PROJECT SUMMARY

Overall, Texas A&M University has controls and processes in place over the Student Health Center to reasonably assure that resources are used efficiently and effectively and in compliance with laws, policies, regulations, and University rules. Opportunities for improvement are available in the write-off of emergency medical services accounts receivable and control of pharmacy inventory adjustments.

The Student Health Center, a department within the Division of Student Affairs, provides medical services to students through a general clinic, women’s clinic, pathology lab, radiology lab, physical therapy unit, pharmacy and emergency medical services. The Student Health Center had over 64,000 patient visits in fiscal year 2009.

OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. Write-off of EMS Accounts Receivable

Observation

The emergency medical services (EMS) function at the Student Health Center has over $100,000 in outstanding non-student accounts receivable dating back to fiscal year 2006. No accounts receivable have been written off in the past five years. Approximately $59,000 of these accounts receivable are over two years past due and may need to be written off. As a result of ineffective monitoring and collection efforts, revenues from non-student billings have been lost. In fiscal year 2009, one action taken by management in an effort to improve collection efforts was to move the collection process of past due accounts from a third-party provider back to the University.
Recommendation

Continue with improvements for the monitoring and collection of EMS accounts receivable. Write off accounts determined to be uncollectible, following the collection and write-off requirements of System Regulation 21.01.04.5, Extension of Credit.

Management's Response

Management acknowledges the EMS accounts receivable should be addressed in a more timely fashion and significantly aged receivables resolved. Accounts receivable have been reviewed and appropriate valuation accounting entries made. For uncollectable accounts, required procedures are being performed and documentation has been prepared and will be updated throughout the year for submission to Financial Management Operations as part of the fiscal year end write-off process. Departmental accounts receivable and collection procedures have been updated to appropriately manage remaining and new accounts receivable.

Implementation date: August 31, 2010.

2. Pharmacy Inventory Adjustments

Observation

| Access to the pharmacy inventory information system does not adequately restrict the right to make inventory adjustments. |
| All five employees in the Health Center’s pharmacy have the ability to make adjustments to the pharmacy inventory information system. A lack of knowledge by the pharmacy personnel of inventory adjustment procedures was being relied on as a control mechanism. Also, an available inventory adjustment report is not reviewed. As a result, the internal controls over the pharmacy inventory could be bypassed and drugs could be lost or diverted without detection. The Texas Administrative Code requires access to information resources be managed to ensure authorized use. |

Recommendation

Restrict the right to make inventory adjustments on the pharmacy’s inventory information system to supervisory personnel. As a monitoring mechanism, have an employee external to the pharmacy regularly review adjustments made to the inventory.
Management's Response

Management concurs that tighter pharmacy control of drug inventory is needed. The pharmacy management system was changed to limit the permission to adjust drug inventory to only the pharmacy unit manager (Chief Pharmacist). A monthly drug adjustment report is forwarded to Student Health Services administration for review and approval.


BASIS OF REVIEW

Objective and Scope

Review and assess the University's controls and processes over the Student Health Center to determine if resources are used efficiently and effectively and in compliance with laws, policies, regulations, and University rules. The review of the Student Health Center focused on financial operations, disbursements, emergency medical services, and human resources. Activities related to these areas were reviewed for the period of September 2008 to August 2009. Fieldwork was conducted September to December 2009.

Criteria

Our audit was based upon standards as set forth in the System Policy and Regulation Manual of the Texas A&M University System and other sound administrative practices. This audit was performed in compliance with the Institute of Internal Auditors' "International Standards for the Professional Practice of Internal Auditing."

Additionally, we conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.
Background

The Student Health Center’s mission is to provide Texas A&M University students with quality programs of preventive, therapeutic, and primary medical care services, and to educationally prepare them with diverse strategies for success in preserving health and promoting wellness. The Student Health Center is accredited by the Association for Ambulatory Health Care, College of American Pathologists, and the Texas Department of State Health Services.

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