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**Background**

In a meeting on April 25, 2012, the Dean of the College of Medicine (COM) of the University of Arkansas for Medical Sciences (UAMS) requested that we audit the Department of Radiology. The UAMS Vice Chancellor of Communications contacted the Dean of the COM to inform her that one of the physicians in Radiology was advertised as being associated with an outside clinic. The Dean discussed this with the physician, Dr. Eren Erdem, who indicated that he had an association that was approved by the Chair of his Department, Dr. Phil Kenney, and the Business Administrator, Mr. Jack Evans. The Dean then inquired of all COM departments as to any other outside associations. Another physician in Radiology noted that he received payments that were from an outside company but Mr. Evans gave him the checks. The Dean then contacted General Counsel who referred her to Internal Audit.

We met with Mr. Evans who retired on May 1, 2012. In this meeting, Mr. Evans provided Internal Audit with a number of files saved on a flash drive. The information provided by Mr. Evans as well as the information on the flash drive led us to audit the relationship between the UAMS Department of Radiology and certain companies owned and/or controlled by Mr. Rodney Thomason. The PET Center at UAMS is operated by one of Mr. Thomason’s companies, Medical Assets Holding Company (MAHC), as is the Cyclotron. A lease for each of these operations is in effect currently and provides for a Medical Director fee of $5,000 per month to be paid to UAMS. The physicians in the Department of Radiology also provide radiology services at another of Mr. Thomason’s companies, Texarkana MRI. For the period that we audited, payments were not made by Texarkana MRI, the PET Center or the Cyclotron to UAMS for these services. Rather, Mr. Evans, in a diversion of funds owed to UAMS, directed Medical Investments of Little Rock, another company owned/controlled by Mr. Thomason, to make payments totaling $627,990.26 for the audit period. Of that total, $624,669.75 was paid directly to UAMS employees rather than to UAMS.

The budget for expenditures for the Department of Radiology for fiscal years 2012, 2011 and 2010 was $20,148,794, $21,814,947, and $19,131,696, respectively. The following graph presents the actual revenues and expenditures for the same fiscal years:
**Scope**

We examined the control process in the UAMS Department of Radiology for the time period of January 2010 to April 2012 with other periods included as needed. The purpose of the audit was to examine and evaluate the adequacy and effectiveness of internal controls over the UAMS Department of Radiology. It is the responsibility of UAMS Department of Radiology management to comply with University of Arkansas Board of Trustees policies, campus procedures, and applicable State laws. Our responsibility is to express a conclusion on management’s compliance with those policies, procedures and regulations.

Our audit was conducted in accordance with generally accepted auditing standards, *Government Auditing Standards* issued by the comptroller General of the United States. Those standards require that we plan and perform our audit to obtain reasonable assurance that the UAMS Department of Radiology internal control system is adequate and effective in safeguarding assets, ensuring the records and reports are accurate and reliable, and ensuring compliance with applicable regulations, and policies and procedures. We believe our audit provides a reasonable basis for the conclusion stated in this report.
Findings and Recommendations

Internal Control

As part of our audit, we reviewed and evaluated management’s internal control structure to the extent we considered necessary as required by generally accepted auditing standards. We also reviewed and evaluated management’s adherence to University of Arkansas Board of Trustees policies, State laws, and applicable campus policies and procedures. For the purpose of this report, we have outlined the significant areas of internal control as Moonlighting, MAHC and Medical Investments of Little Rock, Departmental Operations and Policy Updates.

Management is responsible for establishing and maintaining a system of internal control over each of these operations. In fulfilling that responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of the control procedures. The objectives of the system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss and that transactions are executed in accordance with generally accepted accounting principles. Because of inherent limitations in any system of internal control, errors and irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with procedures may deteriorate.

