

June 20, 2013

DUNCAN CAMPBELL
Chief Executive Officer
UCSD Medical Group
8201

**Subject: Nevada Cancer Institute – Business Dissolution Procedures
Site Visit April 2-3, 2013
Audit & Management Advisory Services Project 2013-41B**

Audit & Management Advisory Services (AMAS) participated on a Site Visit Team that completed due diligence procedures related to the termination of UC San Diego Health System (UCSDHS) clinical operations at the Nevada Cancer Institute (NVCi) at the request of UCSDHS management.

Background and Purpose

In December 2012, UC San Diego management released an official notice to announce the closure of the NVCi clinical practice on January 31, 2013. Insight managers and selected NVCi staff were retained to assist with the business dissolution process.

The Site Visit Team included the following members:

- Maria Cristina Colmenar, Vice Chancellor Health Sciences Controller's Office (Controller's Office)
- Glenn Esplago, Accountant Supervisor, Campus General Accounting
- Rizalina Velasco, Principal Financial Analyst, SOM Controller's Office
- Jacqueline Hoopengardner, Senior Financial Operations Analyst, SOM Controller's Office
- Jennifer Ford, Director, Office of Clinical Trial Administration (OCTA)
- Terri Buchanan, Manager, Audit & Management Advisory Services
- Aparna Handa, Auditor, Audit & Management Advisory Services

The purpose of the site visit was to conduct due diligence procedures (*Attachment A*) designed to provide assurance that business assets and potential liabilities were identified and disposed. Other areas of focus were the transfer of patient electronic health records and clinical research files, and the security of protected health information.

The Site Visit Team completed the due diligence procedures in coordination with the Insight Oncology (Insight) on-site Financial Manager and Accountant; and the NVCi Building and Operations Manager, and Information Systems Specialists. Additional analysis of financial records and business documents were completed after the dates of the Site Visit.

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Conclusion

Based on site visit observations and review procedures, the Site Visit Team concluded that appropriate actions have been taken or are in process to ensure that business assets and liabilities are appropriately disposed and business risks associated with the closure of NVCi operations are minimized.

The following summaries of site visit observations and financial review procedures were prepared by the Site Visit Team:

- Contracts, Equipment, Supply and Drug Inventories, Security and Information Systems, Electronic Health Records - AMAS (*Attachment B*)
- Capital Assets – Campus General Accounting (*Attachment C*)
- Clinical Research – OCTA (*Attachment D*)
- Financial Records and Analysis – Controller’s Office (*Attachment E*)

AMAS appreciated the opportunity to participate in this project. Because this report does not include recommendations for corrective action, a written management response is not required.

UC policy requires that all draft reports, both printed and electronic, be destroyed after the final report is issued. Because draft reports can contain sensitive information, please either return these documents to AMAS personnel or destroy them at this time.

If you have any questions regarding this report, please call me at 534-1187.

Terri Buchanan
Health Sciences Audit Manager
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ATTACHMENT A – Site Visit Work Plan***

Contracts (Attachment B)

1. Determine the termination dates of the following NVCi contracts:
 - MSO – Insight Oncology (expense)
 - Oncology Convergence (Patient billing and A/R)
 - Legacy Human Resources (HR/Payroll)
 - Lease agreements – equipment
 - University Medical Center (UMC) (physician services revenue)
 - Mosaic EHR software. *(Confirm the current status and planned date of transition to UMC)*
2. Establish an A/R plan. *(UC San Diego management to decide, based on the verified A/R balance and age of receivables, whether to retain Oncology Convergence for outstanding A/R, use internal collection process, or write off as bad debt)*
3. Confirm that there is no pending/anticipated litigation.

Assets

Art and Capital Assets (all assets over the UC San Diego capitalization threshold of \$5K) (Attachment C)

Obtain the inventory list and verify that all art and capital assets can be located. Verify that all items on the asset list are owned, and not leased. Obtain source documents supporting asset value, as necessary.

Equipment and Supply Inventories (Attachments B and C)

1. Locate equipment included on the most recent inventory. Obtain source documents for equipment transfers or sales.
2. Verify that research equipment transferred to UC San Diego has been identified on the equipment inventory records.
3. Identify remaining office, café, gift shop and medical supplies and determine an approximate value.

Drug Inventory (Attachment B)

Complete a drug inventory count using the most recent Pharmacy records.

Security and Information Systems (Attachment B)

1. Verify that the security system is operating as expected.
2. Determine which systems are operational, and verify the system sunset and data transition plan, including whether computer hard drives will be removed and transferred UC San Diego for destruction, or destroyed by a vendor (there may be a contract in place for those services).

Patient Medical Records/Clinical Research Subject Files (Attachments B and D)

Verify that paper and electronic medical records and subject files have been transferred to UC San Diego.

