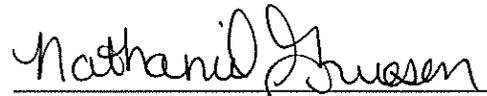
A&AS identified the following areas for improvement related to the SoD General Practice, University Dental Center:

- The unallocated payments and credit balances recorded in axiUm for the University Dental Center may include payments for other departments.
- Departmental procedures for billing and A/R follow up have not been consistently followed.
- Departmental procedures and the Cash Handling Manual requirement to document the chain of custody for cash transfers have not been consistently followed.
- Departmental procedures do not align with the SoD Clinic Manual. In addition, periodic oversight pertaining to the recording of adjustments made to patient accounts has not been developed and implemented.

### NUMBER OF PRIORITY & HIGH FINDINGS REPORTED TO UT SYSTEM

None

We would like to thank the staff and management within the University Dental Center who assisted us during our review.



Nathaniel Gruesen, MBA, CIA, CISA, CFE  
Senior Audit Manager - General

### MAPPING TO FY 2017 RISK ASSESSMENT

<b>Risk (Rating)</b>	R.95 - Streamlined administrative process at the University Dental Center. (High)
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### AUDITING & ADVISORY SERVICES ENGAGEMENT TEAM

<b>Audit Manager</b>	Nathaniel Gruesen, MBA, CIA, CISA, CFE
<b>Auditor Assigned</b>	Kathy Tran, CIA, CFE
<b>End of Fieldwork Date</b>	August 16, 2017
<b>Issue Date</b>	September 26, 2017

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**Copies to:**  
Audit Committee  
Dr. John Valenza  
Dr. Gary Frey  
Joe Morrow

<p><b>Issue #1</b></p>	<p>A&amp;AS reviewed departmental procedures and noted the following:</p> <ul style="list-style-type: none"> <li>• The Lead Patient Care Services and the Coordinator Patient Care Services are responsible for generating the axiUm Unallocated Payments report monthly and reviewing the patient's account in axiUm to determine the underlying reasons for the unallocated payments.</li> <li>• The Lead Patient Care Services and the Coordinator Patient Care Services are responsible for generating the axiUm Credit Balance report monthly and initiating patient refund requests based upon review of the patient's account.</li> </ul> <p>A&amp;AS reviewed a list of unallocated payments for the University Dental Center in axiUm as of June 5, 2017 and noted potentially a high amount of unallocated payments. The report, however, showed unallocated payments based on the original payment amount although part of the original payment amount may have already been allocated to treatments performed. We obtained additional insight on the reporting capability in axiUm and were able to obtain reports showing the true unallocated payments. As of August 3, 2017 (report can only be run as of the current date), the following was noted:</p> <ul style="list-style-type: none"> <li>• Payments received from patients totaling \$82,768 had not been allocated to treatments performed.</li> <li>• Payments received from insurance totaling \$13,631 had not been allocated to treatments performed.</li> </ul> <p>Additionally, we reviewed the credit balance report for the University Dental Center and noted the total credit balance had decreased from \$133,490 in June 2016 to \$79,013 in May 2017. As of June 5, 2017, the balance was \$105,746. We were advised the credit balance amount fluctuates as a result of the reasons below:</p> <ul style="list-style-type: none"> <li>• Patients can make installment payments in advance in order to pay for anticipated treatments.</li> <li>• Patients can make payments when they are at the University Dental Center; however, not all of the payments belong to the University Dental Center. This occurs when the patient is a shared patient who is concurrently receiving treatments at different departments within the SoD.</li> <li>• Based on other collaborating evidence during our testing, the reasons were deemed appropriate.</li> </ul>
<p><b>Recommendation #1</b></p>	<p>We recommend management:</p> <ul style="list-style-type: none"> <li>• Perform a review of the unallocated payments and credit balances in axiUm from prior years to determine whether the payments were for services performed at the University Dental Center. Based on the review, a determination should be made to apply</li> </ul>