Moonlighting Noncompliance

Per UAMS Faculty Group Practice (FGP) Policy #7000-0100-510, Request by COM Faculty Member to Engage in Volunteer Clinical Activity or Moonlighting or Other External Employment, faculty members are responsible for requesting approval prior to engaging in outside patient care activities. This policy also states that all sources of generated income related to professional care of patients belong to the UAMS FGP. We were informed by Dr. Eren Erdem that he received compensation starting in FY2009 for professional services from Arkansas Neurosurgery. Per discussion with Dr. Erdem, the former Business Administrator, Mr. Evans, and the former Department Chair, Dr. Kenney, (who stepped down as Chair on July 1, 2012) instructed Dr. Erdem to retain any compensation received outside of UAMS rather than deposit through FGP. The amount Dr. Erdem disclosed on his Conflict of Interest (COI) form that he revised in early 2012 included income for professional services from two sources, Arkansas Neurosurgery for $242,274 and Radiology Consultants for $26,702 for calendar year 2011.
Recommendations:

1) We would recommend that UAMS consider requesting that Dr. Erdem repay the amount of moonlighting revenue earned in calendar year 2011 to FGP totalling $268,976 in compliance with UAMS FGP Policy #7000-0100-510.  

2) We would recommend that UAMS FGP Policy #7000-0100-510 be revised to include an annual review of any moonlighting arrangements by COM faculty by the Dean’s Office to ensure the continuing benefit to UAMS.

Management’s Responses:

1) Dr. Erdem sought permission to perform these activities from his department chair and administrator who told him that it was fine, in violation of College of Medicine and Faculty Group Practice policy. Because he believed he had institutional approval to engage in the activities, we are not seeking repayment of his outside earnings. Dr. Erdem’s FTE has been reduced by the Department of Radiology to 80% with a concomitant decrease in his salary.  

2) We concur with the recommendation. The COM will work with the FGP board to revise FGP policy #7000-0100-510 to include an annual review of moonlighting arrangements by the Dean’s Office, which should be completed by February 28, 2013.

MAHC and Medical Investments of Little Rock

Medical Investments of Little Rock Payments
MAHC is the company with leases for the PET Center at UAMS as well as the Cyclotron. Medical Investments of Little Rock is another company under the same corporate control. This company paid UAMS employees upon the direction of the former Business Administrator, Mr. Evans, in a diversion of funds owed to UAMS. For the period that we audited, January 2010 through April 2012, we interviewed employees who received 93% of the payments during that period. None of these employees who received payments from Medical Investments of Little Rock disclosed this on their COI Forms. Dr. Erdem received $106,544 over that period but did not disclose this when he corrected his COI form in early 2012. In addition to Dr. Erdem, there were six other physicians who received these payments and four administrative or patient care professionals. Per discussion with the employees, none of them provided services to Medical Investments of Little Rock for these payments.

Recommendations:

3) Management should advise each employee who received payments from Medical Investments of Little Rock to revise their COI Form in order to disclose the conflict.  

4) We would also recommend that additional training be provided to the Department of Radiology employees to ensure a clear understanding of the COI policies, Academic and Non-Academic.

Management’s Responses:

3) We concur with the recommendation. The Department of Radiology will advise each employee who received payments from Medical Investments of Little Rock and is still employed by UAMS to revise their COI form to disclose the payments by
January 31, 2013. 4) We concur with the recommendation. Additional training will be provided by the UAMS Conflict of Interest Office to Department of Radiology employees on COI by January 31, 2013.

UAMS Name
In our interviews with the employees who received checks from Medical Investments of Little Rock, we were informed by most of the employees that they thought that the company was somehow affiliated with UAMS since that name was also on the checks that they received. An example of this was provided by one of the physicians with the most recent check dated February 28, 2011.

 Recommendation: 5) During the audit, we recommended UAMS's CFO contact Medical Investments of Little Rock and request that they discontinue the use of UAMS's name on correspondence and checks. We again recommend that management contact Medical Investments of Little Rock by certified mail and request that they cease and desist from using the UAMS name in any of their correspondence or on their checks.

Management’s Response: We concur with the recommendation. The UAMS CFO contacted Medical Investments of Little Rock by phone on or about June 12, 2012 and asked them to immediately stop using the name of UAMS on correspondence and checks. The interim UAMS CFO has put this request in writing by certified mail and asked that they cease and desist from using the UAMS name in any of their correspondence or on their checks.