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ATTACHMENT A – Site Visit Work Plan***

Financial Records (Attachment E)

General Ledger Accounts:

1. Review of the NVC I general ledger balances/verification of the accuracy of Balance Sheet and Income Statement balances.
2. Confirm outstanding liabilities. Verify that Nevada property taxes/other taxes are current.
3. Determine whether transactions incorrectly posted to GL accounts have been corrected to provide accurate Balance Sheet and Income Statement balances¹.
4. Review of Wells Fargo monthly bank account reconciliation for July 2012 through February 2013.
5. Validate Bank of America monthly bank account reconciliation against cash posted in Oncology Convergence system.
6. Validate First Data monthly credit card account reconciliation against cash posted in Oncology Convergence system.

Revenue

1. Verify that revenue due from or expense payments due to contractors are accurate and entered into the NVC I general ledger.
2. Analyze the following revenue accounts and vouch payments and A/R to source documents:
 - a. Patient Revenue– AMAS work papers identify that the A/R balance as of 10/31/12 was \$9.8M. (Oncology Convergence reports)
 - b. Patient Revenue - Review Oncology Convergence Billing and Accounts Receivable reports. Determine A/R balance as of 3/31/13.
 - c. Clinical Trial Revenue – AMAS work papers identify that the clinical research A/R was approximately \$100K as of 8/31/12. (Reports generated by the NVC I Clinical Trials Office)
 - d. Clinical Trial Revenue – Determine clinical research A/R balance as of 3/31/13. (Request report from the NVC I Clinical Trials Office).
 - e. UMC Revenue – AMAS verified that all UMC payments were received through August 31, 2012 (deposited in the NVC I Wells Fargo account).
 - f. UMC Revenue – Determine if additional payments were due from UMC after August 31, 2012.

¹ AMAS' analysis of the NVC I general ledger reports (for GL balance as of 10/31/12) revealed questionable transaction classifications and account balances such as a credit balance in prepaid expense accounts, and incorrect accounts payable balances. Inconsistencies were also noted in how transactions were recorded. Insight management was to consult with their Head Office on processing corrections.

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ATTACHMENT A – Site Visit Work Plan***

Expenses

1. Expense Validation: Select a sample of non-payroll and pharmaceutical expenses for the period August 2012 through January 2013 and compare to source documents (AMAS verified a sample of expenses in the NVCI QuickBooks cash register from the period January through July 2012).
2. Expense validation of select payroll and benefit expenses. Verify that all payroll taxes are current.
3. Determine if there is outstanding A/P. Develop plan as needed.

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ATTACHMENT B – AMAS Observation Summary*

Contracts

1. Determine the termination dates of the following NVCI contracts:
 - a. MSO – Insight Oncology (expense);
 - o Oncology Convergence (Patient billing and A/R)
 - o Legacy Human Resources (HR/Payroll)
 - b. Lease agreements – equipment
 - c. University Medical Center (UMC) (physician services revenue)
 - d. Mosaiq EHR software. (*Confirm the current status and planned date of transition to UMC*)

AMAS prepared a summary of NVCI contracts and status (*Attachment B.1*) in coordination with NVCI Building and Operating Manager and UC San Diego Health System Strategic Initiatives Business Analyst. In addition, a post-transition plan post April 30, 2013 (*Attachment B.2*) was prepared by NVCI Building and Operating Manager on estimated expenditures to support remaining contracts and building maintenance and fees.

2. Establish an A/R plan.

UC San Diego Health System management has decided to retain Oncology Convergence for recovering outstanding A/R as indicated in *Attachment B.1*.

3. Confirm that there is no pending/anticipated litigation.

AMAS confirmed via interviews with UCSDHS management, NVCI personnel, and UCSDHS counsel that there are no pending/anticipated lawsuits associated with NVCI operations for the period February 1, 2012 through January 31, 2013.

Equipment and Supply Inventories

1. Locate equipment included on the most recent inventory. Obtain source documents for equipment transfers or sales.

The capital equipment review summary is presented in *Attachment C*.

2. Verify that research equipment transferred to UC San Diego has been identified on the equipment inventory records.

A Health Sciences team has evaluated the remaining research equipment and has identified selected items to be transferred to UC San Diego. Those items will be entered into UCSD inventory records and tagged with a UCSD ID number when they are received.

3. Identify remaining office, café, gift shop and medical supplies and determine an approximate value.

The Site Visit team viewed computers and peripheral equipment items stored at NVCI during the Site Visit facilities tour. However, because these items did not meet the capitalization threshold and were not tagged with UCSD equipment ID numbers, we did not complete an equipment inventory. We

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ATTACHMENT B – AMAS Observation Summary*

were not advised that any of these items had been sold or transferred. However, UCSD may include these items in the sale of the Flagship Building when that occurs.

The tangible personal property that remains in the building is of high quality and has only been gently used in most cases. Those items include medical equipment in clinic examination rooms, office and common area furniture, computers, and other equipment valued at under \$5,000. If those items are not included in the sale of the Flagship Building, UCSDHS will consider contacting with a property liquidation company to dispose of the property.

Drug Inventory

Complete a drug inventory count using the most recent Pharmacy records.

A Pharmacy walk-through during the Site Visit confirmed that no pharmaceutical inventory remained on-site. A portion of the inventory was destroyed and certain items were shipped to UC San Diego. A final drug inventory report was received from UC San Diego Health System, Department of Pharmacy Manager.

