SUBJECT: Student Health Services Audit

PROPOSED BOARD ACTION

Accept the internal audit of Student Health Services provided to President Wilson Bradshaw and Dr. Michael Rollo, Vice-President for Student Affairs on February 28, 2013.

BACKGROUND INFORMATION

This report presents a limited scope audit of Student Health Services. The audit’s objectives were to determine whether 1) internal controls pertaining to the revenue collection procedures were adequate and appropriate 2) inventory safeguards including the disbursement of medicines and supplies were adequate, and 3) health fees and student payments for services sufficiently covered the current costs of providing health services to the student body.

The audit was part of the 2012 - 2013 internal audit work plan approved by the FGCU Board of Trustees at its September 18, 2012 meeting.

Supporting Documentation Included: Student Health Services Audit issued February 28, 2013.

Prepared by: Director of Internal Audit Carol Slade

Legal Review by: Vice President and General Counsel Vee Leonard (February 25, 2013)

Submitted by: President Wilson G. Bradshaw
INTEROFFICE MEMORANDUM

To: Dr. Mike Rollo, Vice President, Student Affairs
   Dr. Jon Brunner, Director, Counseling & Health Services
   Dr. Kevin Collins, Director of Health Services & Medical Director

Cc: Dr. Wilson Bradshaw, President
    Susan Evans, Vice President & Chief of Staff

From: Deborah McEwan, CIA, Senior Auditor
       Carol Slade, CPA, CIA, Director, Internal Audit

Date: February 28, 2013

Re: Student Health Services Audit (FINAL REPORT)

Please see the attached final report of the Student Health Services Audit, which includes the management response. The report is dated February 14, 2013, which is the date Internal Audit received the management response from the Director of Health Services.

On February 25th, 2013, Vce Leonard, General Counsel, completed a legal review of the audit report.

The audit was performed by Deborah McEwan, Senior Auditor and reviewed by Carol Slade, the Director of Internal Audit.
Florida Gulf Coast University
Student Health Services Audit
Internal Audit
Report Date: February 14, 2013
STUDENT HEALTH SERVICES AUDIT

EXECUTIVE SUMMARY

This Report represents a limited-scope audit of Student Health Services (SHS). SHS provides all University students with access to health care that may not otherwise be readily available to them. Some SHS services are free, while others are provided at a nominal cost to the student. Students are required to make an appointment for services. A student health fee which is routinely paid by all students is the primary source of funding for these services. In general, prescription medicines and labs are provided on a cost recovery basis. SHS management has continued to proactively meet the increasing demand for appointments. Completed student appointments increased more than 11% from calendar year 2011 to 2012.

In our opinion, revenue collection and inventory processes, and health fee procedures meet the requirements of applicable University regulations and Florida Statutes. Notwithstanding, as of the date of this Report, SHS management has implemented and will continue to deploy additional procedures to provide for seamless and efficient operations. Two recommendations pertaining to strengthening the inventory process and one recommendation related to increasing the effectiveness of automated software controls are included on Page 6 of this Report.

OBJECTIVES

A. Determine whether internal controls pertaining to the revenue collection procedures are adequate and appropriate.

B. Determine the adequacy of inventory safeguards including the disbursement of medicines and supplies.

C. Determine whether the health fee and student payments for services sufficiently cover the current costs of providing health services to the student body.

This audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing, issued by the Institute of Internal Auditors. The audit procedures provided a reasonable basis for our opinion and the following reportable observations and recommendations.
BACKGROUND

Student Health Services (SHS)

According to the SHS website, “the mission of the University Student Health Services is to facilitate the retention, academic advancement, and graduation of the students by efficient, professional, and compassionate primary health care and by promoting individual and community health and wellness on campus.”

Student Health Services has been fully accredited by the Accreditation Association for Ambulatory Healthcare (AAAHC) since March 2011. In addition, all clinical practitioners employed by SHS undergo periodic investigative services by the Florida Department of Health.

In general, routine medical care and preventative medical services are provided free of charge, while services such as various laboratory tests, a limited formulary of prescription medications, minor surgical procedures and immunizations (measles, mumps, etc.) are available at a nominal fee to the student.

Also, SHS provides limited services to University faculty and staff, such as flu immunizations based on availability for a small fee.

During calendar year 2011 Student Health Services completed 11,940 student appointments. During calendar year 2012, SHS completed 13,319 student appointments, an 11.55% increase over the previous year.

SCOPE – End of field work was January 23, 2013

- Reviewed policies, procedures, guidance, and regulations related to health services operations
- Reviewed revenue collection processes and controls
- Reviewed inventory process and tested inventory controls
- Reviewed automated and manual segregation of duties in revenue and inventory operations
- Reviewed list of individuals authorized to handle cash and cash related items
- Reviewed the list of Health Services personnel with access to prescription medication
- Reviewed Health Services year-to-date budget and expenditures for fiscal year 2012/2013
- Reviewed health fee documentation

GENERAL INFORMATION

Revenue Collection Processes

The students pay for health services via cash, check or Eagle Dollars. Eagle Dollars is a monetary process in which the University identification card acts as a prepaid debit card. The University card, which is also referred to as the Eagle ID Card is preloaded with funds that are referred to as Eagle Dollars. Funds may be loaded via the internet with a credit card or with cash at specified campus locations. Once loaded, the student may use the funds to purchase books, food, and other services from specified campus vendors including Student Health Services (SHS).

Inventory

A physical inventory of the prescription medicines is typically performed once a week by a Student Health Services staff member. Currently, there are approximately 50 different prescription medicines used by the SHS. Some medicines are consumed by the student patient during a medical appointment while others are provided to the patient to fulfill a prescription ordered by a SHS clinical practitioner.