PET Center and Cyclotron Medical Director’s Fees
The PET Center lease and Cyclotron lease both state a Medical Director's fee of $5,000 per month would be paid to UAMS. We found no evidence of payment of these fees to UAMS during the period under audit, January 2010 to June 2012. Certain files were given to us during the audit by Mr. Evans, the former Business Administrator, that indicate the PET Center fees were diverted by the former Business Administrator and MAHC management to a separate account not a part of UAMS's books and records. The files also indicate that more than the amount stated in the PET Center lease was being credited on the books and records of Medical Investments of Little Rock for the PET Medical Director's fee. The thirty months at $5,000 per month for our audit period for the PET Center totals $150,000. The Cyclotron fee of $5,000 per month does not appear to have been paid or credited and did not appear to change over the lease period. The thirty months at $5,000 per month for the Cyclotron lease also totals $150,000.

 Recommendation: 6) Management of UAMS Department of Radiology should consult with the General Counsel and request payment of the Medical Director fees to UAMS from MAHC. The amount for the period under audit totals $300,000.
Management’s Response:  We concur with the recommendation. Department of Radiology has consulted with General Counsel and will request payment of the Medical Director fees from MAHC in the amount of $300,000 by February 28, 2013.

Texarkana MRI
UAMS physicians have performed radiology services for Texarkana MRI, a company owned by Mr. Thomason, for the audit period and no payments have been received by UAMS related to those fees. Internal Audit reviewed the general ledgers for Texarkana MRI for the calendar years 2010 and 2011 and the portion of the year ended April 30, 2012. We found that radiology services were being performed for Texarkana MRI but payments were being made to Medical Investments of Little Rock. The total revenue transferred by Texarkana MRI to Medical Investments of Little Rock rather than UAMS for the two and a half years is $154,261.18. Certain files provided by Mr. Evans, former Business Administrator, indicate that additional fees going back to 2005, total $794,724.75 for UAMS providing radiology services at Texarkana MRI which appear to be unpaid. Information is not available currently for the period from April 30, 2012 through December 31, 2012. UAMS terminated radiology services to Texarkana MRI effective December 31, 2012.

Recommendations:  7) UAMS management should request payment of the amount identified in the audit as unpaid of $154,261.18. 8) UAMS management should also attempt to estimate the additional amounts unpaid from previous years and from April 30, 2012 to December 31, 2012 and consult with General Counsel to collect all amounts due UAMS for performing radiology services to Texarkana MRI.

Management’s Responses:  7) We concur with the recommendation. Department of Radiology will request payment from Texarkana MRI to which they provided services in the amount of $154,261.18 (less $16,402.37 previously collected on December 10, 2012.) by January 31, 2013.
8) We concur with the recommendation. Department of Radiology will estimate the amount of payments which should have been received from Texarkana MRI. Additionally, it has consulted with General Counsel to collect all amounts due to UAMS by March 31, 2013.

3D Imaging
The Cyclotron facility is operated by Dr. Mark Berridge, a UAMS full-time employee. He also is President of a company that he jointly owns with Mr. Rodney Thomason, 3D Imaging. Per discussions with management and legal counsel, it is our understanding that a contract was drafted between UAMS and 3D Imaging approximately 3-4 years ago, but was never finalized. The arrangement provided that Dr. Berridge would be paid 100% by UAMS and UAMS would pay for his expenses, but 3D Imaging would reimburse UAMS on a monthly basis for 90% of his salary and 100% of his expenses. Per our review of files provided by Mr. Evans, the former
Business Administrator, payments were transferred from 3D Imaging to Medical Investment of Little Rock but were not paid to UAMS during the period that we audited. The amounts incurred by UAMS related to Dr. Berridge total $602,689 for the three years, fiscal 2010, 2011 and 2012. There was also a cost recovery netted into that amount of $120,000 that appears to have been inappropriately posted to offset some of these expenses, so the actual expenses would be $722,689. Revenue was incorrectly posted to Dr. Berridge's cost center totaling $79,600.38 by Mr. Evans and should have been posted to cost center 1001356-MRAD Imaging instead of cost center 1001348-MRAI.