Security and Information Systems

1. Verify that the security system is operating as expected.

The Site Visit team reviewed the Flagship Building security system and obtained a copy of the Security agreement. The system appeared to be operating as designed.

2. Determine which systems are operational, and verify the system sunset and data transition plan, including whether computer hard drives will be removed and transferred UC San Diego for destruction, or destroyed by a vendor (there may be a contract in place for those services).

NVCI Building and Operating Manager indicated that data on remaining servers and IT equipment will be wiped before returning to vendors.

Health Sciences Controller's Office will coordinate with NVCI staff and UC San Diego Health Information Services to transfer NVCI financial records information captured in QuickBooks system to UCSD.

Patient Medical Records

Verify that paper and electronic medical records and subject files have been transferred to UC San Diego.

NVCI Information Technology staff were working with the UC San Diego Health Information Services Director and the Health Sciences Chief Compliance and Privacy Officer on an electronic medical record transition plan. AMAS confirmed that a Business Associates Agreement will be executed between Elekta and UCSD NVCI to allow the transfer of selected electronic health records from NVCI to UMC.

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 ATTACHMENT B.1 – Contracts Summary*

Contract/Lease Description	Vendor	Monthly Lease Payment	Monthly Maintenance Payment	Contract status	Contract Expired/Termination Date (if applicable)	Comments
Equipment						
Emotion 6 CT (110-0000929-000) Capital Lease	Siemens	\$5,045	\$5,877	Terminated	Capital Lease - 9/6/2012 Maintenance Contract - 4/30/13	1. Lease payments were made through August 2012. The final invoice, dated 11/12/12 was paid in December 2012. 2. Parts and labor charges will apply for any necessary maintenance services rendered after the contract termination date.
Magnetom Avanto MR (141-0000305-000) Capital Lease	Siemens	\$21,892	\$9,361	Terminated	Capital Lease - 9/6/2012 Maintenance Contract - 4/30/13	1. Lease payments were made through August 2012. The final invoice, dated 11/12/2012, was paid in December 2012. 2. Parts and labor charges will apply for any necessary maintenance services rendered after the contract termination date.
Somatom Sensation 16 CT (130-0001632-000) Capital Lease	Siemens	\$9,871	\$9,750	Terminated	Capital Lease - 9/6/2012 Maintenance Contract - 4/30/13	1. Lease payments were made through August 2012. The final invoice, dated 11/12/2012, was paid in December 2012. 2. Parts and labor charges will apply for any necessary maintenance services rendered after the contract termination date.
Axiom Aristos MX (141-0000307-000) Capital Lease	Siemens	\$5,177	\$3,019	Terminated	Capital Lease - 9/6/2012 Maintenance Contract - 4/30/13	1. Lease payments were made through August 2012. The final invoice, dated 11/12/2012, was paid in December 2012. 2. Parts and labor charges will apply for any necessary maintenance services rendered after the contract termination date.

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Contract/Lease Description	Vendor	Monthly Lease Payment	Monthly Maintenance Payment	Contract status	Contract Expired/Termination Date (if applicable)	Comments
E. Cam Dual Detector (141-0000308-000) Capital Lease	Siemens	\$3,466	\$2,310	Terminated	Capital Lease - 9/6/2012 Maintenance Contract - 4/30/13	1. Lease payments were made through August 2012. The final invoice, dated 11/12/2012, was paid in December 2012. 2. Parts and labor charges will apply for any necessary maintenance services rendered after the contract termination date.
Acuson Sequoia (151-0000576-000) Capital Lease	Siemens	\$1,711	\$806	Terminated	Capital Lease - 9/6/2012 Maintenance Contract - 4/30/13	1. Lease payments were made through August 2012. The final invoice, dated 11/12/2012, was paid in December 2012. 2. Parts and labor charges will apply for any necessary maintenance services rendered after the contract termination date.
Biograph 16 PET (141-0000304-000) Capital Lease	Siemens	\$21,324	\$14,112	Terminated	Capital Lease - 9/6/2012 Maintenance Contract - 4/30/13	1. Lease payments were made through August 2012. The final invoice, dated 11/12/2012, was paid in December 2012. 2. Parts and labor charges will apply for any necessary maintenance services rendered after the contract termination date.
Mammomat 3000 Novation DR (103-0000325-000) Capital Lease	Siemens	\$9,149	\$2,452	Terminated	Capital Lease - 9/6/2012 Maintenance Contract - 4/30/13	1. Lease payments were made through August 2012. The final invoice, dated 11/12/2012, was paid in December 2012. 2. Parts and labor charges will apply for any necessary maintenance services rendered after the contract termination date.

