

Cardiopulmonary Center Review

Department of Internal Audit
Audit No. MDA 24-101

Executive Summary

The Cardiopulmonary Center (the Center), within the Ambulatory Services Division, treats pre-existing cardiac and pulmonary conditions, as well as those brought on by cancer and its treatments. The Center's cardiology and pulmonology services include:

- A dedicated clinic that evaluates patients prior to and during treatment, including routine device management for patients with a pacemaker or defibrillator.
- A cardiology lab that provides patients echocardiograms (ECHOs), electrocardiograms (EKGs), stress tests, and other cardiac evaluations.
- A pulmonary lab that evaluates patient's pulmonary function before major procedures, staging and support for patients with lung cancer, and diagnosis and treatment of breathing problems.
- A sleep center for patients with sleep disorders caused by their disease, treatment, hospitalization or emotional stress.



The Center has generated close to \$39M in gross patient revenue for fiscal year 2024 (YTD January 2024). The Center employs 73 employees, including nurses, technologists, and administrative support.

Audit Result

Internal Audit conducted a general assessment of the Center's key financial and administrative activities. The Center has internal controls to oversee the management of financial activities including consistent monitoring of overtime usage, review of procard spending, and performance of OneConnect to the general ledger monthly reconciliations. We did however, identify opportunities for improvement in the following areas: charge capture, asset management, and approval of timecards.

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

Management Summary Response:

Management agrees with the observations and recommendations and has developed action plans to be implemented on or before 8/31/2024.

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

The courtesy and cooperation extended by the personnel in the Cardiopulmonary Center are sincerely appreciated.

Sherri Magnus

Sherri Magnus, CPA, CIA, CFE, CRMA, CHIAP
Vice President & Chief Audit Officer
April 1, 2024

Detailed Observations

1. Enhance EKG Charge Capture Processes **RANKING: MODERATE**

The institution does not have adequate processes in place to ensure all EKGs performed are consistently charged. Specifically, our review identified:

- Charges were not captured for 8% of the EKGs tested that were performed within the Center
- Approximately \$100,000 of charges were missed for EKGs performed by areas outside of the Center

While daily EKG charge reconciliations are being performed in the Center, the reconciliations were not adequate to detect and correct missed charges. According to management, it appears charges were missed because the required steps to drop EKG charges were not performed every time an EKG was performed. For areas outside the Center, users do not appear to have been trained on the steps necessary to drop EKG charges, due to concerns over differences in charging methodology between the areas.

When services are provided but not charged, revenues are lost. Additionally, when reconciliations are not adequate, detection and correction of missed charges does not occur.

Recommendation:
 Management should enhance charge capture processes for EKGs. This should include controls to ensure that the required steps to drop EKG charges are completed every time an EKG is performed. When new areas are trained to perform EKGs, the Center should disclose that additional training on how to drop EKG charges is also required. Lastly, Management should also enhance daily EKG charge reconciliations to ensure they are adequate to detect and correct missed charges.

- Management Action Plan:**
1. *Re-education to all EKG staff to ensure the charge capture workflow is followed consistently when performing EKGs*
 2. *Enhance daily charge reconciliation performed to ensure missed charges are captured and placed timely if appropriate*
 3. *Meet with EHR team to review the charge trigger workflows*
 4. *Training request from EHR and Revenue Management teams to review the charge reconciliation process and routing of charges*
 5. *Develop training guidelines for charge capture and reconciliation process for EKG services performed outside of Cardiopulmonary Center EKG techs*
 6. *Quarterly review of charges of 10 patients to ensure consistency and accuracy of charges*

Due Date: 08/31/2024

*Responsible Executive: Rosanna Morris
 Department/Division Executive: Judy Moore
 Owner: Karen Whitmore-Radford*

