

The logo for UC Irvine, featuring the text "UCIRVINE" in a large, black, serif font. A vertical line is positioned to the right of the text, separating it from the "INTERNAL AUDIT SERVICES" text.

INTERNAL
AUDIT SERVICES

Department of Neurological
Surgery

Internal Audit Report No. I2021-202

April 30, 2021

Prepared By

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Approved By

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April 30, 2021

**JEFFERSON W. CHEN, MD, PHD
INTERIM CHAIR AND PROFESSOR
NEUROLOGICAL SURGERY**

**RE: NEUROLOGICAL SURGERY
Report No. I2021-202**

Internal Audit Services has completed the review of the Department of Neurological Surgery 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
Heather Bierman, Chief Administrative Officer – Neurological Surgery

I. MANAGEMENT SUMMARY

In accordance with the fiscal year (FY) 2020-2021 audit plan, Internal Audit Services (IAS) conducted a general review of the Department of Neurological Surgery (Neurological Surgery) in the UCI School of Medicine (SOM). In general, department 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, IAS noted the following concerns.

Medical Directorship Agreements - Neurological Surgery could not provide fully executed agreements with the University of California, Irvine Medical Center (UCIMC) for two medical directorships. As such, Neurological Surgery could not bill UCIMC for services rendered for July 2020 through February 2021, and was owed seven and eight months of back payments, respectively. This observation is discussed in section V.1.

Open Tempo Users - Neurological Surgery did not regularly review user access to the scheduling and faculty leave system, *Open Tempo*. Four individuals who have separated from the University continue to have access to the *Open Tempo* system. This observation is discussed in section V.2.

II. BACKGROUND

Neurological Surgery involves the surgical treatment of conditions involving the nervous system – the brain and spinal cord, and their coverings, as well as the peripheral nervous system.

Neurosurgeons work in collaboration with UCI Health neurologist, neuro-oncologists, radiologist, head and skull base surgeons, and other highly skilled medical professionals. Using the latest technology and modern surgical facilities at UCIMC in Orange, neurosurgeons treat a wide range of neurological disorders, including traumatic injury and stroke, tumors of the brain and spine and neurological problems such as epilepsy and Parkinson’s disease.

Department faculty members’ research programs include collaborations with other medical research organizations, working to find new treatments for spinal cord injury.

The department also has a fully accredited residency program offering a wide variety of clinical activities and extensive training at multiple sites, including UCIMC, Children’s Hospital of Orange County (CHOC), and Kaiser Foundation Hospital in Anaheim.

Neurological Surgery has eight full-time faculty, 15 staff, and 11 residents. The Neurological Surgery Interim Chair reports to the SOM Dean. A Chief Administrative Officer (CAO), who reports to the chair, manages the administrative processes.

III. PURPOSE, SCOPE AND OBJECTIVES

The primary purpose of the audit was to perform a general review of Neurological Surgery to assess business risk, internal controls, and compliance with University policies and procedures. The scope focused on certain operational and financial activities for the current FY 2020-2021.

The audit included the following objectives:

1. Verify that the review of general ledger reconciliations were performed on a regular basis, variances were investigated, resolved, and documented;
2. Review the methods to monitor agreements and verify that they were properly executed and that payment terms and conditions were followed;
3. Evaluate purchasing practices including procurement card (PALCard), disbursement vouchers, and travel and entertainment reimbursements to verify that transactions were properly requested and approved, and complied with University policy;
4. Verify that a physical inventory of equipment was performed in accordance to University policy;
5. Assess personnel practices related to faculty leaves and verify proper approval was obtained and adequately supported;
6. Assess incentive/bonus (Z) payments and verify they were properly calculated and approved; and
7. Determine whether the *Open Tempo* system controls were limited to authorized individuals with appropriate access levels.

IV. CONCLUSION

In general, department controls and processes appear to be functioning as intended. However, Neurological Surgery should strengthen systems of internal controls and processes in the areas of medical directorship agreements and *Open Tempo* user access.

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. Medical Directorship Agreements**Background**

For Neurological Surgery physicians who have contracted with UCIMC, an agreement outlines the terms to provide medical directorship services. Neurological Surgery is responsible for managing these agreements which include contract negotiations and management, billing, and collecting the monthly revenues generated from these agreements.

Observation

Interviews with management, as well as review of Neurological Surgery records and current business practices surrounding these agreements, disclosed improvement opportunities.

As of January 1, 2021, there was not a fully executed agreement for the current FY 2020-21 for two medical directorships with UCIMC. The agreement had lapsed from the previous FY 2019-20. Neurological Surgery stated that due to COVID19, UCIMC was not executing the agreements while Neurological Surgery physicians continued to fulfill the terms of the agreement.

Without an agreement, Neurological Surgery was unable to submit monthly timesheets to UCIMC in order to receive payment for services rendered. UCIMC owed approximately \$30,000 in back payments for July 1, 2020 through January 31, 2021, to Neurological Surgery. UCIMC eventually executed the agreements eight months later in January and February 2021, respectively.

Management Action Plan

Upon execution of the agreements, Neurological Surgery submitted the monthly timesheets to UCIMC and payment has been received for one agreement and is current as of February 2021. Timesheets for the other medical directorship agreement for July 2020 through February 2021 were submitted in March 2021 and Neurological Surgery is awaiting payment. IAS will verify all medical directorship payments are current as of July 1, 2021.

2. Open Tempo Users**Background**

Neurological Surgery utilizes *Open Tempo*, a cloud-based medical workforce management system that helps clinical departments, health systems, and physicians with labor analytics and tools. Various SOM departments, including Radiological Sciences, Emergency Medicine, Anesthesiology, etc., also use *Open*

Tempo to automate on-call scheduling. Additionally, Neurological Surgery manages faculty leave requests and approvals through *Open Tempo*.

Observation

In a review of the *Open Tempo* users list, IAS found four separated employees who continue to have administrative access rights to the application. These individuals have permission to manage all access roles and users and are able submit proxy leave requests. Individuals with outdated or unauthorized access can compromise internal information and possibly tamper with faculty scheduling and leave requests.

To mitigate this risk and ensure only authorized users have access, termination of *Open Tempo* access should be as close as possible to separation of employment. In addition, Neurological Surgery should implement a periodic review of user access.

Management Action Plan

By July 1, 2021, management will review all *Open Tempo* department users to determine if access is appropriate and set-up at appropriate levels. Additionally, upon employee separation, Neurological Surgery will require that user access be removed from all applications including *Open Tempo*. As a best practice, a periodic review of system users and the level of access will also be implemented and documented.