Student Health Fee

A student health fee is the primary source of funding for the services offered by 1) Student Health Services, 2) Counseling and Psychological Services, and 3) Prevention and Wellness Services. This audit report only focused on the services provided by Student Health Services.

According to Florida Statute 1009.24 (11), “Each university board of trustees shall establish a student health fee on the main campus of the university… Any subsequent increase in the health fee must be recommended by a health committee, at least one-half of whom are students appointed by the student body president.”
Florida Gulf Coast University Regulation: FGCU-PR7.001 Tuition and Fees which was last modified and effective June 21, 2012, provided Board of Trustees approval of a student health fee of $8.79 per credit hour.

Student Fee Committee

The University has established a Student Fee Committee which is appointed annually to recommend any changes to three primary fees, one of which is the health fee. The Student Fee Committee consists of 4 students and 3 staff members. Any proposed fee increases are reviewed by the committee, which consequently makes a recommendation to the Vice President for Student Affairs. The Vice President ultimately forwards it to the President of the University and the Board of Trustees for further consideration and approval.
OBSERVATIONS AND RECOMMENDATIONS

I. STRENGTHEN INVENTORY CONTROLS

A. Segregation of Duties

Condition: The periodic physical inventory of prescription medication is performed by the same person who predominantly orders the medication from third-party vendors.

Criteria: Ordering and physical inventory processes should be performed by two separate individuals to ensure accountability and transparency pertaining to University-related assets.

Management immediately corrected this situation and directed another staff member to perform the periodic physical inventory.

Recommendation

For more effective internal controls, management should ensure that the ordering and physical inventory processes are performed by two different individuals.

Management Response

Provided by: Kevin Collins, MD. Director of Student Health Services

Student Health Services management agrees with the findings and recommendations found in Section I. Part A. Segregation of Duties.

Dr. Kevin Collins, Medical and Clinic Director, and Mr. Greg Jensen, Assistant Director have implemented the recommendations provided above. Management ensures the ordering and physical inventory processes are performed by two different individuals. These practices were implemented immediately upon the auditor’s recommendation: (January 7th, 2013).

B. Accuracy of Physical Inventory

Condition: In an attempt to reconcile the results from one physical inventory count results to a subsequent physical inventory, the auditor was unable to accurately track prescription orders and invoices. A discussion with management revealed that all the necessary
information to reconcile one inventory to another inventory was not readily available without employing significant time and resources to research.

**Criteria:** The physical inventory process should include a comprehensive method to readily evaluate if the inventory on hand is consistent with the recent receipt of additional orders, any medicines disbursed, and any required disposal of items.

**Recommendation**

Management needs to strengthen the inventory process to ensure comprehensive accountability for all medications purchased. A physical inventory count from one time period to another should accurately include:

1) All orders received since the last inventory, which clearly documents any adjustments for back orders and unshipped items. The information related to back orders and unshipped items is not readily accessible.

2) All medicines disbursed to students. This is currently adequately addressed in the inventory process.

3) All “unstocked” inventory quantities. “Unstocked” inventories represent items that are not placed on the regular shelf due to limited space. The “unstocked” items are currently placed in the same room and tracked in a separate log book. During this audit it was noted that the periodic physical inventory only focused on items on the regular shelves.

4) All expired and discarded medication. This is currently adequately addressed in the inventory process.

**Management Response**

*Provided by:* Kevin Collins, MD. Director, Student Health Services

Student Health Services management agrees with the findings and recommendations found in **Section I. Part B. Accuracy of Physical Inventory.**

With regard to Part 1 of the above recommendation, when an order is placed, the Senior Registered Nurse (SRRN) placing the order will generate a document that reflects what has been ordered from each vendor. This document is posted in the medications dispensary. This
document is then compared to the order invoice which is received when the items are delivered. Discrepancies are noted. Student Health Services will only pay for items that are correctly received and invoiced.

Items on “back order” are monitored carefully by the SRRN. A variety of vendors and independent procedures occasionally make for a cumbersome tracking system up to and including cancellation of orders without notification to Student Health Services. Navigation of this order/back-order process requires careful communication between the SRRN and the Medical Records Manager.

Item 3. Management revised the pharmacy inventory sheet to include entries that account for “unstocked” items, and added excel based formulas to automatically function as a “check and balance” for those items that are moved from “unstocked to stocked.”

Each of the auditor provided recommendations will be fully implemented by March 1, 2013.

II. EFFECTIVE USE OF AUTOMATED SOFTWARE CONTROLS

**Condition:** One person predominantly performs the daily cash collections using the Pyramed software and a cash register, but three other employees also assist or substitute when necessary. When these individuals assist with the patient checkout, the primary cash handler does not log out and the other individual does not log in using their own user identification and password. Instead, the assisting individual shares log on access while checking out patients.

**Criteria:** This shared user logon arrangement is a control weakness. Each user does not know the other person’s log on credentials, but performing similar tasks on one individual’s credentials obstructs accountability in the case of errors or intentional fraud.

Management immediately corrected this situation and employees were instructed to use their own software credentials when checking patients out.

**Recommendation**

All employees should be required to use their own user credentials when performing cash collection duties, even temporarily. Prohibiting the use of shared log on credentials promotes full accountability and transparency for cash-related duties.
Management Response

Provided by: Greg Jensen, Assistant Director

Student Health Services management agrees with the findings and recommendations found in Part II. EFFECTIVE USE OF AUTOMATED SOFTWARE CONTROLS

Each “Cash Custodian” now employs the use of their own logon and password for logging into the Pyramed software and the “Cashier’s System.”

This process was initiated immediately upon the auditor’s recommendation, based on initial observation of the cash collections process. (November 1st, 2012).

Performed by: Deborah McEwan, Senior Auditor
Reviewed by: Carol Slade, Director of Internal Audit