



**INTERNAL AUDIT ANNUAL REPORT
FISCAL YEAR 2006**

**The University of Texas
M. D. Anderson Cancer Center**

October 31, 2006

SECTION I

Internal Audit Plan for FY 2006

FISCAL YEAR 2006 ANNUAL AUDIT WORK PLAN STATUS

Audit/Project	2006		2006		A Priority	Status
	Budgeted Hours	% of Total	Actual Hours	% of Total		
<i>UT System Requested</i>						
<i>Audits</i>						
External Financial Statement Audit - FY2005 & FY2006	750		400		✓	Completed
External financial Statement Audit	350		50		✓	Completed
Physical Inventory Observation - FY 2006						Completed
President's Travel/Meal/Entmt. Exp. Review	200		380			Completed
<i>Consulting - N/A</i>						
<i>UT System Requested Carryforward</i>						
External Financial Statement Audit	200		161		✓	Completed
Physical Inventory Observation - FY2005						Completed
Un-sponsored Charity Care	75		46		✓	Completed
Time and Effort	75		14		✓	Completed
UT System Requested Subtotal	1650	10%	1050	6%		
<i>Externally Required</i>						
<i>Audits</i>						
Physician Referral Service Financial Review	600		735		✓	Completed
Inventory of IT Systems and Hardware	250		250		✓	Completed
<i>Carryforward - N/A</i>						
Externally Required Subtotal	850	5%	985	6%		
<i>Risk Based: Institutional</i>						
<i>Audits</i>						
Construction Project Management	500		41		✓	Co-source/Reporting
University Cancer Foundation Financial Review	550		639		✓	Completed

Audit/Project	2006	%	2006	%	A Priority	Status
	Budgeted Hours	of Total	Actual Hours	of Total		
Contractor Selection and Contract Monitoring	1000		1199		✓	Completed
Payroll Expenditures by Nurse Vouchers	500		602		✓	Completed
<i>Consulting</i>						
Enterprise-wide Risk Management (ERM)	200		11		✓	See Note 1
Business Continuity Planning	200		4		✓	See Note 1
M.D. Anderson Physician Network and M.D. Anderson Services Corporation	750		839		✓	Completed
<i>Carryforward</i>						
Adopt a Family	0		30			Completed
Tax Compliance Audit	25		20		✓	Completed
Risk Based: Institutional Subtotal	3725	22%	3385	20%		
Risk Based: Auditable Area						
<i>Information Technology</i>						
<i>Audits</i>						
Application Security - Pharmacy (Pyxis and Centricity)	200		280		✓	Completed
Backup & Recovery - Central IT	200		180		✓	Completed
Backup & recovery - Cerner PathNet, Tamtron PowerPath	100		80		✓	Completed
Application Security - Lawson Accounts Payable Module	180		250		✓	Completed
Program Change - Radiological Information System (RIS)	120		95		✓	Completed
Program Change Management - Cloverleaf	160		145		✓	Completed
Oracle Database Security - Lan Vision	80		60		✓	Completed
SQL Database Security - Stentor	80		60		✓	Completed
User Access Controls	200		140		✓	Completed

Audit/Project	2006	%	2006	%	A Priority	Status
	Budgeted Hours	of Total	Actual Hours	of Total		
IT Risk Assessment	450		525		✓	Completed
<i>Consulting</i>						
IT Other Consulting	230		186			
<i>Carryforward - N/A</i>						
Risk Based: Information Technology Subtotal	2000	12%	2001	12%		
<i>Patient Care</i>						
<i>Audits</i>						
Pharmacy Inventory Review	1300		1535		✓	Completed
Post-implementation Review of the FY05 Outpatient Charge Capture Reconciliation Process	800		645			Completed
<i>Consulting</i>						
Charge Capture Consulting	175		2		✓	
PRS benefits Documentation	291		291			Completed
Other Consulting Activity/MDACC Committee	100		145			
<i>Carryforward</i>						
Pharmacy Interface	50		8		✓	Completed
<i>Research & Development</i>						
Clinical Trial Billing Compliance	1000		1097		✓	Completed
Prospective time and Effort Database	500		7		✓	Cancelled per Mangement Request ⁽²⁾
Risk Based: Patient Care and R&D Subtotal	4216	25%	3730	22%		
<i>Management Review</i>						
<i>Change in Management Audits</i>						
Change in Management Audits	100		29			
Extramural Programs	200		376		✓	Completed

Audit/Project	2006	%	2006	%	A Priority	Status
	Budgeted Hours	of Total	Actual Hours	of Total		
Governmental Relations	200		282		✓	Completed
<i>Change in Management Carryforward - N/A</i>						
Change in Management Subtotal	500	3%	687	4%		
Follow-up						
Follow-up Reviews	700		461			
Follow-up Subtotal	700	4%	461	3%		
Audit Projects						
<i>U. T. System Requests</i>						
Reserve for Just-in-Time Auditing/Advisory Services - TBA	0		0		✓	
<i>Special Requests - Audits</i>						
Reserve for Just-in-Time Auditing/Advisory Services - TBA	609		0		✓	
Audit Projects Subtotal	609	4%	0	0%		
Consulting Projects						
<i>Special Requests - Consulting</i>					✓	
Consulting Projects Subtotal	0		0			

Audit/Project	2006	%	2006	%	A Priority	Status
	Budgeted Hours	of Total	Actual Hours	of Total		
Other Projects						
Investigations	740		325		✓	Completed
Internal Quality Assurance Activities	250		86		✓	
Institutional Risk Assessment and Work Plan Development	800		626		✓	
Liaison with External Auditors	76		9		✓	Completed
Internal Audit Follow-up Database	450		814		✓	
Software Utilization/Implementation	400		353		✓	
Internal Audit Web Site Upgrade	200		203			Completed
Other Projects Subtotal	2916		2416			
Total Hours	17166	100%	14714	86%		

- (1) Consulting hours allocated for FY06 were not incurred given the statue of these projects/activities at the institution and their priority on the work plan. Time has been allocated on the FY07 work plan for consulting in each of these areas.
- (2) The planned scope of this engagement was to validate information populated in the Prospective Time and Effort Database scheduled for FY06 implementation. That implementation was postponed due to continued coordination with UT System Time and Effort initiatives and the reorganization of certain research administrative functions. Management requested this review be cancelled. In FY07, Management will focus on alignment of current reporting systems before initiating the prospective system.