Dr. Berridge stated to Internal Audit that he spends 90% of his time on his company, 3D Imaging. Dr. Berridge has a Conflict of Interest Management Plan but does not have a plan to eliminate the conflict as required by UAMS COI policy. We also requested the financial statements for his company, 3D Imaging, for the last three years from Dr. Berridge, UAMS’s full-time employee, but did not receive the financial statements.

**Recommendations:** 9) We recommend management transfer revenue totaling $79,600.38 to the correct cost center, 1001356-MRAD. 10) We would also recommend that management draft a plan to eliminate Dr. Berridge’s conflict of interest or discontinue the employment relationship in compliance with UAMS Administrative Guide, Academic Conflict of Interest Policy #4.4.10.

Management’s Responses: 9) We concur with the recommendation. Department of Radiology has transferred funds totaling $79,600.38 to the correct cost center 1001356 by ledger close for January 2013. 10) We concur with the recommendation. Dr. Berridge has received his 60 day notice of termination of employment status and has been offered an adjunct (uncompensated) faculty position. He will no longer be a UAMS employee after March 2013.

**Department of Radiology Operations**

**Outside Contracts**

Contracts with Chenal MRI, Open MRI of Conway, and Open MRI of Searcy were not prepared in the proper name of University of Arkansas Board of Trustees, were not signed by authorized personnel, and do not have extensions to the current period. The contracts with these three entities were put in place under the former Department of Radiology Chair, Dr. Ferris. The contracts were signed by him and referred to UAMS as a "professional association". The contracts were dated in 2002 and 2004 and had a three year term that has expired and no extensions were provided.

UAMS Department of Radiology began to perform services for North Metro Center in July of 2011 but did not bill services until September of 2011. The Department of Radiology has encountered a number of problems with the transmittal of information from North Metro Center...
since the start date of July 2011. During our audit, we were informed by the Department of Radiology staff that they have been unable to reconcile the electronic information that is sent to UAMS from the North Metro Center to the actual work that is performed by UAMS physicians. Per reports provided by management, UAMS billed charges totaling $2,330,416 for FY12 and received payments totaling $688,413 for a collection rate of 30%.

Based on discussions with management, Northside, Westside and Stonebriar Clinics have not made any payments to UAMS for radiology services during the period that we examined. Northside and Westside are both open MRI facilities and UAMS patients are referred to them in certain situations. The former Business Administrator, Mr. Evans, did not establish contracts with Northside and Westside and did not ensure that radiology services provided were appropriately billed and collected through UAMS. Stonebriar has facilities in Plano and Frisco, TX and a contract was negotiated with Mr. Evans but never finalized. The radiology services were performed from September 2011 to March of 2012. No payments have been received from this facility.

**Recommendations:**
11) New contracts should be drafted with Chenal MRI, Open MRI of Conway and Open MRI of Searcy with the assistance of General Counsel and all three should refer to the appropriate entity, be signed by appropriate personnel, and cover a valid time period.
12) We recommend that management determine an efficient methodology for reconciling charges for the North Metro Center to ensure that all charges are billed.
13) We recommend that Department of Radiology management execute a contract with Northside, Westside and Stonebriar by either obtaining a written contract, that outlines the services to be provided including the billing of professional services, or discontinue providing services.
14) Management should also attempt to bill and collect professional services previously provided.

**Management’s Responses:**
11) We concur with the recommendation. New contracts with Chenal MRI, Open MRI of Conway, and Open MRI of Searcy have been reviewed by General Counsel and are being circulated for appropriate signatures in accordance with institutional policy. Fully executed contracts will be in place by January 31, 2013.
12) We concur with the recommendation. Department of Radiology is working with the Faculty Group Practice and the North Metro Center to change the process so that the department receives the information by date of service, which should resolve the problems with reconciliation. If it proves impossible to reach that point, a new contract will be negotiated, in association with General Counsel. The contract will be negotiated no later than June 30, 2013 and fully executed by August 31, 2013.
13) We concur with the recommendation. The most recent activity with Stonebriar occurred in March 2012 and no additional activity is anticipated, thus no contract will be executed with this facility. Contracts with Northside and Westside will be fully executed by February 15, 2013.
14) We concur with the recommendation. Department of Radiology will bill and attempt to collect for the services previously provided for Northside, Westside, and Stonebriar by February 28, 2013.
AHEC Agreements
Per discussion with UAMS representatives from the AHECs and Department of Radiology, two of the AHECs, South Arkansas and Southwest Arkansas, are currently being provided radiology services by the Department of Radiology, but revenue is not returning to the Department. There are no agreements in place to address the relationships. The AHEC-SA has used the Department for approximately 18 months and was billing the services globally but not remitting any of the collections back to the Department of Radiology. The AHEC-SW has used the Department for approximately 27 months and only began billing globally in July 2012. The former Business Administrator, Mr. Evans, did not establish a written agreement with the UAMS AHECs and did not ensure that radiology services provided were appropriately billed and collected for the Department of Radiology.

