UCIRVINE | INTERNAL AUDIT SERVICES

Ambulatory Growth Integration

Internal Audit Report No. I2022-204

March 29, 2022

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March 29, 2022

DOUGLAS NIEDZWIECKI, MBA, MHA, FACHE
EXECUTIVE DIRECTOR
AMBULATORY CARE

RE: Ambulatory Growth Integration Audit
**   Report No. I2022-204**

Internal Audit Services has completed a review of the Ambulatory Growth Integration Audit and the final report is attached.

We extend our gratitude and appreciation to all personnel with whom we had contact while conducting our review. If you have any questions or require additional assistance, please do not hesitate to contact me.

Sincerely,

Mike Bathke
Director

Attachment

C: Audit Committee

I.   MANAGEMENT SUMMARY

In accordance with the fiscal year (FY) 2021-2022 audit plan, Internal Audit Services (IAS) conducted a review of the Ambulatory Growth Integration.

In general, controls and processes appear to be functioning as intended. Based on the audit work performed, some internal controls need improvement and should be strengthened to minimize risks, ensure compliance with University policies and procedures, and/or best business practices. Specifically, the following concerns were noted.

Formalized Due Diligence Process Guide – There is no formalized due diligence process guide when expanding ambulatory care. The one in use does not adequately identify responsible committees and stakeholders. This observation is discussed in section V.1a.

Approval of New Ambulatory Care Clinics – Approval documentation is not maintained when establishing new ambulatory care clinics. This is discussed in section V.1b.

Operations Roadmap Guide/Checklist – Any delays or issues when operationalizing a new clinic is initially noted on the checklist, however, these issues are deleted once resolved. The information is not maintained and does not promote an effective checklist. The details related to this observation is discussed in section V.2.

II.   BACKGROUND

Ambulatory care at UCI Health refers to medical services performed by health care professionals on an outpatient basis, without admission to a hospital or other facility. These settings include the medical offices and clinics of physicians and other health professionals, ambulatory surgery centers, and hospital outpatient departments.

UCI Health maintains a network of community clinics that provide ambulatory care in key geographic locations across the region. There are currently 65 ambulatory care clinics throughout Orange County in ten different cities. UCI Health's vision is to advance individual and population health. This focuses on meeting the evolving needs of the community by responding to the changing healthcare environment which necessitates expanding access to care and health education.

The Executive Director of Ambulatory Care Administration, who serves as the leader, reports to the Chief Executive Officer of UCI Health. The Director, who reports to the Executive Director, oversees all operational processes.

III.   PURPOSE, SCOPE, AND OBJECTIVES

The purpose of this audit was to perform a review of controls and due diligence processes related to establishing ambulatory clinics. The scope included review and sample testing from January 1, 2021, through December 31, 2021.

The audit included the following objectives:

1. Obtain a detailed understanding of the processes and practices for growing ambulatory care and determine if there is a due diligence process in place,

2. Determine if there is a group or committee approving new ambulatory care clinics, and

3. Review a small sample of newly established clinics to ensure they were properly approved. Evaluate whether the approvals are adequately supported with required documentation, such as a lease and market research analysis and/or whether a proper financial analysis was conducted to vet the feasibility of a new clinic.   Also, evaluate whether the clinics were approved in accordance with policies and regulations.

IV.   CONCLUSION

In general, the growth of Ambulatory Care appears to function as intended. However, Ambulatory Care could improve controls and processes in the areas of formalizing the due diligence process guide, approving new ambulatory clinics, and enhancing the documentation when operationalizing a new ambulatory care clinic.

IAS discussed observation details and recommendations with management, who formulated action plans to address the issues. These details are presented below.

V.   OBSERVATIONS AND MANAGEMENT ACTION PLANS

1. Due Diligence Process

a) Formalized Due Diligence Process Guide

Background

IAS held discussions with various stakeholders and committee members to gain a detailed understanding of the process flow when growing ambulatory care. Committee meetings are held, and data and information are collected and analyzed before deciding on adding a new ambulatory clinic.

Observation

While there is a due diligence process in place, Ambulatory Care has not clearly documented it. They have not defined the sequence nor identified the responsible committee and stakeholders when growing ambulatory care.

Without a documented due diligence guide, the process is not transparent and may not be properly executed. The guide should identify the responsible committee and stakeholders. Knowing who the stakeholders are and where they fit in the process flow is vital to understanding and managing expectations during the due diligence process.

Management Action Plan

Management will establish and formalize the due diligence guide to identify the responsible committee and stakeholders to promote accountability.

Due date: 06/01/2022

b) Approval of New Ambulatory Care Clinics

Background

IAS held discussions with committee members and stakeholders to gain a detailed understanding of the process in establishing potentially new ambulatory care clinics. IAS requested the supporting documentation surrounding the due diligence process for two sampled clinics.

Observation

Ambulatory Care provided financial proforma documentation for the two clinics, however, no approval documentation exists to identify those who reviewed and approved the new clinics. Additionally, IAS requested information that supported the due diligence process. Ambulatory Care provided insufficient data and information. They should maintain any data or information collected and/or analyzed during the due diligence process.

Without adequate documentation, there is no evidence to support the due diligence process and to record approvals.

Management Action Plan

Management will revise the due diligence process to require maintenance of approval documentation and any other supporting documentation. The new process will be reflected in the formalized due diligence guide.

Due Date: 06/01/2022

2. Operations Roadmap Guide/Checklist

Background

When the decision has been made to establish a new ambulatory care clinic, the Operationalizing Process begins. There are various aspects and tasks involved, including legal, licensing and accreditation, finance, billing/coding, credentialing, etc. A checklist is maintained for each new clinic to ensure milestones are completed, to identify designated responsible owners, and to streamline workflow.

Observation

Through discussions with Ambulatory Care, IAS discovered that any issues or delays initially noted on the Operations Roadmap guide are deleted once the milestones are resolved and completed. As a best business practice, noted delays should be maintained for accountability and for preventing reoccurrence when opening any future clinics.

Management Action Plan

Effective immediately, any delays will be documented on the Operations Roadmap guide and maintained to understand the reason for the delays and to avoid future delays.

Due Date: Completed during audit