

August 13, 2013

MOUNIR SOLIMAN, MD
Assistant Vice Chancellor/Executive Director
Health Sciences International
0989

MAUREEN A. CURRAN, M.S.
Director of Administration and International Business Development
Health Sciences International
0989

***Subject: Health Sciences International Business Operations Review
Audit & Management Advisory Services Project 2013-22***

The final audit report for the Health Sciences International Business Operations Review, Audit Report 2013-22, is attached. We would like to thank all members of the department for their cooperation and assistance during the audit.

Because we were able to reach agreement regarding corrective actions to be taken in response to the audit recommendations, a formal response to the report is not requested. The findings included in this report will be added to our follow-up system. We will contact you at the appropriate time to evaluate the status of the corrective actions. At that time, we may need to perform additional audit procedures to validate that actions have been taken prior to closing the audit findings.

UC wide policy requires that all draft audit 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. AMAS also requests that draft reports not be photocopied or otherwise redistributed.

David Meier
Assistant Vice Chancellor
Audit & Management Advisory Services

Attachment

cc: D. Brenner
G. Matthews
M. Pool
B. Smith
S. Vacca

UC San Diego

AUDIT & MANAGEMENT ADVISORY SERVICES

Health Sciences International
Business Operations Review
August 2013

Performed By:

Laurie Ward, Auditor
Terri Buchanan, Manager

Approved By:

David Meier, Assistant Vice Chancellor

Project Number: 2013-22

***Health Sciences International Business Operations Review
Audit & Management Advisory Services Project 2013-22***

Table of Contents

I.	Background.....	1
II.	Audit Objective, Scope, and Procedures.....	2
III.	Conclusion	3
IV.	Observations and Management Corrective Actions	3
	A. Coordination and Update of Website Information.....	3
	B. Due Diligence and Project Management Documentation.....	4
	C. SACM Contract Payments.....	5

***Health Sciences International Business Operations Review
Audit & Management Advisory Services Project 2013-22***

I. Background

Audit & Management Advisory Services (AMAS) has completed a review of Health Sciences International contracts and business operations as part of the approved audit plan for Fiscal Year 2012-13. This report summarizes the results of our review.

Health Sciences International (HSI) was established in 2009 to extend UC San Diego Health Sciences' traditional mission of improving the quality of health care through excellence in clinical medicine, medical education and biomedical research throughout the world. HSI assists international organizations to improve health care delivery through long-term affiliations that incorporate advisory, clinical, educational, research, and administrative solutions and tools. The HSI Leadership Team includes the Vice Chancellor of Health Sciences & Dean of the School of Medicine; the Assistant Vice Chancellor & Executive Director of HSI; the Dean of Clinical Affairs; the Dean of Medical Education; the Associate Vice Chancellor of Translational Medicine; and the Assistant Vice Chancellor of Health Sciences Affairs.

The HSI Leadership Team has developed a range of health care system evaluation, planning, and improvement services. HSI also plans to promote international research collaboration to extend the range of UC San Diego Health System (UCSDHS) clinical research projects to include foreign populations; and to focus on specific issues central to those populations. In addition, HSI offers extensive educational and training programs to the international community on the following topics:

- Healthcare Planning & Development
- Hospital Management
- Healthcare Facility Development
- Medical School Planning and Improvement
- Research Consultation Services
- Research Planning and Development
- Continuing Medical Education and Training
- Exchange Opportunities
- Customized Trainings
- Healthcare Leadership Training

HSI coordinates with faculty and staff in the UC San Diego School of Medicine (SOM), the Skaggs School of Pharmacy and Pharmaceutical Sciences (SSPPS), the UCSDHS, the UC San Diego Medical Group (Medical Group), and affiliated institutions to develop and manage high-quality health care facilities, and clinical operations for its international partners.

To date, HSI has collaborated with international organizations such as the Indian Institute of Technology in Kharagpur, India; the International Medical Center in Jeddah, Saudi

***Health Sciences International Business Operations Review
Audit & Management Advisory Services Project 2013-22***

Arabia; and the Khalifa University of Science, Technology and Research, an education provider in the United Arab Emirates. Each agreement is tailored to the needs of the international organization. There have been a number of requests from international organizations for consulting services, some of which have been on hold pending resolution of contract terms, funding or changes in the foreign political environment.

Since July 1, 2011, HSI has maintained an agreement with the Virginia based Saudi Cultural Mission to the U.S.A. (SACM) to provide research training opportunities to selected Saudi candidates through the UC San Diego Clinical Research Enhancement Supplemental Training “CREST” Program. Saudi candidates, doctoral candidates, postdoctoral fellows or junior faculty who are pursuing a career in clinical or translational research apply to the Program. Once accepted they are enrolled in the CREST Master’s in Clinical Research Program. Since the inception of the agreement, 32 scholars have been accepted to this program.

II. Audit Objective, Scope, and Procedures

The objective of our review was to determine whether international contract planning and negotiation process controls were effective, and helped to ensure that international relationships were thoroughly evaluated, and related contract terms and conditions were consistent with good business practices, and University policy.