Recommendations: 15) We recommend that management negotiate a contract or memorandum of understanding with AHEC management to formalize the relationship with the Department of Radiology. 16) We also recommend that AHEC-SA transfer revenue to the Department of Radiology for the period that the physicians have performed services as soon as the amounts can be calculated. 17) Professional radiology services should be billed for the AHEC-SW that have not previously been billed, if allowable.

Management’s Responses: 15) We concur with the recommendation. Department of Radiology has negotiated agreements with AHEC-SA and AHEC-SW to formalize their relationships. The agreements will be fully executed by January 31, 2013. 16) We concur with the recommendation. Department of Radiology will request payment from AHEC-SA for the physician services which have been performed by January 31, 2013. 17) We concur with the recommendation. Effective July 1, 2012, AHEC-SW began billing globally for radiology services and as of January 2013, the Department of Radiology is invoicing AHEC-SW for the professional component of those. For dates of service prior to July 2012, the Department of Radiology is direct billing the AHEC patients as far back as possible within filing deadlines by February 15, 2013.

Budget Monitoring
The UAMS budget process is very rigorous and a lot of time and resources go into preparation. The COM Dean's Office spends a lot of time ensuring that each department's budget is properly reviewed prior to the Chancellor's Office review. The COM does not have a requirement for Departments to submit written variance explanations between budget and actual numbers on a routine basis. Departments may spend more than budgeted amounts and not be discovered in a timely manner.
Recommendations: 18) We recommend that the COM implement a process to require all COM departments to submit budget-to-actual variance explanations on a monthly basis utilizing specific percentage and dollar levels to the COM Dean's Office as well as to the Chair of the department. 19) We would recommend a training process to ensure that the Business Administrators in the various departments understand the new reporting process, the monthly deadlines and what is considered an appropriate variance explanation.

Management’s Responses: 18) We concur with the recommendation. The COM currently requests variance explanations from departments on an as-needed basis, to answer specific financial questions or to support the payment of faculty incentives. Going forward, the COM will institute a monthly process by February 15, 2013 which requires all COM departments to submit detailed budget-to-actual variance explanations to the Chair and Dean’s Office. 19) We concur with the recommendation. The COM will hold training sessions to ensure that all COM department administrators understand the new variance explanation process, monthly deadlines, and what constitutes an appropriate variance explanation by January 31, 2013.

Salary Information
Mr. Evans changed the former department chair, Dr. Ferris' salary in the SAP system in July 2011 but did not obtain approval from the Dean of the COM prior to making the change. Dr. Ferris was scheduled to go from a 60% employee for working hours to 20% on July 1, 2011, however, he continued to work a 60% schedule. Dr. Ferris accrued vacation and sick leave at 100% even when he was a 60% employee. The COM recalculated his leave and various expenses prior to his retirement on June 30, 2012. Human Resources has a process in place to send a notification e-mail to the COM management when salaries are changed in the College. The e-mails in the case of this salary change did not route to the appropriate personnel. Human Resources added to this process in July of 2012 by creating a report of salary changes that is sent to a specific list of individuals on a weekly basis. The COM Senior Finance Manager receives this report each week which is titled "Weekly Salary Increases". The report shows both increases and decreases in salary for employees. Each change noted is reviewed by the Senior Finance Manager to verify the accuracy of the change and to ensure it was properly approved. The approver and reason for the changes are noted on the report. The report is not distributed to the Dean or her designee unless there is a specific request.

