Status of the FY2020 Annual Audit Plan

- Twelve audits completed
- Seven audits in process
- Forty-two audits not started

The following graph represents the status of the FY2020 Audit Plan.

![FY2020 Audit Plan Status](image)

Audit Performance

Since the February 2020 meeting of the Audit Committee, Internal Audit completed and issued two assurance reports and completed all FY2020 procedures related to monitoring of management action plans.

<table>
<thead>
<tr>
<th>Internal Audit Assurance Reports</th>
<th>Report Risk Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Generating Physician Contracts</td>
<td><img src="image" alt="Risk Ratings" /></td>
</tr>
<tr>
<td>Maxient Security Review</td>
<td><img src="image" alt="Risk Ratings" /></td>
</tr>
</tbody>
</table>

There is a time-lag between when field work is completed and when a report is issued in order to provide appropriate time for agreed upon action plans to be written.
The assurance report includes an executive summary with our assessed level of risk, as well as a summary of issues and management's action plan. An executive summary of this assurance audit is included for your information. The full audit reports are available upon request from the Office of Internal Audit and Consulting Services.

**Criteria Used for Assessment of Risk:**

1. **Negligible** – Incidental or no impact to the Institution, campus, or unit. Immaterial or no financial impact, no external compliance violation, no adverse publicity, minor inefficiencies, etc. Typically requires little or no action to resolve.

2. **Low** – Minor in terms of impact to the Institution, campus, or unit. Relatively immaterial in terms of financial impact, no external compliance violation, little adverse publicity, minor inefficiencies, etc. Typically limited to leadership of the selected audit area to resolve.

3. **Medium** – Moderate in terms of impact to the Institution, campus, or unit. Individual instance or an aggregate of low risk items considered moderate in terms of financial impact, compliance violation, adverse publicity, weakness in control environment, efficiency, etc. Typically requires leadership attention for the selected audit area to resolve with some input from campus and/or UM System administration.

4. **High** – Major impact to the Institution, campus, or unit. Material in terms of financial impact, external compliance violation, adverse publicity, significant or pervasive weakness in control environment, significant inefficiencies, etc. Typically requires campus and/or UM System administration to resolve.

5. **Extreme** – Very significant impact to the Institution, campus, or unit. Significantly material in terms of financial impact, external compliance violation, adverse publicity, significant or pervasive weakness in control environment, significant inefficiencies, etc. Typically requires campus and UM System administration along with Board attention to resolve.
Audit Background
Revenue-generating physician services contracts that were the subject of this audit included professional service agreements, interpretation service agreements, telemedicine services, medical examiner services, and medical directorships. Three distinct areas within MU Health (MUH) have responsibility for some aspect of revenue generating physician contracts with assistance from the Office of General Counsel, Office of Corporate Responsibility and Network Development. These areas are:

1. School of Medicine (SOM) Departments
   a. Originate request to provide clinical services
   b. Lead negotiations with the outside entity
   c. Are responsible to deliver and bill services and manage compliance oversight activity in accordance with the contract

2. Office of Payer Strategy and Health System Contracting (HSC)
   a. Coordinates information gathering/tracking to facilitate contract development
   b. Conducts periodic reviews of contracts and handles renewals and terminations

3. University Physician’s Finance (UP)
   a. Coordinates obtaining a fair market value analysis between VMG, a third-party vendor, and SOM departments.

Issues Summary
- Three medical directorships were referred to Legal and MUH Compliance for further analysis of time-reporting issues, and a fourth is being analyzed because the terms did not specify provider hours or documentation requirements.
- Although multiple functions across MU Health have a role in contracting, there has been limited governance or oversight of the process. Efforts are underway, through the Strategic Initiatives Advisory Group, to establish a governance structure that more formally defines and guides clinical outreach activities across MU Health.

Management Action Plan Summary
Four agreements are under further review by Legal and MUH Compliance to determine if any legal or regulatory exposure exists. Results of this analysis will determine whether/what corrective action will be necessary. Recommendations for improved oversight and support of contracting activities were shared with leadership.

Risk Rating Rationale
The exceptions noted were limited to one type of agreement with limited financial impact; evidence of external compliance violations has not yet been determined.
Audit Background
Maxient Conduct Manager is an online student conduct reporting and tracking system that manages student discipline, academic integrity, care and concern records, and Title IX matters. Currently, 24 departments across the University of Missouri system (UMS) use Conduct Manager for case management activities.