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	<p>the payment to current treatments, transfer the credit balance to the appropriate department, or return the payment to the patient.</p> <ul style="list-style-type: none"> <li>• Develop and implement procedures to provide periodic oversight pertaining to unallocated payments and credit balances at the supervisor/manager's level.</li> </ul>
<b>Rating</b>	Medium
<b>Management Response</b>	The process outlined in the advisory recommendation is currently in place. To expedite and ensure timely credit balance management, the Lead Patient Care Coordinator will be assigned to the task as a part of her duties. The Administrative Manager will monitor and assign task based on priority. The oversight will also be shared by the Dental Clinic Manager once on board.
<b>Responsible Party</b>	Chenell Bell, Administrative Manager
<b>Implementation Date</b>	November 30, 2017

<p><b>Issue #2</b></p>	<p>A&amp;AS reviewed the processes for billing and noted the following departmental procedures:</p> <ul style="list-style-type: none"> <li>• Patient treatments are documented on a treatment plan. The treatment plan is discussed and agreed upon by the patient prior to treatments being performed.</li> <li>• The Lead Patient Care Services, Coordinator Patient Care Services, and Senior Support Assistants are responsible for generating and working the Aged Balance report monthly. Statements are sent to patients to follow up on outstanding balances.</li> <li>• The Lead Patient Care Services and the Coordinator Patient Care Services are responsible for generating the Missing Charges report in axiUm and identifying charges that have not been recorded and/or approved. The staff will follow up to have the charges recorded, approved, and the payment allocated, if applicable.</li> </ul> <p>A&amp;AS reviewed a sample of 25 scheduled patient appointments during December 1, 2016 through May 31, 2017 and noted departmental procedures are not consistently followed:</p> <ul style="list-style-type: none"> <li>• The number of days elapsed between the treatment date and charge approval date ranged from 0 – 85 days. Currently, there are no departmental procedures outlining the acceptable amount of time for the approval of charges.</li> <li>• The number of days elapsed between the insurance payment date (5/9/2017) and the balance transfer date to patient’s responsibility (6/5/2017) was 27 days.</li> <li>• The treatment plan does not list all treatments planned and performed on the patient. As a result, a procedure was performed on the patient but there was no written treatment plan showing the patient had agreed to the treatment procedure performed.</li> <li>• Statements were not generated in axiUm to follow up on an outstanding balance of \$4,454 for one patient since February 2017.</li> </ul> <p>We also reviewed an additional sample of 25 patient appointments from the Missing Charges report during the audit period and noted charges were not consistently recorded or approved timely for all patient appointments in the sample. In addition, notes detailing the treatment that was performed during the patient’s visit was not documented for one patient appointment.</p>
<p><b>Recommendation #2</b></p>	<p>We recommend management:</p> <ul style="list-style-type: none"> <li>• Establish departmental procedures outlining the acceptable</li> </ul>

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	<p>amount of time for the approval of charges, including escalation for unapproved charges, and communicate the procedures to all applicable faculty and employees. Evidence of the communication to applicable faculty and employees should be documented and retained.</p> <ul style="list-style-type: none"> <li>• Develop and implement procedures to provide periodic oversight over the billing and follow up processes at the supervisor/manager's level.</li> </ul>
<b>Rating</b>	Low
<b>Management Response</b>	<p>The advisory recommendation will be adopted by performing post appointment audits by the Lead Patient Care Coordinator and Dental Clinic Manager. Any outstanding approvals and/or missing items 30 days overdue will be communicated via axiUm email to the Resident, Faculty (attending for DOS), Programs Directors, Administrative Manager and Department Chair. If second notification is required, the Associate Dean of Patient Care will be notified 10 days after 1<sup>st</sup> email notification. This process should also help with managing the credit balances.</p>
<b>Responsible Party</b>	Chenell Bell, Administrative Manager
<b>Implementation Date</b>	November 30, 2017