Recommendations: 20) We recommend that the COM management, at least quarterly, review the salary change e-mail notification recipients to ensure that the e-mails are being received and reviewed timely and that the appropriate personnel are being notified. 21) We recommend that the Weekly Salary Increases report, as summarized by the COM Senior Finance Manager, be distributed to the Dean upon completion of the review.

Management’s Responses: 20) We concur with the recommendation. The COM will review the HR report on recipients of salary change emails on a quarterly basis to ensure that the emails
are being received and reviewed timely and appropriate people are being notified, beginning in January 2013. 21) We concur with the recommendation. The COM Senior Finance Manager will forward his summary of the weekly salary increase notifications to the Dean beginning in January 2013.

Offer letters from the Department of Radiology provided by five employees we interviewed during the audit differed from those held in the Dean's Office in the official file. All five letters were given to the employees by the former Department Chair, Dr. Kenney. Each of the letters had dates that differed from the dates of the offer letters on file in the Dean’s Office of the COM. Additional items that differed between the offer letters included guaranteed incentives for multiple years, a guaranteed period of employment, sign-on bonuses, educational funds in excess of what is normally offered and additional moving expenses.

**Recommendation: 22) Management should establish a policy that offer letters are not binding unless they are signed by the Dean of the COM, and notify all management level personnel as to the policy.**

Management’s Response: We concur with the recommendation. The faculty offer letters generated through the JFR (Justification for Recruitment) system do not currently bear the dean’s signature. The COM will create a policy stating that faculty offer letters are not binding unless they bear the signature of the Dean of the College of Medicine by March 31, 2013. The policy will be supported by system changes within the JFR system.

**Physician Work Schedules**

The division directors within the Radiology Department are responsible for the work schedule for the physicians within their divisions. The work schedule reflects the area a physician will work in, the time the physician will be there, which physician is on call and time off for meetings and vacation. Each division within the Radiology Department uses a different format and/or program for maintaining the work schedule for the physicians within the division.

Department of Radiology physicians who are part-time request days off that are designated as "part-time off" days on the leave requests. These days are not counted against their vacation or sick leave. To determine the number of days to ask off, the physician calculates the number of days he should work based on his part-time percentage. He then takes the number of days for a full-time position and reduces this number by the number of vacation days, holidays, and meeting days allowed. The difference between this number and the number of days that is for part-time are days that the physician requests as “part-time off”. The physicians with part-time schedules calculate the number of days they need to work using a 40-hour work week. For physicians, their work week is based on 50 hours. The FTE schedules are not used in the calculation of part-time physicians’ work schedules. By using a 40 hour work week to determine their work schedule, the part-time physicians are not calculating the correct amount of hours they should work based on UAMS productivity standards and their FTE schedules.
**Recommendation: 23) We recommend that the Department of Radiology develop a policy for determining the work schedule for part-time physicians that includes instructions for the calculation of work hours.**

Management’s Response: We concur with the recommendation. The COM will develop a policy on faculty FTE sheets which addresses both full and part-time faculty, and the Department of Radiology will develop guidelines for determining the work schedule for part-time physicians by February 28, 2013.

**Travel Claims**
As part of our audit, we tested areas of expense that the former Business Administrator, Mr. Evans, would have controlled. We noted in our testing of travel expenditures for the Department of Radiology that UAMS Travel Authorization forms were not completed prior to the employee traveling for 16 of the 20 trips tested totalling $42,049.23 of the $52,167.08 tested. We also noted that Travel Expense Statements were not completed within the 30 day required time frame for 15 of the 20 trips tested totalling $38,788.92, ranging from 61 days to 166 days after the trip occurred. We noted that 15 of the 20 trips tested totalling $38,788.92, were incurred in one fiscal year and reimbursed in the following fiscal year distorting expenses for each of those years. As required by UAMS Administrative Guide Policy 8.4.04, prior to traveling, a Request for Travel Authorization must be entered into SAP, the itinerary printed, approved by the Traveler, Supervisor, and Department Travel Administrator and sent to the UAMS Travel Office. As stated in UAMS Administrative Guide Policy 8.4.05, employees requesting reimbursement for expenses incurred for official travel and related expenses must complete a Travel Expense Statement in SAP within 30 calendar days from the end of the trip.

