

Nuclear Medicine Departmental Review

Audit Control No. 2023-122
August 16, 2023

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Executive Summary

The Nuclear Medicine Department (the Department) utilizes radioactive materials or radiopharmaceuticals for the diagnosis and treatment of diseases. With radioactive material, the Department can assess scans of both the anatomy and the physiology of the body to determine the presence of disease based on the function of the organ, tissue or bone. For Fiscal Year (FY) 2023 (through April 2023), the Department has generated over \$13M in gross patient revenue. The department employs thirteen employees, including ten faculty members.

The Department has processes in place for certain areas of personnel and financial management, such as statistical sampling, expenditures, and credentialing. We did, however, identify the following opportunities for improvement:

- Strengthen Clinical Trials Financial Management
- Perform Annual Inventory for Capitalized Assets
- Enhance Procurement Card Administration
- Improve Controls over Extramural Leave (EXT)
- Resolve Status of IT Assets

Further details are outlined in the Detailed Observations section. Less significant issues were communicated to management separately.

In FY23, we reviewed the Department's processes to perform monthly revenue reconciliations. The results of the review were communicated to the Division of Diagnostic Imaging under separate cover.

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

The courtesy and cooperation extended by the personnel in Nuclear Medicine are sincerely appreciated.

Management agrees with the observations and recommendations and has developed action plans to be implemented on or before 2/29/2024.



Sherri Magnus, CPA, CIA, CFE, CRMA, CHIAP
Vice President & Chief Audit Officer
August 16, 2023

DETAILED OBSERVATIONS

1. Strengthen Clinical Trials Financial Management

Risk Ranking
High

<p>Observation</p>	<p>The department does not have sufficient controls in place to ensure proper financial management of its clinical trials. Our review of the trials indicated the following:</p> <ul style="list-style-type: none"> The department's only current active trial incurred a deficit approximating \$243k. The deficit was caused by underbudgeted salary expense for research personnel. For one inactive trial, a deficit of \$474k was incurred. The deficit resulted from an unapplied discounted billing rate for the use of an imaging camera. While, the discounted rate was approved by Clinical Research Finance, it was not enacted. <p>Institutional Policy states that department management should develop an appropriate internal controls structure for managing the department's financial resources. When clinical trials performed for external sponsors incur deficits, the institution bears the financial burden on behalf of the sponsor.</p>	<p>Recommendation</p> <p>Management should strengthen controls over the financial management of clinical trials. Additionally, actions should be taken to resolve the deficit balances before fiscal year end.</p> <p>Management Action Plan</p> <p>Nuclear Medicine will work with Clinical Research Finance to have increased education of clinical trial and financial management and applicable controls.</p> <p>We will meet quarterly with PIs concerning active clinical trials to review financial activity, including billing. This will include investigating and resolution of any deficits.</p> <p>Also, we will work with clinical research finance to resolve the deficit balances in a timely manner.</p> <p>Responsible Owners</p> <p>Responsible Executive: Dr. Welela Tereffe Division/Department Executive: Dr. Homer Macapinlac Owner: Jill Maxwell</p> <p>Due Date</p> <p>02/29/2024</p>	
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2. Perform Annual Inventory for Capitalized Assets

Risk Ranking
Medium

<p>Observation</p> <p>For FY22, the department has not completed their annual inventory scan and certification. Additionally, 11 assets were considered missing, and the required forms were not completed and filed. The 11 assets consisted of items such as spectrophotometers, autosamplers, a projector and scanners, valued at \$185,000.</p> <p>Institutional policy requires assets to be regularly inventoried. Additionally, the Asset Control Manual requires reporting of missing and stolen assets to maintain accurate inventory records. When an annual inventory is not performed, missing or stolen assets may not be identified. As a result, the appropriate actions may not be taken in a timely manner.</p> <p>Subsequent, to our review, 8 of the 11 assets originally identified as missing, valued at \$178k, were located.</p>	<p>Recommendation</p> <p>Management should ensure that the annual asset inventory is completed annually. Additionally, the required forms should be completed for missing/stolen assets identified.</p>
	<p>Management Action Plan</p> <p>Nuclear Medicine will ensure that the annual asset inventory is completed annually. Additionally, will complete the required forms for identified missing/stolen assets.</p>
	<p>Responsible Owners</p> <p>Responsible Executive: Dr. Welela Tereffe Division/Department Executive: Dr. Homer Macapinlac Owner: Jill Maxwell</p>
	<p>Due Date</p> <p>12/31/2023</p>

3. Enhance Procurement Card Administration

Risk Ranking
Medium

Observation The department has one procurement card holder. Transactions on the card totaled \$17k for the period of FY23 (thru March 2023). None of the FY23 reconciliations reviewed included the required second level of review. Additionally, we noted one transaction was allocated to the incorrect cost center.

