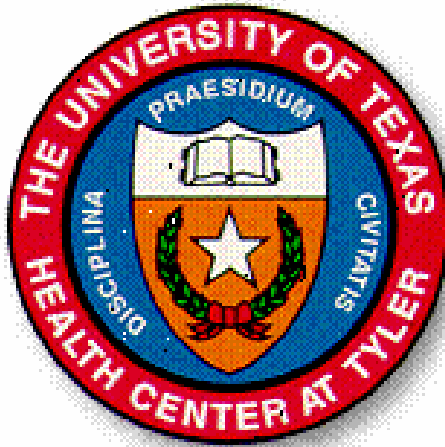


***THE UNIVERSITY OF TEXAS
HEALTH CENTER AT TYLER***



***Annual Internal Audit Report
FY 2001***

Table of Contents

<i>I. Internal Audit Plan for Fiscal Year 2001</i>	<i>3</i>
<i>II. External Quality Assurance Review</i>	<i>4</i>
<i>III. List of Audits Completed</i>	<i>5</i>
<i>IV. Organizational Chart</i>	<i>7</i>
<i>V. Report on Other Internal Audit Activities</i>	<i>7</i>
<i>VI. Internal Audit Plan for Fiscal Year 2002.....</i>	<i>8</i>

I. Internal Audit Plan for Fiscal Year 2001

Audit/Project	Budget Hours	Completed	Explanation for Deviations
Key Financial and Operating Audits			
<i>MSRDP Annual Financial Report (FYE 8/31/2000)</i>	150	Yes	
<i>Family Practice Residency Program (FPRP) AFR</i>	80	Yes	
<i>Graduate Medical Education AFR</i>	60	Yes	
<i>Minority Health Research & Education AFR</i>	60	No	<i>The Texas Higher Education Coordinating Board did not require an audit due to funding received for partial year.</i>
Key Financial and Operating Information Subtotal	350		
Institutional Compliance			
<i>Institutional Compliance Design Follow-up Peer-Review</i>	100	No	<i>Postponed to FY 2002.</i>
<i>Hospital/Physician Billing Peer-Review</i>	100	No	<i>Postponed.</i>
<i>Compliance Inspections/Consulting</i>	1936	Yes	
Institutional Compliance Subtotal	2136		
Information Technology Audits			
Information Technology Subtotal	0		
Risk Based Audits			
Risk Based Audits Subtotal	0		
Projects			
<i>Annual Audit Plan</i>	70	Yes	

Audit/Project	Budget Hours	Completed	Explanation for Deviations
<i>Annual Internal Audit Report</i>	70	Yes	
<i>Cost Savings</i>	80	Yes	
<i>Follow-up on prior audits</i>	100	Yes	
<i>Special Projects</i>	300	Yes	
Projects Subtotal	620		
<i>Change in Mgmt. Departmental Audits</i>			
<i>Police Department</i>	30	No	<i>Police Chief vacancy was not filled within the fiscal year.</i>
<i>Others (3)</i>	90	No	<i>Postponed to FY 2002.</i>
Departmental Audits Subtotal	120		
Total Audit and Project Hours	3226		

During fiscal year 2001, the audit staff was primarily assigned to the Compliance Department to assist in implementing the compliance function at the institution. Audits completed for this period consisted of those mandated by specific program guidelines or regulations. The majority of the fiscal year 2001 Audit Plan was completed. One financial and four departmental audits were not completed. The regulatory agency did not require one program specific financial audit since funding was received for a partial year only. Vacancies in key management positions caused the change in management departmental audits to be carried forward to fiscal year 2002.

II. External Quality Assurance Review

The audit function at The University of Texas Health Center at Tyler was established during Fiscal Year 1999 with audits issued during that period. An external quality assurance review will become due during fiscal year 2002.