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Contract/Lease Description	Vendor	Monthly Lease Payment	Monthly Maintenance Payment	Contract status	Contract Expired/Termination Date (if applicable)	Comments
Mammomat Novation DR (103-0000397-000) (HCMA) Capital Lease	Siemens	\$6,751	\$2,240	Terminated	Capital Lease - 9/12/2012 Maintenance Contract - 4/30/13	1. Lease payments were made through August 2012. The final invoice, dated 11/12/2012, was paid in December 2012. 2. Parts and labor charges will apply for any necessary maintenance services rendered after the contract termination date.
Linux Workstation (120-0000207-000) Capital Lease	Siemens	\$834	N/A	Terminated	Capital Lease - 9/6/2012 Maintenance Contract - 4/30/13	1. Lease payments were made through August 2012. The final invoice, dated 11/12/2012, was paid in December 2012. 2. Parts and labor charges will apply for any necessary maintenance services rendered after the contract termination date.
Brucker (141-0000305-000) (7TMR)	Siemens	\$25,858	N/A	Terminated	5/9/2012	The final invoice, dated 11/12/2012, was paid in March 2013. The final payment included three months of outstanding lease payments.
Syngo Multi-Modality	Siemens	N/A	\$590	Terminated	2/1/2013	Parts and labor charges will apply for any necessary maintenance services rendered after the contract termination date.
Mammo Report	Siemens	N/A	\$596	Terminated	4/30/2013	Parts and labor charges will apply for any necessary maintenance services rendered after the contract termination date.
Medrad Spectris Solaris	Siemens	N/A	\$413	Terminated	4/30/2013	Parts and labor charges will apply for any necessary maintenance services rendered after the contract termination date.
Medrad Stellant D	Siemens	N/A	\$378	Terminated	4/30/2013	Parts and labor charges will apply for any necessary maintenance services rendered after the contract termination date.

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Contract/Lease Description	Vendor	Monthly Lease Payment	Monthly Maintenance Payment	Contract status	Contract Expired/Termination Date (if applicable)	Comments
Medrad Stellant D	Siemens	N/A	\$378.33	Terminated	4/30/2013	Parts and labor charges will apply for any necessary maintenance services rendered after the contract termination date.
8900 DryView Laser Printer	Siemens	N/A	\$999.58	Terminated	4/30/2013	Parts and labor charges will apply for any necessary maintenance services rendered after the contract termination date.
Sans System	Macquarie Equipment Finance	\$11,692	N/A	Active	N/A	This payment is Included in the NVCi Transition Plan.
Research Orbitrap	Somerset Capital Group, Ltd.	\$15,056	N/A	Terminated	12/31/2012	The Orbitrap machine is scheduled to be returned in May 2013 in accordance with vendor instructions.
Varian TrueBeam w/ RapidArc, Eclip Contract# 1800054240	Key Equipment Finance	\$53,035	N/A	Active	N/A	This payment was included on NVCi Transition Plan.
Tomotherapy Hi-Art	Bank of Nevada	\$39,266	N/A	Active	N/A	This payment was included on NVCi Transition Plan.
Tomotherapy Service Agreement	Accuray	\$24,979	N/A	Terminated	12/31/2012	N/A
IT Systems and Support						
Mosaiq License and Support	Elekta	\$9,898	N/A	Terminated	4/30/2013	UC San Diego and Elekta entered into a new contract effective 5/1/2013, at a reduced annual cost of \$26,700 (\$5.7K license; \$6K training; and \$15K maintenance) to continue access to medical records through a vendor hosted site.

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Contract/Lease Description	Vendor	Monthly Lease Payment	Monthly Maintenance Payment	Contract status	Contract Expired/Termination Date (if applicable)	Comments
Quarterly License, Maintenance and Support Fee for OnCore Clinical Research Management System	Forte	\$8,333	N/A	Terminated	12/31/2012	The Encore server has been transferred to UC San Diego. Forte entered into a new contract with UC San Diego at a reduced annual cost of \$5,000, effective 5/1/2013.
IT Support	Ascent Services	\$6,995	N/A	Active	N/A	The contract continued at a reduced rate of \$3,000 for May 2013. If services are needed after May 2013, the charge will be negotiated.
IT Equipment and support	Dell Financial Services	Variable	N/A	Active	N/A	Contract active for some of the necessary servers and computers. Plan is to return computers within May and wipe and return servers at time of transition.
IT maintenance	Cisco	N/A	\$4,279	Active	N/A	The contract is active for some servers and computers. The plan is to return computers in May 2013, and to scrub/return servers at the time of transition.
Service Contracts						
Management Services Contract Fee	Insight Oncology	\$50,000	N/A	Modified	N/A	The Management Services fee was reduced to \$15,000/month plus expenses effective 5/1/2013.
Oncology Medication Supply	Oncology supply	variable	N/A	Terminated	1/31/2013	Pyxis machines were returned to the vendor.