SECTION II

EXTERNAL QUALITY ASSURANCE REVIEW

January 31, 2005

John Mendelsohn, M.D.
The University of Texas
M.D. Anderson Cancer Center
1515 Holcombe
Houston, TX 77030

Dear Dr. Mendelsohn:

As requested by the University of Texas M.D. Anderson Cancer Center (MDACC), PricewaterhouseCoopers LLP conducted a peer review or Quality Assessment Review (QAR) of the Internal Audit Department. The objectives of the project were to assess conformity of MDACC's Internal Audit Department (the "Department") with the International Standards for the Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditors (the "Standards") and certain State of Texas regulations, specifically Business Procedures Memorandum 18-02-04 ("BPM18") and Senate Bill 3: Chapter 2102 ("SB3"), and to identify opportunities to enhance its effectiveness. The assessment covered the period of September 1, 2003 through August 31, 2004.

PricewaterhouseCoopers' primary procedures involved interviews of the Audit Committee chairman and key members of executive management, interviews of Department management and staff, and review of a significant number of department documents, such as audit plans, audit committee and management reports, surveys of those in MDACC who interact with the Department, information on supervisory and quality program activities, work papers and reports, training material, and other relevant documents.

Based on the results of the procedures PricewaterhouseCoopers performed, it was determined that the Department generally conforms to the following Standards:

- Purpose, Authority and Responsibility
- Independence and Objectivity
- Performing the Engagement
- Communicating Results
- Monitoring Progress
- Resolution of Management's Acceptance of Risk

Based on the results of the procedures PricewaterhouseCoopers performed, it was determined that the Department partially conforms to the following Standards:

- Proficiency and Due Professional Care
- Quality Assurance and Improvement Program
- Managing Internal Audit Activity

- **Nature of Work**
Engagement Planning

Based on the results of the procedures PricewaterhouseCoopers performed, it was determined that there were no Standards with which the Department did not conform.

Based on the results of the procedures PricewaterhouseCoopers performed, it was determined that the Department generally or partially conforms to the requirements of the State of Texas regulations BPM18 and SB3.

During the course of our work, we also identified areas where further enhancement opportunities exist. The details of those recommendations have been communicated separately.

We appreciate the opportunity to be of service to MDACC. We will be pleased to respond to any questions concerning our report.



PricewaterhouseCoopers LLP

cc: Mr. Ben Guill, Audit Committee Chairman
Mr. Dan Fontaine, Senior Vice President
Ms. Carrie Lyons, Vice President
Mr. J. Michael Peppers, Executive Director, Internal Audit ✓

SECTION III

LIST OF AUDITS COMPLETED

Report No.	Report Date	Name of Report	High-Level Audit Objective(s)	Observations/Findings and Recommendations	Current Status (with brief description if not yet implemented) <ul style="list-style-type: none"> • Implemented • Planned • In progress • Factors delay implementation • Agency does not plan to implement recommendation 	Fiscal Impact/ Other Impact
2006-103	May 12, 2006	Physicians Referral Service Financial Review	To assess the reliability and integrity of the PRS Trust fund's financial information in accordance with UT System's Business Procedure Memorandum 31-06-03 Policies and Procedures Regarding MSRDP/DSRDP/ PRS/AHRDP Business Operations.	<p>Procedures for creating the supplemental payment variance information should be reviewed and updated to meet customer expectations.</p> <p>Monitor the use and timely completion of the contract monitoring template checklist to support managed care contract analysis.</p> <p>A review of current job descriptions and operational procedures should be conducted to determine and document the appropriateness of access to Social Security Numbers.</p> <p>Safeguarding of proprietary and confidential information assets obtained or used by PRS needs improvement.</p> <p>Procedures for administrative functions need to be documented.</p>	<p>In progress</p> <p>In progress</p> <p>In progress</p> <p>Implemented</p> <p>In progress</p>	<p>Reduce the risk of inappropriate access to confidential information</p> <p>Risk of failing to comply with department policy</p>
2006-107	March 7, 2006	A Review of Contractor Selection and Contract Monitoring	To review the contractor selection process, determine if contracts hold contractors accountable, and ensure processes are in place to	The audit revealed instances of employee vendors, a lack of segregation of duties surrounding purchase orders, untimely and incomplete agreement compliance		Reduce the risk of fraud, errors, and failure to comply with the institutional policies and federal

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		<i>Continued: A Review of Contractor Selection and Contract Monitoring</i>	monitor compliance with contract provisions.	<p>checklists, inadequate tracking of exclusive acquisitions, lack of conflict of interest forms from selection committee members, inconsistent documentation indicating verification of the vendor suspension and debarment status, and insufficient monitoring to ensure vendors comply with certain contract provisions.</p> <p>We made the following recommendations to Management:</p> <ul style="list-style-type: none"> • Reviews should be performed to ensure that a contractor is not also an employee. • Management should review system access to ensure that appropriate segregation of duties exists. • Guidelines should be developed throughout the contracting process to ensure that all applicable documents are completed and approved timely. • A tracking mechanism should be put in place to identify and proactively manage exclusive acquisitions. 	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p>	<p>regulations.</p> <p>Increase the effectiveness of the contracting process.</p>

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		<i>Continued: A Review of Contractor Selection and Contract Monitoring</i>		<ul style="list-style-type: none"> • Conflict of Interest Statements should be obtained from vendor selection committee members. • Contract files should contain evidence that vendors are not suspended or debarred. • Contractors should be effectively monitored for compliance with contract provisions related to patient health and safety. 	<p>Implemented</p> <p>Implemented</p> <p>In progress. Planned implementation date is 8/28/07.</p>	
2006-110	July 6, 2006	Pharmacy Inventory Review	<p>To determine the overall effectiveness of the internal controls over safeguarding and monitoring pharmacy drug inventory.</p>	<p>Adequate control systems do not exist to ensure that drug inventory is properly safeguarded, monitored, and appropriately accounted for.</p> <p>The Division of Pharmacy should improve management oversight of pharmacy drug inventory by considering the feasibility of implementing a perpetual inventory system. In addition, controls should be developed and implemented to ensure the following:</p> <ul style="list-style-type: none"> • Expensive and / or high volume drugs are properly safeguarded 	<p>In progress</p> <p>Management has convened a Pharmacy Workgroup and a Steering Committee to develop a plan to address these issues. The plan will be submitted to the Institutional Leadership by May 31, 2007.</p> <p>Implemented</p>	<p>Reduce the risk of diversion.</p> <p>Reduce the risk of noncompliance with institutional policies and procedures and federal regulations.</p> <p>The Division of Pharmacy generates almost \$1 billion in annual revenue for MDACC which equates to appropriately 31% of gross patient revenue.</p>