<b>Issue #3</b>	<p>The Cash Handling Manual states, "All transfer of cash items between persons - either within a department, between departments or between UTHealth and the bank - must be documented and signed by both persons."</p> <p>In addition, departmental procedures requires the following:</p> <ul style="list-style-type: none"> <li>• The cashier and the person verifying the payments submitted for deposit should sign the individual cashier's Bank Deposit Report at the end of each day closing.</li> <li>• A staff at the University Dental Center providing the deposit bag and the person picking up the deposit should sign the deposit log at the time deposits are picked up.</li> </ul> <p>A&amp;AS reviewed a sample of 20 deposit dates during December 1, 2016 through May 31, 2017 and noted the chain of custody for cash transfer was not consistently documented.</p> <ul style="list-style-type: none"> <li>• Eleven deposits showed the cashier's Bank Deposit Report was missing the cashier's signature and/or the person verifying the payments submitted for deposit.</li> <li>• Five deposits showed the deposit log was missing a staff's signature at the University Dental Center and/or the person picking up the deposit.</li> </ul>
<b>Recommendation #3</b>	We recommend management at the University Dental Center work with the Bursar's Office to communicate and emphasize the chain of custody for cash transfer requirement to all applicable employees. Evidence of the communication to applicable employees should be documented and retained.
<b>Rating</b>	Low
<b>Management Response</b>	Based on the advisory findings, we will implement the signature requirement before the safe is unlocked procedure. We will also place a reminder notification on safe, deposit drawers and money bags to ensure the designated staff has obtained all required signatures before the deposit is released to anyone including Bursar's office. Email to Bursar's office will be sent if carrier fails to sign for deposit pickup. The Dental Clinic Manager will review for required signatures and the Administrative Manager will perform random periodical audits to ensure protocol is being adhered to.
<b>Responsible Party</b>	Chenell Bell, Administrative Manager
<b>Implementation Date</b>	November 30, 2017

<b>Issue #4</b>	<p>Section 4.23 <i>Voids and Refunds of Clinic Fees</i> of the Clinic Manual requires:</p> <ul style="list-style-type: none"> <li>• Voids requested on the same date of service be supported by written documentation in the patient's EHR (e.g. short explanation signed by the attending faculty member). The cashier may void same day payments up to \$200. Requests for voids above \$200 amount require the approval of the cashier's manager.</li> </ul> <p>Departmental procedure, on the other hand, indicates the following:</p> <ul style="list-style-type: none"> <li>• The Lead Patient Care Services and the Coordinator Patient Care Services can void payment transactions in axiUm, regardless of amount.</li> <li>• Employees should not void their own payment transaction.</li> </ul> <p>During the review, A&amp;AS noted the following:</p> <ul style="list-style-type: none"> <li>• One of the five void transactions reviewed during the audit period showed a \$1,342 payment was recorded and voided by the same employee.</li> <li>• No approvals or forms are required for adjustment transactions (except for those related to refunds).</li> <li>• No periodic oversight process in place to ensure adjustments made to patient accounts are accurate and properly supported.</li> </ul>
<b>Recommendation #4</b>	<p>We recommend management:</p> <ul style="list-style-type: none"> <li>• Align departmental procedures on voids with the Clinic Manual. If there are deviations from the Clinic Manual, the reasons for the deviation should be documented.</li> <li>• Develop and implement procedures to provide periodic oversight pertaining to the recording of adjustments to patient accounts at the supervisor/manager's level.</li> </ul>
<b>Rating</b>	Low
<b>Management Response</b>	The advisory recommendation will be implemented by performing monthly sample audits on voids and adjustments to ensure the Clinic Manual is being followed. Once Dental Clinic Manager is hired, he/she will approve and process voids with the exception of front desk back-outs.
<b>Responsible Party</b>	Chenell Bell, Administrative Manager
<b>Implementation Date</b>	November 30, 2017