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Third Party Billing Service	Oncology Convergence	Variable	N/A	Terminated	4/30/2013	UCSDHS has contracted directly with Oncology Convergence for A/R recovery at a negotiated rate of \$4,995 monthly plus 10% of collections for a six month term.
Payroll	Legacy HR	variable	N/A	Active	N/A	UCSDHS management has requested Insight Oncology to extend this agreement to assist with payroll processing for staff remaining after April 30, 2013.
Building Maintenance						
Janitorial Services	Jani-King of Las Vegas, Inc.	\$14,000	N/A	Terminated	4/30/2013	February and March 2013 payments were reduced based on a reduction in janitorial services rendered.
Fire system inspections and preventative maintenance	Siemens Industrial	\$1,552	N/A	Active	N/A	This payment was included on NVCi Transition Plan.
Other/Miscellaneous						
Fellowship Support	University of Nevada	\$21,018	N/A	Terminated	1/31/2013	N/A
General Medical Supplies and Nuclear Pharmacy Services	Cardinal Health	Variable	N/A	Terminated	1/31/2013	N/A
Space rental	University Medical Center (UMC)	\$5,429	N/A	Terminated	1/1/2013	N/A

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Revenue						
Medical Directorship and Professional Services	UMC	Per Contract	N/A	Terminated	1/1/2013	N/A
Rental income	Department of Health and Human Services, Health Division, Cancer Registry	\$4,620	N/A	Terminated	2/28/2013	N/A
Rental income	Women's Clinic	\$3,447	N/A	Terminated	2/28/2013	N/A
Rental income	Desert Research Institute (Vivarium)	\$12,500	N/A	Terminated	12/31/2012	N/A

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ATTACHMENT B.2 – NVCII Post Transition Plan*

*Prepared by NVCII Building and Operations Manager

Item	Description	Justification	Estimated Cost(s) per month				
			May	June	July	August	Sept
STAFF							
Insight Oncology NV, Inc.	MSO fee	MSO fee	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Employee 1	Full time employment (1FTE)	Facilities Maintenance - maintenance of standard daily, weekly, monthly and annual building rounds, inspections and maintenance schedule. This includes Central Plant PMs, Air filter replacements, water system maintenance, generator PMs, roof inspections and equipment maintenance. Airhandler maintenance and control adjustments. Coordination and support of third party inspections and work. Additional daily inspection of medical equipment rooms and areas to ensure proper conditions for each piece while in "storage" mode. Decommissioning of rooms and inspections for physical and electrical safety per room and area, etc. Security rounds and inspections on grounds during business hours.	\$5,209	\$5,209	\$5,209	\$5,209	\$5,209
Employee 2	Full time employment (1FTE)	Removal of furniture and equipment storage from necessary areas. Continued consolidation of furniture, supply, etc. that is to stay with the building. Preparation of equipment for packaging, and shipping back to vendor or research equipment to UCSD. Facility tours to third parties as determined by Kevin Andrada and UCSD. Basic safety/OSHA practices, and time off coverage back up for each other is also a necessity. Any other duties deemed necessary for the wind-down/transition process.	\$4,687	\$4,687	\$4,687	\$4,687	\$4,687
Employee 3	Part time employment (0.5 FTE - 0.2FTE)	All administrative functions, scheduling visits, equipment removal activities, handling invoices, and AP as needed. To remain on call list for both security and fire alarm monitoring. Facility tours to third parties as determined by Kevin Andrada and UCSD. Finalize state inspections and license terminations. Note: 1FTE through end of 04-21-13 to 05-04-13 pay period. 0.5 FTE for the following pay period and 0.2 FTE for remaining time.	\$3,354	\$1,917	\$1,917	\$1,917	\$1,917

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ATTACHMENT B.2 – NVCII Post Transition Plan

*Prepared by NVCII Building and Operations Manager

Item	Description	Justification	Estimated Cost(s) per month				
Employee 4	Limited employment (0.5 FTE for first two weeks of May if needed)	Depending on the progress made with MOSAIQ and OnCore, Alex may not be needed at all, but just in case his help is needed, we may need to pay him as a contractor to complete hard-drive and server wiping as needed.	\$1,146	-	-	-	-
UTILITIES							
Nevada Energy	Electricity	Electricity usage for the building. Even though the building will be put into "limited operating" status, there will be a minimum operating temperature for certain areas of the building as well as required maintenance of operating systems (fire, security, etc.) <i>Estimates are based on previous billings. May vary due to decreased building usage as well as increased summer rates. All efforts will be made to adjust electrical usage to off-peak times</i>	\$23,000	\$38,000	\$40,000	\$48,000	\$40,000
Southwest Gas	Gas	Gas usage for the building. During the summer months, this will be extremely limited. (Needed for the operation of boilers, etc.) <i>Estimated from previous billings</i>	\$2,500	\$2,000	\$1,500	\$1,600	\$2,300
Las Vegas Valley Water District	Water	Water usage for the building and landscape. Limited water usage while in "limited operating" status, with the exception of increased landscape watering during summer months. <i>Estimated from previous billings</i>	\$4,000	\$4,600	\$4,600	\$5,500	\$4,110
Las Vegas Water Reclamation	Sewer	Quarterly water reclamation bill <i>Estimated from previous billings</i>	-	-	\$3,128	-	-
Republic Services (standard waste)	Trash Disposal	Pick-ups and bin rental will be moved to a minimum after 04/30, Recycling will be cancelled.	\$4,800	\$2,400	\$1,200	\$1,200	\$1,200
Silverlands	Landscaping Service	Landscaping service as required by homeowners association.	\$900	\$900	\$900	\$900	\$900
Cox Communications	Fiber, phones, etc.	To be determined (Medical records phone forwarding, fax forwarding, e-mail forwarding, also any needs for post 04/30 communication)	< \$5,000				
SERVICE VENDORS							