Conduct Manager stores personally identifiable information (PII) as well as extremely sensitive information; it is important the system is compliant with the Information and Security (InfoSec) Program and it adequately protects sensitive data it stores and transmits.

As a vendor-hosted system, many of the InfoSec Program requirements are controlled by the vendor, except for certain access controls that must be managed by functional administrators at each site. At UMS, those functional administrators (two at each of the four campuses and one at the System) form the Maxient Governance Committee. This committee is responsible for establishing governance practices, making configuration and application changes, and addressing application issues. Additionally, functional administrators grant and revoke access to the Conduct Manager application.

Issues Summary
Basic access controls, including who is granted access, what documentation is needed, and what training is required are documented in a draft Maxient Governance Plan that is not yet consistently used.

There are missing and/or inconsistently applied access controls required by the Data Classification System that applies to Maxient:

a. Access privileges are not consistently reviewed at appropriate intervals. A review of user accounts revealed several aged accounts that should be addressed.
b. There is no consistent practice of immediately revoking access when employees leave the University or custodial department.
c. Not all privileged users are required to sign confidentiality agreements.

Management Action Plan Summary
1. Finalize and implement the Maxient Governance Plan or an alternative governance document.
2. Include provisions for reviewing and revoking user access and requiring confidentiality agreements in the finalized Maxient Governance Plan/governance document.

Risk Rating Rationale
Conduct Manager is out of compliance with some areas of the InfoSec Program. A risk rating of two (2) was assigned due to the limited number of privileged users. Formally adopting the draft Governance Plan will provide all committee members the guidance needed to consistently manage both users and access controls.
In addition, the Office of Internal Audit and Consulting Services completed one investigation and continues to monitor risks associated with the revenue cycle implementation initiative at MU Health.

### Audits Currently in Process

<table>
<thead>
<tr>
<th>Audit Area</th>
<th>Overall Objective</th>
<th>Status</th>
<th>Risk Area(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MU-Grant Effort Reporting</td>
<td>Provide assurance that internal controls related to grant effort verification are adequate to comply with federal Uniform Guidance requirements.</td>
<td>Reporting</td>
<td>Compliance</td>
</tr>
<tr>
<td>MU- Lab Safety</td>
<td>Assessment of hazardous chemical use and compliance with regulations.</td>
<td>Reporting</td>
<td>Environmental Health &amp; Safety</td>
</tr>
<tr>
<td>UMSL – Lab Safety</td>
<td>Determine if adequate controls are in place to provide safe working conditions for faculty, students and staff who work in labs which house hazardous chemicals.</td>
<td>Field Work</td>
<td>Environmental Health &amp; Safety</td>
</tr>
<tr>
<td>MU- Conflict of Interest/Commitment Process</td>
<td>Evaluation of processes used to identify, assess and manage conflicts of interest and commitment.</td>
<td>Planning</td>
<td>Compliance</td>
</tr>
<tr>
<td>MUHC – EMR Extension to Lake Regional</td>
<td>Organized Health Care Arrangement (OHCA) post-implementation review</td>
<td>Planning</td>
<td>Compliance</td>
</tr>
<tr>
<td>MU – International Programs Study Abroad</td>
<td>Assessment of controls over study abroad programs through the International Center and other academic units.</td>
<td>Planning</td>
<td>Student Safety, Reputation</td>
</tr>
<tr>
<td>MU – Data Center</td>
<td>Review of data center operations with an emphasis on monitoring</td>
<td>Planning</td>
<td>IT Security</td>
</tr>
</tbody>
</table>

In addition, five investigations are currently in process.
Management Action Plan Status as of February 29, 2020

Follow-up procedures are performed twice a year to verify status of management actions for previously issued audit reports. For this time period, ten (10) action items were due for completion by February 29, 2020.

The following table lists audit reports with open action items. The highlighted reports indicate at least one action plan for that audit was reviewed for completion in the time period July 16, 2019 – February 29, 2020. Nine (9) of 10 action plans due this period have been completed, and one (1) has a revised due date.

Revised Due Date:
One action plan for University of Missouri System (UMS) - Cash Handling was revised and extended. This action is reported in the “Revised Due Date” column of the table on the following page.