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		<i>Continued: Pharmacy Inventory Review</i>		<ul style="list-style-type: none"> • and adequately monitored, • Expired drugs are properly safeguarded and accounted for, • Drugs transferred between pharmacies are properly monitored and accounted for, • Proper segregation of duties exists when ordering, receiving, and reconciling drugs purchased, • Policies and procedures are updated to reflect current operations, • Access to drug inventory is limited based on job duties and responsibilities. 	<p>In Progress. Planned implementation date is November 30, 2006.</p> <p>In progress. Management is implementing technology to address this issue. Planned implementation date is November 30, 2006</p> <p>In- progress. Management is currently reviewing and reassessing procedures in all pharmacy areas. Planned implementation date is November 30, 2006</p> <p>In- progress. Management is currently reviewing and reassessing procedures in all pharmacy areas. Planned implementation date is November 30, 2006</p> <p>Implemented</p>	<p>The Division's estimated 2006 drug budget was \$250 million of which approximately \$85 million of drug purchases were not being monitored.</p>

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2006-121	May 1, 2006	President's Travel/Meal/Entertainment Expense Review	To determine if controls over reimbursements and expenditures for the President and his spouse's travel, entertainment, meals, personal services, and services performed at the residence of the President are adequate to ensure compliance with applicable laws, U.T. System regulations, and M.D. Anderson Cancer Center policies and procedures.	Management oversight and review of authorized expenditures for the Office of the President should be strengthened by requiring secondary authorization by an individual at the next executive management level below the President.	Implemented	Reduce the risk of unauthorized payments for expenditures made for, or on behalf of, the Office of the President.

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2006-108	March 3, 2006	Payroll Expenditure by Nurse Voucher	To evaluate controls over the process used to pay registered nurses who work overtime as part of the Voucher Payment Program.	<p>Identify a consistent process to document compliance with the Program's exception hour requirements.</p> <p>Implement procedures that ensure actual hours worked are the basis for overtime hours paid.</p> <p>Consider alternative solutions for implementing process changes in support of a more consistent, compliant and efficient program, i.e. automating the voucher payment process</p>	<p>In progress. Management has determined a final course of action, but is developing an appropriate, comprehensive communication plan.</p> <p>In progress</p> <p>In progress. Management is addressing the larger institutional question as to the benefit vs. cost of sustaining this specialized incentive pay program. Closure is anticipated by end of the second quarter of FY07.</p>	<p>To reduce the risk of noncompliance with institutional policy related to payroll processes and expenditures.</p> <p>Reduce the risk of maintaining an inefficient and resource intensive payroll process.</p>

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2006-112	September 26, 2006	Clinical Trials Research – CTRC	Objectives of this engagement were: to gain an understanding of the complex administrative processes in place to currently conduct clinical trials; and to determine if processes and controls over initial communication and coordination, budgeting, and research billing were operating effectively in the Clinical and Translational Research Clinic.	<p>Establish a procedure prescribing the preferred method of communication to the department for important, mission specific information and enforce it.</p> <p>Ensure charges are submitted to the appropriate billing department for all patient encounters.</p> <p>Develop processes to ensure the daily transmission of all successfully reconciled charge tickets to the billing office.</p>	<p>In progress</p> <p>Implemented</p> <p>In progress</p>	<p>Reduce the risk of inaccurate or untimely services provided to patients.</p> <p>Reduce the risk of understating earned revenue and/or magnitude of research related services provided.</p> <p>Reduce the risk of loss or delay in submitting and recording patient care charges.</p>

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2006-111	September 26, 2006	Post implementation of Outpatient Charge Capture Reconciliation Process	To determine the effectiveness and validity of the Transaction Editing System (TES) report used for reconciliation of physician charge capture.	<p>Provide report recipients with additional communication and education regarding the intended purpose and usage of the TES report.</p> <p>Develop and document department operating procedures for consistent production formats and weekly distribution of the TES report.</p>	<p>In progress</p> <p>In progress</p>	<p>Reduce the risk of compliance with institutional policy; increase reliability of reconciliation processes.</p> <p>Reduce the risk of inconsistent and untimely reporting of operational information.</p>

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2006-308	June 30, 2006	Change of Management: Extramural Programs	Subsequent to a change in management, the objective was to assess the accuracy and appropriateness of reimbursements made to Extramural Programs personnel for business related expenditures during FY05 and the first quarter of FY06.	<p>Establish department procedures that promote a strong business control environment, including the requirement for appropriate support documentation, justification, and approval.</p> <p>Review and amend current department practices to ensure appropriate conservation of the department's financial resources.</p> <p>Document department administrative procedures to ensure compliance with institutional policy and accepted normal business practices.</p> <p>Obtain reimbursement for specific amounts identified as an unallowable, personal expense.</p>	<p>Implemented</p> <p>Implemented</p> <p>In Progress</p> <p>Implemented</p>	<p>Reduce the risk that personnel reimbursements for business expenditures do not comply with institutional requirements.</p> <p>Reduce the risk that financial resources are not safeguarded or expensed in a conservative manner.</p>

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2006-309	June 29, 2006	Change of Management: Governmental Relations	To provide a general assessment of the department's financial, administrative and compliance controls. The primary focus of the examination related to the appropriateness of travel and entertainment expenditures, which were the primary non-salary expenses.	<p>Travel and entertainment expenditures, as well as procurement card transactions, were generally appropriate and in compliance with policies and procedures.</p> <p>Opportunities for improvement were noted in relation to segregation of duties and the security and privacy of patient information.</p>	Implemented	Reduce the risk of noncompliance with institutional policies and procedures, as well as state and federal regulations.

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2006-520	July 6, 2006	Pharmacy Application Security Review	To assess application security for the Pharmacy applications: Centricity and Pyxis.	<p>Review Information System Password Policy to ensure applications are in compliance.</p> <p>Develop and formalize policies and procedures that set minimum application security standards providing basic information necessary to execute the requirements.</p> <p>Reassess and document security user group/template and corresponding security level to ensure access is restricted to a minimum level.</p> <p>Establish a formal process for documenting the access request and approval of new users and ensure that segregation of duties is considered.</p> <p>Establish a formal process for documenting the creation and modification of access that is granted to each security group/template within the Pyxis applications.</p>	<p>In progress with estimated completion date of 8/31/2007</p> <p>In progress with estimated completion date of 2/28/2007</p> <p>In progress with estimated completion date of 2/28/2007</p> <p>In progress with estimated completion date of 5/31/2007</p> <p>Completed</p>	<p>Reduce the risk of inappropriate and/or unauthorized access to the Pharmacy medical applications.</p> <p>Reduce the risk of inappropriate and/or unauthorized access to the Pharmacy medical applications.</p> <p>Reduce the risk of inappropriate and/or unauthorized access to the Pharmacy medical applications.</p> <p>Reduce the risk of inappropriate and/or unauthorized access to the Pharmacy medical applications.</p> <p>Reduce the risk of inappropriate and/or unauthorized access to the Pharmacy medical applications.</p>

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		<i>Continued: Pharmacy Application Security Review</i>		Establish a frequent process to identify and restrict access of terminated employees.	Completed	Reduce the risk of inappropriate and/or unauthorized access to the Pharmacy medical applications.