III. List of Audits Completed Showing Scope, Observations/ Findings, Recommendations, and Status

Report No.	Report Date	Name of Report	Audit Scope Categories *Financial Reporting *Effectiveness & efficiency *Compliance with laws and regulations	Observations/Findings and Recommendations	Current Status *Implemented *Planned *In progress *Factors delay implementation *Agency does not plan to implement recommendations	Fiscal Impact/Other Impact
01-1	11/17/2000	Cost Savings Agreed Upon Procedures Report FY 2000	Effectiveness and Efficiency	Recommendations implemented prior to final report issuance.	Implemented	Reasonable or achievable amounts reported for cost savings or revenue enhancement measures.
01-2	12/22/2000	Family Practice Residency Program AFR Audit FYE 8/31/2000	Financial Reporting	Recommendations implemented prior to final report issuance.	Implemented	Monitor and communicate the accuracy of the FPRP Annual Financial Report and comply with Texas Higher Education Coordinating Board guidelines.
01-3	12/22/2000	Graduate Medical Education AFR FYE 8/31/2000	Financial Reporting	Recommendations implemented prior to final report issuance.	Implemented	Monitor and communicate the accuracy of the GME Annual Financial Report and comply with Texas Higher Education Coordinating Board guidelines

Report No.	Report Date	Name of Report	Audit Scope Categories *Financial Reporting *Effectiveness & efficiency *Compliance with laws and regulations	Observations/Findings and Recommendations	Current Status *Implemented *Planned *In progress *Factors delay implementation *Agency does not plan to implement recommendations	Fiscal Impact/Other Impact
01-4	9/13/2001	Medical Services Research and Development Plan (MSRDP) AFR FYE 8/31/2000	Financial Reporting	<p>Accounts receivable write-offs should be properly approved, adequately supported, and retained in accordance with existing guidelines.</p> <p>Written policies and procedures related to accounts receivable write-offs should be updated.</p> <p>All expenditures contained in the MSRDP schedule should be properly supported and approved.</p> <p>All loans made from the MSRDP should be properly executed and approved.</p>	<p>In progress</p> <p>In progress</p> <p>In progress</p> <p>In progress</p> <p>Management is in the process of developing policies and procedures to ensure that supporting documentation is retained and expenditures and loans are properly approved and executed.</p>	<p>Monitor and communicate the accuracy of the MSRDP Annual Financial Report and compliance with applicable guidelines.</p>

IV. Organizational Chart



UTHCT Org Chart
8-20-2001

The Internal Audit Department reports directly to the institution's President and Internal Audit Committee. The UTHCT Internal Audit Committee consists of seven members including the institution's President, Vice-Presidents and Audit Director.

V. Report on Other Internal Audit Activities

Activity	Impact
Assist in developing UTHCT Policies and Procedures.	As a result of audits or consultations, provided research and assistance in developing policies and procedures.
Provide account reconciliation training and consulting services to departments as requested.	Provided individual departmental account reconciliation training and consulting services as requested.
Provide services to the Compliance Office.	Assisted the Compliance Office in updating the Code of Conduct. Also provided consulting services to departments regarding compliance issues and compliance program requirements.

VI. Internal Audit Plan for Fiscal Year 2002

Fiscal Year 2002 Audit Plan

Audit Areas	Budgeted Hours	% of Total
Key Financial and Operating Audits		
Annual Financial Report (FY 2001)	300	
MSRDP Annual Financial Report (FY 2001)	200	
Family Practice Residency Program AFR (FY 2001)	80	
Graduate Medical Education AFR (FY 2001)	40	
Minority Health Research Education Grant AFR (FY 2001)	100	
Subtotal	720	27%
Institutional Compliance		
Institutional Compliance Design Follow-up Peer Review	100	
Compliance Inspections	200	
Consulting Services	100	
MSRDP Compliance	200	
Subtotal	600	22%
Information Technology Audits		
Subtotal	0	0%
Risk Based Audits		
Capital Assets Management	350	
Subtotal	350	13%
Projects		
Cost Savings	80	
Annual Internal Audit Report	80	
Follow-up on prior audits	100	
Special Projects	500	
Subtotal	760	28%
Change in Management Departmental Audits		
Vice President for Finance and Administration	40	
Auxiliary Enterprises	40	
Clinical Compliance and Reimbursement & Statistical Reporting	40	
Accounting	40	
Chief of Police	40	
Others (2)	80	
Subtotal	280	10%
Total Audit and Project Hours	2710	100%