System Cash Handling – Medium Risk
The System Cash Handling action plan focused on ensuring appropriate practices are in place to ensure effective cash handling, especially in smaller departments. Cash collection is being eliminated from the system through implementation of an e-commerce solution, which also helps to ensure appropriate segregation of duties. The action plan with a revised due date is specific to departments still managing cash, as there is a need to perform additional due diligence to ensure revised policies and processes are in place and being followed consistently, in support of safeguarding financial assets.
### Management Action Plan Summary as of February 29, 2020

<table>
<thead>
<tr>
<th>Entity</th>
<th>Report Name</th>
<th>Risk Rating</th>
<th>Total # of Action Plans in Report</th>
<th>Complete</th>
<th>Not Due</th>
<th>Past Due</th>
<th>Revised Due Date</th>
<th>Will not be Implemented</th>
</tr>
</thead>
<tbody>
<tr>
<td>MUH</td>
<td>School of Medicine Clinical Trials/Research Infrastructure</td>
<td>Medium</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>School of Medicine HR Processes</td>
<td>High</td>
<td>6</td>
<td>2</td>
<td>2</td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>School of Medicine Dept of Surgery - Financial Processes</td>
<td>Medium</td>
<td>4</td>
<td>3</td>
<td>1</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Controlled Substances Diversion Prevention</td>
<td>High</td>
<td>19</td>
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<td>19</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Revenue-Generating Physician Contracts</td>
<td>Low</td>
<td>3</td>
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<td>3</td>
<td></td>
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<tr>
<td></td>
<td>Cardiology PACS</td>
<td>Low</td>
<td>4</td>
<td>4</td>
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<tr>
<td>UMKC</td>
<td>Institute for Human Development</td>
<td>High</td>
<td>11</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>External Student Funded Accounts</td>
<td>Medium</td>
<td>1</td>
<td></td>
<td>2</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Cash Handling</strong></td>
<td>Medium</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UMS</td>
<td>Vendor Master File Management</td>
<td>Medium</td>
<td>3</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Maxient Conduct Manager InfoSec Review</td>
<td>Low</td>
<td>2</td>
<td></td>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>One Card Process</td>
<td>Medium</td>
<td>8</td>
<td></td>
<td>8</td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td><strong>Totals</strong></td>
<td></td>
<td><strong>67</strong></td>
<td><strong>15</strong></td>
<td><strong>49</strong></td>
<td><strong>0</strong></td>
<td><strong>1</strong></td>
<td><strong>2</strong></td>
</tr>
</tbody>
</table>

**KEY:** Audits with action plans due between July 16, 2019 and February 29, 2020 are highlighted in GOLD. Audits in **BOLD** font have revised due dates; **RED** are past due.
University of Missouri System
Board of Curators
April 9, 2020
Audit Committee
Internal Audit and Consulting Report
UM
Summary of Internal Audit Activity
Since Feb 2020 Report to the Audit Committee

• Completed two internal audits, one investigation, and all FY2020 procedures related to monitoring of management action plans

• Finalizing two internal audit reports

• Five internal audits in process

• Actively working five investigations
Revenue Generating Physician Contracts
MU Health

Summary Observations

• Health System Contracting office is following a consistent approach and adequately coordinating the development of contracts, as well as tracking existing agreements for review, renewal and need for fair market value (FMV) re-analysis.

• Three medical directorships were referred to Office of General Counsel and MUH Compliance for further analysis of time-reporting issues, and a fourth is being analyzed because the terms did not specify provider hours or documentation requirements.

Management Actions

• Four agreements are under further review by Legal and MUH Compliance to determine if any legal or regulatory exposure exists. The results of this analysis will determine whether/what corrective action will be necessary.
Maxient Conduct Manager
Information Security Program Review
UM System

Summary Observations

• Issues with reviewing and revoking access were identified
• Not all users are required to sign confidentiality agreements

Management Actions

• Finalize and implement the Maxient Governance Plan
• Include provisions for reviewing and revoking user access and requiring confidentiality agreements
Status of Management Action Plans  
As of February 29, 2020

- Ten action plan items in three audits were reviewed for completion as of February 29, 2020.

- Nine of ten, or 90 percent were completed.

- One action plan was extended (Cash Handling).
Questions?