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2006-522	July 3, 2006	LIS Clinical Applications Backup, Storage and Recovery	Provide a general assessment of the controls over backup and recovery process for the LIS Clinical Applications: Cerner and PowerPath.	<p>Enhance procedures to validate all daily backups are performed.</p> <p>Media currently stored on-site should be moved to a secured, fire/water resistant/proof vault, restricting access to only those requiring access to tapes for backup/restore responsibilities.</p> <p>Management could enhance Physical/Environmental Controls of Offsite Storage to ensure that the backup tapes are sent offsite in a timely manner and reassess the proximity of the offsite storage location.</p> <p>Put procedures in place to include all media in the annual verification of backup media located offsite.</p>	<p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p>	<p>Reduce the risk that backup data will not be available in a manner necessary to support the business.</p> <p>Reduce the risk that backup data will not be available in a manner necessary to support the business.</p> <p>Reduce the risk that backup data will not be available in a manner necessary to support the business.</p> <p>Reduce the risk that backup data will not be available in a manner necessary to support the business.</p>

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2006-523	July 3, 2006	Lawson Application Security	Assess application security for the Lawson Financial application which includes an examination of the application level security profiles and access groups configured for users in the production environment.	<p>Management strengthen the process that they have in place to identify terminated users.</p> <p>Management provide the users with a security report that provides the screen (form) name along with the number to help the reader understand the access and require positive confirmation that user access is appropriate.</p> <p>Management continue utilizing a separate development / test environment for the majority of their testing purposes.</p> <p>Management either prevent the use of interactive generic IDs or establish monitoring procedures that enable them to identify the individual users and monitor the transactions that are created with each use of the generic ID.</p> <p>Management create a segregation of duties matrix for all privileges in the Lawson environment that clearly identifies the access rights that would create a conflict.</p>	<p>In progress with estimated completion date of 11/30/2006</p> <p>In progress with estimated completion date of 2/28/2007</p> <p>Completed</p> <p>Completed</p> <p>In progress with estimated completion date of 11/30/2006</p>	<p>Reduce the risk of inappropriate and/or unauthorized access to the Lawson Financial application</p> <p>Reduce the risk of inappropriate and/or unauthorized access to the Lawson Financial application</p> <p>Reduce the risk of inappropriate and/or unauthorized access to the Lawson Financial application</p> <p>Reduce the risk of inappropriate and/or unauthorized access to the Lawson Financial application</p> <p>Reduce the risk of inappropriate and/or unauthorized access to the Lawson Financial application.</p>

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2006-525	September 25, 2006	Cloverleaf Change Management	To provide a general assessment of the controls over Cloverleaf Change Management.	<p>Management enhance procedures for creating CMNFs for all production environment changes.</p> <p>Management improve procedures for retaining evidence supporting the pre and post- implementation testing of production changes and the associated testing approvals.</p> <p>Management enhance procedures for monitoring internal access to the Cloverleaf Interface Engine.</p> <p>Management enhances procedures for preventing the creation and inclusion of unauthorized, inactive and non-production code within the production environment.</p>	<p>In progress with estimated completion date of 11/30/2006</p> <p>In progress with estimated completion date of 11/30/2006</p> <p>In progress with estimated completion date of 2/28/2007</p> <p>In progress with estimated completion date of 8/31/2007</p>	<p>Reduce the risk that inappropriate code may be placed in production.</p> <p>Reduce the risk that inappropriate code may be placed in production.</p> <p>Reduce the risk that inappropriate code may be placed in production.</p> <p>Reduce the risk that inappropriate code may be placed in production.</p>

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2006-526	September 25, 2006	LanVision Clinical Application Database Security	Provide a general assessment of the controls over the Oracle database for the LanVision medical application.	<p>Review all of the Oracle database accounts on a periodic basis to remove or disable all that are no longer used.</p> <p>User account privileges should be reviewed to limit access by non-administrative accounts. Account login auditing is recommended to monitor for authorized and unauthorized access to the database.</p> <p>Assess the current environment and evaluate the feasibility of implementing the current version of the application.</p>	<p>Completed</p> <p>Completed</p> <p>Completed</p>	<p>Reduce the risk of inappropriate and/or unauthorized access to the LanVision medical application.</p> <p>Reduce the risk of inappropriate and/or unauthorized access to the LanVision medical application.</p> <p>Reduce the risk of inappropriate and/or unauthorized access to the LanVision medical application.</p>

Report No.	Report Date	Name of Report	High-Level Audit Objective(s)	Observations/Findings and Recommendations	Current Status (with brief description if not yet implemented) <ul style="list-style-type: none"> • Implemented • Planned • In progress • Factors delay implementation • Agency does not plan to implement recommendation 	Fiscal Impact/ Other Impact
2006-527	September 26, 2006	Phillips PACS Clinical Application Database Security	Provide a general assessment of the controls over the Microsoft SQL database for the Stentor/Phillips PACS medical application.	<p>Update the current version of Microsoft SQL 2000 to Service Pack 4. Service Pack 4 has been approved for use with the current version of the application.</p> <p>Review all Microsoft SQL database accounts on a periodic basis and remove or disable all that are no longer used. In addition, management should enforce that all passwords requirements.</p> <p>Default configuration settings and sample databases should be appropriately configured.</p>	<p>In progress with estimated completion date of 2/28/2007</p> <p>In progress with estimated completion date of 2/28/2007</p> <p>In progress with estimated completion date of 2/28/2007</p>	<p>Reduce the risk of inappropriate and/or unauthorized access to the Philips PACS / Stentor medical application.</p> <p>Reduce the risk of inappropriate and/or unauthorized access to the Philips PACS / Stentor medical application.</p> <p>Reduce the risk of inappropriate and/or unauthorized access to the Philips PACS / Stentor medical application.</p>