**Recommendation: 24) We recommend the Department of Radiology require employees to follow UAMS policies and procedures related to travel, and provide additional training as needed.**

Management’s Response: We concur with the recommendation. The Department of Radiology has provided training on UAMS travel policies and is requiring employees to follow them.

**Leave Reporting**
Leave reporting is another area included in our audit due to the authorization that the former Business Administrator, Mr. Evans, exercised over it. We tested leave during two months of the fiscal year 2012. We agreed the leave taken to leave request for ms and compared leave to the work schedules of the various divisions of Radiology. Seven employees included in our sample of 30 in the Department of Radiology did not submit their leave request timely so time could not be entered in the correct period. Often, the requests were submitted after the leave time had been taken. Our test of leave request forms also revealed for the months of October 2011 and March 2012, ten instances where the form was not signed by the employee and 17 instances where the
form was not signed by the supervisor. The timekeeper for the Department of Radiology informed Internal Audit that she held the vacation leave requests for two physicians who did not have enough vacation leave time accrued when the leave requests were submitted. Each of those instances were for 32 hours of leave time. UAMS Administrative Guide Policy #4.6.04 states that annual leave (vacation) must be earned before it can be authorized, and may not be borrowed from future credits or advanced beyond actual accrual, regardless of length of service.

Three physicians, including the former chair, Dr. Kenney, in the Department of Radiology recorded 184.5 hours, 240 hours, and 88 hours of vacation time on a single day in 2011. Another physician took 56 hours of leave time in March 2012 and has not submitted a leave request for this time. The recording of the hours in a single day in November of 2011 was due to the COM Dean’s Office inquiring as to why no hours had been recorded for those specific physicians for the year.

**Recommendations:**

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<td>25) We recommend that the Department of Radiology require that employees submit requests for leave time prior to taking the time off.</td>
<td>We recommend that the Department of Radiology implement the use of the Employee Self Service portal in SAP in requesting and approving leave time. 27) We recommend that Department of Radiology management comply with UAMS Administrative Guide Policy #4.6.04 and provide training to personnel as needed.</td>
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Management’s Responses:

25) We concur with the recommendation. The Department of Radiology now requires all its employees to request vacation leave before it is actually taken. 26) We concur with the recommendation. The Department of Radiology now requires all its monthly-paid employees to do their leave reporting through the ESS system. 27) We concur with the recommendation. The Department of Radiology observes UAMS Administrative Guide Policy #4.6.04 and has provided training to its employees of UAMS leave policy.

**Conflict of Interest Process**

Employees are informed of the COI policy applicable to them during Orientation. The requirement is that the form be completed within the first two weeks of employment. Through discussion with the UAMS COI Director, we noted there is no electronic way to monitor the requirement to follow up with new employees because the computer system has not been programmed.

Non-Academic personnel do not have supervisory review of their COI form prior to submission to the COI Committee. Supervisors may have knowledge of conflicts that the employee does not disclose of which the COI Committee would not be aware. Also, a number of employees at UAMS are located off-site, including in other parts of the State, so even less knowledge would be available to the COI Committee.
**Recommendations:**

28) We would recommend that a follow-up process be established for new employees to insure compliance with the Conflict of Interest Policy. 29) We would recommend that all COI forms for Non-Academic personnel be circulated to their direct supervisor prior to submission to the COI Committee.

**Management’s Responses:**

28) We concur with the recommendation. UAMS will develop a follow-up process to ensure employee compliance with the Conflict of Interest Policy by March 31, 2013.

29) We concur with the recommendation. The workflow and process for the non-academic COI system will be revised to allow the COI forms to be circulated to the employee’s direct supervisor prior to submission to the COI Committee by June 30, 2013.

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**Conclusion**

The established system of internal control over the UAMS Department of Radiology needs to be strengthened in the above documented areas in order to enhance the adequacy, effectiveness and accuracy over financial reporting and ensure compliance with applicable University of Arkansas Board of Trustees policies, State of Arkansas laws and campus policies and procedures.

Written By:

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Date: 1/16/13