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ATTACHMENT B.2 – NVCI Post Transition Plan

*Prepared by NVCI Building and Operations Manager

Item	Description	Justification	Estimated Cost(s) per month				
Siemens Industrial	Fire system inspections and preventative maintenance	Required per Clark County Fire Department for maintenance and testing of smoke/fire detection system and alarms (Quarterly)	-	-	\$4,655	-	-
Siemens Industrial Monitoring	Fire system monitoring	Required per Clark County Fire Department for monitoring and notification of smoke/fire detection system (Annually)	\$480	-	-	-	-
Stanley Security Convergent Solutions	Security system monitoring	Required per UCSD Real Estate for perimeter security monitoring and notification	\$115	\$115	\$115	\$115	\$115
Statewide Fire	Fire sprinkler inspections	Required per Clark County Fire Department permit/inspection of smoke/fire detection system	-	-	\$600	-	-
Allstate Fire	Extinguisher inspections	Required per Clark County Fire Department permit/inspection of fire extinguishers (Annual)	-	-	\$1,000	-	-
Green Light Plumbing	Backflow preventer inspection	Required per Clark County Fire Department permit/inspection of backflow preventers	-	-	\$1,000	-	-
Sunstone Fire Protection	Smoke guard inspections	Required per Clark County Fire Department permit/inspection of elevator smoke guards (Quarterly)	-	-	\$1,115	-	-
ABM	HVAC/Mechanical Building inspections PMs	Misc. required mechanical annual building maintenance (this is estimated for ONLY May). (Annually)	\$10,000	-	-	-	-
Thyssen Krupp	Elevator inspections	Required for elevator licensing requirements (Quarterly)	-	\$4,932	-	-	-
Miscellaneous	Equipment removal etc.	Any miscellaneous vendors needed for possible work, and/or equipment removals post 04/30	< \$5,000				
Equipment Vendors							
Key Equipment Finance	Varian TrueBeam	UCSD Lease obligation	\$53,035	\$53,035	\$53,035	\$53,035	\$53,035
CashFlow Lease	TomoTherapy Hi-Art	UCSD Lease obligation	\$39,266	\$39,266	\$39,266	\$39,266	\$39,266
Konica Minolta	Copier fleet	Pending final return and early termination of lease (Quarterly)		\$5,000			
Macquarie	Sans System	Necessary to run entire network (possible partial termination in June)	\$10,000	\$10,000			
Miscellaneous Lessors	Misc.	Residual lease obligations that end during May	< \$5,000				

SUPPLY VENDORS

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ATTACHMENT B.2 – NVCI Post Transition Plan*

*Prepared by NVCI Building and Operations Manager

Item	Description	Justification	Estimated Cost(s) per month					
Air Filter Supply and Sales	Standard and custom air filters	Quarterly air filter changes (this amount may decrease upon inspection after decreased air handler use)	\$800	-	-	\$800	-	
Costco (misc. expense reports)	Misc. supplies	Salt for water softener, etc.	-	\$100	-	-	\$100	
PROPERTY FEES								
Gardens Business Center	Association fees	Required during ownership	-	-	\$1,938	-	-	
Summerlin South Community Association	Association fees	Required during ownership	\$1,225	\$1,225	\$1,225	\$1,225	\$1,225	
Clark County Treasurer	Property Taxes	Required during ownership (to be paid directly by UCSD, per Nancy Eagle)	-	-	-	-	-	

MONTHLY TOTALS Post 4/30/13	\$179,517	\$188,386	\$182,090	\$178,454	\$169,064
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Other Transition Issues to Note

MOSAIQ - Medical Records

ASP option	Implementation of ASP	Getting the ASP option implemented requires a PO and down payment from UCSD. Upon receipt of these two components, Elekta will begin the process of transitioning to the ASP model. Given the timeline, it is projected that this project will continue past 4/30, hence the need for IT to remain on after 4/30 to assist with the transition.	\$28,500 for 5 user licenses + \$15,000 annual M&S agreement
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OnCore - Medical Records

Virtual Transfer	Virtual transfer of data via VPN	Electronically transfer OnCore system to UCSD Medical Center via VPN and P-V from server team. Urgency has been given to this project, however it is projected that this will continue past 4/30	UCSD/NVCI staffing support
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*Nevada Cancer Institute – Business Dissolution Procedures
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*Audit Management Advisory Services Project 2013-41B
ATTACHMENT B.2 – NVCII Post Transition Plan*

