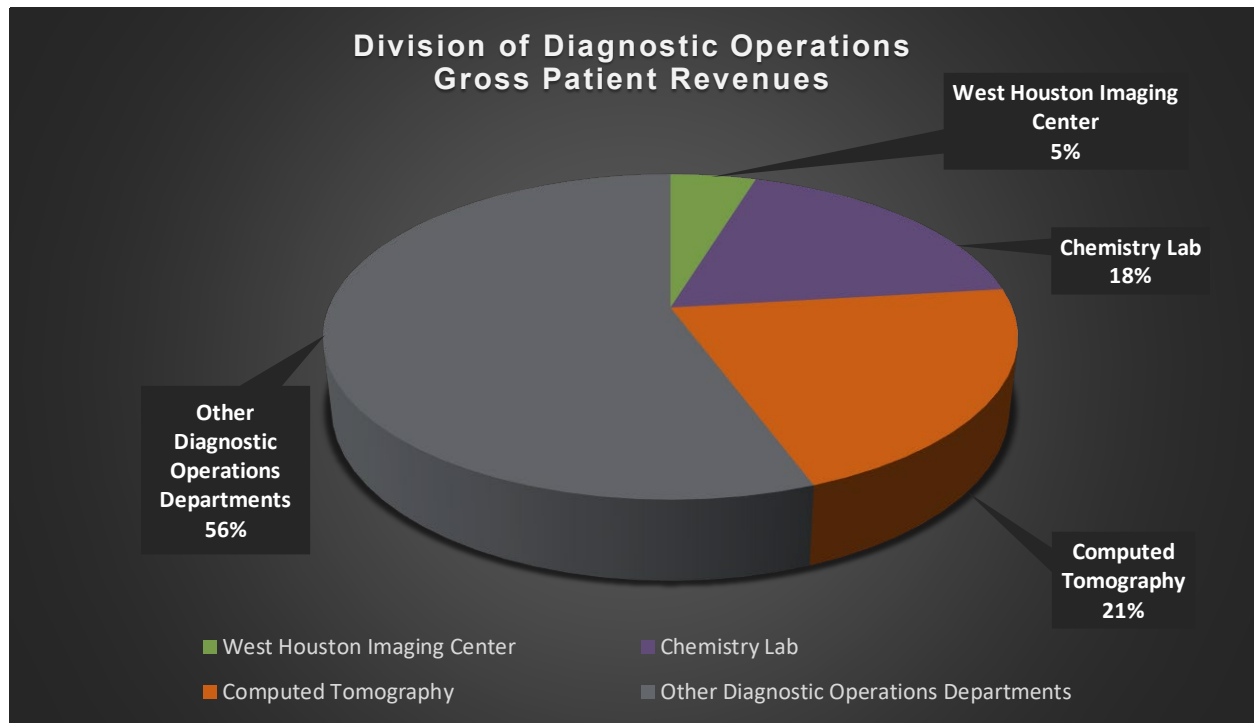


MEMORANDUM

Date: March 24, 2023
TO: Habib Tannir
 Vice President, Diagnostic Operations
FROM: Sherri Magnus *Sherri Magnus*
 Vice President & Chief Audit Officer

SUBJECT: 23-102 Revenue Reconciliations
 Audit Control Number 23-102B

The Division of Diagnostic Operations generates \$3.2 billion, which represents 27.5% of the Institution’s Gross Patient Revenues for FY22. For a sample of 3 departments (depicted in the chart below), Internal Audit reviewed whether daily and monthly revenue reconciliations were adequate, performed timely, and complete. According to the Institution’s Charge Submission and Reconciliation Policy, both technical and professional charges shall be reconciled every business day. Additionally, monthly revenue should be reconciled between EPIC and the general ledger.



In summary, West Houston Imaging Center is performing both monthly and daily revenue reconciliations. While monthly revenues are being reconciled for Chemistry Lab and Computed Tomography, daily revenue reconciliations are not consistently being performed or documented. See the following detailed observations.

Please note that this document contains information that may be confidential and/or exempt from public disclosure under the Texas Public Information Act. Before responding to requests for information or providing copies of these documents to external requestors pursuant to a Public Information Act or similar request, please contact the University of Texas MD Anderson Cancer Center Internal Audit Department.

Division of Diagnostic Operations**Observation 1:
Perform and Document Daily Revenue Reconciliations****Ranking: HIGH**

The Division of Diagnostic Operations is not performing comprehensive daily reconciliations to ensure charges are captured for all services rendered. While the Division facilitates some of the revenue reconciliation process and departments appear to be performing some monitoring activities, these are not all-inclusive to ensure charges are captured for all services rendered. Additionally, documentation of activities performed is not adequate. As a result, revenue may be lost.

Recommendation:

Management should enhance daily revenue reconciliation processes to ensure charges are captured for all services rendered and retain supporting documentation. Further the Division should create reconciliation documentation standards for every department.

Management's Action Plan:

Work with Financial Controls and Diagnostic Operations leadership to develop revenue reconciliation standards for revenue generating departments. Also create a retention requirement and process for departments.

Executive Leadership Team Member: Rosanna Morris
Owner: George Ninan
Implementation Date: 8/31/2023

Department of Chemistry Lab**Observation 2:
Reconcile Charges from Cerner to EPIC****Ranking: MEDIUM**

The Department utilizes Cerner Lab Software to initiate charges which are transferred to EPIC for daily billing. The current practice is to perform a reasonableness review of the volume of charges from Cerner to EPIC on a monthly basis with a variance threshold of 2%. We were unable to determine the dollar value of the charges for services that did not transmit from Cerner to EPIC. Without performing an adequate reconciliation on a daily basis, there is risk that errors may not be detected timely and may result in lost revenue.

Recommendation:

Management should coordinate with Financial Controls to develop a practical solution to reconcile the charges transferring from Cerner Lab to EPIC daily. We recognize the process will be changing due to the migration from Cerner to Beaker, however in the interim compensating controls should be implemented to address the risk.

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Management's Action Plan:

Work with Financial Controls and Diagnostic Operations leadership to develop revenue reconciliation standards for Cerner to EPIC.

Executive Leadership Team Member: Rosanna Morris

Owner: George Ninan

Implementation Date: 8/31/2023

Refer to **Appendix A** for Objective, Scope, and Methodology.

The courtesy and cooperation extended by the personnel within the Division of Diagnostic Operations is sincerely appreciated.

cc: Rosanna Morris, Chief Operating Officer
George Ninan, Executive Director, Diagnostic Ops, Diagnostic Operations Admin
Adam Dido, Director, Diagnostic Imaging Operations
Nancy Swanston, Administrative Director, Diagnostic Operations Admin
Terrell Evans, Administrative Director, Diagnostic Operations Admin
Hollie Davis, Administrative Director, Diagnostic Operations

Appendix A

Objective, Scope, and Methodology

The objective was to ensure that revenue reconciliations are adequate, timely and complete. The period of our review was September 1, 2021 to present, and any related periods. Our review covered processes to ensure all charges are captured for services rendered, and reconciliations performed to ensure all charges are transferred from EPIC to the general ledger. Our procedures included the following:

- Reviewed relevant policies and procedures
- Interviewed key personnel who perform daily revenue reconciliation processes
- Reviewed the EPIC to general ledger reconciliations for the period under review
- Examined documentation to perform Cerner to EPIC reconciliations

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.”