Per institutional policy, monthly procurement card reconciliations should be reviewed by a supervisor and an authorized reviewer. The supervisor reviews for appropriateness and the authorized reviewer confirms for accuracy of allocation to proper fund source of transactions in the General Ledger.

The department's lack of appropriate review may result in errors or irregularities that may go undetected.

Recommendation	Management should implement a secondary review for the monthly procurement card reconciliation process. Additionally, the review should include procedures to determine that all allocations are correct.
Management Action Plan	Nuclear Medicine has ensured a secondary reviewer in addition to the supervisor review for the card holder monthly reconciliation. With the onboarding of our shared Financial Analyst on 6/5/23, all required signatures and reviewers are in place. Should staffing shortages occur again, the department will ensure secondary reviewer is established within division.
Responsible Owners	Responsible Executive: Dr. Welela Tereffe Division/Department Executive: Dr. Homer Macapinlac Owner: Jill Maxwell
Due Date	10/31/2023

4. Improve Controls over Extramural Leave

Risk Ranking
Medium

<p>Observation</p>	<p>We reviewed extramural leave taken by department faculty (10) for the period of FY23 (through March 2023). Our review identified instances of extramural leave days not captured or inaccurately recorded in Kronos. Also, in one instance, paid time off was recorded as extramural leave, resulting in the institution reimbursing for personal expenses.</p> <p>Per institutional policy, both timekeepers and managers are responsible for reviewing all data sources to ensure timecards are captured and accurately coded.</p> <p>When leave is not accurately captured, accruals could be over/under stated. Additionally, when paid time off is not accurately reflected personal expenses may be incurred using institutional funds.</p>	<p>Recommendation</p> <p>Management should enhance controls to ensure leave is accurately coded and captured. Additionally, Management should consult with Travel in order to address the reimbursement for personal expenses incurred.</p>
		<p>Management Action Plan</p> <p>Nuclear Medicine has established and implemented a department procedure, to include a pre-trip approval process to enhance controls so that leave is accurately coded and captured, financials are reviewed/approved according to fund expenditure guidelines and institutional compliance.</p> <p>Leadership will continue to work with Travel & Expense to ensure reimbursements for employee travel that incurred personal expenses.</p>
		<p>Responsible Owners</p> <p>Responsible Executive: Dr. Welela Tereffe Division/Department Executive: Dr. Homer Macapinlac Owner: Jill Maxwell</p>
		<p>Due Date</p> <p>10/31/23</p>

5. Resolve Status of IT Assets

Risk Ranking
Medium

Observation Our review identified six mobile assets that appeared to not have sufficient protection measures. However, we could not determine whether these assets were active and still in use.

Per Institutional policy all mobile computing devices should have appropriate protection. Without device management protections, sensitive information could be accessible to unauthorized individuals.

Subsequent to our review, one asset’s status had been resolved.

Recommendation	Management should consult with Information Services and Asset Management to review and determine the appropriate status for each asset.
Management Action Plan	Nuclear Medicine will consult and work with IS and Asset Management to review and determine the appropriate status for each remaining asset.
Responsible Owners	Responsible Executive: Dr. Welela Tereffe Division/Department Executive: Dr. Homer Macapinlac Owner: Jill Maxwell
Due Date	10/31/23

Appendix A

Objective, Scope and Methodology:

The objective of the review is to provide a general assessment of the financial, administrative, and compliance controls within the department. Our review of the department covered personnel/leave management, financial management, asset management, charge capture, and clinical trial processes for the period of September 1, 2022, to present, and any related periods.

Our procedures included but not limited to the following:

- Interviewed key personnel and reviewed relevant organizational policies to understand financial and administrative processes within the department.
- Examined personnel management processes for credentialing, timekeeping and extramural leave to determine if institutional leave management guidelines were followed.
- Reviewed the results of the Department's FY22 physical inventory and assessed processes and controls over assets
- Assessed procurement card transactions and reconciliations for compliance with institutional guidelines.
- Reviewed monthly statistical sample and certification.
- Examined clinical trial invoicing and payments.
- Evaluated charge capture processes including workqueues and inpatient/outpatient services.

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

Number of Priority Findings to be monitored by UT System: None

A Priority Finding is defined as “*an issue identified by an internal audit that, if not addressed timely, could directly impact achievement of a strategic or important operational objective of a UT institution or the UT System as a whole.*”