Report No.	Report Date	Name of Report	High-Level Audit Objective(s)	Observations/Findings and Recommendations	Current Status (with brief description if not yet implemented) <ul style="list-style-type: none"> • Implemented • Planned • In progress • Factors delay implementation • Agency does not plan to implement recommendation 	Fiscal Impact/ Other Impact
2006-528	July 6, 2006	ISARP Application Security	<p>The objective of this project was to provide a general assessment of the controls over the ISARP application security which included: new/modified user access request; termination/job changes/ periodic review of user privileges, monitoring of user access, segregation of duties, managing changes to profiles; and application passwords and login security.</p>	<p>ISARP continue working on a process that will provide them with periodic communications of terminated “non-employees” and prevent users from selecting an end date greater than 6 months from the start date.</p> <p>Information Security continue working with Human Resources to create a process that will allow them to reassess an individual’s access with their job position changes.</p> <p>Information Security could enhance controls surrounding the ISARP process by establishing a process to periodically perform and/or facilitate a review of user’s access rights.</p> <p>ISARP team develops a process to ensure that only the new user has knowledge of his password for applications that ISARP maintains.</p>	<p>In progress with estimated completion date of 11/30/2006</p> <p>In progress with estimated completion date of 2/28/2007</p> <p>In progress with estimated completion date of 8/31/2007</p> <p>In progress with estimated completion date of 2/28/2007</p>	<p>Reduce the risk of inappropriate and/or unauthorized access to the ISARP application which enforces security for several applications. Reduce the risk of inappropriate and/or unauthorized access to the ISARP application which enforces security for several applications.</p> <p>Reduce the risk of inappropriate and/or unauthorized access to the ISARP application which enforces security for several applications. Reduce the risk of inappropriate and/or unauthorized access to the ISARP application which enforces security for several applications.</p>

Report No.	Report Date	Name of Report	High-Level Audit Objective(s)	Observations/Findings and Recommendations	Current Status (with brief description if not yet implemented) <ul style="list-style-type: none"> • Implemented • Planned • In progress • Factors delay implementation • Agency does not plan to implement recommendation 	Fiscal Impact/ Other Impact
		<i>Continued: ISARP Application Security</i>		<p>Information Systems work with the application owners to identify potential segregation of duties within and amongst applications so that they can configure ISARP to where requestors can not select certain rights based on their previous selections.</p> <p>ISARP facilitate a periodic reconciliation between user's access rights in ISARP and those created within the application.</p>	<p>In progress with estimated completion date of 5/31/2007</p> <p>In progress with estimated completion date of 11/30/2006</p>	<p>Reduce the risk of inappropriate and/or unauthorized access to the ISARP application which enforces security for several applications.</p> <p>Reduce the risk of inappropriate and/or unauthorized access to the ISARP application which enforces security for several applications.</p>
2006-529	September 26, 2006	Centralized Backup, Storage & Recovery	The objective of this project was to provide a general assessment of the controls over the backup and recovery processes for the Centralized Information Systems department.	<p>Address the access issue and perform an assessment of the transportation process for backup tapes.</p> <p>Evaluate those servers that are not currently included in the backup schedule and develop a process to periodically update and reconcile the information.</p>	<p>In progress with estimated completion date of 5/31/2007</p> <p>In progress with estimated completion date of 5/31/2007</p>	<p>Reduce the risk that backup data will not be available in a manner necessary to support the business.</p> <p>Reduce the risk that backup data will not be available in a manner necessary to support the business.</p>

Report No.	Report Date	Name of Report	High-Level Audit Objective(s)	Observations/Findings and Recommendations	Current Status (with brief description if not yet implemented) <ul style="list-style-type: none"> • Implemented • Planned • In progress • Factors delay implementation • Agency does not plan to implement recommendation 	Fiscal Impact/ Other Impact
		<i>Continued: Centralized Backup, Storage and Recovery</i>		<p>1) Develop a data classification system that will be used by data owners to communicate to IS the requirements for monitoring successful completion of directories/files, security of backup tapes, retention periods, and restoration prioritization. 2) Create standards to be applied based on the external requirements, the data classification system, and data owner requests and 3) Evaluate the importance of log files and the appropriateness of excluding them from backups.</p> <p>Work closely to integrate key requirements for disaster recovery such as those listed above in their policies and operating procedures.</p> <p>Utilize a centralized call system for restoration calls that is appropriately configured to provide meaningful statistics necessary to appropriately monitor key metrics.</p>	<p>In progress with estimated completion date of 8/31/2008</p> <p>In progress with estimated completion date of 8/31/2008</p> <p>In progress with estimated completion date of 8/31/2007</p>	<p>Reduce the risk that backup data will not be available in a manner necessary to support the business.</p> <p>Reduce the risk that backup data will not be available in a manner necessary to support the business.</p> <p>Reduce the risk that backup data will not be available in a manner necessary to support the business.</p>

Report No.	Report Date	Name of Report	High-Level Audit Objective(s)	Observations/Findings and Recommendations	Current Status (with brief description if not yet implemented) <ul style="list-style-type: none"> • Implemented • Planned • In progress • Factors delay implementation • Agency does not plan to implement recommendation 	Fiscal Impact/ Other Impact
		<i>Continued: Centralized Backup, Storage and Recovery</i>		<p>Assess the proximity and location of the selected off-site storage facility in evaluating if the vendor has proper controls in place to adequately safeguard the data in the event of a local/regional disaster.</p> <p>Implement a process of monitoring failed backup files and communicating the situation to the data owner if it can not be corrected within a specified period of time.</p> <p>Evaluate the design of the Tivoli system and assess the feasibility of recovering the necessary systems in a timely manner if the offsite data was required.</p>	<p>In progress with estimated completion date of 5/31/2007</p> <p>In progress with estimated completion date of 8/31/2007</p> <p>In progress with estimated completion date of 8/31/2007</p>	<p>Reduce the risk that backup data will not be available in a manner necessary to support the business.</p> <p>Reduce the risk that backup data will not be available in a manner necessary to support the business.</p> <p>Reduce the risk that backup data will not be available in a manner necessary to support the business.</p>
2006-109	September 19, 2006	M. D. Anderson Physicians Network (MDAPN)	To review the process and outcomes of MDAPN's efforts to document internal controls over financial reporting in the spirit of compliance with Section 404 of the Sarbanes-Oxley Act.	During our auditing procedures we noted inadequate segregation of duties to ensure safeguarding of assets, lack of security functions within key financial applications, improvement required by the audit committee in its oversight duties, and		Reduce the risk of fraud, errors, and inaccurate financial reporting.

Report No.	Report Date	Name of Report	High-Level Audit Objective(s)	Observations/Findings and Recommendations	Current Status (with brief description if not yet implemented) <ul style="list-style-type: none"> • Implemented • Planned • In progress • Factors delay implementation • Agency does not plan to implement recommendation 	Fiscal Impact/ Other Impact
		Continued: M.D. Anderson Physicians Network (MDAPN)		<p>insufficient formal documented reviews of all active accounts.</p> <p>We made the following recommendations to Management:</p> <ul style="list-style-type: none"> • Enhance controls over check processing to ensure proper segregation of duties and safeguarding of assets. • Evaluate and activate security functions within key financial applications. • Assess performance and responsibilities of the Audit Committee to improve its oversight duties. • Review set-up of new or deletion of general ledger accounts and perform formal documented reviews of all active accounts. 	<p>In Progress. Management is currently revising its internal processes to ensure a definitive segregation of duties. Target date of implementation is May 31, 2007.</p> <p>In Progress. Management is in the process of reviewing key applications and activating appropriate controls. Target date of completion is August 31, 2007.</p> <p>In Progress. Management will assist the Audit Committee Chairman to facilitate the accomplishment of the committee's oversight functions. Target date of completion is August 31, 2007.</p> <p>In Progress. Management is in the process of establishing and implementing procedures related to the general ledger review. Target date of completion is May 31, 2007.</p>	Promotes a more effective control environment.