*Prepared by NVCII Building and Operations Manager

Item	Description	Justification	Estimated Cost(s) per month				
Physical Transfer	Servers to be shipped to UCSD from NVCII	Transfer of physical servers with chain of custody documented (spreadsheet that tracks sending location, arrival location, action, date, time, released by person, received by person, comments). Cannot be completed until after virtual transfer which will depend on the ability of UCSD to execute the transfer.	Currently being looked into				
Merge (eMED PACS)							
Physical Transfer	Data Migration in to existing UCSD Telerad systems	Virtual and Physical transfer of data and servers to UCSD for ongoing extraction/migration activity. Quote of \$10K is variable due to varied file sizes.	\$10,000 estimated cost for migration and professional support. (Final total may vary)				
OCI							
A/R Plan	UCSD plans for A/R post 4/30	OCI's contract will expire after 4/30/13. Cash will continue to come in given the time delay of certain payers. UCSD will need to decide which option to go with in regards to A/R. Final A/R report due at end of month.					
	Option 1	Remaining A/R after 4/30 will require someone from UCSD following up. OCI will forward all inquiries to a contact at UCSD. Cash still coming in from slower payers such as Clark County. \$200-300K collected this past month. This requires continued access to MOSAIQ and A/R notes.					
	Option 2	Write off remaining A/R - Report due end of month.					
	Option 3	Extend agreement with OCI to continue A/R collections					

General Accounting Office
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ATTACHMENT C - Capital Asset and Art Inventory Observation Memo

Scope: Inventory Observation for Medical/IT Equipment and Art valued at \$5,000 or more.

On April 2-3, 2013, UCSD conducted a site visit to the Nevada Cancer Institute (NVC) for the purpose of verifying and confirming the existence of Medical/IT Equipment and Art valued at \$5,000 or more. UCSD General Accounting Supervisor Glenn Esplago and UCSD Internal Audit Manager Terri Buchanan met and confirmed with UCSD NVC Director Kevin Andrada on April 2, 2013 to conduct the following inventory observation procedures:

1. Review the Sinaiko Healthcare Consulting –Appraisal of Fixed Assets in Continued use of Nevada Cancer Institute (Issued December 21, 2011) and confirm UCSD selections of Medical/IT equipment and Art at or above the appraised value of \$5,000.
2. Conduct a walkthrough of the facility and locate the items selected.
3. Photograph and tag each Medical/IT equipment item at or above the appraised value of \$5,000 with a UCID tag. The UCID tag was affixed next to each item's original serial number and/or VIN number (automobile assets).
4. With regard to Art - UCSD representatives only physically verified and photographed each listed item at or above the appraised value of \$5,000. UCSD Equipment Manager Jamie Wheat stated that a UCID number and sticker were not needed for each individual piece of art. Instead, a Lot ID number was assigned in the Campus Asset Management System (CAMS) pending a final valuation report from the Art Consultants. Hence, no UCID stickers were affixed to the Art observed.
5. NOTE – as a result of the walkthrough, it was noted by all parties that there is equipment on the premises that appears to meet the capital threshold of \$5,000 that did not appear to be on the original list from Sinaiko, or on the original Purchase Agreement Schedule 1.1. Hence, UCSD advised Mr. Andrada to create and update a final list with the description, serial number, and approximate fair market value of the additional items observed, so that UCSD may create UCID tags for those items.
6. All photographs of the tagged Capital Equipment and Art observed have been saved on UCSD network folders, and each photo of each asset will be uploaded in CAMS by UCSD Equipment Manager-Jamie Wheat.
7. We also noted via observation of the Pharmacy, that all drug inventory was completely disposed, either through a return to the vendor, transfer to UC San Diego or destruction.
8. Per UCSD Equipment Manager Jaime Wheat “All equipment, research specific or otherwise, moved to UCSD campus from NVC must be tagged with a UCID number, and tracked in CAMS if the current value greater than \$4,999.99.”

In conclusion, this memo shall be included as part of a final comprehensive report including the updated listing, and all requested supporting documentation for Management to analyze and utilize at their discretion. UCSD representatives noted no other material exceptions in their observation.

Glenn Esplago 4/16/13

Accounting Supervisor - Business and Financial Services-General Accounting - University of California, San Diego

Office of Clinical Trials Administration
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ATTACHMENT D – Clinical Research Memo

Clinical Research

Verify that paper and electronic medical records and subject files have been transferred to UC San Diego (UCSD).

The following is a summary of OCTA participation in clinical research (clinical trials and two federal grants) wind-down activities prior to and during the April Site Visit.

Pre Site Visit clinical research transition activities

- NVCI staff member Bethany Murphy sent a list of NVCI clinical research studies to OCTA on February 14, 2013. She also provided additional information about the Mayo Cooperative Group Study.
- NVCI staff transferred 154 boxes of printed clinical research materials including study regulatory binders, subject research files, and other related documents to an Iron Mountain records storage facility in February 2013.

Site Visit – April 2, 2013

- Jennifer Ford obtained the Department of Labor (DOL) site visit binder containing one federal training grant from NVCI staff member Kevin Andrade on April 2. She hand carried the binder to UCSD and provided it to UCSD Health System (UCSDHS) administrators working on DOL reporting issues.
- Kevin and Jennifer viewed selected federal research files.
- Kevin and Jennifer discussed in general the options to transfer OnCore¹ data to UCSD. The UCSDHS Chief Information Officer stated that the NVCI file server that contains the OnCore data will be transferred via standard chain of custody procedures to UCSD.