2. Improve Daily Revenue Reconciliation Processes	RANKING: MODERATE
<p>The different service areas of the Center indicated they perform daily revenue reconciliations to ensure charges are captured for services rendered. These reconciliations are key to ensure charges are not missed. In several areas, however, evidence of this review was not consistently maintained to demonstrate performance. Our testing subsequently identified some missed charges in the areas where evidence of these daily reconciliations was lacking. Additionally, management indicated that some reconciliations may not have been performed due to not having a designated back-up for the reconciliation if the process owner was unavailable.</p> <p>Institutional policy requires charges to be reconciled daily. When reconciliations are not consistently evidenced, management may not have assurance that they are being performed as required, and missed charges may go uncorrected.</p>	<p>Recommendation: Management should consistently improve daily reconciliation processes to ensure that evidence of the reconciliation is maintained. Management should also designate back-up reconcilers to perform the daily revenue reconciliations should the process owner be unavailable.</p> <p>Management Action Plan:</p> <ol style="list-style-type: none"> 1. <i>Meet with EPIC reporting team to ensure each manager/supervisor understands reconciliation reports and process to save evidence of daily reconciliations</i> 2. <i>Each manager/supervisor will assign and train a back-up within their team</i> 3. <i>Every area will begin consistently saving evidence of the reconciliations performed</i> 4. <i>Setup training with Charge Capture team and clinical staff</i> <p><i>Due Date: 07/01/2024</i></p> <p><i>Responsible Executive: Rosanna Morris</i> <i>Department/Division Executive: Judy Moore</i> <i>Owner: Karen Whitmore-Radford</i></p>

3. Improve Asset Inventory Accounting

RANKING: MODERATE

A review of the FY23 annual inventory results revealed that 11 capitalized or controlled assets (valued at approx. \$290k) were not accounted for during the fiscal year. Institutional Policy requires assets to be accounted for each fiscal year. When the assets are not accounted for as required, inventory records may not be accurate.

Recommendation:

Management should take the following actions to resolve the 11 assets, as appropriate:

- Account for, manually or via scanner, the assets within in their possession
- Submit asset transfer forms as required, and
- Complete missing asset forms for any assets identified as missing.

Management should also implement departmental procedures to ensure that future annual inventories address discrepancies such as this going forward.

Management Action Plan:

- All 11 assets identified have been resolved.

1. Quarterly review of assets with department leads/Sr. AA
2. Spreadsheet of assets created kept of shared drive
3. Sr. AA completes timely asset inventory
4. Process for trade-in and form completions are timely

Due Date: 07/01/2024

Responsible Executive: Rosanna Morris

Department/Division Executive: Judy Moore

Owner: Karen Whitmore-Radford

4. Approve Timecards as Required

RANKING: MODERATE

Our analysis revealed not all the Center's timecards were approved for 52 of 62 weeks (84%) reviewed. Timecard approval rates for each of the 52 weeks ranged between 68% to 100%. Non-approved weeks included time reported for 24 nonexempt (hourly) employees. Institutional policy requires timecards to be approved every week by the designated day. Failure to review and approve timecards may result in inaccurate time reporting and could result in over or underpayment of payroll.

Recommendation:

Management should ensure all timecards are reviewed and approved consistently in accordance with institutional policy.

Management Action Plan:

1. *Sr. AA (timekeeper) will have timecard review completed by Monday afternoon before COB*
2. *Email will be sent to the CardioP Leadership team (approvers) to complete approvals by Tuesday 11:59PM*
3. *Tuesday PM before COB, the timekeeper will review any pending approvals and send to the approver and cc CAD*
4. *Expectation is set amongst the approver team that timecards are due to be approved by Tuesday 11:59PM*
5. *Each approver has an identified backup approver*
6. *Tuesday COB reminder on each approver's calendar.*

Due Date: 07/01/2024

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Appendix A

Objective, Scope and Methodology:

The objective of the review is to provide a general assessment of the financial and administrative processes for the center. Our review of the Center covered the revenue cycle areas of charge capture and reconciliations, financial management, asset management, personnel/leave management, and storage and physical space, for the period of September 1, 2022 through December 31, 2023, and 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 Center.
- Reviewed revenue cycles processes including charge capture, daily and monthly reconciliations, reviewing workqueues, etc.
- Reviewed the asset inventory processes and controls .
- Evaluated financial management processes such as procurement card reconciliations and monthly stat sampling
- Examined personnel management processes including timekeeping.
- Performed on-site observations of physical space.

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.*”