Report No.	Report Date	Name of Report	High-Level Audit Objective(s)	Observations/Findings and Recommendations	Current Status (with brief description if not yet implemented) <ul style="list-style-type: none"> • Implemented • Planned • In progress • Factors delay implementation • Agency does not plan to implement recommendation 	Fiscal Impact/ Other Impact
2006-106	March 6, 2006	University Cancer Foundation	To review the processes and controls in place to ensure the accuracy and completeness of the quarterly University Cancer Foundation report.	Processes and controls surrounding initial documentation of gift contributions, and preparation of the University Cancer Foundation quarterly management reports appear adequate to provide accurate, timely, reliable data and are in accordance with donor's wishes.	Implemented	Reduce the risk of inaccurate financial management reporting.

SECTION IV

**LIST OF CONSULTING ENGAGEMENTS
AND
NON-AUDIT SERVICES COMPLETED**

CONSULTING & NON-AUDITING ENGAGEMENTS

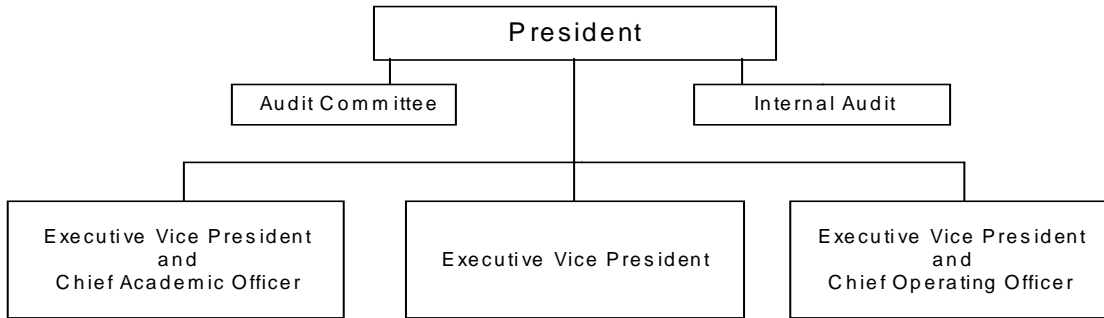
Report No.	Report Date	Name of Report	High-Level Consulting Engagement/Non-audit Service Objective(s)	Observations/ Results and Recommendations	Current Status (with brief description if not yet implemented) <ul style="list-style-type: none"> • Implemented • Planned • In progress • Factors delay implementation • Agency does not plan to implement recommendation 	Fiscal Impact/ Other Impact
2006-114	May 25, 2006	Assurance Report – Inventory of IT Data Center Services	Perform certain procedures, as defined by the DIR, to determine whether the inventory data reported captured the full size, scope and cost of data center services based on the format and level of detail determined by DIR.	Based on the results of our procedures on the data submitted to DIR on May 18, 2006, nothing came to our attention that caused us to believe that the inventory does not represent the size, scope, and cost of services required by the DIR.	Not applicable	Ensure compliance with external reporting requirements.
2006-604	<i>No report issued</i>	Follow-Up Database	At the beginning of FY06, the audit management team determined that managing the internal network, established by the former Audit Director, was no longer a practical business solution. The department's move to consolidate audit data on centrally managed IT servers provided an opportunity to rethink how follow up activities could be managed in an electronic environment. By obtaining technical expertise from MDACC's Internet Services Department, the audit team developed a web based audit recommendation tracking system (ARTS). ARTS is the centralized repository of audit recommendations, management responses, and action plans initiated from all	As of the end of FY06, the database is implemented; identified users received orientation and training materials. At the conclusion of the first fiscal quarter for FY07, all management action plan updates were successfully documented and managed through the ARTS application.	Implemented	Significant efficiencies in the audit follow up documentation process are accomplished while enhancing the accuracy, completeness and timeliness of monitoring the organization's efforts to remediate open audit recommendations

Report No.	Report Date	Name of Report	High-Level Consulting Engagement/Non-audit Service Objective(s)	Observations/ Results and Recommendations	Current Status (with brief description if not yet implemented) <ul style="list-style-type: none"> • Implemented • Planned • In progress • Factors delay implementation • Agency does not plan to implement recommendation 	Fiscal Impact/ Other Impact
		Continued: Follow-Up	audit sources including, but not limited to, external auditors, oversight agencies, and Internal Audit. This database does not house recommendations or other similar outcomes resulting from internal management reviews that may be conducted for monitoring financial, operational, or compliance processes. ARTS is an efficient tool to organize audit follow up activities, such as, requesting progress updates, creating standardized status reports, and promoting timely closure once management action plans are completed.			
Not Applicable	<i>No report issued</i>	Proton Therapy Center Consulting Engagement	To participate in the Proton Therapy Center Accounting Project Management Meetings	Discussions during the project management meetings seemed to expand the interpretations of the Partnership Agreement between PTC and MDACC. It was recommended that management clarify roles and responsibilities for various tasks.	Implemented	Ensure appropriate internal controls were implemented during the development of the PTC accounting processes to be operated by MDACC personnel

Report No.	Report Date	Name of Report	High-Level Consulting Engagement/Non-audit Service Objective(s)	Observations/ Results and Recommendations	Current Status (with brief description if not yet implemented) <ul style="list-style-type: none"> • Implemented • Planned • In progress • Factors delay implementation • Agency does not plan to implement recommendation 	Fiscal Impact/ Other Impact
2006-101	<i>Not Applicable</i>	External Financial Statement Audit	To assist the external financial statement auditors with year-end testing, including physical inventory observation.	Observation and recommendations were made by Deloitte to management in their report	Not applicable.	Reduce external audit costs by Internal Audit performing a portion of the work.

SECTION V
ORGANIZATIONAL CHART

**THE UNIVERSITY OF TEXAS
M. D. ANDERSON CANCER CENTER**



Per MDACC Institutional Policy IV.I.1.01, the Internal Audit Executive Director reports functionally to the President and administratively to the Vice President and Chief Compliance Officer.