<i>Actions Pending</i>		
<i>Task</i>	<i>Responsible Parties</i>	<i>Expected Completion Date</i>
Grant OCTA access to the RAD (training reporting system)	DOL	
Provide OCTA with a copy of the DOL prime award and the Center for Disease Control (CDC) sub-award; and ship the related paper files to UCSD.	Kevin Andrade, NVCI	
Conduct follow-up discussions with DOL award trainees as required by the award; and provide follow-up documents to OCTA to perform additional follow-up.	Kevin Andrade, NVCI	
Prepare clinical research financial reports	Kevin Andrade,	

¹ OnCore is the clinical trial management system used by NVCI to manage clinical research projects.

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ATTACHMENT D – Clinical Research Memo

<i>Actions Pending</i>		
<i>Task</i>	<i>Responsible Parties</i>	<i>Expected Completion Date</i>
(invoices submitted and payments received) for December 2012; and January through March 2013.	NVCI and Dan Chang, Insight Oncology	
The OnCore server containing all electronic NVCI clinical research data will be transferred to UCSD.	Kevin Andrada, NVCI and Jeremy Bernstein, UCSD	

*Vice Chancellor Health Sciences Controller's Office
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ATTACHMENT E – Financial Records Verification Memo*

General Ledger Accounts:

1. Review the NVCI general ledger balances/verification of the accuracy of Balance Sheet and Income Statement balances.

On May 9, 2013, the NVCI Financial Manager compiled and provided a copy of the NVCI Profit and Loss Statement for the period July 1, 2012 through February 28, 2013; and the February 28, 2013 Balance Sheet. However, the revenue reported in the UC San Diego financial system was not equal to the revenue in the NVCI reports. The Vice Chancellor Health Sciences Controller's Office (Controller's Office) will attempt to verify NVCI closing balances for assets and liabilities using supporting documents and reports obtained from NVCI. The total operating loss for NVCI through March 31, 2013 was \$9.9M.

2. Confirm outstanding liabilities. Verify that Nevada property taxes/other taxes are current.

The Controller's Office will process NVCI expenditures and reconcile accounts receivable (A/R) payments after April 30, 2013. Controller's Office staff will coordinate with the campus General Accounting Office to add or validate remaining NVCI vendors to UC San Diego systems. Vendor agreements will be updated as needed to facilitate the transition to UC San Diego management.

NVCI property tax payments were current as of May 31, 2013.

3. Determine whether transactions incorrectly posted to GL accounts have been corrected to provide accurate Balance Sheet and Income Statement balances.

The Controller's Office focused on income and expense verification procedures, rather than focus on correcting general journal entries that would have no impact on the accuracy of revenue and expense.

4. Review of Wells Fargo monthly bank account reconciliation for July 2012 through February 2013.

The Controller's Office will coordinate with NVCI staff to generate and analyze the Wells Fargo monthly bank reconciliation for March and April 2013 to ensure that remaining funds are adequate to cover expenses paid from that account.

5. Validate Bank of America monthly bank account reconciliation and credit card reconciliation against cash posted in Oncology Convergence system.

A judgmental sample of transactions were selected from the Bank of America credit card statements for the period July 2012 through April 2013 and compared to the Daily Transaction Reports which were generated through the NVCI Mosaik system. The Controller's Office confirmed that these reports were uploaded to Oncology Convergence system for patient account postings.

*Vice Chancellor Health Sciences Controller's Office
Nevada Cancer Institute – Business Dissolution Procedures
Site Visit April 2 and 3, 2013
Audit & Management Advisory Services Project 2013-41B
ATTACHMENT E – Financial Records Verification Memo*

Revenue

1. Verify that revenue due from or expense payments due to contractors are accurate and entered into the NVCI general ledger.

On May 9, 2013, the NVCI Financial Manager compiled and provided a copy of the NVCI Profit and Loss Statement for the period July 1, 2012 through February 28, 2013; and the February 28, 2013 Balance Sheet. However, the revenue reported in the UC San Diego financial system was not equal to the revenue in the NVCI reports. The Controller's Office will attempt to verify NVCI closing balances for assets and liabilities using supporting documents and reports obtained from NVCI. The total operating loss for NVCI through March 31, 2013 was \$9.9M.

2. Analyze the following revenue accounts and vouch payments and A/R to source documents:
 - a. Patient Revenue
 - b. Clinical Trial Revenue
 - c. UMC Revenue

AMAS vouched UMC and clinical research payments and balances for the period February through August 2012. The Controller's Office vouched patient, clinical trial and UMC A/R balances through April 2013.

Expenses

1. Expense Validation: Select a sample of non-payroll and pharmaceutical expenses for the period August 2012 through January 2013 and compare to source documents (AMAS verified a sample of expenses in the NVCI QuickBooks cash register from the period January through July 2012).

The Controller's Office selected a sample of non-payroll and pharmaceutical expenses for the period August 2012 through January 2013; and all expenses for the period February through April 2013, and reconciled each expense to the NVCI QuickBooks application. No significant exceptions were noted.

2. Expense validation of select payroll and benefit expenses. Verify that all payroll taxes are current.

Payroll expenses for the period February through April 2013 were analyzed and vouched to supporting documents. No significant exceptions were noted.

3. Determine if there is outstanding A/P. Develop plan as needed.

The Controller's Office will process NVCI expenses and receive A/R payments after April 30, 2013.