We completed the following audit procedures to achieve the project objective:

- Interviewed HSI leadership and the management team to understand the processes for identifying potential international business partners, initiating due diligence procedures, and negotiating and approving contracts; and to ascertain the volume and current status of agreements and collaborations with international organizations;
- Interviewed SOM Contracting and campus International Affairs personnel to obtain information about their processes, and determine their involvement with HSI;
- Discussed and reviewed international contract planning and negotiating processes;
- Assessed the requirements in the University draft policy on International Activities, and how they would apply to current HSI operations;
- Reviewed the information provided on HSI and other campus International Affairs websites;
- Evaluated HSI business practices, and business process controls within the contracting processes;
- Verified that contracts were reviewed and approved by the SOM Contracting Office, Health Sciences leadership, and/or legal counsel as needed;
- Analyzed nine HSI agreements and the associated financial activity; and
- Reviewed detailed financial transactions for three agreements, including: the Memorandum of Understanding (MOU) with King Fahad Specialist Hospital; the

***Health Sciences International Business Operations Review
Audit & Management Advisory Services Project 2013-22***

MOU with SACM; and the MOU with Khalifa University of Science, Technology and Research.

III. Conclusion

Based on the audit procedures performed, we concluded that HSI business process controls were generally effective, and helped to ensure that international relationships were thoroughly evaluated, and related contract terms and conditions were consistent with good business practices and University policy. Agreements reviewed by AMAS were evaluated by the SOM Contracting Office prior to receiving final approval from the HSI Leadership Team. UC General Counsel approval was obtained and/or outside legal counsel was consulted when needed. HSI staff and management appeared to work collaboratively to meet business goals and objectives.

While completing the audit, we identified opportunities for further improving the HSI web presence, due diligence and project management documentation, and the timeliness of SACM contract payments. These issues are discussed in more detail in the remainder of this report.

IV. Observations and Management Corrective Actions

A. Coordination and Update of Website Information

Some HSI website information was outdated. In addition, HSI was not referenced on the campus International Affairs website.

There are two international affairs offices at UC San Diego: HSI, and the Research Affairs International Affairs Office. In addition, the Scripps Institution of Oceanography has an External & International Relations Analyst to manage international collaborations in coordination with the Office of Contract and Grant Administration. The SOM Contracting Office assists Health Sciences faculty members with creating individual contracts with international academic and research partners.

When searching for information about these offices on the internet, we were able to access the Campus International Affairs and HSI sites when the exact program names were input into the search engine. HSI has a robust and informative website; however, some of the information about collaborations was outdated.

The campus International Affairs website provides information, tools and useful webpage links to UC San Diego users and the general public, including a one page guideline for international agreement development, and a list of frequently asked questions. The information about Health Sciences international activities

***Health Sciences International Business Operations Review
Audit & Management Advisory Services Project 2013-22***

includes a link to the SOM Contracting Office; and states that they negotiate and review international agreements “for the SOM, SSPPS, the Physician Medical Group, and the Medical Centers on behalf of The Regents of the University of California.” That information was incomplete and not consistent with our understanding that SOM Contracting prepares international service agreements for individual faculty members, and reviews HSI negotiated agreements to ensure that appropriate UC terms and conditions are included. A link to the HSI website was not included.

An accurate explanation of SOM Contracting Office and HSI responsibilities and practices associated with Health Sciences international activities will help to direct UCSDHS users to the correct office and improve overall understanding of the process.

Management Corrective Actions:

HSI management has and will continue to:

1. Review and initiate an update of HSI website content, the list of international contracts and other outdated information.
2. Collaborate with the Research Affairs International Affairs Office and the SOM Contracting Office to ensure that Health Sciences international contracting activities are accurately described and referenced on the International Affairs website.

B. Due Diligence and Project Management Documentation

The HSI Project Evaluation template did not include the disposition of pre and post contracting project management tasks.

To complete our evaluation of HSI business activities, we requested and received a number of documents associated with international business partnerships including process flowcharts, contracts and other supporting documents. However, we noted that a checklist or template was not used to ensure that all due diligence and project management tasks, key contacts and procedures were documented.

HSI has developed a Project Evaluation template that is completed by potential international partners to propose new projects. This template captures critical information needed to assess the feasibility of the project and could potentially be expanded into a project management tool. The campus International Affairs website also offers a template titled *International Agreement Review Sheet*, which

***Health Sciences International Business Operations Review
Audit & Management Advisory Services Project 2013-22***

can be used to document information about contract negotiation including responsible parties, additional key contacts, brief high level details about the proposed collaboration, and required approval signatures. The Health Sciences Chief Strategy Officer developed a similar tool for managing the processes associated with medical practice acquisitions and physician onboarding.

As HSI expands its scope of business, an expanded due diligence and project management template could serve to ensure a vigorous process, improve and consolidate documentation, and provide information that may be useful for similar future business ventures.

Management Corrective Action:

HSI management will implement a checklist or template; or expand the existing Project Evaluation template to document the critical contacts and management procedures completed for each potential and actual international business partner to secure compliance with UCSD procedures and standards; including but not limited to ensuring that appropriate approvals are obtained when required.

C. SACM Contract Payments

Selected contract payments were not always received timely.

Per the MOU between UCSDHS and the SACM, after trainees were selected to participate in the Program, UCSDHS was required to email SACM an original invoice for the total amount of the Program fees. SACM was required to submit the full payment of \$100,425 per trainee before the start of the training program.

We completed a detailed financial review of four SACM payments and a general review of all 15 winter session payments and traced them to HSI accounts. Six were received and deposited in January 2013 prior to the start of the winter 2013 training session, and nine were deposited after training had started, which was not compliant with contract terms.

Management Corrective Action:

HSI management will continue to work with a SACM contact to ensure that payments are received timely.