An institutional Audit Committee exists and includes executive management and three individuals external to MDACC. The committee is chaired by one of the external members.

SECTION VI

REPORT ON OTHER INTERNAL AUDIT ACTIVITIES

OTHER INTERNAL AUDIT ACTIVITIES

Internal Audit International Conference

The Department of Internal Audit participated in the Internal Auditors International Conference which was held in Houston, Texas from June 18th – 21st. Michael Peppers, Executive Director, served on the Executive Committee as the Program Committee Chairman, where he oversaw 6 keynote addresses and 80 concurrent sessions during the three-day event.

Additionally, the M.D. Anderson Audit team was responsible for coordinating the Fraud Track for the IIA Conference, proctoring sessions and overall volunteer services.

Professional Committees

- Mary Ann Missman, Audit Manager, was re-elected to the 2006-2008 Board of Directors for the Texas Gulf Coast Chapter of Healthcare Financial Management Association
- Sherri Magnus, Audit Manager, was elected 2006-2007 Secretary of the Houston Chapter of the Institute of Internal Auditors
- Michael Peppers, Executive Director, was appointed to a three-year term on the Institute of Internal Auditors Internal Auditing Standards Board

SECTION VII

INTERNAL AUDIT PLAN FOR FISCAL YEAR 2007

FISCAL YEAR 2007 WORK PLAN

Audit/Project	Budgeted Hours	% of Total	A Priority	Project Description
<i>UT System Requested</i>				
External Financial Statement Audit - FY 2006 Year End	150	150	✓	For the year ended August 31, 2006, the external auditing firm of Deloitte & Touche will perform a consolidated financial audit of the UT System institutions, of which M. D. Anderson will be a part. For the fourth year, M. D. Anderson will also obtain a stand-alone opinion from the firm. Time on this project is almost exclusively the provision of staff auditors to assist the firm with year-end testing, including physical inventory observations.
External Financial Statement Audit - FY 2007 interim	650	650	✓	For the fifth year, M. D. Anderson expects to obtain a stand-alone opinion from the firm. Time on this project is almost exclusively the provision of staff auditors to assist the firm with interim testing, including physical inventory observations.
Confidentiality of Social Security Numbers	200	200	✓	The objective is to determine compliance with BPM 66-01-06. This project will be coordinated between co-sourced IT resources and Institutional Compliance.
Effort Reporting	750	750	✓	The objective is to determine the implementation progress towards compliance with BPM 76-07-06.
Presidential Travel & Entertainment Expenses	250	250	✓	The objective is to determine if expenditures of the President and spouse for travel, entertainment, meals, personal services, and services performed at the residence of the President are appropriate in order to ensure compliance with applicable laws, U.T. System regulations, and M. D. Cancer policies and procedures.
Payment Card Industry	0	0	✓	The objective is to perform an assessment in accordance with the requirements of the Payment Card industry. This project will be co-sourced.
Compliance Design Review of Research	300	300	✓	The objective is to determine whether an effective compliance oversight function exists for monitoring research activity.
Compliance Design Review of Medical Billing	200	200	✓	The objective is to determine whether an effective compliance oversight function exists for monitoring medical billing.

			%		A	
		Budgeted	of		Priority	
Audit/Project		Hours	Total			Project Description
Protection of Digital Research Data		200		200	✓	The objective is to determine compliance with BPM 75-04-06, in coordination with IT auditors and Institutional Compliance.
UT System Requested Subtotal		2700	16%		2700	20%
Externally Required						
Physicians Referral Service Financial Review		400		400	✓	The objective is to perform financial analysis of selected PRS revenues and expenditures in accordance with BPM 31-06-03.
Advanced Research Program/Advanced Technology Program		200		200	✓	The objective is to verify that State of Texas ARP/ATP grant funds were expended in accordance with the Texas Higher Education Coordinating Board's grant conditions.
Graduate Medical Education		200		200	✓	The objective is to verify that State of Texas GME grant funds were expended in accordance with the Texas Higher Education Coordinating Board's grant conditions.
TAC 202		0		0	✓	The objective is to perform an assessment in accordance with the requirements of TAC 202. This project will be co-sourced.
Externally Required Subtotal		800	5%		800	6%
Risk Based: Institutional						
<i>Audits</i>						
Construction Project Management		50		50	✓	The objective is to perform an operational review of construction projects, based upon the FY 2006 risk assessment. This project will be co-sourced, utilizing staff with construction expertise.
Payroll Services		800		650	✓	The objective is to review the control systems surrounding the institutional payroll function, including potential fraud.

Audit/Project	Budgeted Hours	% of Total	A		Project Description
			Priority		
<i>Consulting</i>					
Enterprise-wide Risk Management	200	200	✓		This project will provide facilitation in the formative stages of consideration and possible implementation of a system of enterprise-wide risk management.
Business Continuity Planning	200	200	✓		The objective is to provide the assurance/consulting services necessary to facilitate executive management's current efforts to develop and implement business continuity plans for a subset of key institutional departments/processes. Our efforts will focus on testing validation and plan assessments.
Human Resources Contingent Workforce	200	200	✓		The objective is to gain an understanding of how contingent workforce in various areas are managed. This will include determining the extent of pre-employment testing that is conducted. We will also consider the feasibility of the various areas using the HR Contingent Workforce System as a single point of entry into the institution.
Institutional "Spirit of Sarbanes-Oxley" Project	200	200	✓		The objective is to participate in management's initiative to conduct a Phase I Sarbanes-Oxley assessment and development of an implementation plan.
Risk Based: Institutional Subtotal	1650	10%	1500	11%	
<i>Risk Based: Auditable Area</i>					
<i>Information Technology</i>					
<i>Audits</i>					
Social Security Audit	Co-source		✓		The objective is to perform an assessment in accordance with the requirements of BPM 66-01-06

Audit/Project	Budgeted Hours	% of Total	A Priority	Project Description
Application Security - Siemens Building Automation (Apogee and Staefa)	Co-source		✓	The objective is to evaluate the controls surrounding the approval, setup, termination, segregation of duties, and monitoring of user access privileges at the application system level for Siemens Building Automation (Apogee and Staefa).
Application Security - Cirius	Co-source		✓	The objective is to evaluate the controls surrounding the approval, setup, termination, segregation of duties, and monitoring of user access privileges at the application system level for Cirius.
Mainframe Security - Care Front Door	Co-source			The objective is to evaluate the controls surrounding the approval, setup, termination, segregation of duties, and monitoring of user access privileges at the operating system level for Care - Front Door.
Problem and Incident Management	Co-source		✓	The objective is to evaluate the controls related to central IT's process to identify, document and respond to events that fall outside of normal IT operations.
Project Management and System Development Life Cycle	Co-source		✓	This project is designed to include a risk assessment to determine areas of focus within the PM/SDLC application specific projects and also perform a gap analysis of the current standard process as it relates to better practices.
System Development - CRIS	Co-source		✓	The objective is to assess the System Development and Project Management controls that the CRIS project is utilizing.
System Development - General Lab System	Co-source		✓	The objective is to assess the System Development and Project Management controls that the Clinic Station project is utilizing.
Change Management - Network Core Distribution Design	Co-source			The objective is to assess the Program Change Management controls that the Network Core Distribution team is using.
Post-Implementation Review of the PeopleSoft HR upgrade	Co-source		✓	The objective is to assess the Configurable and Security controls that were implemented in the recent Peoplesoft Upgrade.

Audit/Project	Budgeted Hours	% of Total	A Priority	Project Description
IT Asset Management	Co-source		✓	The checkpoint (not project) is designed to evaluate the progress that IT Asset Management makes as it relates to their plan.
Disaster Recovery	Co-source		✓	The checkpoint (not project) is designed to evaluate the progress that Disaster Recovery makes as it relates to their plan.
<i>Other Projects</i>	Co-source			
Investigations	Co-source		✓	
IT Liaison Activities	Co-source		✓	This includes participation in weekly staff meetings, the UT InfoSec, IT Leaders meetings, etc to keep abreast of emerging issues.
IT Risk Assessment FY 08	Co-source		✓	Updating of the comprehensive IT risk assessment and audit plan.
Follow-up	Co-source		✓	The objective is to perform follow-up activities on the issues reported in previous engagements, as well as validating completion of management's action plans.
Reserve for Just-in-Time Auditing /Advisory Services - TBA	Co-source		✓	This reserve will be used to respond to UT System requests.
Reserve for Just-in-Time Auditing /Advisory Services - TBA	Co-source		✓	This reserve will be used to respond to management and Internal Audit's requests for assessments in emerging high-risk areas.
Risk Based: Information Technology Subtotal			0	
<i>Patient Care</i>				
<i>Audits</i>				

Audit/Project		Budgeted Hours	% of Total	550	A Priority	Project Description
Pharmacy Inventory Review - Phase II		550		550	✓	The objectives will be to review the controls in place over safeguarding drugs within Bulk Stores. Our review will include, but not be limited to, segregation of duties over ordering, receiving, and disposing drugs.
Patient Safety "Close Call" Analysis		400		400	✓	The objectives will be to determine if mechanisms exist to report "close call" events to the quality improvement program. In addition, to ensure that for each close call encounter a root cause analysis has been conducted and process improvement activities have been initiated.
Communication of High Risk Diagnoses		900		900	✓	The objectives are to (1) review the effectiveness of results reporting and timeliness from diagnostic imaging to physicians, (2) review and assess the mechanisms for communicating high risk diagnoses in a timely manner to the patient.
HIPAA Disclosures Relating to Authorizations		700				The objectives will be to determine that controls are designed and functioning that ensure PHI is disclosed in accordance with authorization; or that when PHI is disclosed without authorization in certain circumstances, that the information is logged and available for an accounting of the disclosure. Also, we will determine whether a standard definition of the "medical record" has been established and implemented to meet regulatory and operational requirements.
Capture and Maintenance of Patient Financial and Demographic Information		700		500	✓	The objectives are to determine the accuracy and completeness of financial and demographic data captured during the inpatient admissions process, including Life Time Reserve Days.

Audit/Project		Budgeted Hours	% of Total	600	A Priority ✓	Project Description
Outpatient Charge Capture Reconciliation Process		700		600	✓	Objectives include obtaining an understanding of the current outpatient charge capture reconciliation process; identifying business process objectives and the controls implemented to ensure the reconciliation outcome meets stated objectives (reviewing criteria used to create performance measures for relevance); analyzing the mechanisms used to manage the process in support of efficient, effective communication among departments (reported information is useful, feedback is timely, batch control of physician charge tickets has integrity); and determining how management identifies best practices and communicates process improvement concepts to the business centers.
<i>Consulting</i>						
Charge Capture Consulting		100		100	✓	The objective is to provide the consulting services necessary to facilitate executive management's efforts to develop and implement business processes that provide accurate charge capture and reconciliation for inpatient and outpatient services. Internal Audit will provide an advisory role by evaluating management's process control design through participation in the Charge Capture Oversight Committees (Inpatient and Outpatient).
Advanced Beneficiary Notification Implementation Review		200				The objective will be to assess the effectiveness of implementation for the ABN pilot project started in July 2006. We will identify implementation strengths, lessons learned, and management plans for institution-wide implementation timeliness.
Risk Based: Patient Care Subtotal		4250			3050	

		Budgeted	% of		A		
		Hours	Total		Priority		
Audit/Project							Project Description
Follow-up							
Follow-up		500		300	✓		The objective is to perform follow-up activities on open audit issues reported in previous engagements, as well as validating completion of management action plans.
Follow-up Subtotal		500	3%		300	2%	
Audit Projects							
<i>U. T. System Requests</i>							
Reserve for Just-in-Time Auditing/Advisory Services - TBA		200		200	✓		This reserve will be used to respond to UT System requests for audit/advisory assessments in emerging high-risk areas.
<i>Special Requests - Audits</i>							
Reserve for Just-in-Time Auditing/Advisory Services - TBA		950		500	✓		This reserve will be used to respond to management requests for audit/advisory assessments in emerging high-risk areas.
Audit Projects Subtotal		1150			700		
Other Projects							
Investigations		500		300	✓		
Internal Audit Policies and Procedures Manual		400		400	✓		
Internal Audit Project Management Database		400		400	✓		
Internal Quality Assurance Activities		250		250	✓		
Institutional Risk Assessment and Work Plan Development		500		500	✓		
Liaison with External Auditors		60		60	✓		
Internal Assessment and External Peer Review		400		400	✓		
Internal Audit Web Site Upgrade		200					
Projects Subtotal		2710			2310		
Projects Total		3860	23%		3010		
Total Hours		16610	100%		13660		Total Hours for Priority Projects
					82%		

Plus Co-sourced Hours
Total Hours

3,320
19,930

13,660

SECTION VIII
EXTERNAL AUDIT SERVICES

EXTERNAL AUDIT SERVICES

Deloitte & Touche

- Annual financial statement audit of UT M. D. Anderson Cancer Center (stand-alone report in addition to the UT System consolidated opinion)
- Annual financial statement audit of M. D. Anderson Physicians Network
- Annual financial statement audit of M. D. Anderson Services Corporation

Pricewaterhouse Coopers

- Information technology internal audit co-sourcing

Protiviti

- Construction internal audit co-sourcing
- SOX Implementation Initiative